



## West Asia Maritime Limited

### Rating History

Instrument	Amount Rated In Rs Crore	Rating As On		
		November 2011	May 2010	June 2009
Term Loans	99.8	[ICRA]BB- (Stable)	LBB- (Stable)	LBB+ (Negative)
Cash Credit	10.0	[ICRA]BB- (Stable)	LBB- (Stable)	LBB+ (Negative)

ICRA has reaffirmed the long term rating of [ICRA]BB- (pronounced ICRA double B minus) to the Rs 99.8 crore<sup>1</sup> term loans and Rs 10.0 crore cash credit limits of West Asia Maritime Limited (WAM)<sup>\*</sup>; ; the outlook on the rating is stable.

The rating reaffirmation factors in the improved standalone operational profile of WAM in 2010 and first half of 2011, leading to a recovery in the operating profitability after steep decline in 2009. However, the ratings continue to be constrained by the weak outlook for the consolidated entity comprising WAM and its four subsidiaries, with two foreign subsidiaries having suffered losses on account of cancellation of long term Contracts of Affreightment (CoAs) and re-delivery of vessels in the wake of downturn in global shipping industry in 2009. The consolidated financial profile continues to remain adverse, characterized by losses in 2009 and 2010, significant trade and lessor liabilities and major debt repayments scheduled in the near term. Moreover, the debt obligations and other liabilities of the consolidated entity would need to be met with the operational cash flows from WAM alone, as the subsidiaries have no operations currently; however, ICRA notes that there has been significant equity infusion from the promoter group in 2010 to meet the funding requirements of the consolidated entity. The rating also considers long term chartering out arrangements on certain vessels and the mobile harbour crane, which partially insulate the earnings of WAM from volatility in charter rates.

### Company Profile

West Asia Maritime Limited (WAM), incorporated in 1993, is engaged in the shipping business with presence in the dry bulk and chemical tanker segments. WAM is part of the ETA-Ascon group of companies, which is promoted by the UAE-based Al-Ghurair group and the Chennai-based Buhari family. Emirates Trading Agency LLC is the largest shareholder in WAM (31.1% stake). WAM currently has a fleet of three dry-bulk vessels and one chemical tanker. In addition, WAM owns a mobile harbour crane which is currently deployed at Vishakhapatnam Port. The company also charters vessels on short-term basis to meet its Contract of Affreightment (CoA) obligations. WAM has four subsidiaries, viz, West Asia Maritime Overseas Private Limited (WAMOPL), West Asia Maritime Singapore Private Limited (WAMSPL), Sethu Inc (Sethu) and Sethu Maritime Limited (Sethu-Maritime) – all of which are engaged in the shipping business.

**November 2011**

<sup>1</sup> 100 lakh = 1 crore = 10 million

<sup>\*</sup> For complete rating scale and definitions, please refer to ICRA's website [www.icra.in](http://www.icra.in) or other ICRA Rating Publications



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