

**Press Release**  
**SEVENSEAS GLOBAL EXPRESS LOGISTICS PRIVATE LIMITED**  
**February 04, 2022**  
**Rating Assigned and Reaffirmed**



Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
<b>Bank Loan Ratings</b>	2.00	ACUITE BBB-   Stable   Assigned	-
<b>Bank Loan Ratings</b>	15.00	ACUITE BBB-   Stable   Reaffirmed	-
<b>Bank Loan Ratings</b>	0.50	-	ACUITE A3   Reaffirmed
<b>Total Outstanding Quantum (Rs. Cr)</b>	17.50	-	-
<b>Total Withdrawn Quantum (Rs. Cr)</b>	0.00	-	-

**Rating Rationale**

Acuité has reaffirmed the long term rating of 'ACUITE BBB-' (read as ACUITE triple B minus) and the short term rating of 'ACUITE A3' (read as ACUITE A three)' to the Rs.15.50 crore bank facilities and assigned the long term rating of 'ACUITE BBB-' (read as ACUITE triple B minus) to the 2.00 Cr bank facilities of Sevenses Global Express Logistics Private Limited. The outlook is 'Stable'.

The rating continues to reflect the extensive experience of the management in the freight forwarding business. The rating also reflects healthy scale of operation and comfortable financial risk profile of the company. However, these strengths are partially offset by moderate profitability margin of the company during the period.

**About the Company**

Incorporated in 2005, Sevenses Global Express Logistics Private Limited (SGPL) is a Bangalore based company engaged in global freight & forwarding, custom clearance and logistics services. The company is promoted by Mr. Biju Thomas, Mrs. Sherly Biju and Mr. Tossy Joseph. The company has 18 offices spread across India.

**Analytical Approach**

Acuité has considered the standalone business and financial risk profile of SGELPL while arriving at the rating.

**Key Rating Drivers**

**Strengths**

**Experienced management and long track record of operation**

The company has a long track record of over two decades in the global freight forwarding industry. The company is managed by Mr. Biju Thomas, Mrs. Sherly Biju and Mr. Tossy Joseph who are actively involved in the day to day operations of the company. Acuité believes that the long standing experience of the promoters has helped the company to build healthy relationship with reputed customers and service providers. Some of the major customers include Akzo Nobel India Limited, and Aditya Infotech Limited with whom the company has established relationship of around 10 years.

## **Healthy scale of operation**

The revenue of the company stood healthy at Rs.252.93 crore in FY2021 as compared to Rs.195.26 crore in the previous year. This improvement revenue is on account of increase in freight charges during the period. The company has earned Rs.301 crore till end of Dec 2021 (Prov.).

## **Comfortable financial risk profile**

The financial risk profile of the company is marked by moderate net worth, comfortable gearing and healthy debt protection metrics. The net worth of the company stood moderate at Rs.16.47 crore in FY 2021 as compared to Rs 11.36 crore in FY2020. This improvement in networth is mainly due to the retention of current year profit. The gearing of the company has stood comfortable at 0.87 times as on March 31, 2021 when compared to 1.02 times as on March 31, 2020. Interest coverage ratio (ICR) is strong and stood at 6.16 times in FY2021 as against 2.90 times in FY 2020. The debt service coverage ratio (DSCR) of the company also stood healthy at 4.97 times in FY2021 as compared to 2.52 times in the previous year. The net cash accruals to total debt (NCA/TD) stood comfortable at 0.40 times in FY2021 as compared to 0.22 times in the previous year. Going forward, Acuité believes the financial risk profile of the company will remain comfortable on account of steady net cash accruals and no major debt funded capex plan over the near term.

## **Weaknesses**

### **Moderate profitability margin**

Though the operating profitability margin of the company has improved still stood moderate at 3.35 per cent in FY2021 against of 2.49 per cent in the previous year. This improvement in profitability margin is on account of increase in freight rate during the period. The net profitability margin of the company has also improved to 2.02 per cent in FY2021 as compared to 0.91 per cent in the previous year. Going forward, Acuite believes the profitability margin of the company will increase and sustained at the moderate level over the medium term.

### **Presence in highly fragmented and competitive freight forwarding industry**

The company operates in a highly fragmented industry with stiff competition from organised and unorganised players in domestic and international market, which limits the company's flexibility to pass on the increase in cost to the customers. Thus, on account of stiff competition from other domestic and global players, SGPL continues to face the pricing pressure leading to dip in probability.

