

**F. T. Textiles Private Limited**  
 September 18, 2020

**Ratings**

Facilities	Amount (Rs. crore)	Rating <sup>1</sup>	Rating Action
Long term Bank Facilities	11.05	<b>CARE BB+; Stable; ISSUER NOT COOPERATING* (Double B Plus; Outlook : Stable ISSUER NOT COOPERATING*)</b>	Issuer Not Cooperating; Based on Best Available Information
Short term Bank Facilities	0.40	<b>CARE A4+; ISSUER NOT COOPERATING* (A Four Plus; ISSUER NOT COOPERATING*)</b>	Issuer Not Cooperating; Based on Best Available Information
<b>Total</b>	<b>11.45</b> <b>(Rs. Eleven crores and Forty Five Lakhs only)</b>		

*Details of facilities in Annexure-1*

**Detailed Rationale & Key Rating Drivers**

CARE had, vide its press release dated January 3, 2018, placed the rating(s) of F. T. Textiles Private Limited. (FTTPL) under the 'issuer non-cooperating' category as FTTP had failed to provide information for monitoring of the rating and had not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. FTTP continues to be non-cooperative despite repeated requests for submission of information through e-mails dated September 8, 2020 and September 10, 2020. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating.

***Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).***

**Detailed description of the key rating drivers**

*At the time of last rating on March 23, 2017 the following were the rating strengths and weaknesses.*

**Key Rating Strengths**

***Experienced promoters along with continuous financial support:*** The promoters have more than two decades of experience in the textile business.

***Moderate capital structure and debt coverage indicators:*** The company's overall gearing ratio deteriorated marginally from 0.42x as on March 31<sup>st</sup>, 2018 to 0.70x as on March 31<sup>st</sup>, 2019. Further Total Debt to Gross Cash Accruals (GCA) deteriorated from 1.30x as on March 31<sup>st</sup>, 2018 to 2.65x as on March 31<sup>st</sup>, 2019. However, the debt coverage indicators like interest coverage remain comfortable on account of lower reliance on external debt to fund its business operations.

**Key Rating Weaknesses**

***Modest scale of operations:*** FTPL completely utilizes its manufacturing capacities and relies on outsourcing jobs to third party players to drive its revenue, which inherently has lower margins. FTPL's Total Operating Income remained stagnant at around Rs. 200 crore over the last three years (FY17-FY19).

***Relatively low profit margin:*** FTPL's PBILDT margin continues to remain relatively low as the company follows a policy of offering discounts to its customers to receive prompt payments, thereby reducing its margins.

***Raw material price volatility risk:*** The main raw material for the company is polyester yarn, which accounts for more than 75% of the cost of sales. Price of polyester yarn is linked to the price of crude oil which is fluctuating in nature. This exposes FTPL's profitability and thereby its cash flows to volatility in the price of raw materials.

<sup>1</sup>Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications

\*Issuer did not cooperate; Based on best available information

**Highly fragmented & competitive industry:** The yarn processing industry in India is highly fragmented and dominated by a large number of independent and small scale unorganized players leading to high competition among industry players. Smaller size companies like FTPL are more vulnerable to intense competition and have limited pricing flexibility, which constrains their profitability as compared to larger companies who have better efficiencies and pricing power considering their scale of operations.

**Analytical approach:** Standalone

#### Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)  
[Criteria on assigning Outlook and Credit Watch to Ratings](#)  
[CARE's Policy on Default Recognition](#)  
[Criteria for Short Term Instruments](#)  
[Financial ratios – Non-Financial Sector](#)  
[Liquidity Analysis of Non-Financial Sector Entities](#)  
[Rating Methodology – Service Sector Companies](#)

#### About the Company

Incorporated in 2009, F. T. Textile Private Limited (FTPL), by Mr. Fayyazuddin Mulla is engaged in the business of manufacturing of grey fabric, primarily polyester. FTPL procures yarn and performs the gassing process. Post the above process the yarn is outsourced to job-workers for fabric manufacturing.

FTPL sells its products under the brand name of FT Guru. FTPL has its manufacturing plant located at Bhiwandi, Maharashtra having an annual installed capacity of 1.5-1.8 crore meter per annum.

FTPL procures its raw material (yarn) from the domestic market and generates majority of revenue from the domestic market (primarily Gujarat).

Brief Financials (Rs. crore)	FY17 (A)	FY18 (A)	FY19 (A)
Total operating income	196.76	200.17	201.42
PBILDT	7.93	10.00	10.66
PAT	4.14	5.25	5.21
Overall gearing (times)	0.62	0.42	0.70
Interest coverage (times)	12.03	9.28	6.13

A: Audited

#### Status of non-cooperation with previous CRA:

Non-cooperation with other CRA(s)	IND BBB-; ISSUER NOT COOPERATING* / IND A3; ISSUER NOT COOPERATING* (June 17, 2020)
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**Any other information:** Not Applicable

**Rating History for last three years:** Please refer Annexure-2

#### Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	December, 2022	3.55	CARE BB+; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Fund-based - LT-Cash Credit	-	-	-	7.50	CARE BB+; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Non-fund-based - ST-Bank Guarantees	-	-	-	0.40	CARE A4+; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information

\*Issuer did not cooperate; Based on best available information

**Annexure-2: Rating History of last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT-Term Loan	LT	3.55	CARE BB+; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (24-Jun-19)	-	1)CARE BB+; ISSUER NOT COOPERATING* (03-Jan-18)
2.	Fund-based - LT-Cash Credit	LT	7.50	CARE BB+; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (24-Jun-19)	-	1)CARE BB+; ISSUER NOT COOPERATING* (03-Jan-18)
3.	Non-fund-based - ST-Bank Guarantees	ST	0.40	CARE A4+; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE A4+; ISSUER NOT COOPERATING* (24-Jun-19)	-	1)CARE A4+; ISSUER NOT COOPERATING* (03-Jan-18)

\*Issuer did not cooperate; Based on best available information

**Annexure-3: Detailed explanation of covenants of the rated instrument / facilities:** Not Applicable

**Annexure 4: Complexity level of various instruments rated for this company:**

Sr. No.	Name of the Instrument	Complexity Level
1.	Bank Facilities- Fund-based - LT-Term Loan	Simple
2.	Bank Facilities- Fund-based - LT-Cash Credit	Simple
3.	Bank Facilities- Non-fund-based - ST-Bank Guarantees	Simple

**Note on complexity levels of the rated instrument:** CARE has classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

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### About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

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**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careratings.co](http://www.careratings.co)**