



Press Release

Dugar Polymers Limited

March 16, 2023

Ratings

| Facilities | Amount (Rs. crore) | Ratings | Rating Action | <u>Complexity Indicator</u> |
|---|-------------------------------|--|--|--|
| Fund Based Bank Facilities – Term Loan | 31.20 | IVR BB+/ Negative; Issuer Not Cooperating* (IVR Double B Plus with Negative outlook; Issuer Not Cooperating *) | Revised from IVR BBB-; Rating Watch with Developing Implications (IVR Triple B Minus; Rating Watch with Developing Implications) and moved to ISSUER NOT COOPERATING category | Simple |
| Long Term Fund Based Facility - Cash Credit | 38.75 | IVR BB+/ Negative; Issuer Not Cooperating* (IVR Double B Plus with Negative outlook; Issuer Not Cooperating *) | Revised from IVR BBB-; Rating Watch with Developing Implications (IVR Triple B Minus; Rating Watch with Developing Implications) and moved to ISSUER NOT COOPERATING category | Simple |
| Proposed Long Term Fund Based Facility - Cash Credit | 0.40 | IVR BB+/ Negative; Issuer Not Cooperating* (IVR Double B Plus with Negative outlook; Issuer Not Cooperating *) | Revised from IVR BBB-; Rating Watch with Developing Implications (IVR Triple B Minus; Rating Watch with Developing Implications) and moved to ISSUER NOT COOPERATING category | Simple |
| Non-Fund Based Bank Facilities - Bank Guarantee | 5.50 | IVR A4+; Issuer Not Cooperating* (IVR A Four Plus; Issuer Not Cooperating*) | Revised from IVR A3; Rating Watch with Developing Implications (IVR A Three; Rating Watch with Developing Implications) | Simple |
| Non-Fund Based Bank Facilities – Forward Cover | 0.15 | IVR A4+; Issuer Not Cooperating* | Revised from IVR A3; Rating Watch with Developing Implications (IVR A Three; Rating | Simple |



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| Facilities | Amount (Rs. crore) | Ratings | Rating Action | Complexity Indicator |
|--------------|--|--|--|-------------------------|
| | | (IVR A Four Plus; Issuer Not Cooperating*) | Watch with Developing Implications) | |
| Total | 76.00 (Rupees Seventy-six crore only) | | | |

**Issuer did not cooperate; based on best available information*

Details of Facilities are in Annexure 1

Detailed Rationale

The revision in the ratings assigned to the bank facilities of Dugar Polymers Limited (DPL) reflects lack of adequate information available and the uncertainty around its credit risk. Infomerics assesses whether the information available about the entity is commensurate with its rating and reviews the same as per its policy.

The lenders, investors and other market participants are thus advised to exercise appropriate caution while using this rating as the rating may not adequately reflect the credit risk profile of the entity.

Non-cooperation by Issuer

Infomerics has been regularly following up with the company to provide the required data to monitor its assigned rating to the bank facilities, vide email communications dated October 31, 2022, November 14, 2022, November 24, 2022, December 9, 2022, December 20, 2022, January 10, 2023, January 25, 2023, February 17, 2023, February 20, 2023, February 27, 2023, March 2, 2023, and March 3, 2023, and concurrently over several phone calls. However, despite repeated requests by Infomerics, the company's management has not submitted the requested information for monitoring the ratings.

Availability of information is very critical in the rating exercise. In the absence of the requisite information, in consonance with SEBI guidelines, Infomerics has to review the rating based on the best available information. Accordingly, the ratings for the bank facilities of DPL aggregating Rs.76.00 crore has been moved to the 'ISSUER NOT COOPERATING' category by Infomerics.



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Analytical Approach: Standalone

Applicable Criteria:

[Guidelines on what constitutes Non-Cooperation by clients](#)

[Criteria on Default Recognition](#)

[Criteria of assigning Rating Outlook](#)

[Rating Methodology for Manufacturing Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

About the company

DPL was incorporated in February 2003 by Mr. Manoj Dugar and Mr. Rajesh Dugar. The company is equipped with state of art infrastructure and facilities with hi-tech machineries inclusive of extrusion sheet and rods production plants, PP-HD pipe production lines, multi-layer cast film production line, PVC sheet and rods production line & PVC cable compound production lines integrated with fine laboratories equipped with advance lab equipment's under three units situated at Dadra & Nagar Haveli (Unit 1 & 2) and Surat (Unit 3). These products find various industrial applications like partition, lining, flooring, roofs and cable compound. DPL is also a Del Credere Agent/ Consignment Stockiest of IOCL for Andhra Pradesh and Telangana states for polymer products. These operations are handled at Unit 4 situated in at Hyderabad. DPL has entered a new segment i.e., manufacturing of aluminium foil containers, aluminium foil rolls and aluminium foil cut sheet/ lids. The unit is situated at Dadra & Nagar Haveli.

