

Ronak Processors Private Limited

June 01, 2020

Rating

Facilities/Instruments	Amount (Rs. crore)	Rating ¹	Rating Action
Long-term Bank Facilities	13.68	CARE B-; Stable; ISSUER NOT COOPERATING* (Single B Minus; Outlook: Stable ISSUER NOT COOPERATING*)	"Issuer not cooperating; Revised from CARE BB-; Stable; Issuer Not Cooperating (Double B Minus; Outlook: Stable; Issuer Not Cooperating) on the basis of best available information"
Total	13.68 (Rupees Thirteen Crore and Sixty-Eight Lakh Only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated March 27, 2019, placed the rating(s) of Ronak Processors Private Limited (RPPL) under the 'issuer non-cooperating' category as RPPL had failed to provide information for monitoring of the rating for the rating exercise as agreed to in its Rating Agreement. RPPL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a letter/email dated May 18, 2020. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

The rating has been revised on account of its operating as well as cash loss and deterioration in solvency position and liquidity position. The rating, further, continue to remain constrained on account of its modest scale of operations with its presence in the highly fragmented textile industry and limited presence in the textile value chain.

The rating, however, continues to derive strength from vast experience of the promoters in the textile industry with established track record of operations and established marketing network. The rating, further, continues to derive comfort due to location advantage by virtue of being situated in the textile cluster of Bhilwara.

Detailed description of the key rating drivers

At the time of last rating on March 27, 2019 the following were the rating strengths and weaknesses. (Updated for the information available from Registrar of Companies)

Key Rating Weaknesses

Modest scale of operation with operating as well as cash loss

The scale of operations of the company stood modest at Rs.37.73 crore in FY19, improved by 14.19% over FY18. However, It has reported operating as well as cash loss during FY19 as against profit in FY18.

Deterioration in solvency position and liquidity position

The capital structure of the company stood weak marked by overall gearing of 6.30 times as on March 31, 2019 as against 2.43 times as on March 31 2018. Debt coverage indicators of the compant stood weak owing to operating and cash loss. The liquidity stood weak marked by current and quick ratio remained at below unity level at 0.70 times and 0.37 times respectively as on March 31, 2019 as against 0.85 times and 0.48 times as on March 31, 2018. The working capital cycle of the company stood comfortable at 27 days as on March 31, 2019 as against 62 days as on March 31, 2018.

Key Rating Strength

Experienced promoters with established track record of operations

Mr. K.C. Baheti, the key promoter, has an extensive experience in this domain of around four decades and looks after the overall management of the company. He is assisted by his son, Mr. Vishal Baheti who has 15 years of experience in the textile industry and is involved in taking the strategic decision of the company.

²Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications

*Issuer did not cooperate; Based on best available information

Applicable Criteria
[Policy in respect of Non-cooperation by issuer](#)
[Criteria on assigning 'outlook' and 'credit watch' to Credit Ratings](#)
[CARE's Policy on Default Recognition](#)
[Rating Methodology –Manufacturing Companies](#)
[Financial ratios – Non-Financial Sector](#)
About the Company

Bhilwara (Rajasthan) based Ronak Processors Private Limited (RPPL) was initially formed as Bohar Synthetics Private Limited by 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 March 31, 2018.

Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)
Total operating income	33.04	37.73
PBILDT	1.25	-1.27
PAT	-1.6	-4.39
Overall gearing (times)	2.43	6.3
Interest coverage (times)	1.14	-0.86

A: Audited

Status of non-cooperation with previous CRA: None

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	8.00	CARE B-; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB-; Stable; ISSUER NOT COOPERATING* on the basis of best available information
Fund-based - LT-Term Loan	-	-	November – 2020	3.44	CARE B-; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB-; Stable; ISSUER NOT COOPERATING* on the basis of best available information
Fund-based - LT-Term Loan	-	-	February – 2023	2.24	CARE B-; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB-; Stable; ISSUER NOT COOPERATING* on the basis of best available information

*Issuer did not cooperate; Based on best available information

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT-Term Loan	LT	-	-	-	-	-	1)Withdrawn (02-Feb-18)
2.	Fund-based - LT-Cash Credit	LT	8.00	CARE B-; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB-; Stable; ISSUER NOT COOPERATING* on the basis of best available information	-	-	1)CARE BB-; Stable; ISSUER NOT COOPERATING* (27-Mar-19)	1)CARE BB; Stable (02-Feb-18)
3.	Fund-based - LT-Term Loan	LT	3.44	CARE B-; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB-; Stable; ISSUER NOT COOPERATING* on the basis of best available information	-	-	1)CARE BB-; Stable; ISSUER NOT COOPERATING* (27-Mar-19)	1)CARE BB; Stable (02-Feb-18)
4.	Fund-based - LT-Term Loan	LT	2.24	CARE B-; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB-; Stable; ISSUER NOT COOPERATING* on the basis of best available information	-	-	1)CARE BB-; Stable; ISSUER NOT COOPERATING* (27-Mar-19)	1)CARE BB; Stable (02-Feb-18)

*Issuer did not cooperate; Based on best available information

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

Contact us

Media Contact

Mradul Mishra

Contact no. – +91-22-6837 4424

Email ID – mradul.mishra@careratings.com

Analyst Contact

Group Head Name - Mr Abhishek Jain

Group Head Contact no. - 0141-4020213/14

Group Head Email ID- abhishek.jain@careratings.com

Business Development Contact

Name: Mr. Nikhil Soni

Contact no. : +91-141-402 0213 / 14

Email ID: nikhil.soni@careratings.com

About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Disclaimer

CARE's ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE's ratings do not convey suitability or price for the investor. CARE's ratings do not constitute an audit on the rated entity. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE or its subsidiaries/associates may also have other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is, inter-alia, based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook 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. CARE is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE's rating.

Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.