Rating Rationale

Drav Engineering Services Private Limited

16th October 2017

Brickwork Ratings assigns 'BWR B+ (Outlook: Stable)' ratings for the Bank Loan Facilities of Rs. 15.00 Cr of Drav Engineering Services Private Limited

Particulars

Facility Rated	Amount (Rs. Crs)	Tenure	Rating*
Fund Based			
Cash Credit	7.00	**Long Term**	**BWR B+** (Pronounced as BWR Single B Plus) **[Outlook: Stable]**
Term Loan	2.50	**Long Term**	
Proposed Cash Credit	5.50	**Long Term**	
Total	**15.00**	**Rupees Fifteen Crores Only.**	

***** Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the Audited financial statements up to FY16, Provisional financial statements of FY17 and Projected financial statements of Drav Engineering Services Private Limited up to FY19, publicly available information and information / clarification provided by the Company's management.

The rating draws strength from experienced and well qualified management. The rating is however constrained by small scale of operations, working capital intensive nature of business and competitive & fragmented industry.

Going forward, the company's ability in consistently achieving projected revenue, the ability of the management to infuse capital, timely debt servicing and manage its working capital efficiently will be the key rating sensitivities.

Key Rating Strengths:

Experienced Promoters: Mr. Deepak Kumar Jain is the main promoter of the DESPL. He has an experience of 12 years.

Key Rating Weakness:

Limited track record: The Company just started its operations from April, 2017 (after takeover). Hence, limiting the revenue visibility.

Servicing of debt: The compliance related to servicing of the interest and principal obligations are yet to be seen.

Rating Outlook: Stable

BWR believes the **Drav Engineering Services Private Limited** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Company

Drav Engineering Services Private Limited (DESPL) was incorporated on 15th May, 1996 in Mumbai, Maharashtra under the name 'Sumgo Engineering Private Limited' by Nair family. Later in the year 2016, Sumgo Engieering Private Limited was taken over by the current management. The major purpose of this takeover was to revive its business and maximize its potential as the company was registered with all the key buyers in the business, saving all the time wasted to attain qualification or registering as vendor and subsequently the name of company was changed to 'Drav Engineering Services Private Limited'. DESPL is engaged in executing jobs of structural fabrication viz Pressure Vessels, Transformers Tanks, Storage Tanks, Platforms, Painting booth and chambers etc.

Company Financial Performance

The Company just started its operations from April, 2017 (after takeover). The company is projecting revenue of Rs. 22.66 Crs for FY18. The Tangible Networth of the company stands at Rs. 1.22 Cr in FY17 (Provisional) as compared to Rs. 0.27 Cr in FY16. In addition to the equity and reserves, the promoters have infused unsecured loans (interest free) of Rs. 9.09 Crs as on March 31, 2017.

Key Financial Ratios

Particulars	2017 (Provisional)	2018 (Projection)
Tangible Networth (Rs. in Crs)	1.22	2.89
Current Ratio	1.83	1.36

Rating History for the last three years: (including withdrawn/suspended ratings)

Sl. No.	Instrument / Facility	Current Rating (Year 2017)			Rating History		
		Type	Amount (Rs in Cr)	Rating	2016	2015	2014
1	Cash Credit	Long Term	7.00	BWR B+ (Pronounced as BWR B plus (Outlook: Stable)	NA	NA	NA
2	Term Loan		2.50		NA	NA	NA
3	Proposed Cash Credit		5.50		NA	NA	NA
Total			**15.00**	**Rupees Fifteen Crores Only.**			

Status of non-cooperation with previous CRA (if applicable): NA

Hyperlink/Reference to Applicable Criteria

- **General Criteria**
- **Approach to Financial Ratios**
- **Manufacturing Companies**

Analytical Contacts	Media
Mr. Bal Krishna Piparaiya Chief General Manager - Ratings	media@brickworkratings.com
	Relationship Contact
analyst@brickworkratings.com	bd@brickworkratings.com
Phone: 1-860-425-2742	

For print and digital media
The Rating Rationale is sent to you for the sole purpose of dissemination through your print, digital or electronic media. While it may be used by you acknowledging credit to BWR, please do not change the wordings in the rationale to avoid conveying a meaning different from what was intended by BWR. BWR alone has the sole right of sharing (both direct and indirect) its rationales for consideration or otherwise through any print or electronic or digital media.

Note on complexity levels of the rated instrument:
BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits

and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

DISCLAIMER

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented "as is" without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.