

## Trimurty Spinning Mills Private Limited

January 17, 2017

### Ratings

Facilities	Amount (Rs. crore)	Ratings <sup>1</sup>	Rating Action
Long-term Bank Facilities	16.02	<b>CARE B; Stable (Single B, Outlook: Stable)</b>	Suspension revoked and rating revised from CARE B+ (Single B Plus)
Short-term Bank Facilities	1.25	<b>CARE A4 (A Four)</b>	Suspension revoked and rating reaffirmed to CARE A4
<b>Total</b>	<b>17.27 (Rupees Seventeen crore and Twenty seven lakh only)</b>		

*Details of facilities in Annexure-1*

### Detailed Rationale

The long term rating assigned to the bank facilities of Trimurty Spinning Mills Private Limited (TSPL) has been revised mainly on account of decline in total operating income and net loss during FY16 (refers to the period April 1 to March 31) resulting in deterioration in capital structure. The ratings, however, continue to be constrained by modest scale of operations, weak financial risk profile marked by highly leveraged capital structure, weak solvency position and thin profitability margins. The ratings are further constrained by weak debt coverage indicators, exposure of profitability margins to fluctuation in raw material price and presence in highly competitive textile industry. However, the ratings continues to factor in experience of the promoters in the cotton industry and location advantage.

The ability of the company to increase its scale of operations, improve its solvency position and profitability margins along with efficient management of working capital requirements remain the key rating sensitivity.

### Detailed description of the key rating drivers

The scale of operations of the entity has remained moderate with fluctuating total operating income and cash accruals during the last three years ending FY16. Furthermore, net loss in last three years has eroded the net worth and resulted in leveraged capital structure and weak liquidity position. The cotton industry is characterized by a high degree of fragmentation and high competition and is further subjected to Government regulations. The manufacturing facility of TSPL is located at Ichalkaranji which comes under the cotton producing belt i.e Prabhani region of Maharashtra. Hence, TSPL gains the location advantage in terms of timely and easy availability of raw material for spinning. Prices of raw material i.e. raw cotton are highly volatile in nature and depend upon factors like, area under production, yield for the year, international demand supply scenario, export quota decided by government and inventory carried forward of previous year. However, the existing promoters have over one and half decade of experience in the industry and thus have established relations with their customers and suppliers.

**Analytical approach:** Standalone

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

## Applicable Criteria

[Criteria on assigning Outlook to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[Criteria for Short Term Instruments](#)

[CARE's Methodology for Manufacturing Companies](#)

[Financial ratios \(Non-Financial Sector\)](#)

## Company Background

Trimurty Spinning Mills Private Limited (TSPL) was incorporated in August, 2010. Located in Ichalkaranji, Maharashtra, the company is promoted by Mr Suryawanshi, Mr Mhetre and Mr Naik. Spread over land of 5.75 acres, the plant has been set up with an aim to manufacture long strand cotton yarn i.e. cotton yarn of high counts mainly – 40s, 41s and 42s combed hosiery compact type yarn and has manufacturing capacity for processing 17.57 lakh kg of cotton yarn/annum.

The manufactured yarns are used in cotton hosiery and are produced using long strand BT cotton i.e. genetically modified cotton. The company procures raw cotton from Gujarat and Maharashtra while the cotton yarn is sold through dealers to weavers and knitters in Ichalkaranji, Bhiwandi and Vita.

Having imported plant and machinery under the EPCG scheme, TSPL has an obligation to export cotton yarn worth Rs.21 crore in the next 8 years. In FY15, and FY16, the company earned an operating income of Rs.41.96 crore with capacity utilisation of 75% and Rs.35.94 crore with capacity utilization of 80% respectively.

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** Not applicable

**Rating History (Last three years):** Please refer Annexure -2.

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## About CARE Ratings:

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### Disclaimer

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In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook 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.

### Annexure-1

#### Details of 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 - Cash Credit	-	-	-	3.50	CARE B; Stable
Non-fund-based - Bank Guarantees	-	-	-	1.25	CARE A4
Fund-based-Term Loan				12.52	

### Annexure-2

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Chronology of Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016	Date(s) & Rating(s) assigned in 2014-2015	Date(s) & Rating(s) assigned in 2013-2014
1.	Fund-based - LT-Term Loan	LT	12.52	CARE B; Stable	-	1)Suspended (23-02-2016)	1)CARE B+ (03-02-2015)	1)CARE B+ (03-03-2014)
2.	Fund-based - LT-Cash Credit	LT	3.50	CARE B; Stable	-	1)Suspended (23-02-2016)	1)CARE B+ (03-02-2015)	1)CARE B+ (03-03-2014)
3.	Non-fund-based - ST-BG/LC	ST	1.25	CARE A4	-	1)Suspended (23-02-2016)	1)CARE A4 (03-02-2015)	1)CARE A4 (03-03-2014)

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