

Daulat Ram Engineering Services Private Limited

April 04, 2022

Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating ¹	Rating Action
Long Term Bank Facilities	14.72 (Reduced from 19.42)	CARE D (Single D)	Reaffirmed
Long Term / Short Term Bank Facilities	76.50	CARE D / CARE D (Single D / Single D)	Reaffirmed
Total Bank Facilities	91.22 (Rs. Ninety-One Crore and Twenty-Two Lakhs Only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The ratings assigned to the bank facilities of Daulat Ram Engineering Services Private Limited (DRESPL) continue to take into consideration the on-going delays in debt servicing due to liquidity stress.

Rating Sensitivities

Positive factors:

- Delay free track record of 90 days in servicing of debt obligations

Detailed description of the key rating drivers

Key Rating Weaknesses

Ongoing delays in debt servicing on back of acute liquidity stress

The ratings assigned to the bank facilities of Daulat Ram Engineering Services Private Limited (DRESPL) continue to take into consideration the on-going delays in debt servicing due to liquidity stress. This is due to considerable time lag in receipt of dues from its customers which includes various divisions of Indian Railways.

Liquidity analysis: Poor

Liquidity profile of DRSP remains poor on account of elongated operating cycle of 431 days in FY21 which was due to elongated inventory days and collection period. Net cash flow from operating activities remained low at Rs. 0.29 crore during FY21 as against Rs. 4.86 crore during FY20. The decline was due to blockage of funds into receivables and inventories.

Analytical approach: Standalone

Applicable criteria

[CARE's Policy on Default Recognition](#)

[Rating Methodology - Manufacturing Companies](#)

[Financial ratios – Non-Financial Sector](#)

[Liquidity Analysis of Non-Financial Sector Entities](#)

[Criteria for Short Term Instruments](#)

About the Company

Raisen, Madhya Pradesh based Daulat Ram Engineering Services Pvt. Ltd. (DRESPL) (CIN: U74210MP1997PTC011601) was incorporated in 1997 by Mr. Chandra Prakash Sharma. Initially, the company was engaged in repair, reconditioning and rehabilitation of dynamic braking resistors for Indian Railways. Later, DRPL commenced manufacturing of motors, traction motors and alternators, auxiliary generator, traction motors, oil cooling blower and many other engineering products which find its application in railway locomotives. It supplies its products to various diesel locomotive manufacturing units of Indian Railways including DMW – Patiala, DLW – Varanasi, ICF – Chennai and National Railway Equipment Company (NREC) for onward supply to Indian Railways. DRPL also commenced manufacturing and installation of escalators at various railway stations as well as manufacturing of vacuum toilet systems for rail coaches.

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

Brief Financials (Rs. crore)	31-03-2020 (A)	31-03-2021 (A)	11MFY22 (Prov.)
Total operating income	93.95	71.26	94.14
PBILDT	13.71	7.97	NA
PAT	1.32	-5.35	NA
Overall gearing (times)	1.14	1.71	NA
Interest coverage (times)	1.59	0.83	NA

A: Audited, Prov.: Provisional; NA: Not Available

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Covenants of rated instrument/facility: Please refer Annexure-3

Complexity level of various instruments rated for this company: Please refer Annexure-4

Annexure-1: Details of Instruments / Facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan		-	-	January 2024	5.18	CARE D
Fund-based - LT/ ST-CC/PC/Bill Discounting		-	-	-	50.00	CARE D / CARE D
Non-fund-based - LT/ ST-Bank Guarantee		-	-	-	26.50	CARE D / CARE D
Fund-based - LT-Working capital Term Loan		-	-	October 2024	9.54	CARE D

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/ Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1	Fund-based - LT-Term Loan	LT	5.18	CARE D	1)CARE D (11-Jun-21)	1)CARE D; ISSUER NOT COOPERATING* (24-Mar-21)	1)CARE D (30-Mar-20) 2)CARE D (02-Mar-20) 3)CARE BB+; Stable (03-Apr-19)	1)CARE BB+; Stable (04-Apr-18)
2	Fund-based - LT/ ST-CC/PC/Bill Discounting	LT/ST*	50.00	CARE D / CARE D	1)CARE D / CARE D (11-Jun-21)	1)CARE D / CARE D; ISSUER NOT COOPERATING* (24-Mar-21)	1)CARE D / CARE D (30-Mar-20) 2)CARE D / CARE D (02-Mar-20) 3)CARE BB+; Stable / CARE A4+ (03-Apr-19)	1)CARE BB+; Stable / CARE A4+ (04-Apr-18)
3	Fund-based - LT-Term Loan	-	-	-	-	-	1)CARE D (02-Mar-20) 2)CARE BB+; Stable (03-Apr-19)	1)CARE BB+; Stable (04-Apr-18)
4	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST*	26.50	CARE D / CARE D	1)CARE D / CARE D (11-Jun-21)	1)CARE D / CARE D; ISSUER NOT COOPERATING* (24-Mar-21)	1)CARE D / CARE D (30-Mar-20) 2)CARE D / CARE D (02-Mar-20) 3)CARE BB+; Stable / CARE A4+ (03-Apr-19)	1)CARE BB+; Stable / CARE A4+ (04-Apr-18)
5	Fund-based - LT-Term Loan	-	-	-	-	-	1)CARE D (02-Mar-20) 2)CARE BB+; Stable (03-Apr-19)	1)CARE BB+; Stable (04-Apr-18)
6	Fund-based - LT-Working capital Term Loan	LT	9.54	CARE D	1)CARE D (11-Jun-21)	1)CARE D; ISSUER NOT COOPERATING* (24-Mar-21)	1)CARE D (30-Mar-20) 2)CARE D (02-Mar-20) 3)CARE BB+; Stable (03-Apr-19)	1)CARE BB+; Stable (04-Apr-18)
7	Non-fund-based - LT/ ST-BG/LC	-	-	-	-	-	1)CARE D / CARE D (02-Mar-20) 2)CARE BB+; Stable / CARE A4+ (03-Apr-19)	1)CARE BB+; Stable / CARE A4+ (04-Apr-18)

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities – Not applicable

Annexure 4: Complexity level of various instruments rated for this company

Sr. No	Name of instrument	Complexity level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based - LT-Working capital Term Loan	Simple
3	Fund-based - LT/ ST-CC/PC/Bill Discounting	Simple
4	Non-fund-based - LT/ ST-Bank Guarantee	Simple

Annexure 5: Bank Lender Details for this Company

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

Note on complexity levels of the rated instrument: CARE Ratings Ltd. has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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