

Micro Logistics (India) Private Limited

Instrument	Amount Rated (Rs crore)	Rating Action
Cash Credit	7.00	[ICRA]B+; revised from [ICRA]BB- (Stable)
Unallocated Limit	3.00	[ICRA]B+ revised from [ICRA]BB- (Stable) / [ICRA] A4 reaffirmed

ICRA has revised the long term rating assigned to the Rs 7.00¹ crore cash credit facility of Micro Logistics (India) Private Limited (ML or The company)²² to [ICRA]B+ (pronounced ICRA B plus) from [ICRA]BB- (pronounced ICRA double B minus). Further, ICRA has also revised the long term rating to [ICRA]B+ (pronounced ICRA B plus) from [ICRA]BB- (pronounced ICRA double B minus) and has reaffirmed the short term rating of [ICRA]A4 (pronounced ICRA A four) to the Rs 3.00 crore unallocated limit of ML. The unallocated limit will attract a rating as per tenure of usage.

Rating Rationale

For arriving at the ratings, ICRA has taken a consolidated view of the four group entities – S. J. Logistics (India) Pvt. Ltd., Opus Dei Logistics (India) Private Limited, Micro Logistics (India) Private Limited and Gulf Orient Shipping on account of their common promoter and similar nature of business operations.

The revision in the long-term rating factors in the deterioration in the financial profile of the group during FY2016 as reflected by decline in revenues and profitability coupled with sharp increase in the borrowing levels owing to large debt funded capex incurred in Gulf Orient Shipping which has adversely impacted the capitalization and coverage indicators; and weakening of liquidity position owing to increase in receivable days. Further, the ratings continue to remain constrained by the exposure of the group's revenues and margins to cyclicity present in international trade; intense competitive pressure from other organized as well as unorganized players operating in the fragmented freight forwarding industry; and risks arising from forex exposure wherein significant payables are denominated in foreign currency. ICRA also notes that at consolidated level, there are sizeable repayments falling due in the near to medium term and hence, scaling up of revenues along with improvement in profitability would remain crucial for timely debt servicing.

Nonetheless, the ratings favourably take into account the long standing experience of promoters and established track record of the group in the freight forwarding industry; the group's capability of providing end to end shipping and logistics solutions for international shipments; and its established clientele base.

Company Profile

Micro Logistics (India) Private Limited (ML or the company) is a part of the Mumbai based SJL Group which is engaged in the clearing and forwarding business. The company was started by Mr. Rajen Shah in February 2013 for providing shipping services for international shipments (export/import). Over the years, the promoter has gradually expanded the business by adding various value added services to provide end to end shipping & logistics solutions for exporters/importers. SJL group currently has three more entities based in India namely S. J. Logistics (India) Private Limited, Opus Dei Logistics (India) Private Limited and Gulf Orient Shipping which provide shipping services such as ocean & air freight forwarding, customs clearance, transportation etc. The group mainly concentrates on ocean export shipments. Each entity specializes in handling of particular type of cargo/commodities.

Recent Results

For the financial year ended March 31, 2016, as per provisional financials, ML (standalone basis) reported an operating income of Rs 34.88 crore and profit after tax of Rs 0.32 crore as against an operating income of Rs 32.47 crore and profit after tax of Rs 0.39 crore for the financial year ended March 31, 2015.

October 2016

¹ 100 lakhs = 1 crore = 10 million

²² For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications



For further details please contact:

Analyst Contacts:

Subrata Ray (Tel. No. +91 22 6114 3408)
subrata@icraindia.com

Suprio Banerjee (Tel. No. +91 22 6114 3443)
supriob@icraindia.com

Tushar Bharambe (Tel. No. +91 22 6169 3350)
tushar.bharambe@icraindia.com

Relationship Contacts:

Jayanta Chatterjee (Tel. No. +91 22 80 4332 6401)
jayantac@icraindia.com

© Copyright, 2016, ICRA Limited. All Rights Reserved
Contents may be used freely with due acknowledgement to ICRA

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.

**Registered Office****ICRA Limited**

1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001
Tel: +91-11-23357940-50, Fax: +91-11-23357014

Corporate Office**Mr. Vivek Mathur**

Mobile: +91 9871221122

Email: vivek@icraindia.com

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax; +91- 124-4050424

Mumbai**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

3rd Floor, Electric Mansion
Appasaheb Marathe Marg, Prabhadevi
Mumbai—400025,
Board : +91-22-61796300; Fax: +91-22-24331390

Kolkata**Mr. Jayanta Roy**

Mobile: +91 9903394664

Email: jayanta@icraindia.com

A-10 & 11, 3rd Floor, FMC Fortuna
234/3A, A.J.C. Bose Road
Kolkata—700020
Tel +91-33-22876617/8839 22800008/22831411,
Fax +91-33-22870728

Chennai**Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

5th Floor, Karumuttu Centre
634 Anna Salai, Nandanam
Chennai—600035
Tel: +91-44-45964300; Fax: +91-44 24343663

Bangalore**Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

'The Millenia'
Tower B, Unit No. 1004, 10th Floor, Level 2 12-14, 1 & 2,
Murphy Road, Bangalore 560 008
Tel: +91-80-43326400; Fax: +91-80-43326409

Ahmedabad**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

907 & 908 Sakar -II, Ellisbridge,
Ahmedabad- 380006
Tel: +91-79-26585049, 26585494, 26584924; Fax:
+91-79-25569231

Pune**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

5A, 5th Floor, Symphony, S.No. 210, CTS 3202, Range
Hills Road, Shivajinagar, Pune-411 020
Tel: + 91-20-25561194-25560196; Fax: +91-20-
25561231

Hyderabad**Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

4th Floor, Shobhan, 6-3-927/A&B. Somajiguda, Raj
Bhavan Road, Hyderabad—500083
Tel:- +91-40-40676500