

Press Release

Dupon Rubber Private Limited

August 26, 2017

Rating Assigned



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| Total Bank Facilities Rated* | Rs. 5.88 Cr. |
| Long Term Rating | SMERA D |

* Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA D**' (read as **SMERA D**) on the Rs. 5.88 crore bank facilities of Dupon Rubber Private Limited.

Dupon Rubber Private Limited (DRPL) was established in 2015 by Mr. Suresh Kothari and Mrs. Anchal Jain. The company manufactures tyres at Indore, Madhya Pradesh.

Key Rating Drivers

Strengths

- **Experienced management**

The Director, Mr. Suresh Kothari has experience of over two decades in the rubber industry.

Weaknesses

- **Delays in servicing of debt obligations**

The rating reflects delays in servicing of debt obligation by the company.

- **Below average financial risk profile**

The financial risk profile is below average marked by low net worth, high gearing and moderate debt protection measures. The net worth increased to Rs.1.40 crore in FY2017 (Provisional) compared to Rs.0.61 crore in FY2016 mainly due to infusion of equity share capital. The gearing increased to 5.49 times as on 31 March, 2017 (Provisional) from 3.89 times as on 31 March, 2016 on account of increase in the long term debt obligations. The ICR and DSCR stood at 1.98 times in FY2017 (Provisional) compared to 5.97 times and 6.32 times respectively in FY2016 due to fall in profitability.

Analytical Approach

SMERA has considered the standalone business and financial risk profiles of DRPL.

Outlook:

About the Rated Entity - Key Financials

For FY2016-17, DRPL reported loss of Rs.0.20 crore on total operating income of Rs.1.61 crore, compared with net loss of Rs.0.01 crore on total operating income of Rs.0.13 crore in FY2015-16.

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Manufacturing Entities - <https://www.smera.in/criteria-manufacturing.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument
<https://www.smera.in/criteria-complexity-levels.htm>
Rating History (Upto last three years)

Not Applicable

***Annexure – Details of instruments rated**

| Name of the Facilities | Date of Issuance | Coupon Rate | Maturity Date | Size of the Issue (Rs. Cr.) | Ratings/Outlook |
|------------------------|------------------|----------------|----------------|-----------------------------|-----------------|
| Cash Credit | Not Applicable | Not Applicable | Not Applicable | 1.50 | SMERA D |
| Term loans | Not Applicable | Not Applicable | 31-Dec-2022 | 4.38 | SMERA D |

Contacts

| Analytical | Rating Desk |
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