

## San Marine

December 31, 2025

Facilities/ Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long-term bank facilities	137.20	CARE BB+; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE BBB-; Stable and moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

\*Issuer did not cooperate; based on best available information.

### Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has been seeking information from San Marine (SM) to monitor the rating vide e-mail communications dated October 06, 2025, October 07, 2025, October 10, 2025, October 29, 2025, November 07, 2025, November 13, 2025, December 01, 2025, and December 05, 2025, December 08, 2025, and December 15, 2025, and numerous phone calls. However, despite our repeated requests, the firm has not provided the requisite information for monitoring the rating. In line with the extant Securities and Exchange Board of India (SEBI) guidelines, CareEdge Ratings has reviewed the rating based on the best available information, which in CareEdge Ratings' opinion is not sufficient to arrive at a fair rating. The rating on bank facilities of SM will now be denoted as CARE BB+; Stable; ISSUER NOT COOPERATING\*.

**Users of this rating (including investors, lenders, and the public at large) are hence requested to exercise caution while using above rating(s).**

The last rating assigned to bank facilities of SM factored in the healthy profitability margins, experienced promoters, satisfactory capital, and debt coverage metrics. However, the rating strengths were partially offset by the decline in its scale of operations in FY24, moderate orderbook position, elongated operating cycle, and stretched liquidity. The rating was also constrained by the exposure to seasonality in oil and gas exploration, debt-funded capex undertaken and consequent high interest burden in the medium term, and constitution of the entity as a partnership firm with the inherent risk of capital withdrawal. The rating also considered the financial and operational performances of the entity in 7MFY25.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Increase in the scale of operations over ₹250.00 crore on a sustained basis.
- Overall gearing falling below 1x, on a sustained basis.

#### Negative factors

- Any large debt-funded capex leading to a deterioration in the gearing ratio beyond 2x.
- Debt service coverage ratio (DSCR) of the entity falling below 1.5x on a sustained basis.
- Any significant withdrawal of capital by the partners.

**Analytical approach:** Standalone

#### Outlook: Stable

The stable outlook reflects that the firm is likely to maintain its healthy profit margins while continuing its satisfactory financial risk profile.

### Detailed description of key rating drivers:

#### Key strengths

##### Satisfactory profitability

The profit before interest, lease rentals, depreciation and taxation (PBILDT) margin improved to 25.95% in FY24 from 19.58% in FY23 due to increased revenue from vessel hiring, which fetches comparatively a better margin. Despite improved PBILDT margin, profit after taxation (PAT) margin remained stable at 8.80% in FY24 (PY: 8.67% in FY23) due to decline in total operating income (TOI) and increased depreciation and finance costs. Return on capital employed (ROCE) stood at 13.73% in FY24 (PY: 15.76%) with a fixed asset turnover of 1.87x in FY24 (PY: 2.74x). Going forward, profitability is expected to improve further owing to expected improvement in TOI.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

**Young fleet leading to higher operating efficiency**

The fleet of the firm is relatively new with an average age of ~8-9 years having ~36 medium-sized vessels. The average useful life of each vessel is 20 to 25 years. The young fleet of the firm has resulted in higher operating days for the vessels. The lower age profile of the vessels also means limited maintenance and higher resale value.

**Moderately diversified orderbook position**

The firm's orderbook position as on November 30, 2024, stood at ₹133.64 crore, which translates to 0.99x of the gross billing for FY24. The firm has been able to get repeat orders from domestic and international clients based on existing business relationships and through the business contacts of the promoter.

**Comfortable debt coverage indicators**

Debt coverage indicators stood comfortable, as marked by PBILDT interest coverage of 3.46x in FY24 (4.48x in FY23) and total debt to gross cash accruals (TD/GCA) of 4.23x in FY24 (3.32x in FY23). The marginal moderation during the year was considering decline in margins due to decline in TOI and marginal increase in debt levels considering new term loans availed and increase in utilisation of working capital bank facilities.

**Experienced promoter in offshore logistics industry**

The promoter, Sheikh Ahmed Alisha (52 years), takes care of the firm's day-to-day operations. He is a commerce graduate and has over 20 years of experience in providing shipping and incidental support services to oil and gas exploration companies, off the Indian Coast. New orders are acquired based on the promoter's business contacts and through existing business relationships. Sheikh Haseena Begum (45 years) is a graduate and is involved in the administrative activities of the firm.

**Key weaknesses****Decline in scale of operations**

The firm's TOI moderated by ~12.41% in FY24 to ₹134.56 crore against ₹153.61 crore in FY23. Though there was an increase in the revenue by ₹15.30 crore from vessel hiring and by ₹12.50 crore from sale of fresh water and provision of services, TOI declined in FY24 considering fall in the sale of vessels by ₹6.76 crore and sales of fuel by ₹41.69 crore. In 7MFY25, the firm achieved TOI of ₹91.88 crore, contributing ~50.21% of the projected TOI of ₹183 crore for FY25.

