

**Daulat Ram Engineering Services Private Limited** (Revised)

June 11, 2021

**Ratings**

Facilities/Instruments	Amount (Rs. crore)	Ratings	Rating Action
Long Term Bank Facilities	19.42 (Enhanced from 6.68)	<b>CARE D (Single D)</b>	Rating removed from ISSUER NOT COOPERATING category and Reaffirmed
Long Term / Short Term Bank Facilities	76.50 (Reduced from 90.00)	<b>CARE D / CARE D (Single D / Single D)</b>	Rating removed from ISSUER NOT COOPERATING category and Reaffirmed
<b>Total Bank Facilities</b>	<b>95.92 (Rs. Ninety-Five Crore and Ninety-Two Lakhs Only)</b>		

*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 (DRPL) 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:** As per interaction with the lenders, there are on-going delays in debt servicing due to liquidity stress. This is due to considerable time lag in receipt of dues from customers which includes various divisions of Indian Railways.

Also, company availed six months moratorium offered by the RBI under Covid-19 relief package. Further, CARE also takes cognizance of ongoing restructuring of sanctioned facilities under Covid-19 resolution framework as announced by RBI.

**Liquidity: Poor**

The liquidity of DRPL continues to remain poor marked by on-going delays in debt servicing due to liquidity stress.

**Analytical approach:** Standalone

**Applicable Criteria**

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

[Criteria for Short Term Instruments](#)

[CARE's methodology for manufacturing companies](#)

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

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

**About the Company**

Raisen, Madhya Pradesh based Daulat Ram Engineering Services Pvt. Ltd. (DRSPL) (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.

Brief Financials (Rs. crore)	FY19 (A)	FY20 (A)
Total operating income	44.29	93.95
PBILDT	9.85	13.71
PAT	1.81	1.32
Overall gearing (times)	1.31	1.14
Interest coverage (times)	1.52	1.59

\*A: Audited;

As per provisional financial result for 9MFY21, company has reported TOI of Rs.48.30 crore and PAT of Rs.2.12 crore.

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

**Any other information:** Not Applicable

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

#### Annexure-1: Details of instruments/facilities

Name of the Instrument	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	5.22	CARE D
Fund-based - LT/ ST-CC/PC/Bill Discounting	-	-	-	50.00	CARE D / CARE D
Non-fund-based - LT/ ST-Bank Guarantees	-	-	-	26.50	CARE D / CARE D
Fund-based - LT-Working capital Term Loan	-	-	October 2024	14.20	CARE D

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

#### 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	5.22	CARE D	-	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; ISSUER NOT COOPERATING* (24-Mar-21)	1)CARE D / CARE D (30-Mar-20) 2)CARE D / CARE D	1)CARE BB+; Stable / CARE A4+ (04-Apr-18)

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
							(02-Mar-20) 3)CARE BB+; Stable / CARE A4+ (03-Apr-19)	
3.	Non-fund-based - LT/ ST-Bank Guarantees	LT/ST	26.50	CARE D / CARE D	-	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)
4.	Fund-based - LT- Working capital Term Loan	LT	14.20	CARE D	-	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)

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

#### Annexure-3: Complexity level of various instruments rated for this company

Sr. No.	Name of the 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 Guarantees	Simple

**Note on complexity levels of the rated instrument:** CARE has classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

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