

Shree Vasu Logistics Limited

March 28, 2025

| Facilities | Amount (₹ crore) | Ratings ¹ | Rating Action |
|----------------------------|------------------|----------------------|--|
| Long-term bank facilities | - | - | Downgraded to CARE BB+; Stable; ISSUER NOT COOPERATING* from CARE BBB-; Stable and Withdrawn |
| Short-term bank facilities | - | - | Downgraded to CARE A4+; ISSUER NOT COOPERATING* from CARE A3 and Withdrawn |

Details of facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Ratings Ltd. has been seeking information from Shree Vasu Logistics Limited (SVLL) to monitor the ratings vide e-mail communications/letters dated January 02, 2025, February 25, 2025, among others and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating.

The ratings have been revised on account of lack of clarity on future growth strategy and inability to monitor the performance of the company, which is critical for assessing the credit risk profile of the company. The ratings continue to remain constrained by its leveraged capital structure and modest debt coverage indicators, highly competitive nature of transportation and logistics business and scalability risk associated with trading venture under Exclusive Brand Outlet (EBO) model.

The weaknesses are partially offset by its experienced management with long track record of operations, growing albeit modest scale of operations while maintaining stable profitability margins, and diverse and reputed clientele resulting in limited counter party risk.

CARE Ratings Ltd. has revised the outstanding ratings of CARE BBB-; Stable (Triple B Minus; Outlook Stable)/ CARE A3 (A Three) to CARE BB+; Stable; ISSUER NON COOPERATING* (Double B Plus; Outlook: Stable; Issuer not co-operating)/ CARE A4+ ISSUER NON COOPERATING* (A Four Plus; Issuer not co-operating) assigned to the bank facilities of Shree Vasu Logistics Limited (SVLL) and withdrawn the same with immediate effect. The above action has been taken at the request of SVLL and 'No Objection Certificate' received from the banks that have extended the facilities rated by CARE Ratings Ltd.

CARE Ratings Ltd. has also withdrawn the rating assigned to the proposed bank facilities of SVLL with immediate effect at the request of the company as the company has not availed the aforementioned proposed bank facilities and there is no amount outstanding under the proposed facilities as on date. Furthermore, CARE Ratings Ltd. has withdrawn the rating assigned to certain bank facility of SVLL with immediate effect on receipt of NDC from the lender, as the company has repaid the facility in full and there is no amount outstanding under the facility as on date.

Analytical approach: Standalone

Outlook: Stable

CARE Ratings believes that the entity shall sustain its moderate financial risk profile over the medium term.

Detailed description of key rating drivers:

At the time of last rating on March 15, 2024, the following were the rating strengths and weaknesses (updated for the information available from the company).

Key weaknesses

Leveraged capital structure and modest debt coverage indicators

Capital structure continues to remain leveraged marked by overall gearing of 2.74x as on March 31, 2024, as against 2.59x as on March 31, 2023, on account of increase in working capital utilization and unsecured loan.

With increase in profitability, SVLL's debt coverage indicators witnessed improvement though continued to remain modest. TD/GCA has improved from 5.40x as on March 31, 2023, to 4.57x as on March 31, 2024. Further, interest coverage ratio has remained stable at 3.13x in FY24 as against 3.09x in FY23.

Scalability risk associated with trading venture under EBO model

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

*Issuer did not cooperate; based on best available information

During FY23, SVLL has diversified into retail trading business under EBO model for the brand 'Jockey'. The company has initially planned to open 35 EBOs at multiple locations, at an estimated cost of ₹11-12 crore, envisaged to be funded by term loan of ₹8 crore (tied-up) and balance through internal accruals/ unsecured loans (USL). Till February 2024, SVLL has set up 16 EBOs (out of which 10 EBOs commenced operations in FY23) at a cost of ₹6.30 crore, funded by term loan of ₹3.10 crore and balance through USL/ internal accruals. Capex for setting-up of another EBO was under progress. As articulated by the management, capex for remaining EBOs will be done gradually in a span of two years, subject to scaling-up and achievement of break-even point of existing EBO operations. Thus, scaling-up of trading operations along with realisation of envisaged benefits therefrom shall remain crucial from credit perspective.

