

Trident Limited

April 04, 2025

Facilities/ Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	206.26 (Reduced from 225.00)	CARE AA; Stable	Reaffirmed
Long-term / Short-term bank facilities	1,385.00 (Reduced from 1,800.00)	CARE AA; Stable/ CARE A1+	Reaffirmed
Short-term bank facilities	155.00 (Reduced from 200.00)	CARE A1+	Reaffirmed

Details of instruments/ facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of Trident Limited (Trident) continue to derive strength from its experienced management, diversified and integrated operations across textile and paper and chemicals segments, geographically diversified revenue stream and long and established customer relationships with large global retailers for its home textile business. Ratings further factor its comfortable capital structure and debt coverage indicators, strong liquidity and fiscal incentives available for textile sector.

However, the long-term rating is tempered by moderation in the company's operating profitability in FY24 (refers to April 01 to March 31) and 9MFY25. This is attributed to cotton yarn spreads and lower average sales realisation in the paper segment amidst oversupply and high raw material costs apart from slow ramp up of recently added capacities. However, operating profitability is expected to improve from FY26 onwards as the new capacities ramp-up. Ratings also factor Trident's working capital intensive operations, profitability margins susceptible to cotton price volatility and foreign exchange rate movements and its presence in the inherently cyclical, fragmented and competitive textile and paper industries.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Significant growth in scale of operations aided by improved performance across each business segment, resulting in improvement in its profit before interest, lease rentals, depreciation, and taxes (PBILDT) margin to over 22% and return on capital employed (ROCE) of ~20% on a sustained basis.
- Improvement in its net debt/PBILDT to below unity and total outstanding liabilities to total net worth (TOL/TNW) to ~0.50x on a sustained basis.
- Diversification of its customer base by tapping newer geographies beyond the US and Europe with customised product offerings and entailing higher margins.

Negative factors

- Deterioration in capital structure with TOL/TNW of over 0.90x and net debt/PBILDT of over 2x on a sustained basis.
- Elongation in inventory period, leading to operating cycle stretching beyond 130 days on a sustained basis.

Analytical approach: Consolidated

CARE Ratings Limited (CARE Ratings) has considered consolidated financials of Trident and its subsidiaries as its subsidiaries are primarily set-up for undertaking marketing and distribution of Trident's products in different geographies.

CARE Ratings had earlier considered standalone financials of Trident for the ratings. However, Trident's subsidiaries are now expected to materially contribute to its consolidated financial results. Hence, CARE Ratings has changed its analytical approach from standalone to consolidated. Subsidiaries whose financials have been consolidated in Trident is listed under **Annexure-6**.

Outlook: Stable

Stable outlook reflects that Trident is likely to continue to maintain its market position, given its established presence in the domestic and export markets and sustain its financial risk profile in the medium term.

Detailed description of key rating drivers:

Key strengths

Experienced promoters and management team

Trident is promoted by Rajinder Gupta, who has a business experience of over three decades. He resigned as Director and Non-executive Chairman and was appointed as 'Chairman Emeritus' of Trident from August 09, 2022, to provide mentorship and guidance to the Board. He was conferred with the prestigious Padma Shri award in 2007, in recognition of his distinguished

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

services in trade and industry. Abhishek Gupta, son of Rajinder Gupta, Gupta, the Chief of Strategic Marketing, spearheaded branding initiatives of the copier paper business. In FY23, Trident divided its businesses into four verticals: bed sheets, towel, yarn, paper and chemical. The company has employed business head for each business verticals.

Diversified and integrated operations with captive power plant

Trident has well-diversified operations, which can be classified mainly into two segments: textiles, and paper and chemicals. The textile segment further comprises home textiles (bath and bed linen) division and spinning (cotton yarn) division while the latter comprises manufacturing of paper, chemicals and a captive co-generation power plant.

