



Press Release

AVG Logistics Limited

December 12, 2024

Ratings

Instrument Facility	Amount (Rs. Crore)	Current Ratings	Previous Rating	Rating Action	Complexity Indicator
Long term Bank Facilities	75.85	IVR BBB/ Stable (IVR Triple B with Stable outlook)	IVR BBB-/ Stable (IVR Triple B minus with Stable outlook)	Upgraded	Simple
Short Term bank Facilities	10.00	IVR A3+ (IVR A Three Plus)	IVR A3 (IVR A Three)	Upgraded	Simple
Long/Short term Bank Facilities (Proposed)	15.00	IVR BBB/ Stable (IVR Triple B with Stable outlook) & IVR A3+	IVR BBB- /Stable Outlook (Pronounced as IVR Triple B Minus with Stable Outlook) & IVR A3	Upgraded	Simple
Total	100.85	(Rupees Hundred Crores and Eighty Five Lakhs Only)			

Details of Facilities/Instrument are in Annexure 1

Facility wise lender details are at Annexure 2

Detailed explanation of covenants is at Annexure 3

Detailed Rationale

Infomerics Valuation and Rating Private Limited (IVR) has upgraded the long-term rating to IVR BBB with a stable outlook and upgraded the Short-Term rating to IVR A3+ for the bank loan facilities of AVG Logistics Limited (AVG).

The ratings upgraded to the bank facilities of AVG Logistics Limited (AVG) derive strength from the company being an integrated player with a Pan-India presence catering to more than 300+ locations and established relationships with several reputed customers across varied industries over the years. The ratings further take comfort from the long-standing experience of its promoters in the logistics industry and satisfactory financial risk profile characterized by the growing scale of operations and moderate coverage indicators. The ratings also take note of the continuous thrust of the company on innovation for vehicles aggregation which will reflect the fleet availability, pricing and the payment status to all the registered fleet owners. The ratings, however, are constrained by the working capital-intensive nature of operations leading to high utilization of its working capital limits, competitive and fragmented nature of the freight logistics industry and vulnerability of its profitability margins to trade cycle and competition.



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The Stable outlook on AVG's reflects IVR's opinion that company will continue to benefit from vast experience of promoters and long track record of operations in logistics industry with reputed customer base.

IVR has principally relied on the standalone financial results of AVG up to March 31, 2024 (Audited) (Review period April 01, 2023 to March 31, 2024) and three years projected financials till FY27, and publicly available information/ clarifications provided by the company's management.

Key Rating Sensitivities:

Upward Factors

- Growth in the scale of operations above Rs 600.00 crore with improvement in profitability on a sustained basis.
- Sustenance of capital structure.
- Improvement in working capital cycle and cash accruals.

Downward Factors

- Any decline in the revenue and profitability on a sustained basis.
- Moderation in capital structure.
- Any material stretches in working capital cycle weakens liquidity.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Experienced management with long track record of operations:**

The company is promoted by Mr. Sanjay Gupta (MD/CEO) in 2010, who is hailed as a veteran in logistics sector and possesses strong leadership experience in multi-modal logistics management. He has led Indo-Arya Logistics from INR 300 MN to INR 5 BN before starting AVG Logistics. Also, prior to the incorporation of AVG and working as CEO of IAL, the



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promoter was into the transportation business through 'Prem Crane & Transportation Services' (PCTS started operations in 2000). The directors are well supported by an experienced team of professionals. They are being assisted by a team of qualified and experienced staff who look after finance, production, and quality control, marketing, and general administration.

- **Introduction of multimodal freight transportation:**

AVGL has entered multimodal freight forwarding services during FY2024. It generates 84.10% revenue from multimodal logistics. Multimodal transportation along with warehousing services aids in seamless flow of supply. Company has adequate arrangements with railways for smooth services.

- **Established and diversified customer base:**

The company is associated with reputed companies like Nestle, Hindustan Unilever Limited (HUL), MRF Limited, Bharti Airtel Limited, Apollo Tyres etc. which indicates its strong customer portfolio. Further, AVGLL has a diversified customer base as its top 5 customers contributed only ~45.90% of revenues in FY2024. This is likely to insulate the company's revenues against loss of any customer(s) providing stability to revenues.

- **Growth in scale of operations with improvement in profitability on a sustained basis.**

The TOI of the company increased to Rs. 479.76 crore during FY24 from Rs. 427.10 crore during FY23 exhibiting a growth rate of 12.33% over the past years. The EBITDA margin remained range bound between 17.48%- 17.55% during this period. During FY24, the total operating income of the company witnessed growth of 12.33% majorly on the account of the growing business from the existing clients and addition of new clients mainly pertaining to infrastructure sector.

- **Satisfactory capital structure with adequate debt protection metrics:**



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The capital structure indicators of AVG stood comfortable as characterised by overall gearing of 0.45 times as on March 31, 2024, due to the Company allotted 805,000 Warrants during the financial year 2023-24 to the Investors against receipt of 25% of issued price of INR 371 per Warrant i.e. INR 92.75 per Warrant aggregating INR 7.46 Crore and the Company also received an amount of INR 57.41 Crore on account of preferential issue of 15,47,449 equity shares of INR 10 each issued at INR 371 each (including security premium of INR 361). Further, the coverage indicators of company as marked by interest coverage and DSCR stood comfortable at 2.98 times and 2.05 times respectively as on March 31, 2024.

