



**Press Release**  
**Safe And Secure Logistics Private Limited**  
**October 17, 2024**  
**Rating Upgraded**

| Product                            | Quantum (Rs. Cr) | Long Term Rating               | Short Term Rating     |
|------------------------------------|------------------|--------------------------------|-----------------------|
| Bank Loan Ratings                  | 23.00            | ACUITE BBB   Stable   Upgraded | -                     |
| Bank Loan Ratings                  | 0.50             | -                              | ACUITE A3+   Upgraded |
| Total Outstanding Quantum (Rs. Cr) | 23.50            | -                              | -                     |
| Total Withdrawn Quantum (Rs. Cr)   | 0.00             | -                              | -                     |

**Rating Rationale**

Acuite has upgraded the long term rating to '**ACUITE BBB**' (read as **ACUITE Triple B**) from '**ACUITE BBB-**' (read as **ACUITE Triple B minus**) and the short term rating to '**ACUITE A3+**' (read as **ACUITE A three plus**) from '**ACUITE A3**' (read as **ACUITE A three**) on the Rs. 23.50 crore bank facilities of Safe and Secure Logistics Private Limited (SSPL). The outlook is '**Stable**'.

**Rationale for rating upgrade**

The upgrade in the rating reflects continuous improvement in the overall business and financial risk profile of the company. The improvement in the business risk profile is reflected through the increased scale of operation in FY2024 as compared to the preceding years on account of increase in demand of transportation services in several industries namely Automobile, Retail & Fashion, Healthcare & Pharma, Steel & Power, etc. The group has recorded an operating income of Rs. 338.83 Cr. in FY2024 as against Rs.300.29 Cr. in FY23 and Rs.231.24 Cr. in FY2022. The operating profit margin of the group stood at 4.83% in FY2024 as against 4.14% in FY2023 and 4.06% in FY2022. The financial risk profile of the group stood moderate, marked by moderate net worth, low gearing (debt-equity) and above average debt protection metrics. Further, the rating continues to derive strength from extensive experience of the management, its efficient working capital operations and adequate liquidity position. However, the above mentioned strengths are partly offset by stiff competition from organised and unorganised players in the market, which limits the company's flexibility to pass on the increase in cost to the customers, exposure to customer concentration risk on account of ~64% revenue being derived from top three customers in FY2024.

**About the Company**

Safe and Secure Logistics Private Limited (SSPL) is based of Mumbai and was incorporated in 1994. The company is engaged in providing third party logistics services including transportations networks ranging from full truck load, part truck load, small packages and over dimensional cargos. Currently, the company is headed by Mr. Rambilas Agarwal and Mr. Ashwin Agarwal.

**About the Group**

Group has established presence since 1950, through sister concern of Safe and Secure Logistics Private Limited (SSPL), Hariyana Freight Carriers (HFC) has operations throughout the country with their own fleets as well as attached fleets. As on today HFC is having around 210 fleets and being utilized by SSPL for their operations. HFC meets 50 percent of the requirement to support SSPL in third party logistics services. The company is headquartered at Mumbai and is manged by Mr. Ram Bilash Agarwal and Mr. Ashwin Agarwal and Ms. Usha Agarwal.

**Unsupported Rating**

Not Applicable

## **Analytical Approach**

### **Extent of Consolidation**

- Full Consolidation

### **Rationale for Consolidation or Parent / Group / Govt. Support**

Acuité has consolidated the business and financial profiles of Safe and Secure Logistics Private Limited (SSPL) and Hariyana Freight Carriers (HFC), together referred to as 'SS group'. The consolidation is due to common management, same line of business and strong operational synergies between the two companies.

## **Key Rating Drivers**

### **Strengths**

**Experienced management, established track record of operations and reputed clientele**

SS Group has an established track record of operations, spanning over seven decades in the logistics business through their group company, HFC. The promoter of the group, Mr. Rambilash Agarwal, has nearly four decades of experience in the same line of business and is ably assisted by an experienced second line of management. Mr. Ashwin Agarwal possesses more than a decade of experience in this industry and manages the day-to-day operations of the group.

