

Enterprising Enterprises

Instrument	Amount	Rating Action
	In Rs Crore	June 2016
Long term: Fund-Based facilities	29.50 (revised from 20.00)	[ICRA]B; reaffirmed
Short term: Fund-based facilities	Nil (revised from 5.00)	-
Short term: Non fund based facilities	0.50	[ICRA]A4; reaffirmed

ICRA has reaffirmed the long-term rating of [ICRA]B (pronounced ICRA B) to Rs. 29.50 crore (revised from Rs 20.00 crore) fund based facilities of Enterprising Enterprises (“EE”/ “the firm”). ICRA has also reaffirmed the short-term rating of [ICRA]A4 (pronounced ICRA A four)¹ to Rs. 0.50 crore² non-fund based facilities of EE.

The reaffirmation of the ratings reflect EE’s modest scale of operations; and its weak financial profile characterized by weak coverage indicators and high working capital intensity owing to the firm’s sizeable inventory holdings. The ratings are also constrained by the intense competition faced by the firm, both from domestic as well as international players; the limited value added nature of the firm’s operations leading to depressed margins; the high geographical concentration of the firm’s sales, with significant exposure to the European and Chinese markets; and the vulnerability of profit margins to foreign exchange rate fluctuations. Furthermore, being a partnership firm, any sizeable withdrawals from its capital account would impact the firm’s net worth which remains a key rating sensitivity.

However, the ratings take comfort from the extensive experience of the promoters in the granite industry and the strong customer profile built over four decades of operations as well as the high quality granite reserves available with the firm and its group entities.

Entity Profile

Enterprising Enterprises (EE) was established as a partnership firm in 1972 by its founder, Mr. K. Badrinathan, the Group chairman of the Enterprising Group. The Group has an established presence in the granite quarrying and trading business in India through EE as well as group entities such as Pooshya Exports Private Limited and Yak Granite Industries Private Limited. EE is engaged in quarrying, processing and exporting granite products. It sources granite from its own quarry located at Kunnam in Tamil Nadu, as well as from Group companies and other external entities. The granite is dressed, cut, polished and exported as dimensional blocks, monuments, slabs, tiles, counter-tops and cut-to-size pieces, depending on the customers’ specifications. EE is a 100% export oriented unit (EOU), and its products are exported to markets such as the USA, Germany, China, Japan, the UK, and Taiwan. EE’s factory is located at Chembambakkam near Chennai.

Recent Results

For the year ended FY2016, EE achieved a net profit (provisional) of Rs 1.0 crore on a total operating income of Rs 26.0 crore as compared to net profit of Rs 1.1 crore on a total operating income of Rs 30.0 crore during the previous financial year.

June 2016

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¹For complete rating scale and definitions, please refer to ICRA’s website www.icra.in or other ICRA Rating Publications

² 100 lakh = 1 crore = 10 million



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