

(Credit Solutions Beyond Expectations)
REPORT- DEEPAK INDUSTRIES LIMITED

Report Date: January 29, 2022 **Currency:** Indian Rupee (INR)
MNS Unique Identifier: IN1005501 **Today's Exchange Rate:** INR 1 = USD 0.013443

REPORT AT A GLANCE
BASIC INFORMATION

Company Name DEEPAK INDUSTRIES LIMITED
Address 16, Hare Street, Kolkata 700001, West Bengal
Legal Form Indian Public Listed Company
Registration Date May 08, 1954

BRIEF OF OPERATIONS

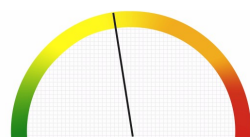
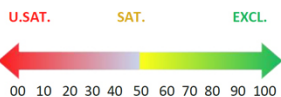
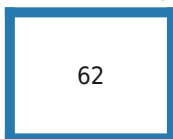
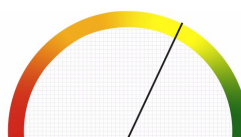
Nature of Industry Automotive Components
Business Category Manufacturer/ Importer/ Exporter/ Supplier
Product Descriptions Worm Gearboxes, Helical Gearboxes, Geared Motors, etc.
Number of Employees Approx.: 913

CAPITALIZATION

Authorized Capital INR 55,000,000.00
Paid Up Capital INR 39,564,330.00
Net Worth (March, 2021) INR 3,631.53 Million
Major Share Holding Ms. Amita Jain, ANGLO-VER TEXTILES PRIVATE LIMITED- INDIA, Mr. Periyasamy Muthuraj

FINANCIAL SUMMARY(Latest Available)

Turnover (March, 2021) INR 4,275.63 Million
Net Profit / (Loss) (March, 2021) INR 550.72 Million
Cash Profit (March, 2021) INR 751.52 Million
Debt Equity Ratio 0.03
Current Ratio 2.12

RATINGS / RISK INDEX / PAYMENT TREND / SCORES
Credit Rating

Risk: Normal

Payment Trend : Good
Credit Recommendation

(Equivalent to USD 470505)
SUMMARIZED COMMENTS

Subject company is operating satisfactorily level based on the parameters; therefore business dealings of reasonable amount, subject to taking all precautions are safe and recommended. Any additional limit should be on the basis of security to the satisfaction of the bank. The security should be carefully evaluated from mortgageability and saleability angle keeping in view the guidelines of the bank.

Subject Status : Good

DETAILED REPORT

COMPANY IDENTIFICATION DETAILS

Correct Name of Company	: DEEPAK INDUSTRIES LIMITED
Head/ Registered Office	: 16, Hare Street, Kolkata 700001, West Bengal
City/ Province	: Kolkata
Telephone No.	: +91-33-22482391/ 2/ 3/ 40142226
Mobile Number	: +91-9433265824
Fax No.	: +91-33-22439382
Email Id.	: vdm55@rediffmail.com, secretary@dil-india.com
Website	: http://www.dil-india.com , http://www.allenberrygears.com
Industry	: Automotive Components
Group	: "DEEPAK"
Nature of Activity	: Manufacturer/ Importer/ Exporter/ Supplier



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WEBSITE DETAILS

Website	: http://www.dil-india.com , http://www.allenberrygears.com
Status	: Normal-Operational
Country of Registration	: India
Ownership Type	: Registered ownership by Subject Business Entity

OFFICIAL COMPANY DATA

Legal Form	: Indian Public Listed Company
Listed / Unlisted	: Listed
Legal Form-Abbreviation	: LTD
Corporate Identity Number (CIN)	: L63022WB1954PLC021638
ROC Code	: Kolkata
Registration Date	: May 08, 1954
Issuing Authority	: Registrar of Companies(ROC)
Number of Employees	: 913
License Status	: License exists-Normal
Operational Status of Business	: Normal
Authorized Capital	: INR 55,000,000.00
Paid-up Capital	: INR 39,564,330.00
Date of Last AGM	: September 29, 2020
Date of Last Balance Sheet	: March 31, 2021
Financial Types	: Standalone
Company Status (For e-Filing)	: Active

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OTHER LICENSES DETAILS

Issuing Authority	: Income Tax Department
License Name	: Permanent Account No (PAN)
License Number	: AAACD8676J
Issuing Authority	: Central Board Of Excise and Customs
License Name	: Goods and Services Tax (GST)
License Number	: 19AAACD8676J3Z1
License Date	: July 01, 2017
Issuing Authority	: Central Board Of Excise and Customs
License Name	: Goods and Services Tax (GST)
License Number	: 29AAACD8676J1Z2
License Date	: July 01, 2017
Issuing Authority	: Central Board Of Excise and Customs
License Name	: Goods and Services Tax (GST)
License Number	: 06AAACD8676J1ZA
License Date	: July 01, 2017
Issuing Authority	: Central Board Of Excise and Customs
License Name	: Goods and Services Tax (GST)
License Number	: 05AAACD8676J2ZB
License Date	: July 01, 2017
Issuing Authority	: Central Board Of Excise and Customs
License Name	: Goods and Services Tax (GST)
License Number	: 19AAACD8676J1Z3
License Date	: July 01, 2017

STOCK EXCHANGE LISTING DETAILS

Stock Symbol/No.	: 014084
Stock Exchange	: Calcutta Stock Exchange (CSE)
Date of Listing	: February 26, 1997

REGULATORY CHECKS STATUS

Reserve Bank of India (RBI)	: Nil as per Public Records
Central Bureau of Investigation (CBI)	: Nil as per Public Records
Securities and Exchange Board of India (SEBI)	: Nil as per Public Records
Debt Recovery Tribunals (DRT)	: Nil as per Public Records
BIFR Status	: Nil as per Public Records
Corruption/ Money Laundering / Terrorism Activities	: Nil as per Public Records
TransUnion CIBIL Limited	: Nil as per Public Records
National Company Law Tribunal (NCLT)	: Nil as per Public Records
Insolvency and Bankruptcy Board of India	: Nil as per Public Records
Ministry of Corporate Affairs	: Nil as per Public Records

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Note: Nil entries imply that no information / record is found in respect of the subject.

