

**September 11, 2014**

Facilities	Amount (Rs. Crore)	Ratings
Term Loan	0.55	SMERA B+/Stable (Assigned)
Export Packing Credit	4.50	SMERA A4 (Assigned)
Foreign Bill Purchased	1.50	SMERA A4 (Assigned)
Foreign Bill Negotiation	6.00	SMERA A4 (Assigned)

SMERA has assigned ratings of '**SMERA B+**' (read as **SMERA single B plus**) to the Rs.0.55 crore long-term (fund based) bank facilities and '**SMERA A4**' (read as **SMERA A four**) to the Rs.12.00 crore short-term (non-fund based) bank facilities of San Marine Exports (SME). The outlook is '**Stable**'. The ratings are constrained by the firm's short track record of operations and moderate operating scale in an intensely competitive segment of the sea food processing industry. The ratings are also constrained by the susceptibility of the firm's operations to adverse changes in marine climate. The ratings note that the firm has a weak financial risk profile. However, the ratings are supported by the firm's experienced management.

SME, established in 2010, is a Kerala-based partnership firm engaged in processing and export of sea food. SME's moderate-scale operations are reflected in revenues of Rs.34.69 crore in FY2012-13 (refers to financial year, April 01 to March 31). The firm's business is susceptible to adverse changes in marine climate.

SME's weak financial risk profile is reflected in high gearing (debt-to-capital ratio) of 3.79 times as on March 31, 2013. The firm's weak coverage indicators are evidenced by low net profit margin of 0.88 per cent in FY2012-13. SME's capital base reduced from Rs.2.63 crore as on March 31, 2012 to Rs.2.05 crore as on March 31, 2013 on account of withdrawal of capital by the partners.

SME benefits from its experienced management. Mr. Solomon Antony, managing partner of SME, has around four decades of experience in the sea food processing industry.

Outlook: Stable

SMERA believes SME will maintain a stable business risk profile over the medium term. The firm will continue to benefit from its experienced management. The outlook may be revised to 'Positive' in case the firm registers sustained growth in revenues and profitability. The outlook may be revised to 'Negative' in case of deterioration in the firm's financial risk profile.

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**About the firm**

SME, established in 2010, is a Kerala-based partnership firm promoted by Mr. Solomon Antony, Mrs. Treesa Rose and Mr. Biju Sebastian. SME is engaged in processing and exporting of sea food. The firm has a processing unit in Kollam, Kerala.

For FY2012–13, SME reported net profit of Rs.0.32 crore on total income of Rs.34.69 crore, as compared with net profit of Rs.0.23 crore on total income of Rs.32.50 crore in FY2011–12. Further, SME registered revenues of Rs.34.00 crore (provisional) in FY2013–14. The firm's net worth stood at Rs.2.05 crore as on March 31, 2013, as compared with Rs.2.63 crore a year earlier.

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