

Dhabriya Polywood Limited

March 21, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	-	-	Reaffirmed at CARE BBB-; Stable and Withdrawn

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CARE Ratings) has reaffirmed the rating assigned to bank facilities of Dhabriya Polywood Limited (DPL) at 'CARE BBB-; Stable' and simultaneously withdrawn it, with immediate effect. The above action has been taken at DPL's request and 'No Objection Certificate' received from the lender that have extended facilities rated by CARE Ratings.

The rating prior to its withdrawal derived strength from its qualified and experienced promoters, long track record of operations with established presence in the Polyvinyl Chloride (PVC) and Unplasticized Polyvinyl Chloride (UPVC) based products along with reputed clientele. Ratings also factor in improving DPL's profitability in 9MFY24 (refers to period from April 01 to December 31), its diversified product portfolio, moderate financial risk profile on account of debt-funded capital expenditure (capex) undertaken on a y-o-y basis and adequate liquidity.

However, ratings continue to remain constrained on account of DPL's growing though moderate scale of operations in an intensely competitive and fragmented industry and vulnerability of margins to fluctuation in raw material prices and foreign exchange rate.

Analytical approach: Consolidated. The company has operational synergies with its subsidiaries and hence consolidated approach has been considered. List of subsidiaries has been attached as Annexure-6.

Outlook: Stable

The Stable outlook on the long-term rating reflects CARE Ratings' expectations that DPL will continue to benefit from vast experience of its promoters and its diversified product portfolio which will support growth in its scale of operations.

Detailed description of the key rating drivers:

Key strengths

Experienced promoters with long track record of operations

Incorporated in 1992, DPL has a track record of around three decades in the industry. Digvijay Dhabriya, Managing Director, holds a bachelor's degree in mechanical engineering and has three decades of experience in the industry. He looks after overall affairs of the company and is assisted by his son, Shreyansh Dhabriya who is also actively engaged in establishing sustainable and profitable relationship with customers, dealers and distributors across the country. In addition to this, the company has in-house fabrication and research and development facilities for testing of the products.

Diversified clientele and product portfolio with healthy orderbook position

DPL offers wide range of PVC and UPVC based products and has a reputed clientele base. Apart from project sales, DPL has set up a dealer network across key locations and caters to project demand by reputed builders across India. As on March 15, 2024, DPL has an outstanding orderbook of around ₹150 crore related to project business of uPVC Windows and Modular Furniture to be executed in next 18 to 24 months.

Moderate capital structure and debt coverage indicators

DPL has a moderate capital structure marked by overall gearing of 0.83x as on March 31, 2023 (0.93x as on March 31, 2022). The debt coverage indicators of the company stood moderate with total debt to gross cash accruals of 4.62x as on March 31, 2023, improving from 6.63 times as on March 31, 2022, on account of increase in gross cash accruals. The interest coverage ratio of the company stood comfortable at 4.61 times in FY23, improved from 3.58 times in FY22 owing to decrease in interest cost.

Improving profitability margin in 9MFY24

DPL's profitability remained stable marked by profit before interest, lease rentals, depreciation and tax (PBILDT) and profit after tax (PAT) margin of 10.79% (FY22 10.35%) and 4.96% (FY22 3.80%) respectively in FY23. However, the profitability of the company improved in 9MFY24, marked by PBILDT and PAT margin of 14.22% (9MFY23: 9.87%) and 6.39% (9MFY23: 4.17%) respectively.

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

Key weaknesses

Moderate scale of operations in a highly fragmented and competitive industry and exposure to real estate sector

DPL operates on a moderate base, marked by total operating income (TOI) of ₹171.23 crore in FY23 (FY22: ₹133.77 crore), in a highly fragmented industry, exposing the company to high competition. The demand of its products comes mainly from real estate sector which exposes it to cyclical real estate sector. In 9MFY24 (Provisional), DPL reported a TOI of ₹156.86 crore.

Vulnerability of margins to fluctuation in raw material prices and foreign exchange risk

The main raw material of the company is PVC in powder form, Calcium Carbonate and additives, among others. PVC powder is a derivative of crude oil. Considering a large part of DPL's orderbook is fixed price in nature, its profitability remains susceptible to fluctuation in raw material prices which is a derivative of crude oil. Around 12-15% of its raw material requirement is met through imports, exposing DPL's profitability to fluctuation in exchange rate movements.

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Withdrawal Policy](#)

[Consolidation](#)

About the company and industry

Industry classification

Macro-economic Indicator	Sector	Industry	Basic Industry
Consumer discretionary	Consumer durables	Consumer durables	Furniture, Home furnishing

Jaipur (Rajasthan) based DPL was originally incorporated as a private Limited company in 1992 by Digvijay Dhabriya as "Dhabriya Agglomerates Private Limited" for carrying out trading and manufacturing of PVC and UPVC based products. Later, in August 2014, it was reconstituted into public limited company and assumed its current name DPL. It got listed on stock exchange in 2014.