LOCATION OFFICES / WORKS

Branch Office Locations	: Shed No 23a 1, Ground Floor, 62 F J N Mukherjee Road, Ghusuri, Howrah 711107, West Bengal
Plant Locations	: Plot. No. 292, Sarve 75 & 80, Belur Industrial Area, Dharward, Karnataka
	Village Rojhani, District Shajapur, Madhya Pradesh
	Bhagola, Bhagola Delvi Road, Tehsil & District, Palwal 121102, Haryana
	14/7, New Allenberry Works, Mathura Road, Faridabad 121003, Haryana
	Plot No 62, Sector 11, Tata Vendor Park, District Udham Singh Nagar, Rudrapur 263153, Uttarakhand
	62, Hazra Road, Kolkata 700019, West Bengal

NATURE OF BUSINESS

Business Activity	: To carry on the business as a manufacturer, importer, exporter and supplier of Automotive Components.
Product Descriptions	: Worm Gearboxes, Helical Gearboxes, Geared Motors, Couplings & Clutches, Spur and Helical Gears, Transmission Gears and Shafts, Timing Gear, Rear Axle and Shafts, etc.

BANKS & NON-BANKING FINANCIAL INSTITUTIONS

Bankers & Non Banking Financial Institutions	: STATE BANK OF INDIA Commercial Branch, Kolkata24, Park Street, Kolkata 700016, West Bengal
	UNION BANK OF INDIA ULP Howrah Branch, Kalptaru apartment50/A, College Road, Ground Floor, Shibpur, Howrah 711103, West Bengal
	BANK OF BARODA Bhowanipur Branch13, Andul Raj Road, 1st Floor, Hazra, Kolkata 700026, West Bengal

MAIN CHARGES /MORTGAGES WITH REGISTRY

Financial Institutions / Bank	Form for Registration	Type of Charge	Date of instrument creating the charge	Amount Secured by the charge
Bank Of Baroda	Creation of charge	Motor Vehicle (Hypothecation)	August 31, 2021	INR 1.45 Million
State Bank Of India	Creation of charge	Book debts,Floating charge,Movable property (not being pledge),Others	June 28, 2021	INR 160.00 Million
Union Bank Of India	Creation of charge	Motor Vehicle (Hypothecation)	February 11, 2020	INR 1.50 Million
State Bank Of India	Creation of charge	Floating charge	November 26, 2014	INR 530.00 Million

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State Bank Of India	Modification of charge	Any interest in immovable property	July 07, 2021	INR 1,854.50 Million
State Bank Of India	Modification of charge	Book debts,Floating charge,Movable property (not being pledge),Others	May 26, 2020	INR 1,120.50 Million



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AUDITOR

Name : **LODHA & CO**
(Chartered Accountants)
Email Id : cal@lodhaco.com
ID No. : AABFL1894Q
Address : 14, Govt Place East, Kolkata 700019, West Bengal

REGISTRAR & SHARE TRANSFER AGENT

Name : **Maheshwari Datamatics Pvt.ltd**
Email Id : mdpldc@yahoo.com
Contact No. : +91-33-22435809/ 22435029
Address : 6, Mangoe Lane, 2nd Floor, Kolkata 700001, West Bengal

COMPANY SECRETARY

Name : **Mr. Roshan Davve**
Email Id : roshaandavve24@gmail.com
Contact No. : +91- 9681208843
ID No. : AMEPD0511D
Address : Ad 299/2, Raindra Pally, Kestopur, Kolkata 700101, West Bengal

BOARD OF DIRECTORS

Name : **Mr. Yashwant Kumar Daga**
Designation : Vice Chairman Cum Joint Managing Director
Date of Appointment (DOA) : November 15, 2014
Nationality : Indian
Director Identification Number (DIN) : 00040632
Directorship in other Companies : DEEPAK SPINNERS LTD,
BRUA HYDROWATT PRIVATE LIMITED,
LONGVIEW TEA CO LTD,
H G I INDUSTRIES LIMITED,
MINT INVESTMENTS LTD,
NARSINGH HOLDINGS PVT.LTD,
MERLIN HOLDINGS PRIVATE LIMITED,
CONTRANSYS PRIVATE LIMITED,
DEEPAK GEARS PRIVATE LIMITED,
MAGADH SUGAR & ENERGY LIMITED
Address : 5, Merlin Park, Ballygunge, Kolkata 700019, West Bengal

Name : **Mr. Pradip Kumar Daga**
Designation : Chairman cum Managing Director
Date of Appointment (DOA) : December 16, 2008
Nationality : Indian
Director Identification Number (DIN) : 00040692
Directorship in other Companies : DEEPAK SPINNERS LTD,
LONGVIEW TEA CO LTD,
DEEPAK GEARS PRIVATE LIMITED
Address : 5, Marlin Park Ballygunge, Kolkata 700019, West Bengal

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Name : **Mr. Sujit Chakravorti**
Designation : Director
Date of Appointment (DOA) : October 30, 2007
Nationality : Indian
Director Identification Number (DIN) : 00066344
Directorship in other Companies : DUROPLY INDUSTRIES LIMITED,
DURGAPUR CHEMICALS LTD,
INFUSIONS (INDIA) LTD,
PARCON (INDIA) PVT LTD,
WEBFIL LTD
Address : Romala Villa Flat-a-3,17/7,Nafar Chandra Das Road, James
Long Sarani, Behala s.o, Kolkata 700034, West Bengal

Name : **Mr. Anand Prasad Agarwalla**
Designation : Director
Date of Appointment (DOA) : March 30, 2002
Nationality : Indian
Director Identification Number (DIN) : 00312652
Directorship in other Companies : N.A
Address : 38a, Dr Sarat Banarjee Road, Sarat Bose Road, Kolkata
700029, West Bengal

Name : **Ms. Meera Dokania**
Designation : Director
Date of Appointment (DOA) : April 01, 2015
Nationality : Indian
Director Identification Number (DIN) : 07094376
Directorship in other Companies : N.A
Address : 14, Lake Place, 3rd Floor, Near Lake Market, Kolkata 700029,
West Bengal

KEY EXECUTIVES / MANAGEMENT TEAM

Name : **Ms. Maneesh Khanna**
Designation : Chief Financial Officer (cfo)
ID No. : AJQPK6271N
Name : **Mr. Yashwant Kumar Daga**
Designation : Vice Chairman Cum Joint Managing Director
ID No. : 00040632
Name : **Mr. Pradip Kumar Daga**
Designation : Chairman Cum Managing Director
ID No. : 00040692

OTHER COMPANY DETAILS

Number of Employees : Approx.: 913
Purchasing Terms Domestic : Cash on delivery (COD) Credit - Secured with Post-dated
cheque 30-60 days.



