

Press Release

Yeoman Marine Services Private Limited

October 08, 2018



Rating Upgraded

Total Bank Facilities Rated*	Rs. 27.00 Cr. (Enhanced from Rs.20 Cr.)
Long Term Rating	ACUITE BBB-/ Stable (Upgraded from ACUITE BB+/Stable)
Short Term Rating	ACUITE A3 (Upgraded from ACUITE A4+)

* Refer Annexure for details

Rating Rationale

Acuité has upgraded the long term rating to '**ACUITE BBB-**' (**read as ACUITE triple B minus**) from '**ACUITE BB+**' (**read as ACUITE double B plus**) and the short term rating to '**ACUITE A3+**' (**read as ACUITE A three plus**) from '**ACUITE A4+**' (**read as ACUITE A four plus**) to the Rs. 27.00 crore bank facilities of Yeoman Marine Services Private Limited (YMSPL). The outlook is '**Stable**'.

The upgrade reflects continuous improvement in the company's financial risk profile, healthy revenue growth. The rating continues to draw comfort from the experienced management, reputed clientele and healthy margins.

YMSPL was incorporated in September 2015 to take over the existing business of Yeoman Marine Services (YMS) with effect from 31 October, 2015. YMS was established in 1999 as a proprietorship concern by Mr. Dhananjay Mishra. The company is engaged in the repairing of ships, distribution of marine equipment and accessories at its four workshops at Nerul, Sewri, Karwar and Vizag.

Analytical Approach

Acuité has considered the standalone business and financial risk profile of Yeoman Marine Services Private Limited to arrive at the rating.

Key Rating Drivers:

Strengths

Experienced management

Mr. Dhananjay Mishra (Director) has more than two decades of experience in the marine industry and has been able to build healthy relationships with customers and suppliers. Acuité believes that YMSPL will continue to benefit from its established position in the market and experienced management.

Moderate financial risk profile

The financial risk profile of YMSPL is moderate marked by tangible net worth of Rs.15.08 crore as on 31 March, 2018 as against Rs.10.32 crore as on 31 March, 2017. The gearing stood at 0.43 times as on 31 March, 2018 as against 0.77 times as on 31 March, 2017. The total debt of Rs.6.34 crore includes interest free unsecured loans of Rs.5.10 crore, term loan of Rs.0.99 crore and working capital funding of Rs.0.26 crore. YMSPL has availed term and business loans to fund its working capital requirements. The interest coverage ratio stood at 7.57 times in FY2018 as against 3.31 times in FY2017. Acuité believes that YMSPL will continue to maintain a moderate financial risk profile on the back of its promoter's funding support.

Weaknesses

Moderate scale of operations and susceptibility of profit margins to changes in the revenue mix

YMSPL generates revenue from sales of spares and also labour charges from repairing of ships. The company operates at a moderate scale with revenue of Rs.63.20 crore in FY2018 over Rs.37.67 crore in FY2016-17 and Rs.27.44 crore in FY2015-16. As on August 2018, the company has orders in hand of Rs.95.00 crore. Acuité believes that YMSPL's margins will continue to remain uneven due to changes in the revenue mix and tender based nature of business.

Working capital intensive operations

YMSPL's operations are working capital intensive marked by high Gross Current Assets of 170 days in FY2018 as against 225 days in FY2017. Since YMSPL caters to the government sector, the collection days are in the range of 150–180 days during the period under study. Acuité believes that the efficient working capital management will be crucial to the company in order to maintain a stable credit profile.

About the Rated Entity - Key Financials

	Unit	FY18 (Actual)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	63.20	37.67	27.44
EBITDA	Rs. Cr.	8.44	5.14	5.32
PAT	Rs. Cr.	4.75	2.51	2.31
EBITDA Margin	(%)	13.36	13.65	19.40
PAT Margin	(%)	7.52	6.67	8.42
ROCE	(%)	43.80	31.12	30.15
Total Debt/Tangible Net Worth	Times	0.42	0.77	1.21
PBDIT/Interest	Times	7.57	3.31	3.08
Total Debt/PBDIT	Times	0.72	1.40	1.71
Gross Current Assets (Days)	Days	170	222	275

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

Not applicable

Any other information

None

Note on complexity levels of the rated instrument

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

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Service Sector - <https://www.acuite.in/view-rating-criteria-8.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
22-Sep-2017	Cash Credit	Long Term	8.00	ACUITE BB+/Stable (Reaffirmed)
	Secured Overdraft	Long Term	2.00	ACUITE BB+/Stable (Reaffirmed)
	Term Loan	Long Term	1.00	ACUITE BB+/Stable (Reaffirmed)
	Bank Guarantee	Short Term	9.00	ACUITE A4+ (Reaffirmed)
26-Jul-2016	Proposed Cash Credit	Long Term	8.00	ACUITE BB+/Stable (Upgraded from ACUITE BB/Stable)
	Proposed Bank Guarantee	Short Term	9.00	ACUITE A4+ (Reaffirmed)
	Proposed Letter of Credit	Long Term	3.00	ACUITE BB+/Stable (Upgraded from ACUITE BB/Stable)
20-Mar-2015#	Proposed Cash Credit*	Long Term	10.00	ACUITE BB/Stable (Assigned)
	Proposed Bank** Guarantee	Short Term	10.00	ACUITE A4+ (Assigned)

#Rating of Yeoman Marine Services

*To include Letter of credit as a sublimit to the extent of Rs. 2.00 crore

**To include Bank Guarantee as a sublimit to the extent of Rs. 2.00 crore

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit*	Not Applicable	Not Applicable	Not Applicable	15.00 (Revised from Rs. 8.00 Cr.)	ACUITE BBB-/Stable (Upgraded from ACUITE BB+/Stable)
Secured Overdraft	Not Applicable	Not Applicable	Not Applicable	1.00 (Revised from Rs. 2.00 Cr.)	ACUITE BBB-/Stable (Upgraded from ACUITE BB+/Stable)
Term Loan	Not Applicable	Not Applicable	Not Applicable	1.00	ACUITE BBB-/Stable (Upgraded from ACUITE BB+/Stable)
Bank Guarantee**	Not Applicable	Not Applicable	Not Applicable	10.00 (Revised from Rs. 9.00 Cr.)	ACUITE A3 (Upgraded from ACUITE A4+)

* Interchangeability from Cash Credit to Bank Guarantee to the tune of Rs.7.00 crore

** The Letter of Credit (LC) facility is a sublimit of Bank Guarantee (BG) to the tune of Rs.5.00 crore

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About Acuité Ratings & Research:

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