



SMERA RATINGS LIMITED

# Eastern Cargo Carriers (India) Private Limited (Eastern Cargo)

## Rating Rationale

**December 10, 2015**

Facilities	Amount (Rs. Crore)	Rating
Cash Credit	7.50	SMERA BB/Stable (Assigned)
Proposed Cash Credit	0.67	SMERA BB/Stable (Assigned)
Proposed Term Loan	6.83	SMERA BB/Stable (Assigned)

SMERA has assigned long-term rating of '**SMERA BB**' (read as **SMERA double B**) to the Rs.15.00 crore bank facilities of Eastern Cargo Carriers (India) Private Limited (Eastern Cargo). The rating draws comfort from the company's long track record of operations, experienced promoters and moderate financial risk profile marked by low gearing. The rating also draws support from the healthy interest coverage ratio and established customer base. However, the rating is constrained by the low net worth of the company and exposure to project execution risk.

### Outlook: Stable

SMERA believes that Eastern Cargo will continue to maintain a stable business risk profile owing to its established market position and extensive experience of the promoters. The outlook may be revised to 'Positive' in case of higher than expected revenues and improvement in the net worth of the company. Conversely, the outlook may be revised to 'Negative', in case of deterioration in the financial risk profile.

### Rating Sensitivity Factors

- Project execution risk
- Deterioration in the financial risk profile

### About the Company

Eastern Cargo, a Mumbai-based company incorporated in 1992 by Mr. Alok B. Seth and Mr. Lalitkumar Seth are engaged in freight and forwarding services. The company is part of the Eastern Group established in 1979.

For FY2014-15, Eastern Cargo reported profit after tax (PAT) of Rs.1.39 crore (provisional), on operating income of Rs.11.79 crore, as compared with PAT of Rs.1.31 crore on operating income of Rs.13.90 crore in the previous year. The firm's net worth stood at Rs.6.80 crore as on March 31, 2015 as compared with Rs.5.64 crore a year earlier.

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**Rating  
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