

October 01, 2015

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	10.00	SMERA B+/Stable (Assigned)
Revolving Demand Loan	20.00	SMERA B+/Stable (Assigned)
Line of Credit	2.39	SMERA A4 (Assigned)
Bank Guarantee	8.00	SMERA A4 (Assigned)

SMERA has assigned a rating of '**SMERA B+** (**read as SMERA B plus**) to the Rs.30.00 crore long term bank facilities and '**SMERA A4**' (**read as SMERA A four**) to the Rs.10.39 crore short term bank facilities of Thiraviam Engineering Private Limited (TEPL). The outlook is '**Stable**'. The ratings are constrained by the company's modest scale of operations, below-average financial risk profile marked by high gearing and moderate coverage indicators. The ratings are also constrained by customer concentration risk and working capital intensive operations. However, the ratings draw support from the experienced management and established relations with customers that enable repeat orders.

Rating Sensitivity Factors

- Improvement in scale of operations while maintaining profitability
- Customer diversification
- Improvement in capital structure and coverage indicators
- Effective working capital management

Outlook: Stable

SMERA believes TEPL will maintain a stable business risk profile in the medium term on account of its experienced management. The outlook may be revised to 'Positive' in case the company registers higher-than-expected growth in revenues and net cash accruals while improving capital structure and debt coverage indicators. Conversely, the outlook may be revised to 'Negative' in case the company registers lower-than-expected growth in revenues and profitability, deterioration in the financial risk profile or higher than expected working capital requirements.

About the Company

TEPL, a Tamil Nadu-based company incorporated in 2006 by Mr. Thiraviam John Vasigaran and Ms. Johnvasigaran Subha Anna Jothi. The company is engaged in the manufacturing and fabrication of industrial equipments and spares. The company also undertakes repairs, modification, erection, testing and commissioning of equipments/structures. TEPL mainly undertakes contracts for boiler components, conveyor structure designs, stacker and reclaimers among others.

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