

Press Release

Yeoman Marine Private Limited

20 January 2020

Rating Upgraded & Reaffirmed



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

* Refer Annexure for details

Rating Rationale

Acuite has upgraded the long term rating to '**ACUITE BB+**' (read as **ACUITE double B plus**) from 'ACUITE BB' (read as ACUITE double B) and reaffirmed the short term rating to '**ACUITE A4+**' (read as **ACUITE A four plus**) to the Rs.15.00 crore of bank facilities of Yeoman Marine Private Limited (YMPL). The outlook is '**Stable**'.

The rating upgrade takes into account the sustainability in the improvement in their business and financial risk profile. The rating continues to draw comfort from the long standing experience of the management and comfortable financial risk profile. The rating is however, constrained by the moderate scale of operations.

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 profile of the company.

Key Rating Drivers:

Strengths

Experienced management and long track record of operation

The promoter of YMPL viz. Mr. Dhananjay Mishra has 18 years of experience in the industry. He has represented India in several forums. 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.

Comfortable financial risk profile

The financial risk profile of the company is marked by moderate Net worth, comfortable gearing and healthy debt protection metrics. The net worth of the company stood moderate at Rs 11.00 crore in FY2019 as increased from Rs. 7.96 crore in FY2018, mainly on account accumulated profit. The gearing of the company stood comfortable at 0.77 times in FY2019 as compared to 0.12 times in FY2018. The total debt of Rs. 8.47 crore consists of long term loan of Rs. 5.42 crore, short term debt of Rs.3.05 crore as on 31st March 2019. The interest coverage ratio (ICR) of the company stood strong at 8.01 times in FY2019 as compared to 15.80 times in FY2018. The debt service coverage ratio (DSCR) of the company stood strong at 6.01 times in FY2019 as compared to 13.10 times in FY2018. The net cash accruals against the total debt (NCA/TD) stand healthy at 0.40 times in FY2019 as compared to 4.27 times in FY2018. Acuite believes going forward the financial risk profile of the company will remain comfortable backed by no major capex plan over the medium term.

Weaknesses

Moderate scale of operation

Though the company has started operation since 2006, the revenue of the company stood moderate at Rs.21.75 crore in FY2019 as compared to Rs.20.57 crore in FY2018. Company has earned Rs.22.80 crore till 31st December 2019 (Prov.). Acuite believes the ability of the firm to scale up the operations will remain a key monitorable.

Rating Sensitivity

- Scaling up of operations while sustaining the healthy profitability margin

Material Covenant

None

Liquidity Position: Strong

The company has adequate liquidity marked by healthy net cash accruals of Rs.3.40 crore as against Rs.0.24 crore of yearly debt obligation. The cash accruals of the company are estimated to remain in the range of around Rs. 3.97 crore to Rs. 5.28 crore during 2020-22 against repayment obligations ranging from Rs. 0.96 crore. The working capital of the company is moderate marked by gross current asset days of 177 in FY2019. The bank limit is ~50 per cent utilized by the company and the company maintains unencumbered cash and bank balances of Rs. 1.96 crore as on March 31, 2019. The current ratio of the company stood at 1.73 times as on March 31, 2019. Acuite believes that the liquidity of the company is likely to remain adequate over the medium term on account of healthy cash accruals against no major debt repayments over the medium term.

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	FY19 (Actual)	FY18 (Actual)
Operating Income	Rs. Cr.	21.75	20.57
PAT	Rs. Cr.	3.04	3.88
PAT Margin	(%)	13.98	18.86
Total Debt/Tangible Net Worth	Times	0.77	0.12
PBDIT/Interest	Times	8.01	15.80

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

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-17.htm>
- Trading Entities - <https://www.acuite.in/view-rating-criteria-6.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.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
30-Oct-2018	Cash Credit	Long Term	3.00	ACUITE BB/Stable (Upgraded from ACUITE BB-/Stable)
	Bank Guarantee	Short Term	2.00	ACUITE A4+ (Reaffirmed)

	Proposed Long Term Loan	Long Term	10.00	ACUITE BB/Stable (Upgraded from ACUITE BB-/Stable)
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	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	4.00*	ACUITE BB+/Stable (Upgraded form ACUITE BB/Stable)
Term Loan	Not Applicable	Not Applicable	Not Applicable	5.02	ACUITE BB+/Stable (Assigned)
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	5.98	ACUITE A4+ (Reaffirmed)

* One way interchangeability from CC to BG to the tune of Rs.3.50 crore

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About Acuité Ratings & Research:

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