Segment-wise revenue contribution:

Particulars	FY20	FY21	FY22	FY23	FY24	9MFY24	9MFY25
Yarn	26%	20%	28%	24%	27%	25%	29%
Towel	43%	45%	40%	39%	37%	39%	36%
Bed sheet	12%	19%	17%	15%	19%	19%	20%
Paper and Chemical	20%	16%	14%	21%	17%	17%	14%

About 50% of the manufactured yarn is being captively consumed for the home textile business, which allows Trident to exercise better control over cost, apart from ensuring product quality. The company also undertakes weaving and processing of fabrics in-house. Trident manufactures different kinds of agro material-based paper, including branded copier with a production capacity of 1,75,000 tonne per annum. With agro-based products being the main raw material, it benefits from the location of its paper plant in the agricultural belt of Punjab. Raw material is therefore abundantly available, and the company is able to lower logistics costs. Trident also manufactures sulphuric acid for industrial use. Trident has installed captive solar power plant capacity of 40.93 MW and co-gen captive power plant of 65.70 MW as of December 31, 2024. Majority power requirements for the Punjab-based manufacturing units are met through the co-generation plant. The integration across the textile value chain, in-house power generation supporting part of the company's paper and textile business and a large manufacturing scale increases Trident's ability to provide quality products at competitive rates to customers. This diversification also imparts greater stability to its operating profitability margins.

Geographically diversified revenue stream

Trident has an established presence in domestic and export markets. Post significant decline in export sales in FY23 due to economic headwinds in global markets impacting home textiles segment, exports improved in FY24 with revival in demand. Trident derived 61% of its total revenue in FY24 (FY23: 54%) and 59% in 9MFY25 through exports. India accounts for the largest market share in the total US home textile imports in towel and bed sheet, where a greater preference has been given recently to Indian home textile suppliers in line with the diversification of sourcing plans of key players in the US and European markets. Trident is the second-largest exporter from India of home textile products. The US is a major export market for Trident for home textile product, which contributed 38% of its total revenue in FY24 (FY23: 38%) and 63% of its total export revenue in FY24 (FY23: 61%).

Established relationship with large global retail brands and institutional brands

Trident's clientele comprises well-known institutional brands and retail brands. In the home textiles segment, customers include Target Global Sourcing Limited, Wal-Mart Stores Inc., IKEA Supply AG, Amazon Inc, among others. Trident earned ~50-60% of its home textile revenue from its top five customers in the last few years. Trident also has a diversified customer base for its yarn and paper divisions. It earned ~25-30% of its yarn revenue and ~15-20% of its paper revenue from top five customers in the last few years. Across all segments, it has built a strong and diversified customer base reducing customer concentration risk.

Large scale of operations along-with comfortable capital structure and debt coverage indicators

Post decline in scale of operations in FY23, Trident's TOI grew by ~7% to ₹6,829 crore (FY23: ₹6,353 crore) with recovery of demand in yarn and home textiles segment. Trident's capital structure marked by overall gearing and TOL/TNW stood comfortable at 0.50x and 0.69x respectively as on March 31, 2024. Its total debt stood at ₹2,126 crore as on March 31, 2024, due to term debt availed for capacity expansion projects. However, it reduced to ₹1,537 crore as on December 31, 2024 backed by schedule repayment of term debt, ~₹130 crore prepayment of term debt and lower working capital borrowings. The overall gearing is expected to remain ~0.40x supported by a healthy net worth base and accretion of profits in the medium term.

Debt coverage indicators marked by net debt/ PBILDT and PBILDT interest coverage moderated in FY24 to 1.69x (FY23: 1.15x) and 6.02x (FY23: 11.89x) due to increase in debt level and moderation in operating profitability. However, debt coverage indicators are expected to improve gradually from FY26 onwards with expected growth in TOI, improving profitability and absence of any further debt funded capex plans.

