

Rama Vision Limited: Downgraded

Facility	Amount (Rs. Crore)	Rating/Outlook
Cash Credit	9.00	SMERA BB/Stable (Downgraded from SMERA BB+/Stable)

SMERA has downgraded the long-term rating on the Rs.9.00 crore bank facility of Rama Vision Limited (RVL) to '**SMERA BB**' (read as **SMERA double B**) from '**SMERA BB+**' (read as **SMERA double B plus**). The outlook is '**Stable**'.

The rating downgrade takes into account the decline in revenues and net losses in FY2015-16. The rating continues to be constrained by the working capital intensive business and weak debt protection metrics. SMERA also takes into account the highly competitive trading industry. However, the rating continues to be supported by the company's long track of operations, experienced management and established marketing and distribution channels.

Update

The operating income of the company decreased to Rs.30.17 in FY2016 from Rs.41.81 crore in FY2015 since agencies from the western region refused to sell 'PIGEON' products. The company operates in a highly competitive segment of the healthcare industry. RVL reported loss of Rs.1.15 crore in FY2016 as compared to Rs.0.41 crore in the previous year. The interest coverage ratio is negative at (-0.66) times in FY2016 as compared to 3.74 times in FY2015. The Debt Service Coverage Ratio stands at NIL in FY2016 as compared to 2.40 times in FY2015.

RVL was incorporated in 1989 to trade in mother and baby care products. The promoters, Mr. Satish Jain., Mr. Arihant Jain and others possess around three decades of experience in the healthcare industry. The company has around 100 distributors across India.

Outlook-Stable

SMERA believes that the company will maintain a stable outlook owing to the extensive experience of the management in the trading business and established relationships with customers. The outlook may be revised to 'Positive' in case of sustained increase in revenues and accruals while maintaining working capital cycle. Conversely, the outlook may be revised to 'Negative' in case of significant decline in revenues and accruals or elongation of working capital cycle.

Rating Sensitivity Factor

- Scaling up of operations while managing working capital funds

Criteria applied to arrive at the rating:

- Trading Entities

About the Company

RVL, incorporated in 1989 is engaged in the import and distribution of 'Pigeon' brand of mother and baby care products for north and eastern India. Further, the company has tied up with Graco (USA) and ET Browne Drug Co. Inc. (USA) for sale of baby car seats, strollers and skin products and enjoys sole distributorship rights in India. Additionally, RVL also trades in thai noodles, potato chips and biscuits.

For FY2016, the company reported net loss of Rs.1.15 crore on operating income of Rs.30.17 crore as compared with PAT of Rs.0.41 crore on operating income of Rs.41.81 crore for FY2015. The net worth stands at Rs.18.19 crore as on March 31, 2016 as compared with Rs.19.34 crore a year earlier.

Rating History:

Date	Facility	Amount (Rs. Crore)	Rating	Rating/Outlook
			Long Term	
17 August, 2015	Cash Credit	9.00	SMERA BB+ (Assigned)	Stable

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ABOUT SMERA

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