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Purchasing Terms International	: Cash on delivery (COD) Credit - Secured with Post-dated cheque 30-60 days.
Selling Terms Domestic	: Cash on delivery (COD) Credit - Secured with Post-dated cheque 30-60 days.
Selling Terms International	: Letter of Credit (At-sight) Telegraphic Transfer (T/T) - Received at time of transaction.
Good are Imported From	: Germany, Italy
Exports are Made to	: China, Taiwan, United Kingdom, Kenya, Singapore
Types of Major Customers	: Power Industry Metal Industry Cement Industry Sugar Industry
Major Customers	: KEE PROJECTS LIMITED- INDIA
Unit	: NEW ALLENBERRY WORKS

CAPITAL HISTORY

Particulars	Amount in INR
Authorized Capital	55,000,000.00
Paid-up Capital	39,564,330.00
Date	Authorized Capital - History
September 29, 2020	55,000,000.00
September 30, 2021	55,000,000.00
Date	Paid-up Capital - History
September 29, 2020	39,564,330.00
September 30, 2021	39,564,330.00

CAPITALIZATION STRUCTURE

Authorized Capital:

No. of Shares	Type	Value	Amount in INR.
5,300,000	Equity Shares	INR 10/- each.	53,000,000.00
20,000	Preference Shares	INR 100/- each.	2,000,000.00
Total			<u>55,000,000.00</u>

Issued Capital:

No. of Shares	Type	Value	Amount in INR.
3,956,433	Equity Shares	INR 10/- each.	39,564,330.00
Total			<u>39,564,330.00</u>

Subscribed Capital:

No. of Shares	Type	Value	Amount in INR
3,956,433	Equity Shares	INR 10/- each.	39,564,330.00
Total			<u>39,564,330.00</u>

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Paid-up Capital:

<u>No. of Shares</u>	<u>Type</u>	<u>Value</u>	<u>Amount in INR</u>
3,956,433	Equity Shares	INR 10/- each.	39,564,330.00
Total			<u>39,564,330.00</u>

EQUITY SHAREHOLDING PATTERN AS ON SEPTEMBER 30, 2021

<u>Shareholders Name</u>	<u>No of Equity Shares</u>	<u>% Share Holding</u>
INDIVIDUALS/HINDU UNDIVIDED FAMILY	2,207,444	55.79
BODIES CORPORATE	524,600	13.26
FINANCIAL INSTITUTIONS/ BANKS	142,188	3.59
INDIVIDUAL SHARE CAPITAL IN EXCESS OF RS. 2 LACS	21,812	0.55
INDIVIDUAL SHARE CAPITAL UPTO RS. 2 LACS	368,775	9.32
ANY OTHER (SPECIFY)	691,614	17.48
Total	<u>3,956,433</u>	<u>100</u>

MAJOR SHAREHOLDING PATTERN AS ON SEPTEMBER 30, 2021

<u>Shareholders Name</u>	<u>No of Equity Shares</u>	<u>% Share Holding</u>
Ms. Nandini Gaga	870,625	22.01
Ms. Asha Devi Daga	604,806	15.29
Mr. Yashwant Kumar Daga	524,313	13.25
Mr. Pradeep Kumar Daga	207,700	5.25
COPLAMA PRODUCTS PRIVATE LIMITED- INDIA	524,600	13.26
OTHERS	1,224,389	30.94

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CURRENT LIABILITIES
(INR in Million)

Particulars	March 31, 2021	March 31, 2020	March 31, 2019
Short Term Borrowing			
Working Capital Loan Repayable on demand	723.71	587.77	755.58
Total (I)	723.71	587.77	755.58
Trade Payables			
Others	598.26	389.35	462.67
Total (II)	598.26	389.35	462.67
Other Current Liabilities			
Current maturities of Long-term debt	136.75	67.49	79.32
Current maturities of Hire Purchase Liability	1.28	2.09	2.99
Current maturities of Sales Tax Soft Loan	2.31	2.31	2.31
Lease liabilities	1.88	0.02	0.00
Total outstanding dues of Creditors other than micro enterprise and	71.50	78.07	68.62
Liability relating to employees	56.62	41.43	19.52
Liability relating to Others	0.99	0.88	0.00
Unpaid/ unclaimed Dividend	15.66	15.59	14.57
Interest Accrued	3.69	5.92	2.82
Statutory dues	44.92	29.36	39.25
Advances from Customers	83.65	75.06	93.61
Deferred Government Grant	36.46	39.45	0.00
Others	16.16	10.26	7.87
Current Tax Liabilities	0.00	0.00	2.50
Total (III)	471.87	367.93	333.38
Short term Provisions			
Provision for employee benefits	15.54	27.63	22.17
Total (IV)	15.54	27.63	22.17
Grand Total	1,809.38	1,372.68	1,573.80

LOAN FUNDS & FINANCIAL FACILITIES
(INR in Million)

Particulars	March 31, 2021	March 31, 2020	March 31, 2019
SECURED LOANS			
Term Loan From Bank	79.65	172.75	220.19
Lease Liabilities	1.53	0.17	0.17
Sales Tax soft loan	0.00	2.31	4.63
Total (A)	81.18	175.23	224.99
UNSECURED LOANS			
N.A	0.00	0.00	0.00
Total (B)	0.00	0.00	0.00
Grand Total	81.18	175.23	224.99

FIXED ASSETS (NET BLOCK)
(INR in Million)

(Credit Solutions Beyond Expectations)

Particulars	March 31, 2021	March 31, 2020	March 31, 2019
<u>Tangible Assets</u>			
Freehold Land	199.45	199.45	199.45
Land- Right of use	11.18	11.33	0.00
Factory Building	94.53	89.86	94.83
Building- Right of Use	0.00	0.02	0.00
Plant and Equipment	1,346.97	1,328.15	1,277.54
Furniture and Fixtures	3.41	4.01	4.33
Vehicles	14.27	17.01	15.94
Office Equipment	6.47	8.34	11.07
Leasehold Land	0.00	0.00	11.48
<u>Total</u>	<u>1,676.28</u>	<u>1,658.17</u>	<u>1,614.64</u>
<u>Intangible Asset</u>			
Other Intangible Assets	0.97	2.95	5.65
<u>Total</u>	<u>0.97</u>	<u>2.95</u>	<u>5.65</u>



