

No. CARE/HO/RL/2022-23/1393**Shri Pankaj Jobalia**
Managing Director
Ramasigns Industries Limited
Unit No.3, Ground Floor, Vimala Bhavan,
Sharma Industrial Estate, Walbhat Road, Goregaon (East)
Mumbai
Maharashtra 400063

June 02, 2022

Confidential

Dear Sir,

Credit rating for Non-Convertible Debenture issue

On the basis of recent developments including operational and financial performance of your Company for FY21 (Audited), FY22 (Audited) and Q4FY22 (Audited) our Rating Committee has reviewed the following ratings:

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

- The NCDs are repayable by May 31, 2026 in unequal monthly instalments
- 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 June 06, 2022, we will proceed on the basis that you have no any comments to offer.
- CARE Ratings Ltd. 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.
- CARE Ratings Ltd. 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 Ratings Ltd. 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 Ratings Ltd. so as to enable it to carry out continuous monitoring of the rating of the bank facilities, CARE Ratings Ltd. 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 Ratings Ltd. shall also be entitled to publicize/disseminate all the afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.

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6. 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.
7. Users of this rating may kindly refer our website www.careedge.in for latest update on the outstanding rating.
8. CARE Ratings Ltd. ratings are not recommendations to buy, sell, or hold any securities.

If you need any clarification, you are welcome to approach us in this regard.

Thanking you,

Yours faithfully,

Aditya Bhujbal

Aditya Bhujbal
Analyst
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Ruchi

Ruchi Sanghavi
Assistant Director
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Encl.: As above

Disclaimer

The ratings issued by CARE Ratings Limited are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings Limited has based its ratings/outlooks based on information obtained from reliable and credible sources. CARE Ratings Limited does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings Limited have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings Limited or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE Ratings Limited is, inter-alia, based on the capital deployed by the partners/proprietor and the current financial strength of the firm. The rating/outlook may undergo a 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. CARE Ratings Limited is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE Ratings Limited's rating. 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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Annexure 2
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; Outlook: Stable)	Revised from CARE B+; Stable (Single B Plus; Outlook: Stable)
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Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

Revision in the rating assigned to the instruments of Ramasigns Industries Limited (RSIL) factors in operating and cash losses reported by company in Q4FY22, decline in profitability in FY22, stressed liquidity position leading to high utilization of overdraft limit with repayment commencing from June 30,2022 and pending undisputed statutory dues.

The rating continued to be constrained by modest scale of operation, moderate operating margin and net profit margin, working capital intensive nature of operation, stretched liquidity position and pending undisputed statutory dues. The rating is further constrained by presence in highly competitive & fragmented industry.

The rating, however, derives strength from experienced promoters, 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.
- Improvement in operating cycle below 30 days on sustained basis
- Improvement in PBILDT margin above 6% and PAT margin above 1.5% on a sustained basis

Negative Factors

- Deterioration in capital structure with overall gearing above 1x on a sustained basis
- Non-arrangement of sufficient funds to timely repayment its debt obligation

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 five years ending FY21. However, total operating income of the company marginally increased to Rs. 34.88 crore in FY22 (A) vis-à-vis Rs. 32.51 crore in FY21 (A). Further company has achieved total operating income of Rs. 11.55 crore in Q4FY22 vis-à-vis Rs. 12.02 crore in Q4FY21.

Moderate operating margin and low net profit margin: PBILDT margin declined to 3.86% in FY22 (A) compared to 5.18% in FY21 (A) mainly on account of increase in cost of traded goods sales due to increase in prices of Polyvinyl chloride (PVC) which is raw material of traded goods by company and inability of company to pass on the entire price increase to clients. Further with decline in PBILDT margin, its PAT margin also declined to 0.25% in FY22 vis-à-vis 0.83% in FY21. Further due to the same, company has reported operational loss of Rs. 0.02 crore in Q4FY22 vis-à-vis operational profit of Rs. 1.55 crore in Q4FY21 and net loss of Rs. 0.48 crore in Q4FY22 vis-à-vis Rs. 0.77 crore in Q4FY21. Owing to the above it posted cash loss of Rs.0.10 crore in Q4FY22.

