

Aditya Marine Limited

May 04, 2021

Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings ¹	Rating Action
Long Term Bank Facilities	21.33	CARE BB; Stable; ISSUER NOT COOPERATING* (Double B; Outlook: Stable ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
Short Term Bank Facilities	0.50	CARE A4; ISSUER NOT COOPERATING* (A Four ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
Total Bank Facilities	21.83 (Rs. Twenty-One Crore and Eighty-Three Lakhs Only)		

Details of facilities in Annexure -1

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated April 01, 2020, placed the ratings of Aditya Marine Limited (AML) under the 'issuer non-cooperating' category as AML had failed to provide information for monitoring of the ratings as agreed to in its Rating Agreement. AML continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a letter/email dated April 06, 2021. In line with the extant SEBI guidelines, CARE has reviewed the ratings on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating.

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

The ratings have been revised on account of non-availability of requisite information. The ratings further take into account its moderate profitability margins in FY20 (FY refers to April 1 to March 31) coupled with presence in highly fragmented industry with large number of unorganized players. The ratings, however, derive strength from AML's vast experience of promoters, healthy scale of operations along with comfortable capital structure and debt coverage indicators in FY20.

Detailed description of the key rating drivers

At the time of last rating on April 01, 2020 the following were the rating strengths and weaknesses (Updated for the information from publicly available information)

Detailed description of key rating drivers

Key Rating Weaknesses

Moderate profit margins

The operating profit margins of AML marked by its PBILDT margin remained stable at 9.99% during FY20 as against 10.36% during FY19. On other hand, AML has reported PAT margin of 2.94% during FY20 as against Rs.1.64% during FY19 owing to decrease in depreciation and interest expense during FY20.

Presence in highly fragmented industry with large number of unorganized players

The performance of the port/shipping service sector is linked to cargo traffic, which in turn, is dependent on the health of the economy and trade imbalance. The sector is susceptible to downturn in the economy as well as local government policies regulating trade. The freight forwarding industry is highly fragmented and is dominated by a large segment of unorganized players, which limit the bargaining power of the company.

Key Rating Strengths

Vast experience of promoters in shipping-related logistics business

The operations of AML are being managed by Mr Harshad Gandhi, Managing Director, who has an industry experience of more than three decades in shipping-related services and transportation business. The promoters of AML have also promoted other group concern, namely, Balaji Heavy Lifters Private Limited (BHLPL) which provides transportation services.

Comfortable capital structure and debt coverage indicators

The scale of operations of AML as marked by total operating income (TOI) remained stable at Rs.124.17 crore during FY20 crore as against Rs.119.48 crore during FY19.

As on March 31, 2020, the capital structure of the company further improved marked by its overall gearing which remained at 0.23 times as against 0.54 times as on March 31, 2019 owing to reduction in the total debt level as against increase in

¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications; *Issuer did not cooperate; Based on best available information

tangible net worth as on March 31, 2020. The debt coverage indicators of the company also improved and remained comfortable marked by interest coverage of 6.13 times during FY20 as against 3.71 times during FY19 owing to decrease in interest expense during FY20. Total debt to gross cash accruals (TDGCA) of AML also improved to 1.16 years as on March 31, 2020 as against 2.82 years as on March 31, 2019 on the back of decreased total debt as on March 31, 2020 along with improved GCA during FY20.

Liquidity: Adequate

The liquidity position of the company remained adequate as marked by comfortable operating cycle of 23 days during FY20 as against 29 days during FY19, while the current ratio remained moderate at 1.49 times as on March 31, 2020. Further, cash flow from operations remained comfortable at Rs.15.95 crore during FY20 while unencumbered cash and bank balance remained at Rs.4.14 crore as on March 31, 2020.

