

Press Release

Trimurti Stampings

March 22, 2017

Rating Assigned

Total Bank Facilities Rated*	Rs. 5.00 Cr.
Long Term Rating	SMERA BB / Outlook: Stable
Short Term Rating	SMERA A4+

* Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA BB**' (**read as SMERA BB**) and short term rating of '**SMERA A4+**' (**read as SMERA A four plus**) on the Rs. 5.00 crore bank facilities of Trimurti Stampings. The outlook is '**Stable**'.

Trimurti Stampings (TS) was established as a partnership firm in 2010 by Mr. Binayendra Ghorpade, Mr. Subash Jadhav and Mr. Rahul Khatavkar. The firm is engaged in the manufacturing of electrical laminations and stampings - mainly Stator and rotor for low tension motors. The operations are based out of Satara, Maharashtra.

Key Rating Drivers

Strengths

- **Experienced management**

Trimurti Stampings (TS), a partnership concern was established in 2010 by Mr. Binayendra Ghorpade, Mr. Subash Jadhav and Mr. Rahul Khatavkar who possess extensive experience in the said line of business since the past one decade. The promoters have developed healthy relations with customers and suppliers.

- **Healthy operating margins**

The operating margins are healthy on account of lower raw material cost as a percentage of sales. The EBIDTA margins stood at 10.47 percent in FY2016 as compared to 9.52 percent in FY2015. The PAT margins stood at 2.69 percent in FY2016 as compared to 2.63 percent in FY2015.

- **Moderate working capital operations**

The working capital intensive operations are comfortable with Gross Current Assets (GCAs) of 105 days on account of moderate inventory and debtors levels of 56 and 49 days respectively.

Weaknesses

- **Small scale of operations**

The operations are small scale with revenue growth at a CAGR of 27 percent from FY2014-16. The operating income stood at Rs.18.83 cr in FY2016 as compared to Rs.16.91 cr in FY2015. As per FY11M2017 provisionals, the operating income stood at Rs.23.00 cr.

- **Moderate financial risk profile**

The financial risk profile is moderate marked by low net worth of Rs.3.33 cr as on 31 March 2016. The gearing is moderate and stood at 1.72 times as on 31 March 2016 as compared to 1.67 times as on 31 March 2015. The ICR stood at 2.78 times in FY2016 as compared to 2.87 times in FY2015.

• Profitability susceptible to volatility in raw material prices

TS' operating profitability is susceptible to volatility in raw material prices (mainly steel prices). The firm procures raw material from Posco India, Bhushan Steel, JSW Limited to name a few.

• Competitive and fragmented industry

The capital goods sector is marked by the presence of several mid to big size players and the firm faces intense competition in the industry.

Analytical Approach

SMERA has considered the standalone business and financial risk profiles of Trimurti Stampings to arrive at the rating.

Outlook: Stable

SMERA believes that the firm will continue to maintain a stable outlook and benefit over the medium term from its experienced management. The outlook may be revised to 'Positive' if the firm's scale of operations increases substantially while maintaining operating profitability and registering improvement in its financial risk profile. Conversely, the outlook may be revised to 'Negative' if the firm fails to achieve scalability amidst intensifying competition in its area of operation or if the financial risk profile deteriorates owing to higher-than-expected increase in debt-funded working capital requirements.

About the Rated Entity - Key Financials

For FY2015-16, the firm registered profit after tax (PAT) of Rs.51 cr on operating income of Rs.18.83 cr as against net profit after tax of Rs.0.44 cr on operating income of Rs.16.91 cr in the previous year. The net worth stood at Rs.3.33 cr as on 31 March 2016 as compared to Rs.2.20 cr as on 31 March 2015.

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

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Manufacturing Entities - <https://www.smera.in/criteria-manufacturing.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Not Applicable

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	2.10	SMERA BB / Stable
Term loans	Not Applicable	Not Applicable	30-Sep-2020	2.15	SMERA BB / Stable
Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	0.75	SMERA A4+

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