Fiscal incentives are expected to support Indian textile exporters

Trident is receiving export incentives under Remission of Duties and Taxes on Exported Products (RoDTEP) scheme and Rebate of State and Central Taxes and Levies (RoSCTL) schemes of Government of India. These schemes create a level-playing field and increase competitiveness of Indian players in the global market. On average, Trident received ~8-9% of incentives on its export revenue in the last few years. India is expected to sign Free Trade Agreement (FTA) with the UK in the near future. Amid COVID-19, global textile brands have realised the need to diversify their supply chain as part of the 'China+1' strategy, which resulted in an increase in exports from the textile sector. Trident is likely to benefit with its significant presence in export markets.

Trident is also eligible for an interest subsidy of 5% for a period of five years from commercial operations date (COD), capital subsidy and rebate on electricity duty towards its expansion project in Budhni, Madhya Pradesh.

Liquidity: Strong

Trident's liquidity is strong marked by expectations of strong cash accruals of ₹650-950 crore per annum in FY25-FY27 against its repayment obligation of ₹85-140 crore per annum in same period. Further, Trident prepaid its term debt to the tune of ₹130 crore in H1FY25 backed by healthy cash accruals. The average utilisation of its fund-based working capital limits stood moderate at ~48% for 12 months ended December 2024. Liquidity is further supported by unencumbered cash and bank balances of ₹503 crore as on December 31, 2024 (₹538 crore as on March 31, 2024). Trident has also been generating healthy cash flow from operations on a consistent basis. Trident has a routine and maintenance capex plans of ₹100 crore per annum and has plan to enhance renewable energy capacity. The capex is expected to be funded through internal cash accruals and available liquidity. Trident's expected cash accruals and undrawn working capital limits are sufficient to fund its capex and incremental working capital requirements in the medium term.

Key weaknesses**Moderation in operating profitability in the last two years ended FY24 and 9MFY25**

Post decline in scale of operations in FY23, Trident's TOI grew by ~7% to ₹6,829 crore (FY23: ₹6,353 crore) with recovery of demand in yarn and home textiles segment. Trident's capacity utilisation levels largely improved from FY23. Trident's TOI largely stood stable at ₹5,123 crore in 9MFY25 (9MFY24: ₹5,127 crore) as growth in revenue from yarn segment and bed linen was offset by ~14% decline in revenue from paper segment due to decline in average sales realisations amidst oversupply in the market.

Trident's PBILDT margin declined to 13.77% in FY24 (FY23: 14.90%) primarily due to lower cotton yarn spreads and lower sales realisations in the paper segment amidst oversupply and high raw material costs. PBILDT margin also moderated in 9MFY25 to 13.00% on account of higher operational costs and slow ramp up of recently added capacities. Trident has already ramped up its additional yarn capacity and it expects to ramp up utilisation of its sheeting capacity in couple of quaters. CARE Ratings expects FY25 performance to remain largely in line with 9MFY25. TOI is expected to grow at an average rate of ~7% for FY26-27 backed by ramp up of additional capacities and improvement in demand while PBILDT margins are expected in range of 14-15% for FY26-27.

Working capital intensive operations

Trident's operations remain working capital-intensive, primarily due to its significant inventory holding requirements apart from shorter credit period availed from suppliers. The primary raw materials are raw cotton and agro residues, availability of which is seasonal, and the company procures primarily in bulk on small credit periods to avail discounts. The operating cycle improved at 71 days in FY24 (FY23: 78 days). October to March being the main cotton season leads to an accumulation of raw material inventory at the end of each financial year. Trident usually sells on cash or extends small credit periods in the paper and yarn segments while in the domestic home textile segment, average credit period is of around a month. To reduce cash realisation cycle from its debtors, the company initiated several measures in the last five years ended FY24, leading to a reduced collection period at ~20 days in FY24 compared to 40 days in FY20. The company supports its working capital operations through sanctioned fund-based limits.

