

Press Release

Reflexions Narayani Impex Private Limited

March 21, 2023

Rating Upgraded



Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	12.83	ACUITE BB- Stable Upgraded	-
Bank Loan Ratings	5.00	-	ACUITE A4+ Upgraded
Total Outstanding Quantum (Rs. Cr)	17.83	-	-

Rating Rationale

Acuite has upgraded the long-term rating from **'ACUITE B+' (read as ACUITE B plus)** to **'ACUITE BB-' (read as ACUITE double B minus)** on the Rs. 12.83 crore facilities and the short-term rating from **'ACUITE A4' (read as ACUITE A four)** to **'ACUITE A4+' (read as ACUITE A four plus)** on the Rs.5.00 Cr. bank facilities of Reflexions Narayani Impex Private Limited (RNIPL).

The outlook is **'Stable'**.

Rating Rationale

Acuite has factored in the established track record of operations of the group, supported by a long-standing experience of promoters in the industry and relationships with customers and suppliers. The aforesaid factors led to improvement in the overall performance of the group. The operating revenue of the group has improved in the financial year 2022 which is recorded at Rs. 37.08 Crore and is further projected to improve in future years. The liquidity profile of the group has improved marked by net cash accruals of Rs. 3.54 Crore recorded in FY 22 against the debt repayment of Rs. 2.28 Crore. Further, rating action considers the fact that the company is receiving regular rental income from its property "Rene Tower" of ~ Rs. 12 Crore per annum. The group is having long-term tie-ups with parties like- Tata Motors Limited, Star India Private Limited, VFS Global Services Ltd, IndusInd Bank, etc.

About Company

Incorporated in 1994 and based out of Kolkata, RNIPL is led by Managing Director Satyabrata Mukhopadhyay, the entity is engaged in contract manufacturing and export of leather accessories for several global brands to locations such as Russia, UAE, and several countries in Europe. Further RNIPL owns and operates Rene Towers, which counts several leading Indian corporates as its tenants.

About the Group

Rene Group (RG) consists of Rene Impex Private Limited (RIPL) and Reflexion Narayani Impex Private Limited (RNIPL). The group is promoted by Mr. Satyabrata Mukhopadhyay. RG started its operations in 1994 and is engaged in the manufacture and export of high-end leather accessories. Subsequently, in 2003, the group expanded its line of operation to the manufacturing of apparel. Under its brand 'Rene', the group is in process of establishing a

chain of retail stores dealing in apparel and leather goods with 7 stores in Kolkata. Additionally, the group derives income from the leasing of its commercial space 'Rene Towers'.

Analytical Approach

Extent of Consolidation

- Full Consolidation

Rationale for Consolidation or Parent / Group / Govt. Support

Acuité has consolidated the business and financial risk profiles of RNIPL and RIPL, together known as Rene Group (RG), to arrive at the rating. The consolidation is on account of RIPL being a 100 percent subsidiary of RNIPL, a similar line of business, and significant operational and financial linkages between the entities.

Key Rating Drivers

Strengths

Established position and experienced promoters

RG has an established track record of over two decades in the leather industry resulting in an established position. The promoter Mr. Satyabrata Mukhopadhyay has over four decades of experience in the manufacturing of leather accessories. The extensive experience of promoters has resulted in established relations with reputed clients including customers through K.PLUS in Japan, Knight and Walker (Dubai), RAPEL (Romania) and EL POTRO (Spain). Furthermore, the group is operating a chain of retail outlets since 2011.

Improved Operating Performance

The operating performance of Rene Group has comparatively improved in FY 22. The group reported a revenue of Rs. 37.08 crore as compared to Rs. 30.18 crore in FY 21. Currently, the YTD Sales till Jan 23 for RENE Group from core business is Rs. 28.13 crore further the group earns a rental income of ~Rs 12 Cr. per annum and hence the group is on track to achieve the projections of ~Rs. 45 Crore in FY23. The EBITDA Margins have improved for the group, at 10.02% in FY 22 viz-a-viz 6.81% in FY 21. The PAT Margins have also shown improvement and stood at 2.70% in FY 22.

