Rajapalayam Mills Limited

November 30, 2018

Summary of rated instruments

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long term: Term loans	35.87	35.87	[ICRA]A- (Stable); withdrawn
Long term: Fund based limits	136.00	136.00	[ICRA]A- (SO) (Stable); withdrawn
Long term: Non-fund based sub-limits	(3.00)	(3.00)	[ICRA]A- (SO) (Stable); withdrawn
Short term: Fund based limits	128	128	[ICRA] A2+; withdrawn
Short term: Fund based sub-limits	(30.00)	(30.00)	[ICRA] A2+; withdrawn
Short term: Non-fund based limits	3.50	3.50	[ICRA] A2+; withdrawn
Short term: Non-fund based sub-limits	(37.00)	(37.00)	[ICRA] A2+; withdrawn
Total	**303.37**	**303.37**	

*Instrument details are provided in Annexure-1

Rating action

ICRA has withdrawn the long-term rating of [ICRA]A- (pronounced ICRA A minus) for the Rs. 35.87 crore[1] term loans, Rs. 136.00 crore fund-based limits, Rs. 3.00 crore non-fund based sub-limit facilities of Rajapalayam Mills Limited (RML). ICRA has also withdrawn the short-term rating of [ICRA]A2+ (pronounced ICRA A two plus) for the Rs. 128.00 crore fund-based facilities, Rs. 30.00 crore fund based sub-limit facilities, Rs. 3.50 crore non-fund-based facilities and Rs. 37.00 crore non-fund based sub-limit facilities of RML.

Rationale

The ratings have been withdrawn at the request of the company and based on no dues certificate provided by its banker, in accordance with ICRA's policy on withdrawal and suspension of credit rating.

Key Rating drivers

Key rating drivers has not been captured since the rated instruments are withdrawn

Liquidity Position

Liquidity position has not been captured since the rated instruments are withdrawn

[1] *100 lakh = 1 crore = 10 million*

Analytical approach:

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology ICRA policy on Withdrawal and Suspension of Credit rating
Parent/Group Support	Group Name: Ramco Group
Consolidation / Standalone	Standalone financial statements

About the company:

Rajapalayam Mills Limited (RML), incorporated in 1938, is primarily engaged in spinning of cotton yarn. With manufacturing facilities in Tamil Nadu and Andhra Pradesh, RML's scale of operations is moderate with an installed capacity of 137,552 spindles and 4,616 rotors. RML produces counts ranging from 4s to 300s (single / double yarn) and also has value-added facilities like compact ring spinning, doubling / twisting, gassing, and slub yarn equipment. RML has wind turbine generators (with installed capacity of 35.15 MW) in Tamil Nadu to control power costs. RML forms part of the Ramco Group, with other big entities in the group being The Ramco Cements Limited (rated [ICRA]AA+/Stable/[ICRA]A1+), Ramco Industries Limited (rated [ICRA]AA-/Stable/[ICRA]A1+) and Ramco Systems Limited. The Ramco Group was founded in 1938 by Late Mr. P.A.C. Ramasamy Raja.

Key financial indicators (audited)

	FY2016	FY2017
Operating Income (Rs. crore)	393.4	407.1
PAT (Rs. crore)	24.9	35.9
OPBDIT/OI (%)	14.6%	18.4%
RoCE (%)	10.5%	11.3%
Total Debt/TNW (times)	1.2	1.0
Total Debt/OPBDIT (times)	5.0	3.8
Interest coverage (times)	2.2	3.2

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for last three years:

	Instrument	Current Rating (FY2019) Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs Crore)	Date & Rating Nov 2018	Chronology of Rating History for the past 3 years: Date & Rating in FY2018 August 2017	Date & Rating in FY2017 Jan 2017	Date & Rating in FY2016 Apr 2015
1	Term loans	Long term	35.87	0.00	[ICRA]A- (stable); withdrawn	[ICRA]A- (Stable)	[ICRA]BBB+ (Stable)	[ICRA]BBB+ (Stable)
2	Fund based - Cash credit	Long term	136.00	0.00	[ICRA]A- (stable); withdrawn	[ICRA]A- (Stable)	[ICRA]BBB+ (Stable)	[ICRA]BBB+ (Stable)
3	Non-fund based (sub-limits)	Long term	(3.00)	0.00	[ICRA]A- (stable); withdrawn	[ICRA]A- (Stable)	[ICRA]BBB+ (Stable)	[ICRA]BBB+ (Stable)
4	Fund based	Short term	128.00	0.00	[ICRA] A2+; withdrawn	[ICRA]A2+	[ICRA]A2	[ICRA]A2
5	Fund based (sub-limits)	Short term	(30.00)	0.00	[ICRA] A2+; withdrawn	[ICRA]A2+	[ICRA]A2	[ICRA]A2
6	Non-fund based	Short term	3.50	0.00	[ICRA]A2+(stable); withdrawn	[ICRA]A2+	[ICRA]A2	[ICRA]A2
7	Non-fund based (sub-limits)	Short term	(37.00)	0.00	[ICRA]A2+(stable); withdrawn	[ICRA]A2+	[ICRA]A2	[ICRA]A2

Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1: Instrument Details

ISIN No	Instrument	Date of	Coupon	Maturity	Amount	Current Rating and

	Name	Issuance / Sanction	Rate	Date	Rated (Rs. crore)	Outlook
NA	Term loans	NA	9.92%	April 2020	35.87	[ICRA]A- (stable); withdrawn
NA	Fund based - Cash credit	NA	NA	NA	136.00	[ICRA]A- (stable); withdrawn
NA	Non-fund based (sub-limits)	NA	NA	NA	(3.00)	[ICRA]A- (stable); withdrawn
NA	Fund based	NA	NA	NA	128.00	[ICRA] A2+; withdrawn
NA	Fund based (sub-limits)	NA	NA	NA	(30.00)	[ICRA] A2+; withdrawn
NA	Non-fund based	NA	NA	NA	3.50	[ICRA]A2+(stable); withdrawn
NA	Non-fund based (sub-limits)	NA	NA	NA	(37.00)	[ICRA]A2+(stable); withdrawn

Source: RML

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About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

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