

AVG Logistics Limited

November 19, 2019

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	Remarks
Long-term Bank Facilities-Term Loan	11.50	CARE BBB (Triple B; Under Credit Watch with Developing Implications)	Placed on credit watch with developing implications
Long-term Bank Facilities- Cash Credit	27.50	CARE BBB (Triple B; Under Credit Watch with Developing Implications)	Placed on credit watch with developing implications
Short-term Bank Facilities	8.50	CARE A3+ (A Three Plus; Under Credit Watch with Developing Implications)	Placed on credit watch with developing implications
Total	47.50 (Rupees Forty seven crore and fifty lakhs only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The ratings of AVG Logistics Limited (AVG) have been placed on credit watch with developing implications on account of delay in submission of H1FY20 results by the company to the stock exchange and resignation of the Chief Financial Officer (CFO). CARE will continue to monitor the developments in this regard and will take a view on the ratings once the exact implications of the above on the credit risk profile of the company are clear.

Detailed Description of the Key Rating Driver

The company vide its letter dated November 13, 2019 to the NSE-SME stock exchange announced that the financial results along with limited review of the auditor are not finalized and the meeting is adjourned till November 21, 2019. Further, the letter also stated resignation of the CFO- Mr. Arun Kumar Goel with immediate effect and appointed of Mr. Gurpreet Singh as the new CFO.

However, CARE is awaiting more clarity with regard to aforesaid issue and may take a view on the rating of AVG once further clarity emerges on the same.

Analytical approach: Standalone

Applicable Criteria

[Criteria on assigning 'outlook' and 'credit watch' to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[CARE's methodology for Short-term Instruments](#)

[CARE's methodology for service companies](#)

[CARE's methodology for financial ratios \(Non Financial sector\)](#)

About the Company

AVG Logistics Limited (AVG) was incorporated in January 2010 as a private limited company to provide road transportation services, warehousing facilities and Railway transportation to various domestic and multinational companies. AVG is promoted by Mr. Sanjay Gupta, who has an experience of more than three decades in the logistics domain.

Further, the company successfully completed its IPO and is listed on SME Emerge Platform of NSE on April 2018 by raising Rs. 33.06 crore. An anchor investor M/s Sixth Sense Opportunities II, promoted by Mr. Nikhil Vora has invested for 14.83% equity stake in the company.

Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)
Total operating income	224.77	315.70
PBILDT	24.10	29.33
PAT	7.54	10.12
Overall gearing (times)	1.72	0.87
Interest coverage (times)	3.78	3.50

A: Audited

¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	27.50	CARE BBB (Under Credit watch with Developing Implications)
Non-fund-based - ST-Bank Guarantees	-	-	-	8.50	CARE A3+ (Under Credit watch with Developing Implications)
Term Loan-Long Term	-	-	June 2025	11.50	CARE BBB (Under Credit watch with Developing Implications)

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Fund-based - LT-Cash Credit	LT	27.50	CARE BBB (Under Credit watch with Developing Implications)	1)CARE BBB; Stable (01-Apr-19)	1)CARE BBB; Stable (05-Apr-18)	1)CARE BBB; Stable (05-Apr-17)	-
2.	Non-fund-based - ST-Bank Guarantees	ST	8.50	CARE A3+ (Under Credit watch with Developing Implications)	1)CARE A3+ (01-Apr-19)	1)CARE A3+ (05-Apr-18)	1)CARE A3 (05-Apr-17)	-
3.	Term Loan-Long Term	LT	11.50	CARE BBB (Under Credit watch with Developing Implications)	1)CARE BBB; Stable (01-Apr-19)	-	-	-

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

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