



Press Release

September 08, 2025

DOLLEX AGROTECH LIMITED Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	50.00	ACUITE BBB- Stable Reaffirmed	-
Total Outstanding	50.00	-	-
Total Withdrawn	0.00	-	-

Rating Rationale

Acuite has reaffirmed the long-term rating at '**ACUITE BBB-**' (read as **ACUITE triple B minus**) on the bank facilities of Dollex Agrotech Limited (DAL) of Rs.50.00 Crore. The outlook is revised from '**Negative**' to '**Stable**'.

Rationale for Rating

The rating reaffirmation and revision in outlook takes into account the equity infusion of Rs.49.44 Cr. in June, 2025 by the rights issue, increase in operating income to Rs.237.43 Crores in FY2025 as against Rs.135.59 Crores in FY2024. Further, the company has registered a revenue of Rs.36.21 Cr. in Q1FY2026. The financial risk profile is moderate marked by gearing ratio at 2.61 times as on 31st March 2025 and interest coverage ratio and debt service coverage ratio at 4.90 times and 1.82 times respectively as on 31st March 2025. The working capital operations of the company improved marked by GCA days which stood at 255 days as on 31st March 2025 against 509 days as on 31st March 2024. Moreover, post the commencement of the ethanol plant by end of December, 2025, it will help to diversify the operations beyond manufacturing and trading of sugar and improve the profitability via ethanol sales. Additionally, the liquidity profile of the company is adequate marked by sufficient net cash accruals against debt repayment obligations in the same period. The rating also draws comfort from the extensive experience of the promoters in the sugar industry. However, the above strengths are partly offset by dip in operating and profitability margins during FY2025. Going forward, DAL's ability to manage its scale of operations while maintaining its profitability margins will remain key rating monitorable factor. Acuite also notes that the operations of the company are vulnerable to the inherent cyclical and regulated nature of the sugar industry.

About the Company

Dollex Agrotech Limited is based in Indore, Madhya Pradesh. The company was incorporated in 2013 and it is currently promoted by Mrs. Munni Khan, Mr. Mehmood Khan and Mr. Anis Khan. The company is engaged into trading and manufacturing of sugar and jaggery.

Unsupported Rating

Not applicable

Analytical Approach

Acuite has considered the standalone financial and business risk profiles of Dollex Agrotech Limited (DAL) to arrive at the rating.

Key Rating Drivers

Strengths

Experienced management

Indore Based, DAL was incorporated in 2013. DAL has a cane crushing capacity of 2500 tons per day and has captive cogeneration unit with an installed capacity of 4 MW. Further, the company has set up an ethanol plant designed as a 60 KLPD plant, with operational flexibility to scale up to 120 KLPD depending on feedstock and the same is expected to be commercialized in FY2026. The promoters possess over a decade of experience in the sugar industry that has aided the company in forming healthy relations with its customers and farmers. Acuite believes that DAL will continue to benefit through its established market position and experience of the promoters.

Increase in revenue albeit decrease in profitability margin

The company witnessed an increase in the topline by 75% in FY2025 which stood at Rs.237.43 Crores as compared

to Rs.135.59 Crores in FY2024. The increase in revenue is on the back of incremental sales production in the manufacturing segment, majorly sales of Khandsari Sugar which is further supported by sales from trading of sugar. Further, the company has registered a revenue of Rs.36.21 Cr. in Q1FY2026 as against Rs.37.74 Cr. in Q1FY2025. However, EBITDA margin of the company stood at 6.88% in FY2025 as against 10.39% in FY2024 and PAT margin stood at 3.49% in FY2025 against 5.18% in FY2024. The decrease in margins is because of increase in raw materials costs. Moreover, DAL has set up a 60 KLPD plant in Datia, Madhya Pradesh with operational flexibility to scale up to 120 KLPD on the back of multi-feed technology, ensuring year-round operations. The installation of plant is completed but some departmental approvals are awaited by the company. The commercial operations are expected to begin by end of December, 2025 (FY2026). Going forward, the scale of operations are expected to improve in near to medium term backed by the incremental sales from manufacturing as well as trading segment along with setup of ethanol plant which will support to diversify operations and reduce exposure to the cyclicity of the sugar industry to an extent. Acuite believes that ability of the company to ramp up the production and increase its top line while maintaining profitability will be a key monitorable factor.

Moderate Financial Risk Profile

The financial risk profile of the company is moderate marked by tangible net-worth which stood at Rs.65.89 Crore as on 31st March 2025 as against Rs.57.48 Crore as on 31st March 2024. The increase in net worth is on account of accretion of profits into reserves. The capital structure is marked by gearing ratio which stood at 2.61 times as on 31st March 2025 as against 1.83 times as on 31st March 2024 owing to ongoing debt funded capex of the company. Further, coverage indicators are reflected by interest coverage ratio and debt service coverage ratio which stood at 4.90 times and 1.82 times respectively as on 31st March 2025 against 4.41 times and 1.68 times as on 31st March 2024. The TOL/TNW ratio of the company stood at 3.29 times as on 31st March 2025 against 3.70 times as on 31st March 2024 and NCA/TD of the company stood at 0.06 times as on 31st March 2025 against 0.09 times as on 31st March 2024. Acuite expects the financial risk profile of the company is likely to remain in moderate range in near to medium term. However, the risks will be mitigated to an extent by the way of right issue increasing paid-up capital from Rs.24.97 crore as on 31st March, 2025 to Rs.39.95 crore as on 30th June, 2025 thereby strengthening net worth and improving liquidity of the company.

