August 25, 2026

Duncan Engineering Limited: Ratings reaffirmed and assigned for enhanced amount

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial sector regulator#
Long term - Fund based – Cash credit	9.50	14.00	[ICRA]BBB+ (Stable); reaffirmed/assigned for enhanced amount	RBI
Short term – Non-fund based – Others	1.60	14.50	[ICRA]A2; reaffirmed/assigned for enhanced amount	RBI
Total	**11.10**	**28.50**		

**Instrument details are provided in Annexure I*

#SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments that fall under the regulatory purview of financial sector regulators other than SEBI.

Rationale

The ratings for the bank lines of Duncan Engineering Ltd (DEL) factors in the extensive experience of company 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 its adequate liquidity position and expectations of the trend sustaining.

The company's operating income moderated to Rs. 80.7 crore in FY2026 from Rs. 84.7 crore in FY2025. Despite the decline in revenue, the profitability improved, with the OPBDITA margin increasing to 9.1% in FY2026 from 8.6% in FY2025, supported by lower raw material costs. The company reported order bookings of around Rs. 97.6 crore in FY2026 and continued to make progress in the valve business through the receipt of approvals from a few original equipment manufacturers (OEMs). The near-term outlook for revenue growth remains healthy on expectations of an improvement in the earnings level.

The liquidity continues to be comfortable, with liquid investments and fixed deposits aggregating around Rs. 27.1 crore as on March 31, 2026 (excluding a liquidity haircut of Rs. 6.6 crore on the investment in certain instruments, in line with ICRA's policy on liquidity assessment). 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 large players. The ratings are further constrained by the vulnerability of profitability to volatility in the prices of key raw materials, such as steel, aluminium and special alloys.

The Stable outlook factors in ICRA's expectation of continued healthy liquidity, comfortable debt protection metrics and stable cash generation despite the ongoing investments towards the valve business and the Saudi subsidiary.

Key rating drivers and their description

Credit strengths

Established track record in pneumatic products – DEL, part of the Goenka Group, has an operating track record of more than six decades in the industrial automation and flow-control products industry. The company manufactures pneumatic cylinders, valves, actuators and accessories and has established relationships with OEMs, dealers and industrial customers, ensuring repeat business. The pneumatic segment remains DEL's core and relatively more profitable business. The order bookings remained healthy at around Rs. 97.6 crore in FY2026, although the order execution was slower, resulting in lower revenues.

Diversified client profile and low customer concentration – DEL caters to customers across the power, cement, machine building, steel, automotive, oil and gas, pharmaceuticals and material handling sectors. The customer concentration remains low, with the top five customers contributing 23.5% to the operating income in FY2026 compared with 30.9% in FY2025, while the biggest customer accounted for only 6.6% of the revenue. The diversified customer and end-user profile limits the impact of a slowdown or loss of business from any single customer or sector.

Comfortable debt metrics and liquidity position – DEL's financial risk profile remains comfortable, supported by low debt, strong coverage indicators and sizeable liquid investments. The total debt stood at Rs. 4.8 crore as on March 31, 2026, against a tangible net worth of Rs. 60.8 crore. The company does not have any term loan on its books and continues to maintain a net cash position, with the funding requirements primarily met through fund-based working capital limits. Its debt protection metrics remained strong in FY2026, reflected in total debt/OPBDITA of 0.65 times, interest coverage at 19.7 times and DSCR at 6.8 times.

The liquidity remains adequate, supported by free cash and liquid investments of around Rs. 27.1 crore after the applicable haircuts, low utilisation of working capital limits and the absence of scheduled term debt repayments. Further, the resolution of the MIDC matter during FY2026 enabled the creation of a mortgage over the Ranjangaon property, thereby restoring access to the company's full sanctioned banking lines and resulting in the release of the earlier lien-marked fixed deposit of Rs. 5 crore.

Credit challenges

Small scale of operations with limited bargaining power – DEL's operating scale remains modest, reflected in an operating income of Rs. 80.7 crore in FY2026. Its modest scale limits its bargaining power with both customers and suppliers and makes its earnings more susceptible to changes in demand and execution levels. The revenue moderated by around 5% in FY2026 owing to slower execution of project orders and subdued demand in the non-project business. Further, the project orders are generally tender-based and competitively priced. Consequently, a higher contribution from project revenues may not result in a commensurate improvement in profitability.

