

May 22, 2013

CARE ASSIGNS ‘CARE BB’ AND ‘CARE A4’ RATINGS TO THE BANK FACILITIES OF ADITYA MARINE LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	23.82	CARE BB (Double B)	Assigned
Long/Short-term Bank Facilities	3.50	CARE BB / CARE A4 (Double B) / (A Four)	Assigned
Total Facilities	27.32		

Rating Rationale

The ratings assigned to the bank facilities of Aditya Marine Limited (AML) are constrained by its modest scale of operations, high working capital intensity of its operations resulting in tight liquidity and solvability risk associated with its unrelated diversification into real estate. The ratings are further constrained by AML’s presence in a highly fragmented shipping service industry which is highly susceptible to the economic downturns.

The above constraints far outweigh the promoters’ experience in the shipping and logistics business, long-standing relationship with its clientele and its moderate leverage.

The ability of AML to increase its scale of operations along with improvement in profitability and efficient management of working capital are the key rating sensitivities.

Background

Gandhidham-based AML, incorporated in August 2004, is promoted by Mr Harshad Gandhi. AML provides ocean freight forwarding, custom clearances, 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 on opportunity basis and is engaged in renewable power generation. As on March 31, 2013, AML had eight windmills spanning across Gujarat (Windmills: 3), Rajasthan (2), Tamilnadu (2) and Kerala (1) with an aggregate generation capacity of 9.35 MW and a 0.63 MW solar power plant in Madhya Pradesh.

AML reported a PAT of Rs.3.62 crore on a total operating income of Rs.91.75 crore in FY13 (Provisional; FY refers to the period April 1 to March 31) as against a PAT of Rs.2.62 crore on a total operating income of Rs.120.02 crore in FY12 (Audited).

Analyst Contact

Name: Krunal Modi

Tel: 079-40265614

Mob: +91 85111 90084

Email: krunal.modi@careratings.com

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.

Disclaimer

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¹ Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications

AACARE is headquartered in Mumbai, with Offices all over India. The office addresses and contact numbers are given below:

HEAD OFFICE: MUMBAI

Mr. D.R. Dogra

Managing Director

Mobile : +91-98204 16002

E-mail : dr.dogra@careratings.com

Mr. Rajesh Mokashi

Dy. Managing Director

Mobile +91-98204 16001

E-mail: rajesh.mokashi@careratings.com

Mr. Ankur Sachdeva

Vice President – Banks & Financial Services

Mobile: +91-9819698985

Email ankur.sachdeva@careratings.com

CREDIT ANALYSIS & RESEARCH LTD

HEAD OFFICE 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022 | Tel: +91-022- 6754 3456 | E-mail: care@careratings.com |

Fax: +91-022- 6754 3457.

KOLKATA | **Ms. Priti Agarwal** | Cell: +91-98319 67110 | Tel: +91-33- 4018 1600/ 1602 |

E- mail: priti.agarwal@careratings.com | 3rd Flr., Prasad Chambers (Shagun Mall Bldg), 10A, Shakespeare Sarani, Kolkata -700 071

CHENNAI | **Mr. V Pradeep Kumar** | Cell: +91 9840754521 | Tel: +91-44-2849 7812/2849 0811 | Fax: +91-44-2849 0876 | Email: pradeep.kumar@careratings.com | Unit No. O-509/C, Spencer Plaza, 5th Floor, No. 769, Anna Salai, Chennai - 600 002

AHMEDABAD | **Mr. Mehul Pandya** | Cell: +91-98242 56265 | Tel: +91-79-40265656 | Fax: +91-79-40265657 | E-mail:mehul.pandya@careratings.com | 32, Titanium, Prahaladnagar Corporate Road, Satellite, Ahmedabad - 380 015.

NEW DELHI | **Ms. Swati Agrawal** | Cell: +91-98117 45677 | Tel: +91- 11- 2331 8701/ 2371 6199 |

E-mail: swati.agrawal@careratings.com | 3rd Floor, B -47, Inner Circle, Near Plaza Cinema, Connaught Place, New Delhi - 110 001.

BENGALURU | **Mr. Dinesh Sharma** | Cell: +91 9900041975 | Tel: +91-80-22117140 |

E-mail: dinesh.sharma@careratings.com | Unit No. 8, I floor, Commander's Place, No. 6, Raja Ram Mohan Roy Road, (Opp. P F Office), Richmond Circle, Bangalore - 560 025.

HYDERABAD | **Mr. Saikat Roy** | Tel: +91-40-40102030 |

E-mail: saikat.roy@careratings.com | 401, Ashoka Scintilla | 3-6-520, Himayat Nagar | Hyderabad - 500 029.

PUNE | **Mr. Rahul Patni** | Cell: +91-78754 33355 | Tel: +91-20- 4000 9000 |

E-mail: rahul.patni@careratings.com | 9th Floor, Pride Kumar Senate, Plot No. 970, Bhamburda, Senapati Bapat Road, Shivaji Nagar, Pune - 411 015.

JAIPUR | **Mr. Rahul Jain** | Cell: +91-9314921496 | Tel: +91-0141-4020213/14 |

E-mail: rahul.jain@careratings.com | 304, Pashupati Akshat Height, s Plot No. D-91, Madho Singh Road, Near Collectorate Circle, Bani Park , Jaipur – 302016