

VRT Logistics Solutions Private Limited: Assigned

Facility	Amount (Rs. Crore)	Rating/Outlook
Cash credit	5.00	SMERA BB/ Stable (Assigned)

SMERA has assigned long term rating of '**SMERA BB**' (read as **SMERA double B**) on the above mentioned bank facility of VRT Logistics Solution Private Limited (VLSPL). The outlook is '**Stable**'.

The rating derives comfort from the extensive industry experience of the promoters, average financial risk profile, healthy operating margins and revenue growth. However, the rating is constrained by the moderate scale of operations, working capital intensive business and intense market competition in the transportation business.

VLSPL, incorporated in 2007, is a Chennai-based company engaged in transportation services for corporates. The promoters, Mr. Ganapathy Vinoth Kumar and Mr. Ananthanayaki Vinoth Kumar have more than a decades experience in the said line of business. VLSPL has average financial risk profile marked by gearing of 1.11 times as on 31st March 2016 (Provisional) as compared to 0.79 times as on 31st March 2015. The Interest coverage stood at 1.81 times for FY2015-16 (Provisional) as compared to 4.15 times for FY2014-15. VLSPL has moderate net worth of Rs.6.65 crore as on 31st March 2016 (Provisional).

VLSPL's operating margins registered a decline to 6.66 times in FY2015-16 (Provisional) from 9.24 times in FY2014-15 due to increase in employee cost and floods in Chennai. The company has registered healthy revenue of Rs.22.00 crore for FY2016-17.

VLSPL operates on a moderate scale, with operating income of Rs.38.10 crore in FY2015-16 (provisional) as compared to Rs.42.78 crore in FY2014-15. The operations are working capital intensive marked by average debtor days of 67 in FY2015-16 (Provisional). The cash credit facility has been fully utilised. The company operates in a highly competitive and fragmented industry.

Rating Sensitivity Factors

- Growth in revenue while sustaining profitability
- Efficient working capital management

Outlook-Stable

SMERA believes that VLSPL will maintain a 'Stable' outlook over the medium term owing to its established operations and experienced management. The outlook may be revised to 'Positive' in case the company registers higher-than-expected cash accruals on the back of sustained growth in revenues and profitability. Conversely, the outlook may be revised to 'Negative' in case of steep decline in profitability or significant deterioration in the capital structure and liquidity position.

About the Company

VLSPL is a Chennai-based company incorporated in 2007 by Mr. Ganapathy Vinoth Kumar and Mr. Ananthanayaki Vinoth Kumar. The company provides road transport services to corporates. Currently, the company has a total of around 1000 cars out of which 80 are owned and the rest are hired. The company provides pick up and drop facilities to employees of Nokia, HP, TATA, CSC and Sutherland.

In FY2015-16 (provisional), the company reported profit after tax (PAT) of Rs.0.38 crore on operating income of Rs.38.10 crore against PAT of Rs.1.61 crore on operating income of Rs.42.78 crore in the previous year.

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ABOUT SMERA

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