Competition from large established players – The company faces competition from larger domestic and international players which have wider product portfolios, stronger financial resources and established customer approvals. The competitive intensity is particularly high in the valve segment, which DEL is pursuing as a growth avenue. The company has been undertaking selected initial orders at modest margins to secure customer approvals and establish an installed base. Consequently, while the scale-up in the valve business may support revenue growth, an improvement in profitability will depend on customer acceptance, repeat orders and realisation of operating leverage benefits.

Profitability vulnerable to volatility in key raw-material prices – Aluminium tubes and steel rods are DEL's key raw materials, and volatility in their prices may affect profitability. The company's ability to pass on the sharp increase in cost remains limited because of the competitive intensity and fixed-price project orders. The risk is partly mitigated by a diversified supplier base, periodic price revisions and back-to-back procurement for certain project orders. The sensitivity was evident in FY2026, when lower material costs helped improve the OPBDITA margin to 9.1% from 8.6%, despite the moderation in operating income.

Environment and social risks

The company supplies industrial products to various industries and is not dependent on a specific end-user segment which may be vulnerable to weak business conditions because of environmental concerns. Hence, given the diversified nature of operations and the use of valves across industries, DEL's business profile remain less exposed to environmental risks.

The company has also not faced any labour disputes and has maintained a cordial relation with its employees. Also, its products do not raise any major social concerns. Thus, the company's overall social risk profile remains low.

Liquidity position: Adequate

DEL's liquidity position remains adequate, supported by free cash and liquid investments of Rs. 27.1 crore as on March 31, 2026 (considering a haircut of Rs. 6.6 crore on investments in money market fund and Bhart Bond FoF as per ICRA's policy on liquidity assesment), a healthy cushion in its working capital limits and steady cash accruals. The expected cash generation is more than adequate to fund the company's capex requirements and working capital requirements. There are no long-term debt repayments as the company does not have any long-term debt on its books.

Rating sensitivities

Positive factors – The ratings may be upgraded if the company demonstrates a significant increase in its 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 till FY2026 and the consolidated financials FY2027 onwards*

**The company has reported standalone financials only for FY2026 as the sole subsidiary had not commenced operations, and no capital had been infused. Further, the subsidiary did not have any assets, liabilities, income and expenses.*

About the company

Duncan Engineering Limited, incorporated in 1962 (formerly Schrader Duncan Limited) in 1962, is engaged in the design, manufacture and supply of industrial automation and fluid power products. The company operates a manufacturing facility at Ranjangaon, Pune.

DEL was promoted as a joint venture between Bridgeport international (SB International, a wholly-owned subsidiary of Tomkins Plc) and the Duncan Group (managed by the JP Goenka family). It is part of the AG Ventures Limited (formerly Oriental Carbon & Chemicals Limited) Group.

Its products are primarily used in industrial automation, process control and motion control applications across industries such as cement, steel, power, oil and gas automotive, pharmaceuticals, food processing and general manufacturing.

Key financial indicators (audited)

DEL Standalone	FY2025	FY2026
Operating income	84.7	80.7
PAT	5.2	4.9
OPBDIT/OI	8.6%	9.1%
PAT/OI	6.2%	6.0%
Total outside liabilities/Tangible net worth (times)	0.3	0.3
Total debt/OPBDIT (times)	0.4	0.7
Interest coverage (times)	10.1	19.7

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 (FY2027)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Aug 25, 2026	FY2026		FY2025		FY2024	
				Date	Rating	Date	Rating	Date	Rating
Fund based – Cash credit	Long term	14.00	[ICRA]BBB+ (Stable)	Aug 18, 2025	[ICRA]BBB+ (Stable)	Aug 14, 2024	[ICRA]BBB+ (Stable)	18-Jul-2023	[ICRA]A-; @
Non-fund based - Others	Short term	14.50	[ICRA]A2	Aug 18, 2025	[ICRA]A2	Aug 14, 2024	[ICRA]A2	18-Jul-2023	[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	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	Financial sector regulator#
NA	**Fund based – Cash credit**	NA	NA	NA	14.00	[ICRA]BBB+ (Stable)	RBI
NA	**Non-fund based - Others**	NA	NA	NA	14.50	[ICRA]A2	RBI

Source: Company

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

Annexure II: List of entities considered for consolidated analysis

Company name	DEL ownership	Consolidation approach
DEL Arabia Company	100.00%	Full consolidation

Source: Company Data
Note: ICRA has taken a consolidated view of the parent (DEL), its subsidiaries and associates while assigning the ratings

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