No. CARE/HO/RL/2021-22/1729

Mr. Pankaj S. Jobalia
Managing Director
Ramasigns Industries Limited
(Formerly Known as Rammaica India Limited)
Unit no.3, Ground Flr, Vimala Bhavan,
Sharma Industrial Estate, Walbhat Road,
Goregaon (E), Mumbai- 400063

July 5, 2021

Confidential

Dear Sir,

Credit rating for proposed Non-Convertible Debenture issue

Please refer to your request for rating of proposed long-term Non-convertible Debenture (NCD) issue aggregating to Rs.7.20 crore of your company.

2. The following ratings have been assigned by our Rating Committee:

Sr. No.	Instrument	Amount (Rs. crore)	Rating[1]	Rating Action
1.	Non Convertible Debentures	7.20	CARE B+; Stable (Single B Plus; Outlook: Stable)	Assigned
	Total Instruments	7.20 (Rs. Seven Crore and Twenty Lakhs Only)		

3. Please arrange to get the rating revalidated, in case the proposed issue is not made within a period of six months from the date of our initial communication of rating to you (that is June 30, 2021).

4. In case there is any change in the size or terms of the proposed issue, please get the rating revalidated.

5. Please inform us the below-mentioned details of issue immediately, but not later than 7 days from the date of placing the instrument:

[1]*Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.*

Instrument type	ISIN	Issue Size (Rs cr)	Coupon Rate	Coupon Payment Dates	Terms of Redemption	Redemption date	Name and contact details of Debenture Trustee	Details of top 10 investors

6. Kindly arrange to submit to us a copy of each of the documents pertaining to the NCD issue, including the offer document and the trust deed.

7. A write-up (press release) on the above rating is proposed to be issued to the press shortly, a draft of which is enclosed for your perusal as **Annexure 2**. We request you to peruse the annexed document and offer your comments if any. We are doing this as a matter of courtesy to our clients and with a view to ensure that no factual inaccuracies have inadvertently crept in. Kindly revert as early as possible. In any case, if we do not hear from you by July 6, 2021, we will proceed on the basis that you have no any comments to offer.

8. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.

9. CARE reserves the right to revise/reaffirm/withdraw the rating assigned as also revise the outlook, as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE so as to enable it to carry out continuous monitoring of the rating of the bank facilities, CARE shall carry out the review on the basis of best available information throughout the life time of such bank facilities. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE shall also be entitled to publicize/disseminate all the afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.

10. 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.

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11. Users of this rating may kindly refer our website www.careratings.com for latest update on the outstanding rating.

12. CARE ratings are **not** recommendations to buy, sell or hold any securities.

13. If you need any clarification, you are welcome to approach us in this regard. We are indeed, grateful to you for entrusting this assignment to CARE.

Thanking you,

Suchita Narkar
Associate Analyst
suchita.shirgaonkar@careratings.com

Ruchi Sanghavi
Assistant Director
ruchi.shroff@careratings.com

Encl.: As above

Annexure 1
Details of Rated Facilities

1. Long term instruments

1.A. Proposed Non-convertible debenture

Sr. No.	Name of Lender	Rated Amount (In Crore)	Repayment term	Remark
1	Proposed	7.20	-	Nil
	TOTAL			

Total Long Term Instrument: Rs.7.20 crore

Total Instrument : Rs. 7.20 crore

Annexure
Press Release
Ramasigns Industries Limited

Rating

Sr. No.	Instrument	Amount (Rs. crore)	Rating[2]	Rating Action
1.	Non Convertible Debentures	7.20	CARE B+; Stable (Single B Plus; Outlook: Stable)	Assigned
	Total Instruments	7.20 (Rs. Seven Crore and Twenty Lakhs Only)		

Details of instruments in Annexure-1

Detailed Rationale & Key Rating Drivers

The rating assigned to the instruments of Ramasigns Industries Limited (RSIL) are constrained declining and modest scale of operation*s,* moderate operating margin and low net profit margin, working capital intensive nature of operation*. The rating is further constrained by presence in highly competitive & fragmented industry.*
The rating, however, derives strength from experienced director, moderately comfortable capital structure and moderate debt coverage indicators.

Key Rating Sensitivities
Positive Factors

- Increase in the scale of operations with total operating income to exceeding Rs.100 crore on sustained basis.
- Increase in operating margin to above 7% and net profit margin above 3% on sustained basis
- Improvement in operating cycle to 40- 50 days on sustained basis

Negative Factors

- Deterioration in capital structure with overall gearing remained above 3x on a sustained basis

Detailed description of the key rating drivers
Key Rating Weaknesses
Declining and modest scale of operations**:** RSIL's TOI has reflected declining trend for past four years ending as on March 31, 2020.The sales of the company remained stable during FY17 to FY19 with marginal decline in sales however the sales have declined significantly by 28.53% in FY20 over FY19 and stood at Rs. 86.22 crore vis-à-vis Rs.120.65 crore during FY19. The decline in sales was due to non-receipt of orders from North India due to intense competition prevalent and low realization. Further during FY21(Prov.) the sales the further declined to Rs. 32.79 crore owing to lower demand due to outbreak of COVID-19. The relatively modest scale limits its financial flexibility and its capability to scale up the operations in future would be sensitive from credit point of view.

Moderate operating margin and low net profit margin: RSIL's PBILDT margin remained fluctuating in nature as its profit margins are affected by material cost (i.e. PVC and granules) and it remained in the range of 1.63% to 2.37% in past four years ended as on March 31, 2020. However the cost of traded goods has reduced in FY20. PAT margin stood low and remained in the range of 0.52% - 1.53% during FY17-FY20 on account of high interest & depreciation expenses.

