Dugar Polymers Limited

July 01, 2025

Ratings

Instrument / Facility	**Amount (Rs. crore)**	**Current Ratings**	**Previous Ratings**	**Rating Action**	**Complexity Indicator**
Long Term Facilities	74.94 (Reduced from 77.57)	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)	Reaffirmed	Simple
Short Term Facilities	32.00 (Enhanced from 24.00)	IVR A3 (IVR Single A Three)	IVR A3 (IVR Single A Three)	Reaffirmed	Simple
Total	**Rs. 106.94 Cr (Rupees One Hundred and Six Crore and Ninety-Four 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

The reaffirmation of the ratings assigned to the bank facilities of Dugar Polymers Limited (DPL) continues to reflect the company's improved scale of operations and EBITDA margin as expected, experienced management team with a long-standing operational track record, presence in a niche product segment with diversified offerings, a well-diversified customer base spanning multiple sectors, and favourable industry growth prospects.

However, the ratings remain constrained by the company's moderate financial risk profile, intense competition, the commoditised nature of raw material and the working capital intensive nature of operation.

The 'Stable' outlook reflects improving scale of operations and sustained profitability.

Key Rating Sensitivities:

Upward Factors

- A substantial & sustained improvement in the revenue with improvement in the profitability and debt protection metrics.

Downward Factors

- Any decline in the revenue and/or profitability leading to decline in debt protection metrics.
- Elongation in working capital cycle and/or any major capex leading to moderation of capital structure and/or liquidity profile.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Improvement in scale of operations and EBITDA margin

The company has exhibited a notable improvement in its financial performance in FY25 (Provisional) (refers to period April 1st, 2024, to March 31st, 2025), marked by growth across key profitability parameters. Total Operating Income increased y-o-y by ~19% from Rs. 131.21 crore in FY24 (refers to period April 1st, 2023, to March 31st, 2024) to Rs. 156.23 crore in FY25, driven by higher sales volumes, particularly in the aluminium products segment and sustained demand in core product categories i.e. correspondingly, EBITDA improved from Rs. 15.12 crore in FY24 to Rs. 18.94 crore in FY25, reflecting an increase of ~25%. This was aided by better absorption of fixed overheads and modest improvement in operating efficiencies despite a relatively stable increase in EBITDA margin from 11.52% in FY24 to 12.12% in FY25. PAT stood at Rs. 7.18 crore in FY25 compared to Rs. 7.78 crore in FY24. Though there is a marginal decline in absolute PAT, this is attributable to higher interest and depreciation costs arising from recent capex. However, profitability remains stable in percentage terms, with a PAT margin of 4.53% in FY25 compared to 5.75% in FY24, indicating sustained bottom-line performance amid expansionary investments.

Experienced management and established track record of the company

The company was incorporated in February 2003 by Mr. Manoj Dugar and Mr. Rajesh Dugar. The operations of the company are spearheaded by Mr. Rajesh Dugar, Managing Director of the company, who possesses over 25 years of experience in the industry.

Niche product segment, with product diversification

As per the management, the company produces India's highest width and thickness PP-HD Extrusion Sheets. The thickness of the same ranges from 0.8 mm to 200 mm. DPL is one of the few players in India who produces sheets up to 200 mm thickness. In terms of width also DPL produces sheets up to 3.5 metre which is highest in the country. This sheet finds various industrial applications such as in building basement, landfills, concrete structures, crystallization pond, neutralizing tank, pond lining, tank lining, chemical area lining, geomembrane liners, etc. The Company also produces solid rods ranging from diameter of 8mm to up to 350mm. Furthermore, since 2022 the company has started the production of the aluminium foil food disposable boxes entering into a new segment i.e. manufacturing of Aluminium Foil Containers, Aluminium Foil Rolls & Aluminium Foil cut sheet / lids.

Diversified customer profile & catering to different sector

The company boasts a highly diversified customer base, catering to a wide spectrum of sectors including aviation, hospitality, food service chains, institutional catering, and retail. It has established relationships with renowned clients such as Air India, TATA group of Hotels, Jubilant FoodWorks Limited and many more, enhancing brand credibility and market reach. Additionally, ongoing discussions with major entities reflect strong future growth potential. The company's strategic pivot towards institutional sales, export expansion, and product diversification into thin-wall containers and tissue paper products further reinforces its sectoral diversity. Simultaneously, the polymer segment's focus on innovative applications in construction broadens its industrial footprint.

