

## Dhampur Bio Organics Limited

January 13, 2026

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long-term bank facilities	1,019.45	CARE BBB+; Stable	Downgraded from CARE A-; Stable
Short-term bank facilities	115.00	CARE A2	Downgraded from CARE A2+
Commercial paper (Carved out)	-	-	Withdrawn

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has downgraded ratings assigned to bank facilities of Dhampur Bio Organics Limited (DBOL) from 'CARE A-; Stable / CARE A2+' to 'CARE BBB+; Stable / CARE A2'. Downgrade in ratings reflects continued subdued operational performance in FY25 and H1FY26 impacted from low recovery rates with red rot infestation in central and western Uttar Pradesh (UP) regions, which has been impacting its ability to generate stable cash accrals and subsequently led to higher dependence on working capital borrowings and thus resulted in further moderation in its financial risk profile.

CareEdge Ratings expects DBOL's profitability to remain subdued over near term in line with high cane costs in sugar season 2025-26, resulting in rise in cost of production. DBOL's credit metrics are expected to remain moderate with high debt levels and low profitability margins, however slight improvement is envisaged from FY25 levels, which was impacted due to industry-wide factors. CareEdge Ratings also notes that the company is adopting newer cane varieties to reduce infestation exposure and improve yield, which will be further supported by higher ethanol production over medium term. Gradual improvement in DBOL's operational performance with removal of restriction on diversion into ethanol and exports and improvement in yield due to newer cane variety shall remain a key monitorable going forward.

Ratings derive strength from DBOL's experienced promoters with long track record in the sugar industry, forward integrated nature of operations with presence into distillery and cogeneration, power divisions mitigating the industry cyclical to an extent.

However, these rating strengths continue to remain constrained by the industry's cyclical and regulated nature, demand-supply dynamics, exposure towards the agro-climatic conditions, and working capital intensive operations.

CareEdge Ratings note that the Income Tax Department carried out a search under the Income-tax Act, 1961 at the company's corporate office and manufacturing units from October 29, 2025, to November 04, 2025. Per the management, there has been no immediate impact on plant operations or banking and financial activities, and no coercive action has been initiated against the company or its promoters as of now. CareEdge Ratings will continue to monitor developments, and material adverse outcome with implications for the company's credit profile could be negative for its ratings.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- The company's ability to report healthy growth in total operating income (TOI) with profit before interest, lease rentals, depreciation and taxation (PBILDT) margin above 8% backed by healthy recovery rates on a sustained basis.
- Reduction on its reliance on working capital limits and subsequent improvement in financial risk profile with net leverage (net debt to PBILDT) to remain below 4.2x on a sustained basis.

#### Negative factors

- Increasing overall gearing above 1.3x on a sustained basis.
- Declining revenue from the existing level and profitability margins as marked by PBILDT margin below 6%.
- Adversely changing government policies affecting the operations and cash flow of the entity.

### Analytical approach: Standalone

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

## **Outlook: Stable**

Stable outlook reflects CareEdge Ratings' expectation that DBOL's operational metrics in the near-to-medium term will be sustained in line with better expected monsoon and shift towards new variety of sugarcane crop seeds, which shall go forward result in better recoveries and gradual improvement in its profitability.

### **Detailed description of key rating drivers:**

#### **Key strengths**

##### **Experienced promoters with long track record of operations in sugar industry**

DBOL is headed by Vijay Kumar Goel as the company's Chairman and Gautam Goel as the Managing Director. Vijay Kumar Goel has served as a promoter director on the board of undivided Dhampur Sugar Mills Limited (DSML) since 1960. He has also been the President of Indian Sugar Mills Association and the Indian Sugar Export Corporation, and with over 65 years of experience in the sugar industry, he has spearheaded several technological innovations in the industry.

Gautam Goel has been on the Board since 1994. He is currently serving his second stint as an office bearer in Indian Sugar and Bio-energy Manufacturers Association (ISMA) as Vice President, and has served as the President of ISMA, and the Chairman of Indian Sugar Exim Corporation in 2012. He has focused on value-addition, which included pioneering production of sulphur-less refined sugar in India.

#### **Forward integrated operations resulting in diversified revenue streams**

DBOL's sugar division is fully integrated with 26,000MT of cane crushing capacity, which is forward integrated into cogeneration unit of 95.50 megawatts (MW) and a molasses-based distillery of 312.5 KLPD. Post part-conversion (of 100 KLPD in Asmoli plant), this has become a dual feed molasses and grain-based distillery. The company also has 2,000 TPD sugar refinery capacity, 700 TPD pharma grade sugar capacity, 800 TPD LQW sugar capacity, 8 million cases per year domestic spirits capacity and 80 TPD CO2 power capacity. DBOL's forward integrated operations de-risk it by providing alternate revenue streams and acts as a cushion against inherent cyclical in core sugar business to a large extent. The company operates three plants in Asmoli, Mansurpur, and Meerganj (part of western-central Uttar Pradesh).

