

Rating Rationale

July 31, 2025 | Mumbai

Delta Galaxy Engineering Services Limited

'Crisil BBB/Stable' assigned to Bank Debt

Rating Action

Total Bank Loan Facilities Rated	Rs.30 Crore
Long Term Rating	Crisil BBB/Stable (Assigned)

Note: None of the Directors on Crisil Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.

1 crore = 10 million

Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale

Crisil Ratings has assigned its '**Crisil BBB/Stable**' rating to the bank facilities of Delta Galaxy Engineering Services Limited (DGESL).

The rating reflects DGESL's extensive industry experience of the promoters, moderate order book providing revenue visibility and healthy financial risk profile. These strengths are partially offset by their susceptibility to tender-based operations and working capital intensive operations.

Analytical Approach

Crisil Ratings has evaluated the standalone business and financial risk profiles of DGESL.

Key Rating Drivers & Detailed Description

Strengths:

- **Extensive industry experience of the promoters:** The promoters have more than a decade of experience in civil construction industry. This has given them an understanding of the dynamics of the market and enabled them to establish relationships with suppliers and customers.
- **Moderate order book providing revenue visibility:** The company has unexecuted orders of Rs 580 crore as on June 2025 to be executed over the next 12-36 months, providing revenue visibility over medium term.
- **Healthy financial profile:** DGESL's capital structure has been at a healthy level due to lower reliance on external funds yielding gearing of less than unity and total outside liabilities to adj tangible net worth (TOL/ANW) of 1.07 times for year ending on 31st March 2025. DGESL's debt protection measures have also been at a healthy level due to leverage and healthy profitability. The interest coverage and net cash accrual to total debt (NCATD) ratio are at 15 times and 0.68 times for fiscal 2025. DGESL's debt protection measures are expected to remain at a similar level over the medium term.

Weaknesses:

- **Susceptibility to tender-based operations:** Revenue and profitability entirely depend on the ability to win tenders. Also, entities in this segment face intense competition, thus requiring bidding aggressively to get contracts, which restricts the operating margin to a moderate level. Also, given the cyclical nature inherent in the construction industry, the ability to maintain profitability margin through operating efficiency becomes critical.
- **Working capital intensive operations:** Its intensive working capital cycle is reflected in its gross current assets (GCA) of 301 days as on March 31, 2025. Its large working capital requirements arise from its high debtor and inventory levels. It is required to extend long credit period. Furthermore, due to its business need, it holds large work in process & inventory.

Liquidity: Stretched

Bank limit utilisation is high at around 90 percent for the past twelve months, ending May-25. Cash accruals are expected to be upwards of Rs 40 crores which are sufficient against negligible term debt obligation of over the medium term. In addition, it will act as a cushion to the liquidity of the company. The current ratio is healthy at 2.6 times on March 31, 2025.

Outlook: Stable

Crisil Ratings believe DGESL will continue to benefit from the extensive experience of its promoter, and established relationships with clients.

Rating sensitivity factors

Upward factors:

- Significant improvement in scale of operation and sustenance of operating margin ~15%, leading to higher cash accruals.
- Improvement in execution of orderbook to turnover ratio and sustenance of healthy financial risk profile along with efficient working capital management.

Downward factors

- Decline in net cash accruals below Rs 20 crore on account of decline in revenue or operating profits or revenue.
- Any significant increase in working capital requirements impacting the liquidity

About the Company

DGESL, established in 2011 by Mr. Rohitash Singh and Mr. Amit Kumar, was founded with the vision of executing large-scale contracts in Engineering, Procurement, and Construction (EPC), delivering turnkey solutions across a wide spectrum of sectors. The company specializes in the implementation of water supply systems and turnkey hydropower projects, while also having significant expertise in government infrastructure, road construction, civil works, and tunnel engineering.

DGESL is engaged in civil construction works, such as construction of commercial & industrial infrastructure services, mining works, installation, erection & maintenance of telecom & mobile towers and electrification works.

Key Financial Indicators

As on / for the period ended March 31		2025*	2024
Operating income	Rs crore	233.64	174.48
Reported profit after tax	Rs crore	26.34	14.00
PAT margins	%	11.27	8.05
Adjusted Debt/Adjusted Net worth	Times	0.41	1.05
Interest coverage	Times	14.98	8.38

*Provisional numbers

Any other information: Not applicable

Note on complexity levels of the rated instrument:

Crisil Ratings' complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

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For more details on the Crisil Ratings' complexity levels please visit www.crisilratings.com. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)

ISIN	Name Of Instrument	Date Of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs. Crore)	Complexity Levels	Rating Outstanding with Outlook
NA	Cash Credit	NA	NA	NA	10.00	NA	Crisil BBB/Stable
NA	Loan Against Property	NA	NA	NA	16.00	NA	Crisil BBB/Stable
NA	Proposed Cash Credit Limit	NA	NA	NA	4.00	NA	Crisil BBB/Stable

Annexure - Rating History for last 3 Years

		Current		2025 (History)		2024		2023		2022		Start of 2022
Instrument	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	LT	30.0	Crisil BBB/Stable		--		--		--		--	--

All amounts are in Rs.Cr.

Annexure - Details of Bank Lenders & Facilities

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Cash Credit	10	HDFC Bank Limited	Crisil BBB/Stable
Loan Against Property	16	HDFC Bank Limited	Crisil BBB/Stable
Proposed Cash Credit Limit	4	Not Applicable	Crisil BBB/Stable

Criteria Details

Links to related criteria
Basics of Ratings (including default recognition, assessing information adequacy)

Media Relations	Analytical Contacts	Customer Service Helpdesk
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Ramkumar Uppara
Media Relations
Crisil Limited
M: +91 98201 77907
B: +91 22 6137 3000
ramkumar.uppara@crisil.com

Kartik Behl
Media Relations
Crisil Limited
M: +91 90043 33899
B: +91 22 6137 3000
kartik.behl@crisil.com

Divya Pillai
Media Relations
Crisil Limited
M: +91 86573 53090
B: +91 22 6137 3000
divya.pillai1@ext-crisil.com

Argha Chanda
Director
Crisil Ratings Limited
B:+91 33 4011 8200
argha.chanda@crisil.com

Vishnu Sinha
Associate Director
Crisil Ratings Limited
B:+91 33 4011 8200
vishnu.sinha@crisil.com

Rajasree Ghosh
Rating Analyst
Crisil Ratings Limited
B:+91 33 4011 8200
rajasree.ghosh@crisil.com

Timings: 10.00 am to 7.00 pm
Toll free Number:1800 267 3850

For a copy of Rationales / Rating Reports:
CRISILratingdesk@crisil.com

For Analytical queries:
ratingsinvestordesk@crisil.com

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