



Press Release
DTL ANCILLARIES LIMITED
September 22, 2025
Rating Assigned and Upgraded

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	30.00	ACUITE BBB- Stable Assigned	-
Bank Loan Ratings	54.00	ACUITE BBB- Stable Upgraded	-
Bank Loan Ratings	40.00	-	ACUITE A3 Upgraded
Total Outstanding Quantum (Rs. Cr)	124.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has upgraded the long-term rating to 'ACUITE BBB-' (read as ACUITE Triple B minus) from 'ACUITE BB' (read as ACUITE double B) and the short-term rating to 'ACUITE A3' (read as ACUITE A three) from 'ACUITE A4+' (read as ACUITE A four plus) on the Rs. 94.00 crore bank facilities of DTL Ancillaries Limited (DTLAL). The outlook is 'Stable'.

Further, Acuite has assigned the long-term rating of 'ACUITE BBB-' (read as ACUITE Triple B minus) on the Rs. 30.00 crore bank facilities of DTL Ancillaries Limited. The outlook is 'Stable'.

Rationale for Rating

The rating takes into consideration migration from "issuer not cooperative" and draws comfort from the share purchase agreement between DTL Ancillaries Limited and LalBaba Engineering Limited (LEL) wherein the first closing phase has been executed as on 30th June, 2025 and second closing phase will be completed by 30th June, 2026. The rating further remains constrained by the decline in scale of operations in FY2025 (Prov.) as reflected by operating income of Rs.102.54 Crore in FY2025 (Prov.) against Rs.184.00 Crore in FY2024 on account of order execution being impacted in H2 FY2025 due to demise of promoter, Mr. Vijay Mohan Jain in September, 2024. However, the operations of the company are regaining stability and the company has clocked Rs.46.78 Cr. till July, 2025 which is further backed by unexecuted order book of Rs.172.29 Cr. as on July, 2025. The rating also factors the average financial risk profile marked by net worth of Rs.67.37 Crore and moderate gearing of 1.05 times as on 31st March, 2025 (Prov.) and intensive working capital operations with GCA days of 330 days in FY2025 (Prov.) on account of high debtor and inventory holding owing to the nature of operations. Additionally, liquidity profile of the company is stretched and the gap in repayment of debt obligations has been met by infusion of unsecured loans by the management, LEL and its group entities. Going forward, the operations of the company are expected to benefit over medium term backed by experienced management, healthy business and financial risk profile of LalBaba Engineering Limited however ability of the company to ramp up its operations while maintaining its profitability will remain a key rating sensitivity.

About the Company

Haldia based, DTL Ancillaries Limited was incorporated in 1996. The company is engaged in the manufacturing of Cold Roll Formed (CRF) components and fabricated assemblies for the railway and automotive industries. The present directors are Mr. Siddharth Jain, Mr. Darshan Jindal, Mr. Prem Chand Jain, Mr. Deepak Kumar Chaudhary and Mr. Pratik Dhanuka. The registered address of the company is in Pune, Maharashtra.

Lalbaba Engineering Limited (Erstwhile Lalbaba Seamless Tubes Private Limited)

Lalbaba Engineering Limited was incorporated in 2006. It is engaged in the manufacturing of carbon and alloy steel tubes and other critical components. The products are primarily used in railways, automotive industry, oil and gas industry, steam boilers, pipelines, engineering industry and other processing industries.

Unsupported Rating

ACUITE BB+/ Stable

Analytical Approach

Acuite has considered standalone business and financial risk profile of DTL Ancillaries Limited while arriving at rating. Further, Acuite has notched up the rating taking support of LalBaba Engineering Limited on account of share purchase agreement signed between DTL Group (DTL India Holding Limited & DTL Ancillaries Limited) and Lalbaba Engineering Limited. LEL has also extended support in the form of unsecured loans of Rs.6.10 Cr. infused as on 31st July, 2025.

