Rating Rationale

Royal Pressing and Components Pvt. Ltd.

12 June 2019

Brickwork Ratings revises/reaffirms the ratings for the Bank Loan Facilities of ₹. 10.50 Crores of Royal Pressing and Components Pvt. Ltd. (RPCPL)

Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (March, 2018)	Present
Fund based	**7.00**	**7.00**	**Long Term**	**BWR BB-** (Pronounced as BWR Double B Minus) **Outlook: Stable**	**BWR B+** (Pronounced as BWR Single B Plus) **Outlook: Stable Downgraded**
Non Fund Based	**3.50**	**3.50**	**Short Term**	**BWR A4** (Pronounced as BWR A Four)	**BWR A4** (Pronounced as BWR A Four) **Reaffirmed**
Total	**10.50**	**10.50**	**INR Ten Crores And Fifty Lakhs Only**		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings
Complete details of Bank facilities is provided in Annexure-I

Ratings: Downgraded / Reaffirmed

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the audited financials of the company upto FY17, feedback from the banker and publicly available information.

The ratings assigned to the bank facilities of the company positively factor the promoter's business experience of more than two decades, established track record of the company and a reputed client base. The ratings also factor the positive feedback from the banker regarding the conduct of the accounts.
The ratings has negatively factored the commencement of a Corporate Insolvency Resolution Process of the company, which is mainly the trigger point for this rating action, by the order of NCLT (National Company Law Tribunal) via notice issued by IBBI (Insolvency and Bankruptcy Board of India) dated 15 March 2019. The rating is further affected by the information availability risk as there was no response from the company's management regarding the current state of affairs in the company.
Going forward, the progress in the resolution process of the company and the feedback from the banker regarding the conduct of the accounts will be the key rating sensitivities.

Description of Key Rating Drivers

Credit Strengths:

- **Experienced promoter:** Promoters of the company are experienced in manufacturing of sheet metal, wire and plastic injection molding industry with almost two decades business knowledge.

Credit Risks:

- **Small scale of operations:** The company has a track record of more than a decade yet its scale of operations is small.
- **Low Tangible Networth:** As per the operations and the level of debt, the tangible networth of the company was low at Rs. 2.33 Crs which was partially offset by unsecured loans of Rs.2.95 Crs. from friends and relatives of the promoters.

Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

Rating Outlook: Stable

BWR believes the **Royal Pressing and Components Pvt. Ltd.** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained

improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Company

Royal Pressing And Components Private Limited (RPCPL) was incorporated in the year 2005. The management is led by Mr. Surender Pal Singh Tomar, Director, a Post Graduate by qualification, and having a business experience of more than two decades. The company is primarily engaged in the manufacturing of sheet metal, wire and plastic injection molding components for Air Conditioners, Refrigerators and Washing Machines. The company had set up its first manufacturing plant in Faridabad, Haryana and then expanded to two more manufacturing units, one in Greater Noida, UP and the other one in Kashipur, Uttarakhand.

Company's Financial Performance

BWR has not been provided with the latest financials of the company i.e. audited financials of FY18 & FY19. Thus we can't comment on the financial performance of the company as per the latest financials.

Rating History for the last three years

S.No	Instrument /Facility	Current Rating			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	2018	2017	2016
I	**Fund Based**	Long Term	7.00	**BWR B+** (Pronounced as BWR Single B Plus) **Downgraded**	**BWR BB-** (Pronounced as BWR Double B Minus) Reaffirmed	**NA**	**BWR BB-** (Pronounced as BWR Double B Minus)

II	**Non Fund Based**	Short Term	3.50	**A4** (Pronounced as BWR A four) **Reaffirmed**	**BWR A4** (Pronounced as BWR A Four) Reaffirmed	**NA**	**BWR A4** (Pronounced as BWR A Four)
	Total		**10.50**	**₹ Ten Crores And Fifty Lakhs Only**			

Status of non-cooperation with previous CRA (if applicable)- NA

Key Financial Indicators as available with BWR
FY18 and FY19 figures not available

Key Parameters	**Units**	**2017**	**2016**
Result Type		**Audited**	**Audited**
Operating Revenue	₹ Cr	30.19	27.45
EBITDA	₹ Cr	2.33	2.26
PAT	₹ Cr	0.21	0.08
Tangible Net worth	₹ Cr	2.23	2.03
Total Debt/Tangible Net worth	Times	5.76	5.99
Current Ratio	Times	1.22	1.20

Hyperlink/Reference to applicable Criteria

- **General Criteria**
- **Approach to Financial Ratios**
- **Short Term Deb**

Analytical Contacts	Investor Contacts
Satvinder Kumar Gakhar Associate Director - Ratings B :+91 11 2341 2232 satvinder.g@brickworkratings.com **Raushan Kedia** Ratings Analyst B :+91 11 2341 2232 raushan.k@brickworkratings.com	**Satish Nair** Director - Global Market Development & Investor Relations M : +91 7738875550 B : +91 80 6745 6666 satish.n@brickworkratings.com
1-860-425-2742	

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Note on complexity levels of the rated instrument:
BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 10,00,000 Cr. In addition, BWR has rated over 6300 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹24,440 Cr have been rated.

DISCLAIMER

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented "as is" without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.