



Press Release

D & H India Limited

May 23, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Rating	Rating Action	Complexity Indicator
Long Term Bank Facilities	63.49	IVR BBB-/Stable (IVR Triple B minus with stable outlook)	--	Rating Assigned	Simple
Short Term Bank Facilities	0.50	IVR A3 (IVR A Three)	--	Rating Assigned	Simple
Total	63.99	Rupees Sixty-Three Crore and Ninety-Nine lakh only			

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings has assigned ratings to the bank facilities of D & H India Limited (DHIL), derives comfort from strong operating profile, comfortable credit profile and debt protection metrics, diversified and reputed customer base and experienced management with established track record. However, these strengths are partially constrained by working capital intensive nature of business, expose to volatility in raw material prices and intense competition in the industry.

Infomerics has assigned the stable outlook reflects continued support from experienced management.

Key Rating Sensitivities:

Upward Factors

- Sustained improvement in revenue & profitability margins leading to improvement in capital structure



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Downward Factors

- Any decline in revenue and profitability and/or any unplanned debt led capex and/or any deterioration in working capital cycle leading to deterioration in credit profile and the liquidity.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Strong Operating Profile

DHIL's revenue has improved on y-o-y basis led by improved volumes. It has achieved a revenue of Rs.157.82 crore during FY24 (refers period from 01st April 2023 to 31st March 2024) (FY23: Rs. 138.60 crore). During 9MFY25, DHIL has achieved revenue of Rs. 149.98 crore. Further, the EBITDA margins remained stable at 6.03% during FY24 (FY23: 6.76%). During 9MFY25, DHIL has achieved EBITDA margins of 6.74%. Also, during 9MFY25, the company has made a provision of Rs. 0.51crore against long due debtor i.e. RINL Limited (Rashtriya Ispat Nigam Limited), which were due since 2016. Considering the impact of these, the EBITDA margins would have been at 7.1%. Infomerics notes that with expected higher contribution from value added products profitability is expected to improve further from FY26 onwards.

Comfortable credit profile and debt protection metrics:

DHIL's credit profile remained comfortable marked by overall gearing and TOL/TNW stood at 1.12x and 1.50x respectively as on 31st March 2024 (31st March 2023: 0.79x and 1.33x respectively). Debt protection metrics in terms of interest coverage ratio remains strong at 3.18x during FY24 (FY23: 4.52x), while total debt/GCA remained moderate at 7.48 years in FY24 (FY23: 4.38 years). Infomerics expects credit profile to remain stable with absence of debt led capex and stable profitability.



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Experienced management established track record:

DHIL has established track record of more than four decades in welding consumables industry. DHIL's promoter Mr. Harsh Vora is having more than 40 years of experience in the industry. This extensive experience has enabled them to build a robust customer base across various industries and establish an extensive distribution network

Caters to multiple industries:

DHIL caters to multiple industries that includes infrastructure, defence, ship building, cement, railways, power, oil & Petrochemical, sugar & distillery and others.

Key Rating Weaknesses

Working capital intensive nature of business:

DHIL's business is working capital intensive in nature reflected by net working capital cycle of 108 days at the end of FY24 (FY23: 98 days) due to higher inventory days. DHIL's inventory is backed by confirmed orders. DHIL normally makes payment within 15 days to its creditors as it gets discounts on prompt payment.

Expose to volatility in raw material prices:

DHIL's main raw material includes steel and chemical which remains volatile in nature and therefore, profitability is vulnerable to fluctuations in raw material prices. Furthermore, given the fragmented nature of the industry DHIL has moderate bargaining power, which limits its ability to fully pass on cost increases to customers or retain the benefits when prices decline.

Intense competition in the industry

The welding electrodes industry is highly competitive, with the presence of large unorganized players. The organized sector includes well-established companies with advanced technology and a broad product range, while the unorganized sector focuses on low-cost production, offering competitive prices.

Analytical Approach: Standalone



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Applicable Criteria:

[Rating Methodology for Manufacturing Companies.](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition and Post Default recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

Liquidity: Adequate

The liquidity of the company remained adequate marked by expected gross cash accruals of Rs. 13.75 crore, Rs. 15.65 crore and Rs. 17.18 crore from FY26 to FY28. These expected gross cash accruals are sufficient for debt repayment of Rs. 3.48 crore, Rs. 4.26 crore and Rs. 5.16 crore respectively for FY26 to FY28. Further, the current ratio stood comfortable at 1.40x as on March 31, 2024. The average utilisation of working capital borrowing for last 12 months ended in February 2025 stood at 64.57%.

About the Company

Incorporated in 1985, D & H India Limited, formerly known as D & H Welding Electrodes (India) Ltd. manufactures welding consumables with a portfolio of over 800 electrode variants. It offers a broad range of products catering to industries such as Steel, Shipbuilding, Petrochemical, Construction, Transport, Energy etc. The promoter, Mr. Harsh Kumar Vora has a vast experience of more than four decades of experience in the business. The company is listed on Bombay Stock Exchange (BSE).



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Financials (Standalone):

(Rs. crore)

For the year ended/ As on*	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	138.60	157.82
EBITDA	9.36	9.52
PAT	4.17	2.72
Total Debt	27.98	44.29
Tangible Net Worth (Adjusted)	37.09	41.13
EBITDA Margin (%)	6.76	6.03
PAT Margin (%)	3.01	1.72
Overall Gearing Ratio (x)	0.79	1.12
Interest Coverage (x)	4.52	3.18

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA:

CareEdge Ratings has migrated the long term and short-term rating under ISSUER NOT CO-OPERATING category vide press release dated March 28, 2025, due to non-submission of required information.

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (2025-26)			Rating History for the past 3 years		
		Type	Amount (Rs. Crore)	Rating	Date(s) & Rating(s) assigned	Date(s) & Rating(s) assigned	Date(s) & Rating(s) assigned
1.	Term Loan	Long Term	16.49	IVR BBB-/Stable	--	--	--
2.	Cash Credit	Long Term	47.00	IVR BBB-/Stable	--	--	--
3.	Bank Guarantee	Short Term	0.50	IVR A3	--	--	--

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About Infomerics:

Infomerics Valuation and Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit www.infomerics.com.

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Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan	--	--	--	July 2025 – Mar 2032	16.49	IVR BBB- /Stable
Cash Credit	--	--	--	Revolving	47.00	IVR BBB- /Stable
Bank Guarantee	--	--	--	--	0.50	IVR A3

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-DHI-may25.pdf>

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.