

Life Care (LC)

Life Care: Assigned

Facilities	Amount (Rs Crore)	Ratings/Outlook
Cash Credit	2.00	SMERA B/Stable (Assigned)
Term Loan	8.00	SMERA B/Stable (Assigned)
Bank Guarantee	0.40	SMERA A4 (Assigned)

SMERA has assigned long term rating of '**SMERA B**' (**read as SMERA B**) and short-term rating of '**SMERA A4**' (**read as SMERA A four**) to the above mentioned bank facilities of Life Care (LC). The outlook is '**Stable**'. The ratings are constrained by the small scale of business, customer concentration risk and average financial risk profile. The ratings are also constrained by the capital intensive operations. However, the ratings draw support from the long track record of operations and experienced management.

LC was established in 1996 by Mr. Vishal Rai, Mrs. Vinita Rai and Mr. Vaibhav Rai (Partners) who possess two decades of experience in the logistic industry. The firm operates on a small scale with operating income of Rs.12.86 crore (Provisional) in FY2016 as against Rs.11.38 crore in FY2015.

Further, the financial risk profile has been average, marked by low net worth of Rs.2.93 crore and high gearing (debt-equity) of 3.12 times as on March 31, 2016. The interest coverage ratio (ICR) stood at 3.04 times in FY2016 while debt service coverage (DSCR) stood low at 1.34 times in FY2016 (Provisional). The firm's operations are capital intensive reflected in the gross current assets (GCA) of ~198 days in FY2015-16. The high GCA emanates from the stretched working capital cycle. The ratings also note the customer concentration risk as LC earns around ~50 per cent revenue from two clients.

However, the ratings draw strength from the long track record of operations and the experienced management.

Rating Sensitivity Factors

- Customer diversification
- Deterioration in the financial risk profile

Outlook-Stable

SMERA believes that LC will maintain a stable outlook and continue to benefit over the medium term from its experienced management. The outlook may be revised to 'Positive' in case the firm 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.

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About the Firm

LC was established in 1996 as a partnership firm by Mr. Vishal Rai, Mrs. Vinita Rai and Mr. Vaibhav Rai. The firm is a carrying and forwarding agent and caters to various sectors including pharmaceuticals, electronic durables, tea among others. LC also provides warehousing activity and transportation services. The firm's operations are spread across MP, Chhattisgarh and Maharashtra.

For FY2015–16, LC reported net profit of Rs.1.48 crore (Provisional) on operating income of Rs.12.86 crore, as compared with net profit of Rs.2.62 crore on operating income of Rs.11.38 crore in FY2014–15. The net worth stood at Rs.2.93 crore as on March 31, 2015, as compared with Rs.1.73 crore a year earlier.

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ABOUT SMERA

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