

Press Release

Allseas Movers Private Limited

August 08, 2022



Rating Assigned

| Product | Quantum (Rs. Cr) | Long Term Rating | Short Term Rating |
|------------------------------------|------------------|---------------------------------|-------------------|
| Bank Loan Ratings | 53.00 | ACUITE BBB- Stable Assigned | - |
| Total Outstanding Quantum (Rs. Cr) | 53.00 | - | - |
| Total Withdrawn Quantum (Rs. Cr) | 0.00 | - | - |

Rating Rationale

Acuite has assigned its long-term rating of '**ACUITE BBB-**' (read as **ACUITE triple B minus**) on the Rs.53.00Cr. bank facilities of Allseas Movers Pvt Ltd (AMPL). The outlook is '**Stable**'.

Rationale for rating assigned

The rating assigned takes into consideration the established market position of the company in the logistics industry. The ratings also draws comfort from long and extensive experience of the promoters in the aforementioned industry and sustained growth in scale of operations over the years despite the onset of covid-19 pandemic. The rating further factors the moderate financial risk profile and adequate liquidity position of the company. However, these strengths of the company are partially offset due to intensive nature of working capital requirements and presence in a highly fragmented and competitive industry.

About the Company

Allseas movers, founded in 2005 is an international freight forwarder and a multimodal transport operator. It has its offices located in Mumbai, Pune, Chennai and Ahmedabad. The company arranges everything required by its clients to transport the shipments and has its focus majorly on ocean freight.

Analytical Approach

Acuite has considered the standalone business and financial risk profiles of All seas movers Pvt Ltd (AMPL)

Key Rating Drivers

Strengths

Experienced management

The key promoter, Mr. Nilesh Virkar has over 20 years of experience in the logistic industry. Before promoting AMPL, the promoter has held leadership positions in with leading logistics

companies. Extensive experience of the promoters has helped the company in maintaining healthy relationship with its customers and suppliers.

Acuité believes that AMPL will continue to benefit over the medium term on the back of the experience of the promoters.

Stable operating performance

Allseas movers Pvt Ltd (AMPL) has recorded a robust performance with a 63% Y-o-Y growth in its revenue. The revenue of the company stood at Rs.132.46 Cr in FY2022 as against 81.14 Cr in FY2021. Such growth in revenue majorly comes at the back of increased demand in the industry. AMPL has been retained as a logistics partner by an European supply chain logistics company which outsources some of its orders to AMPL. Further, the company has also entered into a Memorandum of Understanding with this company to operate its Global Service Centre. In FY2022, AMPL purchased an office worth Rs.48 Cr at Akshar Business Park in Navi Mumbai. From October 2022, AMPL will be receiving Rs. 21 lakhs of rent per month for leasing the premises for such Global Service Center. EBITDA margin of the company remained stable at 6.69% in FY2022 as against 7.20% in FY2021. PAT margins of the company stood at 3.04% in FY2022 as against 2.81% in FY2021.

Moderate Financial Risk Profile

Financial Risk Profile of the company is moderate marked by modest tangible net worth, moderate gearing and comfortable debt protection metrics. Net worth of the company stood at Rs.22.45 Cr as on 31st March, 2022 as against Rs.8.18 Cr as on 31st March 2021. AMPL issued equity shares of Rs. 5 Cr in FY2022 to its promoters. Such issue was for the purchase of office premises for the global service center. Further unsecured loans of Rs.15.41 Cr are treated as quasi equity. Gearing of the company stood moderate at 1.71 times as on 31st March, 2022 as against 1.68 times as on 31st March, 2021. The increase in gearing is on account of fresh term loan taken by the company of Rs.20 Cr for purchase of office premises in Navi Mumbai. However the promoters have also introduced unsecured loans of Rs. 15.41 Cr for such purchase. Total Debt of the company stood at 56.20 Cr as on 31st March, 2022 as against Rs.13.76 Cr as on 31st March, 2021. Debt of the company comprises of 32.27 Cr of long term debt, 23.92 Cr of short term debt. TOL/TNW of the company stood at 2.10 times as on 31st March, 2022 as against 3.15 times as on 31st March, 2022. NCA to Total Debt of the company stood at 0.07 times as on 31st March, 2022 as against 0.17 times in as on 31st March 2022. Debt protection metrics of the company stood comfortable with DSCR at 1.39 times in FY2022 as against 1.11 times in FY2021. Interest coverage ratio of the company stood at 2.68 times in FY2022 as against 2.03 times in FY2021. Acuité believes that the financial risk profile will moderate in the near to medium term on account of moderate gearing and steady improvement in profitability.

