

Sathvika: Assigned

Name of the Instrument	Amount (Rs Crore)	Rating/Outlook
Cash Credit (Proposed)	9.50	SMERA B/Stable (Assigned)

SMERA has assigned long term rating of '**SMERA B' (read as SMERA B)** to the Rs.9.50 crore bank facility of Sathvika. The outlook is '**Stable**'. The rating is constrained by the firm's exposure to intense market competition and geographical concentration risk. However, the rating draws comfort from the experienced management.

Sathvika, a Chennai-based proprietorship firm commenced operations in April 2016. The firm benefits from its experienced management. Mrs. Lalitharani Sundarrajan, Proprietor, has around 15 years of experience in the electricals and electronics industry. Sathvika faces intense competition from several players in the electronics industry.

Rating Sensitivity Factors

- Scaling up of operations
- Efficient working capital management

Outlook-Stable

SMERA believes that Sathvika will continue to benefit over the medium term from its experienced management. The outlook may be revised to 'Positive' if the firm scales up its operations while maintaining effective working capital management. Conversely, the outlook may be revised to 'Negative' if the financial risk profile deteriorates owing to higher-than-expected increase in working capital requirements.

Criteria applied to arrive at the rating:

- Trading entities

About the Firm

Sathvika is a proprietorship firm established in 2016 by Mrs. Lalitharani Sundarrajan. The firm deals in IT and electronic products such as desktops, laptops, phones among others. Mr. Sundarrajan, the manager of the firm handles the day-to-day operations.

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ABOUT SMERA

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