Weaknesses

Moderate Financial Risk Profile

The group's financial risk profile remained moderate with gearing level for FY 22 moderated yet comfortable at 1.06 times as against 0.93 times in FY21. The coverage indicators marked by improved DSCR in FY 22 at 1.20 times as against 0.79 times in FY21 and ICR improved at 1.86 times in FY 22 as against 1.46 times in FY21.

Incurring Operating Losses

The group is running in operating PBT Losses and the same is covered by the other income, which includes Interest Income from Fixed Deposits and Rental Income. However, the company has improved its performance in FY 22 and is expected to improve further in the future years.

Rating Sensitivities

1. Significant improvement in scale of operations, while maintaining its profitability margins.
2. Deterioration in the working capital cycle leading to stress on the debt protection metrics or the liquidity position of the entity.

Material Covenants

None

Liquidity Position

Adequate

RG has adequate liquidity position marked by Net Cash Accruals (NCA) of Rs. 3.54 crore as against the debt repayment of Rs. 2.28 crore in FY 22. The lease rentals have been tied-up to

the term loan and have remained adequate to cover the TL repayments. The rentals received are covered by long term agreements with the parties. The current ratio for the FY 22 is maintained at 1.31 Times as compared to 1.22 Times in FY 21. The cash and Bank balance stood at Rs. 3.71 crore in FY 22 as compared to Rs. 1.69 crore in FY 21.

Outlook:

Acuité believes that RG will maintain a 'Stable' outlook over the medium term from its established position and the promoter's long-standing experience in the industry. The outlook may be revised to 'Positive' if the group achieves higher than envisaged sales and profitability while efficiently managing its working capital cycle. Conversely, the outlook may be revised to 'Negative' if the group fails to achieve growth in revenue and profitability or the financial risk profile deteriorates owing to stretch in working capital requirement further resulting into liquidity stress.

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 22 (Actual)	FY 21 (Actual)
Operating Income	Rs. Cr.	37.08	30.18
PAT	Rs. Cr.	1.00	(1.18)
PAT Margin	(%)	2.70	(3.90)
Total Debt/Tangible Net Worth	Times	1.06	0.93
PBDIT/Interest	Times	1.86	1.46

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

ICRA Ratings vide its press release dated 17.03.2022, had rated the company to ICRA B/A4; INC

Any Other Information

None

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Consolidation Of Companies: <https://www.acuite.in/view-rating-criteria-60.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Trading Entitie: <https://www.acuite.in/view-rating-criteria-61.htm>

Note on Complexity Levels of the Rated Instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite' s categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
07 Mar 2022	Term Loan	Long Term	7.83	ACUITE B+ Stable (Assigned)
	Term Loan	Long Term	7.00	ACUITE B+ Stable (Reaffirmed)
	Packing Credit	Short Term	3.00	ACUITE A4 (Reaffirmed)
01 Dec 2021	Proposed Bank Facility	Long Term	1.00	ACUITE B+ Stable (Reaffirmed)
	Packing Credit	Short Term	3.00	ACUITE A4 (Reaffirmed)
	Term Loan	Long Term	7.00	ACUITE B+ Stable (Reaffirmed)
04 Aug 2021	Packing Credit	Long Term	2.00	ACUITE A4 (Issuer not co-operating*)
	Term Loan	Long Term	7.00	ACUITE B+ (Issuer not co-operating*)
	Bills Discounting	Long Term	2.00	ACUITE A4 (Issuer not co-operating*)
06 May 2020	Packing Credit	Short Term	2.00	ACUITE A4+ (Downgraded and Issuer not co-operating*)
	Term Loan	Long Term	7.00	ACUITE B+ (Downgraded and Issuer not co-operating*)
	Bills Discounting	Short Term	2.00	ACUITE A4+ (Downgraded and Issuer not co-operating*)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Indian Bank	Not Applicable	FBN/FBP/FBD/PSFC/FBE	Not Applicable	Not Applicable	Not Applicable	Simple	2.00	ACUITE A4+ Upgraded
Indian Bank	Not Applicable	PC/PCFC	Not Applicable	Not Applicable	Not Applicable	Simple	3.00	ACUITE A4+ Upgraded
Indian Bank	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	11.70	ACUITE BB- Stable Upgraded
Indian Bank	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	1.13	ACUITE BB- Stable Upgraded

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About Acuité Ratings & Research

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