The group maintains strong relationships with reputed clients and suppliers due to its long-standing presence in the industry.

Acuité believes that the group will continue to benefit from its established presence, experienced management, which will help the group secure repeat orders from customers such as Tata Motors Limited, Exide Industries Limited, Mondelez India Foods Private Limited, and Aak India Private Limited, and maintain healthy relationships with its customers and suppliers.

### **Moderate Financial Risk Profile**

The financial risk profile of the group stood moderate, marked by moderate net worth, low gearing (debt-equity) and above average debt protection metrics. The tangible net worth stood at Rs. 41.78 Cr. as on 31 March 2024 as against Rs.32.05 Cr. as on 31 March 2023 on account of accretion of profits to the reserves. The total debt of the group stood at Rs.20.10 Cr. as on 31 March 2024 which includes long-term debt of Rs.2.06 Cr, short-term debt of Rs.16.21 Cr and unsecured loans of Rs.1.75 Cr. The gearing (debt-equity) stood low at 0.48 times as on 31 March 2024 as against 0.38 times as on 31 March 2023. Interest Coverage Ratio improved at 7.76 times in FY2024 as against 5.18 times for FY2023. Debt Service Coverage Ratio (DSCR) stood at 5.98 times in FY2024 as compared to 4.22 times in FY2023. Total outside Liabilities/Total Net Worth (TOL/TNW) stood at 1.03 times as on 31 March 2024 as against 1.17 times as on 31 March 2023. Net Cash Accruals to Total Debt (NCA/TD) stood at 0.55 times for FY2024 as against 0.64 times for FY2023.

Acuite believes the financial risk profile of the group will continue to remain moderate on account of expected steady net cash accruals and absence of any major debt-funded capex over the near term.

### **Efficient Working Capital Management**

The working capital management of the group is efficient marked by GCA days of 73 days in FY2024 as against 69 days in FY2023. Debtor's collection period stood at 68 days in FY2024 as against 61 days in FY2023. Generally, the group gives a credit period of 60-90 days to its customers. Furthermore, the creditor days stood at 23 days in FY2024 as against 34 days in FY2023. The clientele of the group includes Tata Motors Ltd (CV And PV), Mahindra and Mahindra Group, Mondelez India Foods Private Limited etc.

Further, the reliance on working capital limits stood moderate at 51% during the last 6 months ended August 2024.

Acuite believes that the working capital operations of the company are expected to remain efficient in the near term.

### **Weaknesses**

#### **Customer concentration risk**

The company faces moderate customer concentration risk with the top 3 customers collectively accounting for approximately ~64% of the total revenue in FY2024, indicating a notable concentration of revenue among a limited number of clients. The top 3 customers include, Tata Motors Ltd (CV And PV), Mahindra And Mahindra Group and Mondelez India Foods Private Limited. However, the group's long standing relations with these customers mitigate the risk to some extent.

Acuite believes ability of the company to diversify its customer base will remain a key rating sensitivity.

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

The group operates in a highly fragmented industry with stiff competition from organised and unorganised players in the 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, SS group continues to face the pricing pressure. However, this risk is mitigated to an extent on account of the extensive experience of the management and well-established presence in the industry

### **Rating Sensitivities**

- Improvement in revenue while maintaining the profitability levels. profitability margins.
- Deterioration in the financial risk profile as a result of decline in revenues and profitability or higher working capital requirements.
- Elongation in the working capital cycle leading to stress on the liquidity position.

### **Liquidity Position**

#### **Adequate**

The group's liquidity position is adequate, marked by comfortable net cash accruals against the maturing debt obligations. The group generated sufficient net cash accruals of Rs. 11.07 Cr. in FY2024 against nominal repayment obligation of during the same period. The working capital management of the group is efficient marked by GCA days of 73 days in FY2024 as against 69 days in FY2023 leading to moderate reliance on working capital limits with average fund-based limit utilisation of ~51 percent. The current ratio stands at 1.81 times as on March 31, 2024, as against 2.05 times as on 31 March 2023.

