

## Press Release

**T.M. Subramaniam and Co. (TMS)**

30 January, 2017

### Rating Reaffirmed

<b>Total Bank Facilities Rated*</b>	Rs 7.00 Cr
<b>Long Term Rating</b>	SMERA B+/Stable (Reaffirmed)
<b>Short Term Rating</b>	SMERA A4 (Reaffirmed)

*\*Refer Annexure for details*

### Rating Rationale

SMERA has reaffirmed the long term rating of '**SMERA B+**' (read as **SMERA B plus**) and short term rating of '**SMERA A4**' (read as **SMERA A four**) on the Rs.7.00 crore bank facilities of T.M. Subramaniam and Co. (TMS). The outlook is '**Stable**'.

The Chennai-based TMS, established in 1973, is engaged in civil construction.

### List of key rating drivers and their detailed description

#### Strengths:

**Experienced management:** Mr. T. M Subramaniam has more than four decades of experience in civil construction. The firm is headed by Mr. Siva Kumar, son of Mr. T.M Subramaniam who possesses extensive experience in the aforementioned industry.

**Below average financial risk profile:** The average financial risk profile is marked by high gearing of 2.73 times, low net worth base of Rs.3.62 crore and healthy interest coverage ratio (ICR) of 3.04 times in FY2015-16. The Net cash accruals to total debt is at 0.26 times and Debt Service Coverage ratio is at 3.04 times in FY2016

#### Weaknesses:

**Moderate scale of operation:** The revenues of the firm stood at a moderate level of around Rs. 41.48 crore and PAT of Rs.1.81 crore for FY2015-16.

**Working capital intensive operations:** The operations are working capital intensive marked by high gross current asset days of 176 in FY2016 as against 69 days in FY2015. The debtor days stand at 119 in FY2016 as against 46 days in FY2015.

**Analytical approach:** SMERA has considered the standalone business and financial risk profiles of the firm.

#### Applicable Criteria:

- Application of Financial Ratios and Adjustments: <https://www.smera.in/criteria-fin-ratios.htm>
- Default Recognition: <https://www.smera.in/criteria-default.htm>

## Outlook: Stable

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

## About the Rated Entity

TMS, a proprietorship concern was established in 1973 by Mr. T.M. Subramaniam and converted to a partnership firm in 2013. He is joined by his sons, Mr T.M.S Sivakumar, Mr. Shakthi Sivakumar and Mr. TSS Sharan Kumar as partners. The firm undertakes civil construction projects for government organisations.

For FY2015-16, the firm reported profit after tax (PAT) of Rs.1.81 crore on operating income of Rs.41.48 crore, as compared with PAT of Rs.1.68 crore on operating income of Rs.47.00 crore in FY2014-15.

**Status of non-cooperation with previous CRA (if applicable):** Not Applicable

**Any other information:** Not Applicable

## Rating History for the last three years:

Name of Instrument /Facilities	2017			2016		2015		2014	
	Scale	Amount (Rs. Crore)	Rating with Outlook	Date	Rating	Date	Rating	Date	Rating
Bank Overdraft	LT	5.00	SMERA B+/Stable (Reaffirmed)	-	-	18-Aug-2015	SMERA B+/Stable (Assigned)	-	-
Bank Guarantee	ST	2.00	SMERA A4 (Reaffirmed)	-	-	18-Aug-2015	SMERA A4 (Assigned)	-	-

## \*Annexure – Details of instruments rated:

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/ Outlook
Bank Overdraft	N.A	N.A	N.A	5.00	SMERA B+/Stable (Reaffirmed)
Bank Guarantee	N.A	N.A	N.A	2.00	SMERA A4 (Reaffirmed)

## Note on complexity levels of the rated instrument:

<https://www.smera.in/criteria-complexity-levels.htm>

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