Delta Infralogistics (Worldwide) Limited (DIWL)
December 24, 2024

Ratings

Instrument/Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Facilities	37.77	IVR BBB-/Stable (IVR Triple B minus with Stable Outlook)	-	Assigned	Simple
Short Term Facilities	10.40	IVR A3 (IVR A Three)	-	Assigned	Simple
Total	**48.17 (Forty-Eight Crore and Seventeen 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 its rating to the bank facilities of Delta Infralogistics (Worldwide) Limited (DIWL) based on strengths derived from extensive experience of promoters in the stevedoring industry & reputed client base, improving scale of operations with range bound EBITDA margin, healthy capital structure & operating cycle and diversification of revenue stream. The rating is however constrained by moderate debt protection metrics, cargo handled is vulnerable to broader economic trends, commodity demand cyclicality and competition from other ports, labour intensive operations and presence in highly fragmented industry with large number of unorganized players.

The stable outlook reflects the fact that the entity will continue to benefit from improving scale of operations & experience of the promoters.

Key Rating Sensitivities:

Upward Factors

- Substantial & sustained improvement in total operating income and/or EBITDA margins leading to improvement in debt protection metrics & capital structure.

Downward Factors

- Any decline in revenue and profitability leading to lower net cash accrual and deterioration in debt coverage indicators and/or any stretch in operating cycle impacting the firm’s liquidity position.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Extensive experience of promoters in the stevedoring industry & reputed client base**
  Delta Infralogistics (Worldwide) Limited (DIWL) was established in the year 1998. The company has presence in the ports of Mangalore, Goa, Tuticorin, Vizag, Kakinada, Paradip, Bangalore, Dammam and in the Sultanate of Oman. Over the 3 decades of its existence, the company has served high end clientele including, but not limited to, Jindal South West (JSW) Group, Agarwal Coal Corporation Private Limited, Maersk Line, Coal India Limited, Vedanta Limited, Dalmia Cement (Bharat) Limited, Hindalco Industries Limited, Kudremukh Iron Ore Company Limited (KIOCL), while having handled all types of bulk and containerized cargo such as coal, iron ore, coke, bauxite, limestone, gypsum, rock-phosphate, steel coils, timber logs etc. Ahmed Mohiuddin is the managing director of the company with 37 years of experience. Shahanaz Mohiuddin, Shamil Ahmed Mouzam, Shaifa Zainab, Mohammed Shahzeer and Abdul Sami are the other directors of the company having combined experience of more than 5 decades in the industry.

- **Improving scale of operations with range bound EBITDA margin**
  DIWL scale of operations have been increasing with total operating income of Rs. 306.44 crore in FY24(Audited) [refers to period April 1, 2023, to March 31, 2024], compared to Rs. 227.62 crore in FY23 (Audited) [refers to period April 1, 2022, to March 31, 2023]. The operating income increased significantly due to its new branch in Oman which started in FY24 where the company has received a new project from a refinery for handling of pet-coke and sulphur. The company's EBITDA margins remained range bound at 3.70%-5.08% in the past three years ended FY24. The PAT margin improved from 0.38% in FY23 to 1.95% in FY24. Further, the tangible net worth also increased from Rs. 49.15 crore as on March 31, 2023, to Rs. 50.39 crore as on March 31, 2024.

- **Healthy capital structure & operating cycle**
  The Company's operating cycle has reduced from 22 days in FY23 to 6 days in FY24. The reason for decrease in operating cycle is the increase in credit period from 23 days in FY23 to 33 days in FY24 from labour contractors and consumable suppliers. The operating cycle is expected to remain in the same levels going ahead. The financial risk profile of the company is marked by healthy capital structure. The overall gearing stood at 1.05x as on

March 31, 2024 (FY23: 0.90x). The total indebtedness of the company reflected by TOL/TNW deteriorated slightly to 1.92x as on March 31, 2024 (FY23: 1.42x).

- **Diversification of revenue stream**

  The company core business is Stevedoring and handling. The company has presence in the ports of Mangalore, Goa, Tuticorin, Vizag, Kakinada, Paradip, Bangalore, Dammam and in the Sultanate of Oman. The company also operates a petrol pump in Mangalore along the NH66. The company's branch office in Oman commenced operations executing a tender awarded by a major refinery for solid bulk handling of pet coke and sulphur. The company continues to participate in tenders in Oman, Dammam under its diversification initiative to increase its global footprint. The group/company has also diversified from its core business of stevedoring, customs brokering, clearing & forwarding, steamer agency to now offer services in construction, automotive, engineering & industrial services, ICT and ITes infrastructure.

Key Rating Weaknesses

- **Moderate debt protection metrics**

  The debt protection metrics of the company remained moderate marked by interest coverage ratio of 2.53x in FY24 (FY23: 2.63x). Further, total debt to NCA remained moderate at 5.96 times as on March 31, 2024 (FY23: 7.86 times). The DSCR as on March 31, 2024, stood at 1.03x (FY23: 1.03x). The financial risk profile of the company is marked by moderate debt protection metrics.

