



Press Release
Sevenseas Global Express Logistics Private Limited
March 21, 2024

Rating Reaffirmed and Withdrawn

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	20.41	ACUITE BBB Reaffirmed & Withdrawn	-
Bank Loan Ratings	0.46	Not Applicable Withdrawn	-
Bank Loan Ratings	0.50	-	ACUITE A3+ Reaffirmed & Withdrawn
Total Outstanding Quantum (Rs. Cr)	0.00	-	-
Total Withdrawn Quantum (Rs. Cr)	21.37	-	-

Rating Rationale

Acuite has reaffirmed and withdrawn the long-term rating of '**ACUITE BBB**' (read as **ACUITE triple B**) and short-term rating **ACUITE A3+** (read as **ACUITE A three plus**) on the Rs. 20.91 crore bank facilities of Sevenseas Global Express Logistics Private Limited (SGPL). Acuite has also withdrawn the long-term rating on the Rs.0.46 crore bank Facilities of Sevenseas Global Express Logistics Private Limited (SGPL). The same is withdrawn without assigning any rating as it is a proposed facility. The rating is being withdrawn on account of the request received from the company and the NOC received from the banker's as per Acuite's policy on withdrawal of ratings as applicable to the respective facility/instrument.

Rationale for the reaffirmation

The rating reaffirmation is driven by a stable operating performance and moderate financial risk profile of the company marked by revenue of Rs.385.84 Cr. in FY2023 as against Rs.412.83 Cr. in FY2022. The operating margin improved and stood at 6.06 percent in FY2023 as against 5.46 percent in FY2022. The financial risk profile of the company continues to remain healthy marked by low gearing ratios and comfortable debt protection metrics. The gearing level stood at 0.42 times as on 31 March 2023 as against 0.60 times as on 31 March 2022. The interest coverage ratio (ICR) stood at 18.45 times as on 31 March 2023 as against 12.72 times as on 31 March 2022.

The ratings however, are constrained by presence in highly fragmented and competitive freight forwarding industry.

About the Company

Incorporated in 2005, Sevenseas 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.

Unsupported Rating

Not Applicable

Analytical Approach

Acuité has considered the standalone business and financial risk profile of SGPL 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.

The operating income of the company stood at Rs.385.84 Cr. in FY2023 as against Rs.412.83 Cr. in FY2022. The operating margin improved and stood at 6.06 percent in FY2023 as against 5.46 percent in FY2022. The ROCE stood high at 42.23 percent in FY2023 as against 54.70 percent in FY2022. The PAT margin stood at 4.00 percent in FY2023 as against 3.61 percent in FY2022.

Healthy financial risk profile

The financial risk profile of the company continues to remain healthy marked by low gearing ratios, moderate net-worth and comfortable debt protection metrics.

The gearing level stood at 0.42 times as on 31 March 2023 as against 0.60 times as on 31 March 2022. The Debt-EBITDA ratio stood at 0.71 times in FY2023 as against 0.83 times in FY2022, while the TOL/TNW stood at moderate 0.86 times in FY2023 as against 1.50 times in FY2022.

Debt protection indicators are comfortable with interest coverage ratio (ICR) stood at 18.45 times as on 31 March 2023 as against 12.72 times as on 31 March 2022. Debt service coverage ratio (DSCR) stood at 8.44 times on 31 March 2023 as against 4.55 times as on 31 March 2022.

Efficient Working capital operations:

The working capital operations are efficient in nature as reflected in its GCA days of 62 days as on March 31, 2023 as against 64 days as on March 31, 2022. The debtor's days improved and stood at 34 days as on March 31, 2023 as against 50 days in March 31, 2022. The Creditor days stood at 9 days as on March 31 2023.

Weaknesses

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

Not Applicable

Liquidity Position: Adequate

The company has adequate liquidity marked by healthy cash accruals against debt repayment obligations. The company has generated net cash accruals of Rs.16.91 Cr. on FY2023 against its debt repayment obligation of Rs.1.18 during the same period. The current ratio stood above average at 2.10 times as on March 31, 2023. The bank limit utilisation of the company are in credit balance for the last twelve months ended December, 2023 (expect for March 2023).

Outlook

Not Applicable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	385.84	412.83
PAT	Rs. Cr.	15.45	14.90
PAT Margin	(%)	4.00	3.61
Total Debt/Tangible Net Worth	Times	0.42	0.60
PBDIT/Interest	Times	18.45	12.72

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

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.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

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
05 Jan 2023	Bank Guarantee (BLR)	Short Term	0.50	ACUITE A3+ (Upgraded from ACUITE A3)
	Cash Credit	Long Term	17.00	ACUITE BBB Stable (Upgraded from ACUITE BBB- Stable)
	Cash Credit	Long Term	0.50	ACUITE BBB Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	0.46	ACUITE BBB Stable (Assigned)
	Working Capital Demand Loan (WC DL)	Long Term	2.91	ACUITE BBB Stable (Assigned)
04 Feb 2022	Bank Guarantee (BLR)	Short Term	0.50	ACUITE A3 (Reaffirmed)
	Cash Credit	Long Term	15.00	ACUITE BBB- Stable (Reaffirmed)
	Cash Credit	Long Term	2.00	ACUITE BBB- Stable (Assigned)
22 Sep 2021	Bank Guarantee/Letter of Guarantee	Short Term	0.50	ACUITE A3 (Reaffirmed)
	Cash Credit	Long Term	15.00	ACUITE BBB- Stable (Reaffirmed)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Bank of Baroda	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	0.50	ACUITE A3+ Reaffirmed & Withdrawn
Bank of Baroda	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	17.50	ACUITE BBB Reaffirmed & Withdrawn
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	0.46	Not Applicable Withdrawn
Bank of Baroda	Not avl. / Not appl.	Working Capital Demand Loan (WC DL)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	2.91	ACUITE BBB Reaffirmed & Withdrawn

Contacts

Analytical	Rating Desk
Mohit Jain Senior Vice President-Rating Operations Tel: 022-49294017 mohit.jain@acuите.in	Varsha Bist Senior Manager-Rating Operations Tel: 022-49294011 rating.desk@acuите.in
Thejaswini P V Senior Analyst-Rating Operations Tel: 022-49294065 thejaswini.pv@acuите.in	

About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & 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. Acuité has assigned 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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