Key Rating Drivers

Strengths

Benefits expected from the share purchase agreement

Since 1996, DTLAL was managed by Mr. Vijay Mohan Jain who had more than four decades of experience in the said line of business along with his son and experienced professionals. The company benefited on the back of experienced promoter with established relations with clientele and suppliers. However, in September, 2024, post demise of Mr. V. M. Jain, the operations of the company were impacted resulting into decrease in revenue and profitability marked by net losses of Rs.33.51 Crore in FY2025 (Prov.). In FY2026, a share purchase agreement has been signed between DTL Group Companies (DTL India Holding Limited and DTL Ancillaries Limited) and LalBaba Engineering Limited (LEL) which will be executed in two phases. The first closing phase has already been executed as on 30th June, 2025 wherein Lalbaba Engineering Limited holds 30.04% in DTL Ancillaries Limited, directly and indirectly (via DTL India Holdings Limited). The second closing phase is to be completed by 30th June, 2026 or mutually extended date as per the share purchase agreement. As on 30th June, 2026, Lalbaba Engineering Limited will be holding 61.32% in DTL Ancillaries Limited, directly and indirectly (via DTL India Holdings Limited). Further, LEL extended support in the form of unsecured loans of Rs.6.10 Cr. infused as on 31st July, 2025. Acuite expects that the experienced management, strong business and financial risk profile of LalBaba Engineering Limited will support to improve the operational and business risk profile of the company.

Weaknesses

Decrease in Revenue and Profitability

The company has achieved a turnover of Rs.102.54 Crore in FY2025 (Prov.) against Rs.184.00 Crore in FY2024. The company booked losses of Rs.33.51 Cr. in FY2025 (Prov.). The EBITDA and PAT Margin of the company stood at (23.36)% and (32.68)% respectively in FY2025 (Prov.). The decrease in revenue and profitability due to demise of the promoter, Mr. Vijay Mohan Jain in September, 2024 which impacted the order execution in second half of FY2025 wherein the company clocked Rs.48.63 Crore in H1 FY2025 as against Rs.88.03 Crore in H1 FY2024, thereby affecting the overall sales of the company.

However, the management risk has been mitigated in FY2026 on the back of share purchase agreement signed between DTL Group Companies (DTL India Holding Limited and DTL Ancillaries Limited) and LalBaba Engineering Limited. The first closing phase of same has been executed and second closing phase is to be completed by 30th June, 2026. DTLAL is regaining operational stability and has clocked Rs.46.78 Cr. till July, 2025. The stability in revenue is further backed by unexecuted order book of Rs.172.29 Cr. as on July, 2025. These orders are primarily from reputed clientele including Indian Railways, BEML Limited, Alstom Limited and many others. Moreover, the company also has tenders in bid of Rs.102.75 Cr. as on July, 2025. Acuite expects that going forward the revenue and profitability will improve on the back of orders executed by the company. In addition, the healthy business, management and financial risk profile of LalBaba Engineering Limited will also support the operations of the company over the medium term.

Average Financial Risk Profile

The financial risk profile of the company is marked by net worth of Rs.67.37 Crore as on 31st March 2025 (Prov.) as against Rs.100.89 Crore as on 31st March 2024. The decrease in the net worth is on account of net losses booked by the company in FY2025 (Prov.). The capital structure of the company is marked by gearing which stood at 1.05 times as on 31st March 2025 (Prov.) as against 0.62 times as on 31st March 2024. Further, the coverage indicators of the company are reflected by interest coverage ratio and debt service coverage ratio which stood at (2.35) times and (1.94) times respectively as on 31st March 2025 (Prov.) against 1.56 times and 1.29 times

respectively as on 31st March 2024. The TOL/TNW ratio of the company stood at 1.32 times as on 31st March 2025 (Prov.) against 1.03 times as on 31st March 2024 and DEBT-EBITDA stood at (3.33) times as on 31st March 2025 (Prov.) against 3.16 times as on 31st March 2024. Acuité expects that going forward the financial risk profile of the company will improve on the back of no major debt-funded capex plans.

