

TRIDENT/CS/2017

April 12, 2017

National Stock Exchange of India Limited Exchange Plaza, Plot No. C/1, G Block Bandra Kurla Complex, Bandra (E) Mumbai- 400 051	BSE Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai - 400 001
Scrip Code: - TRIDENT	Scrip Code: - 521064

Sub: Credit Rating for Commercial Paper Programme of Trident Limited

Dear Sirs,

Pursuant to Regulation 30 and other applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are pleased to inform you that India Ratings and Research Private Limited (A Fitch Group Company) - the Credit Rating Agency has assigned the rating for Commercial Paper Programme of the Company as under:

Instrument	Size of Issue	Rating	Rating Action
Commercial Paper	INR 500 Million	IND A1+	Assigned

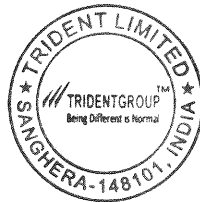
This is for your reference & record please.

Thanking you,

Yours sincerely,

For Trident Limited


(Ramandeep Kaur)
Company Secretary



Mr. Pawan Jain
Director – Corporate Affairs
Trident Limited
E-212, Kitchlu Nagar,
Ludhiana
Punjab – 141001

April 11, 2017

Kind Attn: Mr. Pawan Jain, Director – Corporate Affairs

Dear Sir,

Re: INR 500m Commercial Paper Programme of Trident Limited

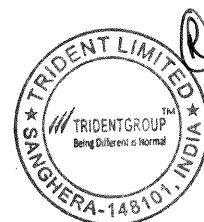
India Ratings and Research (Ind-Ra) has assigned Trident Limited's (Trident) INR500 million commercial paper programme at 'IND A1+'. The Commercial Paper is carved out of the fund-based working capital limits.

In issuing and maintaining its ratings, India Ratings relies on factual information it receives from issuers and underwriters and from other sources India Ratings believes to be credible. India Ratings conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction.

The manner of India Ratings' factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors.

Users of India Ratings' ratings should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information India Ratings relies on in connection with a rating will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to India Ratings and to the market in offering documents and other reports. In issuing its ratings India Ratings must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings can be affected by future events or conditions that were not anticipated at the time a rating was issued or affirmed.

Alcant



India Ratings seeks to continuously improve its ratings criteria and methodologies, and periodically updates the descriptions on its website of its criteria and methodologies for securities of a given type. The criteria and methodology used to determine a rating action are those in effect at the time the rating action is taken, which for public ratings is the date of the related rating action commentary. Each rating action commentary provides information about the criteria and methodology used to arrive at the stated rating, which may differ from the general criteria and methodology for the applicable security type posted on the website at a given time. For this reason, you should always consult the applicable rating action commentary for the most accurate information on the basis of any given public rating.

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It is important that you promptly provide us with all information that may be material to the ratings so that our ratings continue to be appropriate. The rating is subject to review on a continuing basis, with formal reviews being undertaken at regular intervals of no more than 12 months. Ratings may be raised, lowered, withdrawn, or placed on Rating Watch due to changes in, additions to, accuracy of or the inadequacy of information or for any other reason India Ratings deems sufficient.

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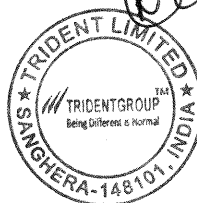
We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please contact us at +91 22 4000 1700.

Sincerely,

India Ratings



Devendra Kumar Pant
Senior Director



Sunil Kumar Sinha
Director

India Ratings Assigns Trident's Commercial Paper 'IND A1+'

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By Akash Krishnatry

APR 2017

India Ratings and Research (Ind-Ra) has rated Trident Limited's (Trident) commercial paper (CP) programme as follows:

Instrument Type	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating/Outlook	Rating Action
CP*	-	-	-	INR500	IND A1+	Assigned

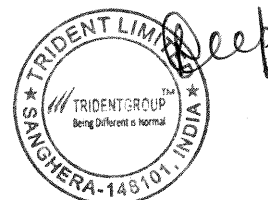
* The CP has been carved out of Trident's working capital limits and will be used to meet working capital requirements.

KEY RATING DRIVERS

Robust Business Profile: Trident has a large scale of manufacturing operations and a diversified product mix (comprising yarn, terry towels, bed linen, paper and chemicals) catering to leading global retailers, as well as the domestic market. Trident successfully completed a large debt-funded terry towel and bed linen expansion in FY16. It is currently focused on increasing capacity utilisation levels. Terry towel capacity utilisation increased to 49% in 9MFY17 from 41% in FY16. Meanwhile, the capacity utilisation of the newly commissioned bed linen was 29% in 9MFY17 (first year of operations). Trident has a subsidiary in the US and Europe each to reinforce its marketing efforts in the regions.

Large vertically integrated home textile facilities (cotton-to-bed and bath linen) provide the benefits of low cost, faster order execution and better quality controls. Moreover, its paper segment diversifies its overall earnings base. In 9MFY17, bed and bath linen, yarn and paper contributed 48% (FY16:46%), 34% (32%) and 18% (22%) to revenue, respectively.

