

MARCH 22, 2016

## CARE ASSIGNS 'CARE BB' RATING TO THE BANK FACILITIES OF RONAK PROCESSORS PRIVATE LIMITED

**Ratings**

Facilities	Amount (Rs. crore)	Rating <sup>1</sup>	Remarks
Long-term Bank Facilities	13.68	<b>CARE BB (Double B)</b>	Assigned
<b>Total Facilities</b>	<b>13.68</b> <b>(Rupees Thirteen crore and Sixty Eight lakh only)</b>		

**Rating Rationale**

The rating assigned to the bank facilities of Ronak Processors Private Limited (RPPL) is primarily constrained on account of its moderate scale of operations in the highly fragmented fabric processing industry and financial risk profile marked by moderate profitability and moderate liquidity position. The rating is also constrained due to its limited presence in the textile value chain.

The rating, however, derives strength from the experienced management in the textile processing industry with established track record of operations, locational advantage by virtue of being situated in textile cluster of Bhilwara and moderate solvency position.

The ability of the company to improve its overall financial risk profile with improvement in the scale of operations and solvency position would be the key rating sensitivities.

**Background**

Bhilwara-based (Rajasthan) RPPL was initially formed as Bohar Synthetics Private Limited by the Bohara family. Subsequently, there are changes in the promoters and in 2008, Mr K. C. Baheti, Mr Vishal Baheti and Mr Ramji Lal Gujar took over the company and assumed its current name. RPPL is engaged in the business of processing and dyeing of synthetic grey fabrics on job work basis as well as in the trading of finished fabrics. The processing facility of the company is located at Bhilwara district in Rajasthan with an installed capacity of 31 Lakh Meters per Month (LMPM) as on February 29, 2016.

Furthermore, during FY16 (refers to the period April 1 to March 31), RPPL undertook a debt-funded capex at its processing unit to modernizing of its existing facility in order to cater the growing demand. The company completed its project in November 2015 at a total project cost of Rs.8.74 crore funded through term loan of Rs.6.58 crore, Rs.1.00 crore through infusion of capital by the promoters in the form of share capital and share premium and rest Rs.1.16 crore from sale of old machinery and internal accruals.

During FY15, RPPL reported a total operating income of Rs.31.76 crore (FY14: Rs.27.69 crore) with a PAT of Rs.0.26 crore (FY14: Rs.0.25 crore). As per the provisional result of 10MFY16, RPPL has achieved TOI of around Rs.32 crore.

**Analyst Contact**

Name: Mr Abhishek Jain

Tel: 0141-4020213/14

Cell: +91 9251265875

Email: abhishek.jain@careratings.com

<sup>1</sup> Complete definition of the ratings assigned are available at [www.careratings.com](http://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. Sanjay Kumar Agarwal**

Mobile: + 91 8108007676

E-mail: sanjay.agarwal@careratings.com

**Mr. Amod Khanorkar**

Mobile: + 91 9819084000

E-mail: amod.khanorkar@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

**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

**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

**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

**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

**COIMBATORE****Mr. V Pradeep Kumar**

T-3, 3rd Floor, Manchester Square

Puliakulam Road, Coimbatore - 641 037.

Tel: +91-422-4332399 / 4502399

Email: pradeep.kumar@careratings.com

**HYDERABAD****Mr. Saikat Roy**401, Ashoka Scintilla, 3-6-502, Himayat Nagar,  
Hyderabad - 500 029.

Cell: + 91 9820998779

Tel: +91-40-4010 2030

E-mail: saikat.roy@careratings.com

**JAIPUR****Mr. Nikhil Soni**304, Pashupati Akshat Heights, Plot No. D-91,  
Madho Singh Road, Near Collectorate Circle,  
Bani Park, Jaipur - 302 016.

Cell: +91 - 95490 33222

Tel: +91-141-402 0213 / 14

E-mail: [nikhil.soni@careratings.com](mailto:nikhil.soni@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

**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

**PUNE****Mr. Rahul Patni**9th Floor, Pride Kumar Senate,  
Plot No. 970, Bhamburda, Senapati Bapat Road,  
Shivaji Nagar, Pune - 411 015.

Cell: +91-78754 33355

Tel: +91-20- 4000 9000

E-mail: rahul.patni@careratings.com

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