

January 20, 2016

Facilities	Amount (Rs. Crore)	Rating
Cash Credit	7.50 *	SMERA B-/Stable (Assigned)
Term Loan	16.27 **	SMERA B-/Stable (Assigned)

\* ODBD of Rs. 0.75 crore – sub limit within cash credit

\*\* One time FLC for import of capital goods – sub limit within term loan

SMERA has assigned a long-term rating of '**SMERA B-**' (read as **SMERA B minus**) to the Rs.23.77 crore bank facilities of Dayana Polyplast Private Limited (DPPL). The outlook is '**Stable**'.

The rating is constrained by the below-average financial risk profile and high utilisation of bank limit. The rating is further constrained by the highly competitive and fragmented packaging industry and susceptibility of DPPL's operating margins to volatility in raw material prices. However, the rating draws comfort from the extensive experience of the promoters and healthy relations with customers and suppliers.

#### Outlook: Stable

SMERA believes that DPPL will maintain a stable business risk profile over the medium term owing to the extensive experience of its promoters. The outlook may be revised to 'Positive' in case DPPL's generates substantial and sustainable revenues or operating margins leading to improvement in the overall credit profile of the company especially its liquidity. Conversely, the outlook may be revised to 'Negative' with elongation in the working capital cycle resulting in deterioration of the financial risk profile especially liquidity.

#### Rating Sensitivity Factors

- Sustainable and substantial growth in revenues or operating margins
- Efficient working capital management
- Future capital expenditure and its funding mix thereof

#### About the Company

Incorporated in 2009, DPPL, promoted by Mr. Bharat Patel and Mr. Pragnesh Patel was engaged in the manufacture of HDPE/PP tarpaulins. In FY2014-15, the company decided to change its line of business to manufacture woven sacks including HDPP/PE woven bags, AD star bags, BOPP bags used in industries such as fertiliser, cement, sugar among others.

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SMERA RATINGS LIMITED

**Dayana Polyplast Private Limited (DPPL)****Rating  
Rationale**

For FY2014-15, DPPL reported loss of Rs.0.60 crore, on operating income of Rs.30.10 crore, as compared with profit after tax of Rs.0.05 crore on operating income of Rs.11.25 crore in the previous year.

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