

Rhenus Logistics India Private Limited

February 26, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	1.84 (Reduced from 3.01)	CARE A; Stable	Reaffirmed; Outlook revised from Negative
Short Term Bank Facilities	1.05 (Reduced from 3.75)	CARE A2+	Reaffirmed
Short Term Bank Facilities	-	-	Withdrawn

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of Rhenus Logistics India Private Limited (RLIPL) primarily reflect its diversified revenue streams, encompassing consolidated operations in freight forwarding, warehousing, domestic transportation, and customs clearance. Ratings also consider strong global presence of its promoters' business and their extensive network in the global logistics market.

The total operating income (TOI) declined by 13% to ₹699 crore in FY24 (refers to April 01 to March 31) from ₹802 crore in FY23, primarily due to a 31% decline in revenue from the freight forwarding segment. The segment, which contributes 43% of the total income, was adversely affected by reduced volumes resulting from sea freight rate volatility caused by the ongoing Ukraine war and disruptions in the Red Sea due to conflict between Israel and the Hamas. However, the impact was mitigated by robust growth in warehousing and domestic freight forwarding segments. Consequently, operating profit margins decreased to 4.54% in FY24 from 6.73% in FY23. The moderation is primarily due to shrinkage of operating profit margins in freight forward segment. However, by booking vessels only after receiving rate confirmations from clients in the freight segment, the entity effectively mitigates losses caused by sea freight rate volatility. For 9MFY25, the entity earned ₹667 crore, with a rebound in operating profit margin to 6.23%, driven by increased volumes in freight forwarding segment due to reduced sea freight rate volatility. CARE Ratings Limited (CARE Ratings) anticipates that growth in the warehousing and domestic freight forwarding segments will offset the impact on revenue and operating profit margins caused by fluctuations in the freight forwarding segment.

Ratings underpinned by the presence of diversified clientele with strong credit profile, established relationships with clientele, experienced management team with long track record. Ratings also factor the entity's low leverage considering asset light model, due to which, the outstanding debt stood at ₹57.94 crore as on March 31, 2024, primarily constituting term loans availed for purchase office space and fixtures in warehouses with negligible working capital demand loans. Overall gearing and total debt to profit before interest, lease rentals, depreciation, and taxation (TD/PBILDT) remain comfortable at 0.22x and 1.80x for FY24. The interest coverage ratios though moderated remains comfortable at 5.4x for FY24.

However, ratings are constrained by working capital intensive operations, dependence of the logistics industry on overall economic prospects and fragmented nature of the sector with numerous players.

In accordance with CARE Ratings' withdrawal policy, the rating assigned to bank loans facilities has been withdrawn with immediate effect. This action follows the repayment of entire debt and receipt of confirmation of no outstanding amount from the bank under the rated facility as on January 31, 2025.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increase in revenue to Rs. 800 crore, while improving the profitability margins exceeding 6% on sustained basis.
- Total Debt/PBILDT less than 1.50x on a sustained basis.

Negative factors

- Any significant debt funded capex leading to deterioration in overall gearing to above 0.75x and Total Debt/PBILDT above 2.50x on a sustained basis.
- Significant decline in revenue and margins impacting the debt coverage ratios.

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Analytical approach: Consolidated

A consolidated approach has been adopted due to common management, shared brand name and operational linkages between the company and its subsidiaries. Entities considered for consolidating financials are listed in Annexure-6. Together, the companies are referred to as the Rhenus group as they have significant business and financial linkages.

Outlook: Stable

CARE Ratings anticipates the entity will continue to benefit from its diversified revenue stream and its parent's global presence in logistic sector.

Detailed description of key rating drivers:**Key strengths****Business linkages with the Rhenus Group**

RLIPL is jointly promoted by the Rhenus Group, holding a 49% share and the Western Arya Group, holding 51%. Headquartered in Germany with over a century of experience, the Rhenus Group is a leading global logistics provider, offering comprehensive supply chain solutions including sea freight, domestic transport, warehousing, and customs clearance. As part of the Rhenus Group, RLIPL benefits from group's extensive global logistics network to secure business opportunities.

Established relationships with reputed customers

RLIPL boasts a diversified clientele with a strong credit profile across business segments. The entity secures repeat business through well-established relationships cultivated over the years. In the domestic transportation segment, RLIPL enters long-term contracts with clients, deriving significant revenue from its top customer base through repeat orders. With a fleet of over 155 vehicles, the company manages transportation assignments for chemical and petrochemical products.

Improving operations despite fluctuations in operating margins

TOI declined by 13% to ₹699 crore in FY24 (refers to April 01 to March 31) from ₹802 crore in FY23, primarily due to a 31% decline in revenue from the freight forwarding segment. The segment, which contributes 43% of the total income, was adversely affected by reduced volumes resulting from volatility in sea freight rates caused by the ongoing Ukraine war and disruptions in the Red Sea due to the conflict between Israel and the Hamas. However, the impact was mitigated by robust growth in warehousing and domestic freight forwarding segments. Consequently, operating profit margins decreased to 4.54% in FY24 from 6.73% in FY23. The moderation is primarily due to shrinkage of operating profit margins in freight forward segment. However, by booking vessels only after receiving rate confirmations from clients in the freight segment, the entity effectively mitigates losses caused by sea freight rate volatility.

For 9MFY25, the entity achieved an income of ₹667 crore, with a rebound in operating profit margin to 6.23%, driven by increased volumes in freight forwarding segment due to reduced volatility in sea freight rates. CARE Ratings anticipates that growth in warehousing and domestic freight forwarding segments will offset the impact on revenue and operating profit margins caused by fluctuations in the freight forwarding segment.

