



Press Release

Rama Industries Limited (RIL)

March 05, 2025

Ratings

Instrument Facility /	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Facilities	0.00 (Reduced from Rs.10 crore)	Withdrawn	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)	Withdrawn	Simple
Proposed Long Term Bank Facilities	15.00	IVR BBB-/Stable; Withdrawn (IVR Triple B Minus with Stable Outlook and Withdrawn)	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)	Reaffirmed and Withdrawn	Simple
Total	15.00 (Rupees fifteen crore only)				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings has reaffirmed the ratings assigned to the bank facilities of Rama Industries Limited (RIL) and simultaneously withdrawn the ratings with immediate effect. The above action has been taken at the request of Rama Industries Limited and 'No Objection Certificate / No Dues Certificate' received from the lenders. The rating is withdrawn in accordance with Infomerics Ratings' Policy on Withdrawal of Ratings'.

The reaffirmation of the ratings assigned to the bank facilities of Rama Industries Limited continues to factor in experienced promoters and long track record of operations in gelatine market, improving scale of operations with healthy operating margins and comfortable capital structure and debt protection metrics. However, these rating strengths remain constrained by susceptibility to volatility in input prices, supplies in a highly regulated industry and high exposure to group companies.

The Stable outlook reflects that the company will continue to benefit from the experience of promoters, long standing relationships with customers and proximity to raw material sources.

Key Rating Sensitivities:



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Upward Factors

- Significant growth in scale of operations along with profitability on a sustained basis.

Downward Factors

- Deterioration in scale of operations and profitability impacting liquidity and debt protection metrics.
- Larger than expected debt-funded capex, deteriorating capital structure and debt protection metrics.
- Stretch in working capital cycle.
- Higher than envisaged exposure in group companies in the form of investments or/and loans and advances.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Experienced promoters and long track record of operations in gelatine market

Rama Industries Limited is promoted by the Ramsinghani family. RIL's directors, Mr Daulat Jaisingh Ramsinghani has experience of more than two-decades in the fertilizer industry. Mr H. D. Ramsinghani, has overall experience of fifteen years in the field of textile, petrochemicals and fertilizers. RIL has been engaged in manufacturing of gelatine and di-calcium phosphates since 2001. Thereafter, it started manufacturing Ossein also which is used in house.

Improving scale of operations with healthy operating margins

RIL's total operating income (TOI) has witnessed an increase of ~16% from Rs.134.02 crore in FY23 (refers to the period April 1 to March 31) to Rs.155.27 crore on account of higher demand for items like gelatine and di-calcium phosphate from the pharmaceutical industry. EBITDA has increased from Rs. 31.78 crore in FY23 to Rs.37.12 crore on account of increase in revenue. Scale of operations though modest have been supported by healthy operating margins. EBITDA margin has increased from 15.94% in FY22 to 23.90% in FY24. The company has achieved sales of Rs.110.50 crore in 9MFY25.

Comfortable capital structure and debt protection metrics



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The company has an adjusted tangible net worth of Rs.27.63 crore as on March 31, 2024, which has declined from Rs.37.70 crore as on March 31, 2023 due to increase in the exposure to group companies. Total debt of Rs. 10.00 crore an unsecured term loan taken from body corporate, Sirius Financial Services Pvt Ltd and repayable on or before September'2026 has been refinanced in April 2024 from RBL Bank Ltd. The leverage ratios as on March 31, 2024 continue to be healthy with adjusted overall gearing of 0.36x(PY:0.27x) and TOL/ATNW of 1.17x(PY:0.59x). The debt protection metrics continue to be comfortable with interest coverage ratio of 20.48x in FY23 and 14.62x in FY24. Total debt to GCA remained adequate at 0.31 times in FY23 and 0.34 times in FY24. RIL is also planning a capex of Rs.25-30 crore in next 1-2 years however even with the capex the financial risk profile is expected to be comfortable in the medium term.

Key Rating Weaknesses

Susceptibility to volatility in input prices:

Crushed animal (cattle) bone and hydrochloric acid are the key raw materials for the company which are sourced domestically. The market for crushed animal bone is highly unorganized, which causes the operating margins to be susceptible to price fluctuations.

Supplies in a highly regulated industry:

Around 95% of the total sales come from the sale of gelatine to the pharmaceutical sector. Gelatin is majorly used in the manufacturing of capsule coating. The pharmaceutical industry is a closely monitored and regulated industry and as such there are inherent risks and liabilities associated with the products and their manufacturing. Issues like price control of essential medicines by the Government of India through the Drug (Prices Control) Order, 2013, pose regulatory risk for the pharmaceutical industry.

High exposure to group companies:

As on March 31, 2024 the investments and loans/advances to group companies have increased significantly to Rs.71.22 crore in FY24 which is 72% of RIL's tangible net worth. The exposure has increased from Rs.32.49 crore in FY23.

Analytical Approach: Standalone



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Applicable Criteria:

[Rating Methodology for Manufacturing Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

[Policy on Withdrawal of ratings](#)

Liquidity – Adequate

Liquidity position is adequate marked by sufficient cushion expected in average cash accruals vis-à-vis debt repayment obligations of Rs.2.50 crore in FY25 and FY26 and Rs.4.17 crore in FY27. The current ratio is comfortable at 3.47x as on March 31, 2024. The free cash and bank balance of the company stood at Rs.7.34 crore as on March 31, 2024.

About the Company

Rama Industries Limited was incorporated in 1987 and started full-fledged commercial operations in 2001. RIL is promoted by the Ramsinghani family. It has been engaged in manufacturing of Gelatine, Di-calcium phosphate and Ossein. The company has one manufacturing unit situated at Lalru, Punjab with 2,000MTPA capacity.

Financials (Standalone):

	(Rs. crore)	
For the year ended/ As on*	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	134.02	155.27
EBITDA	31.78	37.12
PAT	31.50	28.66
Total Debt	10.00	10.00
Adjusted Tangible Net Worth	37.70	27.63
EBITDA Margin (%)	23.71	23.90
PAT Margin (%)	23.19	17.97
Adjusted Overall Gearing Ratio (x)	0.27	0.36
Interest Coverage (x)	20.48	14.62

* Classification as per Infomerics' standards.

Note: Adjusted Tangible Net Worth as on March 31, 2023 has changed in comparison to the previous press release dated January 02, 2024, on account of deduction of loan and advances to related parties from tangible net worth.



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Status of non-cooperation with previous CRA: None

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
					January 02, 2024	Date (Month XX, 20XX)	Date (Month XX, 20XX)
1.	Term Loan	Long Term	Nil (Reduced from Rs.10.00 crore)	Withdrawn	IVR BBB-/Stable	-	-
2.	Proposed Term Loan	Long Term	8.00	IVR BBB-/Stable; Withdrawn	IVR BBB-/Stable	-	-
3.	Proposed Cash Credit	Long Term	7.00	IVR BBB-/Stable; Withdrawn	IVR BBB-/Stable	-	-

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About Infomerics:

Infomerics Valuation and Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.



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Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit www.infomerics.com.

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Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan	Long Term	-	-	-	0.00	Withdrawn
Proposed Term Loan	Long Term	-	-	-	8.00	IVR BBB-/Stable; Withdrawn
Proposed Cash Credit	Long Term	-	-	-	7.00	IVR BBB-/Stable; Withdrawn

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-rama-industries-mar25.pdf>

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.