Weaknesses

Intensive Working capital operations

The working capital operations of the company improved yet remained intensive marked by GCA days which stood at 255 days as on 31st March 2025 against 509 days as on 31st March 2024. The GCA is higher on account of high inventory holding, which stood at 241 days as on 31st March 2025 against 487 days as on 31st March 2024. The high inventory days are due to the nature of operations, as the government provides quota for the sale of sugar and the balance is to be kept as inventory by the sugar mills so the company is not allowed to sell more than the quota assigned to them. Further, it also includes inventory for trading as well. The debtor days of the company stood at 21 days as on 31st March 2025 against 37 days as on 31st March 2024 and the creditor days stood at 67 days as on 31st March 2025 against 331 days as on 31st March 2024. In addition, the average fund based bank limit utilization stood at 79.93% in the last six months ending July, 2025. Acuite believes that the working capital operations of the company will remain in similar range in near to medium term due to nature of the business.

Cyclicity associated with sugar industry and susceptibility of profitability to volatility in raw material prices

The operations of DAL are dependent on sugarcane production, which is highly dependent on the monsoon and prices prevailing in the alternative crops such as rice and wheat. The sector is also marked by the presence of several other players, which leads to intense competition from the other players. Sugarcane and the other by-products manufactured by the company remain extremely sensitive to fluctuations in commodity prices, thereby impacting the overall revenue and profitability profile of the company. Sugarcane production is highly dependent on the monsoon and fluctuation in FRP (Fair Remunerative Price) will have a bearing on the overall revenue and profitability.

Rating Sensitivities

- Ability to ramp up and improve the operating performance while maintaining profitability margins.
- Movement in financial risk profile leading to a stretch in liquidity.
- Timely commencement and stabilization of the ethanol plant.

Liquidity Position

Adequate

The liquidity profile of the company is adequate marked by net cash accruals of Rs.10.80 crore as on 31st March, 2025 against the debt repayment obligations of Rs.4.42 crore in the same period. Going forward, the company is expected to generate net cash accruals in the range of Rs.11.50 Cr. to Rs.19.50 Cr. against the debt repayment obligation of Rs.8.20 Crore in the next year. In addition, the average fund based bank limit utilization stood at 79.93% in the last six months ending July, 2025. The current ratio of the company stood at 2.33 times as on 31st March, 2025 as against 1.61 times as on 31st March, 2024. Further, the cash and bank balance with the company stood at Rs.0.78 Cr. as on 31st March, 2025 and Rs.16.68 Cr. as on 30th June, 2025. Acuite expects that the liquidity profile of the company is expected to remain adequate in near to medium term on account of sufficient net cash accruals.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 25 (Actual)	FY 24 (Actual)
Operating Income	Rs. Cr.	237.43	135.59
PAT	Rs. Cr.	8.28	7.02
PAT Margin	(%)	3.49	5.18
Total Debt/Tangible Net Worth	Times	2.61	1.83
PBDIT/Interest	Times	4.90	4.41

Status of non-cooperation with previous CRA (if applicable)

Not applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
10 Jun 2024	Term Loan	Long Term	4.96	ACUITE BBB- Negative (Reaffirmed)
	Covid Emergency Line.	Long Term	1.54	ACUITE BBB- Negative (Reaffirmed)
	Warehouse Receipt Financing	Long Term	13.00	ACUITE BBB- Negative (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	15.61	ACUITE BBB- Negative (Reaffirmed)
	Term Loan	Long Term	6.89	ACUITE BBB- Negative (Reaffirmed)
	Cash Credit	Long Term	8.00	ACUITE BBB- Negative (Reaffirmed)
01 Nov 2023	Term Loan	Long Term	14.11	ACUITE BBB- Stable (Assigned)
	Covid Emergency Line.	Long Term	2.95	ACUITE BBB- Stable (Assigned)
	Warehouse Receipt Financing	Long Term	15.00	ACUITE BBB- Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	17.94	ACUITE BBB- Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Canara Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	20.00	Simple	ACUITE BBB- Stable Reaffirmed Negative to Stable
Canara Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	15.00	Simple	ACUITE BBB- Stable Reaffirmed Negative to Stable
Canara Bank	Not avl. / Not appl.	Covid Emergency Line.	Not avl. / Not appl.	Not avl. / Not appl.	22 Nov 2026	0.82	Simple	ACUITE BBB- Stable Reaffirmed Negative to Stable
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	6.08	Simple	ACUITE BBB- Stable Reaffirmed Negative to Stable
Canara Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Jan 2028	5.64	Simple	ACUITE BBB- Stable Reaffirmed Negative to Stable
Canara Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Apr 2026	2.46	Simple	ACUITE BBB- Stable Reaffirmed Negative to Stable

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