

January 31, 2024

## Dharmesh Textiles Limited: Change in Limits

### Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Outstanding
Long-term – Fund-based – Cash Credit	15.00	9.00	[ICRA]A-(Stable); Outstanding
Long-term – Fund-based – Term Loan	1.70	0.70	[ICRA]A-(Stable); Outstanding
Short-term – Non-fund based	0.50	0.30	[ICRA]A2+; Outstanding
Long-term – Unallocated	7.70	0.00	-
<b>Total</b>	<b>24.90</b>	<b>10.00</b>	

\*Instrument details are provided in Annexure-1

### Rationale

This rationale is being released to convey the change in the rated limits as depicted in the table above, based on the latest information received from the company.

Please refer to the following link for the previous detailed rationale that captures key rating drivers and their description, the liquidity position and rating sensitivities: [Click here](#)

### Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a>
Parent/Group support	Not Applicable
Consolidation/Standalone	The ratings are based on the standalone financial profile of the company

### About the company

Dharmesh Textiles Limited (DTL) manufactures non-woven carpets and recycled polyester staple fibre at its manufacturing facility in Bhiwani (Haryana). It has an annual installed manufacturing capacity of 420 lakh square metres of non-woven carpets and 24,000 metric tonnes of recycled polyester staple fibre as of May 31, 2023. The company sells its non-woven carpets under the Sundaram brand in varieties including plain, ribs, jacquard, velour, coated and non-coated etc. The carpets manufactured by the company are used in exhibitions, hotels, tent houses, public events, large gatherings etc. In the recent years, DTL has set up a carpet tiles manufacturing unit along with a noodle carpet cushion mat and digital printed carpet in its existing factory. Further, the company is generating additional revenue from the newly introduced artificial grass carpets.

### Key financial indicators (audited)

	FY2022	FY2023
Operating income	191.1	326.7
PAT	7.6	14.4
OPBDIT/OI	7.6%	7.8%
PAT/OI	4.0%	4.4%
Total outside liabilities/Tangible net worth (times)	0.5	0.4
Total debt/OPBDIT (times)	0.8	0.2

<b>Interest coverage (times)</b>	13.9	25.9
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PAT: Profit after Tax; OPBDIT: Operating profit before depreciation, interest, taxes and Amortisation; Amount in Rs. crore

Source: Company; ICRA Research

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

**Any other information: None**

### Rating history for past three years

Instrument	Current Rating (FY2024)				Chronology of Rating History for the past 3 years				
	Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore) as on Dec 31, 2023	Date and Rating in FY2024		Date and Rating in FY2023	Date and Rating in FY2022	Date and Rating in FY2021	
				Jan 31, 2024	July 17, 2023	May 18, 2022	Jul 09, 2021	Jun 03, 2020	
1 Fund Based – Cash Credit	Long-term	9.00	-	[ICRA]A-(Stable)	[ICRA]A-(Stable)	[ICRA]BBB+(Stable)	[ICRA]BBB+(Stable)	[ICRA]BBB+(Stable)	
2 Fund Based – Term Loan	Long-term	0.70	0.62	[ICRA]A-(Stable)	[ICRA]A-(Stable)	[ICRA]BBB+(Stable)	[ICRA]BBB+(Stable)	[ICRA]BBB+(Stable)	
3 Non-fund based - Loan Equivalent Risk (LER)	Short-term	0.30	-	[ICRA]A2+	[ICRA]A2+	[ICRA]A2	[ICRA]A2	[ICRA]A2	
4 Unallocated	Long-term	-	-	-	[ICRA]A-(Stable)	[ICRA]BBB+(Stable)	[ICRA]BBB+(Stable)	[ICRA]BBB+(Stable)	
5 Non-fund based - Letter of Credit/ ILC/FLC including Buyer Credit	Short-term	-	-	-	-	[ICRA]A2	[ICRA]A2	-	

### Complexity level of the rated instruments

Instrument	Complexity Indicator
Long Term – Fund Based – Cash Credit	Simple
Long Term – Fund Based – Term Loans	Simple
Short Term – Non-fund based	Very Simple

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 / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Long Term – Fund Based – Cash Credit	NA	NA	NA	9.00	[ICRA]A-(Stable)
NA	Long Term – Fund Based – Term Loan - I	FY2020	~9.00% p.a.	FY2024	0.16	[ICRA]A-(Stable)
NA	Long Term – Fund Based – Term Loan – II	FY2023	~9.60% p.a.	FY2028	0.54	[ICRA]A-(Stable)
NA	Short Term – Non-fund based – Loan Equivalent Risk (LER)	NA	NA	NA	0.30	[ICRA]A2+