FINANCIAL HIGHLIGHTS
(INR in Million)

Particulars	March 31, 2021	March 31, 2020	March 31, 2019
Sales	4,275.63	4,108.25	5,199.44
Other Income	116.52	99.15	117.06
Total Income (A)	4,392.15	4,207.40	5,316.50
Cost of Materials Consumed	1,914.09	1,452.61	2,511.95
Change in Inventories of Finished Goods, work-in-Progress and stock-in-trade	(70.42)	214.11	(150.80)
Employee Benefit Expense	592.09	592.62	591.10
Other Expenses	939.40	1,055.23	1,332.40
Less: Expenses (B)	3,375.16	3,314.57	4,284.65
Profit/ (Loss) before Finance Costs and depreciation, Amortization and Impairment interest & Tax (A-B)	1,016.99	892.83	1,031.85
Less/ (Add): Depreciation and amortization expense	200.80	223.43	217.95
Less/ (Add): Financial Costs	74.15	84.21	102.04
Profit/(Loss) before Exceptional Items and Tax	742.04	585.19	711.86
Less/ (Add): Exceptional Items	0.00	0.00	0.00
Profit/(Loss) before Taxation	742.04	585.19	711.86
Less/ (Add): Current Tax	189.64	155.18	243.00
Less/ (Add): Deferred Tax	1.68	(28.55)	1.89
Profit/(Loss) after Taxation	550.72	458.56	466.97

BALANCE SHEETS
(INR in Million)

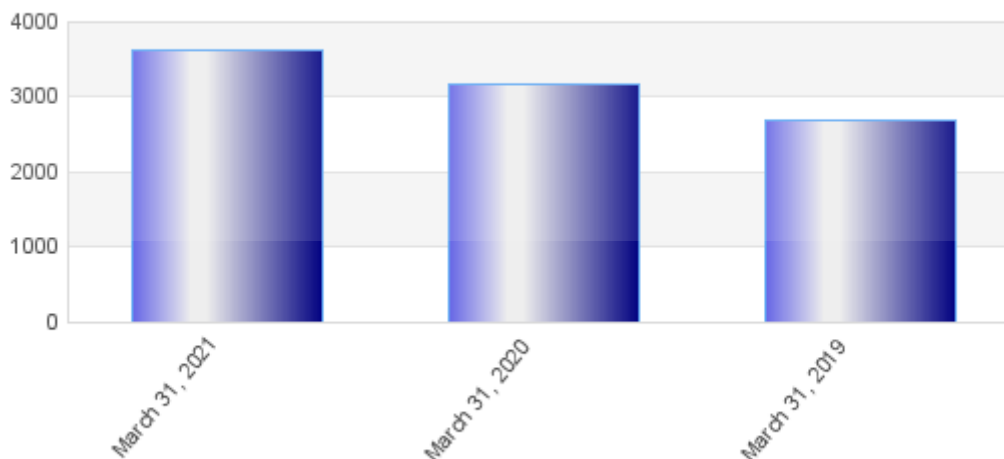
Particulars	March 31, 2021	March 31, 2020	March 31, 2019
<u>EQUITY AND LIABILITIES</u>			
Shareholders' Funds			
Share Capital	39.56	39.56	39.56
Reserves & Surplus	3,591.97	3,140.99	2,654.30
Total (A)	3,631.53	3,180.55	2,693.86
Non-Current Liabilities			
Long Term Borrowings	81.18	175.23	224.99
Other Long Term Liabilities	42.13	43.30	43.94
Deferred Tax Liabilities	83.60	81.81	110.47
Long Term Provision	19.63	20.30	17.92
Total (B)	226.54	320.64	397.32
Current Liabilities			
Short Term Borrowings	723.71	587.77	755.58
Trade Payables	598.26	389.35	462.67
Other Current Liabilities	471.87	367.93	333.38
Short Provision	15.54	27.63	22.17
Total (C)	1,809.38	1,372.68	1,573.80
Total (A+B+C)	<u>5,667.45</u>	<u>4,873.87</u>	<u>4,664.98</u>
<u>ASSETS</u>			
Fixed Assets			
Tangible	1,676.28	1,658.17	1,614.64
Intangible	0.97	2.95	5.65
Tangible Capital Work in Progress	7.37	6.89	1.81
Other Fixed Assets	3.05	0.00	0.00
Total (I)	1,687.67	1,668.01	1,622.10
Non-Current Assets			
Long Term Investment	12.38	11.17	10.09
Other Non-Current Assets	133.82	119.60	157.95
Total (II)	146.20	130.77	168.04
Current Assets			
Inventories	870.20	471.05	830.43
Trade Receivables	1,193.83	851.84	1,060.92
Cash And Bank Balances	1,598.42	1,658.93	875.92
Other Financial Assets	51.79	50.65	34.44
Other Current Assets	119.34	42.62	73.13
Total (III)	3,833.58	3,075.09	2,874.84
Total (I+II+III)	<u>5,667.45</u>	<u>4,873.87</u>	<u>4,664.98</u>

(Credit Solutions Beyond Expectations)
KEY FINANCIAL RATIO

Particulars	March 31, 2021	March 31, 2020	March 31, 2019
1. PROFITABILITY RATIOS			
Net Profit Margin (PAT / Total Income)(%)	12.54	10.90	8.78
PBT/ Sales (%)	17.36	14.24	13.69
Return on Capital Employed (PBT/Total Assets) (%)	13.09	12.01	15.26
Return on Investment (ROI) (PBT/Net worth)	0.20	0.18	0.26
2. LEVERAGE RATIO			
Debt Equity Ratio (Loan Liability/Net worth)	0.03	0.07	0.10
3. SOLVENCY RATIO			
Current Ratio (Current Asset/Current Liability)	2.12	2.24	1.83

SUMMARIZED FINANCIALS - AN OVERVIEW
REGARDING: BALANCE SHEETS

NET WORTH	
Year Ended	(INR in Million)
March 31, 2021	3,631.53
March 31, 2020	3,180.55
March 31, 2019	2,693.86


