Doosan Power Systems India Private Limited
May 23, 2025

Ratings

Instrument/ Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facility	67.15	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)	-	Rating Assigned	Simple
Long Term /Short Term Bank Facilities	1,696.70	IVR BBB-/Stable/IVR A3 (IVR Triple B Minus with Stable Outlook/IVR A Three)	-	Rating Assigned	Simple
Total	**1,763.85**	**Rupees one thousand seven hundred sixty three crore and eighty-five lakh only**			

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings (IVR) has assigned the long-term rating of IVR BBB- with a Stable Outlook and short-term rating of IVR A3 for the bank loan facilities of Doosan Power Systems India Private Limited (DPSI).

The rating assigned to the DPSI takes into consideration long track record of Doosan' group & continuous support from the parent company, Doosan Enerbility Company Limited (DEL), by way of external commercial borrowing (ECB) to meets its working capital & financial liabilities, besides corporate guarantee & counter guarantee given for partial credit facilities of DPSI. In addition to that, parent company DEL has comfortable financial risk profile & strong order book and expects to support its subsidiary DPSI. The ratings however are constrained by DPSI's weak order book position, declining revenue trend & consistently higher amount of losses. The ratings also remain constrained by project execution risk & exposure to tender-based operations along with susceptibility to raw material fluctuation risk and competition.

The Stable outlook indicates a low likelihood of rating change in the medium term. IVR believes that DPSI's business & financials risk profile will be maintained over the medium term on the back of continuous support from the parent company to maintain adequate liquidity.

IVR has principally relied on the standalone audited financials of DPSI's up to 31 March 2024 (refers to 1 April 2023 to 31 March 2024) & projected financials from FY25 to FY28 (refers to 1 April 2024 to 31 March 2028), and publicly available information/clarifications provided by the company's management.

Key Rating Sensitivities:

Upward Factors

- Sustained growth in the scale of operations & profitability along with improvement in order book position to provide revenue visibility, leading to positive gross cash accruals.
- Improvement in capital structure of the company with sustained improvement in net worth (currently net worth is negative).

Downward Factors

- Weakening of support from the parent company which will be reflected in lack of support in bringing additional funds required as and when required and moderation financials risk profile of the parent company.
- Further moderation in scale of operations of DPSI led by moderation in order book and/or profitability impacting the liquidity profile of the company.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Continuous support from ‘Doosan’ group

The company ‘DFSI’ is an integral part of Dossan group, which has more than 6 decades of track record of business. DPSI is a direct subsidiary of Doosan Enerbility Company Limited (Erstwhile Doosan Heavy Industries & Construction) located in Changwon, South Korea, which is engaged is engaged in the manufacturing of various power generation equipment such as boilers, turbines and generators. Additionally, it engages in engineering, procurement and construction (EPC) of thermal power plants as well as general construction activities, seawater desalination and other related areas. DEL same line of business provides necessary operational & technical execution capability to the DPSI. DEL provides financial support to DPSI, including working capital credit facilities & loans when required in the past and expected to continue the same in the future. In addition to that DEL has also given corporate guarantee & counter guarantee for some of its credit facilities of DPSI. Parent company timely support in terms of extension of working capital credit facilities, infusion of equity or unsecured loans will be the key monitorable.

Parent company ‘DEL’s’ comfortable financial risk profile

Parent company DEL has comfortable financial risk profile. On standalone basis, though the total revenue decreased ~3.7% YoY in FY25, due to termination of large coal EPC (Engineering, Procurement, and Construction), however EBIT (%) increased on account of improved orders backlog mix. Despite recording a net loss mainly due to valuation loss on investment, company have turned to a profit if excluding these items. Net debt of the company has increased due to increase in working capital. On consolidated basis, due to external uncertainties such as US elections and interest rates, along with lower demand and production cuts, led to a decline in subsidiary company, resulting in a drop in consolidated profit y-o-y while increase in y-o-y net debt of the group driven by working capital increase of DEL and Bobcat subsidiary company. DEL orders intake in 2025 is expected to reach KRW10.7tn (Rs 63,052.45 crore), an increase of KRW3.6tn (Rs 21,213.91 crore) compared to the previous year (2024), through the expansion of key projects, such as Czech nuclear project. DEL focusing to build order pipeline mainly in nuclear plants evident from projected order increase from KRW 0.9tn (Rs 5,303.48 crore) in 2024 to KRW 4.9tn (Rs 28,874.48 crore) for 2025. DEL expects order backlog to grow to KRW36tn (Rs 2,12,139.07 crore) till 2029, as order intake expected to increase, resulting in mid-term revenue growth. Mid-term profitability improvement expected to be driven by improved backlog mix with the focus on higher-margin equipment-based business (Nuclear energy, Gas) to ensure midterm profitability growth. Doosan Group plans & potential to add new orders with right mix of good healthy margins orders will be a key monitorable, considering the domestic & global challenging business environment.

Key Rating Weaknesses

DPSI's weak order book position, declining revenue & negative profitability

The company had healthy order book position in the past but over the years the order book has been reduced to Rs 741.10 crore (i.e. 0.74x of FY24 total operating income) as on 31 Dec,2024 due to no addition of any new major orders due to fewer opportunities in this segment and competition. As on 31 Dec,2024, the company had major outstanding orders of Rs 363.52 crore of OBRA C 2x660 MW project & Rs. 101.97 crore of Jawaharpur 2x660 MW project, besides Barh STTP Stage-1 project of Rs 221.27 crore.

