



SMERA RATINGS LIMITED

**Rasik Products Private Limited (RPPL)****Rating  
Rationale****March 08, 2016**

| Facilities                         | Amount<br>(Rs. Crore) | Ratings                    |
|------------------------------------|-----------------------|----------------------------|
| Term Loan                          | 1.25                  | SMERA B+/Stable (Assigned) |
| Stand by Overdraft                 | 9.00                  | SMERA B+/Stable (Assigned) |
| Packing Credit                     | 10.00                 | SMERA A4 (Assigned)        |
| Bank Guarantee                     | 2.90                  | SMERA A4 (Assigned)        |
| Long Term Bank Facility (Proposed) | 1.85                  | SMERA B+/Stable (Assigned) |

SMERA has assigned rating of '**SMERA B+**' (read as **SMERA B plus**) to the Rs.12.10 crore long term (fund based) bank facilities and '**SMERA A4**' (read as **SMERA A four**) to the Rs.12.90 crore short term (non-fund based) bank facilities of Rasik Products Private Limited (RPPL). The outlook is '**Stable**'. The ratings are constrained by the company's high leverage (debt to equity ratio- 4.15 times in FY2014-15) and working capital intensive nature of business. Further, the ratings are also constrained by the low (profit after tax) PAT margins, modest scale of operations and intense competition in the packaging industry. However, the aforementioned weaknesses are partially offset by the company's experienced management and established relations with customers and suppliers.

**Outlook: Stable**

SMERA believes RPPL will maintain a stable business risk profile in the medium term on account of its experienced management and established track record. The outlook may be revised to 'Positive' if the company registers improvement in capital structure or substantial and sustained improvement in revenue while maintaining profitability margins. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the financial risk profile, lower than expected cash accrual or lengthening of working capital cycle.

**Rating Sensitivity Factors**

- Capital Structure
- Improvement in working capital cycle
- Sustainable growth in revenue and profitability profile

**About the Company**

The Uttar Pradesh-based, RPPL, established in 1998 was promoted by Mr Girdhari Lal Khandelwal. The company is engaged in the manufacturing and marketing of multi-layer transferable coatings, films, foils and laminates at Mathura. The company's manufacturing capacity stands at 3266 MT for packaging, wrapping, gifting and security foils.

*SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website ([www.smera.in](http://www.smera.in)) for the latest information on any instrument rated by SMERA.*

For FY2014–15, the company reported profit after tax (PAT) of Rs.0.84 crore on operating income of Rs.48.77 crore, as compared with profit after tax (PAT) of Rs.0.82 crore on operating income of Rs.30.67 crore in FY2013–14. The net worth of the company stood at Rs.5.12 crore as on March 31, 2015 against Rs.4.01 crore a year earlier.

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