

July 29, 2022

Corporate Relations
The Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers, Dalal Street,
Mumbai-4000 01
(SCRIP 534615)

The Manager (Listing Department)
National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex, Bandra (E)
Mumbai - 400 051
(Symbol: NECCLTD)

Subject: Intimation of Revision in Ratings under the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015

Dear Sir,

This has reference of Regulation 30 of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 (the 'Listing Regulation'). In accordance with the said Listing Regulations, we are pleased to inform that Brickwork Ratings India Pvt Ltd ('Brickwork') has upgraded its ratings. A Copy of the rating rationale has been enclosed for your reference.

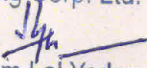
This is for your information and records.

Thanking You

Yours faithfully
For North Eastern Carrying Corporation Limited

For North Eastern Carrying Corp. Ltd.

(Shyam Lal Yadav)
Chief Financial Officer


Shyam Lal Yadav
CFO

encl: a/a

RATING RATIONALE

29Jul2022

**North Eastern Carrying Corporation Ltd.**

Brickwork Ratings removes the ratings from the issuer not cooperating classification and upgrades the ratings for the Bank Loan Facilities of Rs. 71.68 Crs. of North Eastern Carrying Corporation Ltd.

Particulars

Facilities**	Amount (Rs.Crs.)		Tenure	Rating#	
	Previous	Present		Previous (30 Jul 2021)	Present
Fund Based	69.00	69.68	Long Term	BWR BB+ /Stable Downgrade/ISSUER NOT COOPERATING*	BWR BBB - /Stable Upgrade
	(0.00)	(29.50)			
	(0.00)	(25.00)			
	(0.00)	(15.00)			
Non Fund Based	1.00	2.00	Short Term	BWR A4+ Downgrade/ISSUER NOT COOPERATING*	BWR A3 Upgrade
	(25.00)	(5.00)			
Grand Total	70.00	71.68	(Rupees Seventy One Crores and Sixty Eight lakhs Only)		

#Please refer to BWR website www.brickworkratings.com (<https://www.brickworkratings.com>) for definition of the ratings

**Details of Bank Loan facilities, consolidation or instruments are provided in Annexure

Note: *Issuer did not cooperate; based on best available information.

RATING ACTION / OUTLOOK

The removal from the Issuer not cooperating classification factors in cooperation by North Eastern Carrying Corporation LTD. ("NECC" or "the Company") in submitting the relevant financial & operational details along with the necessary updates. Brickwork ratings upgrades the ratings assigned to the bank facilities of NECC to BWR BBB- (Stable)/ BWR A3. The ratings derive strength from the extensive experience of promoters in the same line of business, well established relationships with reputed clients base and a satisfactory overall financial risk profile of the company.

However, the ratings are constrained by the competitive and fragmented industry, susceptibility of operations to economic slowdown and the stretched liquidity of the company.

Outlook: Stable

BWR believes that the business and financial risk profile of the company will be maintained over the medium term. The outlook may be revised to 'Positive' in case revenue, profitability, and solvency position show a sustained improvement leading to an improved financial and liquidity profile. The rating outlook may be revised to 'Negative' in case the

profitability generated is much lower than anticipated, there are aggressive debt-funded capex plans, or there is a significant deterioration in the overall liquidity profile of the company.

KEY RATING DRIVERS

Credit Strengths:

- **Established operational track record and experienced promoters :**

The company is managed by experienced & resourceful promoters having around four decades of experience in the logistic business. They are ably supported by an experienced management team. The Company has a widespread logistical network PAN India with 250+ branches spread all over the country as marketing offices, and warehouses spread across 50 major cities in India with an area of 1.5 mn sq. ft.

- **Reputed client base :**

NECC has an established market position and includes reputed clients in its portfolio like TATA Steel Ltd, Bajaj Auto Ltd., Reliance Industries, etc., with whom the company has had long business relationships of over a decade. NECC gets regular orders from these customers, which provides revenue visibility to the company.