In FY25, the sugar segment accounted for ~80% of the gross operating revenue (PY: 73%), and 77% in H1FY26 and remained the main revenue driver. Going forward, share of distillery is expected to increase, which depends on increase in ethanol prices the Government, which have remained at same levels since last two years, and thus, will remain a key monitorable.

#### **Key weaknesses**

##### **Muted profitability and elevated inventory levels exerted pressure on leverage and coverage indicators**

For Sugar Season (SS; runs from October to September) 2024-25, the entire sugar industry was impacted due to erratic monsoon, restrictions on use of B-Heavy Molasses and syrup for manufacture of ethanol, restriction on exports (only 1 million tonne permitted for SS24-25), and certain regional issues, such as red-rot in parts of Uttar Pradesh (in DBOL's command area). Owing to aforesaid reasons, there was an industry wide decline in revenue and players reporting sharp decline in profits.

India is nearing 20% ethanol blending target set for ESY26, having achieved a blending rate of 19.24% for ESY25 (refers to November 2024- October 2025; ESY24: 14.6%) and a national target of E20 by ESY26. For integrated sugar companies, this policy push has been a key profitability driver in the last few years. Higher ethanol off-take at remunerative prices provided a stable revenue stream, cushioning volatility in sugar prices and improving overall margins. However, visibility on a defined roadmap beyond 20% blending post-ESY26 remains limited, which could constrain growth prospects for distillery segment of sugar mills. Ethanol prices for juice-based (₹65.6/litre) and B-heavy molasses (₹60.7/litre) routes have remained unchanged since ESY23, even as production costs continue to rise, impacting segment profitability. For DBOL, revenue from Biofuel/ Spirits segment fell from ₹521 crore in FY24 to ₹343 crore in FY25, while earnings before interest, and taxation (EBIT) margins fell from 24% to 16%, as lower cane availability, and rising costs, resulted in lower sugar sacrifice.

CareEdge Ratings believes that in the absence of a commensurate mid-to-high single-digit price increase to offset higher cane costs, profitability of the distillery segment is likely to remain under pressure.

In FY25, owing to red-rot infestation in the company's command area, crushing days shrank from 169 days in FY24 to 145 days in FY25, which resulted in lower cane availability. Net recovery rate also fell from 10.32% in FY24 to 9.8% in FY25. Sugar production fell from 42 lakh quintals to 31 lakh quintals, whereas sugar sales rose to 35 lakh quintals from 30 lakh quintals as the company had sufficient inventory from last year, which got significantly reduced as on March 31, 2025, due to lower production.

As such, the company's total revenue increased slightly by ~3% from ₹1,833 crore in FY24 to ₹1,883 in FY25. However, due to higher cost of production, its PBILDT margin fell from 7.79% in FY24 to 7.43% in FY25, although the impact was cushioned as sugar prices firmed up and realisations rose from ₹3835/ per quintal in FY24 to ₹3932/ quintal in FY25.

For H1FY26, revenue rose ~16% y-o-y to ₹1089 crore at PBILDT margin of 1.12% (PY: 2.92%) as the impact continued from FY25 and the company did not have significant cane crushing in the period. However, with better monsoon in SS 2025-26 and increase in recovery rates due to shift towards disease-free varieties, the company is expected to clock a revenue of ~₹2100-2200 crore. However, PBILDT margin is expected to remain rangebound between 7.70-8.00% owing to increase in state advised price (SAP) in UP by ₹30/ quintal, which will result in further increase in cost of production.

The company's capital structure remained leveraged in FY25 with high dependence on working capital borrowings due to high inventory on the books, consequent elongation in the operating cycle and the seasonal working capital requirements of the sugar industry. DBOL's sugar inventory remained elevated at 22.2 MMT as on March 31, 2025 (against 26.9 MT as on March 31, 2024), which and increase in cost of production led to a higher-than-expected working capital borrowings of ₹844 crore (₹806 crore in FY24). Total net worth (TNW) stood at ₹1,018 crore, whereas total debt position was at ₹1,162 crore. As such, overall gearing moderated to 1.14x as on March 31, 2025 (PY: 1.04x).

Higher working capital borrowings and lower profitability resulted in moderation in net leverage (net debt/ PBILDT), which continued to rise to 8.25x in FY25 (7.38x in FY24), although is expected to slightly improve in FY26 to 6.42x, with increase in scale of operations and accretion of profits.

