June 16, 2023

The Ramco Cements Limited: Rating Withdrawn for Rs. 295 crore NCDs

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Non-convertible debenture (NCD)	990.00	990.00	[ICRA]AA+ (Stable); outstanding
Non-convertible debenture (NCD)	205.00	205.00	[ICRA]AA+ (Stable); outstanding
Non-convertible debenture (NCD)	295.00	-	[ICRA]AA+ (Stable); Withdrawn
Term loans	3105.92	3105.92	[ICRA]AA+ (Stable); outstanding
Long-term fund based	885.00	885.00	[ICRA]AA+ (Stable); outstanding
Short-term fund based	1210.00	1210.00	[ICRA]A1+; outstanding
Short-term fund based	235.00	235.00	[ICRA]A1+; outstanding
Commercial paper	900.00	900.00	[ICRA]A1+; outstanding
Unallocated limits	77.08	77.08	[ICRA]AA+ (Stable); outstanding
Total	7903.00	7608.00	

**Instrument details are provided in Annexure-I*

Rationale

ICRA has withdrawn rating assigned to the Rs. 295.0 crore Non-convertible Debenture of **The Ramco Cements Limited** at the request of the company and based on the No Due Certificate (NDC) received from its lenders, in accordance with ICRA's policy on withdrawal of credit ratings.

ICRA has a ratings of [ICRA]AA+ (Stable)/[ICRA]A1+ outstanding for other instruments.

Please refer to the following link for the previous detailed rationale that captures the Key rating drivers and their description, Liquidity position and Rating sensitivities:

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Policy on Withdrawal of Credit Ratings Corporate Credit Rating Methodology Rating Methodology for Cement companies
Parent/Group support	NA
Consolidation/Standalone	Consolidation; please refer Annexure II for the list of entities considered for consolidated analysis

About the company

The Ramco Cements Limited (TRCL) is a reputed cement manufacturer in India and markets its products under the Ramco brand. TRCL has an aggregate installed integrated cement capacity of 13.70 million tonne per annum, across five facilities in Tamil Nadu and Andhra Pradesh. It has an additional grinding capacity of 7.49 million tonnes in South/East India. About 75% of the company's revenues are derived from the four southern states. TRCL has captive thermal and windmill capacities of 175

MW and 125.95 MW, respectively. The company also has two modest-scale subsidiaries, Ramco Windfarms Limited (with a 39-MW windmill capacity) and Ramco Industrial and Technology Services Limited (which is into transport services, manpower services and IT). It is one of the flagship companies of the larger Ramco Group founded in 1938 by the Late P.A.C Ramasamy Raja and is, at present, managed by his grandson, Mr. P R Venketrama Raja. The Ramco Group has interests in textiles, fibre cement sheets and information technology and is represented by key companies such as Ramco Industries Limited (rated [ICRA]AA- /Stable/[ICRA]A1+), Ramco Systems Limited (rated [ICRA]A/Negative/[ICRA]A2+) and Rajapalayam Mills Limited.

Key financial indicators (audited):

TRCL	FY2021	FY2022	FY2023
Operating income	5291.0	6003.7	8157.3
PAT	763.6	892.9	342.0
OPBDIT/OI	30.0%	21.9%	14.5%
PAT/OI	14.4%	14.9%	4.2%
Total outside liabilities/Tangible net worth (times)	1.0	1.0	1.1
Total debt/OPBDIT (times)	2.0	3.0	3.8
Interest coverage (times)	18.0	11.7	4.9

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Amount in Rs crore Source: Company; ICRA Research

