

Press Release

R K Synthesis Limited

December 02, 2019



Rating Withdrawn

Total Bank Facilities Rated*	Rs. 9.61 Cr.
Long Term Rating	ACUITE BB (Withdrawn)

* Refer Annexure for details

Rating Rationale

Acuité has withdrawn the long term rating of '**ACUITE BB**' (**read as ACUITE double B**) to the above mentioned bank facilities of Rs.9.61 crore for R K Synthesis Limited (RKSL). This rating is now withdrawn and is based on best available information.

The rating is being withdrawn on account of request received from the company and NOC received from the banker.

RKSL is an Ahmedabad-based partnership firm established in 1994. Later, it was reconstituted as a public limited in 2015. The company is managed by Mr. Karshanbhai G. Patel, Mr. Nihar K. Patel, Mr. Prashant K. Patel and Mr. Joitaram G. Patel. The company possesses ISO 9001:2015, ISO 14001:2015 and OHSAS18001:2007 certificates for its products and exports to more than 15 countries. The manufacturing facilities are located at Vatva, Ahmedabad and Surat in Gujarat.

Analytical Approach

Acuité has considered the standalone business and financial risk profile of RKSL to arrive at the rating.

Key Rating Drivers

Strengths

- **Established track record and experienced management**

RKSL is in business of Dyes, Pigments and Specialty intermediates since 1994. The company has presence of over two decades in the said line of business and has established its market position in domestic as well as international market. The promoters of the company have more than three decades of experience in the chemical, dyes and intermediates industry. The strong network and past experience of the promoters has helped the company to establish longstanding relationship with reputed clients and suppliers

Weaknesses

- **Highly competitive and fragmented industry**

The company is exposed to intense competition in the industry which is highly fragmented marked by presence of large number of small players which limits the pricing flexibility and bargaining power of mid-sized players such as RKSL. Furthermore, growth of the dyestuff industry is largely dependent on the end user industries such as textile, leather and paper. However, the established market for their products and longstanding relationship with its customers reduces such risk to certain extent for the company.

Liquidity Profile:

Not Applicable

Rating Sensitivity:

Not Applicable

Outlook:

Not Applicable

About the Rated Entity - Key Financials

	Unit	FY19 (Actual)	FY18 (Actual)	FY17 (Actual)
Operating Income	Rs. Cr.	86.77	64.55	41.40
EBITDA	Rs. Cr.	9.06	7.30	3.83
PAT	Rs. Cr.	4.30	3.16	0.93
EBITDA Margin	(%)	10.44	11.31	9.26
PAT Margin	(%)	4.96	4.89	2.23
ROCE	(%)	20.93	21.82	14.73
Total Debt/Tangible Net Worth	Times	2.07	4.04	0.65
PBDIT/Interest	Times	6.21	4.78	2.92
Total Debt/PBDIT	Times	3.05	3.82	2.25
Gross Current Assets (Days)	Days	118	145	149

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

Not Applicable

Any other information

None

Any Material Covenants:

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-17.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
24-Sept-2018	Cash Credit	Long Term	8.50	ACUITE BB / Stable (Assigned)
	Term Loan	Long Term	1.11	ACUITE BB / Stable (Assigned)

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	8.50	ACUITE BB (Withdrawn)
Term Loan	Not Applicable	Not Applicable	Not Applicable	1.11	ACUITE BB (Withdrawn)

Contacts

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About Acuité Ratings & Research:

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