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CARE ASSIGNS 'CARE B+' AND 'CARE A4' RATING TO THE BANK FACILITIES OF TRIMURTY SPINNING MILLS PVT LTD.

Facilities	Amount (Rs. Crore)	Ratings¹	Remarks
Long-term Bank Facilities	17.50	CARE B+ (Single B Plus)	Assigned
Short-term Bank Facilities	1.25	CARE A4 (A Four)	Assigned
Total Facilities	18.75		

Rating Rationale

The ratings assigned to the bank facilities of Trimurty Spinning Mills Pvt Ltd (TSMPL) are primarily constrained due to its stabilization risk, moderately leveraged capital structure of the project, product concentration risk, presence in a highly competitive and cotton spinning sector and its exposure to volatile raw material prices.

The ratings, however, favourably take into account the long experience of the promoters in the cotton spinning sector, advantage offered due to its location and good demand from the user industries.

The ability of the company to stabilize its operations by utilizing its optimum installed capacity coupled with its ability to manage volatility in the raw material prices will remain the key rating sensitivities.

Background

Trimurty Spinning Mills Pvt Ltd (TSMPL) was incorporated on August 1, 2010 by Mr Suryawanshi, Mr Mhetre and Mr Naik, for the manufacturing of cotton yarn. Located in Ichalkaranji, Maharashtra, TSMPL will be engaged in the manufacturing of long strand cotton yarn i.e. 40s combed hosiery compact type yarn with a manufacturing capacity of about 17.57 lakh kgs of cotton yarn per annum and has been set up with 13,056 spindles. The operations of the company are scheduled to commence from February 15, 2013. TSMPL also plans to export a proportion of the cotton yarn to Egypt, Turkey, Indonesia, Thailand, Vietnam and Brazil, having imported plant and machinery under the EPCG scheme.

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

Press Release

The capex for the project is Rs.25.30 crore, funded at a debt/equity ratio of 3.6x. Until December 2012, TSMPL incurred Rs.21.30 crore for the installation of plant and machinery, funded by a term loan of Rs.12.13 crore and the promoter's contribution of Rs.8.82 crore.

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