

The Ramaraju Surgical Cotton Mills Limited

January 04, 2019

Summary of rated instruments

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term - Term loan facilities	46.22	46.22	[ICRA]BBB-(stable); withdrawn
Long-term - Fund based facilities	90.50	90.50	[ICRA]BBB-(stable); withdrawn
Long-term - Fund based (sub-limit) facilities	2.00	2.00	[ICRA]BBB-(stable); withdrawn
Short-term - Non-fund based (sub-limit) facilities	(10.00)	(10.00)	[ICRA] A3; withdrawn
Short-term - Non-fund-based facilities	22.00	22.00	[ICRA] A3; withdrawn
Short-term - Non-fund based (sub-limit) facilities	(10.00)	(10.00)	[ICRA] A3; withdrawn
Long-term - Term loan facilities	41.66	41.66	[ICRA]A- (SO) (Stable); withdrawn
Total	202.38	202.38	

*Instrument details are provided in Annexure-1

Rating action

ICRA has withdrawn the long-term rating of [ICRA]BBB- (pronounced ICRA triple B minus) on the Rs.46.22 crore term loan facilities, Rs.90.50 crore fund-based facilities and Rs.2.00 crore fund based (sub-limit) facilities of The Ramaraju Surgical Cotton Mills Limited (TRSCML). ICRA has also withdrawn the short-term rating of [ICRA]A3 (pronounced ICRA A three) on the Rs.20.00 crore non-fund based (sub-limit) facilities and Rs.22.00 crore non-fund-based facilities of the Company.

ICRA has withdrawn the [ICRA]A-(SO) [pronounced as ICRA double A structured obligation] rating outstanding on the Rs.41.66 crore term loan. The [ICRA]A- (SO) rating was solely based on the strength of the corporate guarantee extended by Rajapalayam Mills Limited (rated [ICRA]A-(Stable)/[ICRA]A2+).

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The ratings have been withdrawn at the request of the company and based on no dues certificate provided by its banker, in accordance with ICRA's policy on withdrawal and suspension of credit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Key rating drivers has not been captured since the rated instruments are withdrawn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Liquidity position has not been captured since the rated instruments are withdrawn

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:

TRSCML is primarily engaged in the production of cotton yarn and surgical products (viz., absorbent cotton wool, gauze & bandages, plaster of paris and plaster of paris bandages). Incorporated in 1939, RSCML commenced operations with production of surgical products and diversified into spinning in 1958. Presently, it has two units manufacturing surgical products and four units engaged in spinning operations, the latter having a capacity of 74,256 spindles and 2,440 rotors. The Company produces counts ranging from 10s to 345s (single / double yarn) and also has value-added facilities (like compact ring spinning, doubling / twisting).

Key financial indicators (audited)

	FY2016	FY2017
Operating Income (Rs. crore)	235.6	238.9
PAT (Rs. crore)	9.2	4.2
OPBDIT/OI (%)	15.1%	15%
RoCE (%)	11%	8.1%
Total Debt/TNW (times)	2.6	2.8
Total Debt/OPBDIT (times)	6.0	6.8
Interest coverage (times)	2.0	2.0

Guarantor's Profile

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.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for last three years:

	Instrument	Current Rating (FY2019)				Chronology of Rating History for the past 3 years		
		Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs Crore)	Date & Rating	Date & Rating in FY2018	Date & Rating in FY2017	Date & Rating in FY2016
					Jan 2019			Feb 2016
1	Term loans	Long term	46.22	0.0	[ICRA]BBB-(stable); withdrawn	[ICRA]BBB-(Stable)	NA	[ICRA]BB-(Stable)
2	Fund based - Cash credit	Long term	90.50	0.0	[ICRA]BBB-(stable); withdrawn	[ICRA]BBB-(Stable)	NA	[ICRA]BB-(Stable)
3	Non-fund based (sub-limits)	Long term	2.00	0.0	[ICRA]BBB-(stable); withdrawn	[ICRA]BBB-(Stable)	NA	[ICRA]BB-(Stable)
4	Non-fund based (sub-limits)	Short term	(10.00)	0.0	[ICRA] A3; withdrawn	[ICRA]A3	NA	[ICRA]A4
5	Non-fund based	Short term	22.00	0.0	[ICRA] A3; withdrawn	[ICRA]A3	NA	[ICRA]A4
6	Fund based (sub-limits)	Short term	(10.00)	0.0	[ICRA] A3; withdrawn	[ICRA]A3	NA	[ICRA]A4
7	Term Loan	Long term	41.66	0.0	[ICRA]A-(SO) (stable); withdrawn	[ICRA]A-(SO) (stable)	NA	[ICRA]BBB+(SO)(Stable)

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 Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Term loans	NA	12.50%	March 2019	46.22	[ICRA]BBB-(stable); withdrawn
NA	Fund based - Cash credit	NA	NA	NA	90.50	[ICRA]BBB-(stable); withdrawn
NA	Non-fund based (sub-limits)	NA	NA	NA	2.00	[ICRA]BBB-(stable); withdrawn
NA	Non-fund based (sub-limits)	NA	NA	NA	(10.00)	[ICRA] A3; withdrawn
NA	Non-fund based	NA	NA	NA	22.00	[ICRA] A3; withdrawn
NA	Fund based (sub-limits)	NA	NA	NA	(10.00)	[ICRA] A3; withdrawn
NA	Term Loan	NA	11.95%	March 2019	41.66	[ICRA]A-(SO) (stable); withdrawn

Source: TRSCML

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