Healthy growth prospects

Packaging industry has been an important sector driving technology and innovation growth in the country and adding value to the various manufacturing sectors including agriculture and FMCG segments. Rise in consumption is driven by key aspects of the rising Indian economy namely, strong favourable demographics, increasing disposable income levels, rising consumer awareness and demand for processed food. The growth of individual end user segments of food, beverages, FMCG and pharmaceuticals will trickle down into rising demand of packaging solutions. Government of India recognised the potential of this sector and released a slew of policies like the single use plastic ban policy, profit linked tax incentive for food packaging, adoption of National Packaging Initiative, to further incentivise innovation in this sector. Adding a new segment to this existing kit of packaging products, Dugar polymers will have added advantage.

Key Rating Weaknesses

Moderate financial risk profile and debt protection metrics

Infomerics has treated unsecured loans from the promoter/director amounting to Rs. 6.15 crore (as on March 31, 2025 – Provisional) and Rs. 4.51 crore (as on March 31, 2024) as quasi-equity, given their subordination to bank facilities. The company’s financial risk profile remains moderate, the overall gearing ratio improved to 1.75x in FY25 (Provisional) from 2.01x in FY24, this was supported by an improvement in the adjusted tangible net worth, which rose to Rs. 47.15 crore in FY25 (Provisional) from Rs. 37.16 crore in FY24. The TOL/ATNW improved from 2.66x in FY24 to 2.18x in FY25, however remained moderate. The debt-equity ratio also improved to 0.60x in FY25 (Provisional) from 0.88x in FY24, indicating a balanced mix of owned and borrowed funds. Debt protection metrics have shown positive trends where interest coverage ratio improved to 2.84x in FY25 (Provisional), up from 2.38x in FY24, supported by higher EBITDA generation. Similarly, the Total Debt to GCA stood at 6.95x in FY25 (Provisional) compared to 7.14x in FY24, indicating stable debt servicing ability. Overall, the financial risk profile remains stable with a moderate gearing position and satisfactory coverage ratios.

Intense competition

The PP bags industry has a large number of small players because of low entry barriers due to limited capital requirement, technology complexity, and gestation period. The fragmentation has resulted in intense competition, which limits players' bargaining power. Regular capacity addition adds to the competitive pressure.

Commoditised nature of raw material

Prices of the key raw materials such as low-density polyethylene, linear low-density polyethylene, high-density polyethylene (HDPE) and polypropylene (PP) granules are linked to global crude oil movements, hence volatile. Since raw material cost accounts for a bulk of total production cost, variation in rates may impact profitability.

Working capital intensive nature of operation

The company's operations continue to be working capital intensive, as reflected by an extended operating cycle of 123 days in FY25 (Provisional). While this marks a slight improvement from 127 days in FY24, it still underscores a significant reliance on working capital to support daily business activities. This is largely attributed to a prolonged collection period—averaging over 124 days in FY25 (Provisional)—owing to delayed payments from IOCL customers, for whom DPL operates as a Del-Credere agent. Additionally, the company maintained an inventory holding period of approximately 47 days. These factors, typical of the industry, have resulted in sustained high working capital needs and a continued dependence on short-term borrowings. Consequently, working capital borrowings remained elevated at Rs. 55.00 crore in FY25 (Provisional).

Analytical Approach: Standalone

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 liquidity of the company remains adequate marked by comfortable gross cash accruals against the upcoming long-term debt repayment obligations. The unencumbered cash and cash equivalent stood at Rs. 1.43 crore in FY25 (Provisional). Its average fund based working capital utilization for the last 12 months ended May 2025 stood at 91.44%. The liquidity shall remain adequate in the medium term. The current ratio stood at 1.02x in FY25 (Provisional) as against 1.04x in FY24.