Going forward, while higher domestic sugar quotas and improved export prospects may support sales volumes, inventory levels are unlikely to correct materially given subdued diversion towards ethanol. Sustained recovery in PBILDT and working capital unwinding are critical for deleveraging and will be key rating monitorable.

### **Working capital intensive operations**

The sugar industry being seasonal in nature has high working capital requirements in the peak season, which is from November to April to procure their primary raw material, sugarcane, and manufacture sugar in this period. DBOL's operating cycle stood at 212 days in FY25, increased from 192 days in FY24 and 148 days in FY23 owing to elongation in inventory holding period. Average inventory days increased to 224 days in FY25, up from 208 days in FY24 from 160 days in FY23. DBOL had sugar stock of 22.2 lakh quintals valued at ₹3,766 per quintal as on March 31, 2025 (26.9 lakh quintals valued at ₹3,472 per quintal as on March 31, 2024), which decreased to 5.62 lakh quintals valued at ₹3,737 per quintal as on September 30, 2025. Owing to this, working capital utilisation stood at 80.13% for 12 months ending September 30, 2025. Working capital intensity is expected to remain high in the near term.

### **Vulnerable to agro-climatic risks, cyclical and regulated nature of sugar business**

The sugar industry is cyclical and is vulnerable to government policies for reasons such as its importance in wholesale price index (WPI), as it classifies as an essential commodity. The government on its part resorts to regulations such as fixing raw material prices in the form of SAP and Fair and Remunerative Prices (FRP). All these factors impact cultivation patterns of sugarcane in the country, and thus, affect profitability of sugar companies. BASL's profitability, and other sugar mills, continue to remain vulnerable to the state government's policy on cane prices. Thus, the company's performance can be impacted by disproportionate increase in cane price in a particular year. Profitability remains vulnerable to the government's policies on exports, MSP, and remunerative ethanol prices. Cyclical in sugar production also results in volatility in sugar prices. However, sharp contraction in sugar prices is curtailed after MSP's introduction by central government in June 2018. Healthy exports and higher diversion of sucrose towards ethanol in the recent years resulted in favourable demand supply dynamics in the country, thus resulting in improved realisations across the industry.

DBOL's profitability, and other UP-based sugar mills, continues to be vulnerable to the Government of Uttar Pradesh (GoUP's) policy on cane prices. The company's performance can be impacted by a disproportionate increase in the cane prices, which are determined by the GoUP at the start of the crushing season, such as increase in SAP by ₹30/ quintal for SS25-26. Profitability of all sugar mills and DBOL remains vulnerable to the government's policies on exports, MSP, and remunerative ethanol prices. However, the recent measures taken by the Central Government and the GoUP support sugar prices and liquidity of sugar mills. The continuation of government support measures such as remunerative ethanol prices and interest subvention for the debt-funded distillery capex is likely to keep sugar inventories under check and prevent the piling up of cane arrears.

### **Liquidity: Adequate**

The liquidity remains adequate, marked by gross cash accruals of ₹67 crore in FY25 and expected gross cash accruals (GCA) of ~₹90-120 crore each year in FY26 and FY27 against debt repayment of ₹72 crore and ₹80 crore respectively. The company had 22.2 lakh quintal of sugar stock, valued at ₹836 crore as on March 31, 2025, which got reduced to 5.62 lakh quintals, valued at ₹210 crore as on September 30, 2025. Cash and bank balance was ~₹7 crore as on September 30, 2025. Working capital utilisation for 12 months ended September 2025 stood at 80.13%, which peaked at 99% in March 2025.

CareEdge Ratings expects liquidity shall be further supported through credit lines available with DBOL and through gradual liquidation of sugar inventory. CareEdge Ratings also notes that inventory days remain relatively high in the sugar sector compared to other industries as manufacturing of sugar takes place in November to April, while sales take place uniformly in throughout the year and also due to imposition of sales quota on sugar companies, which led to high inventory days.

While the company does not have major capex plans in future (except for routine capex), the company's ability to generate sufficient accruals in future shall remain a key monitorable.

