September 23, 2025

Deepak Spinners Limited: Update on material event

Summary of rating(s) outstanding

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Ratings outstanding
Long term - Fund Based – Cash Credit	60.00	60.00	[ICRA]A- (Negative)
Long term - Non-Fund Based – Bank Guarantee	3.00	3.00	[ICRA]A- (Negative)
Short term - Fund Based – Export Packing Credit (Interchangeable)^	(15.04)	(15.04)	[ICRA]A2+
Short term - Fund Based – Export Bill Discounting (Interchangeable)^	(15.04)	(15.04)	[ICRA]A2+
Short term - Non-Fund Based – Letter of Credit	2.00	2.00	[ICRA]A2+
Short term - Non-Fund Based – Credit Exposure Limit	1.00	1.00	[ICRA]A2+
Short term - Non-Fund Based – Capex Letter of Credit	10.00	10.00	[ICRA]A2+
Long-term/ Short-term - Unallocated limit	16.10	16.10	[ICRA]A- (Negative)/ [ICRA]A2+
Total	**92.10**	**92.10**	

**Instrument details are provided in Annexure-I; ^Within the overall fund-based working capital limit*

Rationale

Material Event

On September 14, 2025, Deepak Spinners Limited (DSL), involved in manufacturing of synthetic spun yarn, announced about the resignation of a non-executive non-independent director who belongs to the promoter family. The outgoing director expressed his disagreement with the company's leadership and voiced concerns about its governance and ongoing weak performance, among other matters.

Material Event Impact

ICRA notes that the above-mentioned event stems from conflict within the promoter's family. Any significant impact of the same on the company's performance will remain monitorable. ICRA also notes the resignations of three independent directors of the company between August 2024 and November 2024, for various reasons. The company's financial performance in the coming quarters will also remain a key monitorable, given weakening of its performance in recent quarters. Nevertheless, DSL's ratings continue to derive strength from its established track record in manufacturing of blended synthetic yarns, high capacity utilisation level, a conservative capital structure with limited borrowings and a considerable cushion in working capital utilisation, which continues to support its liquidity despite losses posted in the recent quarters.

Please refer to the following link for the previous detailed rationale that captures Key rating drivers and their description, Environment and Social Risks, Liquidity position, Rating sensitivities: Click here

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	[Corporate Credit Rating Methodology](#) [Textiles - Spinning](#)
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the standalone financials of the rated entity

About the company

Incorporated in 1982 by Mr. Pradip Kumar Daga, DSL manufactures blended synthetic spun yarns. The company has two plants at Baddi in Himachal Pradesh and at Guna in Madhya Pradesh with a total spinning capacity of around 37,000 metric tonnes per annum. The Baddi and Guna units have around 41,000 and 54,000 spindles, respectively. Additionally, the Baddi unit has a dye house. The company mainly produces synthetic yarns of 8-30 counts. The Guna plant has captive solar power plants of 8 MW, including an offsite plant of 1 MW. It also draws power from a 5-MW solar power plant of its Group company, Deepak Industries Limited. DSL's equity shares are listed on BSE. The promoter Group held around 46% of DSL's shares as on June 30, 2025.

Key financial indicators (audited)

DSL	FY2024	FY2025	Q1 FY2026*
Operating income	471.8	524.9	138.8
PAT	1.3	-10.2	-3.6
OPBDIT/OI	4.9%	1.1%	-0.1%
PAT/OI	0.3%	-1.9%	-2.6%
Total outside liabilities/Tangible net worth (times)	0.5	0.5	-
Total debt/OPBDIT (times)	1.9	6.3	-
Interest coverage (times)	5.9	1.5	-0.2

*Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; *Unaudited*

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current ratings (FY2026)					Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. Crore)	23-Sep-2025	FY2026		FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund Based – Cash Credit	Long term	60.00	[ICRA]A-(Negative)	02-Jun-2025	[ICRA]A-(Negative)	23-Aug-2024	[ICRA]A-(Negative)	31-May-2023	[ICRA]A-(Stable)	-	-
				30-jul-25	[ICRA]A-(Negative)						
Non-Fund Based – Bank Guarantee	Long term	3.00	[ICRA]A-(Negative)	02-Jun-2025	[ICRA]A-(Negative)	23-Aug-2024	[ICRA]A-(Negative)	31-May-2023	[ICRA]A-(Stable)	-	-
				30-jul-25	[ICRA]A-(Negative)						

