

June 03,2026

Duke Fashions (India) Limited: Ratings downgraded

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based – Cash credit	75.00	73.50	[ICRA]BBB+(Negative); downgraded from [ICRA]A-(Negative)
Long-term – Fund-based – Term loan	0.78	0.78	[ICRA]BBB+(Negative); downgraded from [ICRA]A-(Negative)
Long-term/Short-term – Non-fund based - Others	1.25	1.25	[ICRA]BBB+(Negative)/[ICRA]A2; downgraded from [ICRA]A-(Negative)/[ICRA]A2+
Long-term – Unallocated	0.47	1.97	[ICRA]BBB+(Negative); downgraded from [ICRA]A-(Negative)
Total	77.50	77.50	

*Instrument details are provided in Annexure II

Rationale

The rating downgrade and continuation of Negative outlook for Duke Fashions (India) Limited (DFIL) factors in the high working capital intensity of the company, led by increased inventory levels, which resulted in weak cash flow from operations for the company over the two fiscals, and contributed to an increase in the overall debt levels. The company's working capital intensity (NWC/OI) increased to around 80% in FY2026 from 62.6% in FY2023, mainly owing to increase in inventory days to 307 as of March 2026 from 243 as of March 2023. The enhanced working capital requirements have led to moderate cushion in the working capital limits (average utilisation of 81% in FY2026) and a deterioration in return and debt coverage indicators as well. The working capital intensity and cash flow generation of the company are anticipated to remain subdued over the near-to-medium term despite a gradual improvement in revenues. This apart, the entity has taken long-term loans in FY2026 to fund projects like guest house and a new showroom in Ludhiana with a total cost of around Rs. 20 crore. This is expected to exert pressure on the company's debt coverage metrics, going forward. ICRA notes that a major portion of the enhanced working capital requirements has been funded by enhanced support from promoters (in the form of unsecured loans), which provides comfort. Nonetheless, the ability of the company to reduce its inventory levels and consequently generate cash from operations remain key monitorable factor.

The ratings continue to favourably factor in the extensive experience of the promoters and management of DFIL, along with the established presence of the company's brand, Duke, in the domestic readymade garments industry. Its wide product portfolio for menswear in the economy segment and its established pan-India multi-channel distribution network also continue to support the ratings. The ratings also factor in DFIL's comfortable debt coverage indicators and a conservative capital structure, given the asset-light model of operations with most of the manufacturing outsourced to select vendors on a job-work basis and limited dependence on company-managed stores due to a multi-channel distribution network.

The ratings remain constrained by the intense competition from other domestic players and low-cost countries, which restrict the company's pricing flexibility. Further, DFIL remains vulnerable to the consumers' changing tastes and preferences.

Key rating drivers and their description

Credit strengths

Established brand presence in domestic apparel market through 'Duke' – The company's brand, Duke, has an established presence in the domestic apparel market through its wide product portfolio for men, women and children in the economy price segment. The EBOs allow the company flexibility in promotion and brand building, enabling direct engagement with customers. On the other hand, the MBO and LFR channels with significant online presence, help the company expand its geographical presence with minimal investments. The extensive experience of the promoters in the textile industry, supported by a professional management team.

Conservative capital structure and comfortable coverage indicators – DFIL's financial profile is characterised by a conservative capital structure, reflected in a gearing ratio of 0.3 times along with healthy credit metrics with OPBDITA/interest of 4.6 times, Total Debt/OPBDITA of 2.2 times and DSCR of 3.4 times in FY2026 as per estimates. Notwithstanding the high working capital funding requirements in the business, DFIL's dependence on external debt has remained limited over the years.

Asset-light model of operations – The company has an asset-light model of operations, in which most of the manufacturing operations are outsourced. The low dependence on company-managed stores due to a multi-channel distribution network result in a scalable business model and supports healthy return on capital.

Credit challenges

Working capital-intensive operations – Duke's business is working capital intensive with high inventory holding requirements for its existing as well as new stores. Apart from the increased working capital utilisation, large inventory translates into higher risk of obsolescence due to fast-changing fashion trends, which in turn translates into higher discounting, impacting the margins. The inventory has remained high in the range of 200-300 days over the last three years and operations are characterised by high working capital intensity with the net working capital-to-operating income of 80% in FY2026. Going forward, the company's ability to efficiently manage its inventory levels, while pursuing growth will remain a crucial determinant of its credit profile.

