

Dekson Castings Limited

February 15, 2023

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	12.62	CARE B; Stable; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

Detailed rating rationale & key rating drivers

CARE Ratings Ltd. had, vide its press release dated April 4, 2018, placed the rating(s) of Dekson Castings Ltd. (DCL) under the 'issuer non-cooperating' category as DCL had failed to provide information for monitoring of the rating as agreed to in its Rating Agreement. DCL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and email dated October 08, 2022, October 18, 2022 and October 28, 2022, etc. In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating.

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

Analytical approach: Standalone

Rationale and key rating drivers

At the time of last rating on November 22, 2021 the following were the rating strengths and weaknesses (updated for the information available from BSE/ RoC website):

Key Weaknesses

Small scale of operations: Despite into operations for over two decades the size of operations of the company continues to remain small as marked by a total operating income of ₹.34.06 crore in FY22 (FY refers to period April 01 to March 31) and a tangible net-worth of ₹.6.45 crore as on March 31, 2022. The company has reported revenue of ₹24.29 crore in H1FY23. The small size restricts financial flexibility and deprives it of benefits of economies of scale.

High customer concentration risk: The revenue stream of the company is dominated with the top customer constituting more than 90% of the total income during last three years ending FY16 resulting in high concentration.

Leveraged capital structure and moderate debt coverage indicators: The high debt profile of the company as against the low net worth base resulted in a leveraged capital structure as marked by an overall gearing ratio of 4.25x as on March 31, 2022 and 6.20x as on September 30, 2022. Moreover, the debt coverage indicators of the company continue to remain modest with interest coverage ratio of 1.33x in FY22.

Working capital intensive nature of operations: The operations of the entity continues to remain working capital intensive with funds being mainly blocked in inventory and debtors as reflected by working capital cycle of 184 days as on March 31, 2022.

Key Strengths

Long track record of operations and experience of the promoters: The Company has an established track record of operations and is promoted by Mr Vikram Dekate and Mr Chetan Dekate, having an experience of over two decades in the industry. Furthermore, the entity deals with reputed players in the industry and has been able to get regular orders from them.

Location advantage: The manufacturing unit of the company is located at Aurangabad, in close proximity to its key customer resulting in lower logistic cost.

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

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

Moderate profitability margins: Profit margins of the company continue to remain at moderate level with PBILDT margin in the range of 8.79-14.87% and have been declining in the last three years ended FY22).

Applicable criteria

[Policy in respect of Non-cooperation by issuer](#)

[Policy on default recognition](#)

[Financial Ratios – Non financial Sector](#)

[Rating Outlook and Credit Watch](#)

[Policy on Withdrawal of Ratings](#)

About the company

Dekson Castings Limited (DCL) was established in the year 1993 as a proprietorship concern and was later reconstituted as a private limited company in the year 2005 and later as a public limited company in February, 2014. DCL is engaged in the manufacturing of aluminium sand castings and gravity die castings (GDC) components and caters mainly to the two- wheeler segment in the auto industry as well as non-auto applications, viz, electrical energy. The manufacturing unit of the company is located in Aurangabad.

Brief Financials (₹ crore)	FY21 (A)	FY22 (A)	H1 FY23 (UA)
Total operating income	35.47	34.06	24.29
PBILDT	4.82	2.99	0.63
PAT	0.91	-1.45	-1.66
Overall gearing (times)	2.79	4.25	6.10
Interest coverage (times)	2.96	1.33	0.47

A: Audited; UA: Unaudited; Source: MCA and BSE website

Status of non-cooperation with previous CRA: Nil

Any other information: Not applicable

Rating history for the last three years: Please refer Annexure-2

Covenants of the rated facilities: Detailed explanation of the covenants of the rated facilities is given in Annexure-3

Complexity level of the various instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	-	31/03/2031	12.62	CARE B; Stable; ISSUER NOT COOPERATING*

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

Annexure-2: Rating history for the 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 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021	Date(s) and Rating(s) assigned in 2019-2020
1	Fund-based - LT-Term Loan	LT	12.62	CARE B; Stable; ISSUER NOT COOPERATING*	-	1)CARE B; Stable; ISSUER NOT COOPERATING* (22-Nov-21)	1)CARE B; Stable; ISSUER NOT COOPERATING* (13-Nov-20)	1)CARE B; Stable; ISSUER NOT COOPERATING* (24-Sep-19)

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

*Long term/Short term.

Annexure-3: Detailed explanation of the covenants of the rated facilities: Not applicable**Annexure-4: Complexity level of the various instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple

Note on the complexity levels of the rated instruments: CARE Ratings 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.

Annexure-5: Lender details

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

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Disclaimer:

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