

March 31, 2014

Facilities	Amount (Rs. Crore)	Rating
Cash Credit	30.00	SMERA D (downgraded from SMERA BBB/Stable)
Standby Line of Credit	0.50	SMERA D (downgraded from SMERA BBB/Stable)
Term Loan*	10.45	SMERA D (downgraded from SMERA BBB/Stable)
Letter of Credit	32.00	SMERA D (downgraded from SMERA A2)
Letter of Credit (carved out of Term Loan)	5.65	SMERA D (downgraded from SMERA A2)
Bank Guarantee	6.00	SMERA D (downgraded from SMERA A2)

*includes car loan of Rs.0.10 crore

SMERA has downgraded its ratings on the bank facilities of DTL Ancillaries Limited (DTL) to '**SMERA D**' (**read as SMERA D**), from the previous rating of 'SMERA BBB/Stable/SMERA A2'. The downgrade primarily reflects delays in debt servicing by the company. The downgrade also reflects the company's stretched liquidity position evidenced by instances of devolvement of letter of credit. DTL remains exposed to high level of customer concentration in an intensely competitive business environment. The rating also factors in the company's high working capital requirements arising from delays in collection of dues from government entities.

The aforementioned weaknesses are partially offset by the company's experienced management.

About the company

DTL, incorporated in 1996, is a Pune-based company engaged in manufacturing of cold roll forming (CRF) components, and fabrication of side walls and roofs for railway wagons. DTL also supplies load bodies and panels used in commercial vehicles manufactured by Tata Motors Limited. DTL's management team is headed by Mr. Vijay Mohan Jain, a first generation entrepreneur with around four decades of experience in the engineering and capital goods industry. Mr. Vijay Mohan Jain is ably supported by his son Mr. Sidharth Jain, who is instrumental in scaling up the business of the company. DTL is an approved Part I supplier (of CRF components) to Research Design and Standards Organisation (RDSO). DTL has indigenously developed technology for roll forming

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machines used for manufacturing railways wagons, coaches, load bodies and other automotive components.

For FY2012-13, DTL reported profit after tax of Rs.4.61 crore on net sales of Rs.191.11 crore, as compared with profit after tax of Rs.21.17 crore on net sales of Rs.259.59 crore for FY2011-12. DTL's net worth stood at Rs.76.66 crore as on March 31, 2013, which includes private equity funds of Rs.25.00 crore contributed by India Industrial Growth Fund.

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