Press Release

CRISIL upgrades 'CRISIL A/Stable/CRISIL A1' credit rating to Bank facilities

Ludhiana, October 14, 2016: Trident Limited (Trident), flagship Company of USD 1 billion Trident Group and a leading manufacturer and exporter of Home Textiles & Paper products, today announced that its credit ratings have been upgraded by CRISIL Limited (CRISIL) as under:

<table>
<thead>
<tr>
<th>Total Bank Loan Facilities Rated</th>
<th>Rs. 42916.2 Million</th>
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<tbody>
<tr>
<td>Long Term Rating</td>
<td>CRISIL A/ Stable (Upgraded from ‘CRISIL A-/Stable’)</td>
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<td>Short Term Rating</td>
<td>CRISIL A1 (Upgraded from ‘CRISIL A2+’)</td>
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The upgrade reflects CRISIL’s belief that Trident's business risk profile in the home textile business will improve over the medium term driven by rampup in utilisation of the towels and newly established bed linen facility, as the risks associated with project implementation have now subsided.

CRISIL further believes that the home textile business growth combined with steady contributions from the paper and yarn segments will lead to a healthy revenue growth of over 20% in fiscal 2017 and at 10-15% per annum over the medium term. The benefits of increasing scale of operations, highly integrated manufacturing process in both home textiles and paper, and continued access to low cost raw material for paper division will ensure healthy and sustained operating profitability at 19-20% in the medium term.

The upgrade also reflects CRISIL’s belief that Trident’s financial risk profile will improve significantly over the medium term given the absence of major debt funded capital expenditure (capex), progressive retirement of debt and improvement in liquidity.

The ratings continue to reflect Trident's strong market position in the cotton yarn and home textile especially terry towel segments, and wide diversity in revenue. The ratings also factor in healthy operating efficiencies in both home textile, and writing and printing paper (WPP) segments, supported by a high level of backward integration. These strengths are partially offset by a modest financial risk profile because of high gearing and average debt protection metrics, and moderately working capital intensive operations. Furthermore, demand risk, and risks related to stabilisation and rampup of utilisation of its recently commissioned sizeable bed linen capacity will remain key credit monitorables.

- ENDS -
About Trident Limited:

Trident Limited is the flagship Company of Trident Group, a USD 1 billion Indian business conglomerate and a global player. Headquartered in Ludhiana, Punjab, Trident is the largest terry towel and wheat straw based paper manufacturer in the world. With the establishment of the state-of-the-art manufacturing processes and systems coupled with appropriate human capital and credentials, Trident has frequently received accolades from its patrons in recognition for delivering high quality standards and for its customer-centric approach.

The Company operates in two major business segments: Home Textiles and Paper with its manufacturing facilities located in Punjab and Madhya Pradesh. Trident’s customer base spans over more than 100 countries across 6 continents and comprises of global retail brands like Ralph Lauren, JC Penney, IKEA, Target, Wal-Mart, Macy's, Kohl's, Sears, Sam's Club, Burlington, etc. With export turnover accounting for about 55% of total sales of the Company, Trident Group has emerged as one of the world’s largest integrated home textile manufacturer.

For more information, please visit www.tridentindia.com OR contact:

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CRISIL has upgraded its ratings on the bank facilities of Trident Limited (Trident) to ‘CRISIL A/Stable/CRISIL A1’ from ‘CRISIL A-/Stable/CRISIL A2+’.

The upgrade reflects CRISIL’s belief that Trident’s business risk profile in the home textile business will improve over the medium term driven by ramp-up in utilisation of the towels and newly established bed-linen facility, as the risks associated with project implementation have now subsided. Trident had in fiscal 2015 expanded its towels capacity to 90,000 tonne per annum from 42,000 tonne per annum and ventured into bed-linen, with a capacity of 43.2 million metres per annum which commenced commercial production from February 2016. Both the expanded units have started to increase their capacity utilisation, albeit gradually, with the company focusing on its marketing efforts significantly starting fiscal 2016. While towels facility operated at about 40% utilisation in fiscal 2016, bed-linen facility operated at about 10% in the first quarter of fiscal 2017. These utilisations are expected to ramp-up to 55% and 40%, respectively, in the near term and achieve optimum levels over the subsequent two years given the favourable export prospects for home textiles and Trident’s initiatives to enhance its customer base.