DEBT EQUITY RATIO

(Credit Solutions Beyond Expectations)
Year Ended

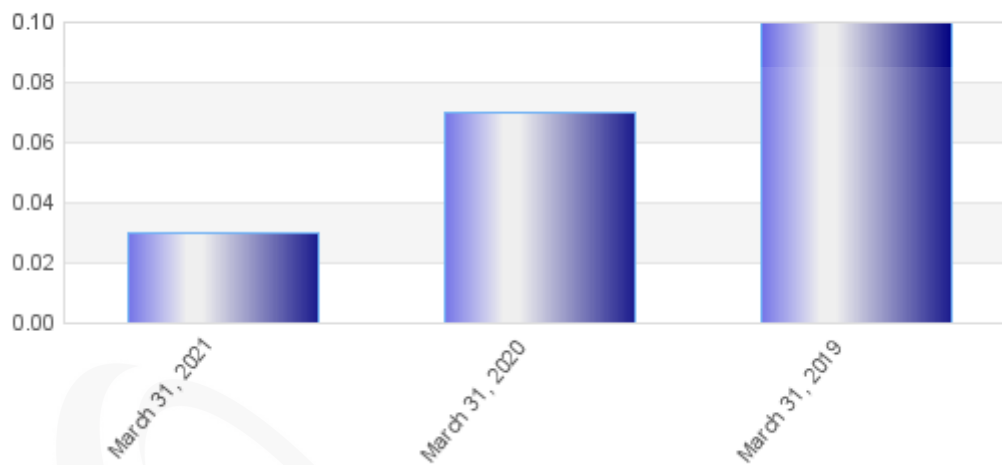
March 31, 2021

0.03

March 31, 2020

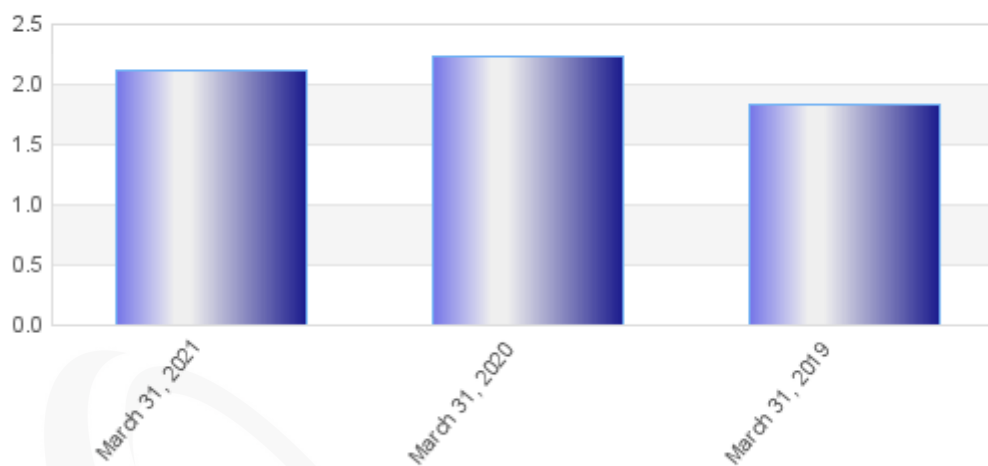
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March 31, 2019

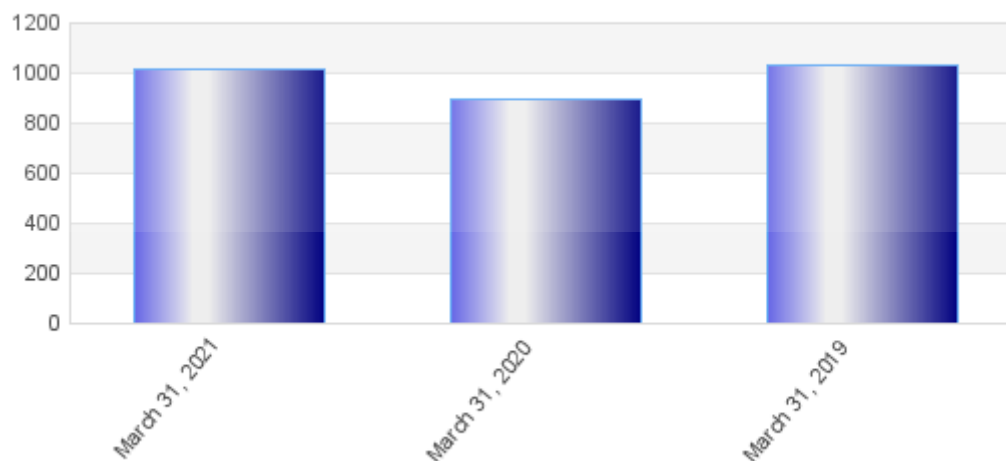
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CURRENT RATIO
Year Ended

March 31, 2021	2.12
March 31, 2020	2.24
March 31, 2019	1.83

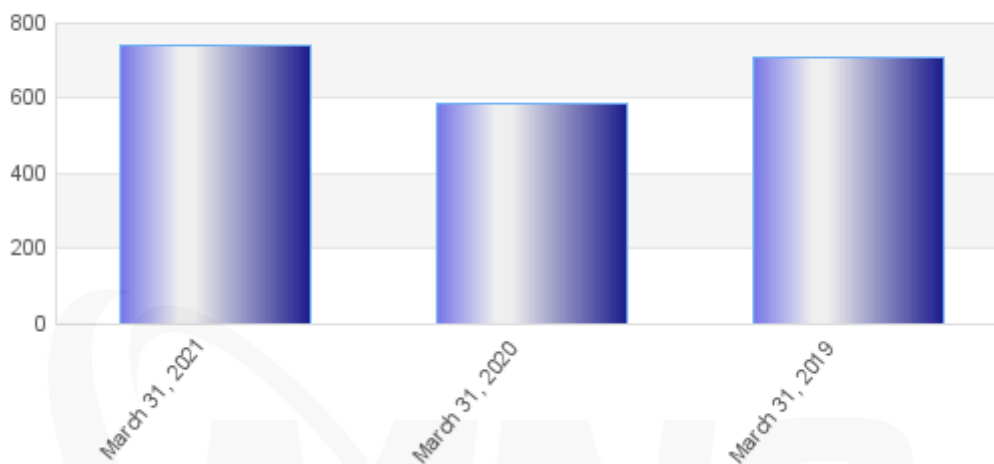

REGARDING: PROFIT & LOSS A/C
OPERATING REVENUE (PBIDT)

Year Ended	(INR in Million)
March 31, 2021	1,016.99
March 31, 2020	892.83
March 31, 2019	1,031.85

