

Press Release

DMG Polypack Pvt Ltd.

March 05, 2019

Rating

Sl. No.	Instrument/Facility	Amount (Rs. Crores)	Rating Assigned
1	Long-Term Debt- Term Loan	13.31	IVR BB/Stable Outlook ISSUER NOT COOPERATING* (Rating moved to Issuer Not Cooperating category from IVR BBB-/Stable)
2	Long Term Fund based facilities- Cash Credit	4.00	IVR BB/Stable Outlook ISSUER NOT COOPERATING* (Rating moved to Issuer Not Cooperating category from IVR BBB-/Stable)
3	Short Term Fund based facilities- Foreign Bill Discounting	2.69 (including proposed limits of Rs.0.69 crore)	IVR A4 ISSUER NOT COOPERATING* (Rating moved to Issuer Not Cooperating category from IVR A3)
	Total	20.00	

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

Details of Facility are in Annexure 1

Detailed Rationale

The ratings take into account the experienced promoters along with long track record of the entity and operations in a niche product segment along with healthy potential demand. The ratings, however, are tempered by small scale of operations, increasing leverage, geographical and supplier concentration risk, and susceptibility of profitability to raw material prices and forex rates.

Maintaining its profitability margins whilst growing its scale of operations and reducing leverage remain the key rating sensitivities.



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Non-cooperation by Issuer

Infomerics has repeatedly followed up with the company to provide information to monitor the rating(s) vide e-mails dated October 15, 2018, December 03, 2018, January 31, 2019, February 13, 2019 and February 15, 2019. However, despite repeated requests, the company has failed to submit “No Default Statement”, Audited financial statements for FY18 and other data for review. In the absence of the relevant information, in consonance with SEBI guidelines, Infomerics has moved the long term rating for bank loan facilities of DMG Polypack Pvt Ltd (DPPL) aggregating to Rs.20.00crore to the ‘ISSUER NOT COOPERATING’ category. The rating is now denoted as IVR BB/Stable Outlook /IVR A4 ISSUER NOT COOPERATING (pronounced IVR Double B with Stable Outlook /IVR A Four ISSUER NOT COOPERATING). Accordingly, the lenders, investors and other market participants are advised to exercise appropriate caution while using this rating as the rating may not adequately reflect the credit risk profile of the company.

Analytical Approach & Applicable Criteria

Standalone

Rating Methodology for Manufacturing Companies

Financial Ratios & Interpretation – Non-Financial companies

Guidelines on what constitutes Non-Cooperation by clients

About the Company

Incorporated in September 2009, DMG Polypack Pvt Ltd (DPPL), undertakes manufacturing of plastic and packaging products like coated films, coated foils, metallized films, metallized foils, aluminium foils and other related products. The products manufactured by the company find application in areas like food packaging, labelling, building and construction etc. The company is a recognized 1 Star Export house and its exports contribute more than 70% of its total revenues. DPPL had formed a marketing arm on October 26, 2015 in the USA, DMG Polypack Inc, which serves as a direct point of sourcing for its customers located in North, South, Central and Latin America. The day-to-day affairs of the company are handled by the promoters



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themselves led by Mr. Mohit Jasuja who has about two decades of experience in the plastics and packaging industry.

Financials (Standalone)

(Rs. Crores)

For the year ended / As On	31-03-2016	31-03-2017*
	Audited	Audited
Total Operating Income	23.77	26.25
EBITDA	5.42	7.07
PAT	1.19	1.64
Total Debt	7.06	6.03
Tangible Networkth	7.07	8.67
EBITDA Margin (%)	22.80	26.94
PAT Margin (%)	5.00	6.21
Overall Gearing Ratio (x)	1.00	0.70

*the latest audited financials of the company were neither provided nor available on the website of MCA.

Note: Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: Not applicable

Any other information: Nil

Rating History for last three years:

S. No.	Name of Instrument/Facilities	Current Rating (Year 2018-19)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2017-18	Date(s) & Rating(s) assigned in 2016-17	Date(s) & Rating(s) assigned in 2015-16
1.	Long Term Debt-Term Loan	Long Term	13.31	IVR BB /Stable Outlook	IVR BBB- /Stable Outlook (Dec 05, 2017)	--	--
2.	Long Term Fund Based Limits-Cash Credit	Long Term	4.00	IVR BB /Stable Outlook	IVR BBB- /Stable Outlook (Dec 05, 2017)	--	--



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3.	Short Term Fund Based Limits- Foreign Bill Discounting	Short Term	2.69 (incl. proposed limits of Rs.0.69 crore)	IVR A4	IVR A3 (Dec 05, 2017)	--	--
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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.

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About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. Company's long experience in varied spectrum of financial services is helping it to fine tune its product offerings to best suit the market.

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, suspend 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 Facility

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crores)	Rating Assigned/ Outlook
Long Term Debt-Term Loan	-	-	November 21, 2022	13.31 (As on last press release date)	IVR BB /Stable Outlook



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Long Term Fund Based Limits- Cash Credit	-	-	-	4.00	IVR BB /Stable Outlook
Short Term Fund Based Limits- Foreign Bill Discounting	-	-	-	2.69 (incl. proposed limits of Rs.0.69 crore)	IVR A4