

## Press Release

### Yeoman Marine Private Limited

23 September, 2017

### Rating Assigned



<b>Total Bank Facilities Rated*</b>	Rs.10.00 Cr
<b>Long Term Rating</b>	SMERA BB-/Stable (Assigned)
<b>Short Term Rating</b>	SMERA A4+ (Assigned)

\*Refer Annexure for details

### Rating Rationale

SMERA has assigned long term rating of '**SMERA BB-**' (read as SMERA double B minus) and short term rating of '**SMERA A4+**' (read as SMERA A four plus) on the Rs.10.00 crore bank facilities of Yeoman Marine Private Limited (YMPL). The outlook is 'Stable'.

Yeoman Marine Private Limited is a Mumbai-based company incorporated in 2006 by Mr. Dhananjay Mishra and Mrs. Seema Mishra. The company acts as the sole agent for MTU spares for ship engines (core brand of Rolls-Royce Power Systems AG) since January 2017.

### List of Key Rating Drivers and their detailed description

#### Strengths:

#### Experienced management

The company is led by Mr. Dhananjay Mishra, (Director), a marine engineer who possesses ~20 years of experience in the marine industry. The extensive experience has been able to build healthy relations with customers and suppliers. YMPL received the agency for MTU spares for ship engines (core brand of Rolls-Royce Power Systems AG) in January 2017. In Q1 2018, the company registered revenue of Rs.2.74 crore. Further, the company has order book of Rs.12.32 crore in July 2017. SMERA believes that YMPL will benefit from its experienced management.

#### Comfortable financial risk profile

The financial risk profile of YMPL is comfortable marked by networth of Rs.4.11 crore as on 31 March, 2017 with no debt. For the ongoing business, the company has received sanction of Rs.5.00 crore (Rs.3.00 crore CC and Rs.2.00 crore as BG). Further, the company is also supported by inter corporate deposits of Rs.3.62 crore from the group entity as on July 2017. The gearing is expected to be comfortable and below 1 times going ahead.

#### Weaknesses

#### Working capital intensive operations

YMPL's operations are working capital intensive as the company primarily caters to the government sector viz. Coast guard and Navy. The credit terms with customers are 120 days while payable days are 30 days. The company plans to hold inventory of around 45 days to facilitate quick supply. The average working capital utilisation for four months ended July 2017 is around 81.25 per cent. SMERA believes that the efficient working capital management will be crucial to the company in order to maintain a stable credit profile.

## Nascent stage of operations

YMPL received the contract (as sole agent) for MTU spares for ship engines in January 2017. Prior to that, the company did minor job work and registered revenues of Rs.0.24 crore in FY2017.

## Analytical approach

SMERA has considered the standalone business and financial risk profile of YMPL to arrive at the rating.

## Outlook – Stable

SMERA believes that YMPL will maintain a stable outlook and continue to benefit from its experienced management. The outlook may be revised to 'Positive' in case of higher-than-expected revenues and cash accruals. Conversely, the outlook may be revised to 'Negative' in case of lower than expected revenue or profitability and net cash accruals leading to significant stretch in the company's working capital cycle or higher than expected debt funded working capital funding.

## About the Rated Entity – Key Financials

For FY2016-17, YMPL registered net loss of Rs.0.57 crore on operating income of Rs.0.24 crore as against PAT of Rs.0.09 crore on operating income of Rs.0.46 crore in the previous year. The net worth stood at Rs.4.11 crore as on 31 March, 2017 compared to Rs.4.69 crore as on 31 March, 2016.

## Applicable Criteria

- Trading Entities - <https://www.smera.in/criteria-trading.htm>
- Application of Financial Ratios and Adjustments: <https://www.smera.in/criteria-fin-ratios.htm>
- Default Recognition: <https://www.smera.in/criteria-default.htm>

## Note on complexity levels of the rated instrument:

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

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** None

**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. Crore)	Ratings/Outlook
Cash Credit	N.A.	N.A.	N.A.	3.00	SMERA BB-/Stable (Assigned)
Bank guarantee	N.A.	N.A.	N.A.	2.00	SMERA A4+ (Assigned)
Proposed fund based facility	N.A.	N.A.	N.A.	5.00	SMERA BB-/Stable (Assigned)

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