

Press Release

Trimurty Industry

July 10, 2017



Rating Reaffirmed

| | |
|-------------------------------------|----------------------------|
| Total Bank Facilities Rated* | Rs. 6.40 Cr. |
| Long Term Rating | SMERA B+ / Outlook: Stable |
| Short Term Rating | SMERA A4 |

* Refer Annexure for details

Rating Rationale

SMERA has reaffirmed long-term rating of '**SMERA B+**' (**read as SMERA B plus**) and short term rating of '**SMERA A4**' (**read as SMERA A four**) on the Rs. 6.40 crore bank facilities of Trimurty Industry. The outlook is '**Stable**'.

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. The installed capacity stands at 15000 metric tons.

Key Rating Drivers

Strengths

- Established track record of operations and experienced management**

Trimurty Industry (TI) was established in the year 2001 and is engaged in manufacturing mild steel re-rolled products. The promoters of the firm are engaged in the same line of business since over 15 years through group entity Sunrise Electromelt Limited (SEL)

- Moderate financial risk profile**

The financial risk profile of TI is moderate marked by low gearing of 0.84 times as on 31st March, 2016 as against 0.99 times as on 31st March, 2015. The ICR is moderate at 1.50 times for FY2016. Tangible networth of Rs.7.28 includes unsecured loans of Rs. 1.68 crores which are subordinated to bank debt as on 31st March, 2016. The firm has DSCR of 1.42 times for FY2016.

Weaknesses

- Uneven revenues**

TI has uneven revenue trend under study at Rs. 39.40 cr for FY2016 as against Rs. 43.90 cr in FY2015. Further the revenue for FY2017 is Rs. 46.47 cr (gross).

- Working capital intensive nature of operations**

TI has working capital intensive nature of operations marked by high gross current asset (GCA) days of ~115days in FY 2016 as compared to past years. Inventory holding is around 62 days as against creditor days of 12 - 14 days. The cash credit limit utilisation is ~90-95% for last six months ended March 31, 2017

- Presence in a highly competitive, fragmented and cyclical industry**

TI operates in highly fragmented steel industry. TI faces competition from large number of organized integrated and unorganized players. Further, it is also susceptible to cyclical in the end user industries viz. construction and infrastructure.

Analytical Approach

SMERA has considered the standalone financial and business risk profile of Trimurty Industry to arrive at rating.

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 Rated Entity - Key Financials

For FY2015-16, Trimurty Industry reported net profit of Rs.0.12 crore on operating income of Rs.39.40 crore, as compared with profit after tax (PAT) of Rs.0.15 crore on operating income of Rs.43.90 crore in FY2014-15.

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

Note on complexity levels of the rated instrument

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

Rating History (Upto last three years)

| Date | Name of Instrument / Facilities | Term | Amount (Rs. Cr.) | Ratings/Outlook |
|-------------|---------------------------------|------------|------------------|-------------------|
| 09-May-2016 | Cash Credit | Long Term | INR 6 | SMERA B+ / Stable |
| | Bank Guarantee | Short Term | INR 0.4 | SMERA A4 |

*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 | 6.00 | SMERA B+ / Stable |
| Bank guarantee/Letter of Guarantee | Not Applicable | Not Applicable | Not Applicable | 0.40 | SMERA A4 |

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