

## Press Release

23 March, 2017

### Thiraviam Engineering Private Limited

#### Rating Downgraded

<b>Total Bank Facilities Rated *</b>	Rs.40.39 Cr.
<b>Long Term Rating</b>	SMERA D
<b>Short Term</b>	SMERA D

# Refer Annexure for details

#### Rating Rationale

SMERA has downgraded long-term rating of '**SMERA D' (read as SMERA D)** and short term rating of '**SMERA D' (read as SMERA D)** on the Rs. 40.39 crore bank facilities of Thiraviam Engineering Private Limited.

Thiraviam Engineering Private Limited (TEPL), a Tamil Nadu-based company was 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.

#### Key Rating Drivers

##### Strengths

- **Experienced management**

Mr. T. John Vasigaran, Director, has over a decades experience in mechanical fabrication. He is well supported by his father Mr. P. Thiraviam, who has ~40 years of experience in the said field.

- **Established relations with customers**

The management has established long term relations with key customers i.e. Tuticorin Thermal power station (TANGEDCO) North Chennai Thermal Power Station. This helps get repeat orders/contracts.

##### Weaknesses

- **Delays in debt servicing**

There are delays in servicing of term debt obligation in the last six months due to stretched liquidity.

- **Below average financial risk profile**

The gearing levels continue to be high at 2.88 times as on March 31 2016 as compared to 3.12 times as on March 31 2015. The coverage indicators of TEPL have declined to 1.26 times in FY2016 from 1.36 times in FY2015. The DSCR stood at 1.24 times in FY2016.

### • Working capital operations

TEPL's operations are working capital intensive as reflected in its Gross current assets of around 542 days as on 31st March 2016. This is majorly due to the company's high debtor days of 303 days as on 31st March 2016 and high inventory days of 281 days. The company has low cash and bank balance of Rs.0.15 cr as on March 31, 2016.

### Analytical Approach

SMERA has considered the standalone financial and business risk profiles of TEPL.

### About the Rated Entity - Key Financials

In FY2016, TEPL reported Profit after Tax (PAT) of Rs. 0.20 cr on operating income of Rs. 30.86 cr against PAT of Rs. 0.33 cr on operating income of Rs. 36.05 cr in FY2015.

### Status of non-cooperation with previous CRA (if applicable)

Not Applicable

### Any other information

Not Applicable

### Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>

### Note on complexity levels of the rated instrument

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

### Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
01-Oct-2015	Cash Credit	Long Term	INR 10	SMERA B+ / Stable
	Revolving Demand loan	Long Term	INR 20	SMERA B+ / Stable
	Line of Credit	Short Term	INR 2.39	SMERA A4
	Bank Guarantee	Short Term	INR 8	SMERA A4

**\*Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	10.00	SMERA D
Working capital demand loan (WCDL)	Not Applicable	Not Applicable	Not Applicable	20.00	SMERA D
Line of Credit	Not Applicable	Not Applicable	Not Applicable	2.39	SMERA D
Bank guarantee	Not Applicable	Not Applicable	Not Applicable	8.00	SMERA D

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