



Press Release

Vinsum Axxpress India Private Limited

September 27, 2023

Ratings

Facility	Amount (Rs. Crore)	Rating	Rating Action	Complexity Indicator
Long-Term Bank Facilities (Including proposed limit of Rs.5.30 crore)	32.00	IVR BBB-; Stable (IVR Triple B Minus with Stable outlook)	Assigned	Simple
Total	32.00 (Rupees thirty- two crore only)			

Details of Facilities are in Annexure 1

Detailed Rationale

The rating assigned to the bank facilities of Vinsum Axxpress India Private Limited (VAIPL) derives strength from its experienced promoters, diversified customer base, healthy order book position and steady growth in business performance marked by gradual improvement in operating income. Further, the rating also considered the moderate capital structure with comfortable debt protection metrics of the company. However, these rating strengths remain partially offset by VAIPL's asset intensive business model and susceptibility of profitability to market fleet availability and impact of externalities. Moreover, the rating also note high competitive intensity in logistics business, susceptibility of revenues to economic slowdown and variations in trade volumes.

Key Rating Sensitivities:

Upward factors

- Significant growth in scale of business with improvement in profitability metrics thereby leading to improvement in cash accruals on a sustained basis.
- Improvement in the capital structure with improvement in overall gearing ratio to below 1.5x and/or improvement in debt protection metrics

Downward Factors

- Dip in operating income and/or profitability impacting the debt coverage indicators with moderation in the interest coverage ratio to below 3x.



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- Moderation in the capital structure with deterioration in overall gearing to more than 3 times.
- Stretch in working capital cycle leads to weakening of the liquidity position

List of Key Rating Drivers with Detailed Description

Key Rating Strengths:

Experienced promoters

Mr. Vinod Sharma, Chairman and Managing Director of VA IPL has a long track record of more than two decades in the logistics industry. Over the period, benefiting from the industry knowledge and understanding of the business environment, Mr Sharma had established healthy relationship with its customers and suppliers. Currently the overall operations of the company are managed by Mr. Vinod Sharma and is ably supported by other skilled professionals.

Diversified customer base

The company is associated with reputed companies like Tata Motors Ltd, Mahindra Logistics and Fiat India Automobiles which indicates its strong customer portfolio. Further, VA IPL has a diversified customer base as its top ten customers contributed only ~51% of revenues in FY2023. This is likely to insulate the company's revenues against loss of any customer(s) providing stability to revenues.

Healthy order book position

VA IPL has current outstanding orders of Rs.515.25 crore as on August 31, 2023, which are expected to get completed in coming 2 to 2.5 years, providing a satisfactory near to medium term revenue visibility.

Steady growth in business performance marked by gradual improvement in operating income and profitability

The total operating income grew at a CAGR of ~64% during FY21-FY23 (provisional). The top line has increased by ~86% in FY22 to Rs.119.92 crore from Rs.64.48 crore in FY21. It further increased by ~45% to Rs.174.21 crore in FY23 (Prov.). The improvement in revenue is basically driven by rising demand for logistic services, better flow of orders and its execution. The EBITDA margin stands at 8.29% in FY23 (Prov.) as compared to 5.44% in FY22 and



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2.96% in FY21. The PAT margin stands at 2.27% in FY23 (Prov.) as compared to 1.67% in FY22. In Q1FY24, the company has achieved a revenue of ~Rs.51 crore.