Working capital intensive operation: The operations of RSIL are working capital intensive in nature on account of funds being blocked in inventory and receivables. RSIL receives 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. However, collection period stretched to 376 days in FY21 vis-à-vis 162 days in FY20 due to delay in receipt of payment from client in Covid-19 pandemic situation. RSIL procures material from domestic market and it gets credit period of

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5-6 months creditor period. Nevertheless, the operating cycle continues to remain elongated. On the other hand, RSIL also delayed the payment of suppliers due to which creditor's period stood stretched at 454 days in FY21 vis-à-vis 190 days in FY20.

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 stood at 80% for FY21. Fluctuation in material cost has an adverse impact on profit margins of the company.

Fragmented and competitive nature of 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 remaining constrained due to low bargaining power with the customers.

Key Rating Strengths

Long track record of operations with experienced directors: 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.

Comfortable capital structure and debt coverage indicators: The capital structure of the company stood comfortable however overall gearing deteriorated and stood at 0.59x as on March 31, 2022 (vis-à-vis 0.29x as on March 31, 2021) owing to issue of non-convertible debenture (NCD) in FY22. Debt coverage indicator of the company stood moderate marked by total debt to GCA of 11.76x and interest coverage of 2.66x in FY22 (vis-à-vis 4.89x and 3.04x respectively in FY21) on account of increase in debt and reduction in GCA and operating profitability.

Liquidity analysis: Stretched

Stretched liquidity is characterized by tightly matched accruals vis-à-vis repayment obligations of Rs. 1.55 crore in FY23 and low cash balance of Rs.0.66 crore as on March 31, 2022. Its average working capital limit utilization remained high at 98% during past 12 months ended April 2022 and maximum utilization remained full and one instance of overdrawing for one day in the month of October 2021. Further company is yet to pay pending undisputed statutory dues of Rs. 0.28 crore as on June 01, 2022. Furthermore, current ratio and quick ratio stood at 1.33x and 0.96x respectively as on March 31, 2021 (vis-à-vis 1.34x and 1.05x respectively as on March 31, 2020).

Analytical approach: Standalone

Applicable Criteria:

- [Policy on default recognition](#)
- [Financial Ratios – Non financial Sector](#)
- [Liquidity Analysis of Non-financial sector entities](#)
- [Rating Outlook and Credit Watch](#)
- [Wholesale Trading](#)

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, Backlit 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)	31-03-2021 (A)	31-03-2022 (A)	Q4FY22 (A)
Total operating income	32.58	36.57	11.55
PBILDT	1.67	1.41	-0.02
PAT	0.27	0.09	-0.48
Overall gearing (times)	0.29	0.59	0.59

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Interest coverage (times)	3.04	2.66	Negative
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A: Audited, Unaudited, NA: Not Available

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not applicable

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

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated for this company: Annexure 4

Annexure-1: Details of Instruments / Facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Debentures-Non Convertible Debentures	INE650D08013	March 29, 2022	7% p.a.	May 31, 2026	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 2022-2023	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020
1	Debentures-Non Convertible Debentures	LT	7.20	CARE B; Stable	-	1)CARE B+; Stable (14-Mar-22) 2)CARE B+; Stable (31-Dec-21) 3)CARE B+; Stable (06-Jul-21)	-	-

* Long Term / Short Term

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities: Not available

Annexure 4: Complexity level of various instruments rated for this company

Sr. No	Name of instrument	Complexity level
1	Debentures-Non Convertible Debentures	Simple

Annexure 5: Bank Lender Details for this Company

To view the lender wise details of bank facilities please [click here](#)

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

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About CARE Ratings Limited:

Established in 1993, CARE Ratings Ltd. is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India (SEBI), it has also been acknowledged as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). With an equitable position in the Indian capital market, CARE Ratings Limited provides a wide array of credit rating services that help corporates to raise capital and enable investors to make informed decisions backed by knowledge and assessment provided by the company.

With an established track record of rating companies over almost three decades, we follow a robust and transparent rating process that leverages our domain and analytical expertise backed by the methodologies congruent with the international best practices. CARE Ratings Limited has had a pivotal role to play in developing bank debt and capital market instruments including CPs, corporate bonds and debentures, and structured credit.

Disclaimer

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****For detailed Rationale Report and subscription information, please contact us at www.careedge.in**

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