



Indira Damper Industries

Instruments	Amount (Rs. Crore [*])	Rating Action
Long term fund based facilities	5.0	[ICRA]BBB- (Stable); reaffirmed
Short term non-fund based facilities	5.0	[ICRA]A3; reaffirmed

ICRA has re-affirmed the long term rating outstanding on the Rs. 5.0 Crore fund based facilities of Indira Damper Industries ("the Firm")[†] at [ICRA]BBB- (pronounced ICRA triple B minus). The long term rating carry a stable outlook. ICRA has also re-affirmed the short term rating outstanding on the Rs. 5.0 crore non fund based facilities of the Firm at [ICRA]A3 (pronounced ICRA A three).

While arriving at the rating, ICRA has taken a consolidated view on Indira Damper industries and Indira Industries (herein referred to as Indira group), since both the entities are managed by the same promoter, operate in the same line of business and derive significant operational and business synergies.

The rating re-affirmation takes into account the group's ability to maintain a relatively stable financial profile during the last two years, despite weak demand from power equipment manufacturers and EPC contractors owing to capital expenditure deferment by end-user industry (power sector). The group's financial risk profile is marked by healthy debt-coverage indicators, comfortable capital structure with low gearing of 0.3x as on Mar 31, 2014 (on a consolidated basis) and adequate liquidity buffer on the back of conservative bank limits utilisation, supported further by interest-free mobilization advances from customers. While arriving at the ratings, ICRA also continues to factor in the promoter's extensive industrial experience and the group's demonstrated track record in winning tenders floated by public sector undertakings such as BHEL, which supports the group's business profile. The ratings also take note of the Group's comfortable order book position (Rs.120 crore as on June 2014) on the back of order wins from domestic as well as overseas customers, which provide revenue visibility over the medium term.

The ratings are, however, constrained by the group's present modest scale of operations, consistent decline in revenues witnessed in recent two fiscals amidst weak operating environment and significant revenue concentration risks with top 2 customers contributing to 50% of revenues. Further, ICRA takes note of the group's highly stretched receivables position (50% of which is outstanding for more than three years) on account of project execution exposure to EPC contractors with severely stretched financial profiles. Nevertheless, limited competition in a technology oriented product segment coupled with low breakeven levels aid in generation of healthy margins and cash accruals which has temporarily alleviated some of the liquidity pressures. Going forward, the group's ability to grow and execute its order book in a timely manner whilst managing its working capital cycle efficiently through prompt collection of payment from customers would remain as key rating sensitivities.

ICRA also takes cognizance of past instances of fund withdrawal by the promoters for investment in other ventures; however, comfort is drawn from the commitment shown by the promoters to keep both the firms adequately capitalized in recent years.

Group Profile

Indira Damper Industries was established in the year 1991 for manufacturing damper. The firm manufactures various types of dampers such as Diverter Dampers, Guillotine Dampers, Multi-louver dampers, Butterfly Dampers and stack dampers majorly for gas based power plants, thermal power plants, diesel generators and natural-gas reciprocating engines in technological collaboration with Nem Power Systems (previously with Stober & Morlock).

^{*} 100 lakh = 1 crore = 10 million

[†] For complete rating scale and definitions, please refer to ICRA's website (www.icra.in) or other ICRA rating publications



The other key entity in the group viz., Indira Industries ([ICRA]BBB- (Stable) and [ICRA]A3), is engaged in manufacturing industrial noise control equipments, primarily catering to gas turbine power projects and thermal power plants.

Recent Results

As per the provisional results for the financial year 2013-14, Indira Damper Industries reported operating income (OI) of Rs. 13.2 crore and profit after tax (PAT) of 2.3 crore. According to audited results for the financial year 2012-13, the firm's OI and PAT stood at Rs. 21.6 crore and Rs.6.2 crore respectively, compared to OI and PAT of Rs. 20.2 crore and Rs. 2.8 crore for the previous year 2011-12.

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