



SMERA RATINGS LIMITED

Shriram Chits Tamilnadu Private Limited (SCTPL)

Rating
Rationale

July 22, 2015

Facilities	Amount (Rs. Crore)	Ratings
Bank Guarantee I	30.00	SMERA A2+ (Assigned)
Bank Guarantee II	28.00	SMERA A2+ (Assigned)
Proposed Bank Guarantee	2.00	SMERA A2+ (Assigned)

SMERA has assigned a rating of '**SMERA A2+**' (read as **SMERA A two plus**) to the abovementioned bank facilities of Shriram Chits Tamilnadu Private Limited (SCTPL). The rating is supported by company's long operational track record and experienced management. The rating also draws support from company's strong brand position in chit fund sector and benefits derived from being a part of Shriram Group. The rating has also factored in the company's strong liquidity position. However, the rating is constrained by modest scale of operations, and moderate profitability. The rating also factors in risk associated with chit fund business.

About the Company

SCTPL has been in chit fund business since 1989, with operations spread across Tamil Nadu. It is a part of Shriram Group of Companies, promoted by Mr. R. Thyagarajan. SCTPL is a registered chit fund company under Chit fund Act. 1982. As on March 31, 2015, the company has 116 branches with 2703 groups and 105164 members. The average auction value is ~Rs. 85.00 crore per month.

For FY2013-14, SCTPL reported PAT of Rs. 3.25 crores on operating income of Rs. 99.80 crores as compared with PAT of Rs. 0.11 crores on operating income of Rs. 97.02 crores for FY2012-13. For FY2014-15 (provisional financials), SCTPL reported operating income of Rs. 96.46 crores. The company's net worth stands at Rs. 76.25 crores as on March 31, 2014 as compared with Rs.72.25 crores a year earlier.

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