



SMERA RATINGS LIMITED

Roadwings International Private Limited (RIPL)

*Rating
Rationale*

September 15, 2014

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	2.78	SMERA B+/Stable (Assigned)
Bank Guarantee*	4.50	SMERA A4 (Assigned)

**Includes foreign letter of credit as a sublimit to the extent of Rs.2.50 crore*

SMERA has assigned ratings of '**SMERA B+**' (read as **SMERA single B plus**) and '**SMERA A4**' (read as **SMERA A four**) to the abovementioned bank facilities of Roadwings International Private Limited (RIPL). The outlook is '**Stable**'. The ratings are constrained by the company's modest scale of operations and weak profitability amidst intense competition in the logistics industry. The ratings are also constrained by the company's stretched liquidity position. However, the ratings are supported by the company's long track record of operations, moderate leverage (debt-equity ratio), strong coverage indicators and established relations with reputed customers. The ratings are also supported by the company's experienced management.

RIPL, incorporated in 1988, is a Kolkata-based company engaged in providing cargo handling and transportation services. RIPL's modest scale of operations is reflected in revenues of Rs.42.04 crore in FY2012-13 (refers to financial year, April 01 to March 31). The company's net profit of Rs.0.53 crore (in FY2012-13) is partly supported by non-operating income of Rs. 0.14 crore arising from interest on term deposits. RIPL operates in an intensely competitive segment of the logistics industry. The company's operations are working capital-intensive, as reflected in high utilisation (~98 per cent) of cash credit limit during October 2013 to February 2014.

RIPL's leverage (debt-equity ratio) is moderate at 1.10 times as on March 31, 2013. The company's strong coverage indicators are reflected in interest coverage ratio of 3.39 times and cash debt coverage service ratio (DSCR) of 1.40 times in FY2012-13.

RIPL benefits from its experienced management. Mr. Sanjay Kumar Sureka and Mr. Shrawan Kumar Sureka, directors of RIPL, have around two decades of experience in the logistics industry.

Outlook: Stable

SMERA believes RIPL will maintain a stable business risk profile over the medium term. The outlook may be revised to 'Positive' in case the company registers sustained growth in scale of operations and profitability. Conversely, the outlook may be revised to 'Negative' in case of decline in the company's revenue growth and profitability, or in case of deterioration in the company's financial risk profile on account of stretch in working capital cycle.

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About the company

RIPL, incorporated in 1988, is a Kolkata-based company promoted by Mr. Sanjay Kumar Sureka and Mr. Shrawan Kumar Surekha. RIPL provides cargo handling (stuffing and de-stuffing of containers in the container yard) and transportation services. The company's operations cover 11 inland container depots and 5 ports across India.

For FY2012-13, RIPL reported profit after tax (PAT) of Rs.0.53 crore on operating income of Rs. 42.04 crore, as compared with PAT of Rs.1.14 crore on operating income of Rs.41.38 crore for FY2011-12. For FY2013-14 (as per provisional financial statements), RIPL reported PAT of Rs.0.77 crore on operating income of Rs.44.24 crore. The company's net worth stood at Rs.11.09 crore as on March 31, 2013, as compared with Rs.10.56 crore a year earlier.

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