

**January 28, 2016**

Facility	Amount (Rs. Crore)	Rating
FCNRB	7.70	SMERA BB-/Stable (Assigned)

SMERA has assigned a rating of '**SMERA BB-**' (read as **SMERA double B minus**) to the above mentioned bank facility of Sathish Kumar. M (SKM). The outlook is '**Stable**'. The rating derives comfort from the firm's experienced management, moderate financial risk profile marked by healthy profitability and comfortable debt protection metrics. However, the rating is constrained by the modest scale of operations and risks associated with the proprietorship nature of the firm.

To arrive at the rating, SMERA has consolidated the business and financial risk profiles of Sathish Kumar M, Sharanya Texmach and Exordior Impex FZE (UAE) - group companies together referred to as the SKM group in view of the common management and operational linkages within the group.

**Outlook: Stable**

SMERA believes SKM will maintain a stable business risk profile over the medium term and continue to benefit from the experienced management, established association with customers and suppliers. The outlook may be revised to 'Positive' in case the firm registers strong growth in scale of operations while registering sustained improvement in profit margins. The outlook may be revised to 'Negative' in case of deterioration in the firm's capital structure or lower than expected net cash accruals.

**Rating Sensitivity Factors**

- Expanding scale of operations while improving profitability
- Future capex and its funding profile

**About the Firm**

SKM, established in 2002 is a Coimbatore-based proprietorship firm promoted by Mr. Sathish Kumar. The firm is engaged in the trading of textile machinery and set up Sharanya Texmach and Exordior Impex FZE in 2013 to expand its business further. While Sharanya Texmach caters to operations across India, Exordior Impex FZE targets overseas markets.

For FY2014-15, the firm reported profit of Rs.3.61 crore on total income of Rs.22.60 crore as compared with profit of Rs.0.55 crore on total income of Rs.9.44 crore for FY2012-13.

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SMERA RATINGS LIMITED

Sathish Kumar. M (SKM)

*Rating  
Rationale*

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