

February 26, 2016

Facility	Amount (Rs. Crore)	Rating
Term Loan	21.96	SMERA B/Stable (Assigned)
Cash Credit	2.00	SMERA B/Stable (Assigned)

SMERA has assigned rating of '**SMERA B**' (**read as SMERA B**) to the above mentioned bank facilities of SBM Traansport Applications Private Limited (SBM). The rating is constrained by SBM's limited operational track record, weak financial profile marked by high gearing and incurrence of losses in FY 2014-15. However, the rating derives comfort from the experienced management and reputed clientele.

Rating Sensitivity Factors

- Revenue scalability and profitability
- Effective working capital management
- Future capex plans and its funding

Outlook – Stable

SMERA believes that SBM will continue to maintain a stable business risk profile on the back of its reputed clientele and extensive industry experience of promoters. The outlook may be revised to positive in case of healthy increase in scale of operations and profitability whilst maintaining effective working capital management. Conversely the outlook maybe revised to negative in case of deteriorated financial risk profile arising on account of declined net cash accruals or stretched liquidity arising out of stressed working capital management.

About the Company

Incorporated in 2012, SBM is a Chennai based company engaged in rendering roadway transportation services. The day to day operations are managed by Mr. M. Selvaraja and Mr. Palaniandi Raja, the directors of the company.

For FY 2014-15, the company reported net loss of Rs. 0.01 crore on total revenue of Rs.8.00 crore as against net loss of Rs.0.10 crore on total revenue of Rs.2.06 crore in FY 2013-14.

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