

La Freightlift Private Limited

February 26, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	1.41	CARE BB; Stable	Assigned
Long Term / Short Term Bank Facilities	48.00 (Enhanced from 38.00)	CARE BB; Stable / CARE A4	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The ratings assigned to the bank facilities of La Freightlift Private Limited (LAFL) are constrained by thin profitability margins, working capital intensive nature of business, leveraged capital structure, and highly fragmented and competitive industry. The ratings, however, derive strength from the established track record of the company in the global freight forwarding industry, growing scale of operations and extensive experience of the promoters.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in total operating income (TOI) beyond ₹250 crores on a sustained basis.
- Improvement in liquidity position with collection period less than 90 days.
- Improvement in overall gearing below 1.5x on a sustained basis.

Negative factors

- Increase in overall gearing more than 3x on a sustained basis.
- Increase in collection period beyond 120 days and deterioration in liquidity position on a sustained basis.

Analytical approach: Standalone

Outlook: Stable

CARE Ratings Limited (CARE Ratings) believes that LAFL will continue to maintain a stable credit profile in the medium term on the back of the extensive experience of the promoters in the freight forwarding industry.

Detailed description of key rating drivers:

Key Weaknesses

Thin profitability margins

The company operates as an intermediary between customers and carriers, and the business is intensively competitive with high pricing pressure. The margins are thin inherent to the nature of freight forwarding business, with low value addition in services along with fluctuation in forex rates and other expenses like handling charges; customs import duty, documentation charges and repairs & freight charges among others. The profitability margin of the company has been in the range bound of 2.5% to 3.5% till FY23. However, during FY24 the company has witnessed improvement in profitability margin from 3.49% in FY23 to 5.44% in FY24.

Working Capital intensive nature of operations and leveraged capital structure

The company operates in working capital intensive industry where LAFL provides credit period to its customers of around 90 - 150 days whereas the carriers extend maximum 15-20 days credit to the freight forwarders with advance payment requirement with some operators. The collection period for FY'24 stands elongated at 142 days (PY: 119 days) as the company onboarded corporate clientele where the company provides door to door delivery.

The capital structure of the company stands leveraged with total debt of ₹38.25 crores as on March 31,2024 as against TNW of ₹12.19 crores and overall gearing at 3.14x as on March 31,2024 (PY: 2.86x). The company has enhanced its OD limits from Rs. 38 Crores to Rs. 48 Crores as the company's working capital requirements increased along with increase in scale of operations.

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Highly fragmented and competitive industry

The logistics industry is highly fragmented, with only 10% of the industry operated by organized players, with numerous intermediaries in the ecosystem, resulting in multiple cargo exchanges, increasing costs, and operational inefficiencies. The company faces intense competition from both organized and unorganized players due to low entry barriers, which results in unhealthy pricing wars and discounts. Due to high fragmentation and severe competition, unhealthy pricing wars and discounts result in placing pressure on margins and lowering freight rates.

Key strengths

Established track record of company in global freight forwarding industry

LAFL is engaged in providing freight forwarding viz, Air freight, Ocean freight, Project cargo, and Inland transportation for more than three decades. The company holds license of Federal Maritime Commission (FMC), Multimodal transport operator (MTO) certified of Govt. of India, an authorized Custom Broker (CB) and IATA accredited cargo agents. LAFL has branches in major airports and Seaports of India and associate offices across 189 countries. LAFL has over 450 IATA cargo agents, 750 plus MTO's and 8000 custom brokers over India. The company continues to generate the majority of its revenue by providing air export services (87% in FY24) followed by air import services (1.5%), sea export services (8%) and Custom brokerage (4%).

Growing scale of operations along with increase in volumes

Even though LAFL's TOI reduced to ₹115.28 crores in FY'24 compared to 118.24 crores in FY'23, the TOI improved in H1FY25 to Rs. 100 Cr, growing at 74% on an annualized basis. Air freight, which accounts more than 85% of the business, witnessed 11% volume growth in FY24 with the broadened branch presence and tie up with other freight forwarders. Freight volume has grown at 9% annualized rate during 9MFY25.

Extensive experience of the promoters

LAFL was incorporated in the year 1993 and promoted by Mr. A. Venkatesan and Mrs. V. Rajakumari. Mr. A Venkatesan has more than three decades of experience in the global freight forwarding industry. He is well supported by his sons Yokeshray V and Jaysanthosh V, who are part of the qualified and experienced management team.

Liquidity: Stretched

The liquidity position of the company is stretched marked by elongated operating cycle, which stood at 129 days as on FY24 end compared to 109 days as on FY23 end. This was mainly due to stretched receivable days which stood at 142 days as on 31st March 2024 (PY: 119 days). The average utilization of working capital limits stood around 85.89% for the last 12 months ended December 2024. Unencumbered cash bank balance as on March 31, 2024, stood at ₹1.07 crore.

Environment, social, and governance (ESG) risks: Not Applicable

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Service Sector Companies](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Services	Services	Transport Services	Logistics Solution Provider

La Freightlift Private Limited (LAFL), incorporated in the year 1993, is engaged in global freight forwarding, warehousing & clearance of cargo. The company holds affiliations of Federal Maritime Commission (FMC), International Air Transport Association (IATA), Multimodal Transport Operator (MTO), and Customs Broker License (CBL). The company has branches in major airports and seaports of India and they provide freight forwarding services to over 189 countries through their associates' offices. LAFL is promoted by A. Venkatesan and V. Rajakumari and has over 14 branches across India through their own employees and associates.

Brief Financials (₹ crore)	31-03-2023(A)	31-03-2024 (A)	H1FY25 (UA)
Total operating income	118.23	115.28	104.33
PBILDT	4.14	6.26	4.78
PAT	0.68	1.05	0.99
Overall gearing (times)	2.86	3.14	NA
Interest coverage (times)	1.47	1.47	1.97

A: Audited UA: Unaudited NA: Not available; Note: these are latest financial results available

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan		-	-	January - 2028	1.41	CARE BB; Stable
Fund-based - LT/ ST-Bank Overdraft		-	-	-	48.00	CARE BB; Stable / CARE A4

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Cash Credit	LT	-	-	-	-	-	1)Withdrawn (18-Nov-21) 2)CARE B+; Stable; ISSUER NOT COOPERATING* (18-Nov-21)
2	Fund-based - LT/ ST-Bank Overdraft	LT/ST	48.00	CARE BB; Stable / CARE A4	-	1)CARE BB; Stable / CARE A4 (19-Feb-24)	-	-
3	Fund-based - LT-Term Loan	LT	1.41	CARE BB; Stable				

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

LT: Long term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not Applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based - LT/ ST-Bank Overdraft	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:

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