

May 09, 2016

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	6.00	SMERA B+/Stable (Assigned)
Bank Guarantee	0.40	SMERA A4 (Assigned)

SMERA has assigned rating of '**SMERA B+ (read as SMERA B plus)**' to the Rs.6.00 crore long term bank facility and '**SMERA A4 (read as SMERA A four)**' to the Rs.0.40 crore short term bank facility of Trimurty Industry. The outlook is '**Stable**'. The ratings draw comfort from the firm's long track record of operations, experienced management and moderate financial risk profile. However, the ratings remain constrained by the declining revenue and profit margins of the firm. However, the ratings are constrained by the susceptibility of the firm's profit margins to raw material price volatility. The ratings also factor in risks related to the firm's working capital-intensive operations.

Trimurty Industry is a Goa based firm established in 2002 as a partnership firm and engaged in the manufacturing of structural steel products like Mild Steel (MS) flats, angles, squares, rounds and channels from MS Ingots. The partners of the firm Mr. Kedarnath Agarwal and Mr. Naresh Chandra Agarwal have around fifteen years of experience in the industry. Trimurty Industry's financial risk profile is moderate is marked by gearing of 0.99 times and interest coverage ratio at 1.51 times for FY 2014-15. However, tangible networth of Rs.6.63 includes unsecured loans of Rs. 1.18 crores which are subordinated to bank debt as on 31st March, 2015.

Trimurty Industry's operating income has declined by ~10 per cent in FY2015. The firm registered an operating income of Rs.43.90 crore in FY2015 as against Rs.48.82 crore in FY2014. The operating profit margin of the firm has also declined from 3.45 per cent in FY2013-14 to 2.77 per cent in FY2014-15. The profit margins of the firm will remain susceptible to volatility in raw material prices. The operations of the firm are working capital intensive as marked by Gross Current Asset days of 100 in FY2014-15. The working capital limits are utilised upto 85 per cent for six months ended 31st March, 2016.

Rating Sensitivity Factors

- Scaling up operations while improving profitability margins
- Efficient working capital management

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Outlook: Stable

SMERA believes that Trimurty Industry will benefit from the experience of its promoters over the medium term. The outlook may be revised to 'Positive' if the firm achieves higher than expected growth in revenue and improvement in profitability while maintaining capital structure. Conversely, the outlook may be revised to 'Negative' in case of lower than expected revenue and decline in profitability or any significant deterioration in the financial risk profile of the firm.

About the Firm

Trimurty Industry was established in 2001 as a partnership firm by Mr. Kedarnath Agarwal and Mr. Naresh Chandra Agarwal. The firm is engaged in the manufacturing of structural steel products such as Mild Steel (MS) flats, angles, squares, rounds and channels from MS Ingots at Goa.

For FY2014-15, Trimurty Industry reported net profit of Rs.0.15 crore on operating income of Rs.43.60 crore, as compared with profit after tax (PAT) of Rs.0.45 crore on operating income of Rs.48.82 crore in FY2013-14.

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