

March 23, 2015

Facilities	Amount (Rs. Crore)	Rating
Term Loan - I	2.08	SMERA B+/Stable (Assigned)
Term Loan - II	2.74	SMERA B+/Stable (Assigned)
Cash Credit	1.00	SMERA B+/Stable (Assigned)

SMERA has assigned a long-term rating of '**SMERA B+**' (read as SMERA single B plus) to the Rs.5.82 crore bank facilities of MSP Velayutha Nadar Unit: Sree Murugan Tile Works (MSPVN). The outlook is '**Stable**'. The rating is constrained by the firm's small-scale operations and weak financial risk profile. The rating is also constrained by the firm's exposure to geographic concentration risk. However, the rating draws comfort from the firm's established operations, healthy operating profit margin and experienced management.

MSPVN, established in 1965, is a Tirunelveli-based partnership firm engaged in manufacturing of tiles and bricks. MSPVN has small-scale operations marked by revenue of Rs.5.52 crore in FY2013-14 (refers to financial year, April 01 to March 31). The firm's weak financial risk profile is marked by high gearing (debt-to-capital ratio) of ~3.93 times as on March 31, 2014. MSPVN is exposed to geographic concentration risk as the firm's operations are centered in the Tirunelveli region.

MSPVN's operating profit margin increased from ~22.69 per cent in FY2009-10 to ~43.36 per cent in FY2013-14. The firm benefits from its experienced management. Mr. V. Kaliappan, partner of MSPVN, has around three decades of experience in the firm's line of business.

Outlook: Stable

SMERA believes the outlook on MSPVN's rated facilities will remain stable over the medium term. The outlook may be revised to 'Positive' in case the firm registers strong growth in revenue while achieving significant improvement in financial risk profile. Conversely, the outlook may be revised to 'Negative' in case the firm registers lower-than-expected growth in revenues, or in case of deterioration in the firm's financial risk profile.

About the firm

MSPVN was established as a proprietorship concern in 1965. The firm was later converted into a partnership entity. MSPVN undertakes manufacturing of tiles and bricks. The overall operations of the firm are currently managed by Mr. V. Kaliappan and Mr. K. Lakshmi Anand.

For FY2013-14, MSPVN reported profit after tax (PAT) of Rs.0.04 crore on operating income of Rs.5.60 crore, as compared with PAT of Rs.0.38 crore on operating income of Rs.3.98 crore in the previous year. MSPVN's net worth stood at Rs.2.56 crore as on March 31, 2014, as compared with Rs.2.02 crore a year earlier.

Contact List:

Media / Business Development	Analytical Contacts	Rating Desk
Antony Jose Vice President – Business Development Tel: +91-22-6714 1191 Email: antony.jose@smera.in	Ashutosh Satsangi Vice President – Operations Tel: +91-22-6714 1107 Email: ashutosh.satsangi@smera.in	Tel: +91-22-6714 1170 Email: ratingdesk@smera.in