



Rating Rationale

PSTS Heavy Lift and Shift Ltd

1 Feb 2019

Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of ₹ 5.84 Crores of PSTS Heavy Lift and Shift Ltd (PHLSL or Company).

Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (Dec, 2017)	Present
Fund based Overdraft WCDL WCTL	3.95	3.00 0.30 2.04	Long Term	BWR BB- (Pronounced as BWR Double B Minus) Outlook: Stable Issuer not cooperating	BWR BB- (Pronounced as BWR Double B Minus) Outlook: Stable Reaffirmed
Non Fund Based	1.50	0.50	Short Term	BWR A4 (Pronounced as BWR A Four) Issuer not cooperating	BWR A4 (Pronounced as BWR A Four) Reaffirmed
Total	5.45	5.84	INR Five Crores and Eighty Four Lakhs Only		

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

Adhoc OD limit of ₹ 20 lakhs was sanctioned on 30 Nov 2018 for three months which is over and above the sanctioned OD limit of ₹ 3 Crs.

Ratings: Reaffirmed

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has relied upon the audited financials of FY18, projected financials upto FY21, publicly available information and information provided by the management.



The rating draws strength from the experience of the promoters, established track record of the group, well established relation with clientele, revenue growth and satisfactory debt protection metrics. The rating however is constrained by small scale of operations, low net worth, reduced profit margins, high gearing and tight liquidity position.

Going forward, the ability of the company to increase revenue and profitability, infuse more funds and service the debt obligations promptly will be the key rating sensitivities.

Description of Key Rating Drivers

Credit Strengths:

The promoter, Mr T Udaysankar has over 40 years of experience in the industry. The other two promoters, Mr J Giriram and Mrs J Vasanthi have about 2 decades of experience. The company is part of the PSTS group and PHLSL derives about 30% of its revenue from PSTS group company viz; PSTS Logistics Pvt Ltd, PHLSL has been operational since 1995 and has relations with its clientele for about a decade. Net revenue has grown from ₹ 11.93 Crs in FY17 to ₹ 14.29 Crs in FY18. Interest service coverage ratio is at 1.93x and Debt service coverage ratio is at 1.04x in FY18.

Credit Risks:

Small scale of operations with an average revenue of ₹ 13.66 Crs in the last 3 FYs. Net worth is ₹ 2.18 Crs as on 31.3.2018. Net profit margin is reduced from 3.96 % in FY17 to 0.68% in FY18 and Operating profit margin is reduced from 12.32% in FY17 to 7.46% in FY18. Gearing with total outside liability is at 5.77x in FY18. Tight liquidity position is indicated by average utilisation of OD limit beyond 95% in the last six months and current ratio of 1.01x in FY18.

Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

Rating Outlook: *Stable*

BWR believes the **PSTS Heavy Lift and Shift Ltd** 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

PHLSL was established in 1995 to meet the specialized transportation, heavy lifting, installation, construction and warehousing needs of its clients. The registered office of the company is in Chennai. Services offered by the company are Equipment rentals, General and heavy Lift Haulage, Marine Transportation-International and Coastal, Project Handling and Logistics Solutions, Warehousing Solutions, In-plant logistics and Industrial Packaging Solutions.

The company has informed the following :

“” The Company was initially listed with regional stock exchanges- Ahmedabad, Chennai and Coimbatore. However, as per SEBI guidelines, all companies listed with regional stock exchange were to be listed with any national stock exchange. Till they were listed with a national stock exchange, they would be in the board of NSE or BSE. At present, the company is in the dissemination board of NSE. It is in the process of listing with Metropolitan Stock Exchange of India Ltd. “”

PHLSL is a part of the PSTS group. The group was established in 1940 and consists of three other companies- PSTS Logistics Pvt Ltd, PSTS Foundation and International Export Import Corporation.

Company Financial Performance

The company has recorded Net Sales of ₹ 14.29 Crs and PAT of ₹ 0.10 Crs in FY18 as against Net sales of ₹ 11.93 Crs and PAT of ₹ 0.47 Crs in FY17.

Key Financial Indicators

Key Parameters	Units	2018	2017
Result Type		Audited	Audited
Operating Revenue	In ₹ Crs	14.29	11.93
EBITDA	In ₹ Crs	1.07	1.47
PAT	In ₹ Crs	0.10	0.47
Tangible Net worth	In ₹ Crs	2.18	2.07
Total Debt/Tangible Net worth	Times	1.67	1.76
Current Ratio	Times	1.01	0.86

Rating History for the last three years

Facility	Current Rating (2019)			Rating History		
	Type	Amount (₹ Crs)	Rating	2018	20.12.2017	20.9.2016
Fund Based	Long Term	5.34	BWR BB- (Pronounced as BWR Double B Minus) Outlook: Stable Reaffirmed	Not Rated	BWR BB- (Pronounced as BWR Double B Minus) Outlook: Stable Issuer not cooperating	BWR BB- (Pronounced as BWR Double B Minus) Outlook: Stable
Non Fund Based	Short Term	0.50	BWR A4 (Pronounced as BWR A Four) Reaffirmed	Not Rated	BWR A4 (Pronounced as BWR A Four) Issuer not cooperating	BWR A4 (Pronounced as BWR A Four)
Total		5.84	₹ Five Crores and Eighty Four Lakhs Only			

Status of non-cooperation with previous CRA : Not to our knowledge

Any other information: Nil

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Services Sector](#)
- [Short Term Debt](#)



For any other criteria obtain hyperlinks from website

Analytical Contacts	Media
<i>Venkatesh</i> <i>CGM-Ratings</i>	media@brickworkratings.com
analyst@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, 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 leading public sector 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, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

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.