

Press Release

Seaport Logistics Private Limited

November 02, 2021



Rating Downgraded & Withdrawn

Total Bank Facilities Rated*	Rs.15.10 Cr.
Long Term Rating	ACUITE B+ (Downgraded from ACUITE BB-) Withdrawn
Short Term Rating	ACUITE A4 (Downgraded from ACUITE A4+) Withdrawn

* Refer Annexure for details

Rating Rationale

Acuité has downgraded and withdrawn the long-term rating to '**ACUITE B+** (read as **ACUITE B plus**) from '**ACUITE BB-** (read as **ACUITE double B minus**) and the short-term rating to '**ACUITE A4** (read as **ACUITE A four**) from '**ACUITE A4+** (read as **ACUITE A four plus**) on the Rs.15.10 Cr. bank facilities of Seaport Logistics Private Limited (SLPL).

The rating is being withdrawn on account of the request received from the company and the NDC received from the banker as per Acuité's policy on withdrawal of ratings.

Rationale for downward revision of ratings

The downward revision of ratings takes into account the deteriorating business risk profile marked deterioration in operating income to Rs.131.76 Cr. in FY2021 (Provisional) from Rs.139.85 Cr. in FY2020 and Rs.177.83 Cr. in FY2019, this has trickled down to its liquidity position which stands stretched as reflected in its NCA (Net Cash Accruals) of Rs.2.31 Cr. vis-à-vis its CPLTD of Rs. 3.17 Cr. in FY2021 (Provisional).

About the Entity

Madras based Seaport Logistics Private Limited (SLPL) led by Mr. Mohamed Shamsudeen was incorporated in 1994. It specializes in handling dry & break bulk cargo such as Coal, Limestone, Rock Phosphate, Sulphur, Gypsum, Copper Concentrate and Food grains. SLPL also handles all the other cargoes including machineries. The company provides complete stevedoring & Logistical solutions, and has handling over 10 million MT of dry bulk cargoes per annum.

Analytical Approach

Acuité has considered the standalone view of the business and financial risk profile of SLPL to arrive at the rating.

Key Rating Drivers

Strengths

- **Moderate Working capital management**

SLPL has a moderate working capital cycle marked by Gross Current Assets (GCA) days of 97 days in FY2021 (Provisional) and in FY2020. The debtors collection period improved marginally to 65 days in FY2021 (Provisional) as against 70 days in FY2020. While, the inventory holding period stands low at 1 day in FY2021 (Provisional) due to the nature of the business. Further, the creditor payment period reduced to significantly to 25 days in FY2021 (Provisional) as against 75 days in FY2020 as creditors demanded quicker payments on the back of covid-19.

Weaknesses

- **Average financial risk profile marked by decline in net worth and coverage indicators**

The tangible net worth of the company stood at Rs.30.04 Cr. as on March 31, 2021 (Prov.) as against Rs.32.23 Cr. as on March 31, 2020 on account impact of loss to reserves.

SLPL follows a conservative financial policy as reflected in its Gearing (Debt to Equity) of 0.53 times as on

March 31, 2021 (Prov.) as against 0.89 times as on March 31, 2020. The TOL/TNW (Total Outside Liabilities to Total Net Worth) ratio stands significantly high at 1.02 times as on March 31, 2021 (Prov.) as against 2.09 times as on March 31, 2020.

The debt profile majorly comprises of both long term and short-term fund based bank facilities. Rs.16.01 Cr. as on March 31, 2021.

The Debt-EBITDA have deteriorated on a Y-O-Y basis at 4.30 times as on March 31, 2021 (Prov.) as against 2.04 times as on March 31, 2020.

The coverage indicators remain modest while deteriorating on Y-O-Y basis, marked by ICR (Interest Coverage Ratio) of 1.17 times and DSCR (Debt-Service Coverage Ratio) of 0.45 times in FY2021.

The NCA/TD (Net Cash Accrual to Total Debt) stands paltry at 0.14 times in FY2021 as against 0.33 times in FY2020. The current maturities for FY2021 (Provisional) have been satisfied via sale of assets.

Liquidity position: Stretched

SLPL has a stretched liquidity position marked by inadequate net cash accruals to its maturing debt obligations.

SLPL generated cash accruals of Rs.2.31 Cr. in FY2021 (Prov.), while its maturing debt obligations were in the range of Rs.3.17 Cr. during the same period. The CPLTD were satisfied by the sale of assets in FY2021.

SLPL maintained unencumbered cash and bank balances of Rs.1.13 Cr. as on March 31, 2021 (Provisional). The current ratio of SLPL stood moderate at 1.71 times as on March 31, 2021 (Provisional).

Rating Sensitivities

Not Applicable

Material Covenants

None

Outlook

Not Applicable

About the Rated Entity – Key Financials

	Unit	FY21 (Provisional)	FY20 (Actual)
Operating Income	Rs. Cr.	131.76	139.85
PAT	Rs. Cr.	(2.20)	3.16
PAT Margin	(%)	(1.67)	2.26
Total Debt/Tangible Net Worth	Times	0.53	0.89
PBDIT/Interest	Times	1.17	4.17

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

None

Applicable Criteria

- Default Recognition – <https://www.acuite.in/view-rating-criteria-52.htm>
- Service Sector Entities – <https://www.acuite.in/view-rating-criteria-50.htm>
- Financial Ratios And Adjustments – <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/view-rating-criteria-55.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
23-Feb-2021	Cash Credit	Long Term	5.10	ACUITE BB- (Downgraded & Indicative)

	Bank Guarantee	Short Term	10.00	ACUITE A4+ (Indicative)
16-Dec-2019	Cash Credit	Long Term	5.10	ACUITE BB (Downgraded & Indicative)
	Bank Guarantee	Short Term	10.00	ACUITE A4+ (Downgraded & Indicative)
06-Oct-2018	Cash Credit	Long Term	5.10	ACUITE BBB- (Indicative)
	Bank Guarantee	Short Term	10.00	ACUITE A3 (Indicative)

***Annexure – Details of instruments rated**

Lender Name	Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Axis Bank	Cash Credit	Not Applicable	Not Available	Not Applicable	5.10	ACUITE B+ (Downgraded from ACUITE BB-) Withdrawn
Union Bank of India (erstwhile Corporation Bank)	Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	10.00	ACUITE A4 (Downgraded from ACUITE A4+) Withdrawn

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About Acuité Ratings & Research:

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