Company's topline declined over the last 4 fiscal years, total income declined from Rs 2996.80 crore in FY21 to Rs 1040.29 crore in FY24 (PY: Rs 1756.97 crore) and net losses widened from Rs 235.25 crore in FY21 to Rs 702.79 crore in FY24 (PY: Rs 703.41 crore). The company registered revenue of Rs 507.45 crore in 9MFY25 against Rs 770.29 crore in 9MFY24 on account of reducing order book & no addition of new orders. The company faced a project backlog, with no new projects initiated, while existing projects remain in various stages of completion, which has significantly impacted revenue generation. EBIDTA (earnings before interest, taxes, depreciation, and amortisation) and PAT (profit after tax) is negative for last 4 years. In the past the company's management had secured an external commercial borrowing (ECB) from its parent company to support its financial gap indicates support from the parent company. Currently, company secured another ECB Rs 270.10 crore dated 25-02-2025 from DEL, with a structured five-year repayment schedule. This financial arrangement is expected to ease short-term liquidity constraints and provide relief in managing interest and repayment obligations. Over the years net worth is eroded and currently negative at Rs -2155.64 crore at the end of March 2024 & comment of the gearing of the company is not meaningful. The company has negative cash flows over the years, however the cash flow from operations were positive in FY24 due to positive working capital changes in FY24 mainly due to realization of retention money, otherwise operating profit before working capital change is negative at Rs. 402.6 crore in FY24.

DPSI's ability to expand its order book position with right mix of projects/orders with good profit margins will be a key monitorable in short to medium term.

Project execution risk & exposure to tender-based operations, & susceptibility to raw material fluctuation risk and competition
Given the nature and size of the projects the company is exposed to inherent risk in terms of delays in project execution & cost overrun of certain orders which may arise due to arranging infrastructure, delay in approvals & environmental clearances, besides delay in sanctioning of advances, loans from parent company or required working capital limits for the completion of orders, may result in a delay in the realization of revenue growth & could affect the profit margins adversely. The company is also exposed to the risk associated with the tender-based business, which is characterized by intense competition from peers which could exsert on the pricing of the tender which further may affect the profit margin. In addition to that, the company is susceptible to raw material fluctuation risk since construction raw materials price tends to fluctuate as per demand & supply in the market besides other external factors. Change in business strategy and addition of new large orders through competitive bidding, and timely execution of project will be key monitorable.

Analytical Approach: Standalone, along with the implicit support from the parent company '' Doosan Enerbility Company Limited''

Applicable Criteria:

Rating Methodology for Manufacturing Companies.
Parent & Group Support
Financial Ratios & Interpretation (Non-Financial Sector).
Criteria for assigning Rating outlook.
Policy on Default Recognition
Complexity Level of Rated Instruments/Facilities

Liquidity – Adequate
The company had gross cash accruals (GCA) in negative against no fixed term obligations in FY24 and for FY25 there is no fixed term obligations also. Though the GCA remains negative liquidity is expected to be adequate considering the support from DEL, currently DEL has extended support with additional ECB loans to meet any financial obligations or operations gap i.e. given ECB loans of Rs 270.10 crore dated 25-02-2025 with maturity of 5 years, indicates strong support from the parent company and DEL is expected to extend support in the future also. The current ratio remains below unity at 0.63x as on March 31, 2024. The unencumbered cash and bank balance stood at Rs. 68.23 crore as on December 31, 2024.

The company has average working capital utilization of 46% for last 12 months ended Feb 2025, whereas non-fund-based utilization is more than 99%.

About the Company

Doosan Power Systems India Private Limited founded in 2000, is primarily as EPC company on designing, manufacturing, and supplying power generation equipment like boilers, turbines, and generators, for thermal power plants in India, and also provide complete solutions for power plant projects, including installation and after-sales services. Its parent company Doosan Enerbility Co. Ltd (DEL) is listed company in Korea Exchange, with its headquarters in Changwon, Korea is a leading global player in the power generation sector, which provided power plant infrastructure and manufacture various power generation equipment such as boilers, turbines and generators. Additionally, it engages in engineering, procurement and construction of thermal power plants as well as general construction activities, seawater desalination and other related areas.

Financials (Standalone):

(Rs. crore)

For the year ended/ As on*	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	1752.04	1002.13
EBITDA	-381.76	-462.54
PAT	-703.41	-702.79
Total Debt	788.23	850.42
Tangible Net Worth	-1439.44	-2155.64
EBITDA Margin (%)	-21.79	-46.16
PAT Margin (%)	-40.04	-67.56
Overall Gearing Ratio (x)	-0.55	-0.39
Interest Coverage (x)	-1.69	-1.74

** Classification as per Infomerics' standards. (negative gearing & profit margins, Interest Coverage is due to negative net worth & profitability.*

Status of non-cooperation with previous CRA: NA

Any other information: NA

Rating History for last three years:

Sr. No.	Name of Security /Facilities	Current Ratings (2025-26)			Rating History for the past 3 years		
		Type (Long Term/ Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23
1.	Long Term bank Facilities	Long Term	67.15	IVR BBB-/Stable	-	-	-
2.	Long Term/Short Term bank Facilities	Long Term /Short Term	1,696.70	IVR BBB- /Stable/ IVR A3	-	-	-

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About Infomerics:

Infomerics Valuation and Rating Ltd (Formerly known as Infomerics Valuation and Rating Pvt Ltd) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

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Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Fund-Based Bank Facilities – OD	-	-	-	-	57.86	IVR BBB-/Stable
Fund-Based Bank Facilities – Line of Credit	-	-	-	-	9.29	IVR BBB-/Stable
Non-Fund-Based Bank Facilities – BG	-	-	-	-	1,696.70	IVR BBB-/Stable/IVR A3

Annexure 2: Facility wise lender details:
https://www.infomerics.com/admin/prfiles/len-doosanps-may25.pdf
Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for combined analysis: NA

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.