

Rating Rationale

Atam Manohar Ship Breakers Pvt Ltd

24 Nov, 2017

Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of Rs.69.85 Crore of Atam Manohar Shipbreakers Pvt Ltd (AMSPL)

Particulars

Facility	Present Limits (₹ Cr)	Previous Limit (₹ Cr)	Tenure	Previous Ratings	Ratings based on current review
Fund Based					
Cash Credit	1.00	1.00	Long Term	BWR B+ (Pronounced BWR B Plus) (Outlook – Stable)	BWR B+ (Pronounced BWR B Plus) (Outlook – Stable) Reaffirmed
Non Fund Based					
Letter of Credit	67.50	67.50	Short Term	BWR A4 (Pronounced BWR A Four)	BWR A4 (Pronounced BWR A Four) Reaffirmed
CEL	1.35	1.35			
Bank Guarantee	(0.40)	(0.40)			
Total	69.85	69.85	(Rupees Sixty Nine Crores and Eighty Five Lakhs Only)		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

BWR has principally relied upon the Firm's Audited financial results up to FY 17, financials, projected financials, publicly available information and information/clarification provided by the management.

The rating continues to factor, *inter alia*, experienced and professionally qualified management, presence of long term contract, healthy operating and net margins, and reducing loan outstanding. However, the rating is constrained by the Company's limited scale of operations, and ageing fleet.

Key Risk Drivers:

1. Extensive Experience of Promoters

The promoters of the company have extensive experience in shipbreaking industry and are ably supported by experienced management. Over the years promoters of the company have established relations with customers.

2. Below Average Financial Risk Profile: AMSPL's financial profile is marked by low net worth weak coverage indicators and working capital intensive nature of operations.

3. **Highly cyclical nature of Industry:** Cyclical in nature of shipbreaking industry coupled with weak industry prospects impacts the company's revenues and profitability negatively.
4. **Inherent Risk in Poultry Business:** AMSPL is exposed to risk of fluctuations in foreign exchange.

Rating Outlook: Stable

BWR believes the PP's business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About Atam Manohar Shipbreakers Pvt Ltd. (AMSBPL):

Established in 1997, Atam Manohar Ship Breakers Pvt. Ltd. (AMSBPL) is engaged in ship breaking and recycling business. The Company's registered office is at Bhavnagar, Gujarat and operates in Alang. The Company has a capacity to break ships ranging up to 50000 LDT (Laden Deadweight Tonnes). The Company breaks ships aggregating to ~40000 LDT annually, i.e ~3-5 vessels p.a. and average time taken from ordering to complete breaking is ~4-6 mths. It is presently has 6 ships under breaking operations. Due to significant imports, the Company is considerably exposed foreign exchange rate fluctuation risk. The Company is promoted by Mr. Anil Jain who has gained extensive 17 years of experience in the business. The Group has also diversified into Real Estate, Information Technology and Education sector.

Company's Financial Performance

As per the Audited financials for FY17, the company has reported Revenue of Rs.114.25Crore against revenue of Rs.113.74 crore for FY16. Net profit of the company increased to Rs.0.98 crore in FY2017 from Rs.0.39crore in FY2016.

Rs. Crore	FY17	FY16
	Audited	Audited
Revenue	114.25	113.74
PBDIT	2.15	1.26
PAT	0.98	0.39
Networth	17.11	12.62
Debt to Equity (Times)	-	0.82
Current Ratio (Times)	1.49	1.23

Rating History for the last three years: (including withdrawn/suspended ratings)

Sl. No.	Instrument/Facility	Current Rating (Year 2017)			Rating History		
		Type (Long Term/Short Term)	Amount	Rating	September 2016	August 2015	August 2014
1.	Fund Based Bank Facility	Long Term	Rs.1.00 crore	BWR B+ (Stable) Reaffirmed	BWR B+ (Stable)	BWR BB- (Stable)	BWR BB- (Stable)
2.	Non Fund Based Bank Facility	Short Term	Rs.68.85	BWR A4 Reaffirmed	BWR A4	BWR A4	BWR A4
Total			69.85	(Rupees Sixty Nine Crores and Eighty Five Lakhs Only)			

Status of non-cooperation with previous CRA (if applicable): Reason and comments N/A

Any other information: N/A

Hyperlink/Reference to Applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Sector](#)

For any other criteria obtain hyperlinks from website

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA& the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

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