



**Press Release**  
**F ROBIN POLYMERS PRIVATE LIMITED**  
**June 15, 2023**

**Rating Assigned and Upgraded**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	25.00	ACUITE BB   Stable   Assigned	-
Bank Loan Ratings	55.80	ACUITE BB   Stable   Upgraded	-
<b>Total Outstanding Quantum (Rs. Cr)</b>	80.80	-	-

**Rating Rationale**

Acuite has upgraded its long-term rating to **'ACUITE BB' (read as ACUI TE double BB)** from **'ACUITE BB-' (read as ACUITE double B minus)** to the Rs.55.80 Cr and assigned its longterm rating of **'ACUITE BB-' (read as ACUITE double B minus)** to the 25.00 Cr bank facilities of F.Robin Polymers Private Limited (FRPL). The outlook is **'Stable'**.

The rating upgrade takes cognizance of consistent growth in the operating performance, stable operating margin. The company's revenue recorded 27 percent YOY growth during FY22, as it stood at Rs. 48.30 Cr and expected to report Rs. 65 Cr year-over-year 36percent growth in FY2023, supported by capacity expansion and stabilized operations. Its operating margin was healthy in the range of 15 percent to 17percent over the past two fiscal years ended in FY2022 and it is expected to be around 20percent in FY2023. The rating takes into account its extensive experience of the promoters. The rating albeit is constrained by its working capital intensive nature of operations and its susceptibility of margins to volatility in raw material prices and high competition.

**About the Company**

F.Robin Polymers Private Limited (FRPL) was incorporated in 2016, promoted by Mrs. F. Stella and Mr. F Robin. The company is engaged in manufacturing of PP Woven sacks. It has a manufacturing facility at Chinnupatti, Batlagundu, Dindigul, Tamilnadu with a production capacity of 15 MT per day. The produced products are used majorly players engaged in manufacturing cement, fertilizers, sugar, textile, food grain & agro products among others. The Company commenced its operations in June 2018. In January 2021, the Company instated 5 megawatt (MW) solar power project for captive consumption.

**Analytical Approach**

Acuite has taken a standalone view of the business and financial risk profile of FRPL to arrive at the rating.

**Key Rating Drivers**

**Strengths**

- **Experienced Management**

FRPL was incorporated in 2016, promoted by Mrs. F. Stella and her son Mr. F Robin. The day-to-day operations are managed by the managing director - Mrs. F. Stella and her

husband Mr. Francis. The company manufactures polypropylene woven sacks, which find utility as industrial packaging materials ideally suited for cement, sugar, food grains

among others. Promoters and experienced management has helped the company to stabilise and scale up the operations and develop relationship with its customers and suppliers. Acuité believes promoter's strong understanding of the market dynamics and experienced management will benefit the company going forward resulting in steady growth in the scale of operations.

- **Improving operating performance**

FRPL revenues have recorded an increasing trend since the last 2 years; the company reported revenue of Rs. 48.30 Cr in FY2022, compared to Rs. 37.77 Cr in FY2021 and expected to report Rs. 65 Cr year-over-year 36percent growth in FY2023. Its operating margin was healthy in the range of 15 percent to 17percent over the past two fiscal years ended in FY2022 and it is expected to be around 20percent in FY2023 . Acuité believes that the company's ability to improve its revenues and maintain its operational profitability would be a key factor going forward.

## **Weaknesses**

- **Below-average financial risk profile**

The financial risk profile of the company has remained below average with weak capital structure and high gearing and moderate debt protection metrics. The net worth of the company stood at Rs.9.50 Cr and Rs.6.78 Cr as on March 31, 2022 and 2021 respectively. The gearing of the company stood at 3.67 times as on March 31, 2022 against 4.62 times as on March 31, 2021. Debt protection metrics – Interest coverage ratio and debt service coverage ratio stood at 2.99 times and 1.48 times as on March 31, 2022 respectively as against 2.54 times and 1.31 times as on March 31, 2021 respectively. The debt to EBITDA of the company stood at 4.25 times as on March 31, 2022 as against 4.86 times as on March 31, 2021. Acuité believes the financial risk profile of the FRPL will remain below-average over the medium term and ability of the company to scale up its operations with surplus accruals in order to service its medium-term debt obligations in timely manner will be critical.

- **Working Capital intensive operations**

Company's working capital cycle is intensive reflected by its GCA days at 225 days as on March 31, 2022 as against 191 days as on March 31, 2021. Inventory days stood at 110 days as on March 31, 2022 as against 108 days as on March 31, 2021. Subsequently, the payable period stood at 49 days as on March 31, 2022 as against 57 days as on March 31, 2021 respectively. The debtor day stood at 107 days as on March 31, 2022 as against 90 days as on March 31, 2021. Further, the average bank limit utilization in the last six months ended April, 23 remained at ~97 percent for fund based limits.

