

D & H India Limited

July 09, 2026

Rating Action

Total Bank Loan Facilities Rated	Rs. 89.95 Crore (enhanced from Rs. 63.99 crore)	Regulator[^]
Long Term Rating	IVR BBB/Stable (Rating Upgraded)	RBI
Short Term Rating	IVR A3+ (Rating Upgraded)	RBI
[^] Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.		

Refer Annexures for details of facilities/instruments, facility wise lender details, and detailed explanation of covenants

Note: None of the Directors on Infomerics Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.

Rationale

Infomerics Ratings has upgraded the ratings for the bank facilities of D & H India Limited (DHIL), reflecting the company's improved business and financial risk profile. The upgrade factors in the growth in revenue and profitability during FY26, along with the strengthening of the company's credit profile. The ratings also derive comfort from the significant improvement in the capital structure following debt prepayment through the proceeds of the rights issue, resulting in lower leverage. Further, the company's established track record, experienced management, and diversified presence across multiple end-user industries continue to support its credit profile. However, the ratings remain constrained by the working capital-intensive nature of operations and the company's exposure to volatility in steel and other raw material prices, which may impact profitability.

Outlook: Stable

The Stable outlook reflects Infomerics' expectation that DHIL will continue to benefit from healthy demand for its welding consumables products, supported by capacity expansion and an improving product mix. The outlook also factors in the company's comfortable capital structure, adequate liquidity position, and satisfactory debt protection metrics over the medium term.

Analytical Approach

Approach	Comments
Consolidation/ Standalone	Standalone
Parent/ Group Support	Not Applicable

Key Rating Drivers with Detailed Description

Strengths

Small Scale of Operation Albeit improved during FY26 and stable profitability

DHIL's revenue grew by 21% to Rs. 253.34 crore in FY26 from Rs. 209.38 crore in FY25, primarily driven by higher sales volumes, supported by healthy demand from the infrastructure and manufacturing sectors. Consequently, the company's operating profitability improved, with the EBITDA margin increasing to 7.50% in FY26 from 7.06% in FY25, while the PAT margin improved to 3.31% from 2.46% during the same period. Infomerics expects the company's operational performance to improve further over the medium term, supported by capacity expansion, improved operating efficiencies, and sustained demand from end-user industries.

Comfortable capital structure supported by equity raise

The company's capital structure improved significantly and remained comfortable, as reflected by the overall gearing and TOL/TNW ratios, which improved to 0.16x and 0.97x, respectively, as on March 31, 2026, from 0.50x and 1.67x as on March 31, 2025. The improvement was primarily driven by the strengthening of the company's net worth to Rs. 75.83 crore from Rs. 44.55 crore during the same period, supported by the Rs. 24.56 crore equity infusion through a rights issue. Further, a portion of the rights issue proceeds was utilized towards repayment of debt, resulting in lower leverage and an overall improvement in the company's capital structure. Infomerics notes that the capital structure will remain comfortable in medium term despite capex.

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.

Weaknesses**Expose to volatility in raw material prices**

DHIL' 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.

Elongated working capital cycle

The working capital cycle improved, though it remained elongated at 84 days at the end of FY26, compared with 98 days in FY25. The improvement was primarily driven by a reduction in the average collection period to 62 days in FY26 from 74 days in FY25, as customers opted to discount their bills, resulting in faster realization of receivables. Infomerics notes that the company's working capital management and its ability to sustain the improved operating cycle will remain key monitorables going forward.

Liquidity –Adequate

The liquidity position of DHIL remained adequate, supported by free cash and liquid investments of Rs. 14.74 crore as on March 31, 2026. The company maintained a comfortable current ratio of 1.92x as on March 31, 2026, while average working capital utilisation remained moderate at 64.39% for last 12 months ended at March 2026, providing sufficient cushion in its bank limits. The projected gross cash accruals are adequate to meet the scheduled debt repayment obligations over the medium term.

Rating Sensitivities**Upward Factors**

- Sustained improvement in revenue and operating profitability, with EBITDA margins, driven by a higher contribution from value-added products.
- Sustained strengthening of the capital structure, reflected by overall gearing remaining below 0.50x and TOL/TNW below 0.90x on a sustained basis.

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.

