

Accutime Logistics Private Limited: Assigned

Facilities	Amount (Rs. Crore)	Rating
Cash Credit	6.00	SMERA B+/Stable (Assigned)
Long Term Bank Facility (Proposed)	6.00	SMERA B+/Stable (Assigned)

SMERA has assigned long term rating of **'SMERA B+' (read as SMERA B plus)** to the Rs.12.00 crore bank facilities of Accutime Logistics Private Limited (ALPL). The outlook is **'Stable'**.

The rating is constrained by the increasing gearing levels, low profitability and high bank limit utilisation. The rating is also constrained by the company's exposure to intense competition in the logistics industry. However, the rating draws comfort from the extensive experience of the promoters in the logistics business and the reputed clientele. The rating also factors in the healthy revenue growth and moderate debt protection metrics.

The company's healthy revenue growth is reflected in its turnover of Rs.25.86 crore in FY2015 as against Rs.11.96 crore in FY2014. The turnover stood at Rs.40.10 crore in FY2016 (provisional). However, the profitability levels of the company are low at 0.53 per cent in FY2015 as compared to 0.90 per cent in FY2014.

Over the years, the company has established long term relations with reputed companies such as Reliance Industries Limited, Adani Wilmar Limited, APL Apollo Tubes Limited to name a few.

ALPL's financial risk profile is marked by high gearing of 1.87 times in FY2015, moderate Return on Capital Employed (ROCE) of 12.29 per cent, interest coverage ratio of 1.70 times and Debt Service Coverage Ratio (DSCR) of 1.13 times in FY2015. Further, the liquidity profile remains stretched with average bank limit utilisation of around 95 per cent through FY2016.

ALPL's working capital is comfortable marked by gross current asset days of 96 days in FY2015 as against 83 days in FY2014. The debtor days stood at 82 days in FY2015.

Outlook – Stable

SMERA believes ALPL will maintain a stable outlook over the medium term while benefitting from its experienced management and established market position. The outlook may be revised to 'Positive' if the company registers more than expected revenues while improving profitability. Conversely, the outlook may be revised to 'Negative' in case the company fails to register expected growth in revenue or if the capital structure deteriorates.

Rating Sensitivity Factors

Increase in scale of operations and profitability

Improvement in capital structure

About the Company

Established in 2007 by Mr. Vivek Tekriwala and Mr. AV Reddy, ALPL is engaged in the logistics business, mainly road transportation in India. The promoters have experience of over three decades in the abovementioned line of business.

For FY2014-15 (refers to financial year April 01 to March 31), ALPL reported profit after tax (PAT) of Rs.0.14 crore on operating income of Rs.25.86 crore, as compared with profit after tax (PAT) of Rs.0.11 crore on operating income of Rs.11.96 crore in FY2013-14.

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ABOUT SMERA

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