## **Rating Sensitivities**

- Significant improvement in scale of operations while maintaining profitability margins
- Any large debt-funded capital expenditure, resulting in deterioration of financial risk profile
- Any further deterioration in working capital management leading to deterioration in financials risk profile and liquidity

## **Material covenants**

None

## **Liquidity: Adequate**

FRPL's Liquidity is adequate with adequate NCAs to its repayment obligations and working capital intensive nature of operations. FPPL generated cash accruals of Rs.3-5.46 Cr during FY2020-2022, while it's maturing debt obligations Rs.2.8-4.01 Cr during the same period. The cash accruals of the company are estimated to remain around Rs.8-11 Cr during FY2023-25

while their repayment obligations are estimated to be around Rs.4.01-5 Cr during the same period. The average fund-based working capital utilization stood at 97 percent for the past 6 months ended April, 2023. The Company has maintained unencumbered cash and bank balances Rs.0.35 Cr and the current ratio stood at 1.46 times as on March 31, 2022. Acuité expects that the liquidity of the company is likely to be adequate over the medium term on account of moderate cash accruals to its maturing debt obligations.

**Outlook: Stable**

Acuité believes that FRPL will maintain a 'Stable' outlook over the medium term from its promoter's entrepreneurial experience. The outlook may be revised to 'Positive' in case the company registers healthy growth in revenues while achieving sustained improvement in operating margins, capital structure and working capital management. Conversely, the outlook may be revised to 'Negative' in case of decline in the company's revenues or profit margins, or any significant debt-funded capex leading to deterioration of its financial risk profile and liquidity.

## Key Financials

Particulars	Unit	FY 22 (Actual)	FY 21 (Actual)
Operating Income	Rs. Cr.	48.30	37.77
PAT	Rs. Cr.	2.22	1.10
PAT Margin	(%)	4.59	2.92
Total Debt/Tangible Net Worth	Times	3.67	4.62
PBDIT/Interest	Times	2.99	2.54

### 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>
- Entities In Manufacturing Sector:- <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.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](http://www.acuite.in)

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
08 Apr 2022	Working Capital Term Loan	Long Term	7.27	ACUITE BB-   Stable (Assigned)
	Cash Credit	Long Term	9.25	ACUITE BB-   Stable (Upgraded from ACUITE B+   Stable)
	Term Loan	Long Term	6.71	ACUITE BB-   Stable (Upgraded from ACUITE B+   Stable)
	Cash Credit	Long Term	4.00	ACUITE BB-   Stable (Upgraded from ACUITE B+   Stable)
	Term Loan	Long Term	6.57	ACUITE BB-   Stable (Assigned)
	Proposed Bank Facility	Long Term	22.00	ACUITE BB-   Stable (Upgraded from ACUITE B+   Stable)
02 Jul 2021	Proposed Bank Facility	Long Term	1.11	ACUITE B+   Stable (Upgraded from ACUITE B   Stable)
	Term Loan	Long Term	8.14	ACUITE B+   Stable (Upgraded from ACUITE B   Stable)
	Cash Credit	Long Term	9.25	ACUITE B+   Stable (Upgraded from ACUITE B   Stable)
18 May 2020	Term Loan	Long Term	9.25	ACUITE B   Stable (Assigned)
	Cash Credit	Long Term	9.25	ACUITE B   Stable (Assigned)

## 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	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	13.25	ACUITE BB   Stable   Upgraded
Not Applicable	Not Applicable	Proposed Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	9.75	ACUITE BB   Stable   Assigned
Not Applicable	Not Applicable	Proposed Long Term Loan	Not Applicable	Not Applicable	Not Applicable	Simple	14.25	ACUITE BB   Stable   Assigned
Indian Bank	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	3.52	ACUITE BB   Stable   Upgraded
Indian Bank	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	3.49	ACUITE BB   Stable   Upgraded
Indian Bank	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	10.00	ACUITE BB   Stable   Upgraded
Indian Bank	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	18.00	ACUITE BB   Stable   Upgraded
Indian Bank	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	0.41	ACUITE BB   Stable   Upgraded
Indian Bank	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	1.00	ACUITE BB   Stable   Assigned
Indian Bank	Not Applicable	Working Capital Term Loan	Not available	Not available	Not available	Simple	7.13	ACUITE BB   Stable   Upgraded

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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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