

FEBRUARY 12, 2016

CARE REVISES/REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES OF DAULAT RAM ENGINEERING SERVICES PRIVATE LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	12.75	CARE BB (Double B)	Revised from CARE BB- (Double B Minus)
Long-term/Short-term Bank Facilities	23.00	CARE BB/CARE A4 (Double B/A Four)	Long-term rating revised from CARE BB-(Double B Minus) and Short-term rating reaffirmed
Short-term Bank Facilities	2.00	CARE A4 (A Four)	Reaffirmed
Total	37.75 (Rupees Thirty Seven crore and Seventy Five lakh)		

Rating Rationale

The revision in the long-term rating assigned to the bank facilities of Daulat Ram Engineering Services Private Limited (DRPL) is primarily due to increase in scale of operations and completion of capex during FY15 (refers to the period June 1 to May 31). The ratings continue to draw strength from the wide experience of the promoters with established track record of operations, its comfortable capital structure and moderate debt coverage indicators.

The ratings, however, continue to remain constrained on account of tender-driven nature of business, moderate profitability which is susceptible to fluctuations in raw material prices along with weak liquidity position.

The ability of DRPL to increase its scale of operations and profit margins with further improvement in debt coverage indicators and liquidity position would remain the key rating sensitivities.

Background

Raisen-based (Madhya Pradesh) DRPL was incorporated in 1997 by Mr Chander Prakash Sharma. Initially, the company was engaged in repair, reconditioning and rehabilitation of dynamic braking resistors for Indian Railways. Later, DRPL commenced manufacturing of AC/DC Motors, traction alternators, auxiliary generator, traction motors, oil cooling blower and many other engineering products which find its application largely in railway locomotives. It largely supplies its products to Diesel Loco Modernisation Works (DMW), Patiala, Diesel Locomotive Works (DLW), Varanasi, Chittaranjan Locomotive Works (CLW), Chittaranjan, and Bharat Heavy Electricals Limited (BHEL).

¹ Complete definition of the ratings assigned are available at <http://www.careratings.com> and other CARE publications

During FY15, DRPL reported TOI of Rs.81.87 crore and PAT of Rs.2.61 crore as against TOI of Rs.73.45 crore and PAT of Rs.3.61 crore during FY14. As per the provisional results for 7MFY16 (June 1, 2015 to December 31, 2015), DRPL registered a TOI of Rs.60 crore.

Analyst Contact

Name: Mr Vishal Joshi

Tel: (079) 40265613

Cell: 91 8511190082

Email: vishal.joshi@careratings.com

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

CONTACT

Head Office Mumbai

Mr. Sanjay Kumar Agarwal

Mobile: + 91 8108007676

E-mail: sanjay.agarwal@careratings.com

Mr. Amod Khanorkar

Mobile: + 91 9819084000

E-mail: amod.khanorkar@careratings.com

CREDIT ANALYSIS & RESEARCH LIMITED

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022

Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com

AHMEDABAD

Mr. Mehul Pandya

 32, Titanium, Prahaladnagar Corporate Road,
 Satellite, Ahmedabad - 380 015

Cell: +91-98242 56265

Tel: +91-79-4026 5656

E-mail: mehul.pandya@careratings.com

BENGALURU

Mr. Dinesh Sharma

 Unit No. 1101-1102, 11th Floor, Prestige Meridian II,
 No. 30, M.G. Road, Bangalore - 560 001.

Cell: +91-99000 41975

Tel: +91-80-4115 0445, 4165 4529

E-mail: dinesh.sharma@careratings.com

CHANDIGARH

Mr. Sajan Goyal

 2nd Floor, S.C.O. 196-197, Sector 34-A,
 Chandigarh - 160 022.

Cell: +91 99888 05650

Tel: +91-172-5171 100 / 09

Email: sajan.goyal@careratings.com

CHENNAI

Mr. V Pradeep Kumar

 Unit No. O-509/C, Spencer Plaza, 5th Floor,
 No. 769, Anna Salai, Chennai - 600 002.

Cell: +91 98407 54521

Tel: +91-44-2849 7812 / 0811

Email: pradeep.kumar@careratings.com

COIMBATORE

Mr. V Pradeep Kumar

T-3, 3rd Floor, Manchester Square

Puliakulam Road, Coimbatore - 641 037.

Tel: +91-422-4332399 / 4502399

Email: pradeep.kumar@careratings.com

HYDERABAD

Mr. Saikat Roy

 401, Ashoka Scintilla, 3-6-502, Himayat Nagar,
 Hyderabad - 500 029.

Cell : + 91 9820998779

Tel: +91-40-4010 2030

E-mail: saikat.roy@careratings.com

JAIPUR

Mr. Rakesh Jayaraman

 304, Pashupati Akshat Heights, Plot No. D-91,
 Madho Singh Road, Near Collectorate Circle,
 Bani Park, Jaipur - 302 016.

Cell: +91 - 76655 96136

Tel: +91-141-402 0213 / 14

E-mail: rakesh.jayaraman@careratings.com

KOLKATA

Ms. Priti Agarwal

 3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)
 10A, Shakespeare Sarani, Kolkata - 700 071.

Cell: +91-98319 67110

Tel: +91-33- 4018 1600

E-mail: priti.agarwal@careratings.com

NEW DELHI

Ms. Swati Agrawal

 13th Floor, E-1 Block, Videocon Tower,
 Jhandewalan Extension, New Delhi - 110 055.

Cell: +91-98117 45677

Tel: +91-11-4533 3200

E-mail: swati.agrawal@careratings.com

PUNE

Mr. Rahul Patni

 9th Floor, Pride Kumar Senate,
 Plot No. 970, Bhamburda, Senapati Bapat Road,
 Shivaji Nagar, Pune - 411 015.

Cell: +91-78754 33355

Tel: +91-20- 4000 9000

E-mail: rahul.patni@careratings.com

CIN - L67190MH1993PLC071691