

Aditya Marine Limited

April 05, 2019

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Rating Action
Long-Term Bank Facilities	34.92	CARE BB-; Stable; ISSUER NOT COOPERATING* (Double B Minus; Outlook:Stable; ISSUER NOT COOPERATING)	Issuer not co-operating; On the basis of best available information
Short-Term Bank Facilities	0.50	CARE A4; ISSUER NOT COOPERATING* (A Four; ISSUER NOT COOPERATING)	Issuer not co-operating; On the basis of best available information
Total facilities	35.42 (Rupees Thirty Five crore and Forty Two lakh only)		

Details of facilities in Annexure-1
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 November 11, 2018, December 04, 2018, January 04, 2019, February 13, 2019, February 20, 2019, February 23, 2019, March 11, 2019, March 16, 2019, March 30, 2019, March 31, 2019 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 of AML's bank facilities will now be denoted as CARE BB-; Stable; 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 rating.

The ratings take into account moderate scale of operations and profitability in FY18 (refers to the period April 1 to March 31). The ratings, further, continue to remain constrained on account of its presence in highly fragmented industry with large number of unorganized players.

However, the ratings continue to derive strength from vast experience of promoters in the same line of business along with moderate comfortable capital structure and debt coverage indicators as well as satisfactory liquidity position.

Detailed description of the key rating drivers

At the time of last rating done on March 28, 2018, the following were the rating strengths and weaknesses (updated for details available from client)

Detailed description of the key rating drivers
Key Rating Weaknesses
Moderate scale of operations with moderate profitability

During FY18 scale of operations of the AML as marked by total operating income (TOI) increased by 61.07% and remained moderate at Rs.108.71 crore as against Rs.67.49 crore during FY17. The PBILDT of the company continued to remain moderate at Rs.12.73 crore during FY18 from Rs.13.04 crore during FY17. AML reported net profit of Rs.0.99 crore for FY18.

Highly fragmented industry with the presence of a 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

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

promoted other group concern, namely, Balaji Heavy Lifters Private Limited (BHLPL) which provides transportation services.

Moderately comfortable capital structure & moderate debt coverage indicators

As on March 31, 2019, the capital structure of the company improved and remained moderately comfortable marked by overall gearing stood at 0.83 times as on March 31, 2018 as against 1.08 times as on March 31, 2017.

The debt coverage indicators of the company improved and remained moderate marked by total debt to Gross Cash Accruals (TDGCA) of 4.65 years as on March 31, 2018 as against 5.54 years as on March 31, 2017 owing to decrease in total debt level of the company. Interest coverage of the company improved and remained moderate at 2.91 times for FY18 as against 2.35 times for FY17 owing to decrease in interest cost of the company during FY18.

Satisfactory liquidity position

The liquidity position of the company remained satisfactory marked by current ratio of 1.25 times as on March 31, 2018 while the operating cycle of the company remained moderate at 34 days during FY18. Cash flow from operations remained at Rs.17.03 crore during FY18 while the cash and bank balance remained at Rs.4.90 crore as on March 31, 2018.

Analytical Approach: Standalone

Applicable Criteria

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

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

[Rating Methodology-Manufacturing Companies](#)

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

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

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 had eight windmills spanning across Gujarat (Windmills: 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)	FY17 (A)	FY18 (A)
Total operating income	67.49	108.71
PBILDT	13.04	12.73
PAT	-0.18	0.99
Overall gearing (times)	1.08	0.83
Interest coverage (times)	2.35	2.91

A: Audited

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable.

Rating History for last three years: Please refer Annexure-2

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.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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	22.42	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 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016
1.	Fund-based - LT-Term Loan	LT	22.42	CARE BB-; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE BB-; Stable (28-Mar-18)	1)CARE BB; Stable (24-Feb-17)	1)CARE BB (03-Feb-16)
2.	Fund-based - LT-EPC/PSC	LT	5.00	CARE BB-; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE BB-; Stable (28-Mar-18)	1)CARE BB; Stable (24-Feb-17)	1)CARE BB (03-Feb-16)
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 (28-Mar-18)	1)CARE BB; Stable (24-Feb-17)	1)CARE BB (03-Feb-16)
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)	1)CARE BB / CARE A4 (03-Feb-16)
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 (28-Mar-18)	1)CARE BB; Stable / CARE A4 (24-Feb-17)	1)CARE BB / CARE A4 (03-Feb-16)
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 (28-Mar-18)	1)CARE BB; Stable (24-Feb-17)	1)CARE BB (03-Feb-16)
7.	Non-fund-based - ST-Credit Exposure Limit	ST	-	-	-	1)Withdrawn (28-Mar-18)	1)CARE A4 (24-Feb-17)	1)CARE A4 (03-Feb-16)

*Issuer did not cooperate; based on best available information

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