

September 02, 2021

Spoton Logistics Private Limited- Update on Material Event, Ratings placed on watch with developing implications

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term Fund-based/CC	90.00	90.00	[ICRA]BBB+&, Placed on watch with developing implications
Long-term Fund-based/TL	12.87	12.87	[ICRA]BBB+&, Placed on watch with developing implications
Short-term Interchangeable	(5.00)	(5.00)	[ICRA]A2&, Placed on watch with developing implications
Long-term/short-term – Unallocated	95.13	95.13	[ICRA]BBB+&/ [ICRA]A2&, Placed on watch with developing implications
Total	198.00	198.00	

*Instrument details are provided in Annexure-1; &= Under watch with developing implications

Material Event

As per news article published in media on August 25, 2021, Delhivery Private Limited (DPL), a logistics and supply chain operator, has acquired Spoton Logistics Private Limited (SLPL).

Impact of Material Event

ICRA has placed the ratings of [ICRA]BBB+/[ICRA]A2 outstanding on the bank facilities of SLPL on watch with developing implications. As per the management, all the previous investors (Samara Alternate Investment Fund, Samara Capital Partners Fund II Limited, Virginia Tech Foundation Inc., Xponentia Fund Partners LLP, Xponentia Opportunities Fund - I) have exited and DPL now holds 100% shareholding of SLPL. Given that the exact contours of the transactions and impact thereon are not known to ICRA at present, the ratings have been placed on watch. ICRA will resolve the watch once further clarity emerges on the transaction and the actual impact on the credit profile of SLPL is ascertained.

Rationale

Please refer to the following link for the previous detailed rationale that captures Key rating drivers and their description, Liquidity position, Rating sensitivities, Key financial indicators: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology
Parent/Group Support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has consolidated the financials of SLPL, along with its subsidiary Raag Technologies and Services Private Limited.

About the company

Spoton Logistics Private Limited (formerly known as Startrek Logistics Private Limited) was established in November 2011 with the acquisition of TNT Express' domestic road express business by India Equity Partners PE fund. In 2019, India Equity Partners exited the business and a consortium of investors led by Samara Capital acquired SLPL. Samara Capital and Xponentia Fund held 72% and 25% stake in the company, respectively, as on March 31, 2020.

SLPL provides business express road logistics services on a pan-India basis, covering more than 18,000 postal codes, through a network of 16 major transit hubs, 13 depots and 252 service centres. It provides logistic services to various sectors such as Engineering, Automotive, Lifestyle, Electronics and Electricals, Pharmaceuticals, Agriculture, FMCG, Chemicals etc. SLPL operates through a hub-and-spoke operating model that entails consolidation of goods (small parcels/consignments) from multiple locations (service centres) at the transit hubs and the re-distribution thereof to their respective destinations.

SLPL acquired 65% stake in Raag Technologies and Services Private Limited (RTSPL), a pan-India third-party logistics company headquartered in Chennai, in December 2019. RTSPL provides logistics solutions to renowned manufacturing and distribution companies.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current Rating (FY2022)				Chronology of Rating History for the past 3 years					
	Type	Amount Rated (Rs. crore)	Amount Outstanding as on January 31, 2021 (Rs. crore)	Date & Rating in		FY2021	FY2020		FY2019	
				September 2, 2021	April 09, 2021		February 06, 2020	August 28, 2019		
1 Fund-based facility – Cash Credit	Long-term	90.00	74.40	[ICRA]BBB+&	[ICRA]BBB+ (Stable)	-	[ICRA]BBB+ (Stable)	[ICRA]BBB+ (Stable)	-	
2 Fund-based facility – Term Loan	Long-term	12.87	4.00	[ICRA]BBB+&	[ICRA]BBB+ (Stable)	-	[ICRA]BBB+ (Stable)	-	-	
3 Bank Guarantee – sublimit of Cash Credit	Short-term	(5.00)	-	[ICRA]A2&	[ICRA]A2	-	[ICRA]A2	[ICRA]A2	-	
4 Unallocated	Long-term/short-term	95.13	-	[ICRA]BBB+&/[ICRA]A2&	[ICRA]BBB+ (Stable); [ICRA]A2	-	-	[ICRA]BBB+ (Stable); [ICRA]A2	-	

