

September 17, 2010

**CARE ASSIGNS 'CARE BBB+ (SO)' RATING TO THE BANK FACILITIES OF
BRINDAVAN HYDROPOWER PVT. LTD.**

Rating Assigned

Facilities	Amount (Rs. crore)	Ratings¹	Remarks
Long-term Bank Facilities (Term Loan)	81.0	CARE BBB+(SO) [Triple B Plus (Structured Obligation)]	Assigned
Total facilities	81.0		

The above rating is based on the strength of unconditional and irrevocable corporate guarantee provided by Deepak Cables (India) Pvt. Ltd. (DCIL) (the holding company) vide guarantee deed dated March 23, 2010.

Rating Rationale

The credit profile of DCIL draws strength from the long and satisfactory track record of the company, its established position in the industry it operates, diversified product mix, strong client base, comfortable debt-equity, overall gearing and liquidity ratios as well as equity infusion by IDFC Private Equity Fund-III, Aveo Investments and UTI Ventures during FY09. The rating is however, constrained by stagnant sales during the past three years, working capital intensive nature of operations due to high average collection period and presence of competition from both organized and unorganized players. Ability of the company to scale up operations by growing its order book and successfully executing contracts in a timely manner apart from managing its working capital effectively would be key rating sensitivities.

Company Profile

Brindavan Hydropower Private Ltd. (BHPL) was incorporated in February 2004 under the name of 'Ways Energy Private Limited'. The company was taken over by Dandeli Ferro Private Ltd. (DFPL), a ferro alloy manufacturing company in Karnataka and subsequently the name of the company was changed to BHPL in May 2005. BHPL was a wholly-owned subsidiary of DFPL till March 2009. However, in April 2009, DCIL, the flagship company of Deepak Cables group, acquired ownership stake in BHPL.

BHPL is involved in the development of Hydro Power Projects on Build Own Operate and Transfer (BOOT) basis. BHPL owns two Hydro power projects, located at Anveri and Tunga in Shimoga district, Karnataka. The Anveri power project (1.5 MW) is in operation and Tunga (24 MW) is in the implementation stage. The total cost for the Tunga project is

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estimated at Rs.115.7 crore which is being financed by a debt-equity mix of 2.33:1. The debt component is fully tied-up and the project is expected to be commissioned by June 2011. The company reported a PAT of Rs.0.3 cr on net sales of Rs.2 cr in FY10.

About DCIL

DCIL, promoted in 1982, is engaged in manufacturing of overhead aluminium conductors and providing design, engineering, procurement & construction (EPC) solutions for power transmission and distribution projects. The two main business segments of DCIL are conductors division (aluminium wire rods and aluminium conductors) and erection & commissioning division.

On a total income of Rs.732.6 crore, DCIL earned a PAT of Rs.33.6 crore in FY09. During FY10 (provisional), DCIL registered PAT of Rs.59.6 cr on net sales of Rs.737.2 cr. The guarantee given by DCIL for the bank facility of BHPL accounts for around 17% of DCIL's networth as on March 31, 2010.

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