

Press Release

The Rajaratna Mills Private Limited

January 30, 2023



Rating Downgraded and Issuer not co-operating

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	60.70	ACUITE BB+ Downgraded Issuer not co-operating*	-
Bank Loan Ratings	5.30	-	ACUITE A4+ Downgraded Issuer not co-operating*
Total Outstanding Quantum (Rs. Cr)	66.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has downgraded its long term rating to '**ACUITE BB+**' (read as **ACUITE double B plus**) and short term rating of '**ACUITE A4+**' (read as **ACUITE A4 plus**) from **ACUITE BBB -** (Read as **ACUITE triple B Minus**) / **ACUITE A3** (Read as **ACUITE A three**) on the Rs.66.00Cr bank facilities of The Rajaratna Mills Private Limited (RMPL). The rating is now an indicative rating, based on best available information. The rating has been downgraded on account of information risk.

About the Company

RMPL was incorporated in 1979 with 12,000 spindles and progressively expanded to its current capacity of 39,856 spindles and 7,040 rotors. The company is closely held by the promoters and its family members, who have close to over six decades of experience in the industry. RMPL is engaged in the production of cotton yarn in the medium and finer counts range of 6's-30's 60's and 90's. It has two manufacturing facilities in Palani (Tamilnadu). RMPL had installed windmill capacity of 1.50 MW for captive use. At present, the company's operations are actively managed by Mr J. Thulasidharan, Managing Director, and his daughter, Ms. Nikenantha Thulasidharan and son, Mr Sailendra Thulasidharan

Non-cooperation by the issuer/borrower

Acuite has been requesting for data, information and undertakings from the rated entity for conducting surveillance & review of the rating. However, the issuer/borrower failed to submit such information before the due date. Acuite believes that information risk is a critical component in such ratings, and noncooperation by the issuer along with unwillingness to provide information could be a sign of potential deterioration in its overall credit quality. This rating is, therefore, being flagged as "Issuer not cooperating", in line with prevailing SEBI regulations and Acuite's policies.

Limitation regarding information availability

The rating is based on information available from sources other than the issuer / borrower (in the absence of information provided by the issuer / borrower). Acuité endeavored to gather information about the entity / industry from the public domain. Therefore, Acuité cautions lenders and investors regarding the use of such information, on which the indicative credit rating is based.

Rating Sensitivities

"No information provided by the issuer / available for Acuite to comment upon."

Material Covenants

None

Liquidity Position

"No information provided by the issuer / available for Acuite to comment upon."

Outlook: Not applicable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 21 (Provisional)	FY 20 (Actual)
Operating Income	Rs. Cr.	113.13	113.49
PAT	Rs. Cr.	4.36	1.01
PAT Margin	(%)	3.85	0.89
Total Debt/Tangible Net Worth	Times	1.55	2.01
PBDIT/Interest	Times	3.37	2.49

Status of non-cooperation with previous CRA

CARE has migrated its ratings to 'B+/A4 (reaffirmed and NCI)' in press release dated 10-11-2021. The rating continues to be NCI from 02-04-2018. India Ratings has migrated its ratings to 'BB/A4+ (Issuer not cooperating)' in the press release dated 16-03-2022.

Any other information

Acuite is yet to receive latest NDS from TRMPL.

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>

Note on Complexity Levels of the Rated Instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to

the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
02 Nov 2021	Term Loan	Long Term	7.90	ACUITE BBB- Stable (Assigned)
	Proposed Bank Facility	Long Term	0.20	ACUITE BBB- Stable (Assigned)
	Letter of Credit	Short Term	4.95	ACUITE A3 (Assigned)
	Cash Credit	Long Term	37.00	ACUITE BBB- Stable (Assigned)
	Working Capital Term Loan	Long Term	6.00	ACUITE BBB- Stable (Assigned)
	Bank Guarantee	Short Term	0.35	ACUITE A3 (Assigned)
	Working Capital Term Loan	Long Term	4.20	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	5.40	ACUITE BBB- Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Indian Bank	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	Simple	0.35	ACUITE A4+ Downgraded Issuer not co-operating*
Indian Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	37.00	ACUITE BB+ Downgraded Issuer not co-operating*
Indian Bank	Not Applicable	Letter of Credit	Not Applicable	Not Applicable	Not Applicable	Simple	4.95	ACUITE A4+ Downgraded Issuer not co-operating*
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	Simple	0.20	ACUITE BB+ Downgraded Issuer not co-operating*
Indian Bank	Not Applicable	Term Loan	31 Mar 2018	10.25	31 Mar 2024	Simple	7.90	ACUITE BB+ Downgraded Issuer not co-operating*
Indian Bank	Not Applicable	Term Loan	30 Mar 2021	8.90	31 Jul 2028	Simple	5.40	ACUITE BB+ Downgraded Issuer not co-operating*
Indian Bank	Not Applicable	Working Capital Term Loan	Not available	Not available	Not available	Simple	6.00	ACUITE BB+ Downgraded Issuer not co-operating*
Indian Bank	Not Applicable	Working Capital Term Loan	Not available	Not available	Not available	Simple	4.20	ACUITE BB+ Downgraded Issuer not co-operating*

Contacts

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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