

November 04, 2015

Facilities	Amount (Rs. Crore)	Rating
Cash Credit	5.10	SMERA BBB-/Stable (Upgraded from SMERA BB+/Stable)
Bank Guarantee	10.00	SMERA A3 (Upgraded from SMERA A4+)

SMERA has upgraded the long-term rating on Rs.5.10 crore bank facilities of Seaport Logistics Private Limited (SLPL) to '**SMERA BBB-**' (**read as SMERA triple B minus**) from '**SMERA BB+**' (**read as SMERA double B plus**). And short term rating on the Rs. 10.00 crore to '**SMERA A3**' (**read as SMERA A three**) from '**SMERA A4+**' (**read as SMERA A four plus**). The outlook is '**Stable**'.

The upgrade is in view of growth in scale of operations and recent expansion done by the company. The ratings continue to draw comfort from the company's experienced management, reputed customer base and healthy financial risk profile. However, the rating remains constrained by the company's working capital-intensive operations and intense competition from several players in the logistic industry.

Update

SLPL's revenues increased from Rs. 86.16 crore in FY2013-14 (refers to financial year, April 01 to March 31) to Rs.145.98 crore in FY2014-15 on the back of higher demand from stevedoring income. For half yearly 2015(April 01 to October 01) the company has registered operating income of Rs. 160 crore. SLPL operating margins have been stable ~ 9 percent in FY 2014-15 and 2013-14. In February 2004-15 SLPL has bought three barges ~Rs. 15 crore which was funded through internal accruals. Initially the company was operating on rented barges. SMERA believes with the recent expansion done by the company operating margins are expected to improve in medium term.

The rating continues to derive support from 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 operates with healthy financial risk profile marked by debt to equity of 0.90 times and Interest coverage of 8 times as on 31st March 2015.

However, SLPL's operations are working capital intensive marked by high bank limit utilisation of ~ 96 percent during March to August 2015.

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.

Outlook: Stable

SMERA believes that the outlook of SLPL will remain stable over the medium term. The outlook will be revised to positive in case of SLPL is able to improve profitability and liquidity profile. On the contrary the outlook shall be revised to negative in SLPL's inability to fails to achieve the projected scalability amidst intensifying competition in its area of operations thereby impacting profitability or elongating its working capital cycle with resultant impact on debt protection metrics.

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.

Contact List:

Media/Business Development	Analytical Contacts	Rating Desk
Antony Jose Vice President – Business Development, Mid Corporate Tel: +91-22-6714 1191 Cell: +91 98208 02479 Email: antonystjose@smera.in	Vinay Chhawchharia Associate Vice President – Corporate Ratings Tel: +91-22-6714 1156 Email: vinay.chhawchharia@smera.in	Tel: +91-22-6714 1184 Email: ratingdesk@smera.in

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.