



Press Release

Dicitex Furnishing Private Limited (DFPL)

October 09, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	<u>Complexity Indicator</u>
Long Term Bank Facilities	18.00	IVR B-/ Stable (IVR B Minus with Stable Outlook)	IVR B-/ Stable (IVR B Minus with Stable Outlook)	Rating Reaffirmed	Simple
Short Term Bank Facilities	45.50 (reduced from 48.50)	IVR A4 (IVR A Four)	IVR A4 (IVR A Four)	Rating Reaffirmed	Simple
Total	63.50	Rupees Sixty-three crore and fifty 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 reaffirmed its rating for the long-term and short-term bank facilities of Dicitex Furnishing Private Limited (DFPL). The reaffirmation continues to reflect the strength derived from the extensive experience of the promoters and their regular fund infusions, which have supported term loan repayments. However, these strengths are partially offset by the company's relatively modest scale of operations, which impacts profitability margins, the working capital-intensive nature of its operations, and the susceptibility of profitability to fluctuations in foreign exchange rates.

The Stable Outlook for DFPL reflects expectations of improvement in revenue and profitability, driven by the ongoing business restructuring and the promoters' demonstrated track record of financial support.

Key Rating Sensitivities:

Upward Factors

- Sustained improvement in revenue and profitability along with improvement in working capital leading to improvement in liquidity and credit profile.

Downward Factors



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- Inability to demonstrate expected improvement in profitability in FY26 on the basis of restructuring of the business. Alternately any further decline in revenue and profitability leads to further deterioration in credit profile.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Extensive experience of the promoters**

Dicitex Furnishing Pvt. Ltd. (DFPL) is part of the Dicitex Group, which specializes in manufacturing and distributing premium textile products such as fabrics, bed linen, upholstery, draperies, curtains, and other made ups and embroideries. DFPL operates under a catalogue-based Business-to-Business (B2B) model and is promoted by Mr. Rajjnish Arora and Mr. Nimish Manoharlal Arora, who have over three decades of experience in the home furnishing industry.

- **Regular promoter infusions leading to term loan repayments**

The promoters have regularly infused funds into the company through unsecured loans to support its liquidity. During FY25 (Provisional, refers to the period from 1st April to 31st March), they infused approximately Rs.4.00 crore, taking the total unsecured loans from promoters to Rs.37.74 crore. These loans are subordinated to bank borrowings. As per management, the promoters will continue to infuse funds as needed, either through unsecured loans or equity, to support the company's liquidity. The company has fully repaid its term loans from Standard Chartered Bank and Deutsche Bank in FY25, which stood at around Rs.12.00 crore as of March 31, 2023. No-Due Certificates (NDCs) from the lenders have been submitted, and the company has no debt repayment obligations in the near future.

Key Rating Weaknesses

- **Lower scale of operations impacting profitability margins**

The company's operating income has declined year-on-year over the past three years. Operating income fell to Rs.42.57 crore in FY25 (Provisional) from Rs.55.18 crore in FY24. The decline began during the COVID-19 period due to lockdowns affecting key clients such as hotels, restaurants, and corporates in India and abroad, with recovery remaining slow post-pandemic. Since FY23, DFPL has seen continued revenue decline, primarily due to a strategic



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decision to exit certain loss-making product lines. These lines, which contributed approximately Rs.12.00 crore in revenue, became unviable due to increased global competition, especially from low-cost producers in China and Turkey. Their entry into DFPL's key markets led to margin pressure, making continued operations in those segments unsustainable. The product discontinuation and operational restructuring began in FY23 and continued through FY25. As a result, the company reported EBITDA and PAT losses of Rs.8.24 crore and Rs.4.26 crore respectively in FY25 (Provisional), a significant improvement from losses of Rs.13.32 crore and Rs.6.12 crore in FY24. Infomerics believes that following the restructuring which included the sale of certain machines and the upgrade of others, DFPL will be able to control costs and generate higher revenues from more profitable product lines, leading to improved revenue and profitability.

