



Press Release

Royal Touch Fablon Private Limited

December 03, 2021

Rating Reaffirmed & Withdrawn

Product	Initial Quantum (Rs. Cr.)	Net Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	20.00	0.00		ACUITE A4+ Reaffirmed & Withdrawn
Bank Loan Ratings	80.00	0.00	ACUITE BB+ Reaffirmed & Withdrawn	
Total	-	0.00	-	-

Rating Rationale

Acuité has withdrawn the long-term rating of '**ACUITE BB+**' (read as **ACUITE double B Plus**) and short term rating of '**ACUITE A4+**' (read as **ACUITE A four plus**) on the Rs.100.00 crore bank facilities of Royal Touch Fablon Private Limited(RTFPL).The rating is being withdrawn on account of request received from the company and NOC received from concerned bankers.

The ratings reflect moderate the scale of operation along with comfortable financial risk profile. The ratings also factor company's established track record of more than two decades in plastic packaging industry. These credit strengths are partly offset by the company's working capital intensive nature of operations.

About the Company

RTFPL is a Kolkata based company incorporated in 1999. The company is engaged in manufacturing of highdensity polyethylene (HDPE), low-density polyethylene (LDPE) and polypropylene (PP) woven bags, and flexible intermediate bulk containers (FIBC)/ jumbo bags. The company is promoted by the Kandoi family and the operations are currently managed by Mr. Vikas Kandoi and Mr. Prakash Kandoi. The company has five manufacturing facilities located at West Bengal and Raipur with an annual installed capacity of 30,000 MT.

Analytical Approach

Acuité has taken a standalone view of business and financial risk profile of RTFPL to arrive at this rating.

Key Rating Drivers

Strengths

Long operational track record

RTPL is engaged in manufacturing of HDPE bags, FIBC bulk bags, PP Woven Sacks/Bag, Carry Bags and PP Yarn bags. RTPL, has a long established track record of operations of over two

decades in the plastic packaging goods industry which has resulted in established market position in the Eastern regions of India. The company is promoted by Mr. Vikas Kandoi and Mr. Prakash Kandoi who possess more than two decades of experience in the same industry and is well supported by second line of business. The long track record of the company coupled with extensive experience has enabled the company establish a strong longstanding relationship with its customers and suppliers. The company has moderate scale of operation as revenue stood at 270.84 Cr in FY21 as against 271.98 Cr in FY20.

Comfortable financial risk profile

The financial risk profile of the company is marked by its moderate net worth, modest gearing and comfortable debt protection ratio. The net worth of the company stood at Rs.76.73 Cr. as on 31st March'2021 as compared to Rs 73.79 Cr. in the previous year. The gearing of the company stood at 1.08 times as on 31st March 2021 as against 1.01 times as on 31st March 2020. The total debt of Rs. 83.08 Cr in FY2021 consists of short term borrowing of Rs 54.31 Cr and Long term borrowing of Rs 28.96 Cr. TOL/TWN stood at 1.76 times in FY21 as against 1.57 times in FY20. The interest coverage ratio stood strong at 2.26 times as on 31st March, 2021 as against 1.01 times in FY20. Net cash accruals to Total Debt (NCA/TD) stood at 0.09 times in FY2021 as against 0.10 times in FY20. Acuité believes the financial risk profile to remain comfortable over the medium term backed by steady accruals and absence of any large debt funded capex plan.

Weaknesses

Working capital intensive

The operations of the company are working capital intensive as evident from its high gross current asset (GCA) days of 179 days in FY21 as 153 days in the previous year. The high GCA days are mainly due to high inventory days of 114 days in FY21. The company maintains considerable stock of granules in order to avoid shortage of raw materials. The debtor days of the company stood at 56 days in FY21 as compared to 48 days in FY20. Acuité believes the working capital requirement is likely to remain similar due to high inventory levels.

Liquidity profile :Adequate

The company has adequate liquidity as reflected from 61 percent utilization of fund based limit during last 6 months ended September 2021. Net cash accrual of the company stood comfortable at Rs 7.21 crore in FY21 as against current maturity of Rs 5.08 Cr. However, the working capital requirement had increased in FY21 which is reflected from 179 GCA days in FY21 as against 153 days in FY20. Current ratio of the company stood comfortable at 1.41 times in FY21. Acuite believes the company will continue to maintain adequate liquidity profile in medium term backed by

healthy cash accruals.

Rating Sensitivities

Not Applicable

Material covenants

None

Outlook : Stable

Acuité believes the outlook on company will remain 'Stable' over the medium term backed by its long track record of operations and comfortable financial risk profile. The outlook may be revised to 'Positive' if the company is able to ramp up its scale of operations significantly along with sustaining their financial risk profile. Conversely, the outlook may be revised to 'Negative' in case of decline in scale of operation or profitability margin.

