

June 10, 2024

Deepak Industries Limited: Change in limits

Summary of rating(s) outstanding

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Outstanding
Fund-based – Term Loans	12.00	4.00	[ICRA]AA (Stable); outstanding
Fund-based – Working Capital Facilities^	83.00	93.00	[ICRA]AA (Stable); outstanding
Non-fund based – Bank Guarantee/ Letter of Credit/ Forward Cover	24.75	24.75	[ICRA]A1+; outstanding
Fund-based – Standby Line of Credit	2.00	2.00	[ICRA]A1+; outstanding
Unallocated Limit	13.07	11.07	[ICRA]AA (Stable)/ [ICRA]A1+; outstanding
Total	134.82	134.82	

*Instrument details are provided in Annexure-I; ^Can be availed as cash credit/WCDL

Rationale

This rationale is being released to convey the change in the rated limits as depicted in the table above, based on the latest information received from the entity.

Please refer to the following link for the previous detailed rationale that captures Key rating drivers and their description, liquidity position and rating sensitivities: [Click here.](#)

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Auto Components
Parent/Group support	Not applicable
Consolidation/Standalone	The ratings are based on the standalone financial profile of the company

About the company

Deepak Industries Limited (DIL), incorporated in 1954, is promoted by Mr. Pradip Kumar Daga. DIL began its operations in 1957, after acquiring a company named New Allenberry Works (NAW), with a factory on Hazra Road, Kolkata. DIL has three other units in Faridabad, Rudrapur and Baghola. The Faridabad unit was set up in 1971, the Rudrapur unit began operations in December 2007, while the Baghola plant commenced commercial operations in FY2018. DIL had another plant in Dharwad, Karnataka which commenced operation in January 2016, but has been closed as the unit's sales volume remained low. The company manufactures gears, shafts, gearboxes and couplings used in the automobile (tractors and CVs) and various other industries like power, steel, cement, sugar etc. DIL also has a 5-MW solar power plant in Agar, Shajapur, Madhya Pradesh, which sells power to the Group company, Deepak Spinners Limited.

In June 2021, DIL acquired Lotus Auto Engineering Limited (Lotus Auto) through liquidation process under IBC, 2016 on a going concern basis. Lotus Auto, an erstwhile Amtek Group company, has its plant at Bhiwadi, Rajasthan and was a vendor for reputed automobile OEMs. It has facilities like casting, vertical machining, turning etc.

Key financial indicators (audited)

DIL (Standalone)	FY2022	FY2023	FY2024
Operating income	634.8	803.1	772.6
PAT	83.1	117.6	119.0
OPBDIT/OI	20.7%	21.6%	21.2%
PAT/OI	13.1%	14.6%	15.4%
Total outside liabilities/Tangible net worth (times)	0.5	0.4	0.2
Total debt/OPBDIT (times)	0.6	0.5	0.4
Interest coverage (times)	22.4	28.7	25.3

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. Crore; PAT: Profit after tax; OPBDIT: 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	Type	Current Rating (FY2025)		Chronology of Rating History for the past 3 years			
		Amount Rated (Rs. crore)	Amount Outstanding as of May 31, 2024 (Rs. crore)	Date & Rating in FY2025	Date & Rating in FY2024	Date & Rating in FY2023	Date & Rating in FY2022
				Jun 10, 2024	Apr 11, 2023	Apr 18, 2022	-
1 Fund-based – Term Loans	Long Term	4.00	4.00	[ICRA]AA (Stable)	[ICRA]AA (Stable)	[ICRA]AA- (Positive)	-
2 Fund-based – Working Capital Facilities*	Long Term	93.00	-	[ICRA]AA (Stable)	[ICRA]AA (Stable)	[ICRA]AA- (Positive)	-
3 Non-fund based – Bank Guarantee/ Letter of Credit/ Forward Cover	Short Term	24.75	-	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	-
4 Fund-based – Standby Line of Credit	Short Term	2.00	-	[ICRA]A1+	[ICRA]A1+	-	-
5 Unallocated Limit	Long/ Short Term	11.07	-	[ICRA]AA (Stable)/ [ICRA]A1+	[ICRA]AA (Stable)/ [ICRA]A1+	[ICRA]AA- (Positive)/ [ICRA]A1+	-

*Can be availed as cash credit/WCDL

Complexity level of the rated instrument

Instrument	Complexity Indicator
Long term - Fund-based – Term Loans	Simple
Long term - Fund-based – Working Capital Facilities	Simple
Short term - Non-fund based – Bank Guarantee/ Letter of Credit/ Forward Cover	Very simple
Short term - Fund-based – Standby Line of Credit	Simple
Long term / Short term - Unallocated Limit	Not applicable

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 analyzing 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, is available on ICRA's website: [Click Here](#)

Annexure-I: Instrument details

ISIN	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Term Loan	Jun-2021	-	Mar-2025	4.00	[ICRA]AA (Stable)
NA	Fund-based – Working Capital Facilities*	-	-	-	93.00	[ICRA]AA (Stable)
NA	Non-fund based – Bank Guarantee/ Letter of Credit/ Forward Cover	-	-	-	24.75	[ICRA]A1+
NA	Fund-based – Standby Line of Credit	-	-	-	2.00	[ICRA]A1+
NA	Unallocated Limit	-	-	-	11.07	[ICRA]AA (Stable)/ [ICRA]A1+

Source: Company; *Can be availed as cash credit/WCDL

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

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

ANALYST CONTACTS

Shamsher Dewan
+91 124 4545 328
shamsherd@icraindia.com

Kinjal Shah
+91 22 6114 3442
kinjal.shah@icraindia.com

Sujoy Saha
+91 33 7150 1184
sujoy.saha@icraindia.com

Sovanlal Biswas
+91 33 7150 1181
sovanlal.biswas@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

Helpline for business queries

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited



Registered Office

B-710, Statesman House, 148, Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



Branches



© Copyright, 2024 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.