



**Press Release**  
**ACCESS WAREHOUSING PRIVATE LIMITED**  
**January 16, 2024**  
**Rating Reaffirmed**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	10.00	ACUITE BB+   Stable   Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	10.00	-	-

**Rating Rationale**

Acuite has reaffirmed the long-term rating of '**ACUITE BB+**' (read as **ACUITE double B plus**) on the Rs. 10.00 Crore bank facilities of Access Warehousing Private Limited. The outlook is '**Stable**'.

**Rationale for rating reaffirmation: -**

The rating reaffirmation on the basis of improvement in the operating performance and moderate financial risk profile of the company. The turnover of the company stood at Rs.114.02 crore in FY2023 as against Rs.82.56 crore in FY2022. The operating margin of the company stood at 10.12% in FY2023 as against 9.49% in FY2022. Further, the financial risk profile of the company is comfortable marked by low gearing and comfortable debt protection metrics. The gearing ratio of the company stood at 0.54 times as 31 March 2023. The rating further considers the adequate liquidity profile of the company. However, rating is constrained by the moderately intensive working capital operations and slow growth in the operating income in FY2024.

**About the Company**

Bangalore based Access Warehousing Private Limited (AWPL), incorporated in 2013 by Mr. Shivraj Desai and Mrs. Shivani Shivraj Desai. The company is engaged in warehousing and secondary transportation along with some other value-added services. AWPL is responsible for receiving materials at the warehouse, putting away the materials to appropriate locations, accounting stocks in the system, picking, co-packing, staging, invoicing all the materials, and dispatching and transporting the materials. It also offers storage-bulk handling for food, pharmaceuticals, automobiles, and other materials and deal in all kinds of transportation including Air & Ocean freight. AWPL has total of 25 warehouses all over the India. In addition to collaborating with multiple transportation firms, AWPL owns and operates twenty vehicles for logistics and transportation needs.

**Unsupported Rating**

Not Applicable

**Analytical Approach**

Acuite has considered the standalone business and financial risk profiles of Access Warehousing Private Limited (AWPL) for arriving at the rating.

**Key Rating Drivers**

**Strengths**

## **Experienced management coupled with long track of operations**

AWPL, promoted by Mr. Shivraj Desai is into existence for the last decade. Mr. Desai has an

experience of more than two decades in this said line of business as he has worked with different reputed FMCG companies, namely ITC Ltd, Nestle Ltd for more than 25 years in the supply chain domain and subsequently headed the logistics department for pan India. Later he moved out of the corporate to start his own venture business. Today, AWPL is responsible for receiving materials at the warehouse, putting away the materials to appropriate locations, accounting stocks in the system, picking, co-packing, staging, invoicing all the materials, and dispatching and transporting the materials. It also offers storage-bulk handling for food, pharmaceuticals, automobiles, and other materials and deals in all kinds of transportation including Air & Ocean freight. There are additional value-added services for the customers to get an all-round benefit. The experience of the promoter and the all-round services provided the company has led to its association with several reputed companies like United Breweries, Zomata, ITC Ltd, Kellogg India Pvt Ltd, Zepto (Kiranakart Technologies) etc. among others.

Acuité believes that the promoter's industry experience and established relation with its customers and suppliers will aid AWPL's business risk profile over the medium term.

### **Improving scale of operations.**

AWPL has reported revenue of Rs.114.02 Cr in FY2023 as against Rs.82.56 Cr in FY2022 and Rs.37.17 Cr in FY2021 with registering a CAGR of 45.30 percent for the last three years. The growth in revenues is on account of upswing in quick-commerce business post COVID-19. Further, operating in all of India's major metropolises, AWPL was able to seize market share of quick commerce during the market boom. The operating profit margin of the AWPL stood at 10.12% in FY2023 as against 9.49% in FY2022. The PAT margin of the company stood at 6.97% in FY2023 as against 6.34% in FY2022. The profitability margins of the company are stable across the three years. Apart from this, the company has already achieved revenue of Rs.59.48 Cr till December 2023 and has target of around ~Rs.100 crore of revenue, for FY2024.

### **Comfortable financial risk profile albeit moderate net worth**

The financial risk profile of the AWPL stood comfortable, marked by moderate net worth, low gearing (debt-equity) and healthy debt protection metrics. The tangible net worth stood at Rs.21.26 crore as on 31 March 2023 as against Rs.13.30 crore as on 31 March, 2022. The total debt of the company stood at Rs.11.39 crore which includes long-term debt of Rs.3.93 crore, short-term debt of Rs.6.37 crore and maturing portion of long term debt of Rs.1.09 crore as on 31 March 2023. The gearing (debt-equity) stood low at 0.54 times as on 31 March 2023 as compared to 0.59 times as on 31 March, 2022. Total outside Liabilities/Total Net Worth (TOL/TNW) stood at 1.33 times as on 31 March, 2023 as against 1.80 times as on 31 March, 2022. Further, Debt/EBITDA stood low at 0.95 times as on 31 March 2023 as against 0.98 times as on 31 March 2022. The debt coverage metrics of the company is healthy with Interest Coverage Ratio (ICR) stood at 17.31 times for FY2023 as against 16.32 times for FY2022. Debt Service Coverage Ratio (DSCR) stood at 7.37 times in FY2023 as against 6.83 times in FY2022. Net Cash Accruals to Total Debt (NCA/TD) stood at 0.74 times for FY2023 as against 0.73 times for FY2022.

