

Dolphin Poly Plast Pvt. Ltd.

Instrument	Amount Rated	Rating Action
Term Loan Limit	Rs. 2.92 crore	[ICRA]B+; assigned
Cash Credit Limit	Rs 2.00 crore	[ICRA]B+; assigned
Import Letter of Credit	Rs 1.00 crore	[ICRA]A4; assigned
Proposed Unallocated Limit	Rs 4.08 crore	[ICRA]B+/[ICRA]A4; assigned

ICRA has assigned the ratings of [ICRA]B+ (pronounced as ICRA B plus) to the Rs 2.92-crore term loan facility and Rs 2.00 crore cash credit facility of Dolphin Poly Plast Pvt. Ltd. ICRA has also assigned ratings of [ICRA]A4 (pronounced as A four) to Rs. 1.00 crore¹ import letter of credit of Dolphin Polyplast Pvt Ltd(DPPPL)². ICRA has further also assigned a long-term rating of [ICRA]B+ (pronounced as ICRA B plus) and a short-term rating of [ICRA]A4(pronounced as A four) to Rs 4.08-crore proposed unallocated limit of Dolphin Polyplast Private Limited.

The assigned ratings reflect DPPPL's small scale of operations, modest financial profile characterized by high gearing levels, fragmented nature of the industry with competition from both established players and large number of unorganized players and vulnerability of profitability to volatility in raw material prices given the fixed nature of contracts. ICRA also notes high working capital intensity on account of high inventory levels being maintained resulting from stiff competition faced by manufacturers of MI systems. ICRA also notes that the business of the company remains highly sensitive to the government policies given the subsidy component in the pricing of micro irrigation products and any reduction/removal of subsidy can adversely impact the revenue growth.

The ratings, however, favorably factor in the experience of promoters and their long association with dealers; and positive demand prospects of micro irrigation products given their current low levels of penetration and the favorable government policies

ICRA expects steady growth in revenues over the near to medium term on account of the increasing demand of MI products supported by government policies. The ability of the company to scale up in a profitable manner, improve its profitability indicators, manage increasing working capital requirements and maintain capital structure at prudent levels would be some of the key rating sensitivities.

Firm Profile

Dolphin Poly Plast Private Limited (DPPPL) was incorporated in 1999 as a private limited company and manufactures HDPE pipes, sprinkler pipes and emitting pipes at its manufacturing facility located in Rajkot district with a production capacity of 6500 MT of various pipes per annum. It also manufactures micro irrigation systems (MIS) including drip irrigation system, sprinkler irrigation system and mini Sprinkler Irrigation System. DPPPL has been promoted by Mr. Hareesh Kothiya, who has the experience of more than two decades in assembling and manufacturing MIS-related products.

Recent Results

For the year ended 31st March 2016, company has reported an operating income of Rs. 17.24 crore with profit after tax of Rs.0.26 crore as per provisional results.

June 2016

¹ 100 lakh = 1 crore = 10 million

² For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications.



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