

FEBRUARY 02, 2016

CARE REAFFIRMS RATINGS ASSIGNED TO THE BANK FACILITIES OF JICS LOGISTIC LIMITED

Ratings

| Facilities | Amount (Rs. crore) | Rating ¹ | Remarks |
|---|---|---|------------|
| Long-term / Short-term Bank Facilities | 25.00 | CARE BBB- / CARE A3 (Triple B Minus / A Three) | Reaffirmed |
| Short-term Bank Facilities | 7.50 | CARE A3 (A Three) | Reaffirmed |
| Total Facilities | 32.50 (Rupees Thirty Two Crore and Fifty Lac Only) | | |

Rating Rationale

The ratings of the bank facilities of JICS Logistic Ltd (JLL) continue to factor in experience of its promoters in agri-warehousing industry, diversified revenue profile and low overall gearing.

The ratings also factor in increase in its total operating income with significant growth in commodity procurement service income, continued improvement in the capacity utilization of its agri-commodity warehouses.

The ratings, however, continue to be constrained on account of its dependence on exchange-based volumes for its warehousing business albeit with increased focus on private warehousing, implementation and stabilization risks associated with debt-funded implementation of new warehouses and high operating leverage for its warehousing business.

The ability of the company to complete its on-going capex within envisaged time and cost parameters, optimize utilization of storage capacities and improve its profitability and overall gearing shall be the key rating sensitivities.

Background

Incorporated in 2009, JLL took over the business of the partnership firms of its promoters, the Jhawar family members. At present, JLL is engaged in providing agri-warehousing and related services like agri-commodity finance and commodity procurement services. JLL had a storage capacity of around 139,821 MTs (both dry and cold) as on September 30, 2015, including 40 warehouses taken on lease. It is also affiliated with National Commodity and Derivatives Exchange Ltd. (NCDEX) as a warehousing service provider (WSP) across the country.

In FY12, a fund managed by IL&FS Private Equity invested Rs.40 crore in the entity. As on March 31, 2015, Jhawar family held the majority 94.51% stake and PE player held 5.49% stake, which post conversion of its compulsorily convertible preference shares of Rs.35 crore (convertible into equity shares on or before June and November 2021), would increase to 24.24%.

For FY15 (refers to the period April 01 to March 31), JLL reported a total income of Rs.203.46 crore with a PAT of Rs.0.17 crore as against a total income of Rs.61.10 crore and a PAT of Rs.0.11 crore in FY14. Further, as per provisional H1FY16 (refers to the period April 01 to September 30) figures, JLL reported a total income of Rs.74.99 crore as against a total income of Rs.71.58 crore in H1FY15.

¹ Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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