

## Press Release

14 February, 2018

**Rama Vision Limited (RVL)**

### Rating Downgraded



<b>Total Bank Facilities Rated*</b>	Rs. 9.00 Cr.
<b>Long Term Rating</b>	SMERA BB- /Stable (Downgraded)

*\*Refer annexure for details*

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 minus**). The outlook is '**Stable**'.

Rama Vision Limited (RVL) was incorporated in India in 1989. In 2002, RVL expanded its activities by importing high quality products that catered to mothers and babies. Presently the company trades in the said products under the brand names - Pigeon, Palmers, Farlin among others for its baby care division and Real Thai, Raavi, Kinh Do, Kewpie to name a few for its food division.

### Key rating drivers

#### Strengths

##### • Experienced management and long track of operation

The company was incorporated in 1989. The promoters of the company have long track record of three decades in the said line of business. The directors have extensive experience in the industry and have been able to establish long term relations with customers and suppliers.

##### • Wide distributor network

The company has more than 126 distributors across India with godowns in Delhi, Maharashtra, West Bengal, Uttar Pradesh.

#### Weaknesses

##### • Moderate financial profile

The average financial risk profile is marked by modest net worth, comfortable gearing and healthy debt protection measures. The net worth stood at Rs 17.57 crore as on 31 March, 2017 as compared to Rs.18.19 crore as on 31 March, 2016. The debt equity stood at 0.34 times in FY2017 compared to 0.39 in FY2016. The Interest Coverage stood at 0.44 times in FY2017. Moreover, the Net Cash Accruals to Total Debt (NCA/TD) stood at -0.04 times while Debt Service Coverage (DSCR) stood at 0.63 times as on March 31, 2017.

##### • Small scale of operations

The scale of operations is small with revenue of Rs.33.18 crore in FY2017 despite the long track record of operations. For FY2017, the company reported net loss of Rs.0.62 crore on operating income of Rs.33.18 crore. The net worth stood at Rs.17.57 crore as on 31 March, 2016 and Rs.18.19 crore a year earlier.

• **Highly fragmented industry**

The company faces stiff competition from large players including Johnson & Johnson, Himalaya, among others in the industry as also from products in China, Japan and USA.

**Analytical approach:**

SMERA has considered the standalone business and financial risk profile of Rama Vision Limited.

**Outlook – Stable**

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

**About the Rated Entity - Key Financials**

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	33.18	30.17	41.81
EBITDA	Rs. Cr.	0.37	(0.51)	1.51
PAT	Rs. Cr.	(0.62)	(1.15)	0.41
EBITDA Margin	(%)	1.11	(1.68)	3.62
PAT Margin	(%)	(1.88)	(3.81)	0.98
ROCE	(%)	(0.09)	(3.33)	3.90
Total Debt/Tangible Net Worth	Times	0.34	0.39	0.35
PBDIT/Interest	Times	0.40	(0.66)	3.74
Total Debt/PBDIT	Times	16.34	-14.10	4.64
Gross Current Assets (Days)	Days	193	232	178

**Status of non-cooperation with previous CRA (if applicable)**

None

**Any other information**

None

## Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Trading entities-<https://www.smera.in/criteria-trading.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

## Note on complexity levels of the rated instrument:

<https://www.smera.in/criteria-complexity-levels.htm>

## Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Crore)	Ratings/Outlook
7 Nov, 2016	Cash Credit	Long Term	9.00	SMERA BB / Stable
17 Aug, 2015	Cash Credit	Long Term	9.00	SMERA BB+/ Stable

## Annexure – Details of instruments rated

Name of the facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Cash Credit	NA	NA	NA	9.00	SMERA BB-/ Stable (Downgraded)

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## ABOUT SMERA

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