Profitability susceptible to volatile raw material prices

Material cost formed ~51% of Trident's TOI in FY24. These primarily consisted of cotton (70% of total material costs), cotton yarn (12%), dyes and chemicals (10%) and agro-based raw materials (7%). The prices of raw cotton have been volatile in the last couple of years exposing profitability margins to raw material price volatility risk. Trident's presence in the value-added segments such as bed and bath linen allow it to pass on raw material costs to customers to some extent. However, overall demand scenario, inventory holding policies, competition, among other factors, determines the company's ability to pass on cotton prices in yarn prices. The global demand for home textiles also determines the extent to which raw material prices can be passed on to customers. In the paper segment, it primarily uses agro-based materials (~85-90%) such as wheat straw, while the remaining is

wood pulp. The availability of these materials is also seasonal and depends on factors such as the monsoon, government regulations, area under cultivation and crop yields among others.

Foreign exchange fluctuation risk

Trident derived 61% of its total revenue in FY24 from exports. In FY24, the foreign exchange earning stood at ₹4,061 crore (FY23: ₹3,336 crore), against which the foreign exchange outgo stood at ₹372 crore (FY23: ₹394 crore). Trident does not enjoy a natural hedge due to limited imports. For hedging export receivables, Trident takes forward cover for maturity up to 6-12 months. In the home textiles division (the major contributor to the exports), it hedges 40-60% of its sales orders on a monthly rolling basis. In the paper and yarn segment (minimal exports), the company hedges on an order-to-order basis, using plain forward contracts once the order is confirmed.

Presence in cyclical, competitive and fragmented industry

The Indian textile industry is inherently cyclical in nature. Any adverse changes in global economic outlook and demand-supply scenario in the domestic market directly impacts demand of players such as Trident. Textile industry as a whole, remains vulnerable to factors such as input price fluctuations, mobilisation of adequate workforce and changes in government policies for overall development of the textile industry. Its highly fragmented structure results in high level of competition and intense pricing pressures. The risk is partly mitigated, as Trident has diversified operations and an established presence. Trident derives majority sales from the export market, which is insulated from vagaries of domestic market to a large extent. The global home textile market is mainly driven by demand from the US and Europe. Any significant trade policy changes or imposition of tariffs by these governments shall remain a key rating monitorable. The Indian export home textile market is dominated by a few large players. These organised and larger players mainly cater to export demand from large global retailers and face competition from countries such as China, Pakistan and Vietnam among others. While the domestic market has limited established players, Trident faces competition from players of other geographies as well.

The paper industry is highly fragmented, with stiff competition from several organised and unorganised players and threat from imports. This limits pricing power of manufacturers, in terms of flexibility to pass on raw material price fluctuation to its customers. The industry is also inherently cyclical with demand for paper being directly correlated to the level of economic activity as higher industrial output leads to increased demand for industrial paper for packaging, increased marketing spend benefits the newsprint and value-added segments and greater education and office activities raises the demand for writing and printing paper.

Environment, social, and governance (ESG) risks

Factors	Compliance and action adopted by company
Environmental	<ul style="list-style-type: none"> Trident regularly reviews its environmental risks and undertakes initiatives to mitigate them. Periodic audits are conducted to identify the potential risks following the ISO 14001 guidelines. Trident maintains a zero liquid discharge facility for management of wastewater generated from towel and sheeting processing. Around 95% Water Recovery, 15% less water consumption than benchmark of 50 meter/cubic per tonne. The zero liquid discharge mechanism covers 100% of towel and sheeting processing at Budhni, which saves over 6 million litres of fresh water every day. Trident also treats water through effluent treatment plant (ETP) at Punjab location and uses it for gardening and horticulture purposes. E-waste is recycled at the collection centres while hazardous waste such as ETP Sludge is disposed of at authorised treatment, storage, and disposal facilities. Trident has installed captive solar power plant capacity of 40.93 MW and co-gen captive power plant of 65.70 MW as of December 31, 2024.
Social	<ul style="list-style-type: none"> Trident emphasises to promote a safe and healthy working environment by training employees and workers on occupational health and safety practices and procedures, strict adherence to regulations and safety audits. Trident's CSR activities are mainly dedicated towards promoting education and healthcare, rural development, skill development, sports, social welfare, empowering women, environmental sustainability and animal welfare.
Governance	<ul style="list-style-type: none"> Trident has an adequate governance with majority independent directors on board. It has a dedicated risk management committee, audit committee, stakeholder relationship committee among others. It also has in place an investor grievance redressal mechanism, a whistle blower policy and other extensive disclosures.

