

OCTOBER 18, 2016

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

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long term Bank Facilities	1,275	CARE AA (Double A)	Reaffirmed
Short term Bank Facilities	390	CARE A1+ (A One Plus)	Reaffirmed
Total Facilities	1,665 (Rupees One Thousand Six Hundred and sixty five Crore only)		
Non-Convertible Debentures	-	Withdrawn	Rating withdrawn to Non Convertible Debentures of Rs.100 crore (ISIN: INE301A08357) as the same is fully repaid and there is no outstanding against the same.
Non-Convertible Debentures	235	CARE AA (Double A)	Reaffirmed
Commercial Paper	250	CARE A1+ (A One Plus)	Reaffirmed

Rating Rationale

The ratings assigned to the bank facilities and debt instruments of Raymond Limited continue to derive 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, integrated operations and 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 commodity price risk as well as foreign exchange fluctuation risk.

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

Background

Incorporated in 1925, Raymond Ltd (RL) 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, auto components and engineering files & tools amongst others. RL, on a standalone basis, is mainly engaged into fabric manufacturing with total production capacity of approximately 38 million meters per annum.

On a consolidated basis, RL reported PBILDT of Rs.495 crore and PAT of Rs.91 crore on operating income of Rs.5,667 crore in FY16 (refers to the period April 01 to March 31) compared with PBILDT of Rs.490 crore and PAT of Rs.120 crore on operating income of Rs. 5,398 crore in FY15. During FY15, RL on a standalone basis, registered PBILDT of Rs.326 crore and PAT of Rs.82 crore on total income of Rs.2,881 crore vis-à-vis PBILDT of Rs.329 crore and PAT of Rs.100 crore on total income of Rs.2,747 crore during FY15.

Analyst Contact

Name: Mr Pulkit Agarwal

Tel: 022 6754 3505

Cell: 98190 74189

Email: pulkit.agarwal@careratings.com

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

****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.

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.

CONTACT**Head Office Mumbai****Mr. Amod Khanorkar**

Mobile: + 91 98190 84000

E-mail: amod.khanorkar@careratings.com**Mr. Saikat Roy**

Mobile: + 91 98209 98779

E-mail: saiikat.roy@careratings.com**CREDIT ANALYSIS & RESEARCH LIMITED**

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022

Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com**AHMEDABAD****Mr. Mehul Pandya**32, Titanium, Prahaladnagar Corporate Road,
Satellite, Ahmedabad - 380 015

Cell: +91-98242 56265

Tel: +91-79-4026 5656

E-mail: mehul.pandya@careratings.com**BENGALURU****Mr. Deepak Prajapati**Unit No. 1101-1102, 11th Floor, Prestige Meridian II,
No. 30, M.G. Road, Bangalore - 560 001.

Cell: +91-9099028864

Tel: +91-80-4115 0445, 4165 4529

E-mail: deepak.prajapati@careratings.com**CHANDIGARH****Mr. Sajan Goyal**SCF No. 54-55,
First Floor, Phase 11,
Sector 65, Mohali - 160062
Chandigarh

Cell: +91 99888 05650

Tel: +91-172-5171 100 / 09

Email: sajan.goyal@careratings.com**CHENNAI****Mr. V Pradeep Kumar**Unit No. O-509/C, Spencer Plaza, 5th Floor,
No. 769, Anna Salai, Chennai - 600 002.

Cell: +91 98407 54521

Tel: +91-44-2849 7812 / 0811

Email: pradeep.kumar@careratings.com**COIMBATORE****Mr. V Pradeep Kumar**T-3, 3rd Floor, Manchester Square
Puliakulam Road, Coimbatore - 641 037.

Tel: +91-422-4332399 / 4502399

Email: pradeep.kumar@careratings.com**HYDERABAD****Mr. Ramesh Bob**401, Ashoka Scintilla, 3-6-502, Himayat Nagar,
Hyderabad - 500 029.

Cell : + 91 90520 00521

Tel: +91-40-4010 2030

E-mail: ramesh.bob@careratings.com**JAIPUR****Mr. Nikhil Soni**304, Pashupati Akshat Heights, Plot No. D-91,
Madho Singh Road, Near Collectorate Circle,
Bani Park, Jaipur - 302 016.

Cell: +91 – 95490 33222

Tel: +91-141-402 0213 / 14

E-mail: nikhil.soni@careratings.com**KOLKATA****Ms. Priti Agarwal**3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)
10A, Shakespeare Sarani, Kolkata - 700 071.

Cell: +91-98319 67110

Tel: +91-33- 4018 1600

E-mail: priti.agarwal@careratings.com**NEW DELHI****Ms. Swati Agrawal**13th Floor, E-1 Block, Videocon Tower,
Jhandewalan Extension, New Delhi - 110 055.

Cell: +91-98117 45677

Tel: +91-11-4533 3200

E-mail: swati.agrawal@careratings.com**PUNE****Mr. Pratim Banerjee**9th Floor, Pride Kumar Senate,
Plot No. 970, Bhamburda, Senapati Bapat Road,
Shivaji Nagar, Pune - 411 015.

Cell: +91-98361 07331

Tel: +91-20- 4000 9000

E-mail: pratim.banerjee@careratings.com

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