

## Dhanashree Electronics Limited

March 28, 2025

| Facilities/Instruments     | Amount (₹ crore) | Rating <sup>1</sup>                      | Rating Action                                   |
|----------------------------|------------------|--|---|
| Long Term Bank Facilities  | 16.00            | CARE BB; Stable; ISSUER NOT COOPERATING* | Rating moved to ISSUER NOT COOPERATING category |
| Short Term Bank Facilities | 13.00            | CARE A4; ISSUER NOT COOPERATING*         | Rating moved to ISSUER NOT COOPERATING category |

Details of instruments/facilities in Annexure-1.

\*Issuer did not cooperate; based on best available information.

### Rationale and key rating drivers

Dhanashree Electronics Limited (DEL) has not paid the surveillance fees for the rating exercise agreed to in its Rating Agreement. In line with the extant SEBI guidelines, CARE Ratings Ltd.'s rating on DEL's bank facilities will now be denoted as **CARE BB; Stable/CARE A4; ISSUER NOT COOPERATING\***.

**Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating.**

The ratings assigned to the bank facilities of DEL continues to remain constrained by its small scale of operations, moderate capital structure and debt protection metrics, elongated operating cycle and intensive competitive nature of industry. The ratings also take into account the improving operating margins during FY24 (refers to the period April 01 to March 31) and 9MFY25. The ratings continue to derive strength from experienced management & satisfactory track record of operation, established market position with brand name and long-standing relationship with principal suppliers and established distribution network.

**Analytical approach:** Standalone

**Outlook:** Stable

### Detailed description of key rating drivers:

At the time of last rating on March 19, 2024, the following were the rating strengths and weaknesses (updated for the information shared by the company)

#### Key weaknesses

**Small scale of operations:** The scale of operations of the company continues to remain small marked by total operating income of Rs.82.43 crore in FY24 as against Rs. 49.38 crore in FY23. The PBILDT margins stood improved at 4.68% in FY24 as against negative 12.01% in FY24, which was majorly owing to moderation in raw materials costs. The scale of operations in 9MFY25 stood at Rs.43.29 crores with PBILDT margins of 13.93%. The small size restricts the financial flexibility of the company in times of stress and deprives it from benefits of economies of scale.

**Moderate capital structure and debt protection metrics:** The capital structure of the company continues to remain moderate with overall gearing at 1.63x as on March 31, 2024, as against 1.51x as on March 31, 2023, which consists majorly of unsecured loans and WC borrowings. TD/GCA of the company improved and stood at 13.85x in FY24 as against 16.51x in FY23. Improvement during the year was on account of improvement in profitability.

**Elongated operating cycle:** Though there had been improvement in the inventory cycle and debtor days during FY24 to 235 days and 126 days from 343 days and 177 days in FY23 respectively, the operating cycle remained elongated, however improved to 304 days in FY24 (P.Y. 482 days).

**Intensive competitive nature of industry:** The electrical market is highly fragmented with the presence of a large number of unorganized players in India constraining the pricing power of organized sector players. There is high competition within the industry due to low entry barriers. Apart from unorganized sector, the group also faces competition from organized sector players.

#### Key strengths

**Experienced management & satisfactory track record of operation:** The promoters, Mr. Madan Gopal Toshniwal, and Mr. Surya Prakash Toshniwal have experience of more than five decades in the industry. The promoters have been infusing funds in the form of equity share capital and unsecured loans from commercial parties to support the capex and working capital requirements.

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

**Established market position with brand name and long-standing relationship with principal suppliers:** DEL manufactures and markets its products under the brand name of "Rashmi Lighting" which is a known brand in the lighting industry in the Eastern India. DEL also manufactures lighting products for other companies like Panasonic, Karuna Greentech Private Limited (Nordusk), Khaitan, etc. Further, company has contracted with switches brands called Pritam Electricals & Electronics Pvt. Ltd., Vihan Electric Pvt. Ltd. & V.K. Industries as an OEM for lighting. Also, over the years, the company has established a strong relation with some of the reputed electronic product's brands namely Philips India Limited (PIL), Bajaj Electricals Limited, Havells India Limited, Schneider Electric, RR Cables, Crompton Greaves Consumer Electricals Limited, Bosch etc.

**Established distribution network:** DEL sells the products either directly or through the network of Ladhuram Toshniwal & Sons (LTS; a group entity). The Group has an established distributor network for retail sales apart from selling directly to government institutions. Apart from that, the company also does assembly work for private OEMs. The Group sells through a network of over 2000 dealers, distributors, and retailers.

#### **Liquidity: Adequate**

DEL's liquidity position remained adequate on account of sufficient cushion available in form of GCA vis-à-vis long-term debt repayment obligations albeit high utilisation of working fund-based borrowings albeit During FY24, DEL reported GCA of Rs.4.53 crore vis-à-vis long-term debt repayment obligations of Rs.0.97 crore. In FY25, DEL has long term debt repayment obligations of Rs.0.90 crore against which it is expected to generate sufficient cash accruals. Further, the average utilisation of FB limits remained high at 90% during trailing 12 months ended in Feb'25.

