

Aditya Marine Limited

April 01, 2020

Ratings

Facilities	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)	Issuer not cooperating; Based on best available information
Short Term Bank Facilities	0.50	CARE A4; Issuer Not Cooperating* (A Four; Issuer Not Cooperating)	Issuer not cooperating; Based on best available information
Total	21.83 (Rupees Twenty One crore and Eighty Three lakh only)		

Detailed Rationale & Key Rating Drivers

CARE has been seeking information from Aditya Marine Limited (AML) to monitor the ratings vide e-mail communications/ letters dated December 09, 2019, December 13, 2019, December 27, 2019, January 01, 2020, January 07, 2020, January 24, 2020, February 10, 2020, February 18, 2020, February 28, 2020, March 02, 2020, March 04, 2020, March 07, 2020, March 09, 2020, March 13, 2020 and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. 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. The ratings on AML's bank facilities will now be denoted as **CARE BB; Stable/ CARE A4; ISSUER NOT COOPERATING***.

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 assigned to the bank facilities of AML take into account its moderate profit margins and 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

Detailed description of the key rating drivers

At the time of last rating on June 07, 2019 the following were the rating strengths and weaknesses (Updated for the information from publically available information)

Detailed description of key rating drivers
Key Rating Weaknesses
Moderate profit margins

The profit margins of AML continued to remain moderate at 10.36% (Rs.12.38 crore) for FY19 as against 11.75% (Rs.12.77 crore) for FY18. The company has reported net profit of Rs.1.96 crore for FY19 as against net profit of Rs.0.99 crore for FY18.

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

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

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.

Healthy scale of operations along with comfortable capital structure and debt coverage indicators

The scale of operations of AML as marked by total operating income (TOI) increased by 9.90% y-o-y during FY19 and remained healthy at Rs.119.48 crore as against Rs.108.72 crore during FY18 owing to significant increase in agency income and clearing & forwarding income led by increase in orders executed by AML during FY19. As on March 31, 2019, the capital structure of the company marked by overall gearing continued to remain comfortable at 0.54 times as against 0.83 times as on March 31, 2018 owing to reduction in the total debt level led by scheduled repayment of term loans and reduction in utilization of working capital borrowings as on balance sheet date. The debt coverage indicators of the company also improved and remained moderate marked by total debt to gross cash accruals (TDGCA) of 2.82 years as on March 31, 2019 as against 4.65 years as on March 31, 2018. Further, interest coverage of the company improved and remained comfortable at 3.71 times for FY19 as against 2.92 times for FY18.

Liquidity Position: Adequate

The liquidity position of the company remained adequate as marked by comfortable operating cycle of 29 days during FY19 as against 42 days during FY18, while the current ratio remained moderate at 1.38 times as on March 31, 2019. Average utilization of working capital borrowings remained at ~65% during past 12 months ended on February 29, 2020. Further, cash flow from operations remained comfortable at Rs.12.75 crore during FY19 while the cash and bank balance remained at Rs.4.18 crore as on March 31, 2019.

Analytical Approach: Standalone

Applicable Criteria

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

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

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

[Financial ratios – Non-Financial Sector](#)

[Criteria for Short Term Instruments](#)

[CARE's Rating Methodology for Service Sector Companies](#)

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)	FY18 (A)	FY19 (A)
Total operating income	108.72	119.48
PBILDT	12.77	12.38
PAT	0.99	1.96

Overall gearing (times)	0.83	0.54
Interest coverage (times)	2.92	3.71

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* Issuer not cooperating; Based on best available information
Fund-based - LT-EPC/PSC	-	-	-	5.00	CARE BB; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Fund-based - LT-Bank Overdraft	-	-	-	4.50	CARE BB; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Non-fund-based - ST-Bank Guarantees	-	-	-	0.50	CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Fund-based - LT-FBN / FBP	-	-	-	3.00	CARE BB; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information

*Issuer did not cooperate; based on best available information

Annexure-2: Rating History of 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 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Fund-based - LT-Term Loan	LT	8.83	CARE BB; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	1)CARE BB; Stable (07-Jun-19) 2)CARE BB-; Stable; ISSUER NOT COOPERATING* (05-Apr-19)	-	1)CARE BB-; Stable (28-Mar-18)	1)CARE BB; Stable (24-Feb-17)
2.	Fund-based - LT-EPC/PSC	LT	5.00	CARE BB; Stable; ISSUER NOT COOPERATING* Issuer not	1)CARE BB; Stable (07-Jun-19) 2)CARE BB-; Stable; ISSUER NOT	-	1)CARE BB-; Stable (28-Mar-18)	1)CARE BB; Stable (24-Feb-17)

				cooperating; Based on best available information	COOPERATING* (05-Apr-19)			
3.	Fund-based - LT-Bank Overdraft	LT	4.50	CARE BB; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	1)CARE BB; Stable (07-Jun-19) 2)CARE BB-; Stable; ISSUER NOT COOPERATING* (05-Apr-19)	-	1)CARE BB-; Stable (28-Mar-18)	1)CARE BB; Stable (24-Feb-17)
4.	Non-fund-based - LT/ST-Letter of credit	LT/ST	-	-	-	-	1)Withdrawn (28-Mar-18)	1)CARE BB; Stable / CARE A4 (24-Feb-17)
5.	Non-fund-based - ST-Bank Guarantees	ST	0.50	CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	1)CARE A4 (07-Jun-19) 2)CARE A4; ISSUER NOT COOPERATING* (05-Apr-19)	-	1)CARE A4 (28-Mar-18)	1)CARE BB; Stable / CARE A4 (24-Feb-17)
6.	Fund-based - LT-FBN / FBP	LT	3.00	CARE BB; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	1)CARE BB; Stable (07-Jun-19) 2)CARE BB-; Stable; ISSUER NOT COOPERATING* (05-Apr-19)	-	1)CARE BB-; Stable (28-Mar-18)	1)CARE BB; Stable (24-Feb-17)
7.	Non-fund-based - ST-Credit Exposure Limit	ST	-	-	-	-	1)Withdrawn (28-Mar-18)	1)CARE A4 (24-Feb-17)

*Issuer did not cooperate; based on best available information

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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