### **Rating Sensitivities**

- Scaling up of operation while improving their profitability margin
- Sustenance of existing financial risk profile

### **Material covenants**

None

### **Liquidity Position: Adequate**

The company has adequate liquidity marked by moderate net cash accruals of Rs.5.72 crore as against Rs.2.58 crore in the previous year. The cash accruals of the company are estimated to remain in the range of around Rs. 6.50 crore to Rs. 7.38 crore during 2022-23 as against Rs.2.08 crore in FY2022 and in Rs.2.20 crore in FY2023 of long term debt obligations. The current ratio of the company stood comfortable at 1.37 times in FY2021 (Prov.). The working capital management of the company is marked by comfortable Gross Current Asset (GCA) days of 77 days in FY2021. The bank limit of the company has been ~93 per cent utilized during the last six months ended in December 2021. Acuité also believes that the liquidity of the company is likely to remain adequate over the medium term on account of healthy cash accruals against long debt repayments over the medium term.

### **Outlook- Stable**

Acuité believes the company's outlook will remain stable over the medium term on account of vast experience of the promoters in the freight forwarding business and established relationship with customers. The outlook may be revised to 'Positive' if there is a substantial

increase in the profitability margins and improvement in financial risk profile. Conversely, the outlook may be revised to 'Negative' in case of a steep decline in revenues and profitability margins, or significant deterioration in its capital structure most likely because of a stretch in its working capital cycle or large debt-funded capital expenditure.

## Key Financials

Particulars	Unit	FY 21 (Actual)	FY 20 (Actual)
Operating Income	Rs. Cr.	252.93	195.26
PAT	Rs. Cr.	5.11	1.77
PAT Margin	(%)	2.02	0.91
Total Debt/Tangible Net Worth	Times	0.87	1.02
PBDIT/Interest	Times	6.16	2.90

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

Not Applicable

## Any other information

Not Applicable

## Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-52.htm>
- Rating Process and Timeline: <https://www.acuite.in/view-rating-criteria-67.htm>
- Service Sector: <https://www.acuite.in/view-rating-criteria-50.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

## Note on complexity levels of the rated instrument

<https://www.acuite.in/view-rating-criteria-55.htm>

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
22 Sep 2021	Cash Credit	Long Term	15.00	ACUITE BBB-   Stable (Reaffirmed)
	Bank Guarantee	Short Term	0.50	ACUITE A3 (Reaffirmed)
25 Jun 2020	Cash Credit	Long Term	12.00	ACUITE BBB-   Stable (Reaffirmed)
	Bank Guarantee	Short Term	0.50	ACUITE A3 (Reaffirmed)
28 Jun 2019	Bank Guarantee	Short Term	0.50	ACUITE A3 (Reaffirmed)
	Cash Credit	Long Term	12.00	ACUITE BBB-   Stable (Reaffirmed)
20 Apr 2018	Cash Credit	Long Term	12.00	ACUITE BBB- (Reaffirmed)
	Bank Guarantee	Short Term	0.50	ACUITE A3 (Reaffirmed)
15 Mar 2017	Cash Credit	Long Term	9.50	ACUITE BBB-   Stable (Assigned)
	Proposed Cash Credit	Long Term	2.50	ACUITE BBB-   Stable (Assigned)
	Bank Guarantee	Short Term	0.50	ACUITE A3 (Assigned)

**Annexure - Details of instruments rated**

<b>Lender's Name</b>	<b>ISIN</b>	<b>Facilities</b>	<b>Date Of Issuance</b>	<b>Coupon Rate</b>	<b>Maturity Date</b>	<b>Quantum (Rs. Cr.)</b>	<b>Rating</b>
Bank of Baroda	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	0.50	ACUITE A3   Reaffirmed
Bank of Baroda	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	15.00	ACUITE BBB-   Stable   Reaffirmed
Bank of Baroda	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	2.00	ACUITE BBB-   Stable   Assigned

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### About Acuité Ratings & Research

Acuité Ratings & Research Limited is a full-service Credit Rating Agency registered with the Securities and Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI), for Bank Loan Ratings under BASEL-II norms in the year 2012. Since then, it has assigned more than 8,850 credit ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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