

Press Release

Rasik Products Private Limited

October 12, 2021

Rating Withdrawn



Total Bank Facilities Rated*	Rs. 25.00 Cr.#
Long Term Rating	ACUITE B+ (Withdrawn)
Short Term Rating	ACUITE A4 (Withdrawn)

* Refer Annexure for details

Rating Rationale

Acuite has withdrawn the long-term rating of '**ACUITE B+**' (read as **ACUITE B plus**) and short term rating of **ACUITE A4** (read as **ACUITE A four**) on the Rs.25.00 crore bank facilities of Rasik Products Private Limited. The rating withdrawal is in accordance with Acuite's policy on withdrawal of rating.

The rating is being withdrawn on account of request received from the company and NOC received from the banker.

Rasik Products Private Limited (RPPL), a Mathura-based company was incorporated by Mr. G. Khandelwal (CMD) in the year 2001. The company is engaged in the manufacturing and marketing of multilayer transferable coatings, films, foils and laminates. The products are used in a variety of applications. These include high quality decorative and security packaging film for use in the tobacco, drinks, luxury goods, food, pharmaceuticals and consumer products sectors and a broad range of security applications for use in tamper-proof and tamper-evident packaging.

Analytical Approach

Acuite has considered the standalone business and financial risk profiles of the RPPL to arrive at this rating.

Key Rating Drivers

Strengths

• Experienced promoters

The promoters, Mr. Girdhari Lal Khandelwal and Mr. Rasik Khandelwal have more three decade's experience in the aforementioned industry which has enabled them to build up a client base from all around the globe. The company caters to a variety of demands from holograms to sequins which enables them to enter into various segments of the consumer market. Acuite believes the company will continue to benefit from the experience of the promoters.

Weaknesses

• Above average financial risk profile

RPPL's financial risk profile is moderate, marked by average net worth, high gearing and moderate debt protection metrics. The net worth of RPPL stood at Rs.13.25 crore as on March 31, 2021 (Prov) against Rs.11.80 crore as on March 31, 2020. The leverage levels continue to remain high to around 2.68 times (Prov) as on March 31, 2021. The total debt of Rs. 35.46 crore as on 31 March, 2021 (Prov) includes term loans from bank of Rs. 7.02 crore, unsecured loans of Rs. 2.00 crore and working capital borrowings of Rs.26.43 crore. The TOL/TNW stands at 4.81 times in FY2021 (Prov) as against 5.36 times in FY2020. The moderate profitability coupled with high gearing levels have resulted in moderate debt protection metrics with interest coverage of 2.90 times and debt service coverage of 2.90 times as on March 31, 2021 (Prov).

• Working Capital intensive operations

RPPL's working capital operations are intensive marked by Gross Current Asset (GCA) days of 309 in FY 2021 (Prov) as against 257 days in FY2020. This is mainly on account of high inventory holding period and stretched debtor days. The inventory days stood at 175 as on 31 March 2021 (Prov) as compared to 145 days as on 31 March, 2020 and the debtor days stood at 110 as on 31 March, 2021 (Prov) as compared to 106 days as on 31 March, 2020. Therefore, the reliance on working capital borrowings is high and stood fully utilised for the past six months ended 31 July, 2021. The current ratio of the company stands healthy at 1.25 times as on March 31, 2021.

Rating Sensitivity

Not Applicable

Material Covenants

None

Liquidity position: Stretched

The company has stretched liquidity. The working capital operations of the group are intensive marked by gross current asset (GCA) days of 309 in FY2021 (Prov). The bank limit remains fully utilised during the last six months ended 31 July 2021. The company maintains unencumbered cash and bank balances of Rs.1.60 crore as on March 31, 2021 (Prov). The current ratio stands at 1.25 times as on March 31, 2021 (Prov).

Outlook: Not Applicable

About the Rated Entity - Key Financials

	Unit	FY21 (Actual)	FY20 (Actual)
Operating Income	Rs. Cr.	61.83	71.32
PAT	Rs. Cr.	2.17	3.03
PAT Margin	(%)	3.51	4.25
Total Debt/Tangible Net Worth	Times	2.68	2.11
PBDIT/Interest	Times	2.90	3.20

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

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-59.htm>
- Financial Ratios and Adjustments - <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/view-rating-criteria-55.htm>

Rating History (Up to last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr)	Ratings/Outlook
30-March-2021	Term Loan	Long Term	1.25	ACUITE B+ Issuer not co-operating*
	Secured Overdraft	Long Term	9.00	ACUITE B+ Issuer not co-operating*

	Proposed Working Capital Demand Loan	Long Term	1.85	ACUITE B+ Issuer not co-operating*
	Packing Credit	Short Term	10.00	ACUITE A4 Issuer not co-operating*
	Bank Guarantee	Short Term	2.90	ACUITE A4 Issuer not co-operating*
03-Jan-2020	Term Loan	Long Term	1.25	ACUITE B+ Issuer not co-operating*
	Secured Overdraft	Long Term	9.00	ACUITE B+ Issuer not co-operating*
	Proposed Working Capital Demand Loan	Long Term	1.85	ACUITE B+ Issuer not co-operating*
	Packing Credit	Short Term	10.00	ACUITE A4 Issuer not co-operating*
	Bank Guarantee	Short Term	2.90	ACUITE A4 Issuer not co-operating*
06-Oct-2018	Term Loan	Long term	1.25	ACUITE B+ Issuer not co-operating*
	Secured Overdraft	Long Term	9.00	ACUITE B+ Issuer not co-operating*
	Proposed Working Capital Demand Loan	Long Term	1.85	ACUITE B+ Issuer not co-operating*
	Packing Credit	Short Term	10.00	ACUITE A4 Issuer not co-operating*
	Bank Guarantee	Short Term	2.90	ACUITE A4 Issuer not co-operating*

***Annexure – Details of instruments rated**

Lender Name	Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Canara Bank	Term Loan	Not Available	Not Available	Not Available	1.25	ACUITE B+ (Withdrawn)
Canara Bank	Stand by Overdraft	Not Available	Not Available	Not Available	9.00	ACUITE B+ (Withdrawn)
Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	1.85	ACUITE B+ (Withdrawn)
Canara Bank	Packing Credit	Not Applicable	Not Applicable	Not Applicable	10.00	ACUITE A4 (Withdrawn)
Canara Bank	Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	2.90	ACUITE A4 (Withdrawn)

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About Acuité Ratings & Research:

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