

May 04, 2015

| Facilities | Amount (Rs. Crore) | Ratings |
|------------------|-----------------------|----------------------------|
| Cash Credit | 10.00 | SMERA BB/Stable (Assigned) |
| Term Loan | 0.84 | SMERA BB/Stable (Assigned) |
| Letter of Credit | 1.00 | SMERA A4+ (Assigned) |

SMERA has assigned a rating of '**SMERA BB**' (read as **SMERA double B**) to the Rs.10.84 crore long term (fund based) bank facilities and '**SMERA A4+**' (read as **SMERA A four plus**) to the Rs.1.00 crore short term (non-fund based) bank facility of Air Transport Corporation (Assam) Private Limited (ATCPL). The outlook is '**Stable**'. The ratings are supported by the company's established operations and healthy revenue growth. The ratings also draw comfort from the company's moderate financial risk profile and experienced management. However, the ratings are constrained by the company's stretched liquidity position. The ratings note that the company faces intense competition in the transportation and logistics industry.

ATCPL, incorporated in 1974, is a Guwahati-based company engaged in providing logistics and transportation services. ATCPL has registered healthy revenue growth of ~13 per cent (compound annual growth rate) during FY2009-10 to FY2013-14. The company's moderate financial risk profile is reflected in leverage (debt-equity ratio) of 2.33 times as on March 31, 2014 and interest coverage ratio of 2.74 times in FY2013-14 (refers to financial year, April 01 to March 31). ATCPL benefits from its experienced management. Mr. Satyadeo Goyal, director of ATCPL, has 30 years of experience in the logistics and transportation industry.

ATCPL's stretched liquidity position is reflected in high average utilisation (96 per cent) of cash credit limit during September 2014 to February 2015. The company faces intense competition from several players in the unorganized segment of the transportation and logistics industry.

Outlook: Stable

SMERA believes ATCPL will maintain a stable business risk profile over the medium term. The company will continue to benefit from its established operations and experienced management. The outlook may be revised to 'Positive' in case the company registers strong growth in revenues while achieving sustained improvement in profitability. The outlook may be revised to 'Negative' in case of deterioration in the company's financial risk profile.

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.

**About the company**

ATCPL, incorporated in 1974, is a Guwahati-based company engaged in providing logistics and transportation services. The overall operations of the company are managed by Mr. Satyadeo Goyal, Mr. Pradeep Goyal, Mr. Sudhir Goyal and Mr. Som Dev Goyal.

For FY2013-14, ATCPL reported profit after tax (PAT) of Rs.1.10 crore on operating income of Rs.109.79 crore, as compared with PAT of Rs.1.60 crore on operating income of Rs.88.44 crore in FY2012-13. The company registered revenue of Rs.110 crore (provisional) during April 2014 to February 2015. ATCPL's net worth stood at Rs.7.41 crore as on March 31, 2014, as compared with Rs.6.31 crore a year earlier.

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