#### **Applicable criteria**

[Policy in respect of non-cooperation by issuers](#)

[Definition of Default](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

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

#### **About the company and industry**

##### **Industry classification**

| Macroeconomic indicator | Sector        | Industry             | Basic industry             |
|-------------------------|---------------|----------------------|----------------------------|
| Industrials             | Capital Goods | Electrical Equipment | Other Electrical Equipment |

Incorporated in 1987, DEL is involved in design and manufacturing of lighting products in the brand of "Rashmi", which includes Copper Choke, LED Lamps, LED Home Decorative Lights, CFL, Tube Lights, Street Lights, Outdoor Flood Light, Solar Lights etc. with manufacturing facilities situated in Salt Lake, Kolkata. DEL also manufactures lighting products for other companies like Panasonic, Karuna Greentech Private Limited (Nordusk), Khaitan, etc. In the current year, company has signed draft agreement with M/s Bajaj Electricals Limited for OEM business. Further, company has contracted with switches brands called Pritam Electricals & Electronics Pvt. Ltd., Vihan Electric Pvt. Ltd. & V.K. Industries as an OEM for lighting. DEL also caters to government orders by bidding tenders for electronic products in several states

| Brief Financials (₹ crore) | March 31, 2023 (A) | March 31, 2024 (A) | 9MFY25 (UA) |
|----------------------------|--------------------|--------------------|-------------|
| Total operating income     | 49.38              | 82.43              | 43.29       |
| PBILDT                     | -5.93              | 3.86               | 6.03        |
| PAT                        | 2.70               | 3.91               | 2.15        |
| Overall gearing (times)    | 1.51               | 1.63               | -           |
| Interest coverage (times)  | -1.13              | 0.60               | 1.71        |

A: Audited UA: Unaudited; Note: these are latest available financial results

**Status of non-cooperation with previous CRA:** CRISIL Ratings has conducted the review on the basis of best available information and has classified DEL as "Not cooperating" vide its press release dated December 26, 2024. The reason provided by CRISIL Ratings is non-furnishing of requisite information for monitoring of ratings.

**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          |
|--|------|-------------------------------|-----------------|----------------------------|-----------------------------|---|
| Fund-based - LT-Cash Credit                        |      | -                             | -               | -                          | 16.00                       | CARE BB;<br>Stable; ISSUER NOT COOPERATING* |
| Fund-based - ST-Bill Discounting/ Bills Purchasing |      | -                             | -               | -                          | 3.00                        | CARE A4;<br>ISSUER NOT COOPERATING*         |
| Fund-based - ST-EPC/PSC                            |      | -                             | -               | -                          | 2.00                        | CARE A4;<br>ISSUER NOT COOPERATING*         |
| Non-fund-based - ST-Letter of credit               |      | -                             | -               | -                          | 8.00                        | CARE A4;<br>ISSUER NOT COOPERATING*         |

\*Issuer did not cooperate; based on best available information.

**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 2024-2025 | Date(s) and Rating(s) assigned in 2023-2024 | Date(s) and Rating(s) assigned in 2022-2023  | Date(s) and Rating(s) assigned in 2021-2022 |
| 1       | Non-fund-based - ST-Letter of credit               | ST              | 8.00                         | CARE A4; ISSUER NOT COOPERATING *         | -   | 1)CARE A4 (19-Mar-24)                       | 1)CARE A4 (29-Mar-23)<br>2)CARE A4; ISSUER NOT COOPERATING * (03-Jan-23)                 | 1)CARE A4 (04-Oct-21)                       |
| 2       | Fund-based - LT-Cash Credit                        | LT              | 16.00                        | CARE BB; Stable; ISSUER NOT COOPERATING * | -   | 1)CARE BB; Stable (19-Mar-24)               | 1)CARE BB; Stable (29-Mar-23)<br>2)CARE BB; Stable; ISSUER NOT COOPERATING * (03-Jan-23) | 1)CARE BB; Stable (04-Oct-21)               |
| 3       | Non-fund-based - ST-Proposed non fund based limits | ST              | -                            | -   | -   | -   | 1)Withdrawn (29-Mar-23)<br>2)CARE A4; ISSUER NOT COOPERATING * (03-Jan-23)               | 1)CARE A4 (04-Oct-21)                       |
| 4       | Fund-based - ST-EPC/PSC                            | ST              | 2.00                         | CARE A4; ISSUER NOT COOPERATING *         | -   | 1)CARE A4 (19-Mar-24)                       | 1)CARE A4 (29-Mar-23)  | -   |
| 5       | Fund-based - ST-Bill Discounting/ Bills Purchasing | ST              | 3.00                         | CARE A4; ISSUER NOT COOPERATING *         | -   | 1)CARE A4 (19-Mar-24)                       | 1)CARE A4 (29-Mar-23)  | -   |

\*Issuer did not cooperate; based on best available information.

LT: Long term; ST: 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       | Fund-based - LT-Cash Credit                        | Simple           |
| 2       | Fund-based - ST-Bill Discounting/ Bills Purchasing | Simple           |
| 3       | Fund-based - ST-EPC/PSC                            | Simple           |
| 4       | Non-fund-based - ST-Letter of credit               | Simple           |

**Annexure-5: Lender details**

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

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

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### About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

### Disclaimer:

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