

**June 10, 2015**

Facilities	Amount (Rs. Crore)	Rating
Over Draft	4.00	SMERA BB/Stable (Assigned)
Cash Credit (Proposed)	0.04	SMERA BB/Stable (Assigned)
Packing Credit	19.50	SMERA BB/Stable (Assigned)

SMERA has assigned a rating of '**SMERA BB**' (read as **SMERA double B**) to Hari & Co (HC) for the above mentioned bank facilities. The outlook is '**Stable**'. The rating is supported by the firm's established operations, experienced management and comfortable financial risk profile. However, the rating is constrained by the firm's exposure to the tender based business, geographical concentration risk and intense market competition.

HC, established in 1985, is a Tuticorin-based firm engaged in the export (tender based) of agricultural commodities like rice and sugar and is also into the forwarding and logistics business. The firm's healthy financial risk profile is marked by low gearing (debt-equity ratio) of 0.81 times for FY2014 (refers to financial year April 01 to March 31) and healthy interest coverage ratio of 5.86 times in FY2014. The firm generates sizeable revenues from export to Maldives.

Outlook: Stable

SMERA believes HC will maintain a moderate business risk profile in the medium term on the back of established operations and long standing experience of the promoter. The outlook may be revised to 'Positive' in case the firm is able to register healthy revenues and sustain its profitability. Conversely, the outlook may be revised to 'Negative' in case of decline in the firm's revenue and profit margins.

About the Firm

HC, established as a partnership firm in 1985 by Mr. Annamalai Samy to export agricultural products and is also into the forwarding and logistics business. The firm also exports construction material products to Maldives.

HC reported PAT (profit after tax) of Rs.6.35 crore on operating income of Rs.52.29 crore for FY2013-14 as compared with PAT of Rs.8.05 crore on operating income of Rs.96.36 crore for the previous year. The firm's net worth stands at Rs.20.63 crore as on March 31, 2014 as against Rs.19.00 crore a year earlier.

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SMERA RATINGS LIMITED

Hari & Co (HC)

*Rating
Rationale*

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