- **Satisfactory overall financial risk profile :**

Though the operating income of the company declined by 38% in FY21 on account of Covid-19 led disruptions, the same increased by 8.5% in FY22, on a year-on-year basis, on the back of improvement in the industrial activities. The operating and net profit margins stood at 6% and 1.7% in FY22, compared to 4.8% and 1.7% in FY20. The overall gearing stood at a satisfactory level of 1.07x as on March 31, 2022; while the interest coverage ratio remained comfortable at 2.49x in FY22 (compared to 1.3x in FY21 and 2.58x in FY20).

Credit Risks:

- **Competitive and fragmented nature of the industry :**

The logistics industry is considered to be a highly competitive and fragmented industry due to the presence of several players in the market, both organized and unorganized. While a significant opportunity for organized players to scale-up their businesses exists, especially post GST implementation, the fragmented nature of the industry results in stiff competition.

- **Susceptibility of revenues to economic slowdown :**

The performance of the logistics industry is directly linked to the global economic activities. Any slowdown in the manufacturing/industrial activities, due to weak economic conditions, can have a negative impact on the company's revenues and its cash flows. However, the company's established presence and strong clientele mitigate the risk to some extent.

ANALYTICAL APPROACH - Standalone

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

RATING SENSITIVITIES

Positive: BWR may revise the ratings upward, in case of substantial improvement in the scale of operation, operating income, profitability and strengthening of the financial & liquidity risk profile of the company.

Negative: BWR may revise the rating downward, in case the company achieves notably lower operating income than projected, reduction in profitability and in case of deterioration in the overall financial/ liquidity profile.

LIQUIDITY INDICATORS - Stretched

The fund based working capital utilization of the company for the limit availed from Kotak Bank stood almost 100% while that availed from the DBS Bank stood at almost 90%, in the last twelve months till May, 2022. In FY22, the company had generated cash accruals of Rs.7.66 crs against CPLTD of Rs. 3.84 crs. The company has a CPLTD of Rs. 4.03 crs during FY23, which is projected to be met through the internal accruals. The company's operations are working capital intensive, with an elongated receivable. Receivable as on March 31, 2022 stood at 153 days, which, however, improved from 174 days as on March 31, 2021.

ABOUT THE ENTITY

North Eastern Carrying Corporation Ltd (NECC) was incorporated in Dec 1984 by Late Mr. Jaswant Rai Jain as a part load service between Delhi and the difficult and most remote parts in the east and north east of India. Currently NECC is headed by his son Mr. Sunil Kumar Jain, Chairman and has its registered office in Azad Market, New Delhi. He is ably supported by other director Mr. Utkarsh Jain (son of Mr. Sunil Kumar Jain). NECC provides freight transportation services to bulk and retail customers like Partial Truck Load (PTL), Full Truck Load (FTL) and Over Dimensional Consignment (ODC), containerized movement of cargo and other services such as warehousing 3PL, storage, packing & moving. NECC Warehouse is spread across 50 major cities in India with an area of 1.5 Mn sq. ft. of warehousing space all over India. (mix of lease and owned) and providing clients with complete solution of primary movements, storage and then to end customers on just in time basis. The company's footprints are spread across PAN India through its 250+ branches. The company caters to a wide range of industries such as FMCG, steel, Paper, Machinery, pharmaceuticals, Telecom, Electronics and automobile among others. It has its own unique consignment tracking system (NECC TRANSINFO) which allows customers to track their consignment anytime anywhere online. They have a well distributed and reliable network because of which they are able to assess individual business needs in a most cost-effective way possible.

