

JANUARY 16, 2015

CARE REVISES/REAFFIRMS RATING TO THE BANK FACILITIES OF RISHI TECHTEX LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long term Bank Facilities	9.42 (enhanced from Rs.8.98 crore)	CARE BB (Double B)	Revised from CARE BB- (Double BB Minus)
Short term Bank Facilities	4.60 (enhanced from Rs.3.85crore)	CARE A4 (A Four)	Reaffirmed
Total Facilities	14.02		

Rating Rationale

The revision in the ratings assigned to the bank facilities of RTL factors in improvement in financial performance during FY 14 and H1FY15 and improvement of debt coverage indicators.

The rating strengths however continue to be tempered by small scale of operations, exposure to raw material price & currency fluctuations and highly working capital intensive operations.

Ability to enhance scale of operations, maintain moderate capital structure and average working capital utilization limits are the key rating sensitivities

Background

RTL formerly known as Rishi Packers Limited, incorporated in 1984 by Mr Harshad Patel is engaged in the manufacturing and supplying of woven bags to industries like fertilizer, cement, chemical, petrochemical, salt etc. Over the years, the company has diversified into supplying number of products such as paper reinforced bags, polypropylene laminated bags, box type bags, laminated bags, agro-shed net, decorating nets, etc.

RTL operates two plants, one each at Union Territory of Daman with a total capacity of 4,400 metric tons per annum (MTPA) for manufacturing sacks and fabrics. It also operates a 1,400 MTPA plant at Daman for manufacturing of plastic knitted bags.

During FY14, (refer to period April 1 to March 31) RTL reported profit after tax (PAT) of Rs.1.27 crore on total income of Rs.43.47crore against loss of Rs.0.96crore on total income of Rs.35.67 crore in FY13. Further, the company reported profit of Rs. 0.43 crore on total income of Rs. 23.60 crore in H1FY15 compared to PAT of Rs. 0.18 crore on total income of Rs. 18.89 crore in H1FY14

Analyst Contact

Name: Divyesh Shah

Tel # 022-6144 3528

Email: divyesh.shah@careratings.com

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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¹Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

CONTACT

Head Office Mumbai

Mr. D.R. Dogra

Managing Director
 Mobile: +91-98204 16002
 E-mail: dr.dogra@careratings.com

Mr. Rajesh Mokashi

Dy. Managing Director
 Mobile: +91-98204 16001
 E-mail: rajesh.mokashi@careratings.com

Ms. Meenal Sikchi

Vice President - Bank Loan & Instrument Rating
 Mobile: +91-9819009839
 E-mail: meenal.sikchi@careratings.com

Mr. Ankur Sachdeva

Vice President - Bank Loan & Financial Services
 Mobile: +91-9819698985
 E-mail: ankur.sachdeva@careratings.com

CREDIT ANALYSIS & RESEARCH LIMITED

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022
 Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com

Other Office:

503, Kaledonia, Sahar Road, Near Andheri Railway Station, Andheri (E), Mumbai - 400 069
 Tel: +91-22-6144 3456 | Fax: +91-22-6144 3556

AHMEDABAD
Mr. Mehul Pandya

32, Titanium, Prahaladnagar Corporate Road,
 Satellite, Ahmedabad - 380 015
 Cell: +91-98242 56265
 Tel: +91-79-4026 5656
 E-mail: mehul.pandya@careratings.com

JAIPUR
Mr. Harsh Raj Sankhla

304, PashupatiAkshatHeights, Plot No. D-91,
 Madho Singh Road, Near Collectorate Circle,
 Bani Park, Jaipur - 302 016.
 Cell: +91 – 9413969100
 Tel: +91-141-402 0213 / 14
 E-mail: harshraj.sankhla@careratings.com

BENGALURU
Mr. Dinesh Sharma

Unit No. 1101-1102, 11th Floor, Prestige Meridian II,
 No. 30, M.G. Road, Bangalore - 560 001.
 Cell: +91-99000 41975
 Tel: +91-80-4115 0445, 4165 4529
 E-mail: dinesh.sharma@careratings.com

KOLKATA
Ms. Priti Agarwal

3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)
 10A, Shakespeare Sarani, Kolkata - 700 071.
 Cell: +91-98319 67110
 Tel: +91-33- 4018 1600
 E-mail: priti.agarwal@careratings.com

CHANDIGARH
Mr. Sajan Goyal

2nd Floor, S.C.O. 196-197, Sector 34-A,
 Chandigarh - 160 022.
 Cell: +91 99888 05650
 Tel: +91-172-5171 100 / 09
 Email: sajan.goyal@careratings.com

NEW DELHI
Ms. Swati Agrawal

13th Floor, E-1 Block, Videocon Tower,
 Jhandewalan Extension, New Delhi - 110 055.
 Cell: +91-98117 45677
 Tel: +91-11-4533 3200
 E-mail: swati.agrawal@careratings.com

CHENNAI
Mr. V Pradeep Kumar

Unit No. O-509/C, Spencer Plaza, 5th Floor,
 No. 769, Anna Salai, Chennai - 600 002.
 Cell: +91 98407 54521
 Tel: +91-44-2849 7812 / 0811
 Email: pradeep.kumar@careratings.com

PUNE
Mr. Rahul Patni

9th Floor, Pride Kumar Senate,
 Plot No. 970, Bhamburda, SenapatiBapat Road,
 ShivajiNagar, Pune - 411 015.
 Cell: +91-78754 33355
 Tel: +91-20- 4000 9000
 E-mail: rahul.patni@careratings.com

HYDERABAD
Mr. Saikat Roy

401, Ashoka Scintilla, 3-6-502, HimayatNagar,
 Hyderabad - 500 029.
 Tel: +91-40-4010 2030
 E-mail: saikat.roy@careratings.com

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