Intensive Working capital operations

The working capital operations of the company are intensive marked by GCA days which stood at 330 days as on 31st March 2025 (Prov.) as against 252 days as on 31st March 2024. The high GCA days are on account of high debtor days which stood at 173 days as on 31st March 2025 (Prov.) as against 109 days as on 31st March 2024 and high inventory holding which stood at 90 days as on 31st March 2025 (Prov.) as against 104 days 31st March 2024 as the company is required to maintain adequate inventory in the form of raw material and work in progress due to its large product portfolio. Further, the creditor days stood at 73 days as on 31st March 2025 (Prov.) against 82 days as on 31st March 2024. Additionally, the average fund based and non-fund based bank limit utilization of the company stood at an average of 89.60% and 53.48% respectively for the last six months ended July, 2025. Acuité expects that working capital operations will remain at similar levels in near to medium term due to the nature of operations.

Profitability of the Company is susceptible to volatility in raw material prices

The main raw material required by the company is steel and the prices of same are highly volatile in nature. Hence, the profitability of the company is highly susceptible to the prices of steel in the absence of any pricing flexibility against the customer. Going forward, the ability of the company to manage the volatility in raw material prices and maintain its profitability will remain a key rating sensitivity factor.

Assessment of Adequacy of Credit Enhancement under various scenarios including stress scenarios (applicable for ratings factoring specified support considerations with or without the “CE” suffix)

Acuite takes into consideration the benefit derived by DTL Ancillaries Limited (DTLAL) from LalBaba Engineering Limited (LEL) on account of share purchase agreement signed between DTL Group (DTL India Holding Limited & DTL Ancillaries Limited) and Lalbaba Engineering Limited.

Stress Case Scenario

While the rating has been derived on the standalone credit risk profile and cash flows of the DTLAL, Acuite believes given the 30.04% holding of LEL in DTLAL (directly/ indirectly) as on 30th June, 2025 and 61.32% holding of LEL in DTLAL (directly/ indirectly) as on 30th June, 2026, expected as per the share purchase agreement; in case of any stress case scenario, the required support would come from LalBaba Engineering Limited.

Rating Sensitivities

- Ability to ramp up and improve the operating performance while maintaining profitability margins.
- Movement in financial risk profile.
- Working Capital Operations
- Timely completion of second closing phase of share purchase agreement.

Liquidity Position

Stretched

The liquidity profile of the company is stretched marked by net cash accruals of Rs.(30.80) Crore as on 31st March 2025 (Prov.) against debt repayment obligations of Rs.2.20 Crore in the same period. However, the gap in repayment of debt obligations has been met through the infusion of unsecured loans to the tune of Rs.12.88 Cr. as on 31 st March, 2025 and Rs.32.09 Cr. as on 31st July, 2025. Going forward, the company is expected to generate net cash accruals in the range of Rs.3.00 Cr. to Rs.7.00 Cr. against the debt repayment obligations up to Rs.2.72 Crore over the same period. The current ratio of the company stood at 1.56 times as on 31st March 2025 (Prov.) against 1.46 times as on 31st March 2024. The cash and bank balance available with the company stood at Rs.0.02 Crore as on 31st March 2025 (Prov.). In addition, the average fund based and non-fund based bank limit utilization of the company stood at an average of 89.60% and 53.48% respectively for the last six months ended July, 2025. Acuité expects liquidity profile of the company to improve in near to medium term marked by sufficient accruals to repayment, moderate current ratio and absence of any debt funded capex plans however same will remain a key rating sensitivity.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 25 (Provisional)	FY 24 (Actual)
Operating Income	Rs. Cr.	102.54	184.00
PAT	Rs. Cr.	(33.51)	2.80
PAT Margin	(%)	(32.68)	1.52
Total Debt/Tangible Net Worth	Times	1.05	0.62
PBDIT/Interest	Times	(2.35)	1.56

