

March 17, 2016

Facilities	Amount (Rs. Crore)	Rating
<b>Cash Credit</b>	<b>2.00</b>	<b>SMERA B/Stable (Assigned)</b>
<b>Term Loan I</b>	<b>0.90</b>	<b>SMERA B/Stable (Assigned)</b>
<b>Term Loan II</b>	<b>2.00</b>	<b>SMERA B/Stable (Assigned)</b>
<b>Term Loan III*</b>	<b>1.00</b>	<b>SMERA B/Stable (Assigned)</b>
<b>Term Loan IV</b>	<b>0.27</b>	<b>SMERA B/Stable (Assigned)</b>

\* Import LC/Buyers Credit up to Rs. 1.35 crore as a sub limit of Term Loan III.

SMERA has assigned rating of '**SMERA B**' (read as **SMERA B**) on the above mentioned bank facilities of Hil Max Export (HME). The outlook is '**Stable**'. The rating is constrained by the limited track record of operations, average financial risk profile and intense competition in the highly fragmented textile industry. However, the rating is supported by an experienced management.

### **Outlook: Stable**

SMERA believes that HME will continue to benefit over the medium term from its experienced management. The outlook may be revised to 'Positive' if the firm registers improvement in scale of operations while achieving healthy profit margins. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the financial risk profile.

### **Rating Sensitivity Factors**

- Improvement in the financial risk profile
- Debt funded capex
- Fluctuations in prices of raw materials

### **About the Firm**

The Coimbatore-based HME established in 2013 by M. Karchikumar and D. Gopalakrishnan, Partners, commenced operations in FY2014. The firm is engaged in the trading and export of coir fibre and manufacturing of cotton yarn.

For FY2014–15, the firm reported net profit of Rs.0.09 crore on operating income of Rs.3.13 crore. The firm's net worth stood at Rs.1.27 crore as on March 31, 2015.

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