



## Press Release

### Yeoman Marine Services Private Limited (YMSPL)

April 05, 2024

#### Ratings

Instrument / Facility	Amount (Rs. crore)	Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	84.00 (Enhanced from 55 crore)	IVR BBB- / Stable Outlook (IVR Triple B minus with Stable Outlook)	Reaffirmed	<a href="#">Simple</a>
Short Term Bank Facilities	26.00 (Enhanced from 20 crore)	IVR A3 (IVR A Three)	Reaffirmed	<a href="#">Simple</a>
<b>Total</b>	<b>110.00</b> <b>(Rupees One Hundred and Ten Crores only)</b>			

Details of Facilities are in Annexure 1

#### Detailed Rationale

The reaffirmation of the ratings for bank facilities of Yeoman Marine Services Private Limited (YMSPL) continues to derive strength from experienced promoters, reputed clients, and Improvement in scale of operation though it still remains modest, and moderate profitability margins. However, the rating strengths are constrained due to modest scale of operations, client concentration risk, exposure to intense competition and stretched operating cycle.

#### Key Rating Sensitivities:

##### Upward rating factor

- Improvement in the total operating income by more than 25% on a sustained basis.
- Sustained improvement in EBITDA margin exceeding 35% leading to improvement in cash accruals and liquidity position.



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### **Downward rating factor**

- Any decline in revenue and profitability leading to deterioration in debt protection metrics.

### **List of Key Rating Drivers with Detailed Description**

#### **Key Rating Strengths**

##### **Experienced promoter**

YMSPL has been in marine industry since 1999. Mr. Dhananjay Mishra (promoter Director) has more than two decades of experience in the marine industry. The promoter experience has helped the company to maintain healthy and long-standing relations with the customers and suppliers.

##### **Reputed clients**

YMSPL in the past had undertaken various projects of Ship Refits and Building pertaining to Indian Navy (Ministry of Défense), Indian Coast Guard and of various PSU Shipyards like Mazagaon Dock Shipbuilders Limited, Cochin Shipyard Limited, Goa Shipyard Limited, Hindustan Shipyard Limited.

##### **Improvement in scale of operation and moderate profitability margins**

Total operating income (TOI) increased by 40.00% in FY23 i.e. Rs.74.82 crore mainly due to the increase in tender execution during the year. The scale of operations remains modest. EBITDA margin has improved from 12.13% in FY22 to 18.51% in FY23 due to an increase in profit. Further in line with EBITDA margin, PAT margin has improved from 8.04% in FY22 to 10.49% in FY23.

#### **Key Rating Weaknesses**



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### **Client Concentration Risk**

YMSPL is exposed to client concentration risk. The Company receives all its work orders from central/state government companies and constituting 100% of its order book position. In FY23, top 10 customers contributed 89.15% of total operating income.

### **Exposure to intense competition**

All the orders are tender based, and the revenues are dependent on the company's ability to bid successfully for these tenders.

### **Stretched operating cycle.**

The operating cycle remained elongated to 172 days in FY23 as against 151 days in FY22. Elongated operating cycle is primarily on account of nature of projects and its long tenor and also due to delay realisation of bills for the work done resulting in high collection period to 140 days in FY23 as against 125 days in FY22.

### **Analytical Approach:** Standalone Approach

### **Applicable Criteria:**

[Criteria on Default Recognition](#)

[Criteria of assigning Rating Outlook](#)

[Rating Methodology for service sector entities](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)



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### **Liquidity –Adequate**

The liquidity of the company is expected to remain adequate in the near to medium term marked by sufficient accruals vis-à-vis its debt repayment obligations. YMSPL's average fund based working capital utilization for the 12 months ended November 2023 stood around 44.00%. Current ratio and quick ratio were 2.39x and 1.81x respectively as on March 31, 2023.

### **About the company:**

Yeoman Marine Service Private Limited (YMSPL) was established in year 1999 as a proprietorship firm named Yeoman Marine Service by Mr. Dhananjay Mishra. In 2015 it converted into a private limited company named YMSPL. The company is engaged in ship and submarine repair, ship building and trading of original equipment manufacturer (OEM) spare parts. The company acts as a principal contractor for ship and submarine repair and acts as a sub-contractor for ship building. The company has workshop in Navi Mumbai, Karwar and Vizag. The company has repaired ships like INS Vikram Aditya, INS Virat, INS Vikrant, INS Jalashwa etc. for the Indian Navy in the past. YMSPL is a part of Yeoman group.

### **Financials (Standalone):**

**(Rs crore)**

<b>For the year ended/As on*</b>	<b>31-03-2022</b>	<b>31-03-2023</b>
	<b>Audited</b>	<b>Audited</b>
Total Operating Income	49.92	74.82
EBITDA	6.06	13.85
PAT	4.10	7.88
Total Debt	18.99	25.27
Tangible Net Worth (including quasi equity)	25.20	62.02
<b>Ratios</b>		
EBITDA Margin (%)	12.13	18.51
PAT Margin (%)	8.04	10.49
Overall Gearing Ratio including Quasi Equity (x)	0.75x	0.41x

\* Classification as per Infomerics' standards



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**Status of non-cooperation with previous CRA:** None

**Any other information:** Nil

**Rating History for last three years:**

Sr. No.	Name of Instrument / Facilities	Current Ratings (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2022-23 (December 12, 2022)	Date(s) & Rating(s) assigned in 2021-22 (September 30, 2021)	Date(s) & Rating(s) assigned in 2020-21 (July 01, 2020)
1.	Cash Credit	Long term	28.00	IVR BBB-/ Stable	IVR BBB-/ Stable	-	-
2.	Term Loan	Long term	-	-	IVR BBB-/ Stable	-	-
3.	Proposed Term Loan	Long term	40.00	IVR BBB-/ Stable	IVR BBB-/ Stable	-	-
4.	Overdraft	Long Term	16.00	IVR BBB-/ Stable	IVR BBB-/ Stable	-	-
5.	Bank Guarantee	Short Term	26.00	IVR A3	IVR A3	-	-

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### About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).



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Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

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**Annexure 1: Details of Facilities:**





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Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Cash Credit	-	-	Revolving	28.00	IVR BBB-/ Stable
Proposed Term Loan	-	-	-	40.00	IVR BBB-/ Stable
Overdraft	-	-	-	16.00	IVR BBB-/ Stable
Bank Guarantee	-	-	-	26.00	IVR A3

**Annexure 2: List of companies considered for consolidated analysis: Not Applicable.**

**Annexure 3: Facility wise lender details:**

<https://www.infomerics.com/admin/prfiles/len-Yeoman-apr24.pdf>

**Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable**

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com)