



Press Release

Raviraj Foils Limited

December 22, 2020

Ratings:

| Instrument / Facility | Amount (Rs. Crore) | Ratings | Rating Action |
|--|-----------------------|---|------------------|
| Long Term Fund based facilities - Cash Credit | 59.00 | IVR BBB+/Stable (IVR Triple B plus with Stable Outlook) | Assigned |
| Long Term Fund based facilities - Term Loan | 46.86 | IVR BBB+/Stable (IVR Triple B plus with Stable Outlook) | Assigned |
| Short Term Non fund based Bank Facilities - Bank Guarantee | 8.50 | IVR A2 (IVR Single A Two) | Assigned |
| Short Term Non fund based Bank Facilities - Letter of Credit | 3.25 | IVR A2 (IVR Single A Two) | Assigned |
| Total | 117.61 | | |

Details of Facilities are in Annexure 1

Detailed Rationale:

The aforesaid ratings assigned to the bank facilities of Raviraj Foils Limited (RFL) derives strength from experienced promoters with long operational track record of the company in the industry, well diversified geographical operations along with reputed clientele, integrated nature of operations; niche product profile and moderate financial risk profile. The rating however is constrained by exposure to volatility in raw material prices, supplier concentration risk and foreign exchange fluctuations.

Key Rating Sensitivities:

Upward Factors

- Substantial & sustained improvement in the Company's revenue and profitability leading to sustained improvement in debt protection metrics.

Downward Factors

- Any decline in scale of operations, profitability and/or liquidity profile of the company.



Press Release

Key Rating Drivers with detailed description

Key Rating Strengths:

Established track record of operations and experienced promoters:

The Company has established a track record of operation in the manufacturing of aluminium foil and & semi rigid containers for more than two decades. The Company benefits from the extensive experience of its Chairman and Managing Director Mr. Jaydipsinh R Vaghela who possesses around three decades of experience in the industry. Further, they are supported by a team of well qualified and experienced professionals.

Well diversified geographical operations along with reputed clientele:

The group caters to needs of FMCG and pharmaceutical industries majorly. The group caters to reputed players such as Sun Pharma Laboratories Limited, Amcor Flexible India Pvt Ltd, Bilcare Limited, Digi Pro, Pfizer Limited, Huhtamaki PPL to name a few.

Integrated nature of operations; niche product profile:

The Company benefits from the integrated nature of operations as it can undertake continuous strip casting and rolling to converting of aluminium foils. This enables the Company to manufacture a wide range of aluminium flat rolled products. Further, the presence of printing division helps the Company to print on the foils as per the requirements of the pharmaceutical industry. Company has its own expertise in producing 6 Micron aluminium foils and is one of the few manufactures in this segment.

Moderate financial risk profile:

The financial risk profile of the group is moderate marked by moderate net worth, debt protection metrics and debt coverage indicators. The net worth of company stood at Rs.157.22 Cr (includes quasi equity of Rs.36.60 Cr) as on 31 March, 2020 as against Rs.149.83 Cr (includes Rs.34.85 Cr of quasi equity) as on 31 March, 2019. The debt-equity stood at 1.58 times as on 31 March, 2020 as against 1.55 times as on 31 March, 2019. The overall gearing (debt-equity) stood at 2.56 times as on 31 March, 2020 as against 2.65 times as on 31 March, 2019. Total Debt / GCA ratio was at 14.59 times in FY2020 and Long term Debt to EBITDA stood at 9.56 times in FY2020 as against 9.46 times in FY2019. Further, TOL/TNW stood at 2.19 times as on 31 March 2020.



Press Release

The company has recently completed the CAPEX of its second unit which amounted to ~Rs. 318.00 Cr and was commissioned in Dec 2019. The incremental benefits of the capex have started from FY21 as current year is the first full year of operation of the planned capex. There will be overall improvement in the company operational and financial parameters from FY21 onwards. In IHFY21 the company booked the revenue of around 170.00 crore (IHFY20: Rs.102.73)

Key Rating Weaknesses:

Profitability of the Company is susceptible to volatility in raw material prices:

The profitability of the Company is susceptible to the prices of aluminium which is volatile in nature. Manufacturers in India are dependent on the imports of aluminium and hence the import duty structure will impact the pricing.

Supplier Concentration Risk:

RFL's top ten suppliers constitute about 96.96% of the total purchases, indicating supplier concentration risk.

Exposure to foreign exchange fluctuations:

Since a bulk of the sales is made to foreign countries, the firm is exposed to unexpected foreign exchange price movements, as the import and export transaction are generally in US dollar and Euro terms.

