

Press Release

Eastern Cargo Carriers (I) Private Limited

March 03, 2017

Rating Reaffirmed

Total Bank Facilities Rated*	Rs. 15.00 Cr.
Long Term Rating	SMERA BB / Outlook: Stable

* Refer Annexure for details

Rating Rationale

SMERA has reaffirmed long-term rating of '**SMERA BB**' (**read as SMERA BB**) on the Rs. 15.00 crore bank facilities of Eastern Cargo Carriers (I) Private Limited. The outlook is '**Stable**'.

Eastern Cargo Carriers India Private Limited (ECCIPL), the flagship company of the Eastern group is engaged in the logistics business. Incorporated in 1992, the company provides freight forwarding services and is registered with IATA (International Air Transport Association), WCA (World Cargo Alliance), WCA Pharma, FIATA (International Federation of Freight Forwarders Associations) among others.

Key Rating Drivers

Strengths

- Experienced management and established track record of operations**

ECCIPL was incorporated in 1992. The company benefits from its established track record of operations and experienced management. Mr. Alok Seth and Mr. Lalitkumar Seth, Directors, possess experience of around three decades in the logistics industry.

- Comfortable financial risk profile**

The gearing level (debt-to-equity ratio) stood at 1.36 times as on 31 March, 2016 as compared to 1.24 times in the previous year. The net worth stood at Rs.9.46 cr in FY2015-16 as against Rs.6.92 cr in FY2014-15. The Interest coverage ratio was 4.11 times in FY2015-16 as compared to 4.77 times in FY2014-15. The Debt Service coverage ratio improved to 2.46 times in FY2015-16 as compared to 1.64 times in FY2014-15.

- Reputed clientele**

The company's reputed client base includes Cipla Limited, Tata Motors Limited, Hindalco industries limited among others.

- Comfortable liquidity position**

The liquidity position of the company is comfortable with working capital cycle days of ~5 in FY2015-16 as compared to ~7 in FY2014-15. The GCA days stood at 53 in FY2015-16 as compared to 60 in FY2014-15. The bank limit utilisation is 85 percent and NCA/TD stood at 0.13 times in FY2015-16.

Weaknesses

- Low profitability**

The operating margin of ECCIPL remained low at 1.81 percent in FY2015-16 as compared to 1.90 percent in FY2014-15. The PAT margins remained low at 0.94 percent in FY2015-16 as compared to 1.01 percent in FY2014-15 due to the commission based nature of business of the company.

- **Competitive and fragmented industry**

ECCIPL operates in a highly competitive and fragmented logistics industry with large number of players.

Analytical Approach

SMERA has considered the standalone business and financial risk profiles of ECCIPL.

Outlook: Stable

SMERA believes that ECCIPL will continue to maintain a stable outlook owing to its established market position and extensive industry experience of its promoters. The outlook may be revised to Positive in case of higher than expected revenues, and improvement in profit margins. Conversely, the outlook may be revised to Negative, in case of decline in revenues and profitability margins.

About the Rated Entity - Key Financials

For FY2015-16, the company reported profit after tax (PAT) of Rs.1.26 cr on operating income of Rs.134.10 cr, as compared with PAT of Rs.1.32 cr on operating income of Rs.130.59 cr in FY2014-15. The net worth stood at Rs.9.46 cr as on 31 March, 2016 against Rs.6.92 cr a year earlier.

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

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Entities In Services Sector - <https://www.smera.in/criteria-services.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Crore)	Ratings/Outlook
10-Dec-2015	Cash Credit	Long Term	INR 7.5 CR	SMERA BB / Stable
	Proposed Cash Credit	Long Term	INR 0.67 CR	SMERA BB / Stable
	Proposed Term loan	Long Term	INR 6.83 CR	SMERA BB / Stable

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	7.50	SMERA BB / Stable
Term loans	Not Applicable	Not Applicable	Not Applicable	5.50	SMERA BB / Stable
Proposed	Not Applicable	Not	Not	0.67	SMERA BB / Stable

		Applicable	Applicable		
Proposed	Not Applicable	Not Applicable	Not Applicable	1.33	SMERA BB / Stable

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ABOUT SMERA

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