Working capital intensive operation: The operations of RSIL are working capital intensive in nature on account of funds are being blocked in inventory and receivables. RSIL received orders directly from printers and fabricators. In light of long- term relationship with customers as well as due to stiff competition it generally gives 5-6 months credit periods to its customers to make payment. The collection period stood at 115 days, 162 days in FY19, FY20

[1]*Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.*

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respectively. Collection period stretched due to averaging effect however in absolute term it stood at Rs.48.82 crore, Rs. 43.79 crore respectively FY19 and FY20 respectively. RSIL procures material from domestic market and it gets credit period of 5-6 months creditor period. Nevertheless the operating cycle continues to remain elongated. However, cash flow from operations stood negative at 0.83 crore as on March 31, 2020 (vis-à-vis negative Rs.0.86 crore as on March 31, 2019).

Volatile material prices: The major material of RSIL includes PVC Free foam boards, Vinyl, Photo Paper, Display roll up standees LED modules & LED bars for backlit signages, aluminum composite panel and cast acrylic sheets whose prices are very volatile in nature. The cost of material to total sales for past three years stood at 86%, 87% and 88% for FY21, FY20 and FY19 respectively. Fluctuation in material cost has an adverse impact on profit margins of the company.

Fragmented and competitive nature of Industry as well as COVID-19 impact on industry: Printing Consumable industry is characterized as fragmented & competitive with very little differentiation in terms of service offering. RSIL faces direct competition from various organized and unorganized players in the market. The profits margins are likely to be under pressure in the medium term. Further the price flexibility is also remains constrained due to low bargaining power with the customers. Further in the COVID pandemic, many hoarding sites are empty as there are no consumers to view these. Many organizations have slashed their ad campaign budgets, which has impacted the Out Of Home(OOH) agencies. OOH has been acutely affected in this scenario.

Key Rating Strengths

Long track record of operations with experienced directors: Ramasigns Industries Limited (RSIL) (Formerly Known as M/s Rammaica India Limited) was incorporated in 1981, RSIL is a contract manufacturing and trading firm in the field of Digital Signage Media. RSIL is into existence for more three decades however it has changed the line of business since the year 2017. Mr. Pankaj Jobalia aged 57 years, is a managing director of the company and he holds more than 20 years of experience in manufacturing and marketing of signage consumables industries. Mrs. Bijal Jatin Jahveri was as a Chairperson of the Company. She is B.com. Graduate and she have vast experience in finance and accounting she have versatile experience in finance and accounts and she had worked different type of projects also.
All the directors are having immense experience into similar line business which have helped RSIL to generate sizable revenue for the company. In addition to the above the RSIL has strong support in form of experienced second line of management to support business operations.

Moderately comfortable capital structure and debt coverage indicators: The capital structure of the company stood moderately comfortable with its low dependence on external borrowings to fund its operations. The overall gearing deteriorated marginally and stood at 0.22x as on March 31,2020 (vis-à-vis 0.17x as on March 31, 2019) owing to increase in unsecured loan from financial institution. Debt coverage indicator of the company stood moderate in FY20 marked by total debt to GCA of 3.09 times & interest coverage of 3.23x (vis-à-vis 1.29x and 6.74x respectively in FY19) on account of increase in debt and reduction in GCA and operating profitability.

Liquidity analysis: Adequate liquidity is characterized by sufficient cushion in accruals vis-à-vis repayment obligations and moderate cash balance of Rs.0.50 crore as on March 31, 2020. Further liquidity position of the company stood moderate with current ratio and quick ratio stood at 1.34x and 1.05x respectively as on March 31, 2020 (vis-à-vis 1.27x and 0.98x respectively as on March 31, 2019

Analytical approach: Standalone

Applicable Criteria:
CARE's Policy on Default Recognition
Criteria on assigning 'outlook' and 'credit watch' to Credit Ratings
Rating Methodology - Wholesale Trading
Financial Ratios (Non-Financial Sector)

About the Company

Incorporated in 1981, Ramasigns Industries Limited (RSIL) (Formerly Known as M/s Rammaica India Limited till FY17 & was engaged in the business of manufacturing decorative laminates) is engaged in the business of trading of signage

and digital media consumables namely Frontlit Flex, Backilt Flex, Self Adhesive Vinyl, Color Vinyl, Lamination Films, Acrylic Sheets, Wall Painting Media, Printable Fabrics, Window Films, Roll UP Films, Inkjet & Eco Solvent Medias, UV Medias, One Way Vision Films, Mesh Banner, Digital Printable Wall Papers, PP Films, Sun Board & Celuka Sheets, Plastic sheets & Rolls, Acrylic sheets etc.
RSIL sources its traded goods from Maharashtra, Gujarat and New Delhi etc. and sells PAN India primarily in cities namely Mumbai, Pune, Aurangabad, Nasik, Rajkot and Surat. RSIL have more than 12 branches all over India and is presently working closely with a customer base of over 4000 printers and fabricators and provides door to door delivery services.

Brief Financials (Rs. crore)	**FY19(A)**	**FY20(A)**
Total operating income	120.65	86.22
PBILDT	2.86	1.47
PAT	1.85	0.45
Overall gearing (times)	0.17	0.22
Interest coverage (times)	6.74	3.23

A: Audited

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not applicable

Rating History (Last three years): Please refer Annexure-2

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
Debentures-Non Convertible Debentures	Yet to placed			7.20	CARE B+; Stable

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 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1.	Debentures-Non Convertible Debentures	LT	7.20	CARE B+; Stable	-	-	-	-

Annexure 3: Complexity level of various instruments rated for this Company

Sr. No.	Name of the Instrument	Complexity Level
1.	Debentures-Non Convertible Debentures	Simple

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

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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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