

November 24, 2015

Facilities	Amount (Rs. Crore)	Rating
Cash Credit	10.00	SMERA BB-/Stable (Assigned)
Term Loan - I	20.10	SMERA BB-/Stable (Assigned)
Term Loan - II	9.06	SMERA BB-/Stable (Assigned)
Bank Guarantee	1.82	SMERA A4+ (Assigned)

SMERA has assigned long term rating of '**SMERA BB-**' (read as **SMERA double B minus**) and short term rating of **SMERA A4+ (read as SMERA A four plus)** to the above mentioned bank facilities of V.Thangavel and Sons Private Limited (VTSPL). The outlook is '**Stable**'.

The rating derives comfort from VTSPL's experienced management, established customer profile and moderate financial profile marked by comfortable debt protection metrics. However, the ratings are constrained by company's exposure to inherent project risk and exposure to intense competition in the industry.

Outlook: Stable

SMERA believes that the company would continue to benefit from its experienced management and established operational track record. The outlook maybe revised to positive in case of greater than expected cash accruals due to early stabilization of the capacity expenditure plans and sustenance of efficient working capital management. Conversely, the outlook maybe revised to negative in case of decline in cash accruals or in case of delay in project completion resulting in time and cost over runs adversely impacting the financial risk profile of the company.

Rating Sensitivity Factors

- Timely Project implementation
- Effective working capital management

About the Company

Incorporated in 1990, VTSPL is an Erode-based company engaged in trading of textile products besides undertaking spinning and weaving on job work basis. The day-to-day operations are managed by Mr. V. Thangavel and his sons Mr. Karthikeyan and Mr. Kumaravel, who are the directors of the company.

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