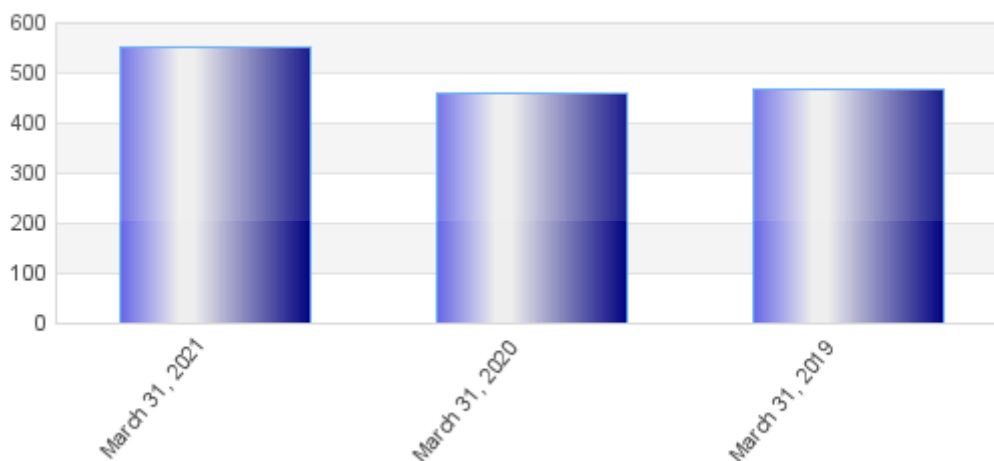


(Credit Solutions Beyond Expectations)
PROFIT BEFORE TAX (PBT)

Year Ended	(INR in Million)
March 31, 2021	742.04
March 31, 2020	585.19
March 31, 2019	711.86


PROFIT AFTER TAX (PAT)

Year Ended	(INR in Million)
March 31, 2021	550.72
March 31, 2020	458.56
March 31, 2019	466.97



(Credit Solutions Beyond Expectations)
AUDITORS REPORTS/COMMENTS

As per Auditor's Report, The Accounts give a true and fair view, as per the according principles generally accepted, of state of affairs in the case of Balance sheet and Profit or Loss in case of Profit & Loss Accounts. Auditor's Report is unqualified i.e. clean

REPUTATION

M/s. DEEPAK INDUSTRIES LIMITED maintains a good and well-established reputation in the local market.

RATING BY CREDIT RATING AGENCIES

Rating Agency	Rating	Rating Instrument	Description	Facility Amount	As On Date
ICRA	[ICRA]AA-(Stable); Reaffirmed	Fund-based - Working Capital Facilities	NA	INR 800 Milion	19/02/2021
ICRA	[ICRA]AA-(Stable); Reaffirmed	Fund-based - Term Loan	NA	INR 260.70 Million	19/02/2021
ICRA	[ICRA]A1+; Reaffirmed	Non-fund based Facilities	NA	INR 287.50 Milion	19/02/2021

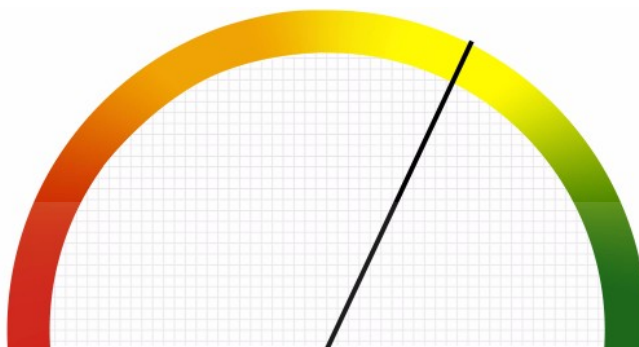


(Credit Solutions Beyond Expectations)

Detailed Rationale

The reaffirmation of the ratings factors in Deepak Industries Limited's (DIL) healthy performance in 9M FY2021, which is likely to sustain in the fourth quarter of the current fiscal, leading to a healthy profitability, net cash accruals and debt coverage indicators in FY2021. Following the Covid-19 led operational disruptions and demand side pressure that resulted in a subdued performance in Q1 FY2021, the company reported a sequential improvement in capacity utilisation and recovery in sales in Q2 FY2021 and Q3 FY2021, supported by a recovery in the tractor sales. The operating profit margins remained healthy at ~22% in 9M FY2021 and the coverage indicators remained healthy as well, reflected by an interest coverage of ~11 times in 9M FY2021. The ratings continue to factor in the company's highly conservative capital structure, its strong debt protection metrics and a comfortable liquidity position, given a large free cash and bank balance, which impart a high degree of financial flexibility. The healthy operating margins in 9M FY2021 and previously in FY2020 were due to a favourable sales mix as the company forayed into the newer gear segments, which command higher realisations. The ratings also favourably factor in the company's established position in the automotive and industrial gears market with long relationships with leading CVs and tractor OEMs¹. The ratings also consider the company's ability to pass on most of its cost increases, albeit with a lag, to its customers in the automotive gears segment and the proximity of its Rudrapur unit to the plant of its largest customer. Deepak Industries Limited (DIL), incorporated in 1954, is promoted by Mr. Pradip Kumar Daga. DIL began its operations in 1957, after acquiring a company named New Allenberry Works (NAW), with a factory on Hazra Road, Kolkata. DIL has four other units in Faridabad, Rudrapur, Dharwad and Baghola. The Faridabad unit was set up in 1971, the Rudrapur unit began operations in December 2007, while the Dharwad unit commenced its operations in January 2016. The Baghola plant commenced commercial operations in FY2018. The company manufactures gears, shafts, gearboxes and couplings used in the automobile (tractors and CVs) and various other industries like power, iron and steel, cement and sugar. DIL also has a 5-MW solar power plant in Agar, Shajapur, Madhya Pradesh.



PAYMENT RECORDS / BEHAVIOUR
Payment Trend: Good

Indicator in Poor Zone (P): Poor

Stricter (preferably secured) payment terms and close supervision of the account recommended.

Indicator in Normal Zone (N): Normal

Generally adheres to payment schedule but needs reminders for payment.

Indicator in Good Zone (G): Good

Will need follow up from time to time

Indicator in Strong Zone (S): Strong

Likely to adhere to payment Schedule on its own.

