



Press Release

YEOMAN MARINE PRIVATE LIMITED

October 30, 2018

Rating Upgraded and Reaffirmed

Total Bank Facilities Rated*	Rs. 15.00 Cr. (Enhanced from Rs. 10.00 Cr.)
Long Term Rating	ACUITE BB / Outlook: Stable (Upgraded from ACUITE BB-/Stable)
Short Term Rating	ACUITE A4+ (Reaffirmed)

* Refer Annexure for details

Rating Rationale

Acuite has upgraded long-term rating of '**ACUITE BB**' (read as **ACUITE BB**) from **ACUITE BB-/Stable** and reaffirmed the short term rating to '**ACUITE A4+**' (read as **ACUITE A four plus**) on the Rs. 10.00 crore bank facilities of YEOMAN MARINE PRIVATE LIMITED. The outlook is '**Stable**'.

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

YMPL was 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.

Analytical Approach

Acuite has considered the standalone business and financial risk profiles of YMPL to arrive at this rating.

Key Rating Drivers

Strengths

- **Experienced management**

The promoter of YMPL viz. Mr. Dhananjay Mishra has 17 years of experience in the industry. He has represented India in several forums the latest being accompanying the Honourable President in October 2014 on his Visit to Norway as a Member of the Business Delegation representing the Marine Fraternity. Mr. Dhananjay Mishra also has another company viz. Yeoman Marine Services Private Limited which is engaged in ship repairing and ship building and sale of spares.

- **Healthy order book position**

YMPL received the agency for MTU spares for ship engines (core brand of Rolls-Royce Power Systems AG) in January 2017. In FY2018, the company has registered revenues of Rs.20.57 crore. Further, the company has booked revenues of Rs.13.00 crore from April to September, 2018. The company has order book of Rs.5.50 crore as on October 2018.

- **Comfortable Financial Risk Profile**

The financial risk profile of YMPL is moderate marked by tangible net worth of Rs.7.96 crore as on 31 March, 2018 as against Rs.4.11 crore as on 31 March, 2017. The gearing stood at 0.12 times as on 31 March, 2018 as against nil as on 31 March, 2017. The total debt of Rs.0.95 crore includes unsecured loan of Rs.0.85 crore and car loan of Rs.0.10 crore. YMPL has availed working capital loans in current year and has further proposed term loan for business requirements. The interest coverage ratio stood

healthy at 15.80 times in FY2018. The net cash accrual to total debt stood at 4.27 times in FY2018. Acuite believes that YMPL will continue to maintain a moderate financial risk profile on the back of its promoter's funding support and expected debt funded capex.

Weaknesses

• Working capital intensive operations

Since YMPL caters to the government sector. The credit terms are 120 days while payable days are 30 days. The company plans to hold inventory of around 45 days to facilitate quick supply.

Outlook: Stable

Acuite believes that YMPL will maintain a 'Stable' outlook and continue to benefit over the medium term on account of its established presence in the ship repair industry and experienced management. The outlook may be revised to 'Positive' in case of higher-than-expected revenues and cash accruals while demonstrating improvement in the working capital cycle. Conversely, the outlook may be revised to 'Negative' in case of lower than expected revenue or profitability, net cash accruals leading to significant stretch in the company's working capital cycle or higher than expected debt funded capex.

About the Rated Entity - Key Financials

	Unit	FY18 (Actual)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	20.57	0.24	0.46
EBITDA	Rs. Cr.	5.03	-0.65	-0.01
PAT	Rs. Cr.	3.88	-0.57	0.09
EBITDA Margin	(%)	24.46	-268.38	-1.40
PAT Margin	(%)	18.86	-234.81	19.42
ROCE	(%)	76.97	-10.86	4.38
Total Debt/Tangible Net Worth	Times	0.12	0.00	0.00
PBDIT/Interest	Times	15.80	-7.41	2105.52
Total Debt/PBDIT	Times	0.18	0.00	0.00
Gross Current Assets (Days)	Days	141	3809	2536

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

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>
- Trading Entities - <https://www.acuite.in/view-rating-criteria-6.htm>

Note on complexity levels of the rated instrument

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

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
23-Sep-2017	Cash Credit	Long Term	3.00	ACUITE BB- / Stable (Assigned)
	Bank Guarantee	Short Term	2.00	ACUITE A4+ (Assigned)
	Proposed Long Term Loan	Long Term	5.00	ACUITE BB- / Stable (Assigned)

***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	3.00#	ACUITE BB / Stable (Upgraded from ACUITE BB-/Stable)
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	2.00*	ACUITE A4+ (Reaffirmed)
Proposed Long Term Loan	Not Applicable	Not Applicable	Not Applicable	10.00	ACUITE BB / Stable (Upgraded from ACUITE BB-/Stable)

*includes LC as a sublimit to the extent of Rs.2.00 crore

#one way interchangeability from CC to BG upto Rs.2.00 crore

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About Acuite Ratings & Research:

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