

Press Release

Life Care Logistic Private Limited

October 01, 2018



Rating Reaffirmed and Assigned

Total Bank Facilities Rated*	Rs. 62.60 Cr. (Enhanced from Rs. 40.00 crore)
Long Term Rating	ACUITE BBB / Outlook: Stable

* Refer Annexure for details

Rating Rationale

Acuité has reaffirmed long-term rating of '**ACUITE BBB**' (**read as ACUITE triple B**) to the Rs. 40.00 crore bank facilities of LCLPL and assigned long-term rating of '**ACUITE BBB**' (**read as ACUITE triple B**) to the Rs.22.60 crore bank facilities of Life Care Logistics Private Limited (LCLPL). The outlook is '**Stable**'.

Life Care Logistic Private Limited (LCLPL) is a part of the Life Care group located at Indore, Madhya Pradesh was incorporated in 2002. LCLPL is promoted by Mr. Vaibhav Rai. The company is a carrying & forwarding agent and provides warehousing and logistics services to various industries such as pharmaceutical industry and FMCG to name a few.

Analytical Approach

Acuité has considered standalone business and financial risk profile of LCLPL to arrive at the rating.

Key Rating Drivers:

Strengths

- **Experienced management and long track record of operations**

The Director, Mr. Vaibhav Rai has an experience of more than two decades in the logistics industry. With the extensive experience in the industry, the company has been able to establish long standing relationship with the clients. Over the years, the company has established its presence in nine states spanning the western and southern regions of the country.

- **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, Johnson & Johnson Limited, Goodyear India Limited among others.

- **Moderate financial risk profile**

LCLPL has moderate financial risk profile marked by tangible net worth of Rs. 30.75 crore as on 31 March, 2018 (Provisional) as against Rs.25.61 crore as on 31 March, 2017. The gearing (debt-equity) stood at 2.19 times as on 31 March, 2018 (Provisional) as against 2.24 times as on 31 March, 2017. The debt of Rs.67.26 crore mainly comprises of term loans of Rs.39.80 crore and working capital borrowings of Rs.27.46 crore as on 31 March, 2018 (Provisional). Interest Coverage Ratio (ICR) stood at 2.48 times in FY2018 (Provisional) as against 2.84 times in FY2017. Total outside Liabilities/Tangible Net Worth (TOL/TNW) stood at 2.67 times as on 31 March, 2018 (Provisional) as against 2.62 times as on 31 March, 2017. Going forward, Acuité expects the company to maintain its financial risk profile in the absence of major debt funded capex plans and moderate net cash accruals.

Weaknesses

- **Uneven profitability margins**

In FY2018 (Provisional), the company has registered PAT margins of 6.08 percent as against 6.10 percent in FY2017 and 11.67 percent in FY2016 on account of increase in interest costs. Timely debt servicing of the company will remain a key rating sensitivity factor.

- **Highly competitive and fragmented nature of logistics industry**

The company is exposed to intense competition in a highly fragmented logistics and trading industry, thus restricting its bargaining power and pricing flexibility.

Outlook: Stable

Acuité 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 the 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 - Key Financials

	Unit	FY18 (Provisional)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	63.40	57.39	50.28
EBITDA	Rs. Cr.	10.25	8.96	10.74
PAT	Rs. Cr.	3.86	3.50	5.83
EBITDA Margin	(%)	16.17	15.61	21.37
PAT Margin	(%)	6.08	6.10	11.59
ROCE	(%)	10.35	11.61	23.52
Total Debt/Tangible Net Worth	Times	2.19	2.24	1.79
PBDIT/Interest	Times	2.48	2.84	9.67
Total Debt/PBDIT	Times	6.44	6.15	3.61
Gross Current Assets (Days)	Days	165	120	172

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

Acuité is yet to receive the latest No Default Statement (NDS) from the rated entity, despite repeated requests and follow-ups.

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>
- Entities In Services Sector - <https://www.acuite.in/view-rating-criteria-8.htm>

Note on complexity levels of the rated instrument

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

Rating History (Up to last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
07-Jul-2017	Term Loan	Long Term	10.00	ACUITE BBB / Stable (Reaffirmed)
	Secured Overdraft	Long Term	30.00 (Enhanced from Rs. 15.00 crore)	ACUITE BBB / Stable (Reaffirmed)
14-Jun-2017	Term Loan	Long Term	10.00	ACUITE BBB / Stable (Reaffirmed)
	Secured Overdraft	Long Term	15.00 (Enhanced from Rs. 10.00 crore)	ACUITE BBB / Stable (Reaffirmed)

15-Feb-2017	Term Loan	Long Term	10.00	ACUITE BBB / Stable (Reaffirmed)
	Secured Overdraft	Long Term	10.00	ACUITE BBB / Stable (Reaffirmed)
30-Nov-2015	Term Loan	Long Term	10.00	ACUITE BBB / Stable (Assigned)
	Secured Overdraft	Long Term	10.00	ACUITE BBB / Stable (Assigned)

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Term loan	Not Applicable	Not Applicable	Not Applicable	25.00	ACUITE BBB / Stable (Assigned)
Term loan	Not Applicable	Not Applicable	Not Applicable	7.55 (Reduced from Rs. 10.00 crore)	ACUITE BBB / Stable (Reaffirmed)
Overdraft	Not Applicable	Not Applicable	Not Applicable	30.00	ACUITE BBB / Stable (Reaffirmed)
Proposed	Not Applicable	Not Applicable	Not Applicable	0.05	ACUITE BBB / Stable (Assigned)

Contacts

Analytical	Rating Desk
Aditya Gupta Head - Corporate and Infrastructure Sector Tel: 022-67141111 aditya.gupta@acuite.in	Varsha Bist Manager - Rating Desk Tel: 022-67141160 rating.desk@acuite.in
Ayushi Rathore Analyst - Rating Operations Tel: 022-67141336 ayushi.rathore@acuiteratings.in	

About Acuité Ratings & Research:

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