The payment behavior gauge indicates how fast the subject may pay its creditors based on information provided to MNS from its trade payment programme, county courts and financial statements

ASSOCIATES / SUBSIDIARIES / RELATED PARTIES

Related Company : BRUA HYDROWATTS PRIVATE LIMITED, India
DEEPAK SPINNERS LIMITED, India

RELATED COMPANY DETAILS

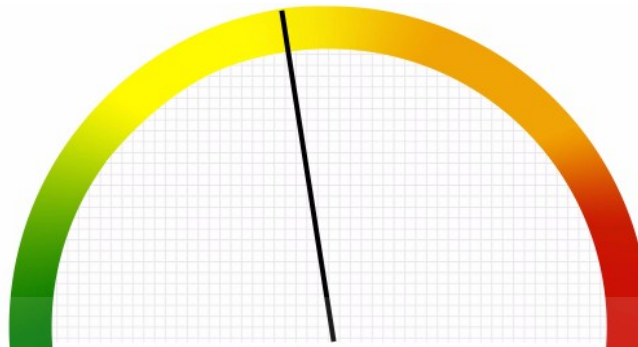
Company Name : BRUA HYDROWATT PRIVATE LIMITED
Corporate Identity Number (CIN) : U40100HP2005PTC029047
Authorized Capital : INR 250,000,000.00
Paid Up Capital : INR 195,690,910.00
Address : Plot No. 2, Industrial Area, Baddi Tehsil Nalagarh, Distt. Solan (Hp)-173205. Distt. Solan 173205, Himachal Pradesh

COMPETITORS

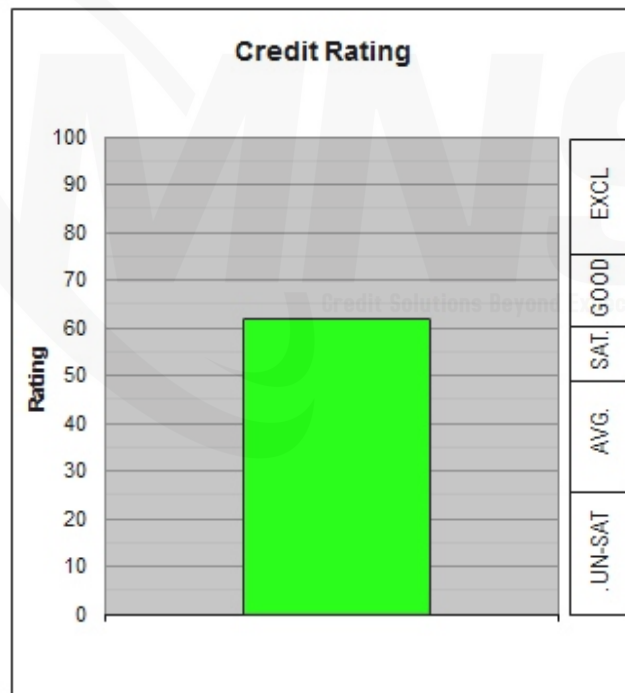
Name of Competitors : Koshi Motors & Fabrication Private Limited, India
Hi Tech Thermoformers Private Limited, India
Sun Acrylam Private Limited, India

(Credit Solutions Beyond Expectations)

CREDIT EVALUATION



Risk: Normal



Rating: GOOD
Points Allocated: 62

(Credit Solutions Beyond Expectations)
CREDIT RATING EXPLANATION

MNS, after analysis of following key parameters, has assigned Normal under Risk Category and 62/100, (GOOD) under Credit Rating category.

Key Parameters:

1	Financial Status covering various ratios, particularly liquidity ratios
2	Turnover / Profitability / Cash Flows / Cash Profit
3	Assets- Nature, Class & Quality
4	Liabilities- Nature & Class including Bank facilities
5	Promoters / Management Background
6	Operations Size
7	Payment Track Record
8	Litigations against the subject
9	Industry Scenario / Competitive Strength
10	Market Reputation / Perception

Risk Status

High	76-100
Medium	51-75
Normal	26-50
Low	0-25

Rating Status

AA	Excellent	76-100
A	Good	60-75
BB	Satisfactory	51-59
B	Average	26-50
C	Not Satisfactory	0-25
D	Newly Incorporated	New Incorporation / Insufficient Data
E	Not Rated	Rating Suspended

Rating Status -Explanation

AA-Excellent :	Subject company is operating at efficient level with sound financial standing and other favourable factors; therefore business dealings subject to taking normal precautions are absolutely safe and recommended.
A-Good :	Subject company is operating satisfactorily with good financial standing and other parameters; therefore business dealings of reasonable amount, subject to taking all precautions are safe and recommended.
BB-Satisfactory :	Subject company is operating at reasonably satisfactory level with moderate financial standing and other parameters; therefore business dealings subject to taking normal precautions are recommended.
B-Average :	Subject company is operating at an average level with moderate financial standing and other parameters; therefore it is recommended to have preferably normal business dealings.
C-Not Satisfactory :	Subject company is not operating satisfactorily; therefore it is recommended to have only secured business dealings against collateral security.
D-Newly Incorporated :	Subject company has been recently established, therefore it is recommended to have secured business dealings against collateral security, having proper mortgageability / realisability.
E-Not Rated :	Rating Suspended
Dormant :	Subject company is dormant; therefore it is recommended, not to have business dealings in the normal course except when liquid securities are available or credit is under irrevocable letter of credit.
Untraceable :	Need additional information to locate and further investigate on the subject company.

Note: The credit rating status depends upon all parameters disclosed above, thereby explanation varies from case to case basis.

(Credit Solutions Beyond Expectations)
CREDIT RECOMMENDATION

Credit limit of up to INR 35.00 Million (Equivalent to US \$ 470505) subject to taking normal precautions is recommended.

