

**JANUARY 09, 2015**
**CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES OF  
 DHANSAR ENGINEERING COMPANY PRIVATE LIMITED**
**Ratings**

Facilities	Amount (Rs. crore)	Ratings <sup>1</sup>	Remarks
Long term Bank Facilities	176.93 (reduced from 187.6)	<b>CARE BBB (Triple B)</b>	<b>Reaffirmed</b>
Short term Bank Facilities	8	<b>CARE A3+ (A Three Plus)</b>	<b>Reaffirmed</b>
<b>Total Facilities</b>	<b>184.93</b>		

**Rating Rationale**

The ratings continue to draw strength from the considerable experience of the promoters & successful track record in support services of mining activities, effective maintenance of large fleet of owned heavy equipments, provision of escalation clause providing visibility of future revenue & profitability, reputed clientele and healthy order book position. The ratings, however, are constrained by moderation in the financial performance in FY14 & H1FY15 (refers to the period April 1 to March 31), risk of delay in project execution, capital intensive nature of business and regulatory risk in the mining industry. The ability to secure orders and timely and successful completion of the contracts thereof, while managing the working capital efficiently on a sustained basis would remain the key rating sensitivities.

**Background**

Dhansar Engineering Company Private Ltd (DECO), incorporated in 1955, was promoted by Late Mr. Basant Kumar Agarwalla of Dhanbad, Jharkand. After remaining dormant for over four decades, DECO started civil construction activities in 1998. From 2003 onwards, the company forayed into support services of mining activities such as removal of over burden, extraction of coal, site leveling, drilling & blasting, transportation & wagon loading, etc. Before DECO came into prominence in 1998, the promoters were engaged in mining & allied and construction activities for more than 3 decades through their group companies.

During FY14, DECO reported a PAT of Rs.9.64 crore (as compared to Rs.9.74 crore in FY13) on a total operating income of Rs.442.89 crore in FY14 (Rs.467.44 crore in FY13).

In H1FY15, DECO reported PBT of Rs.6.45 crore on a total operating income of Rs.200.45 crore.

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**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://www.careratings.com)**

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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.

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

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