**Assumptions/Covenants:** Not applicable

**Environment, social, and governance (ESG) risks:** Not applicable

### Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Sugar Sector](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

### About the company and industry

#### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Fast-moving consumer goods	Fast-moving consumer goods	Agricultural food and other products	Sugar

DBOL is an integrated sugar player with presence in sugar (refined, raw sugar), biofuels and spirits (ethanol and country liquor), organic fertilizers and Co-generation. DBOL was demerged from DSML vide a Scheme of Arrangement, which was ratified by the National Company Law Tribunal (NCLT) vide its order dated April 27, 2022, and became effective from May 03, 2022. The undivided company (DSML) was incorporated in 1933, when it established a 300 TPD sugar mill in Dhampur. In March 2021, the company's promoters, Gaurav Goel and Gautam Goel, jointly have decided to segregate management and ownership of different manufacturing facilities/units for cane crushing, co-generation of power and chemicals, equally between the two promoter family groups. DSML had plants at five locations, Dhampur, Asmoli, Mansurpur, Rajpura, and Meerganj. Per the scheme of arrangement, DSML got Dhampur and Rajpura plants, while DBOL got three plants in western-central UP, in, Asmoli, Mansurpur, and Meerganj with combined capacity to crush 26,000 MT of cane per day and produce 2000 MT of refined sugar and 800 MT of raw sugar per day. The company also has 312.5 KLPD of ethanol and 95.5 MW of cogeneration capacity.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	H1FY26 (UA)
Total operating income	1833	1883	1089
PBILDT*	143	140	-20
Profit after tax (PAT)	49	12	-35
Overall gearing (x)	1.04	1.14	NA
Interest coverage (x)	3.16	2.09	0.74

A: Audited UA: Unaudited; NA: Not Available Note: these are latest available financial results

\*PBILDT: Profit before interest, lease rentals, depreciation and tax

**Status of non-cooperation with previous CRA:** Not applicable

**Any other information:** Not applicable

**Rating history for last three years:** Annexure-2

**Detailed explanation of covenants of rated instrument / facility:** Annexure-3

**Complexity level of instruments rated:** Annexure-4

**Lender details:** Annexure-5

**Annexure-1: Details of instruments/facilities**

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Commercial Paper-Commercial Paper (Carved out)	-	-	-	-	0.00	Withdrawn
Fund-based - LT-Cash Credit	-	-	-	-	642.50	CARE BBB+; Stable
Fund-based - LT-Term Loan	-	-	-	31-03-2028	276.95	CARE BBB+; Stable
Fund-based - LT-Working Capital Demand loan	-	-	-	-	100.00	CARE BBB+; Stable
Non-fund-based - ST-BG/LC	-	-	-	-	115.00	CARE A2

LT: Long term; ST: Short term; LT/ST: Long term/Short term

**Annexure-2: Rating history for last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Term Loan	LT	276.95	CARE BBB+; Stable	1)CARE A- ; Stable (09-Apr-25) 2)CARE A; Stable (02-Jul-24)	1)CARE A; Stable (13-Nov-24) 2)CARE A; Stable (13-Sep-23)	1)CARE A+; Stable (13-Nov-24)	1)CARE A+; Stable (26-Jul-22)
2	Fund-based - LT-Working Capital Demand loan	LT	100.00	CARE BBB+; Stable	1)CARE A- ; Stable (09-Apr-25) 2)CARE A; Stable (02-Jul-24)	1)CARE A; Stable (13-Nov-24) 2)CARE A; Stable (13-Sep-23)	1)CARE A+; Stable (13-Nov-24)	1)CARE A+; Stable (26-Jul-22)
3	Fund-based - LT-Cash Credit	LT	642.50	CARE BBB+; Stable	1)CARE A- ; Stable (09-Apr-25) 2)CARE A; Stable (02-Jul-24)	1)CARE A; Stable (13-Nov-24) 2)CARE A; Stable (13-Sep-23)	1)CARE A+; Stable (13-Nov-24)	1)CARE A+; Stable (26-Jul-22)
4	Non-fund-based - ST-BG/LC	ST	115.00	CARE A2	1)CARE A2+ (09-Apr-25) 2)CARE A1 (02-Jul-24)	1)CARE A1 (13-Nov-24) 2)CARE A1 (02-Jul-24)	-	-
5	Commercial Paper-Commercial Paper (Carved out)	ST	-	-	1)CARE A2+ (09-Apr-25)	1)CARE A1 (13-Nov-24)	-	-

LT: Long term; ST: Short term; LT/ST: Long term/Short term

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities:** Not applicable

**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Commercial Paper-Commercial Paper (Carved out)	Simple
2	Fund-based - LT-Cash Credit	Simple
3	Fund-based - LT-Term Loan	Simple
4	Fund-based - LT-Working Capital Demand loan	Simple
5	Non-fund-based - ST-BG/LC	Simple

**Annexure-5: Lender details**

To view lender-wise details of bank facilities please [click here](#)

**Annexure-6: List of entities consolidated:** Not applicable

**Note on complexity levels of rated instruments:** CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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