

Press Release

Pandrol Rahee Technologies Private Limited

January 03, 2022



Rating Reaffirmed & Withdrawn

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	41.00		ACUITE A3+ Reaffirmed & Withdrawn
Bank Loan Ratings	15.00	ACUITE BBB Reaffirmed & Withdrawn	
Total	56.00	-	-

Rating Rationale

Acuité has reaffirmed and withdrawn the long term rating of 'ACUITE BBB' (read as ACUITE triple B) and the short term rating of 'ACUITE A3+' (read as ACUITE A three plus) on the Rs.56.00 crore bank facilities of Pandrol Rahee Technologies Private Limited (PRTPL).

The rating withdrawal is in accordance with Acuité's policy on withdrawal of rating and on account of request received from the company and no objection certificate received from the banker.

About the Company

Established in 2004 by Mr. Pradeep Khaitan, Mr. Rahul Khaitan, Mr. Wayne Martin Peacock and Mr. Fabrice Joseph Max Seewald, Pandrol Rahee Technologies Private Limited (PRTPL) is a 60:40 joint venture of Pandrol International Limited, UK and Rahee Infratech Limited (rated at ACUITE BB+/Stable/ A4+). The company is engaged in the marketing of fasteners, clip and fittings used in metro railway. The company set up a manufacturing plant in the state of Telangana for manufacturing of e-clips in October 2018 with an installed capacity of 15 lakh pieces per annum.

Analytical Approach

Acuité has considered the standalone business and financial risk profile of PRTPL while arriving at the rating.

Key Rating Drivers

Strengths

Long track record of operation and experienced management-

PRTPL's, a Kolkata based company was incorporated in 2008 and promoted by Mr. Pradeep Khaitan, Mr. Mr. Rahul Khaitan, Mr. Wayne Martin, Mr. Fabrice Joseph Max Seewald, Director who possess more than two decades of experience in manufacturing of Anchor, Clip, Fasteners for Metro Railway. The company has a long presence in this sector and has established a healthy relationship with customers for more than a decade.

Healthy profitability margin -

The operating profitability margin of the company has improved and stood healthy at 24.07 per cent in FY2021 as compared to 19.12 per cent in the previous year. This improvement in

profitability margin is on account of decrease in raw material cost and other direct costs. The net profitability margin of the company also stood healthy at 16.49 per cent in FY2021 as compared to 12.51 per cent in the previous year.

Healthy financial risk profile-

The financial risk profile of the company is marked by moderate net worth, low gearing and strong debt protection metrics. The net worth of the company stood moderate at Rs.51.46 crore in FY 2021 as compared to Rs 35.55 crore in FY2020. This improvement in networth is mainly due to the retention of current year profit. The gearing of the company stood low at 0.01 times as on March 31, 2021 when compared to 0.09 times as on March 31, 2020. This improvement in gearing is mainly on account of lower utilization of short term debt utilization during the period. Interest coverage ratio (ICR) is strong and stood 32.91times in FY2021 as against 23.03 times in FY 2020. The debt service coverage ratio (DSCR) of the company also stood strong at 21.71 times in FY2021 as compared to 16.50 times in the previous year. The net cash accruals to total debt (NCA/TD) stood healthy at 39.92 times in FY2021 as compared to 3.58 times in the previous year.

Weaknesses

Exposure to foreign exchange rate fluctuation-

The company's profitability is susceptible to adverse changes in foreign currency. Since the company engages in export activities and realized around 20 per cent revenue from export. This exposes it to the risk of fluctuation in foreign exchange rates. However, this is partially mitigated by the availability of adequate forward covers.

Working capital management –

The operation of the company is working capital intensive marked by moderate gross current asset days of 127 days in FY2021 as compared to 161 days in the previous year. Moreover, the inventory days of the company stood has comfortable at 21 days in FY2021 as compared to 34 days in the previous year. The debtor days of the company has also improved to 38 days in FY2021 as compared to 117 days in the previous year.

Rating Sensitivities

- Working capital management
- Sustenance of their conservative capital structure

Material covenants

None

Liquidity Position: Adequate

The company has adequate liquidity marked by comfortable net cash accruals of Rs. 17.24 crore as against Rs.0.11 crore long term debt obligations in FY2021. The current ratio of the company stood comfortable at 4.00 times in FY2021. The working capital intensive nature of the company is marked by high Gross Current Asset (GCA) days of 127 days in FY2021. The bank limit of the company has been ~23 percent utilized during the last six months ended in November 2021.

Outlook: Stable

Not Applicable

Key Financials

Particulars	Unit	FY 21 (Actual)	FY 20 (Actual)
Operating Income	Rs. Cr.	96.34	86.70
PAT	Rs. Cr.	15.88	10.84
PAT Margin	(%)	16.49	12.51
Total Debt/Tangible Net Worth	Times	0.01	0.09
PBDIT/Interest	Times	32.91	23.03

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>
- Rating Process and Timeline: <https://www.acuite.in/view-rating-criteria-67.htm>
- Service Sector: <https://www.acuite.in/view-rating-criteria-50.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.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
09 Oct 2020	Cash Credit	Long Term	5.00	ACUITE BBB Stable (Assigned)
	Cash Credit	Long Term	10.00	ACUITE BBB Stable (Assigned)
	Bank Guarantee	Short Term	15.00	ACUITE A3+ (Assigned)
	Proposed Short Term Loan	Short Term	2.00	ACUITE A3+ (Assigned)
	Bank Guarantee	Short Term	24.00	ACUITE A3+ (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Rating
ICICI Bank Ltd	Not Applicable	Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	24.00	ACUITE A3+ Reaffirmed & Withdrawn
Punjab National Bank	Not Applicable	Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	15.00	ACUITE A3+ Reaffirmed & Withdrawn
Punjab National Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	10.00	ACUITE BBB Reaffirmed & Withdrawn
ICICI Bank Ltd	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	5.00	ACUITE BBB Reaffirmed & Withdrawn
Not Applicable	Not Applicable	Proposed Short Term Loan	Not Applicable	Not Applicable	Not Applicable	2.00	ACUITE A3+ Reaffirmed & Withdrawn

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About Acuité Ratings & Research

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