

Aissa Maritime Private Limited

February 03, 2023

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	18.89 (Reduced from 24.00)	CARE BBB-; Stable	Reaffirmed

Details of instruments/facilities in Annexure I below

Rationale and key rating drivers

The reaffirmation in the rating assigned to the bank facility of Aissa Maritime Private Limited (AMPL) derives strength from experienced and resourceful promoters coupled with long track record of the group in shipping industry, long standing relationship with reputed clientele and demonstrated track record of generating repeated business, improvement in operating and financial performance of the company. The rating also considers revenue visibility in the container leasing business.

The rating, however, is constrained by modest scale of operations, client concentration risk, increase in debt on account of the container leasing business and cyclical nature of the shipping industry.

Rating sensitivities: Factors likely to lead to rating actions.

Positive Factors

- Established track record of more than one year of receipt of timely payments from the respective shipping lines.
- Sustained improvement in scale of operations and net worth.

Negative Factors

- Delay in receipt of payment from the shipping lines
- Significant deterioration in operational performance driven by normalization of freight rates.

Analytical approach: Combined

CARE has combined the financial and business risk profiles of Aissa Maritime Private Limited (AMPL), Omega Shipping Agencies Private Limited (OSAPL) and Poseidon Shipping Agency Private Limited (PSAPL). The above companies operate under common management, are involved in similar lines of business, have operational synergies. PSAPL has provided corporate guarantee to the facilities availed by AMPL and OSAPL. Further PSAPL has also provided FDs of Rs. 13.00 crore as security for the facilities availed.

Key Strengths:

Long and established presence of the group in the marine industry:

Aissa Maritime Private Limited (AMPL) & Omega Shipping Agencies Private Limited (OSAPL) are promoted by Abrao Group which is involved in several marine businesses like liner agency, shipping agency, freight forwarding, supply chain management and vessel owning. AMPL & OSAPL are part of Abrao group which is managed by Mr. George Abrao who is third generation entrepreneur. Mr. George has vast experience in shipping agency related business. He is supported by a group of professionals. Mr. George holds majority ownership stake and is currently the Chairman of Abrao Group of Companies.

Long standing relationship with reputed clientele and demonstrated track record of generating repeated business:

Abrao Group is into shipping agency business for more than two decades and has long term business relation with reputed shipping lines. The company handles business for top shipping lines across multiple ports in India.

Further the company has entered into new contract with a reputed global customer in June 2022 which is expected to benefit the company with increase in revenue & profitability, the impact of the same is visible in FY22 which witnessed growth of around 50% in revenue & PBILDT.

Improvement in performance during FY22 and H1FY23:

The performance of the companies has improved significantly over the past couple of years partly driven by significant uptick in freight rates and partly on account of increase in volumes handled & incomes not dependent on freight rates. The combined total revenue increased to more than Rs. 94.40 cr. in FY22 from Rs. 60.36 cr. during FY21. The gross cash accruals have also increased significantly in line with increase in revenue. Combined income from operations for H1FY23 is Rs. 58.48 crores.

Long term fixed price contract for the container leasing business provides revenue visibility:

For the container leasing business AMPL & OSAPL have entered into five-year fixed price contract with Blue Water Lines. This, being a take-or-pay kind of an arrangement provides long term revenue visibility for the container leasing business.

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

Key Weaknesses:**Client concentration and counterparty risk:**

AMPL & OSAPL have entered into long term agreement with Blue Water Lines for container leasing business. For agency business, AMPL has tied up with Inter Asia Lines & Den Hartogh, OSAPL has tied up with Wan Hai Lines and PSAPL with multiple line such as Blue Water Lines, Milaha International Maritime L.L.C, Peak Shipping Line (Xiamen) Co., Ltd. Thus, there is high client concentration risk as revenue stream is not much diversified. In container leasing business the companies are exposed to counterparty risk since Blue Water Lines is relatively a modest player in container shipping industry dominated by large players.

Lack of Track Record of Lease Rental repayment:

AMPL & OSAPL have leased out the containers to Blue Water Lines during the last quarter of FY22. Thus, there is lack of established track record of receipt of lease rentals in timely manner. Any delay in receipt of lease rentals from the shipping lines can affect the liquidity position of the company.