Fund Based – Export Packing Credit (Interchangeable)*	Short Term	(15.04)	[ICRA]A2+	02-Jun-2025	[ICRA]A2+	23-Aug-2024	[ICRA]A2+	31-May-2023	[ICRA]A2+	-	-
				30-jul-25	[ICRA]A2+						
Fund Based – Bill Discounting (Interchangeable)*	Short Term	(15.04)	[ICRA]A2+	02-Jun-2025	[ICRA]A2+	23-Aug-2024	[ICRA]A2+	31-May-2023	[ICRA]A2+	-	-
				30-jul-25	[ICRA]A2+						
Non-Fund Based – Letter of Credit	Short Term	2.00	[ICRA]A2+	02-Jun-2025	[ICRA]A2+	23-Aug-2024	[ICRA]A2+	31-May-2023	[ICRA]A2+	-	-
				30-jul-25	[ICRA]A2+						
Non-Fund Based – Capex Letter of Credit	Short Term	10.00	[ICRA]A2+	02-Jun-2025	[ICRA]A2+	23-Aug-2024	[ICRA]A2+	31-May-2023	[ICRA]A2+	-	-
				30-jul-25	[ICRA]A2+						
Non-Fund Based – Credit Exposure Limit	Short term	1.00	[ICRA]A2+	02-Jun-2025	[ICRA]A2+	23-Aug-2024	[ICRA]A2+	31-May-2023	[ICRA]A2+	-	-
				30-jul-25	[ICRA]A2+						
Unallocated limit	Long term/ Short term	16.10	[ICRA]A-(Negative)/ [ICRA]A2+	02-Jun-2025	[ICRA]A-(Negative)/ [ICRA]A2+	23-Aug-2024	[ICRA]A-(Negative)/ [ICRA]A2+	31-May-2023	[ICRA]A-(Stable)/ [ICRA]A2+	-	-
				30-jul-25	[ICRA]A-(Negative)/ [ICRA]A2+						
Term Loan	Long term	-	-	-	-	-	-	31-May-2023	[ICRA]A-(Stable)	-	-
Standby Line of Credit	Short term	-	-	-	-	-	-	31-May-2023	[ICRA]A2+	-	-

**Within the overall fund-based working capital limit*

Complexity level of the rated instrument

Instrument	Complexity indicator
Long term – Fund Based (Cash Credit)	Simple
Long term – Non-Fund Based (Bank Guarantee)	Very simple
Short term – Fund Based – Interchangeable (Export Packing Credit)*	Simple
Short term – Fund Based – Interchangeable (Bill Discounting)*	Simple
Short term – Non-Fund Based (Letter of Credit)	Very simple
Short term – Non-Fund Based (Capex Letter of Credit)	Very simple
Short term – Non-Fund Based (Credit Exposure Limit)	Very simple
Long term/short term – Unallocated limit	Not applicable

**Within the overall fund-based working capital limit*

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 I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Fund Based – Cash Credit	NA	NA	NA	60.00	[ICRA]A- (Negative)
NA	Non-Fund Based – Bank Guarantee	NA	NA	NA	3.00	[ICRA]A- (Negative)
NA	Fund Based – Export Packing Credit (Interchangeable)*	NA	NA	NA	(15.04)	[ICRA]A2+
NA	Fund Based – Bill Discounting (Interchangeable)*	NA	NA	NA	(15.04)	[ICRA]A2+
NA	Non-Fund Based – Letter of Credit	NA	NA	NA	2.00	[ICRA]A2+
NA	Non-Fund Based – Capex Letter of Credit	NA	NA	NA	10.00	[ICRA]A2+
NA	Non-Fund Based – Credit Exposure Limit	NA	NA	NA	1.00	[ICRA]A2+
NA	Unallocated limit	NA	NA	NA	16.10	[ICRA]A- (Negative)/ [ICRA]A2+

*Source: Company; *Within the overall fund-based working capital limit*

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis – Not applicable

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ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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