Healthy financial risk profile

RLIPL's financial risk profile remains robust, characterised by low gearing due to minimal reliance on external borrowings, and favourable interest coverage and debt coverage metrics. The company's consolidated net worth stood at ₹263.29 crore as on March 31, 2024.

Total outstanding debt stood at ₹57.94 crore as on March 31, 2024, primarily constitutes of term loans availed for purchase office space and fixtures in warehouses with negligible working capital demand loans. Overall gearing and TD/PBILDT remain comfortable at 0.22x and 1.80x for FY24. The interest coverage ratios though moderated remains comfortable at 5.4x for FY24.

Experienced promoters and management

RLIPL is led by members of the Arya Group – Vivek Arya, Managing Director, and Parikshith Arya, Joint Managing Director, who individually have overall experience of over three decades in the industry. Gilles Delarue, Chief Financial Officer at Rhenus Group, with an overall experience of over two decades, is currently the Director at RLIPL and has been associated with the Rhenus Group since the last 15 years. Gilles Delarue is involved in key decisions in RLIPL's operations.

Key weaknesses**Working capital intensive operations**

The operations are working capital intensive characterised by debtor collection days of 81 days for FY24 compared to 72 days in FY23. However, the working capital requirements are largely met through internal accruals and minimal reliance on working capital demand loans.

Operations in a fragmented industry

The Indian logistics industry is highly fragmented due to the country's diverse geographical and socio-economic characteristics, extensive retail network, and infrastructure constraints. These factors allow most logistics service providers in India to offer a comprehensive range of services. RLIPL faces competition from numerous small and medium-sized players in the sector. However, being part of the Rhenus group, the company is assured of consistent business and volumes.

Business prospects closely linked to the economy

Prospects of the logistics industry are closely linked to the global economy. Freight movements and earnings of the logistics industry is primarily a function of the demand and supply for industrial raw materials. Government policies such as import or export bans, restrictions in import volumes, increase in customs duty, among others, also impact businesses of freight-forwarding companies.

Liquidity: Adequate

As of March 31, 2024, the company had free cash and liquid funds amounting to ₹72.08 crore. The company has minimal reliance on external borrowings for working capital, instead meeting its liquidity requirements through internal cash accruals. It is anticipated that the company will generate healthy cash accruals, sufficient to cover part of its capital expenditure from internal accruals and meet repayment obligations. With a gearing ratio of 0.22x as of March 31, 2024, the company has adequate headroom to raise additional debt for capital expenditure and working capital, if necessary.

Assumptions/Covenants

Not Applicable

Environment, social, and governance (ESG) risks

Not Applicable

Applicable criteria

[Definition of Default](#)

[Consolidation](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Withdrawal Policy](#)

[Service Sector Companies](#)

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About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Services	Services	Transport Services	Logistics Solution Provider

Incorporated in 2006, RLIPL is involved in providing freight-forwarding services, domestic transportation, warehousing services, logistics solutions and services, and customs clearance services. The company is currently led by Vivek Arya, Managing Director, and Parikshith Arya, Joint Managing Director. The registered office is located in Mumbai, with offices in Bengaluru, Chennai, Delhi, Kolkata, Ahmedabad, Vadodara, Hyderabad, and Pune.

Brief Financials (₹ crore) (Consolidated)	March 31, 2023 (A)	March 31, 2024 (A)	9MFY25 (UA)
Total operating income	809.10	708.59	667.16
PBILDT	54.41	32.16	41.55
PAT	31.20	14.35	22.59
Overall gearing (times)	0.24	0.22	NA
Interest coverage (times)	12.29	5.43	NA

A: Audited UA: Unaudited; Note: these are latest available financial results; NA: Not available

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan		-	-	Nov-2026	1.84	CARE A; Stable
Fund-based - ST-Working Capital Demand loan		-	-	-	0.00	Withdrawn
Non-fund-based - ST-Bank Guarantee		-	-	-	1.05	CARE A2+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Non-fund-based - ST-Bank Guarantee	ST	1.05	CARE A2+	-	1)CARE A2+ (12-Jan-24)	1)CARE A2+ (06-Jan-23)	1)CARE A2 (21-Mar-22) 2)CARE A2 (06-Apr-21)
2	Fund-based - LT-Term Loan	LT	1.84	CARE A; Stable	-	1)CARE A; Negative (12-Jan-24)	1)CARE A; Stable (06-Jan-23)	1)CARE A-; Stable (21-Mar-22) 2)CARE A-; Stable (06-Apr-21)
3	Fund-based - ST-Working Capital Demand loan	ST	-	-	-	1)CARE A2+ (12-Jan-24)	1)CARE A2+ (06-Jan-23)	1)CARE A2 (21-Mar-22)

LT: Long term; ST: Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: NA**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based - ST-Working Capital Demand loan	Simple
3	Non-fund-based - ST-Bank Guarantee	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Annexure-6: List of entities consolidated

Sr. No.	Name of the Subsidiary	Extent of Consolidation	Rationale for Consolidation
1	Rhenus A&O India Private Limited	Full	Subsidiary
2	Rhenus Road Freight India Private Limited	Full	Subsidiary
3	Streamline Logistics Private Limited	Full	Subsidiary
4	Rhenus Contract Logistics India P. Ltd	Full	Subsidiary
5	Rhenus Supply Chain Solutions Private Limited	Full	Subsidiary
6	Rhenus Arya Andheri LLP	Full	Subsidiary
7	Rhenus Arya Gurugram LLP	Full	Subsidiary
8	Rhenus Arya Chennai LLP	Full	Subsidiary

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

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About us:

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