



Rating Rationale

Disha Industries Pvt Ltd

15 Jan 2018

Brickwork Ratings downgraded the ratings for the Bank Loan Facilities of ₹. 30.87 Crores of Disha Industries Pvt Ltd.

Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (June, 2015)	Present
Cash Credit	12.50	12.50	Long Term	BWR B+ Outlook: Stable (Pronounced BWR Single B Plus)	BWR D (BWR Single D) Downgraded
Term Loan	27.22	13.37			
ILC/FLC	5.00	5.00	Long Term	BWR A4 (BWR A Four)	
Total	44.72	30.87	INR Thirty Crores and Eighty Seven Lakhs Only		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings
Complete details of Bank facilities is provided in Annexure-I

Ratings: Downgraded

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited financial statements for FY17, projection for FY18, FY19 & FY20, Publicly available information and information/clarification provided by the company and management.

The rating has factored, inter alia, the strength related to promoters' experience in Paper industry, increase in capacity and modest scale of operations. However rating is constrained by highly competitive and fragmented nature of paper manufacturing, declining sales and operating profit, stretched liquidity, and Interest is not serviced for last 3 months in term loan along with one instalment causing delay in servicing debt obligations



Description of Key Rating Drivers

Credit Strengths:

- Promoters experience is about 3 decades. Revenue is at modest level of Rs 95.11.Crs , production capacity increased from 100 TPD to 300 TPD

Credit Risks:

- Revenue has decreased by 8.55% from Rs 95.11 Crs in FY17 against Rs 104.01 Crs in FY16. operating margin has declined from 10.49% to 10.01 % between FY 16 & FY17 and delay in servicing debt obligations.

Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

About the Company

Disha Industries Ltd incorporated on 4 th December 1995 is promoted by Mr. Ajay Paliwal and Mr. Suraj Prakash who have over two decades of experience in paper industry. The Company is engaged in manufacturing of Kraft paper ranging from 16BF to 30 BF (Burst factor and 120 GSM to 300 GSM (Grams per square meter) using indigenous and imported waste paper. Its manufacturing facility is located in Muzaffarnagar, Uttar Pradesh and it has an installed capacity of producing 300 TPD. Ajay Kumar Paliwal, Akash Kumar, Karan Swarup, Gaurav Swarup are the directors of the Company.

Company Financial Performance

In FY17, company has achieved net sales of Rs 95.11 Crs against Rs 104.01 Crs in FY16. The operating profit margin stood at 10.01 percent and net profit margin at 0.62 percent for FY17. The company has debt equity of 2.09 times in FY17. The tangible net-worth stood at Rs 17.51 Crs for FY17.

Rating History for the last three years

S.No	Instrument /Facility	Current Rating (2018)			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	29, Dec, 2016	24, June, 2015	2014
	Fund Based	Long Term	25.87	BWR D (BWR Single D) Downgraded	Not Reviewed	BWR B+	NA
	Non Fund Based	Short Term	5.00			BWR A4	NA
	Total		30.87	INR Thirty Crores and Eighty Seven Lakhs Only			

Key Financial Indicators

Key Parameters	Units	2017	2016
Result Type			
Operating Revenue	Rs in Crs	95.11	104.11
EBITDA	Rs in Crs	9.52	10.91
PAT	Rs in Crs	0.59	0.32
Tangible Net worth	Rs in Crs	17.51	16.92
Total Debt/Tangible Net worth	Times	2.09	2.37
Current Ratio	Times	1.07	1.04

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Sector](#)
- [Short Term Debt](#)



For any other criteria obtain hyperlinks from website

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For print and digital media

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 10,00,000 Cr. In addition, BWR has rated over 6300 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹24,440 Cr have been rated.

DISCLAIMER

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