*Source: Company*

[Please click here to view details of lender-wise facilities rated by ICRA](#)

**Annexure II: List of entities considered for consolidated analysis: Not Applicable**

## ANALYST CONTACTS

**Jayanta Roy**

+91 33 7150 1120

[jayanta@icraindia.com](mailto:jayanta@icraindia.com)

**Priyesh Ruparelia**

+91 022 6169 3328

[priyesh.ruparelia@icraindia.com](mailto:priyesh.ruparelia@icraindia.com)

**Manish Pathak**

+91 124 4545397

[manishp@icraindia.com](mailto:manishp@icraindia.com)

**Sandeep Aggarwal**

+91 124 4545377

[sandeep.aggarwal@icraindia.com](mailto:sandeep.aggarwal@icraindia.com)

## RELATIONSHIP CONTACT

**L. Shivakumar**

+91 22 6114 3406

[shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

## MEDIA AND PUBLIC RELATIONS CONTACT

**Ms. Naznin Prodhani**

Tel: +91 124 4545 860

[communications@icraindia.com](mailto:communications@icraindia.com)

## Helpline for business queries

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

[info@icraindia.com](mailto:info@icraindia.com)

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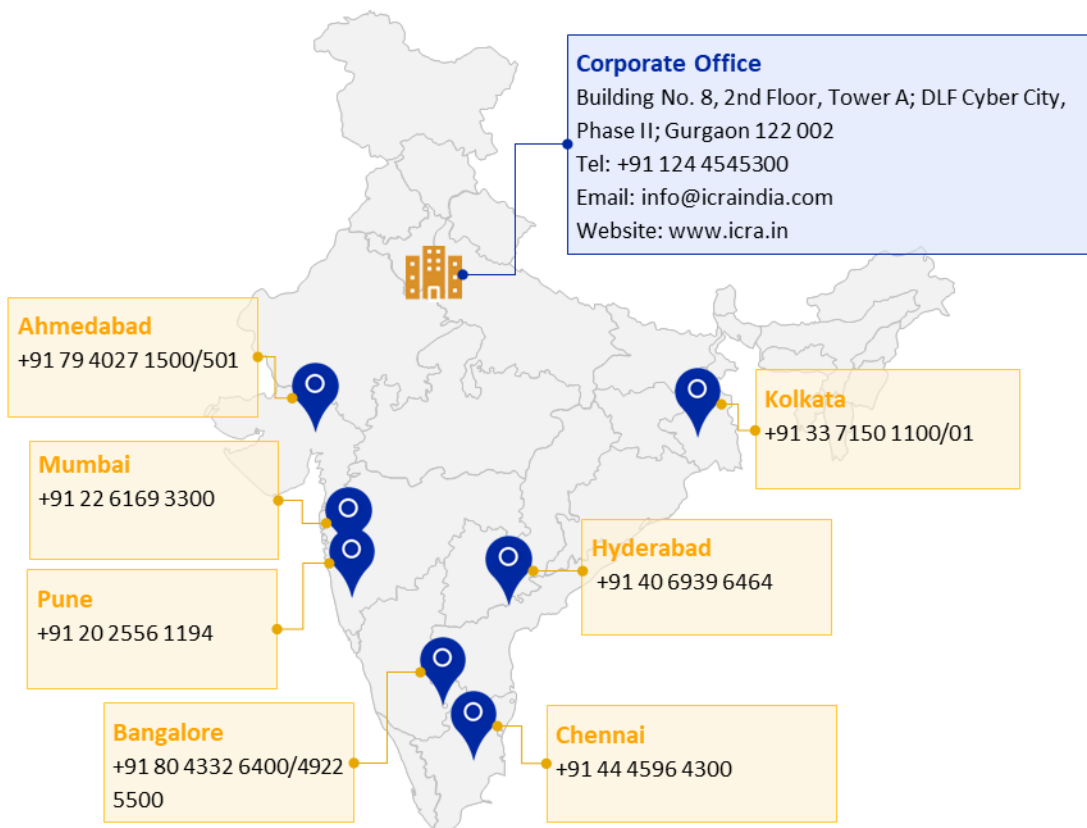
### Registered Office

B-710, Statesman House, 148, Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



### Branches



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