

December 09, 2015

CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES OF WESTERN CARRIERS (INDIA) LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	97.0 (enhanced from 53.0)	CARE BBB- (Triple B Minus)	Reaffirmed
Short-term Bank Facilities	5.0	CARE A3 (A Three)	Reaffirmed
Total facilities	102.0 (Rupees One hundred and two crore only)		

Rating Rationale

The ratings continue to derive strength from experience of the promoters, established long term relationship with reputed customers, well diversified portfolio of services and wide distribution of network & warehouse, relatively stable operating performance in FY15 (refers to the period April 1 to March 31) and H1FY16. However, the ratings continue to be constrained by low PBILDT margin & susceptibility of profitability to volatility in fuel prices, working capital intensive nature of operations, and moderate financial risk profile in FY15 & H1FY16 along with tight liquidity position and dependence on the growth of the economy. The ability of the company to retain old clients and add new clients to its portfolio, maintaining current level of PBILDT margin in the future and efficient management of working capital remains the key rating sensitivity.

Background

Western Carriers was set up as a sole proprietorship firm in 1976 by Mr. Rajendra Sethia for carrying out logistics services. In July 2013, the firm was converted into a limited company, Western Carriers (India) Limited (WCIL). WCIL is engaged in multi modal logistics services (road, rail and river transport, custom house agency, storage and warehousing) for more than three decades and operating across the country through 70 branch offices (which are reporting to four zonal offices) and 19 warehouses (of which 7 are owned by promoters & group companies and 12 are rented). As on Sep 30, 2015, WCIL has owned fleet of 262 trucks and trailers and 51 equipment incl. forklifts, cranes, hoppers, etc. During FY15, WCIL reported net profit of Rs.6.63 crore (as against Rs.10.8 crore in FY14) on a total operating income of Rs.725.95 crore (as against Rs.720.16 crore in FY14).

In H1FY16, the company reported net profit of Rs.3.09 crore on a total operating income of Rs.352.78 crore.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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