



Press Release
MEHRAB LOGISTICS AND AVIATION LIMITED
June 18, 2024
Rating Downgraded

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	47.00	ACUITE C Downgraded	-
Total Outstanding Quantum (Rs. Cr)	47.00	-	-

Rating Rationale

Acuite has downgraded the long-term rating to '**ACUITE C**' (read as **ACUITE C**) from '**ACUITE B+**' (read as **ACUITE B plus**) on the Rs. 47.00 Crore bank facilities of Mehrab Logistics and Aviation Limited (MLAL) .

Rationale for rating downgrade

The rating downgrade takes cognizance of delays in servicing debt obligations as understood from credit bureau information report of the company.

About the Company

Incorporated in 1997, and is based in Lucknow, (U.P), Mehrab Logistics and Aviation Limited (MLAL) is promoted and managed by Mr. Abdul Hai Khan. The company is engaged in transportation of tractors, jeeps, cars etc., having a fleet of ~450 trailers.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone business and financial risk profiles of the MLAL to arrive at this rating.

Key Rating Drivers

Strengths

Established operational track record and long association with renowned customers

Mr. A.H Khan, promoter of MLAL have an extensive experience of over two decades in the logistic industry which had enabled MLAL to establish relationships with reputed customers. The company has a reputed clientele and enjoys a long term relationship of more than a decade with some of the clients like Mahindra Logistics Limited, Maruti Suzuki India Ltd., Tata Motors Ltd., etc. to name a few. It provides services across India, primarily North India.

Weaknesses**Instance of delay and irregularities account conduct**

As per the delays reflected in Credit Bureau Information Report of the company.

Rating Sensitivities

Timely servicing of debt repayment obligations

Liquidity Position: Poor

Liquidity position of the company is poor as there are delays in servicing of debt obligations.

Outlook:

Not Applicable

Other Factors affecting Rating None

Key Financials

Particulars	Unit	FY 23 (Provisional)	FY 22 (Actual)
Operating Income	Rs. Cr.	128.46	129.03
PAT	Rs. Cr.	2.21	(2.34)
PAT Margin	(%)	1.72	(1.81)
Total Debt/Tangible Net Worth	Times	9.27	20.45
PBDIT/Interest	Times	2.78	1.30

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

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
27 Jul 2023	Cash Credit	Long Term	32.00	ACUITE B+ Stable (Assigned)
	Term Loan	Long Term	5.00	ACUITE B+ Stable (Assigned)
	Term Loan	Long Term	10.00	ACUITE B+ Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Punjab National Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	32.00	ACUITE C Downgraded (from ACUITE B+)
Punjab National Bank	Not avl. / Not appl.	Term Loan	30 Nov 2018	Not avl. / Not appl.	30 Oct 2027	Simple	5.00	ACUITE C Downgraded (from ACUITE B+)
Punjab National Bank	Not avl. / Not appl.	Term Loan	30 Nov 2018	Not avl. / Not appl.	30 Oct 2030	Simple	10.00	ACUITE C Downgraded (from ACUITE B+)

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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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