Status of non-cooperation with previous CRA: Not Applicable

Any other information: None

Rating history for past three years

	Instrument	Current rating (FY2024)			Chronology of rating history for the past 3 years							
		Type	Amount rated (Rs. crore)	Amount outstanding as of Jan 31, 2023 (Rs. crore)	Date & rating in FY2024	Date & rating in FY2023		Date & rating in FY2022		Date & rating in FY2021		
					Jun-16-2023	Mar-13-2023	Sep-30-2022	Feb-25- 2022	Oct-6-2021	Dec-18-2020	Oct-6-2020	Sep-23- 2020
1	Term loans	Long-term	3105.92	3105.92	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)
2	Long-term fund based	Long-term	885.00	-	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)
3	Short-term fund based	Short-term	1210.00	-	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+
4	Short-term non-fund based	Short-term	235.00	-	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+
5	Commercial paper	Short-term	900.00	-	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+
6	Non-Convertible Debentures	Long-term	990.00	795.0	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)
7	Non-Convertible Debentures	Long-term	205.00		[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	-	-	-	-	-	-
8	Non-Convertible Debentures	Long-term	295.00	-	[ICRA]AA+ (Stable) withdrawn	[ICRA]AA+ (Stable)	-	-	-	-	-	-
9	Long-term unallocated	Long-term	77.08	-	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	-	-	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)

Complexity level of the rated instrument

Instrument	Complexity Indicator
Term loan	Simple
Long-term fund based	Simple
Short-term fund based	Simple
Short-term non-fund based	Very Simple
Commercial paper	Very Simple
Non-convertible debentures	Very Simple
Unallocated	Not Applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments, is available on ICRA's website: Click Here

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
-	**Term Loans**	FY2018	8.1%	FY2028	3105.92	[ICRA]AA+ (Stable)
-	**Long term fund based**	-	-	-	885.0	[ICRA]AA+ (Stable)
-	**Short term fund based**	-	-	-	1210.0	[ICRA]A1+
-	**Short term non-fund based**	-	-	-	235.0	[ICRA]A1+
-	**Long-term unallocated**	-	-	-	77.08	[ICRA]AA+ (Stable)
INE331A14NB5	**Commercial Papers**	-	-	-	50.0	[ICRA]A1+
INE331A14NC3	**Commercial Papers**	-	-	-	150.0	[ICRA]A1+
-	**Commercial Papers***	-	-	-	700.0	[ICRA]A1+
INE331AO7216	**Non-Convertible Debentures^**	Dec-2019	7.25%	Dec-2021	95.0	[ICRA]AA+ (Stable); Withdrawn
INE331AO7224	**Non-Convertible Debentures^**	Feb-2020	7.0%	Aug-2022	100.0	[ICRA]AA+ (Stable); Withdrawn
INE331A07232	**Non-Convertible Debentures^**	Feb-2020	7.0%	May-2023	100.0	[ICRA]AA+ (Stable); Withdrawn
INE331A07240	**Non-Convertible Debentures**	Nov-2020	5.5%	May-2024	195.0	[ICRA]AA+ (Stable)
INE331A07257	**Non-Convertible Debentures^^**	Feb-2021	5.5%	Apr-2023	200.0	[ICRA]AA+ (Stable)
INE331A07265	**Non-Convertible Debentures**	Mar-2022	6.9%	Dec-2026	150.0	[ICRA]AA+ (Stable)
INE331A07273	**Non-Convertible Debentures**	Mar-2022	6.9%	Mar-2027	150.0	[ICRA]AA+ (Stable)
-	**Non-Convertible Debentures***	-	-	-	500.0	[ICRA]AA+ (Stable)

*Source: Company; *Yet to be placed; ^NCDs has been redeemed^^Rs. 100.0 crore has been redeemed in Feb 2023*

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis:

Company Name	Ownership	Consolidation Approach
Ramco Industrial and Technology Services Limited – Subsidiary	94.11%	Full Consolidation
Ramco Windfarms Limited – Subsidiary	71.50%	Full Consolidation
Lynks Logistics Limited – Associate	41.63%	Equity Method
Madurai Trans Carrier Limited – Associate	29.86%	Equity Method
Ramco Systems Limited – Associate	17.64%	Equity Method
Ramco Industries Limited – Associate	15.43%	Equity Method
Rajapalayam Mills Limited - Associate	0.35%	Equity Method

Source: TRCL

Note: ICRA has considered the consolidated financials of The Ramco Cements Limited, its subsidiaries and associates while assigning the ratings. ICRA has also evaluated the adjusted leverage and coverage metrics while including the debt of Madurai Trans Carrier Limited (MTCL, as take-or-pay agreement with TRCL and 2 other entities) and Raja Charity Trust (as TRCL has given corporate guarantee).

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