



SMERA RATINGS LIMITED

# Seaport Logistics Private Limited (SLPL)

## Rating Rationale

**September 22, 2014**

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	5.10	SMERA BB+/Stable (Assigned)
Bank Guarantee	10.00	SMERA A4+ (Assigned)

SMERA has assigned ratings of '**SMERA BB+**' (read as **SMERA double B plus**) and '**SMERA A4+**' (read as **SMERA A four plus**) to the abovementioned bank facilities of Seaport Logistics Private Limited (SLPL). The outlook is '**Stable**'. The ratings are supported by the company's healthy financial risk profile, experienced management and established association with reputed clients. However, the ratings are constrained by the company's working capital-intensive operations. The ratings are also constrained by the company's exposure to intense competition in the logistic industry.

SLPL, incorporated in 1994, is a Chennai-based company engaged in providing stevedoring and logistic services. SLPL's healthy financial risk profile is marked by low leverage (debt-equity ratio) of 0.42 times as on March 31, 2013. The company's strong coverage indicators are reflected in interest coverage ratio of 20.28 times and debt service coverage ratio (DSCR) of 2.94 times in FY2012-13 (refers to financial year, April 01 to March 31). SLPL benefits from its experienced management. The promoters of the company have around two decades of experience in the logistics industry. SLPL also benefits from its long-standing relations with several reputed customers such as Tamil Nadu Newsprint and Papers Limited, Ramco Cements Limited, The India Cements Limited and Coastal Energy Private Limited.

SLPL's operations are working capital-intensive. The company's utilisation of working capital limit is high at ~98 per cent during January 2014 to July 2014. SLPL faces intense competition from several players in the logistic industry.

### Outlook: Stable

SMERA believes SLPL will maintain a stable business risk profile over the medium term. The company's ability to expand its scale of operations without compromising on profitability and liquidity position will be a key rating sensitivity. The outlook may be revised to 'Negative' in case of sharp deterioration in the company's profitability or financial risk profile. The outlook may be revised to 'Positive' in case the company registers strong growth in revenues and profitability while achieving significant improvement in liquidity position and financial risk profile.

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### About the company

SLPL, incorporated in 1994, is a Chennai-based company promoted by Mr. Mohamed Shamsudeen Tajudeen. Mr. Shamsudeen Nizamudeen Mohamed, Mr. Mohamed Shamsudeen Saifudeen and Mr. Tajudeen Mohamed Kaizer are the other directors of SLPL. SLPL is engaged in providing stevedoring and logistics services.

For FY2012–13, SLPL reported profit after tax (PAT) of Rs.3.24 crore on operating income of Rs. 91.33 crore, as compared with PAT of Rs.2.62 crore on operating income of Rs.90.45 crore in FY2011–12. For FY2013–14 (as per provisional financial statements), SLPL reported PAT of Rs.2.65 crore on operating income of Rs.86.86 crore. SLPL's net worth stood at Rs.19.83 crore as on March 31, 2013, as compared with Rs.16.59 crore a year earlier.

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