- **Working capital-intensive nature of operations**

DFPL's catalogue-based B2B model results in a stretched working capital cycle. The model requires maintaining a large and diverse inventory of raw materials and work-in-process, leading to high inventory holding costs that are disproportionate to the company's modest scale of operations. The company has also faced uneven sales across various SKUs. The sales cycle is often prolonged, influenced by seasonal demand and the time B2B clients take to finalize orders. To remain competitive, DFPL extends credit periods of 60–90 days, further stretching the working capital cycle. In the past, significant capital was tied up in slow-moving or non-moving stock. These factors have contributed to working capital inefficiencies and increased holding costs. The operating cycle remained high at 599 days in FY25 (Provisional), compared to 450 days in FY24 and 333 days in FY23, primarily due to high inventory holding over the past three years. Infomerics expects improvement in the net working capital cycle going forward, driven by a focus on more profitable product lines, which should lead to sustained improvement in cash flow.

- **Susceptibility of profitability margins to forex fluctuations**

The company exports to approximately 60 countries across Europe, the USA, Gulf countries, and others. DFPL has historically generated 30–50% of its revenues from exports. However, the company does not hedge its foreign exchange exposure. As of March 31, 2025, DFPL had an unhedged forex exposure of USD 352,077.22, equivalent to Rs.3.13 crore. While export revenue contributed around 33% of total sales in FY25 (Provisional), the absence of a formal



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hedging policy increases vulnerability to adverse currency movements, despite the company currently benefiting from INR depreciation against the USD.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Manufacturing Companies.](#)

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

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

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

Liquidity –Adequate

The liquidity position of the company is expected to remain adequate in the near term. Although DFPL reported a negative gross cash accrual of Rs. 6.76 crore in FY25 (provisional), it is projected to generate positive gross cash accruals in the range of Rs. 3.00 to 5.00 crore annually during FY26-FY28. As the company has no outstanding term loans, there are no scheduled repayments in the projected years. DFPL demonstrated an average fund-based working capital utilisation of approximately 71% over the past 12 months ending June 2025, indicating an adequate liquidity buffer. Infomerics also derives comfort from the periodic infusion of funds by the promoters. Further the absence of any debt funded capex plan provides additional support to the company's liquidity position.

About the Company

DFPL was incorporated in the year 1999 by Mr. Manoharlal Arora and is currently inherited by Mr. Nimish Arora, Mr. Rajjinish Arora and Mrs. Veena Arora. DFPL is a Mumbai based company and has its manufacturing facilities in Thane. The company is engaged in the manufacturing of home furnishing products such as fabrics, bedlinen, upholstery, draperies, curtains and other made ups and embroideries. The factory at Tarapur is vertically integrated and each activity involved in converting yarn into fabric – be it twisting, weaving, mending, washing, warping, dying, printing, embroidering, is carried out at the factory itself. DFPL operates under a catalogue-based Business-to-Business (B2B) model, wherein it provides its products/services directly to other businesses rather than individual consumers.



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Financials (Standalone):

For the year ended/ As on*	(Rs. crore)	
	31-03-2024	31-03-2025
	Audited	Provisional
Total Operating Income	55.18	42.57
EBITDA	-13.32	-8.24
PAT	-6.12	-4.26
Total Debt	110.46	96.93
Tangible Net Worth	34.27	30.38
EBITDA Margin (%)	-24.13	-19.37
PAT Margin (%)	-8.63	-8.30
Overall Gearing Ratio (x)	3.22	3.19
Interest Coverage (x)	-1.63	-1.12

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (Year 2025-2026)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23
	PR Date			October 09, 2025	July 22, 2024	-	-
1.	Cash Credit	Long Term	18.00	IVR B-/ Stable	IVR B-/ Stable	-	-
2.	FDBP	Short Term	20.00	IVR A4	IVR A4	-	-
3.	Import Letter of Credit	Short Term	2.00	IVR A4	IVR A4	-	-
4.	Import Letter of Credit (Consumables)	Short Term	1.50	IVR A4	IVR A4	-	-
5.	Packing Credit	Short Term	20.00	IVR A4	IVR A4	-	-
6.	Bank Guarantee	Short Term	2.00	IVR A4	IVR A4	-	-

Analytical Contacts:



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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.

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Annexure 1: Instrument/Facility Details

Name of Facility/ Security	ISIN	Date of Issuanc e	Coupo n Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
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Cash Credit	-	-	-		18.00	IVR B-/ Stable
FDBP	-	-	-	-	20.00	IVR A4
Import Letter of Credit	-	-	-	-	2.00	IVR A4
Import Letter of Credit (Consumables)	-	-	-	-	1.50	IVR A4
Packing Credit	-	-	-	-	20.00	IVR A4
Bank Guarantee	-	-	-	-	2.00	IVR A4

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-dicitex-oct25.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.