

JUNE 25, 2014

CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES OF ADITYA MARINE LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	47.61 (enhanced by Rs.27.00 crore)	CARE BB (Double B)	Reaffirmed
Long-term/Short-term Bank Facilities	5.00 (enhanced by Rs.1.50 crore)	CARE BB / CARE A4 (Double B / A Four)	Reaffirmed
Short-term Bank Facilities	0.54	CARE A4 (A Four)	Assigned
Total Facilities	53.15		

Rating Rationale

The ratings continue to be constrained by the modest scale of operations of Aditya Marine Limited (AML), high working capital intensity of its operations resulting in tight liquidity and solvability risk associated with its commercial real estate project which has exhibited slow progress. The ratings are further constrained by AML's predominantly debt-funded large capex plan towards acquisition of a new material handling crane; and its presence in a fragmented shipping service industry whose fortunes are highly susceptible to economic downturns.

The ratings, however, continue to derive strength from the promoters' experience in the shipping and logistics business, its diversified revenue-mix supported by the 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, efficient management of working capital and timely realization of the envisaged benefits from its ongoing projects would be the key rating sensitivities.

Background

Gandhidham-based 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. As on March 31, 2014, AML had eight windmills spanning across Gujarat (Windmills: 3), Rajasthan (2), Tamilnadu (2) and Kerala (1) with an aggregate power generation capacity of 9.35 MW and a 0.63 MW solar power plant in Madhya Pradesh.

AML reported a PAT of Rs.4.17 crore on a total operating income of Rs.112.27 crore in FY14 (Provisional; refers to the period April 1 to March 31) as against a PAT of Rs.4.26 crore on a total operating income of Rs.92.36 crore in FY13 (audited).

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

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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