Acuite believes that going forward the group is expected to maintain adequate liquidity position on the back of moderate cash accruals.

### **Outlook: Stable**

### **Other Factors affecting Rating**

None

## Key Financials

| Particulars                   | Unit    | FY 24 (Actual) | FY 23 (Actual) |
|-------------------------------|---------|----------------|----------------|
| Operating Income              | Rs. Cr. | 338.83         | 300.29         |
| PAT                           | Rs. Cr. | 9.26           | 6.03           |
| PAT Margin                    | (%)     | 2.73           | 2.01           |
| Total Debt/Tangible Net Worth | Times   | 0.48           | 0.38           |
| PBDIT/Interest                | Times   | 7.76           | 5.18           |

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

Not applicable

### Any Other Information

None

### Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Consolidation Of Companies: <https://www.acuite.in/view-rating-criteria-60.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Service Sector: <https://www.acuite.in/view-rating-criteria-50.htm>

### Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité'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](http://www.acuite.in).

## Rating History

| Date        | Name of Instruments/Facilities | Term       | Amount (Rs. Cr) | Rating/Outlook   |
|-------------|--------------------------------|------------|-----------------|--|
| 21 Jul 2023 | Bank Guarantee (BLR)           | Short Term | 0.50            | ACUITE A3 (Upgraded from ACUITE A4+)   |
|             | Cash Credit                    | Long Term  | 23.00           | ACUITE BBB-   Stable (Upgraded from ACUITE BB+)                              |
| 28 Jun 2022 | Bank Guarantee (BLR)           | Short Term | 0.50            | ACUITE A4+ (Downgraded & Issuer not co-operating* from ACUITE A3)            |
|             | Cash Credit                    | Long Term  | 23.00           | ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB-   Stable) |
| 01 Apr 2021 | Bank Guarantee (BLR)           | Short Term | 0.50            | ACUITE A3 (Reaffirmed)   |
|             | Cash Credit                    | Long Term  | 23.00           | ACUITE BBB-   Stable (Reaffirmed)  |

**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>Complexity Level</b> | <b>Rating</b>                                       |
|----------------------|----------------------|----------------------|-------------------------|----------------------|----------------------|--------------------------|-------------------------|---|
| Kotak Mahindra Bank  | Not avl. / Not appl. | Bank Guarantee (BLR) | Not avl. / Not appl.    | Not avl. / Not appl. | Not avl. / Not appl. | 0.50                     | Simple                  | ACUITE A3+   Upgraded ( from ACUITE A3 )            |
| Kotak Mahindra Bank  | Not avl. / Not appl. | Cash Credit          | Not avl. / Not appl.    | Not avl. / Not appl. | Not avl. / Not appl. | 23.00                    | Simple                  | ACUITE BBB   Stable   Upgraded ( from ACUITE BBB- ) |

**\*Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)**

| <b>Sr. No</b> | <b>Name of the companies</b>              |
|---------------|---|
| 1             | Hariyana Freight Carriers                 |
| 2             | Safe and Secure Logistics Private Limited |

## Contacts

|   |   |
|---|---|
| Mohit Jain<br>Senior Vice President-Rating Operations | <b>Contact details exclusively for investors and lenders</b>  |
| Anuja Bele<br>Associate Analyst-Rating Operations     | Mob: +91 8591310146<br>Email ID: <a href="mailto:analyticalsupport@acuite.in">analyticalsupport@acuite.in</a> |

### 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.

**Disclaimer:** An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Ratings assigned by Acuité are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind, arising from the use of its ratings. Ratings assigned by Acuité are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website ([www.acuite.in](http://www.acuite.in)) for the latest information on any instrument rated by Acuité. Please visit <https://www.acuite.in/faqs.htm> to refer FAQs on Credit Rating.