JULY 27, 2015

CARE REVISES RATINGS ASSIGNED TO BANK FACILITIES AND INSTRUMENTS OF RAYMOND LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings[1]	Remarks
Long-term Bank Facilities	1,275 (reduced from 1,300)	**CARE AA [Double A]**	Revised from CARE AA- (Double A Minus)
Short-term Bank Facilities	390 (enhanced from 365)	**CARE A1+ [A One Plus]**	Reaffirmed
Total Facilities	**1,665**		
Non-Convertible Debentures	365	**CARE AA [Double A]**	Revised from CARE AA- (Double A Minus)
Commercial Paper	250	**CARE A1+ [A One Plus]**	Reaffirmed

Rating Rationale

The revision in the ratings assigned to the bank facilities and debt instruments of Raymond Limited factors the improvement in debt coverage indicators as well as consistently maintained healthy liquidity position.

The ratings continue to draw strength from the resourceful and experienced promoter group and management, dominant position of the company in the worsted suiting fabrics industry, diversified revenue stream supported by established brands and integrated operations. 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 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 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.

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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*

Disclaimer: CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

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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