Analytical Approach: Standalone

Applicable Criteria:

Rating Methodology for Manufacturing Companies

Financial Ratios & Interpretation (Non-Financial Sector)

Liquidity -Adequate

The Company has adequate liquidity marked by adequate net cash accruals to its maturing debt obligations. The company generated cash accruals of Rs.19.42 Cr for FY2020 while its maturing debt obligations were Rs. 12.87 Cr for the same period. The cash accruals of the company are estimated to remain in the range of around Rs.35.98 Cr to Rs.38.82 Cr during



Press Release

2021-23 periods. RFL maintains unencumbered cash and bank balances of Rs.16.84 Cr as on 31, March, 2020. The average cash credit utilisation was around 84.71% during the last twelve months ended September 2020. The adjusted current ratio stood at 1.23 times as on 31 March, 2020.

About the Company:

The Raviraj Foils Ltd (RFL) is promoted by late ShriRavubhaVaghela during 1996 and started production from Dec 1997. Company manufactures Ultra Light, light (6 to 12 microns) and medium gauge (15 to 50 microns) aluminium foils, which are used for FMCG and pharmaceutical packaging.

The company have 2 units in Sanand and 1 printing unit in Sikkim. The first unit at Sanand was commissioned in 1997-98 with a capacity 9000 MTPA and second Unit at Sanand was commissioned in Dec 2019 which has a capacity 19910 MTPA. RFL has 2 New Achenbach (Germany) make Rolling Mills capable of rolling up to 2150 mm width and can produce Ultra-Light Gauge Aluminium Foil of 5 micron and above thickness. Company have a 2.1 MW Wind Turbine in Bhuj District.

Financials: Standalone

(Rs. Crore)

| For the year ended/ As On | 31-03-2019 | 31-03-2020 |
|---------------------------|------------|------------|
| | (Audited) | (Audited) |
| Total Operating Income | 216.17 | 223.68 |
| EBITDA | 24.59 | 26.06 |
| PAT | 12.24 | 5.55 |
| Total Debt | 254.01 | 283.31 |
| Tangible Net-worth | 149.83 | 157.22 |
| Ratios | | |
| EBITDA Margin (%) | 11.37 | 11.65 |
| PAT Margin (%) | 5.62 | 2.46 |
| Overall Gearing Ratio (x) | 1.70 | 1.80 |

Status of non-cooperation with previous CRA:Nil

Any other information: NA

Rating History for last three years:



Press Release

| Sr. No. | Name of Instrument/ Facilities | Current Ratings (Year 2020-21) | | | Rating History for the past 3 years | | |
|---------|---|--------------------------------|--------------------------------|------------------|---|---|---|
| | | Type | Amount outstanding (Rs. Crore) | Rating | Date(s) & Rating(s) assigned in 2019-20 | Date(s) & Rating(s) assigned in 2018-19 | Date(s) & Rating(s) assigned in 2017-18 |
| 1. | Long Term Fund based facilities - | | | | | | |
| | Cash Credit | Long Term | 59.00 | IVR BBB+/ Stable | -- | -- | -- |
| | Term Loan | Long Term | 46.86 | IVR BBB+/ Stable | -- | -- | -- |
| 2 | Short Term Non fund based Bank Facilities - | | | | | | |
| | Bank Guarantee | Short Term | 8.50 | IVR A2 | -- | -- | -- |
| | Letter of Credit | Short Term | 3.25 | IVR A2 | -- | -- | -- |

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.

Name and Contact Details of the Rating Team:

Name: Rushabh Shah

Tel.:(022) 62396023

Email: rpsah@infomerics.com

Mr.AmitBhuwania

Tel.:(022) 62396023

Email: abhuwania@infomerics.com

About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. It is gradually gaining prominence in domestic rating and/or grading space. Infomerics is striving for positioning itself as the most trusted & credible rating agency in the country and is gradually widening its product portfolio. Company's long experience in varied spectrum of financial services is helping it to fine-tune its product offerings to best suit the market.



Press Release

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change, suspend or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are 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 us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs 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/ AOPs in addition to the financial performance and other relevant factors





Press Release

Annexure 1: Details of Facilities:

| Name of Facility | Date of Issuance | Coupon Rate/ IRR | Maturity Date | Size of Facility (Rs. Crore) | Rating Assigned/ Outlook |
|---|------------------|------------------|-----------------|------------------------------|--------------------------|
| Long Term Fund based facilities - | | | | | |
| Cash Credit | -- | -- | -- | 59.00 | IVR BBB+/Stable |
| Term Loan | -- | -- | Upto April 2034 | 46.86 | IVR BBB+/Stable |
| Short Term Non fund based Bank Facilities - | | | | | |
| Bank Guarantee | -- | -- | -- | 8.50 | IVR A2 |
| Letter of Credit | -- | -- | -- | 3.25 | IVR A2 |

Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Lender-RFL-22-12-20.pdf>