About the Company

Incorporated in 1985, DHIL, 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).

Key Financial Indicators (Standalone):

For the year ended/ As on*	31-03-2025	31-03-2026
	Audited	Audited
Total Operating Income	209.38	253.34
EBITDA	14.78	18.99
PAT	5.16	8.40
Total Debt	52.19	46.25
Tangible Net Worth (TNW)	46.27	77.56
EBITDA Margin (%)	7.06	7.50
PAT Margin (%)	2.46	3.31
Overall Gearing (times)	1.17	0.61
Interest Coverage (times)	1.67	0.97

*Classification as per Infomerics' standards; Amount in Rs. Crore; Source: Company

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](#)

[Policy on Withdrawal of Ratings](#)

Status of non-cooperation with previous CRA:

CareEdge Ratings has continued to classify the long term and short-term rating under ISSUER NOT CO-OPERATING category vide press release dated June 15, 2026, due to non-submission of required information.

Any other information: None

Rating History for last three years

Sr. No.	Instruments/Facilities	Current Ratings (Year 2026-27)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2025-26	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24
					May 23, 2025	--	--
1.	Fund based facilities	LT	89.45	IVR BBB/Stable	IVR BBB-/Stable	--	--
2.	Non-fund-based facilities	ST	0.50	IVR A3+	IVR A3	--	--

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	Listing Status	Regulator^	<u>Complexity Indicator</u>
WC Term Loan	NA	NA	NA	Dec 2031	3.56	IVR BBB/Stable	NA	RBI	Simple
WC Term Loan	NA	NA	NA	July 2033	8.89	IVR BBB/Stable	NA	RBI	Simple
WC Term Loan	NA	NA	NA	July 2033	27.00	IVR BBB/Stable	NA	RBI	Simple
WC Term Loan**	NA	NA	NA	Fully Repaid	0.00 (reduced from 0.21)	Withdrawn	NA	RBI	Simple
WC Term Loan**	NA	NA	NA	Fully Repaid	0.00 (reduced from 2.78)	Withdrawn	NA	RBI	Simple
Term Loan*	NA	NA	NA	Fully Repaid	0.00 (reduced from 7.50)	Withdrawn	NA	RBI	Simple
Term Loan*	NA	NA	NA	Fully Repaid	0.00 (reduced)	Withdrawn	NA	RBI	Simple

					from 4.55)				
Term Loan*	NA	NA	NA	Fully Repaid	0.00 (reduced from 1.45)	Withdrawn	NA	RBI	Simple
Cash Credit	NA	NA	NA	NA	40.00	IVR BBB/ Stable	NA	RBI	Simple
Cash Credit	NA	NA	NA	NA	10.00	IVR BBB/ Stable	NA	RBI	Simple
Bank Guarantee	NA	NA	NA	NA	0.50	IVR A3+	NA	RBI	Simple

^Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

*Infomerics has rated Rs. 13.50 crore of Term Loans from SIDBI bank, which now has been closed and received the No Due certificate (NDC). The withdrawal is based on the client request and is in line with the Infomerics withdrawal policy.

**Infomerics has rated Rs. 2.99 crore of WC Term Loans from HDFC bank, which now has been closed and received the No Due certificate (NDC). The withdrawal is based on the client request and is in line with the Infomerics withdrawal policy.

Annexure 2: Facility wise lender details:

https://infomericstorage.blob.core.windows.net/uploads/len_DH_India_july26_c2f2b38de8.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

Annexure 5: List of activities / instruments and names of regulators

Sr. No.	Instrument / activity Name	Regulator of the instrument
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference Shares	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 lenders/Loans from Multilaterals	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	Borrowing programme ~	Refer foot note
15	Issuer Ratings #	Refer foot note
16	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
17	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18	Listed Security Receipts	SEBI
19	Unlisted Security Receipts	RBI
20	Independent Credit Evaluation (ICE)	RBI
21	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
22	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
23	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
24	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) @	Investor-side Regulator such as IRDAI, PFRDA

Footnotes:

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

~ 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 may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In Press Release(s) subsequent to issuance(s), CRA shall separately capture the rated quantum details along with names of respective regulators.

There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

@ These ratings were assigned during regulatory regime prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side regulators have been included.

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

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