CRISIL believes that the home textile business growth combined with steady contributions from the paper and yarn segments will lead to a healthy revenue growth of over 20% in fiscal 2017 and at 10-15% per annum over the medium term. The benefits of increasing scale of operations, highly integrated manufacturing process in both home textiles and paper, and continued access to low-cost raw material for paper division will ensure healthy and sustained operating profitability at 19-20% in the medium term. This was evident in fiscal 2016, a challenging year for the cotton yarn businesses in India, when Trident sustained its operating profitability in the textile segment backed by prudent cotton sourcing and by altering the captive consumption to outside sales mix for its yarn.

The upgrade also reflects CRISIL’s belief that Trident’s financial risk profile will improve significantly over the medium term given the absence of major debt-funded capital expenditure (capex), progressive retirement of debt and improvement in liquidity.

While the requirement for working capital requirement will remain high with increase in the scale of operations, CRISIL believes the capital structure will devalue as capex plans are modest at Rs 750 million per annum in the medium term. The debt, which peaked at Rs 36.30 billion as on March 31, 2016, is likely to decline gradually over the medium term with term loan repayments expected to be higher than incremental working capital borrowings. Consequently, gearing and debt to earnings before interest, taxes, depreciation and amortisation (EBITDA) will also moderate gradually over the medium term, from their respective peak at the end of fiscal 2016. Additionally, gradual prepayment of high-cost debt and the recent introduction of 3% interest subvention on working capital loans for exporters will ensure lower interest outgo, thus improving the interest cover.

Improvement in Trident’s liquidity is driven by sizeable increase in net cash accrual ranging between Rs 6.0-7.0 billion annually over the medium term, and will be about 1.7-2.0 times of scheduled loan repayments. With healthy cash flows, the company prepaid about Rs 900 million of its high-cost term debt during fiscal 2016 and plans to further prepay a similar amount in fiscal 2017. While working capital requirement will increase with scaling up of operations, the company has access to adequate bank lines; besides it also had unencumbered cash and equivalents of over Rs 1 billion during most of the six months through September 2016.

The ratings continue to reflect Trident’s strong market position in the cotton yarn and home textile especially Terry towel - segments, and wide diversity in revenue. The ratings also factor in healthy operating efficiencies in both home textile, and writing and printing paper (WPP) segments, supported by a high level of backward integration. These strengths are partially offset by a modest financial risk profile because of high gearing and average debt protection metrics, and moderately working capital-intensive operations. Furthermore, demand risk, and risks related to stabilisation and ramp-up of utilisation of its recently commissioned sizeable bed-linen capacity will remain key credit monitorables.

**Outlook:** Stable

CRISIL believes Trident’s business risk profile will continue to improve over the medium term driven by the expected ramp-up in utilisation both in the towels and bed-linen facilities in Budhni (Madhya Pradesh) and sound export prospects for home furnishings. Financial risk profile and liquidity are also expected to improve gradually with higher cash generation and moderate capex.