Key Financials

Particulars	Unit	FY 21 (Actual)	FY 20 (Actual)
Operating Income	Rs. Cr.	270.84	271.98
PAT	Rs. Cr.	3.33	3.89
PAT Margin	(%)	1.23	1.43
Total Debt/Tangible Net Worth	Times	1.08	1.01
PBDIT/Interest	Times	2.26	2.01

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

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-52.htm>
- Entities In Manufacturing Sector -<https://www.acuite.in/view-rating-criteria-59.htm>

Note on complexity levels of the rated instrument

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

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
03 Sep 2021	Term Loan	Long Term	0.35	ACUITE BB+ (Downgraded and Issuer not co-operating*)
	Cash Credit	Long Term	31.50	ACUITE BB+ (Downgraded and Issuer not co-operating*)
	Secured Overdraft	Long Term	10.00	ACUITE BB+ (Downgraded and Issuer not co-operating*)
	Bank Guarantee	Short Term	6.00	ACUITE A4+ (Downgraded and Issuer not co-operating*)
	Proposed Bank Facility	Long Term	22.65	ACUITE BB+ (Downgraded and Issuer not co-operating*)
	Bank Guarantee	Short Term	3.00	ACUITE A4+ (Downgraded and Issuer not co-operating*)
	Proposed Bank Facility	Short Term	8.00	ACUITE A4+ (Downgraded and Issuer not co-operating*)
	Cash Credit	Long Term	15.50	ACUITE BB+ (Downgraded and Issuer not co-operating*)
	Letter of Credit	Short Term	3.00	ACUITE A4+ (Downgraded and Issuer not co-operating*)
11 Jun 2020	Cash Credit	Long Term	31.50	ACUITE BBB Stable (Reaffirmed)
	Proposed Bank Facility	Short Term	8.00	ACUITE A3+ (Reaffirmed)
	Proposed Bank Facility	Long Term	22.65	ACUITE BBB Stable (Reaffirmed)
	Bank Guarantee	Short Term	6.00	ACUITE A3+ (Reaffirmed)
	Bank Guarantee	Short Term	3.00	ACUITE A3+ (Reaffirmed)
	Letter of Credit	Short Term	3.00	ACUITE A3+ (Reaffirmed)
	Cash Credit	Long Term	15.50	ACUITE BBB Stable (Reaffirmed)
	Secured Overdraft	Long Term	10.00	ACUITE BBB Stable (Assigned)
	Term Loan	Long Term	0.35	ACUITE BBB Stable (Reaffirmed)
14 Mar 2019	Bank Guarantee	Short Term	3.00	ACUITE A3+ (Assigned)
	Cash Credit	Long Term	25.50	ACUITE BBB Stable (Assigned)
	Term Loan	Long Term	2.75	ACUITE BBB Stable (Assigned)
	Bank Guarantee	Short Term	6.00	ACUITE A3+ (Assigned)
	Proposed Bank Facility	Long Term	20.25	ACUITE BBB Stable (Assigned)
	Cash Credit	Long Term	31.50	ACUITE BBB Stable (Assigned)
	Proposed Bank Facility	Short Term	8.00	ACUITE A3+ (Assigned)
	Letter of Credit	Short Term	3.00	ACUITE A3+ (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Initial Quantum (Rs. Cr.)	Net Quantum (Rs. Cr.)	Rating
Axis Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	31.50	0.00	ACUITE BB+ Reaffirmed & Withdrawn
Kotak Mahindra Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	15.50	0.00	ACUITE BB+ Reaffirmed & Withdrawn
Kotak Mahindra Bank	Not Applicable	Term Loan	Not available	Not available	Not available	0.35	0.00	ACUITE BB+ Reaffirmed & Withdrawn
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	22.65	0.00	ACUITE BB+ Reaffirmed & Withdrawn
Axis Bank	Not Applicable	Letter of Credit	Not Applicable	Not Applicable	Not Applicable	3.00	0.00	ACUITE A4+ Reaffirmed & Withdrawn
Axis Bank	Not Applicable	Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	3.00	0.00	ACUITE A4+ Reaffirmed & Withdrawn
Kotak Mahindra Bank	Not Applicable	Letter of Credit	Not Applicable	Not Applicable	Not Applicable	6.00	0.00	ACUITE A4+ Reaffirmed & Withdrawn
DBS Bank Ltd	Not Applicable	Overdraft	Not Applicable	Not Applicable	Not Applicable	10.00	0.00	ACUITE BB+ Reaffirmed & Withdrawn
Not Applicable	Not Applicable	Proposed Short Term Loan	Not Applicable	Not Applicable	Not Applicable	8.00	0.00	ACUITE A4+ Reaffirmed & Withdrawn

Contacts

Analytical	Rating Desk
Pooja Ghosh Head-Rating Operations Tel: 022-49294041 pooja.ghosh@acuite.in	Varsha Bist Senior Manager-Rating Operations Tel: 022-49294011 rating.desk@acuite.in
Tony Banerjee Analyst-Rating Operations Tel: 022-49294065 tonoy.banerjee@acuite.in	

About Acuité Ratings & Research

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