

Press Release

Brickwork Ratings assigns ‘BWR BBB+ / (Stable)’ Rating for the Bank Loan Facilities of USD 7.13 million of Adel Shipping & Logistics Limited

BLR Issue Rating: BWR BBB+

Outlook : Stable

Brickwork Ratings (BWR) has assigned the Rating¹ **BWR BBB+ (Outlook: Stable)** (Pronounced BWR Triple B Plus) for the Bank loan rating (External Commercial Borrowings) for an outstanding amount of USD 7.13 million (USD Seven Million One Hundred Thirty Thousand) as of February 28, 2013 of Adel Shipping & Logistics Limited (“ASLL” or “the Company”).

The rating factors, inter alia, experienced and professionally qualified management, growth in revenues, healthy operating margins and long term agreement with the Company’s single client. However, the rating is constrained by the Company’s small scale of operations, high debt levels and low net profit margins.

Adel Shipping & Logistics Limited (ASLL), incorporated on 8th February 2010, is a wholly owned subsidiary of Adel Shipping Holding Limited (ASHL). In FY11, the Company acquired two harbor tugs that have since been chartered to Essar Bulk Terminal Limited (EBTL) under long-term contracts.

The Company posted net sales of ₹ 15.78 Crores in FY12 as compared to ₹ 13.11 Crores in FY11 displaying y-o-y growth of about 20%. The total expenditure has reduced from ₹ 3.11 Crores in FY11 to ₹ 2.68 Crores in FY12 on account of lower operating expenses, administrative expenses and employee expenses which translated into higher EBITDA for the year FY12 at ₹ 13.08 Crores compared to ₹ 10.00 Crores for FY11. However, owing to higher depreciation expense, the Company has posted a loss of ₹ 1.53 Crores for FY12 as compared to a loss of ₹ 1.67 Crores in the previous year. As per the financial performance ended December 31, 2012, ASLL had achieved turnover of ₹ 13.49 Crores and Net Profit of ₹ 41 lacs. ASLL has total outstanding debt of approx. ₹ 40.78 Crores as of March 2012. Tangible Net worth stood at ₹ 14.71 Crores as of March 2012.

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¹ Please refer to www.brickworkratings.com for definition of the Rating