

Press Release

Trimurti Stampings

May 10, 2018

Rating Assigned and withdrawn



Total Bank Facilities Rated*	Rs.6.50 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 double B) to the Rs.6.50 crore bank facilities of Trimurti Stampings (TS). The outlook is 'Stable'.

SMERA has withdrawn long term rating of '**SMERA BB**' (read as SMERA double B) on the Rs.4.25 crore bank facilities and short term rating of '**SMERA A4+**' (read as SMERA A four plus) on the Rs.0.75 crore bank facilities of Trimurti Stampings (TS).

Established in 2010, Trimurti Stampings (TS) is a Maharashtra-based partnership firm engaged in the manufacturing of electrical laminations and stampings, mainly stator and rotor for low tension motors. The Partners are Mr. Binayendra Ghorpade, Mr. Subash Jadhav and Mr. Rahul Khatavkar.

Key Rating Drivers

Strengths:

Experienced management

The Partners have over a decade of experience in the said line of business. The partners have developed healthy relations with customers and suppliers over the years.

Weaknesses:

Moderate scale of operations and declining profitability

TS reported revenues of Rs.21.79 crore in FY2017 and Rs.18.83 crore in FY2016. The operating margin has declined to 10.05 percent in FY2017 from 10.47 percent in FY2016.

Average financial risk profile

TS had tangible net worth of Rs.3.27 crore as on 31 March, 2017 as against Rs.3.33 crore as on 31 March, 2016. The gearing (Debt-Equity) stood at 2.34 times as on 31 March, 2017 as against 1.72 times as on 31 March, 2016. The total debt of Rs.7.65 crore as on 31 March, 2017 comprises term loan of Rs.2.06 crore, unsecured debt from financial institutions of Rs.2.30 crore, unsecured loans from partners of Rs.0.07 crore and working capital borrowing of Rs.3.22 crore. The Interest Coverage Ratio (ICR) stood at 2.63 times in FY2017 as against 2.78 times in FY2016.

Working capital intensive operations

The operations are working capital intensive marked by Gross Current Asset (GCA) of 133 days in FY2017 as compared to 119 days in FY2016. Inventory days stood at 72 in FY2017 as compared to 56 in FY2016. The company had debtors outstanding of 66 days in FY2017 as against 49 days in FY2016. Further, the working capital cycle is supported by extended credit from suppliers as reflected in creditors of 98 days in FY2017 and 88 days in FY2016.

Analytical Approach

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

Outlook: Stable

SMERA believes that TS will continue to maintain a 'Stable' outlook over medium term on account of experienced management. The outlook may be revised to 'Positive' in case of significant growth in scale of operations while sustaining profitability. Conversely, the outlook may be revised to 'Negative' in case TS is unable to sustain growth in scale of operations or profitability thereby impacting financial risk profile or in case of further elongation in working capital cycle.

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	21.79	18.83	16.91
EBITDA	Rs. Cr.	2.19	1.97	1.61
PAT	Rs. Cr.	0.40	0.51	0.44
EBITDA Margin	(%)	10.05	10.47	9.52
PAT Margin	(%)	1.85	2.69	2.63
ROCE	(%)	12.46	16.41	34.32
Total Debt/Tangible Net Worth	Times	2.34	1.72	1.67
PBDIT/Interest	Times	2.63	2.78	2.87
Total Debt/PBDIT	Times	3.45	2.87	2.27
Gross Current Assets (Days)	Days	133	119	89

Any other information

Not Applicable

Applicable Criteria

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

Note on complexity levels of the rated instrument

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

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Crore)	Ratings/Outlook
22 Mar 2017	Cash Credit	Long Term	2.10	SMERA BB/ Stable (Assigned)
	Term Loan	Long Term	2.15	SMERA BB/ Stable (Assigned)
	Bank Guarantee	Short Term	0.75	SMERA A4+ (Assigned)

***Annexure - Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	4.50	SMERA BB / Stable (Assigned)
Term loans	Not Applicable	Not Applicable	Not Applicable	2.00	SMERA BB / Stable (Assigned)
Cash Credit	Not Applicable	Not Applicable	Not Applicable	2.10	SMERA BB/Stable (Withdrawn)
Term Loan	Not Applicable	Not Applicable	Not Applicable	2.15	SMERA BB/Stable (Withdrawn)
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	0.75	SMERA A4+ (Withdrawn)

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ABOUT SMERA

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