



Press Release
YCH LOGISTICS INDIA PRIVATE LIMITED
January 22, 2025
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	27.00	ACUITE A- Stable Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	27.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed its long-term rating of ‘**ACUITE A-**’ (read as **ACUITE A Minus**) on the Rs.27.00 Cr. bank facilities of YCH Logistics India Private Limited (YCH). The outlook is ‘**Stable**’.

Rationale for Reaffirmation

Acuite has reaffirmed the rating of YCH Logistics India Private Limited (YCH) due to its steady business and financial risk profiles. The company’s revenue grew to Rs. 159.56 crore in FY2024 from Rs. 149.49 crore in FY2023, driven by higher warehouse storage and transport charges. Despite a slight dip in profitability, with operating profit margin at 25.51% (down from 27.31% in FY2023), due to reduced warehousing business which commands better margins and more of transport & destination handling business, YCH maintains healthy margins and a diversified revenue base. YCH’s financial position is robust, with tangible net worth at Rs. 120.37 crore as of FY2024, and a modest gearing of 0.18 times. The company’s debt protection metrics are strong, with an interest coverage ratio of 17.09 times and a debt service coverage ratio of 5.65 times. Liquidity remains adequate, with a current ratio of 2.37 times and Rs. 15.87 crore in cash and bank balances. The support from its parent company, YCH Singapore in terms of advanced technologies and advanced warehousing techniques, and the company’s large infrastructure network, including 56 leased warehouses across India, positions it well for growth. However, these strengths are partially offset by the company’s intensive working capital management reflected by high Gross Current Asset (GCA) days. The rating is further constrained by susceptibility to economic slowdown and government regulations, other industry-related risks in the competitive and fragmented logistics industry.

About the Company

Established in 1955 by the late Mr. Yap Chwee Hock, YCH Singapore serves as the flagship and holding company for the YCH group. Dr. Robert Yap, the current Executive Chairman and eldest son of Mr. Yap Chwee Hock, brings over 40 years of experience in the logistics and SCM business. Other directors, who are family members of the Chairman, contribute with more than 15 years of industry expertise.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has taken the standalone view of the business and financial risk profile of YCH to arrive at the rating.

Key Rating Drivers

Strengths

Experienced management and long track record of operations

YCH is a part of the Singapore-based ‘YCH group’ engaged in supply chain management. YCH was established in the year 2007 as a subsidiary of YCH Group Pte Ltd (Singapore) [YCH Singapore]. YCH is engaged in the business

of providing end-to-end supply chain management solutions involving supply chain consulting, design and providing customised logistic solutions. It provides integrated third-party logistics services including warehousing, freight forwarding and transportation services. YCH Singapore, established in 1955, is the flagship and holding company of the YCH group which provides end-to-end supply chain management and logistics solutions to various

global companies across hi-tech/electronics, chemicals and healthcare and consumer goods industries. The group has operations spanning the Asia Pacific, including Singapore, Malaysia, Thailand, Indonesia, China, Taiwan, Hong Kong, Philippines, Australia, India, Vietnam and Korea.

Steady scale of operations

The revenue of the company stood at Rs. 159.56 crore in FY2024 as compared to Rs. 149.49 crore in FY2023, mainly due to higher contributions from the warehouse storage revenue and transport charges. The growth stemmed from higher handled volumes and a steady stream of revenue from both new and existing customers. The company has already attained revenues of ~Rs. 119 Cr. till November 2024. However, the company's profitability faced a moderation, with the operating profit margin declining to 25.51 percent in FY2024 from 27.31 percent in FY2023, primarily due to reduced business coming from their major customer Dell. Additionally, due to slowdown in the electronics market finished products occupancy rate of warehouses had reduced in FY2024. Moreover, imports were significantly reduced due to government restrictions imposed on the import of electronic products, because of which their business from Dell reduced significantly. However, other revenue segments helped the company to increase their operating income. The net profitability margin dropped to 14.66 percent in FY2024, compared to 19.49 percent in FY2023. This was on account of increase in depreciation due to capitalising of fixed assets. Acuité believes that the profitability margin will remain at similar but healthy levels over the medium term.

Support from the parent YCH Singapore

YCH leverages upon the large network of group companies across the world, which enables the company to offer services across the value chain as well as provide a reliable network to its clients as the correspondent agents in the destination countries are YCH's group companies. YCH Singapore, the holding company, provides management and IT support services to YCH, as well as advanced warehousing and automation technology that YCH uses at its facilities.

Diversified business profile

The company has a diversified business profile as reflected from its three business divisions, namely Warehouse storage revenue, Transport charges and Destination handling charges with 55%, 36% and 7% contribution to revenue of FY24 respectively. Moreover, the company has a strong customer base helped YCH secure repeat business. Its healthy customer base, including major players like Dell International Services India Private Limited, Lenovo (India) Private Limited, and Apple, contributing to repeat business. YCH strategically extends its logistics operations with 58 warehouses across India, ensuring Pan-India coverage and providing logistic solution globally to China, Hong Kong, Malaysia, Taiwan, Japan, and Korea. With the Chennai SEZ warehouse, the Company is expecting to add new customers to its existing base. This multifaceted presence offers geographical and commodity diversification, aligning with Acuité believe that it positions the company for acquiring new clients, better rate realization, and consistent cash flows.