- **Cargo handled is vulnerable to broader economic trends, commodity demand cyclicality and competition from other ports**

  DIWL mainly handles bulk cargo such as iron ore, coke, bauxite, limestone, gypsum, rock-phosphate, etc. The cargo handled and consequently, the financial performance remains vulnerable to the broader economic cycle's impact on exim traffic at the ports, demand cyclicality for specific commodities such as bauxite and competition from other major and minor ports. In the last few years, there has been some shift in cargo from major to minor ports in India due to location benefits and the superior facilities provided. Nonetheless, the impact on the company has been mitigated to some extent by the presence of large customers providing repeat business and its presence in the ports of Mangalore, Goa, Tuticorin, Vizag, Kakinada, Paradip, Bangalore, Dammam and in the Sultanate of Oman.

- **Labour intensive operations**
  The company remains exposed to the risk of strikes/industrial actions due to the labour-intensive operations in regions with a highly unionized workforce. However, the risk can be mitigated to some extent by increasing mechanization of operations, which has been actively taken up. Moreover, its long-standing experience in the industry can help mitigate the impact.

- **Presence in highly fragmented industry with large number of unorganized players**
  The Indian logistics industry is characterized by its high degree of fragmentation. India's diverse geographical and socio-economic features, huge retail network and infrastructure limitations enable most of the logistics service providers in the country to provide the entire gamut of logistics services. Presence of various players results in intense competition within the industry. The freight forwarding industry is highly fragmented and is dominated by a large segment of unorganized players, which limits the bargaining power of the company. The company hence also does not do long distance transportation. The transportation service in case of long-distance transportation is outsourced and done through a transport agent because the margins are very thin in the same.

Analytical Approach: Standalone

Applicable Criteria:

Rating Methodology for Service Companies.
Financial Ratios & Interpretation (Non-Financial Sector)
Criteria of assigning Rating Outlook
Criteria on default recognition and curing period
Criteria – Complexity Level of Rated Instruments/Facilities

Liquidity – Adequate

Delta Infralogistics (Worldwide) Limited liquidity remains adequate as evidenced by the company's working capital utilization which stood at an average of ~ 92.57% against sanctioned limits for the last 12-month period till November 2024. The company is earning a comfortable level of Gross Cash Accruals (GCA) which stood at Rs. 8.88 crore as on March 31, 2024, and the same is expected to improve during the projected period with increase in scale of operations which is adequate to meet the repayment obligations. Cash & Bank Balances as on 31st March 2024 stood at Rs. 5.13 Crore.

About the Company

Delta Infralogistics (Worldwide) Limited (DIWL) was established in the year 1998. The company core business is of stevedoring, customs brokering, clearing & forwarding, steamer agency. The company has presence in the ports of Mangalore, Goa, Tuticorin, Vizag, Kakinada, Paradip, Bangalore, Dammam and in the Sultanate of Oman. The company also operates a petrol pump in Mangalore, along the NH66. The company's new branch in Oman commenced operations in the last financial year 2024.

Financials (Standalone):

(Rs. crore)

For the year ended/ As on*	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	227.62	306.44
EBITDA	8.44	15.40
PAT	0.86	6.00
Total Debt	44.28	52.94
Tangible Net Worth	49.15	50.39
EBITDA Margin (%)	3.71	5.03
PAT Margin (%)	0.38	1.95
Overall Gearing Ratio (x)	0.90	1.05
Interest Coverage (x)	2.63	2.53

* *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	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
					-	-	-
1.	Long Term Facilities – Term Loan	Long Term	13.42	IVR BBB-/ Stable	-	-	-
2.	Long Term Facilities – Cash Credit	Long Term	19.00	IVR BBB-/ Stable	-	-	-
3.	Long Term Facilities – SLC (Stand-by Line of Credit)	Long Term	2.75	IVR BBB-/ Stable	-	-	-
4.	Long Term Facilities – EDFS	Long Term	0.60	IVR BBB-/ Stable	-	-	-
5.	Long Term Facilities – Overdraft	Long Term	2.00	IVR BBB-/ Stable	-	-	-
6.	Short Term Facilities – Bank Guarantee*	Short Term	10.40	IVR A3	-	-	-

Includes Proposed Bank Guarantee of Rs. 4.20 crore

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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.

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.

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Annexure 1: Instrument/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 Bank Facilities – Term Loan	-	-	-	May 2034	9.91	IVR BBB-/Stable
Long Term Fund Based Bank Facilities – GECL 1.0	-	-	-	August 2025	1.34	IVR BBB-/Stable
Long Term Fund Based Bank Facilities – GECL 1.0 (Extension)	-	-	-	September 2027	2.17	IVR BBB-/Stable
Long Term Fund Based Bank Facilities – Cash Credit	-	-	-	-	19.00	IVR BBB-/Stable
Long Term Fund Based Bank Facilities – SLC (Stand-by Line of Credit)	-	-	-	-	2.75	IVR BBB-/Stable
Long Term Fund Based Bank Facilities – EDFS	-	-	-	-	0.60	IVR BBB-/Stable

Long Term Fund Based Bank Facilities – Overdraft	-	-	-	-	2.00	IVR BBB-/Stable
Short Term Non-Fund Based Bank Facilities – Bank Guarantee	-	-	-	-	6.20	IVR A3
Proposed Short Term Non-Fund Based Bank Facilities – Bank Guarantee	-	-	-	-	4.20	IVR A3

Annexure 2: Facility wise lender details:
https://www.infomerics.com/admin/prfiles/len-Delta-Infralogistics-dec24.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.