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Group And Parent Support: <https://www.acuite.in/view-rating-criteria-47.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
25 Nov 2024	Letter of Credit	Short Term	19.00	ACUITE A4+ (Reaffirmed & Issuer not co-operating*)
	Bank Guarantee/Letter of Guarantee	Short Term	20.00	ACUITE A4+ (Reaffirmed & Issuer not co-operating*)
	Bank Guarantee (BLR)	Short Term	15.00	ACUITE A4+ (Reaffirmed & Issuer not co-operating*)
	Cash Credit	Long Term	35.00	ACUITE BB (Downgraded & Issuer not co-operating* from ACUITE BB+)
	Cash Credit	Long Term	5.00	ACUITE BB (Downgraded & Issuer not co-operating* from ACUITE BB+)
28 Aug 2023	Letter of Credit	Short Term	19.00	ACUITE A4+ (Downgraded & Issuer not co-operating* from ACUITE A3)
	Bank Guarantee/Letter of Guarantee	Short Term	20.00	ACUITE A4+ (Downgraded & Issuer not co-operating* from ACUITE A3)
	Bank Guarantee (BLR)	Short Term	15.00	ACUITE A4+ (Downgraded & Issuer not co-operating* from ACUITE A3)
	Cash Credit	Long Term	35.00	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB- Stable)
	Cash Credit	Long Term	5.00	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB- Stable)
08 Jun 2022	Letter of Credit	Short Term	19.00	ACUITE A3 (Reaffirmed)
	Bank Guarantee/Letter of Guarantee	Short Term	20.00	ACUITE A3 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	15.00	ACUITE A3 (Assigned)
	Cash Credit	Long Term	35.00	ACUITE BBB- Stable (Reaffirmed)
	Cash Credit	Long Term	5.00	ACUITE BBB- Stable (Assigned)
23 May 2022	Letter of Credit	Short Term	19.00	ACUITE A3 (Upgraded from ACUITE A4+)
	Bank Guarantee/Letter of Guarantee	Short Term	20.00	ACUITE A3 (Upgraded from ACUITE A4+)
	Cash Credit	Long Term	35.00	ACUITE BBB- Stable (Upgraded from ACUITE BB)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Yes Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	15.00	Simple	ACUITE A3 Upgraded (from ACUITE A4+)
State Bank of India	Not avl. / Not appl.	Bank Guarantee/Letter of Guarantee	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	20.00	Simple	ACUITE A3 Upgraded (from ACUITE A4+)
Yes Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE BBB- Stable Upgraded (from ACUITE BB)
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	35.00	Simple	ACUITE BBB- Stable Upgraded (from ACUITE BB)
State Bank of India	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE A3 Upgraded (from ACUITE A4+)
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	14.00	Simple	ACUITE BBB- Stable Upgraded (from ACUITE BB)
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	30.00	Simple	ACUITE BBB- Stable Assigned

*Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)

Sr. No.	Name of the Company
1	Lalbaba Engineering Limited
2	DTL Ancillaries Limited

Contacts

Mohit Jain Chief Analytical Officer-Rating Operations	Contact details exclusively for investors and lenders
Archita Sharma Associate Analyst-Rating Operations	Mob: +91 8591310146 Email ID: analyticalsupport@acuite.in

About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

Disclaimer: An Acuité 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. Ratings assigned by Acuité 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, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité 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. Ratings assigned by Acuité 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.acuite.in) for the latest information on any instrument rated by Acuité. Please visit <https://www.acuite.in/faqs.htm> to refer FAQs on Credit Rating.

Note: None of the Directors on the Board of Acuité Ratings & Research Limited are members of any rating committee and therefore do not participate in discussions regarding the rating of any entity.