**Upside scenario**

- Higher-than-expected revenue growth combined while operating margin improving to over 20% on a sustained basis
- Improvement in gearing to less than 1.30 times and debt to EBITDA of below 2.5 times by fiscal 2018 supported by

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(Refer to Annexure 1 for Facility-wise details)
**Downside scenario**

* Decline in profitability to less than 17% due to delays in ramping up operations in bed-linen and towels or significant volatility in raw material prices
* Material increase in gearing to above 2.5 times or sustenance of debt to EBITDA above 3.5 times by fiscal 2018, most likely due to a larger debt-funded capex or significant stretch in working capital cycle

**About the Company**

Trident was originally incorporated in 1990 as Abhishek Industries Ltd, promoted by Mr Rajinder Gupta; the name was changed in 2011. The company, headquartered in Ludhiana (Punjab), manufactures cotton yarn, terry towels, bed linen and paper. It is one of the leading manufacturers and exporters of terry towels in India. It also manufactures WPP using wheat straw as primary fibre source and distributes copier paper under the Trident brand in the domestic market. The company’s manufacturing facilities are in Barnala (Punjab) and Budhni. In the textile business, it has 5.55 lakh spindles, 5504 rotors, 688 looms for terry towels and 500 looms for bed-linen. In paper, it has the capacity to produce 1,75,000 tonnes per annum. Textiles contributed about 78% of the overall revenues during fiscal 2016 and paper contributed about 22%.

Trident’s promoters hold 67.8% stake in the company through various holding companies and the rest is held by various institutional players, bodies corporate and public.

For fiscal 2016, Trident reported a profit after tax of Rs2.28 billion (Rs 1.18 billion for fiscal 2015) on net sales of Rs 36.83 billion (Rs 37.55 billion). For the first quarter ended June 30, 2016, the company reported a net profit of Rs 785 million (Rs 622 million for the previous corresponding period) on net sales of Rs 11.66 billion (Rs 8.86 billion).

**Annexure 1 - Details of various bank facilities**

<table>
<thead>
<tr>
<th>Facility</th>
<th>Amount (Rs. Million)</th>
<th>Rating</th>
<th>Facility</th>
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<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Credit</td>
<td>11300</td>
<td>CRISIL A/Stable</td>
<td>Cash Credit</td>
<td>11300</td>
<td>CRISIL A/Stable</td>
</tr>
<tr>
<td>Foreign Currency Term Loan</td>
<td>2006.3</td>
<td>CRISIL A/Stable</td>
<td>Foreign Currency Term Loan</td>
<td>2006.3</td>
<td>CRISIL A/Stable</td>
</tr>
<tr>
<td>Letter of Credit</td>
<td>3500</td>
<td>CRISIL A1</td>
<td>Letter of Credit</td>
<td>3500</td>
<td>CRISIL A2+</td>
</tr>
<tr>
<td>Long Term Loan</td>
<td>26109.9</td>
<td>CRISIL A/Stable</td>
<td>Long Term Loan</td>
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</tr>
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<td><strong>Total</strong></td>
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Links to related criteria

**CRISIL’s Approach to Financial Ratios**

**CRISIL’s Bank Loan Ratings - process, scale and default recognition**

**Rating Criteria for Manufacturing Companies**

**Rating Criteria for Cotton Textile Industry**

**CRISIL’s Criteria for Consolidation**

**Criteria for rating Short-Term Debt (including Commercial Paper)**

For further information contact:

<table>
<thead>
<tr>
<th>Media Relations</th>
<th>Analytical Contacts</th>
<th>Customer Service Helpdesk</th>
</tr>
</thead>
</table>
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CRISIL has revised its rating symbols and definitions with effect from July 11, 2011, to comply with the SEBI circular, ‘Standardisation of Rating Symbols and Definitions’. The revised rating symbols carry the prefix, ‘CRISIL’. The rating symbols for short-term instruments have been revised to ‘CRISIL A1’, ‘CRISIL A2’, ‘CRISIL A3’, ‘CRISIL A4’, and ‘CRISIL D’ from the earlier ‘P1’, ‘P2’, ‘P3’, ‘P4’, and ‘P5’, respectively. The revision in the rating symbols and definitions is not to be construed as a change in the ratings. For details on revised rating symbols and definitions, please refer to the document, ‘Revision of Rating Symbols and Definitions’, at the link, http://www.crisil.com/ratings/credit-rating-scale.html