Healthy financial risk profile

The tangible net worth of the company stood at Rs.120.37 Cr. as on March 31, 2024 as compared to Rs.111.94 Cr. as on March 31, 2023, due to accretion to reserves. The gearing of the company stood modest at 0.18 times as on 31 March 31, 2024. The Total Outside Liabilities/Tangible Net Worth (TOL/TNW) stood at 0.44 times as on March 31, 2024 as compared to 0.6 times as on March 31, 2023. The debt protection metrics of the company remain comfortable marked by Interest coverage ratio (ICR) of 17.09 times and debt service coverage ratio (DSCR) of 5.65 times for FY2024. The net cash accruals to total debt (NCA/TD) stood healthy at 1.56 times in FY2024.

Weaknesses

Working capital intensive nature of operation

The working capital management of the company is moderate marked by Gross Current Assets (GCA) of 174 days for FY2024 as compared to 194 days for FY2023. The debtor days stood at 108 in FY2024. Days payable outstanding stood at 137 days against 117 days in FY2023. The company can stretch its working capital on account of higher payable days, which causes a negative working capital cycle for the company. This in turn helps the company to have large amount of unencumbered cash and bank balance.

Revenue growth and margins remain susceptible to economic downturns and government regulations

YCH's revenue growth is vulnerable to the global economic slowdown, heightened competition, and constrained pricing flexibility, potentially affecting its operations. Fluctuations in government policies regarding export-import trade also pose a risk. Changes in Exim trade volumes directly influence overall sales. Despite these challenges, the company benefits from favourable long-term prospects in container traffic. Established relationships with major shipping lines, coupled with its integrated position in the logistics chain and port operations, help mitigate some of these risks. Additionally, the occupancy levels of warehouses, new as well as existing, will remain a key monitorable.

Rating Sensitivities

- Movement in operating income and profit margins on a sustained basis
- High debt-funded capital expenditure in the near to medium term
- Occupancy level of warehousing

Liquidity Position Adequate

The company has adequate liquidity marked by adequate net cash accruals of Rs. 33.71 Cr. as on March 31, 2024, as against Rs. 4.22 Cr. long term debt obligations over the same period. The current ratio of the company stood comfortable at 2.37 times in FY2024. The cash and bank balance stood at Rs.15.87 Cr. for FY2024. Further, the working capital management of the company is moderate marked by Gross Current Assets (GCA) of 194 days for FY2024 as compared to 205 days for FY2023. Further, the fund-based limit remained utilized at ~10 per cent over the seven months ended October 2024. The company has also given short term loans and advances of Rs.8.80 crore to Y3 Technologies at 9.5 % pa and has non-current investment of Rs.0.05 crore in YCH Trade Solutions Private Limited. Acuité believes that the liquidity of the company is likely to remain adequate over the medium term on account of comfortable cash accruals against long debt repayments over the medium term.

Outlook: Stable

Other Factors affecting Rating None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	159.56	149.49
PAT	Rs. Cr.	23.39	29.14
PAT Margin	(%)	14.66	19.49
Total Debt/Tangible Net Worth	Times	0.18	0.32
PBDIT/Interest	Times	17.09	15.23

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, 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.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook	
26 Oct 2023	Covid Emergency Line.	Long Term	2.22	ACUITE A-	Stable (Reaffirmed)
	Cash Credit	Long Term	10.62	ACUITE A-	Stable (Reaffirmed)
	Term Loan	Long Term	14.16	ACUITE A-	Stable (Reaffirmed)
22 Aug 2022	Covid Emergency Line.	Long Term	3.67	ACUITE A-	Stable (Reaffirmed)
	Cash Credit	Long Term	17.00	ACUITE A-	Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	4.08	ACUITE A-	Stable (Reaffirmed)
	Term Loan	Long Term	0.44	ACUITE A-	Stable (Reaffirmed)
	Term Loan	Long Term	1.81	ACUITE A-	Stable (Reaffirmed)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Axis Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.62	Simple	ACUITE A- Stable Reaffirmed
Axis Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	15 Mar 2033	16.38	Simple	ACUITE A- Stable Reaffirmed

Contacts

Mohit Jain Senior Vice President-Rating Operations	Contact details exclusively for investors and lenders
Dibyendu Roy Associate Analyst-Rating Operations	Mob: +91 8591310146 Email ID: analyticalsupport@acuite.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.

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) for the latest information on any instrument rated by Acuité. Please visit <https://www.acuite.in/faqs.htm> to refer FAQs on Credit Rating.

Note: None of the Directors on the Board of Acuité Ratings & Research Limited are members of any rating committee and therefore do not participate in discussions regarding the rating of any entity.