

November 09, 2017

Sical Multimodal and Rail Transport Limited

Summary of rated instruments

Instrument*	Rated Amount (Rs. crore)	Rating Action
Long term: Term Loans	67.00	[ICRA]BBB+(SO) (Stable) ¹ ; reaffirmed; rating watch with developing implications removed
Long term: Term Loans proposed	54.44	[ICRA]BBB+(SO) (Stable) ¹ ; reaffirmed; rating watch with developing implications removed
Long term: Fund based Limits	40.00	[ICRA]BBB+(SO) (Stable) ¹ ; reaffirmed; rating watch with developing implications removed
Short term: Non fund based	60.00	[ICRA]A2(SO) ¹ ; reaffirmed; rating watch with developing implications removed
Non Convertible Debentures	100.00	[ICRA]BBB+(SO) (Stable); reaffirmed; rating watch with developing implications removed
Total	321.44	

*Instrument details are provided in Annexure-1

Rating action

ICRA has removed the rating watch with developing implications and reaffirmed the ratings of [ICRA]BBB+(SO) (pronounced as ICRA triple B plus Structured Obligation) and [ICRA]A2(SO) (pronounced as ICRA A two Structured Obligation) for the Rs 221.44 crore bank facilities and Rs. 100 Crore Non Convertible Debentures programmes of Sical Multimodal and Rail Transport Limited ('SMART'/the Company)². The letters SO in parenthesis suffixed to a rating symbol stand for structured obligation. An SO rating is specific to the rated issue, its terms and its structure. An SO rating does not represent ICRA's opinion on the overall credit quality of the issuers.

Rationale

ICRA had placed the ratings of Sical Logistics Limited (SLL) on watch with developing implications in September 2017 due to the then ongoing IT search operations in the offices of Coffee Day Group. However, there have been no further updates regarding the IT search; and, the management has clarified that only Survey operations were conducted in the offices of SLL. Hence ICRA has now removed the rating watch and has reaffirmed the ratings. ICRA will continue to monitor the outcome of the search in the Coffee Day offices and its impact, if any, on the credit profile of SLL.

The [ICRA]BBB+(SO)/[ICRA]A2(SO) rating is solely based on the strength of the Guarantee provided by SLL³.

¹ The rated instrument does not involve a structured payment mechanism

² For complete rating scale and definitions, please refer to ICRA's website www.icra.in / other ICRA Rating publications

³ Rating Rationale of Sical Logistics Limited is available on ICRA's website www.icra.in

Key rating drivers**Credit Strengths**

- **Corporate Guarantee from Sical Logistics Limited:** The [ICRA]BBB+(SO)/[ICRA]A2(SO) rating addresses the servicing of the rated facilities to happen as per the terms of the underlying loan and the guarantee arrangement and the rating assumes that the guarantee will be duly invoked, as per the terms of the underlying loan and guarantee agreements, in case there is a default in payment by the borrower.

Analytical approach: For arriving at the ratings, ICRA has taken into account; inter alia, the explicit support provided by Sical Logistics Limited to SMART in the form of a corporate guarantee.

Links to applicable criteria:

[Corporate Credit Rating Methodology](#)

[Approach for rating debt instruments backed by third-party explicit support](#)

About the company:

Sical Multimodal and Rail Transport Limited (SMART), incorporated in May 2007, is a container rail freight operator with a 'Category I' license to operate container trains on all routes of the Indian Railways (IR). SMART is a 100% subsidiary of Sical Infra Assets Limited (SIAL), which is in turn held by Sical Logistics Limited (SLL). SMART commenced commercial operations in March 2008 with one leased rake; currently it operates 7 rakes, mainly in the north-south and west-south routes for domestic container cargo. SMART is currently developing its own Inland Container Depots near Bangalore and Chennai. In July 2012, the company got sanction and approval for a scheme of amalgamation with its associate concern Sical Distriparks Limited (SDL) and a 100% subsidiary, Sical Hambuja Logistics Private Limited (Hambuja), vide a High Court of Madras order. Post this merger, SMART has two operational segments – container rail operations and CFS operations.

The company reported operating income and PAT of Rs. 177.8 crore and Rs.0.85 crore respectively during FY2017 as compared to operating income of Rs. 177.9 crore and PAT of Rs. 0.81 crore in FY2016

Guarantor Profile:

Incorporated in 1955, Sical Logistics Limited (formerly South India Corporation (Agencies) Limited) is into the business of multi-modal logistics for bulk and containerized cargo port terminals, port handling, trucking and warehousing, mining, ship agency, container freight stations (CFSs), customhouse agency and offshore supply logistics. On a standalone basis, SLL operates under three divisions (Bulk, Container and offshore), while the consolidated books reflect investments, mainly in infrastructure, made through subsidiaries over the last few years.

