IPO Snapshot

September 20, 2011

Issue Snapshot:

Issue period September 21– September 23, 2011

Price Band: Rs. 72 – Rs. 79

Issue Size: Rs. 32.40 crs – 35.55 crs

Issue Size: 45,00,000 equity shares

QIB	upto	22,50,000 eq sh
Retail	atleast	15,75,000 eq sh
Non Institutional	atleast	6,75,000 eq sh

Face Value: Rs 10

Book value: Rs 13.53 (March 31, 2011)

Bid size: 80 equity shares and in multiples thereof

100% Book built Issue

Capital Structure:

Pre Issue Equity:	Rs	13.21 crs
Post issue Equity:	Rs.	17.71 crs

Listing: BSE & NSE

Lead Manager: Chartered Capital and Investment Ltd.

Registrar to issue: Link Intime India Pvt Ltd.

Current Shareholding Pattern

Shareholding Pattern	Pre issue %	Post issue % *
Promoters & Promoters Group	87.59	65.34
Public (incl Employees & others)	12.41	34.66
Total	**100.0**	**100.0**

Brickwork IPO grading: 2/5 indicating below average fundamentals

Highlights of the issue:

RDB Rasayans Ltd, (RRL) is an ISO 9001:2008 certified organization manufacturing PP Tape, PP woven sacks, Woven fabrics, Industrial woven fabric, PP woven fabrics and PP woven bags. It is engaged in manufacture and sale of FIBC (Jumbo Bags) and Woven Sacks and various woven polymer based products like Container Liners, Protective irrigation system, Canal Liners, etc. Its products are supplied to various industrial customers (including cement and fertiliser) in domestic as well as in international markets. The manufacturing facility of the Company is located at 126 Basudevpur, Haldia -721 602, Dist. Purba Medinipur, West Bengal.

RRL manufactures high strength, low GSM FIBC with high safety factor and also Jumbo Bags (FIBCs) with 140 GSM Bags, 5:1 Safety factor for 1000 KG Safe Working Load and 160 GSM Bags, 6:1 Safety Factor for 1500 KG Safe Working Load. It produces FIBCs of U+2 panel, Circular Jumbo bags, Baffle bags, All panel bags, Conductive FIBC and Static dissipative FIBCs. In addition to FIBC, it also manufactures various woven polypropylene products including Small bags, Box woven bags, Roofing underlayment fabric, Courier bags, Ground covers, Silt fence and Geotextiles. RRL offers woven bags and fabrics in both PP and HDPE. Its products are UV stabilized and pre-conditioned against shrinkage. With increase of demand of the FIBC, the Company is proposing to expand the capacity further by setting up another unit specially for Jumbo Bag Liners with a capacity of about 7450 MTPA (950 MTPA already installed) including Lamination & Multifilament unit.

Objects of Issue:

The objects of the Issue are:

- To finance the capital expenditure to enhance the manufacturing capacity by 7450 MTPA by establishing the Unit -II.
- To meet General Corporate Purpose.
- To meet Issue Expenses

For the year ended Mar 2011, it reported Net Sales of Rs.42.42 cr and a PAT of Rs.1.80 cr.

Means of Finance: **Rs. Crs**

S. No.	Particulars	Total Amount
1	IPO Proceeds	*
2	Internal Accruals	*
3	Term Loan from Axis Bank	0.40
	Total	*

(Source: RHP)

Cost of Project: **Rs. Crs**

	Activity	Total Fund requirement	Net Amount to be deployed from Issue Proceeds	Fund already deployed	Estimated schedule of deployment of Balance fund during 2011-2012	
					April-September	October-March
A	**To finance the capital expenditure to enhance the manufacturing capacity by 7450 MTPA by establishing the Unit -II. (A)**					
	Civil Works	4.43	0	4.43	-	-
	Plant & Machinery	24.34	*	0.42	4.78	19.13
	Pre-operative Expenses	0.70	*	-	-	0.70
	Provision for Contingencies	1.20	*	-	-	1.20

Please read important disclosures on the last page

	Security for WBSEDCL	2.00	*	-	2.00	-
	Sub Total (A)	**32.66**	*	**4.85**	**6.78**	**21.03**
B	General Corporate Purpose	*	*	*	*	*
C	Issue Expenses	*	*	0.31	*	*
	Total	*	*	**5.17**	*	*

(Source: RHP)

RRL's strengths:

- Strong management Team.
- Relationship with established players in industry.
- Multiple products.
- New Products in pipeline.

RRL's strategy:

- Improving the cost competitiveness.
- Widening the customer base.
- Optimum utilization of the production capacity.

Risks & Concerns:

- RRL is required to obtain and maintain certain governmental and regulatory licenses and permits and the failure to obtain and maintain such licenses and permits in a timely manner, or at all, may adversely affect its business and operations.
- RRL is dependant on single / few Customers and suppliers.
- The Promoters, Group Companies and associates of RRL have unsecured debt that is repayable on demand.
- Deployment of funds is at the discretion of the issuer Company and is not subject to any monitoring by any independent agency.
- Promoters of RRL do not have any experience in packaging industry and are not involved in the day-to-day activities of the Company due to which the promoters are dependent on the key managerial personnel of the Company for successfully running of the Company.
- Restrictive covenants in the loan agreements may impact the rights of the shareholders of RRL.
- Non-availability of raw material and other resources may affect the operations & profitability.
- There is risk associated with price fluctuation of raw material and finished products.
- RRL may face significant competition from a number of sources.
- RRL may not be fully insured for business losses, which the Company might incur.
- RRL's indebtedness and the conditions and restrictions imposed by its financing and other agreements could adversely affect its ability to conduct its business and operations.
- RRL has not made firm arrangements for increased demand in power and water for the proposed project. Any delay in getting the additional power and water might result in additional cost and time overrun to the company.
- RRL has entered into certain transactions in which its promoters are interested parties.

Extract from grading rationale by Brikworks:

"The grading factors RRL's experienced management team and promoter group, strategic cost/logistic advantage enjoyed due to proximity to clients and ports, healthy growth of domestic packaging industry as well as demand from Western and European countries and good clientele and suppliers. The grading is constrained by volatility of raw material prices and RRL's inability to fully pass on the production price hikes, negative cash flows from operations, fragmented nature of industry, high level of regulation, number of litigations against the promoters and the group companies, risk of adverse business environment with regard to labor unrests and cyclicality of end-user sectors. In absence of project appraisal by bank or term lending institution the funds utilization is with RRL".

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