The company has three manufacturing facilities located at Sitapura and Malviya Nagar, Jaipur and third one at Bangalore. DPL's plant is certified with International Organization for Standardization (ISO) like ISO 9001:2008 and 14001:2004.

DPL has three subsidiaries mainly Polywood Green Building Systems Private Limited (PGBSPL), Polywood Profiles Private Limited (PPPL) and Dynasty Modular Furnitures Private Limited (DMFPL). The manufacturing facility of DMF is located at Jaipur and PPP's plant is located at Coimbatore.'

Dhabriya Polywood Limited (Consolidated)

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)	December 31, 2023 (UA)
Total operating income	133.77	171.23	156.86
PBILDT	13.85	18.48	22.30
PAT	5.09	8.49	10.02
Overall gearing (times)	0.93	0.83	NA
Interest coverage (times)	3.58	4.61	5.94

A: Audited UA: Unaudited NA: Not available; Note: 'the above results are latest financial results available'

Dhabriya Polywood Limited (Standalone)

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)	December 31, 2023 (UA)
Total operating income	73.58	87.59	82.31
PBILDT	6.85	9.64	10.36
PAT	1.00	3.05	3.49
Overall gearing (times)	1.11	1.16	NA
Interest coverage (times)	2.04	2.78	2.97

A: Audited UA: Unaudited NA: Not available; Note: 'the above results are latest financial results available'

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Please refer to Annexure-2

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated: Please refer to Annexure-4

Lender details: Please refer to Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Bank Overdraft		-	-	-	0.00	Withdrawn
Fund-based - LT-Cash Credit		-	-	-	0.00	Withdrawn
Fund-based - LT-Term Loan		-	-	January 2027	0.00	Withdrawn

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021
1	Fund-based - LT-Term Loan	LT	-	-	-	1)CARE BBB-; Stable (31-Mar-23)	1)CARE BBB-; Stable (30-Mar-22) 2)CARE BBB-; Stable (05-Apr-21)	-
2	Fund-based - LT-Cash Credit	LT	-	-	-	1)CARE BBB-; Stable (31-Mar-23)	1)CARE BBB-; Stable (30-Mar-22) 2)CARE BBB-; Stable (05-Apr-21)	-
3	Fund-based - LT-Bank Overdraft	LT	-	-	-	1)CARE BBB-; Stable (31-Mar-23)	1)CARE BBB-; Stable (30-Mar-22) 2)CARE BBB-; Stable (05-Apr-21)	-

LT: Long term;

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

Annexure-4: Complexity level of the various instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Bank Overdraft	Simple
2	Fund-based - LT-Cash Credit	Simple
3	Fund-based - LT-Term Loan	Simple

Annexure-5: Lender details

To view the lender-wise details of bank facilities please [click here](#)

Annexure-6: List of all the entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Polywood Green Building Systems Private Limited (PGBSPL)	Full	DPL holds 99% stake in it
2	Polywood Profiles Private Limited (PPPL)	Full	Wholly owned subsidiary
3	Dynasty Modular Furnitures Private Limited (DMFPL)	Full	Wholly owned subsidiary

Note on the complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

Contact us

<p>Media Contact</p> <p>Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in</p> <p>Relationship Contact</p> <p>Pradeep Kumar V Senior Director CARE Ratings Limited Phone: 91 44 2850 1001 E-mail: pradeep.kumar@careedge.in</p>	<p>Analytical Contacts</p> <p>Kalpesh Ramanbhai Patel Director CARE Ratings Limited Phone: 079-40265611 E-mail: kalpesh.patel@careedge.in</p> <p>Ujjwal Manish Patel Associate Director CARE Ratings Limited Phone: 079-40265649 E-mail: ujjwal.patel@careedge.in</p> <p>Devangi Shah Lead Analyst CARE Ratings Limited E-mail: Devangi.shah@careedge.in</p>
--	---

About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

Disclaimer:

The ratings issued by CARE Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings has based its ratings/outlook based on information obtained from reliable and credible sources. CARE Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating/outlook assigned by CARE Ratings is, inter-alia, based on the capital deployed by the partners/proprietors and the current financial strength of the firm. The ratings/outlook may change in case of withdrawal of capital, or the unsecured loans brought in by the partners/proprietors in addition to the financial performance and other relevant factors. CARE Ratings is not responsible for any errors and states that it has no financial liability whatsoever to the users of the ratings of CARE Ratings. The ratings of CARE Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades.

For the detailed Rationale Report and subscription information, please visit www.careedge.in