

S. J. Logistics (India) Private Limited

Instrument	Amount Rated (Rs crore)	Rating Action
Cash Credit	17.00 (enhanced from 15.00)	[ICRA]B+; revised from [ICRA]BB- (Stable)
Term Loan	5.00 (reduced from 7.00)	[ICRA]B+; revised from [ICRA]BB- (Stable)
Working Capital Demand Loan (Sublimit of Cash Credit)	(15.00) (enhanced from 12.00)	[ICRA]B+; revised from [ICRA]BB- (Stable)
Foreign Currency Term Loan (Sublimit of Term Loan)	Nil (reduced from 7.00)	-

ICRA has revised the long term rating assigned to the Rs 22.00¹ crore fund based limits of S. J. Logistics (India) Private Limited (SJL or The company)²² to [ICRA]B+ (pronounced ICRA B plus) from [ICRA]BB- (pronounced ICRA double B minus).

Rating Rationale

For arriving at the rating, 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 rating continues to remain constrained by the exposure of the group's revenues and margins to cyclicalities 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 rating favourably takes 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

S. J. Logistics (India) Private Limited (SJL or the company) is the flagship company of the Mumbai based SJL Group which is engaged in the clearing and forwarding business. The company was started by Mr. Rajen Shah as a proprietary concern in the year 2000 for providing shipping services for international shipments export/import). Later it was converted into a private limited company in December 2003. 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 Opus Dei Logistics (India) Private Limited, Micro 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 a particular type of cargo/commodity.

Recent Results

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 the financial year ended March 31, 2016, as per provisional financials, SJL (standalone basis) reported an operating income of Rs 89.41 crore and profit after tax of Rs 1.00 crore as against an operating income of Rs 90.88 crore and profit after tax of Rs 0.91 crore for the financial year ended March 31, 2015.

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