

Press Release

Ganesh Marine Services

September 13, 2017



Rating Assigned

Total Bank Facilities Rated*	Rs. 3.50 Cr.
Long Term Rating	SMERA B / Outlook: Stable
Short Term Rating	SMERA A4

* Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA B**' (read as SMERA B) and short term rating of '**SMERA A4**' (read as SMERA A four) on the Rs. 3.50 crore bank facilities of Ganesh Marine Services. The outlook is '**Stable**'.

The Pune-based Ganesh Marine Services (GMS), a proprietorship firm established in 2001 by Mr. Digambar Gowande is engaged in the trading of industrial machines and equipments including vibrators, dust collectors, compaction equipments among others. These are used in the automobile and construction industries. The firm has operations in several states including Madhya Pradesh, Maharashtra, Karnataka and Tamil Nadu. GMS imports equipments from China and exports the same to Bhutan and South Africa.

Key Rating Drivers

Strengths

- **Established track record of operations**

GMS is engaged in the trading of industrial machines and related equipments from 2001. The long operational track record has helped the firm maintain long standing relations with customers. The firm has a wide customer base with top 10 customers accounting for 37 per cent of total sales.

Weaknesses

- **Small scale of operations**

The scale of operations is small with operating income of Rs. 8.50 crore (Provisional) for FY2017 as against Rs.7.55 crore for FY2016 on account of limited working capital funds.

- **Below average financial risk profile**

The financial risk profile is below average marked by low networth of Rs. 0.95 crore (Provisional) as on 31 March, 2017 as against Rs.0.33 crore in the previous year. The gearing stood at 2.20 times (Provisional) as on 31 March, 2017 as against 5.49 times in the previous year. The interest coverage ratio (ICR) is inadequate at 1.44 times (Provisional) for FY2017 compared to 1.45 times in FY2016. Further, the Total Outside Liabilities/Tangible networth stood at 6.47 times (Provisional) as on 31 March, 2017 as against 17.16 times in the previous year. The net cash accrual/total debt (NCA/TD) stood at 0.09 times (Provisional) as on 31 March, 2017 as against 0.08 times in the previous year.

- **Working capital intensive operations, stretched liquidity**

The working capital intensive operations are marked by gross current asset days of 238 (Provisional) in FY2017 and 252 in FY2016 on account of high inventory holding period of 179 days (Provisional) in FY2017 and 175 days for FY2016. Further, the liquidity position of the firm is stretched with cash credit limit being fully utilised during the last six months ended 31 July, 2017.

- **Proprietorship constitution**

The firm is exposed to capital withdrawal risk on account of its proprietorship constitution.

Analytical Approach

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

Outlook: Stable

SMERA believes that the outlook for GMS will remain stable over the medium term on account of its established operational track record. The outlook may be revised to 'Positive' if the firm achieves significant growth in revenue and profitability while improving its liquidity position and capital structure. Conversely, the outlook may be revised to 'Negative' in case of deterioration in its liquidity profile or financial risk profile due to higher than expected working capital requirement.

About the Rated Entity - Key Financials

For FY2016-17, GMS reported profit after Tax (PAT) of Rs. 0.12 crore (Provisional) on operating income of Rs. 8.50 crore as against PAT of Rs. 0.08 crore on operating income of Rs. 7.55 in the previous year. The net worth stood at Rs. 0.95 crore (Provisional) as on 31 March, 2017 as against Rs. 0.33 crore in the previous year.

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>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>
- Trading Entities - <https://www.smera.in/criteria-trading.htm>

Note on complexity levels of the rated instrument

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

Rating History (Upto last three years)

Not Applicable

***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	0.75	SMERA B / Stable
Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	0.30	SMERA A4
Proposed	Not Applicable	Not Applicable	Not Applicable	2.45	SMERA B / Stable

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