Analytical Approach: Standalone

Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)

[CARE's Policy on Default Recognition](#)

[Criteria on assigning Outlook and Credit Watch to Credit Ratings](#)

[Rating Methodology - Service Sector Companies](#)

[Rating Methodology - Wholesale Trading](#)

[Rating Methodology - Shipping Companies](#)

[Rating Methodology - Power Generation Projects](#)

[Financial Ratios - Non-Financial Sector](#)

[Criteria for short term instruments](#)

[Liquidity Analysis of Non-Financial Sector Entities](#)

About the Company

Gandhidham – based (Gujarat) AML, incorporated in August 2004, is promoted by Mr Harshad Gandhi. AML provides ocean freight forwarding, customs clearance, stevedoring, cargo handling, contract logistics and other supply chain management services mainly in the Gujarat region from Kandla and Mundra ports. AML also trades in various commodities and is engaged in renewable power generation. AML has eight windmills spanning across India, Gujarat (3), Rajasthan (2), Tamilnadu (2) and Kerala (1) with an aggregate power generation capacity of 9.35 Mega-Watt (MW) and a 2.23 MW solar power plant in Madhya Pradesh.

Brief Financials (Rs. crore)	FY19 (A)	FY20 (A)
Total operating income	119.48	124.17
PBILD	12.38	12.41
PAT	1.96	3.65
Overall gearing (times)	0.54	0.23
Interest coverage (times)	3.71	6.13

A: Audited

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History (Last three years): Not Applicable

Annexure 1: Details of Instruments/Facilities:

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	September , 2024	8.83	CARE BB; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-EPC/PSC	-	-	-	5.00	CARE BB; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Bank Overdraft	-	-	-	4.50	CARE BB; Stable; ISSUER NOT COOPERATING*
Non-fund-based - ST-Bank Guarantees	-	-	-	0.50	CARE A4; ISSUER NOT COOPERATING*
Fund-based - LT-FBN / FBP	-	-	-	3.00	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 (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1.	Fund-based - LT-Term Loan	LT	8.83	CARE BB; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB; Stable; ISSUER NOT COOPERATING* (01-Apr-20)	1)CARE BB; Stable (07-Jun-19) 2)CARE BB-; Stable; ISSUER NOT COOPERATING* (05-Apr-19)	-
2.	Fund-based - LT-EPC/PSC	LT	5.00	CARE BB; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB; Stable; ISSUER NOT COOPERATING* (01-Apr-20)	1)CARE BB; Stable (07-Jun-19) 2)CARE BB-; Stable; ISSUER NOT COOPERATING* (05-Apr-19)	-
3.	Fund-based - LT-Bank Overdraft	LT	4.50	CARE BB; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB; Stable; ISSUER NOT COOPERATING* (01-Apr-20)	1)CARE BB; Stable (07-Jun-19) 2)CARE BB-; Stable; ISSUER NOT COOPERATING* (05-Apr-19)	-
4.	Non-fund-based - ST-Bank Guarantees	ST	0.50	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4; ISSUER NOT COOPERATING* (01-Apr-20)	1)CARE A4 (07-Jun-19) 2)CARE A4; ISSUER NOT COOPERATING* (05-Apr-19)	-
5.	Fund-based - LT-	LT	3.00	CARE BB; Stable;	-	1)CARE BB;	1)CARE BB;	-

	FBN / FBP			ISSUER NOT COOPERATING*		Stable; ISSUER NOT COOPERATING* (01-Apr-20)	Stable (07-Jun-19) 2)CARE BB-; Stable; ISSUER NOT COOPERATING* (05-Apr-19)	
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**Issuer did not cooperate; Based on best available information*

Annexure 3: Complexity level of various instruments rated for this Company

Sr. No.	Name of the Instrument	Complexity Level
1.	Fund-based - LT-Bank Overdraft	Simple
2.	Fund-based - LT-EPC/PSC	Simple
3.	Fund-based - LT-FBN / FBP	Simple
4.	Fund-based - LT-Term Loan	Simple
5.	Non-fund-based - ST-Bank Guarantees	Simple

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

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