Exposed to consumer spending trends and intense competition – The company's sales, profitability and cash accruals, like any other apparel retailer, are closely linked to macroeconomic conditions, consumer confidence and spending patterns, particularly considering the discretionary nature of its products. Besides, its sales remain vulnerable to the consumers' changing tastes and preferences, and competition from the highly fragmented and competitive domestic market, which is dominated by the unorganised sector. This constrains the margins, given the company's presence in the economy segment of apparels.

Liquidity position: Adequate

The company's liquidity position remains Adequate, reflected in an average working capital limit utilisation of 81% in the past 12 months ending in March 2026, which provides it with some cushion to fund the additional working capital needs. The liquidity profile is supported by minimal repayment obligations (Rs. 4.1 crore in FY2027) and support from promoters in terms of unsecured loans, as and when required.

Rating sensitivities

Positive factors – The outlook could be revised to Stable if there is a meaningful improvement in DFIL's working capital cycle, led by a reduction in inventory on a sustained basis, while maintaining healthy scale of operations and profitability.

Negative factors – The ratings could be downgraded if DFIL is unable to further lower its inventory levels, leading to a reduction in its working capital intensity.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Rating Methodology for entities in the Textiles (Apparels) Corporate Credit Rating Methodology
Parent/Group support	Not Applicable
Consolidation/Standalone	Standalone

About the company

DFIL, incorporated in 1966, retails branded apparels in the domestic market under its brand, Duke. The company is promoted by Mr. Komal Kumar Jain, who has been involved in the knitted hosiery textile business for more than five decades.

DFIL was primarily involved in manufacturing knitted fabric till 1990, when it diversified into branded T-shirts and vests. Over the years, DFIL has diversified its product portfolio to include the entire range of summer and winter wear for men, women and children along with footwear. Duke's product range is sold through a multi-channel distribution network comprising 452 exclusive brand outlets, 4,044 multi-brand outlets and 1,150 large-format retail stores as on March 31, 2026.

Key financial indicators (audited)

Standalone	FY2024	FY2025	FY2026*
Operating income	352.9	393.6	440.0
PAT	21.1	20.5	25.2
OPBDIT/OI	10.4%	10.0%	9.9%
PAT/OI	6.0%	5.2%	5.7%
Total outside liabilities/Tangible net worth (times)	0.7	0.8	0.7
Total debt/OPBDIT (times)	2.3	2.3	2.2
Interest coverage (times)	4.4	4.1	4.6

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Amount in Rs. crore *provisional financials

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current rating (FY2027)			Chronology of rating history for the past 3 years					
	Type	Amount Rated (Rs Crore)	June 03,2026	FY2026		FY2025		FY2024	
				Date	Rating	Date	Rating	Date	Rating
Fund-Based – Cash Credit	Long-term	73.50	[ICRA]BBB+ (Negative)	15-April-25	[ICRA]A- (Negative)	-	-	31-Mar-24	[ICRA]A-(Stable)
Fund-Based – Term Loan	Long-term	0.78	[ICRA]BBB+ (Negative)	15-April-25	[ICRA]A- (Negative)	-	-	31-Mar-24	[ICRA]A-(Stable)
Non-fund Based - Others	Long-term/short-term	1.25	[ICRA]BBB+ (Negative)/ [ICRA]A2	15-April-25	[ICRA]A- (Negative)/ [ICRA]A2+	-	-	31-Mar-24	[ICRA]A-(Stable)/ [ICRA]A2+
Unallocated	Long-term	1.97	[ICRA]BBB+ (Negative)	15-April-25	[ICRA]A- (Negative)	-	-	31-Mar-24	[ICRA]A-(Stable)

Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10,2026

ICRA-rated instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other activities offered by ICRA fall under regulatory purview of various FSR as under:

Sr. No.	Activity name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Disclosure: SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of FSR other than SEBI.

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund-based – Cash Credit	Simple
Long-term – Fund-based – Term Loan	Simple
Long-term/Short-term - Non-fund-based – Others	Simple
Long-term – Unallocated	Not applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure II: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Long-term – Fund-based – Cash Credit	NA	NA	NA	73.50	[ICRA]BBB+ (Negative)
NA	Long-term – Fund-based – Term Loan	FY2026	-	FY2032	0.78	[ICRA]BBB+ (Negative)
NA	Long-term/Short-term - Non-fund-based – Others	NA	NA	NA	1.25	[ICRA]BBB+ (Negative)/[ICRA]A2
NA	Long-term – Unallocated	NA	NA	NA	1.97	[ICRA]BBB+ (Negative)

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure III: List of entities considered for consolidated analysis-Not Applicable

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