

October 08, 2015

Facilities	Amount (Rs. Crore)	Rating
Cash Credit	2.50	SMERA B/Stable (Assigned)
Term Loans	2.15	SMERA B/Stable (Assigned)
Letter of Credit/ Bank Guarantee	1.30	SMERA A4 (Assigned)

SMERA has assigned a long term rating of '**SMERA B** (**read as SMERA B**) and short term rating of '**SMERA A4**' (**read as SMERA A four**) to the above mentioned bank facilities of Muthalamman Metal Industries (MMI). The outlook is '**Stable**'. The ratings are constrained by the firm's small scale of operations and below-average financial profile marked by high gearing. The ratings note that the firm's profit margins are susceptible to raw material volatility and intense market competition in a highly fragmented industry. However, the ratings draw comfort from the experienced management.

Outlook: Stable

SMERA believes that the company will maintain a stable business risk profile in the medium term on account of its experienced management. The outlook may be revised to 'Positive' if the firm is able to maintain healthy profit margins leading to improvement in the capital structure while the scale of operations increases. Conversely, the outlook may be revised to 'Negative' if the company's net worth deteriorates with decline in profit margins.

About the Firm

MMI, established in 2006, is a Chennai-based partnership firm promoted by Mr. Sundralingam and Mrs. Jaya Sivakumar. Mr. Sivakumar, Chief Executive with more than a decades experience in the aluminium utensil business. The firm manufactures aluminium circles used in utensil production utensil production.

For FY2013-14, the firm reported (profit after tax) PAT of Rs.0.05 crore on operating income of Rs.7.12 crore as against PAT of Rs.0.05 crore on operating income of Rs.6.75 crore in FY 2012-13. The firm's net worth stood at Rs.1.17crore against a total debt of Rs. 2.79 crore as on March 31, 2014.

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