

Press Release

Logis-Tech India Private Limited

February 22, 2022



Rating Reaffirmed & Withdrawn

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	12.43	ACUITE BB Reaffirmed & Withdrawn	-
Bank Loan Ratings	3.25	-	ACUITE A4+ Reaffirmed & Withdrawn
Total Outstanding Quantum (Rs. Cr)	0.00	-	-
Total Withdrawn Quantum (Rs. Cr)	15.68	-	-

* Refer Annexure for details

Rating Rationale

Acuite has reaffirmed and withdrawn its long-term rating of '**ACUITE BB**' (read as **ACUITE double B**) and its short-term rating of '**ACUITE A4+**' (read as **ACUITE A four plus**) on the Rs.15.68 crore bank facilities of Logis-Tech India Private Limited (LIPL).

The rating is being withdrawn on account of the request received from the company and the NOC received from the banker as per Acuite's policy on withdrawal of ratings.

About the Company

Mumbai based Logis-Tech India Private Limited (LIPL) was incorporated in 2003 as a 3PL (third party logistic) solutions and services provider pan India by Mr. Vijay Rawal. The company provides warehousing & inventory management services, distribution & reverse logistics services, systems and training services, record management services, transport management services and other value-added services.

Analytical Approach

Acuite has considered the standalone view of the financial and business risk profile LIPL to arrive at this rating.

Key Rating Drivers

Strengths

>Experienced management and established track record of operations

Established in 2003, the company is promoted by Mr. Vijay Kumar Rawal, Mr. Vinit Vijay Rawal and Mr. Arjit Vijay Rawal who have been associated with the Logistics industry for about four decades. LIPL caters to Petronas, Halonix, GS Caltex and Total Oil as its clients, to name a few. Acuite believes that the company will continue to benefit from promoter's experience in the industry and its established market presence over the medium term.

>Moderate Financial risk profile

The financial risk profile of the company stood moderate marked by moderate net worth,

moderate gearing and moderate debt protection metrics. The tangible net worth stood at Rs.12.62 crore as on 31 March, 2021 as against Rs.8.15 crore as on 31 March, 2020. The total debt of the company stood at Rs.22.32 crore includes Rs.11.42 crore of long term debt, Rs.2.26 crore unsecured loans from directors and Rs.6.43 crore of short term debt as on 31 March, 2021. The gearing (debt-equity) stood at 1.77 times as on 31 March, 2021 as compared to 1.94 times as on 31 March, 2020. Interest Coverage Ratio stood at 6.62 times for FY2021 as against 4.78 times for FY2020. Debt Service Coverage Ratio (DSCR) stood at 2.51 times in FY2021 as against 2.60 times in FY2020. Total outside Liabilities/Total Net Worth (TOL/TNW) stood at 2.36 times as on 31 March, 2021 as against 2.80 times on 31 March, 2020. Net Cash Accruals to Total Debt (NCA/TD) stood at 0.27 times for FY2021.

Acuité believes that going forward the financial risk profile of the company will remain moderate backed by steady accruals and no major debt-funded capex plans.

Weaknesses

>Modest scale of operations

The company has a modest scale of operations marked by operating income of Rs.57.49 crores in FY2021 which has improved from Rs.35.96 crores in FY2020. Its operating margins stood at 15.25 percent in FY2021 as against 11.18 percent in FY2020. Its PAT margin stood at 7.77 percent in FY2021 as against 5.42 percent in FY2020.

>Competitive industry

The logistics industry is marked by the presence of several mid to big size players. The company faces intense competition from other players in the sectors. 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, sustainability and healthy growth of revenues and profitability margins.
- Deterioration in the working capital cycle leading to stress on the liquidity position.
- Significant increase in repayment obligation and interest costs.

Material covenants

None.

Liquidity Position: Adequate

The company's liquidity position is adequate marked by sufficient net cash accruals against its maturing debt obligations. The company has net cash accruals in the range of Rs 1.27-6.03 Crore from FY 2019-2021 against the maturing debt obligations of Rs 0.50-2.21 crores during the same tenure. The working capital management of the company is intensive marked by GCA days of 170 days in FY2021 as against 185 days in FY2020. The company maintains unencumbered cash and bank balances of Rs.0.28 crore as on March 31, 2021. The current ratio stands at 1.82 times as on March 31, 2021. The average bank limit utilization for the past 6 months ending December 2021 is ~ 30.78 percent.

Outlook: Not Applicable

Key Financials

Particulars	Unit	FY 21 (Actual)	FY 20 (Actual)
Operating Income	Rs. Cr.	57.49	35.96
PAT	Rs. Cr.	4.47	1.95
PAT Margin	(%)	7.77	5.42
Total Debt/Tangible Net Worth	Times	1.77	1.94
PBDIT/Interest	Times	6.62	4.78

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

None

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

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
16 Nov 2021	Proposed Bank Facility	Long Term	0.13	ACUITE BB (Downgraded and Issuer not co-operating*)
	Bank Guarantee	Short Term	3.25	ACUITE A4+ (Issuer not co-operating*)
	Secured Overdraft	Long Term	1.40	ACUITE BB (Downgraded and Issuer not co-operating*)
	Cash Credit	Long Term	9.50	ACUITE BB (Downgraded and Issuer not co-operating*)
	Term Loan	Long Term	1.40	ACUITE BB (Downgraded and Issuer not co-operating*)
11 Sep 2020	Term Loan	Long Term	1.40	ACUITE BB+ Stable (Assigned)
	Bank Guarantee	Short Term	3.25	ACUITE A4+ (Assigned)
	Cash Credit	Long Term	9.50	ACUITE BB+ Stable (Assigned)
	Proposed Bank Facility	Long Term	0.13	ACUITE BB+ Stable (Assigned)
	Secured Overdraft	Long Term	1.40	ACUITE BB+ Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Rating
DCB Bank Limited	Not Applicable	Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	3.25	ACUITE A4+ Reaffirmed & Withdrawn
DCB Bank Limited	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	9.50	ACUITE BB Reaffirmed & Withdrawn
DCB Bank Limited	Not Applicable	Overdraft	Not Applicable	Not Applicable	Not Applicable	1.40	ACUITE BB Reaffirmed & Withdrawn
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	0.13	ACUITE BB Reaffirmed & Withdrawn
DCB Bank Limited	Not Applicable	Term Loan	Not available	Not available	Not available	1.40	ACUITE BB Reaffirmed & Withdrawn

Contacts

Analytical	Rating Desk
Aditya Gupta Vice President-Rating Operations Tel: 022-49294041 aditya.gupta@acuite.in Siddharth Shah Management Trainee-Rating Operations Tel: 022-49294065 siddharth.shah@acuite.in	Varsha Bist Senior Manager-Rating Operations Tel: 022-49294011 rating.desk@acuite.in

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.

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. Acuité ratings 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. Acuité ratings 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) for the latest information on any instrument rated by Acuité