

November 30, 2015

Facilities	Amount (Rs. Crore)	Rating
Corporate Loan	10.00	SMERA BBB/Stable (Assigned)
Overdraft	10.00	SMERA BBB/Stable (Assigned)

SMERA has assigned a long term rating of '**SMERA BBB** (read as SMERA triple B) to the Rs.20.00 crore bank facilities of Life Care Logistic Private Limited (LCLPL). The outlook is 'Stable'. The rating is supported by the company's experienced management and established relationships with reputed customers. The rating also draws support from the company's established presence in the western and southern regions of the country and above average financial risk profile. However, the rating is constrained by customer concentration risk and debt funded capex plan.

LCLPL, incorporated in 2002 is an Indore-based company that provides warehousing facilities, C&F agent and logistic services to various domestic and multinational companies. The company is managed by Mr. Vaibhav Rai, who has more than two decades of experience in the logistic industry. LCLPL has an established customer base spread across various sectors with reputed names such as Asian Paints Limited, Colgate Palmolive (India) Limited, and Panasonic India Private Limited among others.

It has an established presence in seven states spanning the western and southern regions of the country. LCLPL operates on an area of 1625000 square feet out of which 204000 square feet is from promoter and group companies and remaining is rented from third parties.

The company has grown at a CAGR of 14 percent in the past three years ending March 31, 2015 with operating and net profit margins at 26.32 percent and 16.48 percent respectively. The gearing remains at a comfortable 0.42 times in FY2015 and interest coverage ratio at 44.57 times. The net worth is healthy at Rs.16.28 crore in FY2015.

However, the top 10 clients of the company have generated around 94 percent of the total revenue in FY2015. Besides, over 50 percent revenue comes from the two leading clients. Asian Paints Limited alone contributes ~44 percent while ~11 percent is brought in by Colgate Palmolive (India) Limited which exposes the company to customer concentration risk.

LCLPL plans to develop its own warehouses and gradually reduce its expenditure on third party rented space for which it has taken a term loan of Rs.10.00 crore. After considering external borrowing for capex, the debt protection metrics of the company remains at a comfortable level.

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**Rating Sensitivity Factors**

- Debt funded capex
- Customer diversification

**Outlook: Stable**

SMERA believes that LCLPL will continue to benefit over the medium term from its experienced management and established presence. The outlook may be revised to 'Positive' in case the company registers improvement in scale of operations while maintaining healthy profit margins. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the financial risk profile.

**About the Company**

LCLPL, part of the Life Care group, was incorporated in 2002. Promoted by Mr. Vaibhav Rai, the company provides warehousing facilities, C&F agent and logistic services various domestic and multinational companies. It has over 50 branches across the western and southern regions of the country and around 1625000 square feet of warehousing and storage space. LCLPL has a fleet size of 343 multipurpose vehicles including 223 owned and 120 attached from open market.

LCLPL reported profit after tax (PAT) of Rs.7.04 crore on operating income of Rs.42.71 crore for FY2014-15, as compared with PAT of Rs.5.05 crore on operating income of Rs.30.08 crore in FY2013-14.

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