



Press Release

Dugar Overseas Private Limited

April 01, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	60.51	IVR BBB-/Stable [IVR Triple B minus with Stable outlook]	-	Rating Assigned	Simple
Short Term Bank Facilities	20.15	IVR A3 [IVR A Three]	-	Rating Assigned	Simple
Total	80.66	(Rupees Eighty Crore and Sixty-Six Lakhs only)			

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

Detailed Rationale

Infomerics Ratings 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 Dugar Overseas Private Limited (DOPL).

The assigned rating draws comfort from experience promoters with established track record of operations coupled with consistent revenue growth with improved profitability margins and well-established sales network. However, these strengths are partially offset by leveraged capital structure with moderate debt protection metrics, exposure to intense competition within the confectionery industry and exposure to exchange fluctuation risk to the extent unhedged.

The stable outlook is assigned on the back of experienced promoters and running orders the company receives from its customers. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. Infomerics ratings believes that DOPL business & financials risk profile will be maintained over the medium term considering the overall risk profile of the company.



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Infomerics Ratings has principally relied on the standalone audited financial results of DOPL up to FY24 (refers to period April 1st, 2023, to March 31st, 2024) and projected financials for FY2025 (refers to period April 1st, 2024, to March 31st, 2025) - FY2027 (refers to period April 1st, 2026, to March 31st, 2027) and publicly available information/ clarifications provided by the company's management.

Key Rating Sensitivities:

Upward Factors

- Growth in scale of operations with improvement in profitability on a sustained basis and consequent improvement in cash accruals
- Improvement in capital structure and debt protection metrics

Downward Factors

- Moderation in scale of operations and/or moderation in profitability impacting cash accruals on a sustained basis.
- Moderation in the capital structure with deterioration in overall gearing and/or moderation in interest coverage ratio

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Experienced promoters with established track record of operations

Dugar Overseas Private Limited (DOPL) is led by Mr. Manoj Dugar, who has 33 years of extensive experience in confectionery industry and Mr. Sanjay Jain, who has 27 years of experience in confectionery industry. The long-standing presence of the promoters in the industry has enabled the company to establish strong relationships with customers in a remarkably short time.

Consistent revenue growth with improved profitability margins

The TOI of the company has shown an upward trend with a CAGR of 12.04% for the last 2 years and stood at Rs 125.46 crore in FY22, Rs 150.76 crore in FY23 and Rs 157.50 crore in FY24. The EBITDA margin also followed an upward trend, rising from 6.10% in FY22 to 6.53% in FY23 and to 7.82% in FY24 reflecting improved operational efficiency. The PAT Margins



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also showed an upward trend in line with EBITDA Margin and increased from 1.60% in FY22 to 2.22% in FY24. DOPL has registered a TOI of Rs 158.17 crore in 10MFY25.

Well established sales network for the company

The company has developed an effective supply chain and distribution network with more than 1500 sub distributors and has a retail reach in over 3 lacs retail outlets across PAN India. DOPL maintains a comprehensive network of market partners, spanning top-tier hospitality brands and leading retailers such as Dmart, WH Smith, The Leela, Oberoi Hotels and Resorts, Taj, Hilton Hotels and Resorts, 24 Seven, Reliance Retail, Air Asia, Four Seasons Hotels and Resorts, Spencer's and more.

Key Rating Weaknesses

Leveraged capital structure with moderate protection metrics

The capital structure of DOPL remains leveraged with tangible net worth of Rs 24.76 crore against total debt of Rs 46.36 crore. Overall gearing ratio stood at 1.48x as on March 31, 2024 and TOL/TNW stood at 2.82x as on March 31, 2024. Unsecured loan to the tune of Rs 6.63 crore are subordinated to the bank borrowings as of March 31, 2024. The debt protection metrics of the company is moderate with interest coverage and DSCR of 2.14x and 1.08x respectively as on March 31, 2024.

Exposure to intense competition within the confectionery industry

The demand for branded confectionery is very high among children in India. However, the confectionery/bakery industry's low entry barriers, due to limited capital intensity and need to cater to local and regional tastes, have led to high competition from the organised and unorganised sectors.

Exposure to exchange fluctuation risk

The company imports ~21% of raw material and generates revenue from ~4% of exports which exposes company to risk of foreign currency fluctuation and would impact the company's profitability due to vulnerable foreign currency exchange rate fluctuations, to the extent unhedged.

Analytical Approach: Standalone



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Applicable Criteria:

[Rating Methodology for Manufacturing Companies.](#)

[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's liquidity remains adequate marked by 95.39% average utilisation of fund-based limits during the past 12 months ended Feb 2025. The company has GCA of Rs 6.33 crores against debt obligation of Rs 4.42 crore in FY24 and expected GCA in the range of Rs. 8.80 crore to Rs 16.50 crore during FY25-27 against debt obligation in the range of Rs. 5.98 crore to Rs 4.30 crore during FY25-27. The current ratio remains above unity at 1.08x as on March 31, 2024. The Working Capital Cycle of the company stood at 88 days in FY24 which was 124 days in FY23. The unencumbered cash and bank balance stood at Rs. 0.33 crore as on March 31, 2024.

About the Company

Dugar Overseas Private Limited (DOPL) is incorporated in 1992 and is engaged in trading and manufacturing of confectionery items, chocolates, beverages and other related products.

DOPL has a manufacturing license agreement with General Candy Company Ltd, Thailand, to manufacture candies under the brand name "Heartbeat". The Company has set up a machinery for manufacturing Butter Toffee & Cookies under its own brand name of 'Sapphire' and "Poko Loko" which offers beverages. Company has an installed capacity of 7,200 Tons of production per year, 250,000 sq. ft. of manufacturing and warehousing space with more than 500 unique items manufactured yearly.

Financials (Standalone):

(Rs. crore)

For the year ended/ As on*	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	150.76	157.50
EBITDA	9.85	12.31
PAT	3.25	3.52
Total Debt	35.75	46.36
Adjusted Tangible Net Worth (including quasi equity)	29.00	31.39
EBITDA Margin (%)	6.53	7.82



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PAT Margin (%)	2.15	2.22
Overall Gearing Ratio (x) (including quasi equity)	1.23	1.48
Interest Coverage (x)	2.44	2.14

* Classification as per Infomerics Standard

Status of non-cooperation with previous CRA: None

Any other information: None

Rating History for last three years:

Sr. No.	Name of Instrument/ Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
1.	Fund Based Facilities	Long Term	60.51	IVR BBB-/Stable	-	-	-
2.	Non - Fund Based Facilities	Short Term	20.15	IVR A3	-	-	-

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About Infomerics:

Infomerics Valuation And Rating Ltd (Infomerics) [Formerly 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



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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.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit www.infomerics.com.

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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	-	-	May 2030	10.51	IVR BBB-/Stable
Cash Credit	-	-	-	50.00	IVR BBB-/Stable
Letter of Credit	-	-	-	20.00	IVR A3
Bank Guarantee	-	-	-	0.15	IVR A3



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Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-dugaroverseas-apr25.pdf>

Annexure 3: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated analysis: 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.

