



SMERA RATINGS LIMITED

Dantal Hydraulics Private Limited (DHPL)**Rating
Rationale****April 08, 2014**

Facilities	Amount (Rs. Crore)	Ratings
Term Loan	1.37	SMERA BBB/Stable (Assigned)
Term Loan	6.96*	SMERA BBB/Stable (Assigned)
Cash Credit	7.50~	SMERA BBB/Stable (Assigned)
Working Capital Demand Loan	10.40^	SMERA BBB/Stable (Assigned)
Bill Discounting	12.50#	SMERA A3+ (Assigned)
Bill Discounting	6.50	SMERA A3+ (Assigned)
Bank Guarantee	6.50	SMERA A3+ (Assigned)
Letter of Credit	6.00	SMERA A3+ (Assigned)
Proposed Letter of Credit/Bank Guarantee	2.27	SMERA A3+ (Assigned)

*Includes sublimit of Capex LC to the extent of Rs. 3.50 Crore

^Includes sublimit of Cash Credit to the extent of Rs. 6.40 Crore, Working Capital Demand Loan to the extent of Rs. 6.40 Crore, Pre/Post Shipment Finance to the extent of Rs. 8.40 Crore, Usance Letter of Credit to the extent of Rs. 10.40 Crore and Buyers Credit to the extent of Rs. 10.40 Crore.

#Includes sublimit of Suppliers/Vendors Bill Discounting to the extent of Rs. 3.00 Crore

~Includes sublimit of WCDL to the extent of Rs. 6.00 Crore, EPC to the extent of Rs. 6.00 Crore, Export Bill Discounting to the extent of Rs. 6.00 Crore.

SMERA has assigned ratings of '**SMERA BBB**' (read as **SMERA triple B**) and **SMERA A3+** (read as **SMERA A three plus**) to the Rs.60.00 crore bank facilities of Dantal Hydraulics Pvt Ltd (DHPL). The outlook is '**Stable**'. The ratings are supported by the company's experienced management, reputed clientele and healthy financial risk profile. However, the ratings are constrained by the company's exposure to intense competitive pressure.

DHPL, established in 1990, is a Gurgaon-based company engaged in manufacturing of hydraulic cylinders, hydraulic systems, winches, aircraft service trolleys and multilevel car parking systems. DHPL benefits from its experienced management. The directors of DHPL have around two decades of experience in the company's line of business. DHPL also benefits from its long-standing relations with various reputed customers, including Escorts Limited, Godrej & Boyce, Larsen & Toubro Ltd., Action Construction Equipment, Mahindra & Mahindra Limited, Indian Air Force and Indian Navy. DHPL's healthy financial risk profile is marked by low gearing (debt-equity ratio) of 0.54 times as on March 31, 2013 and strong interest coverage ratio of 6.53 times in FY2012-13.

DHPL has limited bargaining power against customers on account of the intense competition prevalent in the automotive parts industry.

SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.



SMERA RATINGS LIMITED

Dantal Hydraulics Private Limited (DHPL)

*Rating
Rationale*

Outlook: Stable

SMERA believes DHPL will maintain a stable business risk profile in the near term on the back of its experienced management and established relations with reputed customers. The outlook may be revised to 'Negative' in case of decline in the company's revenues and profit margins. Conversely, the outlook may be revised to 'Positive' in case the company registers higher-than-expected growth in revenues and profitability.

About the company

DHPL, incorporated in 1990, is a Gurgaon-based company engaged in manufacturing of hydraulic cylinders, hydraulic systems, winches, aircraft service trolleys and multilevel car parking systems. The company has two manufacturing units in Manesar, Gurgaon (Haryana) and Bangalore (Karnataka).

For FY2012-13, DHPL reported PAT of Rs.7.95 crore on net sales of Rs.144.80 crore, as compared with PAT of Rs.10.02 crore on net sales of Rs.156.21 crore for FY 2011-12. The company's net worth stood at Rs.50.09 crore as on March 31, 2013, as compared with Rs.42.14 crore a year earlier.

Contact List:

Media / Business Development	Analytical Contacts	Rating Desk
Sanjay Kher Head – Sales, Corporate Ratings Tel : +91 22 6714 1193 Cell : +91 98191 36541 Email : sanjay.kher@smera.in Web: www.smera.in	Umesh Nihalani Head - Corporate Ratings, Tel: +91-22-6714 1106 Email: umesh.nihalani@smera.in	Tel: +91-22-6714 1170 Email: ratingdesk@smera.in

SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.