Weaknesses

Intensive working capital operations

Working Capital Operations of the company remained intensive with GCA days at 133 days in FY2022 as against 141 days in FY2022. The high GCA days are driven by high debtor collection period. The company bills revenue at multiple events in the process of the shipment. The credit terms for each shipment differs on the nature of the shipment. On an average the company takes 70-75 days for collection from debtors. The debtor collection period stood at 120 days in FY2022 as against 130 days in FY2021. However, high debtor days are on account of higher sales in the last quarter of the financial year. The company enjoys a credit period of 1 week to 10 days from its vendors. The creditor days stood at 22 days in FY2022 as against 32 days in FY2021.

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

Highly fragmented and competitive industry with customer concentration risk

The industry is marked by presence of large number of organized and unorganized players in the industry. The industry is intensely competitive and fragmented industry because of low entry barriers and moderate capital requirements. The high competitive intensity limits the pricing flexibility and exerts pressures on the margins of all participants. Further, AMPL also faces a customer concentration risk with 30% of revenue being recorded from a single customer. However, the established relationship with clients and vendors, diversified geographical presence and experienced management mitigates the risk to some extent.

Rating Sensitivities

Substantial improvement in scale of operation while maintaining profitability margins.
Elongation in working capital cycle leading to higher reliance on working capital limits

Material covenants

None

Liquidity: Adequate

AMPL's liquidity is adequate with sufficient net cash accruals as against debt repayment obligations. Net Cash accruals of the company stood at Rs.4.06 Cr in FY2022 as against debt repayment obligation of Rs.3.90 Cr during the same period. The company is expected to generate net cash accruals of Rs.8.31-9.49 Cr in the medium term as against debt repayment obligation of Rs.3.40-4.61 Cr. Bank Limit utilization of the company remained at 80.85% for 6 months ended April 2022. The company has maintained unencumbered cash balance of Rs.2.05 Cr in FY2022.

Acuité believes that the liquidity of the company is likely to remain adequate over the medium term on account of adequate cash accruals and the matured debt repayments over the medium term.

Outlook: Stable

Acuité believes that AMPL will continue to maintain a 'Stable' outlook over the medium term owing to its experienced and technically qualified management. The outlook may be revised to 'Positive' if the company reports significant improvement in revenue and scale of operations while maintaining operating profitability leading to higher cash accruals. Conversely, the outlook may be revised to 'Negative' if the company registers decline in revenue and profitability leading to lower than expected cash accruals or deterioration in the financial risk profile

Other Factors affecting Rating

Not applicable

Key Financials

| Particulars | Unit | FY 22 (Provisional) | FY 21 (Actual) |
|-------------------------------|---------|---------------------|----------------|
| Operating Income | Rs. Cr. | 132.46 | 81.14 |
| PAT | Rs. Cr. | 4.02 | 2.28 |
| PAT Margin | (%) | 3.04 | 2.81 |
| Total Debt/Tangible Net Worth | Times | 1.72 | 1.68 |
| PBDIT/Interest | Times | 2.68 | 2.03 |

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

Not applicable

Any other information

Not applicable

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:

Not Applicable

Annexure - Details of instruments rated

| Lender's Name | ISIN | Facilities | Date Of Issuance | Coupon Rate | Maturity Date | Quantum (Rs. Cr.) | Rating |
|----------------------------|----------------|----------------------------------|------------------|----------------|----------------|-------------------|---------------------------------|
| TJSB Sahakari Bank Limited | Not Applicable | Cash Credit | Not Applicable | 11 | Not Applicable | 25.00 | ACUITE BBB- Stable Assigned |
| Not Applicable | Not Applicable | Proposed Long Term Bank Facility | Not Applicable | Not Applicable | Not Applicable | 4.10 | ACUITE BBB- Stable Assigned |
| TJSB Sahakari Bank Limited | Not Applicable | Term Loan | Not available | 11 | Not available | 4.96 | ACUITE BBB- Stable Assigned |
| Canara Bank | Not Applicable | Term Loan | 30-09-2021 | 8.40 | Not available | 9.72 | ACUITE BBB- Stable Assigned |
| Indian Bank | Not Applicable | Term Loan | 27-01-2022 | 9.05 | Not available | 9.22 | ACUITE BBB- Stable Assigned |

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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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