Highly competitive nature of transportation and logistics business

SVLL's transport business is highly competitive in nature on account of presence of large number of players having limited fleet size, both in organized and unorganized sectors. The warehousing market too is highly fragmented with majority being owned and operated by unorganized players with a smaller size warehouses and limited mechanization. It results in lower bargaining power of small operators, higher storage and handling losses and ineffective utilisation of available resources.

Key strengths

Experienced management with long track record of operations

SVLL is presently managed by Atul Kumar Garg (second-generation promoters), having experience of more than a decade in logistics operations. Promoters are also engaged into warehousing leasing and wholesale distribution business through other group entities. He is assisted by Preeti Garg with finance-related functions of the company. The promoters/ directors are well assisted by other professional Board of Directors who have a vast experience in their respective fields.

Diverse and reputed clientele resulting in limited counter party risk

SVLL provides integrated end-to-end logistics services, including, warehousing, transportation, inventory management, among others as per the requirement of its customers. Over the years, SVLL has expanded its asset base by building own fleet of vehicles and warehousing capacities by setting-up of own warehouse space as well as leasing. As on February 25, 2024, SVLL had warehousing space of around 17.57 lakh sq. ft. (Isf) considering advance stage of completion of deb-funded capex for setting-up of warehouse and corporate office at Tenduva, Chhattisgarh (0.66 sq. ft. capacity) and 92 vehicles.

SVLL has a long-standing relationship with various reputed corporate clients operating in agriculture, petroleum, food and food products, fast-moving consumer goods (FMCG), medicine, cosmetics, paints & adhesives and wires & cables among other industries. SVLL derived around 53% of its total operating income (TOI) from top 10 customers in FY23, indicating moderate client diversification. Long-term contracts with diversified clients ensure revenue visibility with a limited counterparty risk.

Growing albeit modest scale of operations while maintaining stable profitability margins

The total operating income (TOI) of the company has witnessed improvement from Rs.100.51 crore in FY23 to Rs. 123.07 crore in FY24. However, the same continues to remain modest. With improvement in TOI, PBILDT margin has improved from 25.73% in FY23 to 26.60% in FY24.

During 9MFY25, the company earned revenue of Rs.105.19 crore as against Rs.91.88 crore reported during 9MFY24. PBILDT margin witnessed moderation from 27.09% in 9MFY24 to 25.82% in 9MFY25.

Applicable criteria

[Definition of Default](#)

[Policy in respect of non-cooperation by issuers](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Withdrawal Policy](#)

[Service Sector Companies](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

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

Raipur (Chhattisgarh) based SVLL was incorporated in 2007 as a private limited company by the Garg family with a takeover of four family-owned proprietorship concerns. In 2018, SVLL was converted into Public Limited Company and got listed with National Stock Exchange of India's (NSE) SME platform. In April 2023, SVLL migrated from SME Emerge platform to main board of NSE. SVLL is engaged in logistic services including transportation, warehousing, inventory management, material handling and packaging. The company is providing C&F services in Chhattisgarh, Orissa, West Bengal, Assam, Madhya Pradesh and Maharashtra. SVLL has also diversified in to trading division through EBO for Jockey Brand by setting-up of 16 EBOs at multiple locations.

| Brief Financials (₹ crore) | March 31, 2023 (A) | March 31, 2024 (A) | 9MFY25 (UA) |
|----------------------------|--------------------|--------------------|-------------|
| Total operating income | 100.51 | 123.07 | 105.19 |
| PBILDT | 25.86 | 32.73 | 27.16 |
| PAT | 2.05 | 3.12 | 1.08 |
| Overall gearing (times) | 2.59 | 2.74 | NA |
| Interest coverage (times) | 3.09 | 3.13 | 2.99 |

