



Press Release
Reflexions Narayani Impex Private Limited
June 18, 2024
Rating Reaffirmed and 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+ Reaffirmed
Total Outstanding Quantum (Rs. Cr)	17.83	-	-

Rating Rationale

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

Rationale for rating Upgrade

The rating upgrade reflects the sustainable growth in the business risk profile and further improvement in financial risk profile. In FY2023, the revenue of the group was at Rs. 49.65 crore, a growth of 33.92 percent on a year-on-year basis. The revenues of the company for FY2024 were at Rs. 50.95 crore (Provisional). The turnover has improved with improvement in capacity utilization and profitable ramp-up in operations and increase in rental income in FY2023 and in FY2024. The operating margin of the company has improved from 13.20 percent in FY2023 to 18.31 percent in FY2024 due to an overall reduction in the material cost and incremental improvement of revenue income. Acuite also derives comfort from the financial risk profile of the company which continues to remain healthy, with gearing below unity and healthy debt coverage indicators led by consistent increase in the networth, due to healthy cash accruals over the years. In addition, the company has an adequate liquidity profile as reflected from its increasing net cash accrual, minimum debt repayment and healthy current ratio. The rating further draws comfort from the group's established track record of the company for more than two decades in the leather industry along with a reputed clientele of the company. However, the rating remains constrained by working capital intensive nature of operations inherent cyclical nature of the industry.

About Company

Incorporated in 1994 and is based out of Kolkata, Reflexions Narayani Impex Private Limited (RNIPL) is led by managing director Mr. 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'.

Unsupported Rating

Not Applicable

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 (Japan), Knight and Walker (Dubai), RAPEL (Romania) and EL Potro (Spain). Furthermore, the group is operating a chain of retail outlets since 2011.

Healthy Financial Risk Profile

The financial risk profile of the group is marked by healthy net worth, moderate gearing, and comfortable debt protection metrics. The net worth of the group stood healthy at Rs. 77.98 crore in FY2024 (Prov.) as compared to Rs. 70.69 crore in FY2023 due to accretion to reserves. The gearing of the group stood moderate at below unity levels 0.71 and 0.96 times in FY2024 (Prov.) and FY2023 respectively. Interest coverage ratio (ICR) has improved and stood at 3.63 times in FY2024 (Prov.) as against 2.39 times in FY2023. The debt service coverage ratio (DSCR) of the group also improved and stood at 2.54 times in FY2024 (Prov.) as compared to 1.62 times in the previous year. Further, Debt-EBDITA has improved and stood at 3.89 times in FY2024 (Prov.) as against 6.93 times on FY2023. Acuité believes that the financial risk profile of the group will continue to remain healthy at the back of healthy accruals leading to comfortable capital structure and comfortable debt protections metrics over the medium term.

Weaknesses

Working Capital Management

The group has increasing working capital of operations as reflected from 229 days of GCA days in FY2024 (Prov.) as against 139 days in FY2023. Inventory holding period of the group has increase to 109 days from 87 days. Debtor collection period stood at similar level at 24 days in FY2024 (Prov.) as compared to 23 days in FY2023. Further, the creditor collection period has declined to 86 days in FY2024 (Prov.) from 59 days in FY2023. The working capital limit remain utilized at 57.71 percent for 6 months ended May 2024. (Reflections Narayani Impex Private Limited for Rs. 5 crore limit – 34.37 percent and Rene Impex Private Limited for Rs. 3 crore limit – 81.06 percent). Acuité believes that the working capital requirement is likely to stay at similar levels over the medium term.

Customer Concentration

The group is also susceptible to customer concentration risk as in Reflexion Narayani Impex Private Limited (RNIPL) ~ 55-75 percent of the company's revenue is generated through sales to 'K Plus, South Korea'. Acuité believes that the ability of RNIPL to expand its customer base to mitigate the revenue concentration risk will remain a key rating sensitivity factor.

Rating Sensitivities

- Significant improvement in scale of operations, while maintaining its profitability margins
- Further elongation in working capital cycle

Liquidity Position Adequate

RG has adequate liquidity position marked by Net Cash Accruals (NCA) of Rs. 9.91 crores as against the debt repayment of Rs. 1.50 crores in FY2024. The lease rentals have been tied-up to the term loan and have remained adequate to cover the TL repayments and both the term loans have been repaid in this year.

Additionally, the current ratio stood at similar levels i.e., 1.29 times in FY2024 (Prov.) as against 1.36 times in FY2023. The working capital limits are utilized ~ 57.71 percent for 6 months ended May 2024. The cash and bank balance stood at Rs. 8.53 crores as on FY2024 as the group has liquidated most of the investments. Acuité expects liquidity profile of the company to remain adequate due to sufficient accruals, moderate utilisation of bank lines and healthy current ratio over the medium term.

Outlook: Stable

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 24 (Provisional)	FY 23 (Actual)
Operating Income	Rs. Cr.	50.95	49.65
PAT	Rs. Cr.	7.30	3.14
PAT Margin	(%)	14.32	6.33
Total Debt/Tangible Net Worth	Times	0.71	0.96
PBDIT/Interest	Times	3.63	2.39

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

Not Applicable

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 Entities: <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, Acuite 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
21 Mar 2023	FBN/FBP/FBD/PSFC/FBE	Short Term	2.00	ACUITE A4+ (Upgraded from ACUITE A4)
	PC/PCFC	Short Term	3.00	ACUITE A4+ (Upgraded from ACUITE A4)
	Term Loan	Long Term	11.70	ACUITE BB- Stable (Upgraded from ACUITE B+ Stable)
	Term Loan	Long Term	1.13	ACUITE BB- Stable (Upgraded from ACUITE B+ Stable)
07 Mar 2022	PC/PCFC	Short Term	3.00	ACUITE A4 (Reaffirmed)
	Term Loan	Long Term	7.00	ACUITE B+ Stable (Reaffirmed)
	Term Loan	Long Term	7.83	ACUITE B+ Stable (Assigned)
01 Dec 2021	PC/PCFC	Short Term	3.00	ACUITE A4 (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	1.00	ACUITE B+ Stable (Reaffirmed)
	Term Loan	Long Term	7.00	ACUITE B+ Stable (Reaffirmed)
04 Aug 2021	Bills Discounting	Short Term	2.00	ACUITE A4 (Reaffirmed & Issuer not co-operating*)
	Term Loan	Long Term	7.00	ACUITE B+ (Reaffirmed & Issuer not co-operating*)
	PC/PCFC	Short Term	2.00	ACUITE A4 (Reaffirmed & 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 avl. / Not appl.	FBN/FBP/FBD/PSFC/FBE	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	2.00	ACUITE A4+ Reaffirmed
Indian Bank	Not avl. / Not appl.	PC/PCFC	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	3.00	ACUITE A4+ Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	12.83	ACUITE BB Stable Upgraded (from ACUITE BB-)

***Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)**

Sr. No	Company Name
1	Reflexions Narayani Impex Private Limited
2	Rene Impex Private Limited

Contacts

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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