**Elongated operating cycle**

The firm's operating cycle has deteriorated and stood elongated at 203 days as on March 31, 2024, against 120 days as on March 31, 2023. The firm extends a credit period of 60-90 days to its customers and receives 30-60 days of credit from its suppliers. The suppliers are mainly for the equipment purchased for the shipbuilding and trading of fresh water and fuel from oil marketing companies. Inventory consists of vessels under fabrication, which varies depending on the size and capacity of the vessel. However, the average fund-based working capital utilisation for the past 12 months ending October 2024 remains high at 98.45% due to increased credit period to its customer at the back of high competition.

**Moderate capital structure**

The firm's debt profile primarily comprises external debt in the form of working capital borrowings and term loans (for acquisition of vessels). The entity's capital structure stood moderate, as marked by an overall gearing of 1.36x as on March 31, 2024 (1.22x as on March 31, 2023) and total outside liabilities to net worth of 1.77x as on March 31, 2024 (1.53x as on March 31, 2023). The moderation in FY24 was considering new term loans availed to the extent of ~₹34 crore and increased utilisation of working capital bank facilities. The firm's net worth has increased to ₹79.33 crore as on March 31, 2024 (₹64.74 crore as on March 31, 2023) mainly due to plough back of profits and infusion of capital by partners.

**Exposure to seasonality in oil and gas exploration segment**

The firm primarily deals with projects in the oil and gas exploration and is indirectly exposed to the volatility and seasonality of that segment.

**Constitution of the entity as a partnership firm with inherent risk of withdrawal of capital**

The firm being a partnership firm is exposed to the inherent risk of capital withdrawal by the partners, due to its nature of constitution. Substantial withdrawals from the capital account would impact the net worth and the financial profile of the firm.

**Liquidity:** Stretched

Liquidity is stretched, marked by high utilisation of working capital bank facilities. In the 12 months ended October 2024, on an average, the fund-based working capital limits of ₹41.50 crore were utilised at 98.45%. Gross current asset days were high at 255 days on an average basis for last two financial years. Operations are highly working capital intensive and net working capital as a percentage of capital employed was 44% as on March 31, 2024. As on March 31, 2024, Current ratio was comfortable at 1.27x. GCA are comfortable at ₹25.60 crore for FY24 (PY: ₹23.84 crore) to meet its debt repayment obligations, while net cashflow from operations was positive at ₹23.53 crore for FY24.

**Assumptions/Covenants:** Not applicable

**Environment, social, and governance (ESG) risks:** Not applicable

**Applicable criteria**

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**About the company and industry****Industry classification**

Macroeconomic indicator	Sector	Industry	Basic industry
Services	Services	Transport services	Shipping

Founded in 2012, SM is a partnership firm involved in providing offshore and marine logistics services. Headquartered at Kakinada having a branch office in Mumbai, the firm owns 36 vessels which include tugs, crew boats, barges, and pontoons. The services offered are towing support, seismic support, naval logistics, shipbuilding, and offshore support. Operations are catered primarily to oil and gas exploration activities and port construction industries, both in the east and west coast of India. Sheik Ahmed Alisha (52 years) and Sheik Haseena Begum (45 years) are the partners of the firm, with day-to-day operations being taken care of by Sheik Ahmed Alisha.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	7MFY25 (UA)
Total operating income	153.61	134.56	91.88
PBILDIT	30.08	34.91	22.49
PAT	13.79	12.64	8.01
Overall gearing (times)	1.22	1.36	1.20
Interest coverage (times)	4.48	3.46	3.52

A: Audited UA: Unaudited; Note: these are latest available financial results

**Status of non-cooperation with previous CRA:** Not applicable

**Any other information:** Not applicable

**Rating history for last three years:** Annexure-2

**Detailed explanation of covenants of rated instrument / facility:** Annexure-3

**Complexity level of instruments rated:** Annexure-4

**Lender details:** Annexure-5

**Annexure-1: Details of instruments/facilities**

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	41.50	CARE BB+; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan		-	-	01-01-2030	87.88	CARE BB+; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Working capital Term Loan		-	-	27/02/2027	7.82	CARE BB+; Stable; ISSUER NOT COOPERATING*

\*Issuer did not cooperate; based on best available information.

**Annexure-2: Rating history for last three years**

Sr. No.	Name of the Instrument/ Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Cash Credit	LT	41.50	CARE BB+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BBB-; Stable (06-Jan-25)	1)CARE BBB-; Stable (29-Dec-23)	1)CARE BBB-; Stable (08-Mar-23)
2	Fund-based - LT-Term Loan	LT	87.88	CARE BB+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BBB-; Stable (06-Jan-25)	1)CARE BBB-; Stable (29-Dec-23)	1)CARE BBB-; Stable (08-Mar-23)
3	Fund-based - LT-Working capital Term Loan	LT	7.82	CARE BB+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BBB-; Stable (06-Jan-25)	1)CARE BBB-; Stable (29-Dec-23)	1)CARE BBB-; Stable (08-Mar-23)

\*Issuer did not cooperate; based on best available information.

LT: Long term

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities:** Not applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Fund-based - LT-Working capital Term Loan	Simple

**Annexure-5: Lender details**

To view lender-wise details of bank facilities please [click here](#)

**Note on complexity levels of rated instruments:** CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

### Contact us

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