



Rating Rationale

Maheshwari Logistics Limited

31st January 2017

Brickwork Ratings assigns ratings for the Bank Loan Facilities of Maheshwari Logistics Limited.

Particulars

Facility Rated	Amount (Rs. Crs)	Tenure	Rating *
<i>Fund Based</i>			
Term Loan	7.00	Long Term	BWR A- Outlook : Stable (Pronounced as BWR A Minus)
Cash Credit	36.00		
SLC	3.00	Short Term	BWR A2+ (Pronounces as BWR A Two Plus)
<i>Non-Fund Based</i>			
Letter of Credit	58.00	Short Term	BWR A2+ (Pronounces as BWR A Two Plus)
SLC- Within SOL	(3.00)		
Bank Guarantee	(3.00)		
Total	Rs. 104.00 Crores (Rupees One Hundred and Four Crores Only.)		

* Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon audited financials up-to FY16, unaudited financials of Q3 FY 16-17, projected financials of up-to FY 18, publicly available information and information/clarifications provided by the company's management.

The ratings, inter alia, factor the, experience of promoters/management in the industry, and the company's year on year growth in revenue and profitability. The rating also considers the shoring up of equity and the likely easing of gearing on account of floating of an IPO of Rs.27.17 Crs (39.96 lac shares, FV 10 & premium of Rs.58/-) on SME Exchange which was subscribed by 4.53 times.

The ratings, however, is constrained by the thin profit margins and Negative cash flow from operation due to the advance of Rs.12.12 crores extended for acquisition of paper manufacturing plant during FY16.



The company's ability to achieve projected revenues and profitability, manage working capital efficiently, and improve cash flow from operating activities would be the key rating sensitivities. Also an appropriate utilization of fund raised through IPO would be additional key rating sensitivities.

Rating Outlook: Stable

BWR believes the **Maheshwari Logistics Limited** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Company

Maheshwari Logistics Limited incorporated in 2006 as PVT LTD company and converted to limited company in Dec 2016, The company is engaged various types of paper and coal trading, coal screening and providing logistics support for primarily meeting coal demands of various industries such as chemical, cement, paper, paper, etc. MLL has taken over Daman Ganga Recycled Resources LLP through which company is manufacturing Kraft Paper vide Plant and Equipment Operating agreement. MLL has presence across India through its 21 offices at key locations. The company has a coal screening facility in Vapi. Maheshwari Logistics provides transportation facility for mainly lignite coal and pet coke to various industries which use them in boilers. The company has a 110-truck in-house fleet to support its logistics operation. The balance requirement of about 3000-4000 trucks is met on hire basis.

MLL is promoted by Mr. Vinay Maheshwari.

Mr. Vinay Maheshwari, Mr. Amit Maheshwari, Mr. Vipul Vashi and Mr. Varun Kabra are the four directors in MLL having 16 years, 18 years, 18 years and 9 years' experience respectively in the industry. Mr. Neeraj Maheshwari, the CEO of the company is also having experience of 22 years

Company Financial Performance

Company has reported total operating income of Rs. 600.80 Crores during FY 16 against Rs. 533.00 Crores in FY 15. Tangible Net Worth has increased to Rs. 58.29 Crores in FY 16 against Rs. 49.44 crores in FY 15.

Company has gone for IPO of Rs.27.17 Crs on SME Exchange in Dec 2016 which has been subscribed to 4.53 times the issue size. MLL has issued total 3996000 shares at issue price of Rs. 68/- (Face Value of Rs. 10 & Premium of Rs. 58/- per share).



Rating History for the last three years: (including withdrawn/suspended ratings)

Sl. No.	Instrument/Facility	Current Rating (Year 2017)			Rating History		
		Type	Amount(Rs Crs)	Rating	2016	2015	2014
1	Fund Based	Long term	43.00	BWR A- (Stable)	-	-	-
2	Fund Based	Short Term	3.00	BWR A2+	-	-	-
3	Non Fund Based	Short Term	58.00	BWR A2+	-	-	-

Hyperlink/Reference to Applicable Criteria

- General Criteria
- Approach to Financial Ratios
- Manufacturing Companies
- Short Term Debt
- Trading Entities

For any other criteria obtain hyperlinks from website

Analytical Contacts	Media
Sunil Bhardwaj AGM Ratings analyst@brickworkratings.com	media@brickworkratings.com Relationship Contact bd@brickworkratings.com
Phone: 1-860-425-2742	

For print and digital media

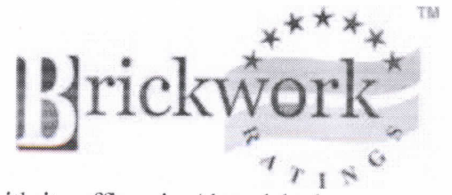
The Rating Rationale is sent to you for the sole purpose of dissemination through your print, digital or electronic media. While it may be used by you acknowledging credit to BWR, please do not change the wordings in the rationale to avoid conveying a meaning different from what was intended by BWR. BWR alone has the sole right of sharing (both direct and indirect) its rationales for consideration or otherwise through any print or electronic or digital media.

Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.



BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

DISCLAIMER

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.