

**Press Release****M/s Trimurthi Exports****June 19, 2019****Ratings**

<b>Sl. No.</b>	<b>Instrument/Facility</b>	<b>Amount (Rs. Crore)</b>	<b>Rating Assigned</b>
1.	Proposed Long term bank facility	2.00	IVR BB/ Stable outlook (IVR Double B with stable outlook)
2.	Short Term Fund Based Limits	8.00	IVR A4 (IVR A Four)
	<b>Total</b>	<b>10.00</b>	

**Details of Facilities are in Annexure 1****Detailed Rationale**

The rating derives strength from extensive experience of the promoters, long track record of operations, sustained presence in the export market with firm customer base and healthy gearing and debt coverage indicators. The rating however is constrained by small scale of operations with modest margins, intense competition, exposure to foreign exchange fluctuations and customer and supplier concentration risk. Growth in scale of operation, profitability and gearing level are the key rating sensitivities.

**List of key rating drivers with detailed description****Key Rating Strengths****Extensive experience of the promoter**

The firm was founded by Late Mr. V Radhakrishnan in the years 1935 and later it was started as a partnership firm in 1996. Mr. V. R. Ramesh Kumar is the Managing Partner of the firm and is well supported by his sons. Partners have more than 20 plus years of experience in respective field and acumen to adjust to the global business environment. They have good relationship for more than two decades with mine owners for consistent supply of premium raw materials. The day to day affairs of the firm are looked by partners.

**Long track record of operation**

Trimurthi Exports has a long track record of operations of more than two decades.

## **Sustained presence in the export market with firm customer base**

Export constituted entire revenue of Trimurthi exports in FY18. The clientele of the firm is mainly from China and is major source of revenue for the company. The company has well established customer base in China.

## **Healthy gearing and debt coverage indicators**

Trimurthi Exports has healthy capital structure and is marked by an overall gearing of 0.14x as on March 31<sup>st</sup> 2018. Further debt projections parameters are also comfortable. Current ratio and quick ratio were comfortable at 1.48x as on 31<sup>st</sup> March 2018. Interest coverage ratio stood at 4.95x as on 31<sup>st</sup> March 2018.

## **Key Rating Weakness**

### **Small scale of operations with modest margins**

The scale of operations of the firm remained small despite its long presence in the rough block granite industry. Trimurthi Exports has achieved a total operating income of Rs.27.08 crore in FY18 (Rs.27.99 crore in FY17). Further, the company witnessed marginal deterioration in its total operating income and operating profitability in FY18. Small scale of operations restricts the financial flexibility of the company in times of stress and it suffers on account of economies of scale. However, the company has maintained a healthy profit margins over the years marked by an EBITDA Margin in the range of 4.20%-5.92% in the past three fiscals.

### **Intense competition**

The granite industry is marked by high competition due to presence of large number of organised and unorganised players in the domestic market including various players catering to the export market along with various international granite processors from other granite exporting countries. Further, the revenues are vulnerable to macroeconomic factors like the performance of the housing real estate sector in export market.

### **Exposure to foreign exchange fluctuations**

The firm is deriving a major portion of its revenues from exports. However, the profit margins are susceptible to fluctuations in foreign exchange rates to the extent of exports which remain unhedged. However, the firm has not booked any loss in the past two fiscals. The company has

a hedging policy in which it covers 70% of its receivables through forward.

However as indicated by management there is no unhedged amount as on 31<sup>st</sup> March 2019.

**Customer and supplier concentration risk**

The firm's only customer constituted major revenue for the firm in FY19 whereas its top five suppliers constitute almost its entire raw materials purchases during FY18, indicating concentration risk for the company.

**Analytical Approach & Applicable Criteria**

Standalone

Rating Methodology for Manufacturing Companies

Financial Ratios & Interpretation (Non-Financial Sector)

Criteria on Default Recognition and Post-Default Curing Period

**Liquidity**

The current ratio and quick ratio of the firm were comfortable at 1.48x as on March 31,2018.

The maximum fund based limit utilization of the company also remained comfortable at around 7.45% in the past 12 months period ended on April, 2019. The liquidity position of the company is expected to remain comfortable in near to medium term.

**About the Company**

Trimurthi Exports (TME) Chennai based, incorporated in 1996 was founded by Late Mr. V.Radhakrishnan in the year 1935 in Kuppam, Andhra Pradesh South India. It was started in the year 1996 as a partnership firm. The firm is engaged in export of rough granite blocks primarily to China. Trimurthi Exports is backed by decades of experience in the field of stone business, traditional skills and acumen renowned for quality and perfection. The firm has grown by leaps and bounds due to its goodwill earned from domestic suppliers and foreign buyers.

**Financials (Standalone)****(Rs. crores)**

<b>For the year ended* / As On</b>	<b>31-03-2017 (Audited)</b>	<b>31-03-2018 (Audited)</b>
Total Operating Income	27.99	27.08
EBITDA	1.33	1.16
PAT	0.96	0.83

Total Debt	0.28	0.26
Tangible Networth	1.76	1.86
EBITDA Margin (%)	4.74	4.29
PAT Margin (%)	3.41	3.07
Overall Gearing Ratio (x)	0.16	0.14

\* Classification as per Infomerics' standards

**Status of non-cooperation with previous CRA: N.A**

**Any other information: N.A**

**Rating History for last three years:**

Sl. No.	Name of Instrument/ Facilities	Current Rating (Year 2019-20)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2018-19	Date(s) & Rating(s) assigned in 2017-18	Date(s) & Rating(s) assigned in 2016-17
1.	Proposed Long term bank facility	Long Term	2.00	IVR BB/ Stable outlook	--	--	--
2.	Fund Based Limits	Short Term	8.00	IVR A4	--	--	--

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com).

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**About Infomerics:**

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. Company's long experience in varied spectrum of financial services is helping it to fine tune its product offerings to best suit the market.

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## Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Proposed Long term bank facility	--	--	--	2.00	IVR BB/ Stable outlook
Short Term Fund Based Limits	--	--	--	8.00	IVR A4