Moderate capital structure with comfortable debt protection metrics

The capital structure of the company includes subordinated unsecured loans aggregating to Rs.5 crore. Including the same, the adjusted tangible net worth (ATNW) of the company stood at Rs.14.11 crore as on March 31, 2023. The overall gearing ratio stands moderate at 2.55x as on March 31, 2023 (Prov.) as against 3.54x as on March 31, 2022. The deterioration in capital structure is driven by higher utilisation of bank borrowing as on the balance sheet date. Further, total indebtedness marked by TOL/ATNW though improved from 5.56x as on March 31, 2022, to 4.15x as on March 31, 2023 (Prov.) remained on the higher side. The debt protection metrics as indicated by interest coverage through moderated remain satisfactory at 5.5x in FY23 (Prov.) as compared to 5.79x in FY22. The moderation in interest coverage in FY23 is due to higher finance charges. The Total debt/GCA has improved to 3.50 years as on March 31, 2023 (Prov.) as against 6.30 years as on March 31, 2022, with improvement in gross cash accruals.

Key Rating Weaknesses:

Asset intensive business model

The company primarily operates through a fleet of owned vehicles. This exposes VA IPL's margins to volatility in freight volumes. Also, the company's capital-intensive model of business results in high operating leverage, which makes profit margins susceptible to any downturn in transportation activity.

Highly competitive intensity in logistics business

Indian logistics sector has high degree of fragmentation with the presence of large number of 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 VA IPL to expand its market position.

Susceptibility of revenues to economic slowdown and variations in trade volumes



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The performance of the logistics sector is linked to global economic activities, which impact 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.

Profitability remains susceptible to market fleet availability and impact of externalities

VAIPL remains exposed to significant fluctuations in hire charges for market vehicles as the rates are primarily dependent on the demand–supply dynamics, and the company also hires fleet from the market based on its requirements. Besides, externalities, such as increase in fuel costs, bridge and toll charges, and labour expenses, which the company may not be able to entirely pass on to its customers, could have an adverse impact on its profit margins.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Service Sector Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Criteria of assigning rating outlook](#)

Liquidity: Adequate

The liquidity position of the company is expected to remain adequate marked by expected gross cash accruals of Rs.13.28-19.42 crore, as against debt repayments obligation of Rs. 4.60-5.23 crore during FY24-FY26. Further, average cash credit utilisation remained moderately utilized to the extent of ~84% during the past 12 months ended July 2023 indicating moderate liquidity buffer and cash and bank balances stood at Rs. 1.13 crore as on June 30, 2023.

About the Company

Incorporated in 2019, by Haryana based one Mr. Vinod Sharma, Vinsum Axxpress India Pvt. Ltd. (VAIPL) provides logistics services to B2B clients and cater end to end supply chain needs of the customers. The company provides transportation services, warehousing services, and other value-added services like returnable packaging, plant logistics & project management services etc. VAIPL currently owns a fleet of more than 100+ vehicles, manages more than 5



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lacs sq. ft of warehousing space with operations on 30+ major routes with 75+ branches, 15000+ serviceable pin codes and seven regional offices.

Financials of Vinsum Axxess India Private Limited (Standalone):

For the year ended* / As On	(Rs. crore)	
	31-03-2022	31-03-2023
	Audited	Provisional
Total Operating Income	119.92	174.21
EBITDA	6.53	14.44
PAT	2.00	3.95
Total Debt	27.74	36.03
Tangible Net worth	2.83	9.11
Tangible Net worth including Quasi equity	7.83	14.11
EBITDA Margin (%)	5.44	8.29
PAT Margin (%)	1.67	2.27
Overall Gearing Ratio Adjusted (x)	3.54	2.55
Interest Coverage	5.79	5.50

*Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Rating (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Cr.)	Rating	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21
1.	Cash Credit	Long Term	26.70	IVR BBB-; Stable	-	-	-
2.	Cash Credit (Proposed)	Long Term	5.30	IVR BBB-; Stable	-	-	-

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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



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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.

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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Cr)	Rating Assigned/ Outlook
Long Term Fund Based Limits – Cash Credit	-	-	-	26.70	IVR BBB-; Stable
Long Term Fund Based Limits – Cash Credit (Proposed)	-	-	-	5.30	IVR BBB-; Stable

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-Vinsum-sep23.pdf>

Annexure 3: List of companies considered for consolidated analysis: Not Applicable



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Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: 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