Strong Earnings Growth: Trident's revenue and EBITDA grew 26% yoy and 30% yoy to INR34.9 billion and INR7.3 billion in 9MFY17, respectively, driven by home textile volume growth. Ind-Ra expects Trident to ramp up its terry towel and bed linen production volumes over FY18-FY19, leading to overall EBITDA growth of 10%-12%. Increasing scale, higher value-added products in the portfolio, additional fiscal incentives (such as the scheme for rebate of state levies on export of made-ups), and use of low-cost raw materials (i.e. wheat straw) for paper manufacturing would continue supporting EBITDA margin (9MFY17: 20.8%; FY16: 19.5%).



Ongoing Deleveraging Strategy: Net adjusted leverage (adjusted for bill discounting of INR2.1 billion and corporate guarantee of INR0.40 billion) improved to 3.1x (considering EBITDA on an annualised basis) in 9MFY17 from 5.2x in FY16 due to strong profitability and pre-payment of term debt using free cash flows. Trident repaid INR4.0 billion worth of debt in 9MFY17 and INR4.6 billion worth of debt in FY16. Both repayments included a total pre-payment of about INR2.3 billion high-cost debt. Ind-Ra expects net adjusted leverage to remain in line with the 9MFY17 level at 3.2x in FY17 and improve to about 2.4x in FY18. A large debt-funded capex of INR28 billion over FY13-FY16 and slow absorption of new capacities led to net adjusted leverage peaking at 5.2x in FY16 (FY15: 4.4x). However, as of December 2016, INR16.6 billion of long-term loans (representing about 78% of the total term loans) carry interest rate subsidy under centre/state Technology Upgradation Fund Scheme.

Comfortable Liquidity: Trident's average utilisation of fund-based working capital limits was 92% during the 12 months ended December 2016. Moreover, its average utilisation of adjusted working capital limits (considering cash and equivalents) was about 69% during the 12 months ended December 2016. It had unrestricted cash and equivalents of more than INR2.0 billion as of December 2016. Its interest coverage has remained strong and improved (9MFY17: 7.0x; FY16: 5.3x; FY15: 3.2x) on account of a rise in EBITDA and a low average cost of debt (4.2% as of December 2016). Textile sector-related fiscal incentives contributed to the strong coverage. Ind-Ra expects Trident to generate free cash flow over FY18, further strengthening its liquidity. Industry-level debt is usually high at the end of the financial year due to build-up of cotton inventories. However, Trident is likely to maintain a strong liquidity position, given the management's stance of low to moderate capex in the medium term towards brownfield expansion and captive power.

Exposure to Price and Forex Risks: Trident is vulnerable to cotton price volatility and foreign currency fluctuations, which can considerably affect its EBITDA margin in a competitive export market. Trident has built healthy supplier and customer relations, enabling it to revise prices periodically and safeguarding its EBITDA margin to a certain extent. Moreover, Trident partially hedges its forex exposure to mitigate the forex risk on export receivables.

Other Risks: The ratings are constrained by working capital-intensive operations (FY16: working capital cycle: 102 days; FY15: working capital cycle: 82 days) and cyclical nature associated with the textile industry. Domestic and global players from countries such as Bangladesh, China and Pakistan compete closely in the global home textile market, where suppliers have a limited bargaining power. Trident's global presence makes it vulnerable to an economic slowdown in these regions and could impact business flow from these regions.

RATING SENSITIVITIES

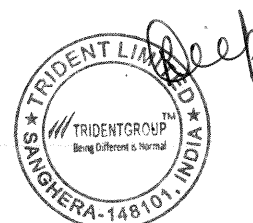
Negative: A sustained net leverage above 3.5x and/or deterioration in the liquidity position could lead to a negative rating action.

COMPANY PROFILE

Incorporated in 1990 as Abhishek Industries Ltd, Trident is promoted by Mr Rajinder Gupta. Headquartered in Ludhiana (Punjab), the company was renamed Trident Limited in 2011.

Trident manufactures cotton yarn, terry towels, bed linen and paper. It has manufacturing facilities in Barnala (Punjab) and Budhni (Madhya Pradesh). As on 31 March 2017, the facilities collectively held 555,964 spindles, 5,504 rotors, 688 looms (terry towel) and 500 looms (bed sheet)., The company also has a paper manufacturing capacity of 175,000 tonnes per annum.

COMPLEXITY LEVEL OF INSTRUMENTS



For details on the complexity levels of the instruments, please visit <https://www.indiaratings.co.in/complexity-indicators>.

SOLICITATION DISCLOSURES

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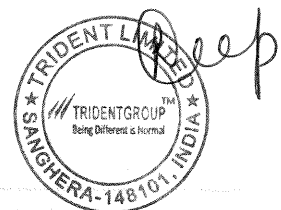
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Applicable Criteria

Corporate Rating Methodology

Analyst Names

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