

## Ronak Processors Private Limited

March 27, 2019

### Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating <sup>1</sup>	Rating Action
Long-term Bank Facilities	13.68	<b>CARE BB-; Stable ; ISSUER NOT COOPERATING* (Double B Minus, Outlook: Stable; ISSUER NOT COOPERATING*)</b>	"Issuer not cooperating; Revised from CARE BB; Stable on the basis of best available information
<b>Total</b>	<b>13.68</b> <b>(Rupees Thirteen Crore and sixty eight lakh only)</b>		

### Detailed Rationale & Key Rating Drivers

CARE has been seeking information from Ronak Processors Private Limited (RPPL) to monitor the rating(s) vide e-mail communications/letters dated December 05, 2018, December 15, 2018, December 31, 2018, January 12, 2019, January 31, 2019, February 15, 2019, March 04, 2019 and numerous phone calls.. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE has reviewed the rating based on best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. Further, RPPL has not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. The rating on RPPL's bank facilities will now be denoted as CARE BB-; Stable ; ISSUER NOT COOPERATING\*.

**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 ratings have been revised on account of decline of Total Operating Income (TOI) and profitability margins. The ratings are further constrained on account of leveraged solvency position and its moderate liquidity position.

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

#### Key Rating Weaknesses

##### ***Decline in TOI and profitability margins***

Total operating income (TOI) of the company has declined by 17.13% and stood modest at Rs.33.04 crore in FY18 as against Rs.39.87 crore in FY17. PBILDT margins of the company has stood thin at 3.77% in FY18 declined by 584 bps mainly on account of increase in other expenses.

##### ***Leveraged solvency position***

The solvency position of the company stood leveraged marked by an overall gearing of 2.43 times as on March 31, 2018, Further, the debt coverage indicators stood weak with total debt to GCA at 142.95 times as on March 31, 2018. Furthermore, the interest coverage ratio stood moderate at 1.14 times as on March 31, 2018.

##### ***Stressed liquidity position***

Overall liquidity position of RPPL remained stressed with elongated working capital cycle of 62 days as on March 31, 2018 mainly due to higher collection period. The current ratio and quick ratio stood below unity level at 0.85 times and 0.48 times respectively as on March 31, 2018.

### Key Rating Strengths

#### ***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.

<sup>1</sup>Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications

\*Issuer did not cooperate; Based on best available information

**Analytical Approach:** Standalone

**Applicable Criteria**

[Policy in respect of Non-cooperation by issuer](#)

[Criteria on assigning Outlook 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)	FY17 (A)	FY18 (A)
Total operating income	39.87	33.04
PBILDT	3.83	1.25
PAT	0.47	-1.60
Overall gearing (times)	1.82	2.43
Interest coverage (times)	3.04	1.14

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

**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](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

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**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://www.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.

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In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is 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.

**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 BB-; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB; Stable on the basis of best available information
Fund-based - LT-Term Loan	-	-	November – 2020	3.44	CARE BB-; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB; Stable on the basis of best available information
Fund-based - LT-Term Loan	-	-	February – 2023	2.24	CARE BB-; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB; Stable on the basis of 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 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016
1.	Fund-based - LT-Term Loan	LT	-	-	-	1)Withdrawn (02-Feb-18)	1)CARE BB; Stable (10-Feb-17)	1)CARE BB (22-Mar-16)
2.	Fund-based - LT-Cash Credit	LT	8.00	CARE BB-; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB; Stable on the basis of best available information	-	1)CARE BB; Stable (02-Feb-18)	1)CARE BB; Stable (10-Feb-17)	1)CARE BB (22-Mar-16)
3.	Fund-based - LT-Term Loan	LT	3.44	CARE BB-; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB; Stable on the basis of best available information	-	1)CARE BB; Stable (02-Feb-18)	1)CARE BB; Stable (10-Feb-17)	1)CARE BB (22-Mar-16)
4.	Fund-based - LT-Term Loan	LT	2.24	CARE BB-; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB; Stable on the basis of best available information	-	1)CARE BB; Stable (02-Feb-18)	-	-

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