

Press Release

Trend Setters International

October 18, 2021

Rating Withdrawn



Total Bank Facilities Rated*	Rs. 36.00 Cr.
Long Term Rating	ACUITE BBB- (Withdrawn)
Short Term Rating	ACUITE A3 (Withdrawn)

* Refer Annexure for details

Rating Rationale

Acuite has withdrawn the long term rating of '**ACUITE BBB-**' (read as **ACUITE triple B minus**) and short term rating of '**ACUITE A3**' (read as **ACUITE A three**) on the Rs. 36.00 crore bank facilities of Trend Setters International (TSI). The rating is being withdrawn on account of request received from the company and NOC received from the banker as per Acuite's policy.

About the company

Gurgaon-based Trend Setters International (TSI) was established in 1986 and is engaged in the manufacturing and exporting of readymade woven garments for women and children. The firm exports to countries such as Chile, UK, USA, Belgium China, Brazil and Central America, among others. The firm is promoted by Sekhri family with current promoters, Mr. Sudhir Sekhri, Mrs. Pinky Sekhri, Mr. Siddharth Sekhri and Mr. Saurabh Sekhri. TSI has its manufacturing unit located at Manesar (Haryana) and Khandsa (Haryana) with an installed capacity of 46,00,000 pieces of readymade woven garments per annum.

Analytical Approach

Acuite has considered the standalone business and financial risk profiles of the TSI to arrive at this rating.

Key Rating Drivers

Strengths

- Experienced management**

Trend Setters International is promoted by Mr. Sudhir Sekhri, Mrs. Pinky Sekhri, Mr. Siddharth Sekhri and Mr. Saurabh Sekhri. The promoters have been associated with textile industry since 1986 which gives them extensive experience in the said industry. Further, the experience of the partners have helped the firm to maintain strong relations with its customers as well as with its suppliers.

Weaknesses

- Working capital intensive nature of operations**

Intensive working capital requirements as evident from gross current assets (GCA) of 202 days for FY2021 from 168 days for FY2020. The deterioration is majorly on account of change in debtors' days of 108 days as on 31 March 2021 as against 68 days in the previous year. Further, inventory days stood at 71 days as on 31 March 2020 as against 59 days in previous year. Current Ratio stood at 2.69 times as on 31 March 2021.

Rating Sensitivity

- Not Applicable

Material Covenants

None

Liquidity position: Moderate

The company has healthy liquidity marked by moderate net cash accruals to its maturing debt obligations.

The company generated cash accruals of Rs. 7.96 crore for FY2021. The company has unencumbered cash and bank balances of only Rs. 1.16 crore as on 31st March 2020. Acuite believes that the liquidity of the company is likely to remain moderate over the medium term on account of moderate cash accrual against no major debt repayments over the medium term

Outlook: Not Applicable

About the Rated Entity - Key Financials

	Unit	FY21 (Provisional)	FY20 (Actual)
Operating Income	Rs. Cr.	109.01	162.83
PAT	Rs. Cr.	5.76	6.59
PAT Margin	(%)	5.29	4.05
Total Debt/Tangible Net Worth	Times	1.63	1.55
PBDIT/Interest	Times	5.68	3.96

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-59.htm>
- Financial Ratios and Adjustments - <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/view-rating-criteria-55.htm>

Rating History (Up to last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr)	Ratings/Outlook
29-Jan-2021	Packing Credit	Short term	15.00	ACUITE A3 (Reaffirmed)
	Bill Discounting	Short term	7.00	ACUITE A3 (Reaffirmed)
	Letter of Credit	Short term	3.00	ACUITE A3 (Reaffirmed)
	Bank Guarantee	Short term	0.25	ACUITE A3 (Reaffirmed)
	Proposed Bank Facility	Short term	4.75	ACUITE A3 (Reaffirmed)
	Working Capital Term Loan	Long Term	3.70	ACUITE BBB-/Stable (Assigned)
	Working Capital Demand Loan	Long Term	2.40	ACUITE BBB-/Stable (Assigned)
14-Nov-2019	Packing Credit	Short term	15.00	ACUITE A3 (Reaffirmed)
	Bill Discounting	Short term	7.00	ACUITE A3 (Reaffirmed)
	Letter of Credit	Short term	3.00	ACUITE A3 (Reaffirmed)
	Bank Guarantee	Short term	0.25	ACUITE A3 (Reaffirmed)
	Proposed Bank Facility	Short term	4.75	ACUITE A3 (Reaffirmed)
30-Oct-2019	Packing Credit	Short term	15.00	ACUITE A3 (Reaffirmed)

	Bill Discounting	Short term	7.00	ACUITE A3 (Reaffirmed)
	Letter of Credit	Short term	3.00	ACUITE A3 (Reaffirmed)
	Bank Guarantee	Short term	0.25	ACUITE A3 (Reaffirmed)
	Proposed Bank Facility	Short term	4.75	ACUITE A3 (Reaffirmed)
21-Nov-2018	Packing Credit	Short term	15.00	ACUITE A3 (Reaffirmed)
	Bill Discounting	Short term	7.00	ACUITE A3 (Reaffirmed)
	Letter of Credit	Short term	3.00	ACUITE A3 (Reaffirmed)
	Bank Guarantee	Short term	0.25	ACUITE A3 (Reaffirmed)
	Proposed Bank Facility	Short term	4.75	ACUITE A3 (Reaffirmed)
13-Mar-2018	Packing Credit	Short term	15.00	ACUITE A3 (Reaffirmed)
	Bill Discounting	Short term	7.00	ACUITE A3 (Reaffirmed)
	Letter of Credit	Short term	3.00	ACUITE A3 (Reaffirmed)
	Bank Guarantee	Short term	0.25	ACUITE A3 (Reaffirmed)
	Proposed Bank Facility	Short term	0.25	ACUITE A3 (Assigned)
23-Feb-2018	Bill Discounting	Short term	11.75	ACUITE A3 (Reaffirmed)
	Bill Discounting	Short term	7.00	ACUITE A3 (Reaffirmed)
	Letter of Credit	Short term	3.00	ACUITE A3 (Reaffirmed)
	Bank Guarantee	Short term	0.25	ACUITE A3 (Reaffirmed)

***Annexure – Details of instruments rated**

Lender's Name	Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
State Bank of India	Packing Credit	Not Applicable	Not Applicable	Not Applicable	16.00	ACUITE A3 (Withdrawn)
State Bank of India	Bill Discounting	Not Applicable	Not Applicable	Not Applicable	8.00	ACUITE A3 (Withdrawn)
State Bank of India	Letter of Credit	Not Applicable	Not Applicable	Not Applicable	3.00	ACUITE A3 (Withdrawn)
State Bank of India	Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	0.25	ACUITE A3 (Withdrawn)
Not Applicable	Proposed Bank Facility	Not Applicable	Not Applicable	Not Applicable	2.65	ACUITE A3 (Withdrawn)

State Bank of India	Working Capital Term Loan	Not Applicable	Not Applicable	Not Applicable	3.70	ACUITE BBB- (Withdrawn)
State Bank of India	Working Capital Demand Loan	Not Applicable	Not Applicable	Not Applicable	2.40	ACUITE BBB- (Withdrawn)

Contacts

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