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

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 facilities

| Name of the Instrument | ISIN | Date of Issuance | Coupon Rate (%) | Maturity Date | Size of the Issue (₹ crore) | Rating Assigned and Rating Outlook |
|---|------|------------------|-----------------|---------------|-----------------------------|------------------------------------|
| Fund-based - LT-Bank Overdraft | | - | - | - | 0.00 | Withdrawn |
| Fund-based - LT-Cash Credit | | - | - | - | 0.00 | Withdrawn |
| Fund-based - LT-Term Loan | | - | - | October, 2029 | 0.00 | Withdrawn |
| Fund-based - LT-Working capital Term Loan | | - | - | August, 2024 | 0.00 | Withdrawn |
| Fund-based - ST-Working Capital Demand loan | | - | - | - | 0.00 | Withdrawn |
| Non-fund-based - ST-Bank Guarantee | | - | - | - | 0.00 | Withdrawn |

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 | Fund-based - LT-Term Loan | LT | - | - | CARE BB+; Stable; ISSUER NOT COOPERATING* (28-Mar-25) | 1)CARE BBB-; Stable (15-Mar-24) | 1)CARE BBB-; Stable (30-Mar-23) | 1)CARE BBB-; Stable (30-Mar-22) |
| 2 | Fund-based - LT-Cash Credit | LT | - | - | CARE BB+; Stable; ISSUER NOT COOPERATING* (28-Mar-25) | 1)CARE BBB-; Stable (15-Mar-24) | 1)CARE BBB-; Stable (30-Mar-23) | 1)CARE BBB-; Stable (30-Mar-22) |
| 3 | Fund-based - LT-Bank Overdraft | LT | - | - | CARE BB+; Stable; ISSUER NOT COOPERATING* (28-Mar-25) | 1)CARE BBB-; Stable (15-Mar-24) | 1)CARE BBB-; Stable (30-Mar-23) | 1)CARE BBB-; Stable (30-Mar-22) |
| 4 | Fund-based - ST-Working Capital Demand loan | ST | - | - | CARE A4+; ISSUER NOT COOPERATING* (28-Mar-25) | 1)CARE A3 (15-Mar-24) | 1)CARE A3 (30-Mar-23) | 1)CARE A3 (30-Mar-22) |
| 5 | Non-fund-based - ST-Bank Guarantee | ST | - | - | CARE A4+; ISSUER NOT COOPERATING* (28-Mar-25) | 1)CARE A3 (15-Mar-24) | 1)CARE A3 (30-Mar-23) | 1)CARE A3 (30-Mar-22) |
| 6 | Fund-based - LT-Working capital Term Loan | LT | - | - | CARE A4+; ISSUER NOT COOPERATING* (28-Mar-25) | 1)CARE BBB-; Stable (15-Mar-24) | 1)CARE BBB-; Stable (30-Mar-23) | 1)CARE BBB-; Stable (30-Mar-22) |
| 7 | Non-fund-based - LT/ ST-Bank Guarantee | LT/ST | - | - | CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING* (28-Mar-25) | 1)CARE BBB-; Stable / CARE A3 (15-Mar-24) | 1)CARE BBB-; Stable / CARE A3 (30-Mar-23) | - |

*Issuer did not cooperate; based on best available information.

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not Applicable**Annexure-4: Complexity level of instruments rated**

| Sr. No. | Name of the Instrument | Complexity Level |
|---------|---|------------------|
| 1 | Fund-based - LT-Bank Overdraft | Simple |
| 2 | Fund-based - LT-Cash Credit | Simple |
| 3 | Fund-based - LT-Term Loan | Simple |
| 4 | Fund-based - LT-Working capital Term Loan | Simple |
| 5 | Fund-based - ST-Working Capital Demand loan | Simple |
| 6 | Non-fund-based - ST-Bank Guarantee | Simple |

Annexure-5: Lender details

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

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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