

Trimurty Spinning Mills Private Limited ^(Revised)

March 12, 2018

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Rating Action
Long-term Bank Facilities	16.02	CARE B; Stable; Issuer Not Cooperating* (Single B; Outlook: Stable ; Issuer Not Cooperating*)	Issuer not Co-operating, based on best available information
Short-term Bank Facilities	1.25	CARE A4; Issuer Not Cooperating* (A Four ; Issuer Not Cooperating*)	Issuer not Co-operating, based on best available information
Total	17.27 (Rupees. Seventeen crore and Twenty seven lakhs only)		

Details of instruments/facilities in Annexure-1
Detailed Rationale & Key Rating Drivers

CARE has been seeking information from Trimurty Spinning Mills Private Limited (TSPL) to monitor the rating vide e-mail communications/letters dated February 16, 2018, February 10, 2018, February 08, 2018, February 07, 2018, February 06, 2018, February 01, 2018 and January 05, 2018 and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the rating. **In the absence of minimum information required for the purpose of rating, CARE is unable to express opinion on the rating.** In line with the extant SEBI guidelines CARE's rating on TSPL's bank facilities will now be denoted as **CARE B+;Stable/CARE A4; ISSUER NOT COOPERATING***.

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

Detailed description of the key rating drivers

At the time of last rating on January 17, 2017 the following were the rating strengths and weaknesses:

Key Rating Weaknesses

Short track record with modest scale of operations: TSPL has a short track record of 3 years of operations and modest scale of operations with total operating income of Rs.35.94 crore in FY16.

Working capital intensive nature of operations: The operations of TSPL remained working capital intensive in nature with funds being blocked in inventory and debtors. The working capital requirements of the company are met by the cash credit facility, the average utilization of which remains high during peak season.

Susceptibility of margins to raw material price fluctuation: The price of raw cotton in India is regulated through function of MSP by the government. Furthermore, the price of raw cotton is highly volatile in nature and depends upon factors like area under production, yield for the year, international demand-supply scenario, export quota decided by government and inventory carried forward from previous year. Hence, any adverse change in government policy and climatic condition may negatively impact the prices of raw cotton in domestic market and could result in lower realizations and profit for TSPL.

Presence in seasonal and fragmented industry: Operation of cotton business is highly seasonal in nature, as the sowing season is from March to July and the harvesting season is spread from November to February. Furthermore, the cotton industry is highly fragmented with large number (approx 80%) of players operating in the unorganized sector. Hence, TSPL faces stiff competition from other players operating in the same industry, which further result in its low bargaining power against its customers.

Key Rating Strengths

Experience of promoters in cotton spinning sector: The promoters have an average experience of around one and a half decade in cotton spinning industry from local entities engaged in similar line of business. The wide experience of promoters in same line of business aids the company in day to day decision making activities.

Location advantage: The manufacturing facility of TSPL is located in Maharashtra is the second highest cotton producing state in India and Marathwada is the second highest cotton producing region of Maharashtra. Hence, TSPL gains the location advantage in terms of timely and easy availability of raw material for spinning.

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

*Issuer did not cooperate, based on best available information

Analytical approach: Standalone

Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)

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

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

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

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

About the Company

TSPL was incorporated in August, 2010 for manufacturing of cotton yarn. Located in Ichalkaranji, Maharashtra, the company has manufacturing capacity of about 17.57 lakh kg of cotton yarn/annum.

Brief Financials (Rs. crore)	FY15	FY16
	12M, A	12M,A
Total operating income	41.96	35.94
PBILDT	2.86	2.40
PAT	-1.40	-1.44
Overall gearing (times)	9.37	6.05
Interest coverage (times)	1.09	1.03

A: Audited;

Status of non-cooperation with previous CRA: NA

Any other information: Not Applicable

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

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. Investors/market intermediaries/regulators or others are welcome to write to 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.

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/outlooks 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 /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 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	-	-	February-2019	12.52	CARE B; Stable; Issuer not cooperating*
Fund-based - LT-Cash Credit	-	-	-	3.50	CARE B; Stable; Issuer not cooperating*
Non-fund-based - ST-BG/LC	-	-	-	1.25	CARE A4; Issuer not cooperating*

*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 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016	Date(s) & Rating(s) assigned in 2014-2015
1.	Fund-based - LT-Term Loan	LT	12.52	CARE B; Stable; ISSUER NOT COOPERATING*	-	1)CARE B; Stable (17-Jan-17)	1)Suspended (23-Feb-16)	1)CARE B+ (03-Feb-15)
2.	Fund-based - LT-Cash Credit	LT	3.50	CARE B; Stable; ISSUER NOT COOPERATING*	-	1)CARE B; Stable (17-Jan-17)	1)Suspended (23-Feb-16)	1)CARE B+ (03-Feb-15)
3.	Non-fund-based - ST-BG/LC	ST	1.25	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4 (17-Jan-17)	1)Suspended (23-Feb-16)	1)CARE A4 (03-Feb-15)

*Issuer did not cooperate, based on best available information

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