About the company

DPL was incorporated in February 2003 by Mr. Manoj Dugar and Mr. Rajesh Dugar. The company has various machineries manufacturing various products such as plastic sheets & shapes, PVC sheets & compound, packaging film and tapes, located at three units situated at Dadra & Nagar Haveli (Unit 1 & 2) and Surat (Unit 3). 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 at Hyderabad. DPL has entered a new segment i.e., manufacturing of aluminium foil containers, aluminium foil rolls and aluminium foil cut sheet/ lids, whose unit is situated at Dadra & Nagar Haveli. Strengthening its aluminum product portfolio, the company is now expanding into thin-wall aluminum container manufacturing and is also exploring diversification into tissue paper products.

Financials (Standalone)

(Rs. crore)

For the year ended/ As on*	31-03-2024	31-03-2025
	Audited	Provisional
Total Operating Income	131.21	156.23
EBITDA	15.12	18.94
PAT	7.78	7.18
Total Debt	74.81	82.63
Tangible Net Worth	37.16	47.15
EBITDA Margin (%)	11.52	12.12
PAT Margin (%)	5.75	4.53
Overall Gearing Ratio (x)	2.01	1.75
Interest Coverage (x)	2.38	2.84

** Classification as per Infomerics' standards.*

Status of non-cooperation with previous CRA:

Acuite Ratings vide its press release dated May 27, 2024, has reaffirmed the ratings of non-cooperation category on account of non- availability of information.

ICRA Ratings vide its press release dated October 30, 2024, has reaffirmed the ratings of non-cooperation category on account of non- availability of information.

Any other information: Nil

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
					Date (April 03, 2024)	-	Date (March 16, 2023
1.	Term Loans	Long Term	24.94	IVR BBB- / Stable	IVR BBB- / Stable	-	IVR BB+/ Negative; Issuer Not Cooperating *
2.	Cash Credit, Overdraft and Channel Finance	Long Term	50.00	IVR BBB- / Stable	IVR BBB- / Stable	-	IVR BB+/ Negative; Issuer Not Cooperating *
3.	Bank Guarantee and Letter of Credit	Short term	32.00	IVR A3	IVR A3	-	IVR A4+; Issuer Not Cooperating*
4.	Proposed long term facilities - Cash Credit**	Long term	-	-	IVR BBB- / Stable	-	IVR BB+/ Negative; Issuer Not Cooperating *
5.	Forward Cover	Short term	-	-	Withdrawn	-	IVR A4+; Issuer Not Cooperating*

**Issuer not cooperating; based on best available information*

*** Subsequently sanctioned*

Analytical Contacts:

Name: Amit Bhuwania
Tel: (022) 62396023
Email: abhuwania@infomerics.com

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 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.

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
Term Loan	-	-	-	October 2029	0.83	IVR BBB-/ Stable
Term Loan	-	-	-	April 2027	1.20	IVR BBB-/ Stable
Term Loan 1	-	-	-	July 2031	16.21	IVR BBB-/ Stable
Term Loan 2	-	-	-	July 2026	0.07	IVR BBB-/ Stable
Term Loan 3	-	-	-	April 2029	3.25	IVR BBB-/ Stable

Term Loan 4	-	-	-	July 2029	1.39	IVR BBB-/ Stable
GECL	-	-	-	November 2026	1.99	IVR BBB-/ Stable
Cash Credit	-	-	-	Revolving	28.00	IVR BBB-/ Stable
Cash Credit	-	-	-	Revolving	10.00	IVR BBB-/ Stable
Channel Finance	-	-	-	Revolving	10.00	IVR BBB-/ Stable
Overdraft	-	-	-	Revolving	2.00	IVR BBB-/ Stable
Bank Guarantee	-	-	-	Revolving	0.50	IVR A3
Bank Guarantee	-	-	-	Revolving	0.50	IVR A3
Letter of Credit	-	-	-	-	10.00	IVR A3
Letter of Credit	-	-	-	-	15.00	IVR A3
Bank Guarantee	-	-	-	Revolving	6.00	IVR A3

Annexure 2: Facility wise lender details:
https://www.infomerics.com/admin/prfiles/len-Dugar_Polymers-jul25.pdf
Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/Combined 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.