SLL was promoted by Mr. M.A. Chidambaram Chettiar to provide ship and custom agency services apart from the core activity of trading. Over the years, SLL entered into port handling, container terminal operations (through JV) and logistics. In 2005, SLL hived-off non-core activities and increased its focus on logistics business. Tanglin Retail Reality Developments (P) Limited (part of the Coffee Day Group) picked up 10% stake initially in November 2010 before raising the stake to 54.2%. Currently, Tanglin is the major shareholder in the company with 52.8% stake. Coffee Day Group has a diversified portfolio of companies which have presence in owning and managing coffee plantations, coffee exports, and retailing of coffee, vending machines and cafes.

For H1FY2018, on a consolidated basis, SLL provisionally reported PAT of Rs. 19.3 crore on an OI of Rs. 492.7 crore as against PAT of Rs. 13.3 crore on an OI of Rs. 421.2 crore in H1FY2017

Key Financial Indicators (Audited)

Consolidated Sical Group	FY2016	FY2017
Operating Income (Rs. crore)	777.4	922.0
PAT (Rs. crore)	18.4	39.3
OPBDIT/ OI (%)	13.1%	16.2%
RoCE (%)	7.6%	9.7%
Total Debt/ TNW+MI (times)	1.81	2.09
Total Debt/ OPBDIT (times)	11.49	9.55
Interest coverage (times)	1.80	2.55
NWC/ OI (%)	35.3%	40.2%

OI: Operating Income; PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation; ROCE: PBIT/Avg (Total Debt + Tangible Net-Worth + Deferred Tax Liability - Capital Work - in Progress);

NWC: Net Working Capital

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years:
Table:

S.No	Name of Instrument			Current Rating (FY2018)					Chronology of Rating History for the past 3 years		
		Type	Rated amount (Rs. Crores)	Month-year & Rating					Month-year & Rating in FY2017	Month-year & Rating in FY2016	Month-year & Rating in FY2015
				November 2017	September 2017	August 2017	March 2017	February 2017	December 2016	August 2015	April 2014
1	NCDs	Long Term	100.0	[ICRA] BBB+(SO) (Stable)	[ICRA] BBB+(SO) (&)	[ICRA] BBB+(SO) (Stable)	[ICRA] BBB+(SO) (Stable)	Provisional [ICRA] BBB+(SO) (Stable)	-	-	-
2	Term Loans	Long Term	67.0	[ICRA] BBB+(SO) (Stable)	[ICRA] BBB+(SO) (&)	[ICRA] BBB+(SO) (Stable)	[ICRA] BBB+(SO) (Stable)	[ICRA] BBB+(SO) (Stable)	[ICRA] BBB+(SO) (Stable)	[ICRA] BBB+(SO) (Stable)	[ICRA] BBB+(SO) (Stable)
3	Term Loans - Proposed	Long Term	54.44	[ICRA] BBB+(SO) (Stable)	[ICRA] BBB+(SO) (&)	[ICRA] BBB+(SO) (Stable)	[ICRA] BBB+(SO) (Stable)	[ICRA] BBB+(SO) (Stable)	[ICRA] BBB+(SO) (Stable)	[ICRA] BBB+(SO) (Stable)	[ICRA] BBB+(SO) (Stable)
4	Fund based	Long Term	40.00	[ICRA] BBB+(SO) (Stable)	[ICRA] BBB+(SO) (&)	[ICRA] BBB+(SO) (Stable)	[ICRA] BBB+(SO) (Stable)	[ICRA] BBB+(SO) (Stable)	[ICRA] BBB+(SO) (Stable)	[ICRA] BBB+(SO) (Stable)	[ICRA] BBB+(SO) (Stable)
5	Non fund based	Short Term	60.00	[ICRA] A2(SO)	[ICRA] A2(SO) (&)	[ICRA] A2(SO)	[ICRA] A2(SO)	[ICRA] A2(SO)	[ICRA] A2(SO)	[ICRA] A2(SO)	[ICRA] A2(SO)

Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1
Instrument Details

ISIN No	Instrument	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
INE183X07023	NCD	31/03/2017	11.0%	31/03/2019	10.00	[ICRA]BBB+(SO) (Stable)
INE183X07031	NCD	31/03/2017	11.0%	31/03/2020	10.00	[ICRA]BBB+(SO) (Stable)
INE183X07049	NCD	31/03/2017	11.0%	31/03/2021	15.00	[ICRA]BBB+(SO) (Stable)
INE183X07056	NCD	31/03/2017	11.0%	31/03/2022	30.00	[ICRA]BBB+(SO) (Stable)
INE183X07064	NCD	31/03/2017	11.0%	31/03/2023	35.00	[ICRA]BBB+(SO) (Stable)
-	Term Loans	-	-	Mar 2022	67.00	[ICRA]BBB+(SO) (Stable)
-	Term Loans - Proposed	-	-	-	54.44	[ICRA]BBB+(SO) (Stable)
-	Fund based	-	-	-	40.00	[ICRA]BBB+(SO) (Stable)
-	Non fund based	-	-	-	60.00	[ICRA]A2(SO)

Source: SMART

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About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

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