Increase in debt:

The companies earlier were largely debt free. During FY22, AMPL & OSAPL have availed term loan to acquire the containers. For AMPL loan amount is Rs. 24.00 crore while for OSAPL it is Rs. 29.00 crore. Outstanding term loans as on 31st December 2022 is Rs. 18.89 crores for AMPL & Rs. 24.26 crores for OSAPL.

Shipping Industry exposed to economic cycles

The shipping business is exposed to economic cycles. The improvement in performance during FY22 and H1FY23 are driven by favourable industry scenario in the container freight business and increase in volumes & business. Significant normalization of freight rates may affect the operational performance of the companies. However, the companies are expected to be partially affected by volatility in freight rates since Agency income which forms around 50% of the total revenue is driven by freight rates.

Foreign exchange fluctuation risk:

The company is exposed to foreign exchange fluctuation risk as the company has borrowed in USD & any impact on the exchange rate has impact on the repayment & outstanding obligations of the company. However, the company is benefiting through natural hedge to some extent due to USD receivables. Nevertheless, the foreign exchange fluctuation risk continues to persist due to timing differences and volatility in the dollar prices.

Liquidity Position: Adequate

Liquidity is marked by adequate accruals against the repayment obligations. The maximum principal repayment obligations of the combined entity stand at Rs. 12.26 crore from FY23 onwards and cash accruals is expected to be sufficient to meet the obligations. The companies have additional comfort in the form of Debt Service Reserve Account (DSRA) equivalent to principal and interest payment for three months. Further PSAPL has also provided FDs of Rs. 13.00 crore as security for the facilities availed by Aissa Maritime Private Limited & Omega Shipping Agencies Private Limited.

Applicable Criteria:

[Policy on default recognition](#)

[Factoring Linkages Parent Sub JV Group](#)

[Financial Ratios – Non financial Sector](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Credit Watch](#)

[Short Term Instruments](#)

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[Policy on Withdrawal of Ratings](#)

[Shipping](#)

About the Company

AMPL, OSAPL and PSAPL belongs to Abrao group. The group is into marine businesses and provides services like liner agency, offshore agency services, freight forwarding, supply chain management and vessel owning. Aissa Maritime Private Limited (AMPL) is in the Shipping Agency business. Started in 2001, with the aim of providing agency services to container operators, it was appointed agents of IAL (Inter Asia Lines) Shipping Agencies (Singapore). IAL started operations at Chennai and then expanded to Nhava Sheva, Kochi, Kolkata. OSAPL became the exclusive agents of Wan Hai Lines (WHL), Taiwan in 1996. The companies from June 2022 became the Shipping agents for Den Hartogh as well. OSAPL has expanded across India with over 18 offices, with a presence in all the major ports for WHL business and important Inland Container Depots.

AMPL - Standalone

Brief Financials (₹ crore)	March 31, 2021 (A)	March 31, 2022 (A)	9MFY23(UA)
Total operating income	10.66	14.76	NA
PBILDT	7.21	10.56	NA
PAT	5.60	7.50	NA
Overall gearing (times)	0.00	1.14	NA
Interest coverage (times)	400.49	18.22	NA

Combined Financials of AMPL, OSAPL & PSAPL:

Brief Financials (₹ crore)	March 31, 2021 (UA)	March 31, 2022 (UA)	9MFY23(UA)
Total operating income	60.36	94.04	NA
PBILDT	24.04	48.42	NA
PAT	18.05	36.22	NA
Overall gearing (times)	0.09	0.66	NA
Interest coverage (times)	209	38	NA

A: Audited; UA: Unaudited; NA: Not Available

Rating history for the last three years: Please refer Annexure-2**Covenants of the rated instruments/facilities:** Detailed explanation of the covenants of the rated instruments/facilities is given in Annexure-3**Complexity level of the various 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 along with Rating Outlook
Fund-based - LT-Term Loan		-	-	2027	18.89	CARE BBB-; Stable

Annexure-2: Rating history for the 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 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021	Date(s) and Rating(s) assigned in 2019-2020
1	Fund-based - LT-Term Loan	LT	18.89	CARE BBB-; Stable	1)CARE BBB-; Stable (25-May-22)	-	-	-

*Long term/Short term.

Annexure-3: Detailed explanation of the covenants of the rated instruments/facilities-NA**Annexure-4: Complexity level of the various instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple

Annexure-5: Lender details

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

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

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