

Press Release



Life Care Logistic Private Limited (LCLPL)

14 June, 2017

Rating Reaffirmed

Total Bank Facilities Rated*	Rs.25.00 Cr (Enhanced from Rs. 20.00 Cr)
Long Term Rating	SMERA BBB/Stable (Reaffirmed)

*Refer Annexure for details

Rating Rationale

SMERA has reaffirmed the rating of '**SMERA BBB**' (**read as SMERA triple B**) on the Rs.25.00 crore (enhanced from Rs. 20.00 crore) facilities of Life Care Logistic Private Limited (LCLPL). The outlook is '**Stable**'.

LCLPL, part of the Life Care group, located at Indore (Madhya Pradesh), was incorporated in 2002. Promoted by Mr. Vaibhav Rai, the company is a C&F agent and provides warehousing and logistics services.

List of key rating drivers and their detailed description

Strengths:

Experienced management: The company is led by Mr. Vaibhav Rai, Managing Director, who has more than two decades of experience in the logistics industry.

Reputed and diversified clients: LCLPL has an established customer base and includes reputed names such as Asian Paints Limited, Colgate Palmolive (India) Limited, Panasonic India Private Limited among others.

Established relationships: The company has an established presence in seven states spanning the western and southern regions of the country.

Healthy financial risk profile: The financial risk profile continues to remain healthy in FY2015-16. The gearing has been moderate at 1.79 times as on 31 March, 2016 (0.42 times as on 31 March, 2015). The interest coverage ratio has been healthy at 9.67 times in FY2015-16 with DSCR at 7.06 times. The networth increased from Rs.16.28 crore as on 31 March, 2015 to Rs. 22.11 crore as on 31 March, 2016.

Weaknesses:

Uneven profit margins: The profit margins have registered a decline. In FY2015-16, the EBIDTA margins fell to 21.37 per cent from 26.22 per cent in FY2014-15 owing to increase in direct costs. Similarly, the PAT margins declined from 16.48 per cent in FY2014-15 to 11.49 per cent in FY2015-16 due to increase in interest costs from Rs.0.26 crore in FY2014-15 to Rs.1.13 crore in FY2015-16. The EBIDTA margins declined further to 18.53 per cent in FY2016-17 (Provisional) on account of increase in trading activity. Out of the total revenue of Rs. 56.71 crore, trading activity generated Rs. 4.79 crore revenue in FY2016-17 compared to Rs. 0.37 crore in FY2015-16.

Working capital intensive operations: The operations are working capital intensive evident from the GCA of 59 days for FY2015-16 as against 64 days for FY2014-15.

Analytical approach: SMERA has considered the standalone business and financial risk profiles of the company.

Applicable Criteria

- Service Sector: <https://www.smerra.in/criteria-services.htm>
- Application of Financial Ratios and Adjustments: <https://www.smerra.in/criteria-fin-ratios.htm>
- Default Recognition: <https://www.smerra.in/criteria-default.htm>

Outlook: Stable

SMERA believes that LCLPL will maintain a stable outlook and continue to benefit over the medium term owing to its experienced management and established presence in the logistics industry. 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 Rated Entity

LCLPL was promoted by Mr. Vaibhav Rai. The company is a C&F agent and provides warehousing and logistic services. It has over 50 branches and around 1625000 square feet of warehousing and storage space. Its fleet size is 343 (multipurpose vehicles).

The company reported profit after tax (PAT) of Rs.5.83 crore on operating income of Rs.50.28 crore for FY2015–16, as compared with PAT of Rs.7.04 crore on operating income of Rs.42.71 crore in FY2014–15. The net worth stood at Rs.22.11 crore as on 31 March, 2016 against Rs.16.28 crore a year earlier.

Status of non-cooperation with previous CRA (if applicable): Not Applicable

Any other information: Not Applicable

Rating History for the last three years:

Name of Instrument /Facilities	FY2018			FY2017		FY2016		FY2015		FY2014	
	Scale	Amount (Rs. Cr)	Rating with Outlook	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Term Loan	LT	10.00	SMERA BBB/Stable (Reaffirmed)	15 Feb, 2017	SMERA BBB/Stable (Assigned)	30 Nov, 2015	SMERA BBB/Stable (Assigned)	-	-	-	-
Overdraft	LT	15.00 (Enhanced from 10.00)	SMERA BBB/Stable (Reaffirmed)	15 Feb, 2017	SMERA BBB/Stable (Assigned)	30 Nov, 2015	SMERA BBB/Stable (Assigned)	-	-	-	-

***Annexure – Details of instruments rated:**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Term loan	N.A	N.A	2020	10.00	SMERA BBB/Stable (Reaffirmed)
Overdraft	N.A	N.A	NA	15.00 (Enhanced from 10.00)	SMERA BBB/Stable (Reaffirmed)

Note on complexity levels of the rated instrument:

<https://www.smera.in/criteria-complexity-levels.htm>

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ABOUT SMERA

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