Acuité believes that the financial risk profile of the AWPL will remain at same level in the medium term owing to no further debt funded CAPEX.

### **Weaknesses**

#### **Moderately intensive working capital operations**

The working capital operation of the AWPL is moderate intensive marked by GCA of 99 days as on 31 March 2023 as against 104 days as on 31 March 2022. Further, the improvement in GCA days of the company is on account of decrease in collection period during the period. The debtor days is moderate and stood at 63 days as on 31 March 2023 as against 104 days as on 31 March 2022. The creditors days are improved yet moderate high and stood at 85 days as on 31 March 2023 as against 126 days as on 31 March 2022. Further, the Average utilisation of fund based limits is moderate with average of 63.09 percent for the 12 months ended August 2023.

Acuité believes that the ability of the company to manage its working capital operations efficiently will remain a key rating sensitivity.

## Competitive Industry

The logistics industry is marked by the presence of several mid to big size players. The group faces intense competition from other players in the sectors. Further, AWPL's agreements with customers are for a period of 1 to 3 years and renewable post expiry. However, this risk is mitigated to an extent on account of the experience of the management and association with reputed clientele.

## Rating Sensitivities

- Improvement in scale of operations whilst maintaining the profitability margins.
- Stretch in working capital cycle, leading to an increase in working capital borrowings.
- Any weakening of financial risk profile and liquidity.

## Liquidity Position: Adequate

The AWPL's liquidity position is adequate, marked by comfortable net cash accruals against the maturing debt obligations. The AWPL generated sufficient net cash accruals in the range of Rs.2.06 -8.48 Crore in FY2021-23 against the maturing portion of debt obligations of Rs.0.42 - Rs.1.09 Crore for the same period. In addition, it is expected to generate sufficient net cash accrual in the range of Rs.9.42 -11.20 crores against the maturing repayment obligations of Rs.1.07-1.10 crore over the medium term. The company maintains unencumbered cash and bank balances of Rs.0.01 crore and liquid investment of Rs.16.91 Cr as on March 31, 2023. The current ratio stands at 1.97 times as on March 31, 2023.

Acuité believes that AWPL's liquidity will remain adequate over the medium term backed by adequate cash accruals against repayment obligations.

## Outlook: Stable

Acuité believes that AWPL will continue to benefit over the medium term due to its experienced management. The outlook may be revised to 'Positive', in case of higher-than expected revenues and sustained improvement in profitability with improvement in working capital management. Conversely, the outlook may be revised to 'Negative' in case AWPL registers lower-than-expected decline in revenues and profitability or any significant stretch in its working capital management or larger-than-expected debt-funded capital expenditure leading to the deterioration of its financial risk profile and liquidity.

## Other Factors affecting Rating

None

## Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	114.02	82.56
PAT	Rs. Cr.	7.95	5.23
PAT Margin	(%)	6.97	6.34
Total Debt/Tangible Net Worth	Times	0.54	0.59
PBDIT/Interest	Times	17.31	16.32

### 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](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
29 May 2023	Cash Credit	Long Term	3.50	ACUITE BB+ ( Issuer not co-operating*)
	Bank Guarantee	Short Term	0.14	ACUITE A4+ ( Issuer not co-operating*)
	Proposed Bank Facility	Long Term	4.36	ACUITE BB+ ( Issuer not co-operating*)
	Term Loan	Long Term	2.00	ACUITE BB+ ( Issuer not co-operating*)
28 Feb 2022	Term Loan	Long Term	2.00	ACUITE BB+ ( Issuer not co-operating*)
	Bank Guarantee	Short Term	0.14	ACUITE A4+ ( Issuer not co-operating*)
	Cash Credit	Long Term	3.50	ACUITE BB+ ( Issuer not co-operating*)
	Proposed Bank Facility	Long Term	4.36	ACUITE BB+ ( Issuer not co-operating*)

## 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 Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	8.50	ACUITE BB+   Stable   Reaffirmed
Bank of Baroda	Not Applicable	Term Loan	27 Mar 2023	Not available	28 Feb 2028	Simple	1.50	ACUITE BB+   Stable   Reaffirmed

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### 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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