

Press Release

Bayarea Terminal LLP

July 18, 2018



Rating Assigned

Total Bank Facilities Rated*	Rs. 10.00 Cr.
Long Term Rating	ACUITE B / Outlook: Stable

* Refer Annexure for details

Rating Rationale

Acuité has assigned long-term rating of '**ACUITE B** (read as ACUITE B)' on the Rs. 10.00 crore bank facilities of Bayarea Terminal LLP. The outlook is '**Stable**'.

The Gujarat based, Bayarea Terminal LLP was incorporated in 2012 as a private limited company. Later in May 2015, the constitution was changed to Limited Liability Partnership. The firm is promoted by Captain Navjit Grewal and Mr. Inderneil Grewal. The firm's commercial operations will start from September, 2018. The firm will be engaged in cleaning, testing and repairing of tanks which are used to transport liquids and gases. The tank cleaning station of the firm is located near Surat district of Gujarat which is around 10 km from the Hazira Port Gate. The cleaning unit has installed capacity of 900 containers per month.

Key Rating Drivers

Strengths

- **Experienced Management**

Captain Navjit Grewal has more than four decades of experience in all aspects of shipping operations and has successfully executed several projects. The firm will benefit from the long standing relations of the partner with related parties.

- **Location Advantage**

The firm has its cleaning station near Hazira port in Gujarat. The state is also hub for ports and chemical industry, which makes it a preferred location for tank cleaning.

Weaknesses

- **Project off take risk**

Since the commercial operations are expected to commence from September 2018, the project faces off-take risk. However, the same is mitigated as most part of the project is completed and extensive partner's experience will help timely execution.

- **Funding Risk**

Bayarea Terminal LLP is yet to achieve financial closure for its project funding from the bank. The total project cost of Rs.20.00 crore is funded by fund based facility of Rs.7.50 crore from banks and rest through equity and interest free unsecured loans from the partners. Any delay in funding and/or change in the credit profile will be a key rating sensitivity.

Analytical Approach

Acuité has considered the standalone business and financial risk profiles of the Bayarea Terminal LLP to arrive at this rating.

Outlook: Stable

Acuité believes that the outlook on Bayarea Terminal LLP will remain 'Stable' over the medium term on account of its managements' knowledge about the industry. The outlook may be revised to 'Positive' in case of timely completion of the project without cost overruns. Conversely, the outlook may be revised to 'Negative' in case of inordinate project delays.

About the Rated Entity - Key Financials

	Unit	FY18 (Provisional)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	0.00	0.00	0.00
EBITDA	Rs. Cr.	-0.06	0.00	-0.02
PAT	Rs. Cr.	-0.06	0.00	-0.07
EBITDA Margin	(%)	0.00	0.00	0.00
PAT Margin	(%)	0.00	0.00	0.00
ROCE	(%)	-0.91	-0.21	-1.65
Total Debt/Tangible Net Worth	Times	13.08	0.00	0.00
PBDIT/Interest	Times	-672.72	-18.21	-2061.24
Total Debt/PBDIT	Times	-180.21	0.00	0.00
Gross Current Assets (Days)	Days	0	0	0

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>
- Entities In Services Sector - <https://www.acuite.in/view-rating-criteria-8.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)

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
Proposed Term Loan	Not Applicable	Not Applicable	Not Applicable	10.00	ACUITE B / Stable

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About Acuité Ratings & Research:

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