FEBRUARY 22, 2016

CARE ASSIGNS 'CARE AA' RATING TO THE NCD ISSUE OF RAYMOND LIMITED

Ratings

Instrument	Amount (Rs. crore)	Ratings[1]	Remarks
Proposed Non-Convertible Debenture issue	100 (Rs. One hundred crore only)	**CARE AA (Double A)**	Assigned

Rating Rationale

The rating assigned to the non-convertible debenture issue of Raymond Limited factors the resourceful and experienced promoter group and experienced management, dominant position of the company in the worsted suiting fabrics industry as well as diversified revenue stream supported by established brands and integrated operations. The rating also positively factors comfortable debt coverage indicators and consistently maintained healthy liquidity position. The widespread distribution network supplemented by asset-light retail strategy and strong fixed asset base of the company add further strength to the ratings.

The ratings are, however, constrained on account of commodity price risk as well as foreign exchange fluctuation risk.

The company's ability to improve its profitability margins amidst intense competition in the industry is the key rating sensitivity.

Background

Incorporated in 1925, Raymond Ltd (RL; CIN no.: L17117MH1925PLC001208) is one of the leading integrated producers of worsted suiting fabric in the world. It is the flagship company of the Vijaypat Singhania group, which is a diversified conglomerate having interests in textiles, apparel retailing, toiletries, auto components and engineering files & tools amongst others. RL, on a standalone basis, is mainly engaged into fabric manufacturing with a total production capacity of approximately 38 million meters per annum.

On a consolidated basis, RL reported PBILDT of Rs.474 crore and PAT of Rs.120 crore on operating income of Rs.5,382 crore in FY15 (refers to the period April 01 to March 31) compared with PBILDT of Rs.523 crore and PAT of Rs.110 crore on operating income of Rs.4,592 crore in FY14. During 9MFY16, RL on a consolidated basis, reported PBILDT of Rs.326 crore and PAT of Rs.32 crore on operating income of Rs.4,117 crore. During FY15, RL on a standalone basis, registered PBILDT of Rs.304 crore and PAT of Rs.101 crore on total income of Rs.2,722 crore vis-a-vis PBILDT of Rs. 299 crore and PAT of Rs.88 crore on total income of Rs. 2,240 crore during FY14. During 9MFY16, RL on a standalone basis, reported PBILDT of Rs.198 crore and PAT of Rs.46 crore on operating income of Rs.2,083 crore.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

[1] *Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications*

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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