Credit Limit: INR 35.00 Million

LITIGATION SEARCH (LAST 3 YEARS)
Supreme court of India

Status	: Nil as per Public Records
Case No.	: N.A
Petitioner	: N.A
Filing Date	: N.A
Category	: N.A

High Court of Calcutta:

Status	: Nil as per Public Records
Case No.	: N.A
Petitioner	: N.A
Filing Date	: N.A
Category	: N.A

PRESS/MEDIA/NEWS

<u>Source From</u>	<u>Status</u>
Times of India	Nil as per Public Records
Indian Express	Nil as per Public Records
The Hindu	Nil as per Public Records
Anandbazar Patrika	Nil as per Public Records

(Credit Solutions Beyond Expectations)**INDUSTRY SCENARIO**

Until the early 1990s, the automotive sector in India was highly protected. This was in the form of steep import tariffs and measures that restricted the participation of foreign companies. Hindustan Motors (HM) and Premier Automobile (PAL) that were set up in 1940's dominated the vehicle market and industry. In the 1950s, the arrival of Tata Motors, Bajaj Auto, and Mahindra & Mahindra led to steadily increasing vehicle production in India, while the 1960s witnessed the establishment of the two- and three-wheeler industry in India. However, the automotive industry witnessed tremendous growth after the entry of Maruti Udyog in the 1980s. In 1983, the government permitted Suzuki - for some time, the only FDI player - to enter the market in a joint venture with Maruti - a state operated enterprise at the time. Ten years later, as part of a broader move to liberalize its economy, India de-licensed passenger car manufacturing and opened it up further to foreign participation. That brought a wave of FDI to India's vehicle industry. Import barriers have been progressively relaxed. Today, almost all of the major global players are present in India. The automotive industry is today a key sector of the Indian economy and a major foreign exchange earner for the country. India is amongst the fastest growing economies, with stable macroeconomic indicators. India clocked a GDP growth rate of 8.5% during the FY 2003-04. The government is targeting a GDP growth rate of 8% over the next 5 years. The most significant aspect about the GDP is the decreasing contribution of the agricultural sector to the GDP facilitated by a simultaneous increase in the contribution of services & industrial sectors. This provides stability to the GDP growth, as agricultural sector is largely dependent on the monsoons, which are unpredictable. The country's foreign exchange reserves are at an all-time high of around USD 130 bn. Exports from India have been rising. The Balance of Trade (Exports - Imports), although, still negative, has remained stable over the last few years. All these factors coupled with pro-reform measures of the government have helped India absorb external shocks such as the recent oil price hike, without any major impact on the economic growth. The interest rates have been falling consistently over the years while the government has managed to keep the inflation rates at 4-5% levels. Thus, the real rate of interest has come down. Lower rate of interest along with easy availability of finance has spurred consumption demand among households. Other demographic factors such as growing working population, favourable urbanization trends, increase in two-income households, etc. have also contributed to the increase in consumption demand. The auto sector is one of the main drivers of the economy. Every commercial vehicle manufactured, creates 13.31 jobs, while every passenger car creates 5.31 jobs and every two-wheeler creates 0.49 jobs in the country. Besides, the automobile industry has an output multiplier of 2.24, i.e. for every additional rupee of output in the auto industry, the overall output of the Indian economy increases by Rs. 2.24. Realizing this, successive governments have taken various measures to provide the much-required push to the auto sector. The road infrastructure, in particular, had been given special importance by the previous government of NDA with the Golden Quadrilateral project and the North-South and East-West corridor projects. This momentum has been maintained by the present Congress-led United Progressive Alliance (UPA) government with its continued support to road infrastructure development. The excise and customs duties on cars and auto-components have been continuously declining over the past five years. All these factors have contributed in providing the impetus to the auto sector. In the 2004 Budget the government announced new incentives to facilitate Research & Development activity in India, which has been continued in the 2005 budget. All these efforts are directed towards increasing the competitiveness of Indian auto industries and providing better, technologically advanced and environmental friendly products to the end user. The Indian automotive component industry manufactures a wide range of parts including castings, forging, finished and semi-finished components, assemblies and subassemblies. Its development has been aided by the arrival of OEMs to India in the 1990s and the increasing exposure of Indian companies to international competition and best practices. India's automotive components industry is being urged by the government to partner with overseas firms with the aim of making India a platform for outsourcing as well as a global R&D hub. As the Indian vehicle production industry has grown, so has the domestic supplier industry. But the global auto industry's search for lower cost and more international outsourcing has led to a sharp growth in component output and exports in recent years. Companies such as GM, Ford, DaimlerChrysler and Toyota, see India as a cost competitive base for parts sourcing. Among Tier 1, Delphi, Visteon, Bosch, Cummins and Denso have operations in India. Bharat Forge with its acquisition of Carl Dan Peddinghouse (CDP) in Germany has now become world's second largest forging company. Factors such as superior engineering skills, modest domestic market growth, the sophistication of its IT industry and increasing free trade agreements in addition to low cost, are expected to boost India's auto-component sector growth over other countries in the environment of off-shoring to low-cost countries. A recent study suggests that India's auto-components exports has the potential to grow from \$1 bn in 2003 to \$20-25 bn in 2015. The positive demographic factors, stable macro-economic environment and pro-reform policies of the government saw almost all major global auto players making their way into India. The intense competition has compelled the manufacturers to launch the latest global offering in India as early as possible. It has also enabled to keep the prices of the vehicles under check. The consumers, in turn, have benefited from wide choice of models, technologically advanced cars and better service from the car manufacturers. All this has led to vehicle sales crossing 1 million units in the calendar year 2004, growing at a pace of around 25%. Vehicle exports from India are in an upswing and this trend looks set to continue. Europe, Middle East and African and Asian markets are among the main markets for both, parts as well as CBU vehicles. Companies like Hyundai, Tata Motors, Maruti and Mahindra & Mahindra have been leading the way in this regard. The car penetration level still continues to remain low in India, which stands at 7 cars per 1000 persons. Thus, there lies a huge opportunity for auto companies not just in the domestic market which is set to grow at a pace of 10-15% year-on-year due to the booming economy but also in exports because of the competitiveness and consolidation of the auto components sector.



(Credit Solutions Beyond Expectations)

FOREX RATES (APPROX.)

US \$ = INR 73.12

GBP = INR 94.53

Euro = INR 88.17

SG \$ = INR 53.57

AUD = INR 56.23

CAD = INR 54.93



(Credit Solutions Beyond Expectations)**OTHER INFORMATION****About Company:-**

Deepak Industries Limited (DIL) is an established and reputed manufacturer of gear boxes and gears for industrial and automotive applications comprising of manufacturing units based in Kolkata, Faridabad & Rudrapur. The group is managed and guided by expert professionals with long experience in the relevant industry.

Stock Exchange Information:

Listed on	Stock Exchange Code	Latest Price in INR
Bombay Stock Exchange (BSE)	NA	NA
National Stock Exchange (NSE)	NA	NA

(Sources from-others)

END OF REPORT

This report, based on reliable information (both reported and collected from various sources) and prepared with utmost care, is given without any specific objective of the person using it. Banks / financial institutions / other users are advised to strictly follow their respective credit guidelines on various aspects in this regard while sanctioning any credit/other facility. MNS does not at all accept any direct/consequential loss arising from this report.

