



SMERA RATINGS LIMITED

T.M. Subramaniam and Co. (TMS)

*Rating
Rationale***August 18, 2015**

Facilities	Amount (Rs. Crore)	Ratings
Bank Overdraft	5.00	SMERA B+/Stable (Assigned)
Bank Guarantee	2.00	SMERA A4 (Assigned)

SMERA has assigned a long-term rating of '**SMERA B+**' (read as **SMERA B plus**) and a short-term rating of '**SMERA A4**' (read as **SMERA A four**) to the above mentioned bank facilities of T.M. Subramaniam and Co. (TMS). The outlook is '**Stable**'. The rating reflects the company's below average financial risk profile marked by negative networth, working capital intense nature of business and intense competition in construction industry. However, the ratings derive comfort from the long standing experience of the promoters in construction industry, healthy revenue growth and in-built price escalation clause in the contract undertaken by firm.

Outlook: Stable

SMERA believes TMS outlook will remain 'Stable' over the medium term on the back of the firm's experienced management and established customer relationships with government departments. The outlook may be revised to 'Positive' in case TMS generates healthy cash flows through successful execution of larger projects while achieving efficient working capital management. Conversely, the outlook will be revised to 'Negative' in case of a further stretch in the firm's liquidity position or in case of delays in project execution.

Rating Sensitivity

- Scaling up of operations and sustaining the profit margins.
- Efficient working capital management.
- Project execution risk and weak financial marked by negative networth.

About the Company

T.M. Subramaniam and Co (TMS) is a Chennai based company started in the year 1973 by Mr T.M. Subramaniam as proprietorship concern in the year 2013 converted in to partnership firm introducing his sons T.M.S Sivakumar, Shakthi Sivakumar and TSS Sharan Kumar as partner. It engaged in providing civil construction services primarily road projects. It undertakes construction and repairing of road for National Highways Authority of India (NHAI) and other government body in Tamil Nadu.

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For FY2013–14, TMS reported profit after tax (PAT) of Rs. 1.53 crore on total operating income of Rs.62.85 crore, as compared with PAT of Rs.0.79 crore on total operating income of Rs.17.88 crore in FY2012–13. STMS's net worth stood at Rs. (1.95) crore as on March 31, 2014, as compared with Rs.1.55 crore a year earlier.

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