Press Release

Noma Infrastructure Private Limited (NIPL)

August 23, 2024

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Facilities	22.85	IVR BBB-/Stable [IVR Triple B Minus with Stable Outlook]	-	Assigned	**Simple**
Total	**22.85 (Rupees twenty-two crore and eighty-five lakh only)**				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings has assigned rating to the bank facilities of NIPL based on the strength it derives from long standing experience of promoters, growth in scale of operations and moderate financial risk profile. The rating is however constrained on account of susceptibility of revenue and profit margins to trade cycle & government policies and highly competitive nature of logistics industry.

Key Rating Sensitivities:

Upward Factors

- Significant increase in scale of operation along with improvement in profitability on sustained basis.
- Improvement in capital structure with reduction in TOL/TNW below 1x.

Downward Factors

- Dip in operating income and/or profitability impacting the debt coverage indicators on a sustained basis.
- Any un-envisaged incremental debt funded capital expenditure leading to a deterioration in debt protection metrics.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Experienced Promoters**

  The company is promoted by Mr. Kundan Kumar Gupta. He is an experienced professional in the field of accounts and finances, with a specialization in the logistics industry. With over 12 years of industry experience, he has been instrumental in on boarding the leading chemical companies as clients of the company to provide need based specific logistics solutions and gradually growing the business with them.

- **Steady growth of scale of operations**

  NIPL reported income of Rs. 134.78 crore in FY24 (Provisional) (refers to period April 01, 2023 to March 31, 2024) (Rs. 116.84 crore in FY23), registered a growth of 15.35% in comparison to revenue in FY23. Increase in revenue was attributed to better industry situation and NIPL's ability to grab the opportunities available in the market. Further, NIPL's gross cash accruals stood at Rs. 12.67 crore in FY24(P) (Rs. 8.38 crore in FY23) due to increase in PAT absolute. NIPL's EBIDTA margin also improved to 13.54% in FY24 (P) (11.68% in FY23), and consequently PAT margin also improved to 3.71% in FY24 (P) (2.16% in FY23) due to improvement in cost metrics.

- **Moderate financial risk profile**

  The financial risk profile of the company is marked by moderate capital structure and debt protection metrics. NIPL's TOL/TNW net adjusted stood at 1.86x as on March 31, 2024 (P), (2.01x as on March 31, 2023) due to increase in Adjusted tangible net worth with the accretion of net profit. Further, overall gearing net adjusted stood at 1.57x as on March 31, 2024 (P), (1.49x as on March 31, 2023). The promoters have been regularly infusing funds by way of unsecured loans which are subordinated to the bank debt, which keeps the net worth (net adjusted) at moderate levels. The debt protection metrics also remained comfortable with interest coverage ratio of 5.12x in FY24 (P) (3.73x in FY23) with the increase in overall profitability. Total debt to GCA Stood at 3.69x as on March 31, 2024 (P), (4.42x as on March 31, 2023) due to increase in the GCA.

- **Decent clientele base with regular business inflows**

  NIPL has leading chemical industry players in its client base. The company has been associated with leading chemical manufacturing for providing multimodal logistics services which separates the company from other normal fleet operators as chemical transportation requires specific carriers / tanks / containers. The company also has CTO (Container Train Operator) license and self-owned railway rakes, which provides an edge over other transportation / logistics companies. By virtue of this , the company has been able to garner the benefits by way acquiring reputed clients and growth of business.

Key Rating Weaknesses

- **Highly competitive intensity in logistics business**

  Indian logistics sector has high degree of fragmentation with the presence of large established companies and many small and medium sized unorganized companies. Further, the company also faces competition from the domestic operators also. Intense competition restricts the bargaining power and affect the profit margins to an extent. Due to high competition in the sector, higher operating efficiency, maintenance of superior service standards and providing innovative solutions to the evolving customer requirements will be keys for NIPL to expand its market position.

- **Susceptibility of revenues to economic slowdown and variations in trade volumes**

  The performance of the logistics sector is linked to global economic activities, which impact on the trade volumes, especially given the stiff competition amid the highly fragmented industry structure. Any slowdown in domestic and global manufacturing/industrial activities, due to weak economic conditions or restrictive trade policies, can have a negative impact on the company's revenues and its cash flows. Further, growth and development in port, rail, road infrastructure are also playing a crucial role for its business opportunities which is also dependent on various socio-political aspects and economic scenarios.

- **Profit margins susceptible to trade cycle, fuel prices and changes in Government policies**

  The company faces intense competition from much larger integrated logistics players as well as smaller unorganized players, limiting its pricing flexibility. The margins also remain susceptible to volatility in fuel prices, the impact of a broader economic cycle on Exim cargo and changes in Government policies.

Analytical Approach: Standalone

Applicable Criteria:

Rating Methodology for Service Sector Companies

Financial Ratios & Interpretation (Non-Financial Sector).

Criteria for assigning Rating outlook.

Policy on Default Recognition

Complexity Level of Rated Instruments/Facilities

Liquidity – Adequate

NIPL's liquidity position remained adequate marked by current ratio of 1.65x as on March 31, 2024 (P) (1.73x as on March 31, 2023). Further, NIPL's gross cash accruals stood at Rs. 12.67 crore as on March 31, 2024 (P) (Rs. 8.38 crore as on March 31, 2023) due to increase in PAT absolute. The average utilisation of its working capital facilities is around 41.84% indicating sufficient liquidity cushion.

About the Company

Noma Infrastructure Private Limited is a leading provider of transportation and multi-modal logistic solutions for dry, liquid, and gaseous cargoes globally. Noma Infrastructure's strengths include its global presence, strong integrated network, and ability to design and implement industry-leading multi-modal logistic solutions.

Financials (Standalone):

(Rs. crore)

For the year ended/ As on*	31-03-2023	31-03-2024
	Audited	Provisional
Total Operating Income	116.84	134.78
EBITDA	13.65	27.64
PAT	2.53	18.25
Total Debt	37.03	46.72
Tangible Net Worth	19.61	29.82
EBITDA Margin (%)	11.68	13.54
PAT Margin (%)	2.16	3.71
Overall Gearing Ratio (x)	1.49	1.57

Interest Coverage (x)	3.73	5.12

* *Classification as per Infomerics' standards.*

Status of non-cooperation with previous CRA: None

Any other information: None

Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2023-22	Date(s) & Rating(s) assigned in in 2022-21
1.	Fund Based – Term Loan	Long Term	20.97	IVR BBB- / Stable	-	-	-
2.	Fund Based – ECLGS	Long Term	0.63	IVR BBB- / Stable	-	-	-
3.	Fund Based – Cash Credit	Long Term	1.25	IVR BBB- / Stable	-	-	-

Analytical Contacts:

Name: Jalaj Srivastava

Tel: (022) 62396023

Email: jalaj.srivastava@infomerics.com

About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Press Release

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit www.infomerics.com.

Annexure 1: Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term – Fund Based – Term Loan	–	–	-	November 2026	20.97	IVR BBB- / Stable
Long Term – Fund Based – ECLGS	–	–	–	April 2027	0.63	IVR BBB- / Stable
Long Term - Fund Based – Cash Credit	–	–	–	–	1.25	IVR BBB- / Stable

Annexure 2: Facility wise lender details
https://www.infomerics.com/admin/prfiles/Len-Noma-Infra-23aug24.pdf

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.