

## Rating Rationale

**Brickwork Ratings assigns ‘BWR BB+’ & ‘BWR A4+’ for the proposed Bank Loan Facilities aggregating ₹ 19 Cr of Dubas Engineering Private Limited.**

Brickwork Ratings (BWR) has assigned the following **Ratings<sup>1</sup>** for proposed bank loan facilities of Dubas Engineering Private Limited (“DEPL” or “the company”):

Proposed Bank Facility	Limits (₹ Cr)	Fund Based / Non Fund Based	Tenure	Rating*
Cash Credit	14.00	Fund Based	Long Term	<b>BWR BB+</b> (Pronounced BWR Double B Plus )  <b>Outlook: Stable</b>
Total Fund Based	<b>14.00</b>			
Bank Guarantee Letter of Credit	4.00 1.00	Non-Fund Based	Short Term	<b>BWR A4+</b> (Pronounced BWR A Four Plus)
Total Non-Fund Based	<b>5.00</b>			
<b>Total</b>	<b>19.00</b>	<b>(INR Nineteen Crores Only)</b>		

BWR has essentially relied upon DEPL’s audited financial results of FY15, FY16 projections, publicly available information and the information/clarifications provided by the company.

The rating draws strength from the extensive industry experience of the promoters, established technical capabilities and market position of the company in the power electronics segment and reputed government and private sector clientele. However, the rating is constrained by the small scale of operations, stretched receivables, tender based operations (government clientele) and working capital intensive nature of operations.

### **Background:**

Dubas Engineering Private Limited was incorporated in 1989 at Bangalore. The company is engaged in manufacturing and design of power solutions products, services and installations. The range of products are Industrial UPS & Inverter Systems, Railway Power Systems, Grid Interactive System, K-Rated Transformers, Defence Power Systems, Static Frequency Converters etc. DEPL has regional offices in Hyderabad, Chennai, Mumbai, New Delhi, Goa and Coimbatore & Service Centers at 16 locations spread across India. DEPL has a track record of around 27 years in this business and has completed over 20000 installations.

<sup>1</sup> Please refer to [www.brickworkratings.com](http://www.brickworkratings.com) for definition of the Ratings

The installations are spread across various market segments in India and 20 countries outside India. DEPL is a chosen vendor for many of the critical applications requiring customization and strict compliance to standards. The company caters to various sectors like Oil & Gas (ONGC, Oil India Limited), Power Industry (Reliance Energy Limited, NTPC), Defence & Avionics installations (DRDO, ISRO), Nuclear & Atomic installations (Bhabha Atomic Research Centre) Railways & Metro Rail (Indian Railways, Bangalore Metro), Information Technology (Honeywell Inc., Hewlett-Packard India Private Limited, Microsoft Corporation India Private Limited, HCL Technologies Limited, etc.), Commercial Sector, Critical Infrastructures (NPCIL) and Process Industries & Manufacturing. As per a recent agreement, DEPL can directly export its products & equipment under HONEYWELL brand across Sri Lanka, Bangladesh, Bhutan and Nepal effective from 1<sup>st</sup> January 2016.

**Management:**

The Directors are Shri Durga Prakash K and Shri Abbas Ali C H. DEPL has a strong technical and professional management team.

**Financial Performance:**

DEPL's operating income decreased from ₹ 27.93 Crores in FY14 to ₹ 20.11 Crores in FY15, owing to lower orders from Government entities due to budgetary constraints. DEPL reported an Operating profit margin of 10.83% in FY15. Net worth stood at ₹ 7.22 Crores as on 31<sup>th</sup> March 2015. On a provisional basis, DEPL has achieved around ₹ 14 Crores for H1FY16.

**Rating Outlook:**

The rating outlook is expected to remain stable for the current year. Going forward, the ability of the company to increase its scale of operations, improve profitability, enhance receivables collections efficiency and manage its working capital efficiently will be the key rating sensitivities.

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