&= Under watch with developing implications

Complexity level of the rated instrument

Instrument	Complexity Indicator
Long-term Fund-based/ Cash Credit	Simple
Long-term Fund-based/ Term Loan	Simple
Short-term Interchangeable, Bank Guarantee	Very Simple
Long-term/short-term – Unallocated	Not Applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analyzing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments, is available on ICRA's website: www.icra.in

Annexure-1: Instrument details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs Crore)	Current Rating and Outlook
NA	Cash Credit	NA	NA	NA	90.00	[ICRA]BBB+&
NA	Term Loan	December 2020	NA	December 2025	12.87	[ICRA]BBB+&
NA	Bank Guarantee	NA	NA	NA	(5.00)	[ICRA]A2&
NA	Unallocated	NA	NA	NA	95.13	[ICRA]BBB+&/ [ICRA]A2&

Source: SLPL; &= Under watch with developing implications

Annexure-2: List of entities considered for consolidated analysis

Company Name	SLPL's Ownership	Consolidation Approach
Raag Technologies and Services Private Limited	65%	Full Consolidation

Source: SLPL, ICRA research

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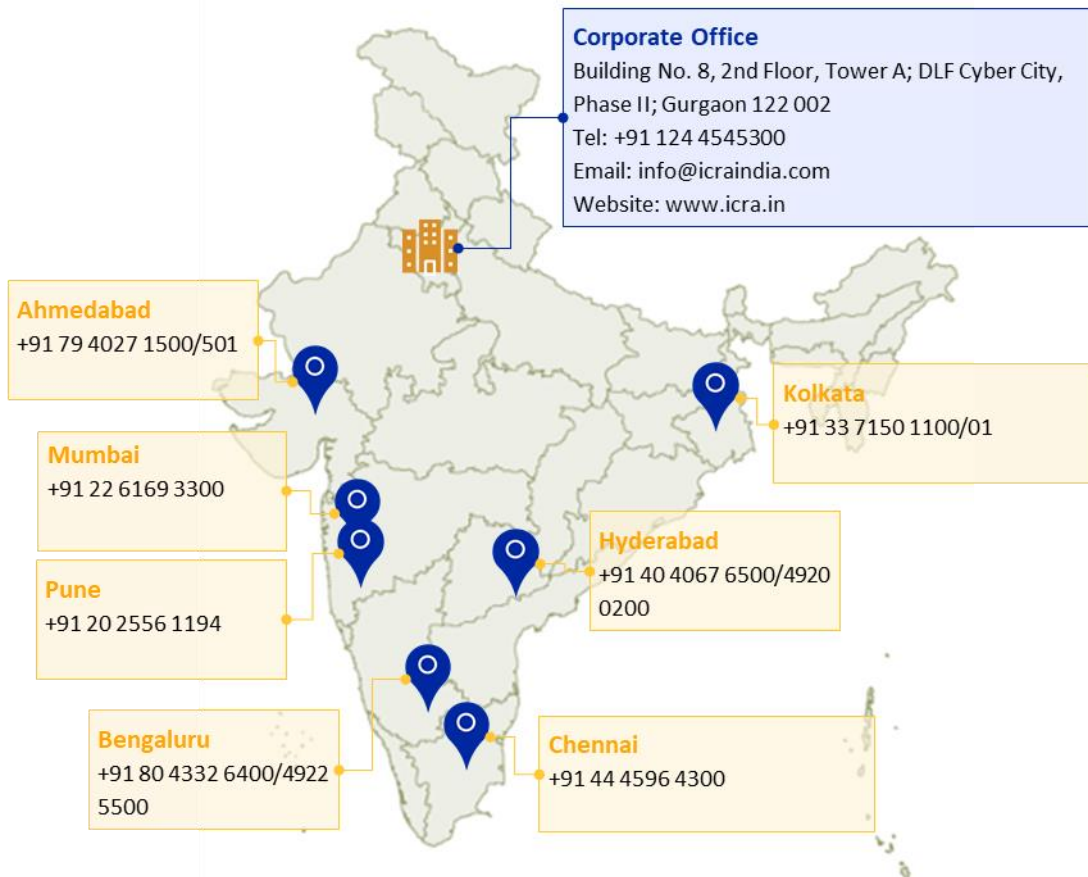
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