Financials (Standalone):

| For the year ended/ As on* | (Rs. crore) | |
|--|------------------------|------------------------|
| | 31-Mar-20 (Audited) | 31-Mar-21 (Audited) |
| Total Operating Income | 85.38 | 80.32 |
| EBITDA | 9.39 | 10.56 |
| PAT | 2.50 | 3.61 |
| Total Debt | 38.07 | 39.33 |
| Adjusted Tangible Net-worth | 18.38 | 22.11 |
| Ratios | | |
| EBITDA Margin (%) | 11.00 | 13.15 |
| PAT Margin (%) | 2.92 | 4.48 |
| Overall Gearing Ratio on Net Adjusted Tangible Net Worth (x) | 2.07 | 1.78 |

*Classification as per Infomerics' standards



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Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years:

| Sr. No | Name of Instrument/ Facilities | Current Ratings (Year 2022-23) | | | Rating History for the past 3 years | | |
|--------|-----------------------------------|-----------------------------------|-----------------------|---|---|--|--|
| | | Type | Amount (Rs. crore) | Rating | Date(s) & Rating(s) assigned in 2021-22 | Date(s) & Rating(s) assigned in 2020-21 (August 6, 2020) | Date(s) & Rating(s) assigned in 2019-20 |
| 1. | Term Loan | Long Term | 31.20 | IVR BB+/ Negative; Issuer Not Cooperating * | <ul style="list-style-type: none"> IVR BBB-; Rating Watch with Developing Implications (February 14, 2022) IVR BB; Issuer Not Cooperating* (September 20, 2021) | IVR BB+/ Stable | - |
| 2. | Cash Credit | Long Term | 38.75 | IVR BB+/ Negative; Issuer Not Cooperating * | <ul style="list-style-type: none"> IVR BBB-; Rating Watch with Developing Implications (February 14, 2022) IVR BB; Issuer Not Cooperating* (September 20, 2021) | IVR BB+/ Stable | - |
| 3. | Proposed Cash Credit | Long Term | 0.40 | IVR BB+/ Negative; Issuer Not Cooperating * | IVR BBB-; Rating Watch with Developing Implications (February 14, 2022) | - | - |
| 4. | Bank Guarantee | Short Term | 5.50 | IVR A4+; Issuer Not Cooperating * | <ul style="list-style-type: none"> IVR A3; Rating Watch with Developing Implications | IVR A4+ | - |



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| Sr. No | Name of Instrument/Facilities | Current Ratings (Year 2022-23) | | | Rating History for the past 3 years | | |
|--------|-------------------------------|--------------------------------|--------------------|-----------------------------------|---|--|---|
| | | Type | Amount (Rs. crore) | Rating | Date(s) & Rating(s) assigned in 2021-22 | Date(s) & Rating(s) assigned in 2020-21 (August 6, 2020) | Date(s) & Rating(s) assigned in 2019-20 |
| | | | | | (February 14, 2022) • IVR A4; Issuer Not Cooperating* (September 20, 2021) | | |
| 5. | Forward Cover | Short Term | 0.15 | IVR A4+; Issuer Not Cooperating * | • IVR A3; Rating Watch with Developing Implications (February 14, 2022) • IVR A4; Issuer Not Cooperating* (September 20, 2021) | IVR A4+ | - |

**Issuer did not cooperate; based on best available information*

Name and Contact Details of the Rating Analyst:

| | |
|--|--|
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About Infomerics:

Infomerics Valuation and Rating Private Limited (Infomerics) was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities Exchange Board of India registration and RBI accreditation and the activities of the company are extended to External Credit Assessment Institution (ECAI). Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible evaluation of rating.



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Infomerics evaluates wide range of debt instruments which helps corporates open horizons to raise capital and provides investors enlightened investment opportunities. The transparent, robust and credible rating has gained the confidence of Investors and Banks.

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

For more information visit www.infomerics.com

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy, or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

Annexure 1: Details of Facilities

| Name of Facility | Date of Issuance | Coupon Rate/ IRR | Maturity Date | Size of Facility (Rs. crore) | Rating Assigned/ Outlook |
|----------------------|------------------|------------------|-----------------|------------------------------|--|
| Term Loan | - | - | Up to July 2031 | 31.20 | IVR BB+/ Negative; Issuer Not Cooperating* |
| Cash Credit | - | - | - | 38.75 | IVR BB+/ Negative; Issuer Not Cooperating* |
| Proposed Cash Credit | - | - | - | 0.40 | IVR BB+/ Negative; Issuer Not Cooperating* |
| Bank Guarantee | - | - | - | 5.50 | IVR A4+; Issuer Not Cooperating* |
| Forward Cover | - | - | - | 0.15 | IVR A4+; Issuer Not Cooperating* |

**Issuer did not cooperate; based on best available information*

Annexure 2: List of companies considered for consolidated analysis: Not Applicable

Annexure 3: Facility wise lender details: Not available



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Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

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.