Applicable criteria

[Consolidation](#)

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)
[Financial Ratios – Non financial Sector](#)
[Cotton Textile](#)
[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Textiles	Textiles & apparels	Other textile products

Incorporated in 1990, Trident is the flagship company of the Punjab-based Trident group. Trident is engaged in manufacturing cotton yarn, towel, bed sheet, paper and chemical products. Trident has three manufacturing facilities at Barnala, Punjab, and Budhni, Madhya Pradesh. It has an installed capacity of 7,78,944 spindles and 7,464 rotors producing over 1,80,000 metric tonnes per annum (MTPA) of yarn, 664 looms producing ~90,000 MTPA terry towels, 500 looms producing 63 million metres per annum bed sheets, 1,75,000 MTPA of paper, 1,15,000 MTPA of sulphuric acid and a captive power plant of 65.70 megawatt (MW) and rooftop solar power plant of 40.93 MW as on December 31, 2024. In India, Trident has marketing offices in Mumbai, Gurugram, New Delhi, Ludhiana, Chandigarh and Bhopal. It also has international marketing offices in Dubai, New York (the US) and Cheshire (the UK).

The Income Tax (IT) department conducted a search at the company premises/ plants in October 2023. There is no material development or demand raised to the company as on December 31, 2024. CARE Ratings shall continue to monitor for material developments.

Brief Financials - Consolidated (₹ crore)	FY23 (A)	FY24 (A)	9MFY25 (UA)
Total operating income	6,353	6,829	5,123
PBILDT	947	940	666
PAT	442	350	237
Overall gearing (times)	0.35	0.50	NA
Interest coverage (times)	11.89	6.02	5.22

A: Audited, UA: Unaudited, NA: Not available, Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable.

Any other information: Not applicable.

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument/ facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan	-	-	-	December 2028	206.26	CARE AA; Stable
Fund-based - LT/ ST-CC/PC/Bill Discounting	-	-	-	-	1385.00	CARE AA; Stable/ CARE A1+
Non-fund-based - ST-BG/LC	-	-	-	-	155.00	CARE A1+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument /Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Term Loan	LT	206.26	CARE AA; Stable	1)CARE AA; Stable (04-Apr-24)	-	1)CARE AA; Stable (31-Mar-23) 2)CARE AA; Positive (01-Apr-22)	-
2	Non-fund-based - ST-BG/LC	ST	155.00	CARE A1+	1)CARE A1+ (04-Apr-24)	-	1)CARE A1+ (31-Mar-23) 2)CARE A1+ (01-Apr-22)	-
3	Fund-based - LT/ ST-CC/PC/Bill Discounting	LT/ST	1385.00	CARE AA; Stable/ CARE A1+	1)CARE AA; Stable / CARE A1+ (04-Apr-24)	-	1)CARE AA; Stable / CARE A1+ (31-Mar-23) 2)CARE AA; Positive / CARE A1+ (01-Apr-22)	-
4	Term Loan-Long Term	LT	-	-	1)Withdrawn (04-Apr-24)	-	1)CARE AA; Stable (31-Mar-23) 2)CARE AA; Positive (01-Apr-22)	-

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable.

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based - LT/ ST-CC/PC/Bill Discounting	Simple
3	Non-fund-based - ST-BG/LC	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Annexure-6: List of entities consolidated as on December 31, 2024

Sr. No.	Name of the entity*	Extent of consolidation	Rationale for consolidation
1	Trident Europe Limited	Full	Subsidiary
2	Trident Global Inc., USA		Subsidiary
3	Trident Home Textiles Limited		Subsidiary
4	Trident Group Enterprises Pte. Ltd.		Subsidiary

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

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About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

Disclaimer:

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