August 18, 2025

Duncan Engineering Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term – Fund based – Cash credit	9.50	9.50	[ICRA]BBB+(Stable); reaffirmed
Short term – Non-fund based – Others	1.60	1.60	[ICRA]A2; reaffirmed
Total	**11.10**	**11.10**	

**Instrument details are provided in Annexure I*

Rationale

The rating reaffirmation of Duncan Engineering Ltd (DEL) factors in the extensive experience of DEL in the pneumatic products industry and its established relationships with various customers and suppliers. Further, the ratings factor in DEL's comfortable debt protection metrics, supported by the company's adequate liquidity position and expectations of the trend sustaining.

The company reported a healthy growth in its operating income in FY2025 even as the margins contracted owing to the execution of a relatively low margin order for a public sector undertaking. The turnover growth is likely to continue, going forward, while the margins are expected to inch up steadily, which coupled with the low debt levels are likely to continue to translate into comfortable debt metrics.

The liquidity continues to be comfortable, with available cash and equivalents of Rs. 35-36 crore as on March 31, 2025. The ratings also factor in DEL's diversified client profile and low customer concentration.

The ratings are, however, constrained by DEL's relatively modest scale of operations, its limited bargaining power and stiff competition from the large players. The ratings are further constrained by the vulnerability of profitability to the volatility in key raw material (steel and special alloys) prices.

The Stable outlook factors in ICRA's expectation of a stable cash generation amid limited capex plans or debt repayments, and hopes of DEL's credit profile remaining healthy, going forward.

Key rating drivers and their description

Credit strengths

Established track record in pneumatics products - DEL, incorporated in 1962, was promoted as a joint venture (JV) between Schrader Bridgeport International (SB International, a wholly-owned subsidiary of Tomkins Plc), and the Duncan Group (managed by the Goenka family, the promoter of OCCL). OCCL currently holds a 50.01% stake in DEL. The company manufactures pneumatic products such as air cylinders, valves and accessories. Over the decades, the company has established relationships with its key clients, which ensure repeat orders and provide revenue visibility for DEL.

Diversified client profile and low customer concentration - DEL caters to a diversified clientele from various industries, such as power, cement, machine building, steel, automotive and material handling. The client concentration remains low with the top five clients driving 20-30% of its operating income in the last three years. DEL exhibits moderate sector-specific and client concentration risks, given the diversified background of its clients across sectors.

Comfortable debt metrics and liquidity position – The overall debt metrics remain comfortable because of the low debt on the company's books and the steady cash generation and profitability indicators. Further, the company had cash and equivalents of Rs. 35-36 crore as on March 31, 2025, indicating a comfortable liquidity position.

Credit challenges

Small scale of operations with limited bargaining power - DEL deals only in pneumatic products used to control air pressure in various machines. The scale of operations is very limited and, hence, it does not have much bargaining power with the suppliers and customers.

Competition from large established players - The company faces stiff competition from domestic and international players such as Rotork, Janatics, FMC, Parker etc. However, competitive pricing and good product quality enable DEL to attract repeat orders from its customers.

Profitability vulnerable to volatility in key raw material prices - The key raw materials for the company are aluminium tubes and steel rods, whose prices are volatile. The company has limited ability to pass on any adverse fluctuation in raw material prices due to the intense competition in the industry. However, there are several suppliers of these raw materials, which mitigates the supplier concentration risk.

Environment and social risks

The company remains compliant with various regulatory environmental norms. It has received all the requisite certificates from the Maharashtra government relating to environmental issues. It is following all the guidelines issued by the state government on waste disposal and recycling. The company is also planting several trees across the state.

Liquidity position: Adequate

DEL's liquidity position is expected to remain adequate in light of a stable cash generation, healthy unencumbered cash and investments of Rs. 35-36 crore as of March 2025-end and unutilised bank limits. The company does not have any significant capex plans or any major repayments as well. Thus, the liquidity profile is expected to remain adequate, going forward.

Rating sensitivities

Positive factors – The ratings may be upgraded if there is a significant increase in the company's revenue and operating profits on a sustained basis while maintaining an adequate liquidity position.

Negative factors – The ratings may be downgraded if there is material deterioration in DEL's operating income profitability and liquidity position.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the standalone financials of DEL

About the company

Duncan Engineering Limited, incorporated as Schrader Duncan Limited in 1962, was promoted as a JV between Schrader Bridgeport International (a wholly-owned subsidiary of Tomkins Plc) and the Duncan Group (managed by the JP Goenka family). DEL manufactures automotive tyre valves and pneumatic products, such as air cylinders, valves and accessories. Its plant is at Ranjangaon, Pune.

Key financial indicators (audited)

DEL Standalone	FY2024	FY2025
Operating income	65.1	84.7
PAT	6.9	5.2
OPBDIT/OI	13.6%	8.6%
PAT/OI	10.6%	6.2%
Total outside liabilities/Tangible net worth (times)	0.3	0.3
Total debt/OPBDIT (times)	0.1	0.4
Interest coverage (times)	88.2	10.1

Source: Company, ICRA Research; All ratios are as per ICRA's calculations; Amount in Rs. crore.

PAT: Profit after tax; OPBDITA: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Aug 18, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Fund based – Cash credit	Long term	9.50	[ICRA]BBB+ (Stable)	Aug 14, 2024	[ICRA]BBB+ (Stable)	18-Jul-2023	[ICRA]A-; rating watch with negative implications	12-Aug-2022	[ICRA]A-; @
Non-fund based - Others	Short term	1.60	[ICRA]A2	Aug 14, 2024	[ICRA]A2	18-Jul-2023	[ICRA]A2+; rating watch with negative implications	12-Aug-2022	[ICRA]A2+; @

@ - Rating watch with negative implications

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long term fund-based – Cash credit	Simple
Short term – Non-fund based – Others	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click Here

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Fund based – Cash credit	NA	NA	NA	9.50	[ICRA]BBB+ (Stable)
NA	Non-fund based - Others	NA	NA	NA	1.60	[ICRA]A2

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA]

Annexure II: List of entities considered for consolidated analysis – Not applicable

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