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, logistics being a global industry the company also faces competition from the global 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 AVG to expand its market position.

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

The performance of the logistics sector (freight forwarding industry) 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.



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Analytical Approach: Standalone Approach

Applicable Criteria :

[Rating Methodology for Services Sector entities](#)
[Financial Ratios & Interpretation Non- Financial Sector](#)
[Criteria for assigning rating outlook](#)
[Policy on Default Recognition](#)
[Complexity Level of Rated Instruments/Facilities](#)

Liquidity – Adequate

The liquidity position of the company is expected to remain adequate marked by an expected GCA of Rs.62.65 crore to Rs.83.66 crore from FY25-FY27, as against scheduled debt repayments of Rs.12.85 crore to Rs.17.28 crore in the same period. Further, its bank limits remained moderately utilized to the extent of ~75.56% during the past 12 months ended July 2024 indicating moderate liquidity buffer and cash and bank balances stood at Rs.8.76 crore in FY2024. The current ratio stood at 1.73x in FY2024 and remained satisfactory.

About the Company

AVG Logistics Limited ('AVG Logistics' or 'The Company') is a leading multimodal logistics solutions provider based in India. Founded in 2010, the Company has rapidly grown to become a trusted partner for businesses across India. With a team of dedicated logistics experts and a modern fleet, AVG Logistics provides customized and technology-driven solutions across transportation, warehousing, distribution, and supply chain management. Furthermore, the Company also offers Third-Party Logistics Services (3PL), effectively complementing its wide range of logistics solutions.

The company's 500+ workforce comprising dedicated & skilled professionals provides 24x7 integrated logistics services in an efficient manner to customers across different industries in India. The company operates a 3000+ fleet of hired & owned vehicles along with 705,000 Sq. Ft. of warehousing space in India to provide several value-added services.

Financials (Standalone):

(Rs. crore)



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For the year ended* As on	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	427.10	479.76
EBITDA	74.96	83.84
PAT	7.88	32.72
Total Debt	112.35	88.89
Tangible Net worth*	82.09	197.23
EBITDA Margin (%)	17.55	17.48
PAT Margin (%)	1.83	6.67
Overall Gearing Ratio (x)	1.37	0.45
ISCR (x)	2.44	2.98

*as per Infomerics standards

Status of non-cooperation with previous CRA : Nil

Any other information: : Nil

Rating History for last three years:

Sl. No.	Name of Instrument/Facilities	Current Rating (Year 2024-25)			Rating History for the past 3 years		
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2023-24 Dated : Dec 12, 2023	Date(s) & Rating(s) assigned in 2022-23 Dated : Feb 07, 2023	Date(s) & Rating(s) assigned in 2021-22 Dated : Jan 24, 2022
1	Fund Based-Term Loan	Long Term	25.85	IVR BBB/ Stable (IVR Triple B with Stable outlook)	IVR BBB-/ Stable (IVR Triple B minus with Stable outlook)	IVR BBB-/ RWDI (IVR Triple B minus with rating Watch with developing implication)	IVR BBB-/ CWDI (IVR Triple B minus with credit Watch with developing implication)
2	Fund Based-Cash Credit	Long Term	50.00	IVR BBB/ Stable (IVR Triple B with Stable outlook)	IVR BBB-/ Stable (IVR Triple B minus with Stable outlook)	IVR BBB-/ RWDI (IVR Triple B minus with rating Watch with developing implication)	IVR BBB-/ CWDI (IVR Triple B minus with Credit Watch with



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							developing implication)
2	Non - Fund Based – Bank Guarantee	Short Term	10.00	IVR A3+ (IVR A Three Plus)	IVR A3 (IVR A Three)	IVR A3 (IVR A Three)	IVR A3 (IVR A Three)
3.	Fund/Non-Fund Based (Proposed)	Long/Short Term	15.00	IVR BBB/ Stable (IVR Triple B with Stable outlook) & IVR A3+	IVR BBB- /Stable Outlook (Pronounced as IVR Triple B Minus with Stable Outlook) & IVR A3	-	-

Name and Contact Details of the Rating Analyst:

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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



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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.

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

For more information visit www.infomerics.com

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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Bank Facilities – Term Loan			March 2029	25.85	IVR BBB/ Stable (IVR Triple B with Stable outlook)
Long Term Bank Facilities – Cash Credit			Revolving in Nature	50.00	IVR BBB/ Stable (IVR Triple B with Stable outlook)
Short Term Bank Facilities – Bank Guarantee			-	10.00	IVR A3+ (IVR A Three Plus)



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Long/Short Term Bank Facilities – Proposed			-	15.00	IVR BBB/ Stable (IVR Triple B with Stable outlook) & IVR A3+
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Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-AVG-Logistics-dec24.pdf>

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

Annexure 4: List of companies considered for consolidated analysis: Nil

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