KEY FINANCIAL INDICATORS (Standalone)

Key Parameters	Units	FY 21-22 (Audited)	FY 20-21 (Audited)
Operating Revenue	Rs.Crs.	250.43	230.79
EBITDA	Rs.Crs.	15.02	10.08
PAT	Rs.Crs.	4.26	1.43
Tangible Net Worth	Rs.Crs.	94.67	89.92
Total Debt/TNW	Times	1.07	0.96
Current Ratio	Times	1.77	1.79

NON-COOPERATION WITH PREVIOUS CREDIT RATING AGENCY

NA

ANY OTHER INFORMATION

NA

RATING HISTORY FOR THE PREVIOUS THREE YEARS (including withdrawal and suspended)

Facilities	Current Rating (2022)			2022 (History)		2021		2020		2019	
Type	Tenure	Amount (Rs.Crs.)	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund Based	LT	69.68	BWR BBB-/Stable (Upgrade)	NA	NA	30Jul2021	BWR BB+ Stable (Downgrade/ISSUE R NOT COOPERATING*)	24Jul2020	BWR BBB-Stable (Assigned)	NA	NA
FB SubLimit	LT	(29.50)	BWR BBB-/Stable (Upgrade)	NA	NA	NA	NA	NA	NA	NA	NA
		(25.00)	BWR BBB-/Stable (Upgrade)	NA	NA	NA	NA	NA	NA	NA	NA
		(15.00)	BWR BBB-/Stable (Upgrade)	NA	NA	NA	NA	NA	NA	NA	NA
Non Fund Based	ST	2.00	BWR A3 (Upgrade)	NA	NA	30Jul2021	BWR A4+ (Downgrade/ISSUE R NOT COOPERATING*)	24Jul2020	BWR A3 (Assigned)	NA	NA
NFB SubLimit	ST	(5.00)	BWR A3 (Upgrade)	NA	NA	NA	NA	NA	NA	NA	NA
Grand Total		71.68	(Rupees Seventy One Crores and Sixty Eight lakhs Only)								

COMPLEXITY LEVELS OF THE INSTRUMENTS - Simple

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at [www.brickworkratings.com / download / ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf) (<https://www.brickworkratings.com/download/ComplexityLevels.pdf>). Investors queries can be sent to info@brickworkratings.com (<mailto:info@brickworkratings.com>).

Hyperlink/Reference to applicable Criteria

- [General Criteria \(https://www.brickworkratings.com/download/Criteria-GeneralCriteria.pdf\)](https://www.brickworkratings.com/download/Criteria-GeneralCriteria.pdf)
- [Approach to Financial Ratios \(https://www.brickworkratings.com/download/Criteria-FinancialRatios.pdf\)](https://www.brickworkratings.com/download/Criteria-FinancialRatios.pdf)
- [Short Term Debt \(https://www.brickworkratings.com/download/Criteria-ShortTermDebt.pdf\)](https://www.brickworkratings.com/download/Criteria-ShortTermDebt.pdf)

- [Services Sector \(https://www.brickworkratings.com/download/Criteria-ServicesSector.pdf\)](https://www.brickworkratings.com/download/Criteria-ServicesSector.pdf)

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North Eastern Carrying Corporation Ltd.

ANNEXURE-I

Details of Bank Facilities rated by BWR

SL.No.	Name of the Bank/Lender	Type Of Facilities	Long Term(Rs. Crs.)	Short Term(Rs. Crs.)	Total(Rs. Crs.)
1	DBS Bank India Limited	Working Capital (CC) -Sanctioned	25.00	-	25.00
2	Kotak Mahindra Bank	Cash Credit-Sanctioned	35.00	-	35.00
		Sub-Limit (WCDL) - Sanctioned	(29.50)		
3	Kotak Mahindra Bank	Dropline OD-Sanctioned	4.68	-	4.68
4	Kotak Mahindra Bank	Bank Guarantee-Sanctioned	-	2.00	2.00
5	Kotak Mahindra Bank	GECL-Sanctioned	5.00	-	5.00
6	Others	Cash Credit-Proposed	-	-	0.00
Total			69.68	2.00	71.68
TOTAL (Rupees Seventy One Crores and Sixty Eight lakhs Only)					

Print and Digital Media

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