

DECEMBER 10, 2014

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

Ratings

Facilities	Amount (Rs. Crore)	Ratings ¹	Remarks
Short Term Bank Facilities	7.50	CARE A3 [A Three]	Revised from CARE A4+ [A Four Plus]
Long Term / Short Term Bank Facilities	25.00	CARE BBB-/CARE A3 [Triple B Minus / A Three]	Revised from CARE BB+/CARE A4+ (Double B Plus / A Four Plus)
Total Bank Facilities	32.50		

Rating Rationale

The revision in the ratings assigned to the bank facilities of JICS Logistic Ltd. (JLL) factors in the improvement in the utilization of the agri-commodity warehouses with de-hiring of excess capacity leading to better profitability along with curtailment of its debt funded capacity expansion plans. The ratings also factor in the increase in the agri-lending portfolio of the company.

The rating continues to factor in the experience of promoters in agri warehousing industry, its diversified revenue profile and low overall gearing.

The ratings, however, continue to be constrained on account of its dependence on exchange-based volumes for its warehousing business along with project implementation risk and high operating leverage for its warehousing business.

The ability of the company to complete the on-going warehousing project without time or cost overruns, optimally utilize its storage capacities and improve its profitability and overall gearing would be the key rating sensitivities.

Background

Incorporated in 2009, JLL took over the agri warehousing 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 finance and commodity procurement services. JLL had a warehousing capacity of around 182,668 metric tonne (MTs) of dry and cold storages as on March 31, 2014, including 52 warehouses taken on lease. It is also affiliated with National Commodity and Derivatives Exchange Ltd. (NCDEX) as a warehousing service (WSP) provider across the country.

In FY12, a private equity fund managed by IL&FS invested Rs.40 crore in the entity. As on March 31, 2014, 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%..

Based on the audited financials, JLL registered a total operating income of Rs.61.10 crore with a PAT of Rs.0.11 crore in FY14 compared with a total operating income of Rs.24.67 crore with a net loss of Rs.0.97 crore in FY13. Furthermore, as per the provisional results for Q1FY15, JLL earned a PBT of Rs.0.14 crore on a total operating income of Rs.36.59 crore.

Analyst Contact

Name: Mr. Naresh M. Golani

Tel: 079-4026 5618

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

Email: naresh.golani@careratings.com

****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.

Disclaimer: CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

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.

CONTACT

Head Office Mumbai

Mr. D.R. Dogra

Managing Director
 Mobile: +91-98204 16002
 E-mail: dr.dogra@careratings.com

Ms. Meenal Sikchi

Vice President - Bank Loan & Instrument Rating
 Mobile: +91-9819009839
 E-mail: meenal.sikchi@careratings.com

Mr. Rajesh Mokashi

Dy. Managing Director
 Mobile: +91-98204 16001
 E-mail: rajesh.mokashi@careratings.com

Mr. Ankur Sachdeva

Vice President - Bank Loan & Financial Services
 Mobile: +91-9819698985
 E-mail: ankur.sachdeva@careratings.com

CREDIT ANALYSIS & RESEARCH LIMITED

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022
 Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com

Other Office:

503, Kaledonia, Sahar Road, Near Andheri Railway Station, Andheri (E), Mumbai - 400 069
 Tel: +91-22-6144 3456 | Fax: +91-22-6144 3556

AHMEDABAD
Mr. Mehul Pandya

32, Titanium, Prahaladnagar Corporate Road,
 Satellite, Ahmedabad - 380 015
 Cell: +91-98242 56265
 Tel: +91-79-4026 5656
 E-mail: mehul.pandya@careratings.com

BENGALURU
Mr. Dinesh Sharma

Unit No. 1101-1102, 11th Floor, Prestige Meridian II,
 No. 30, M.G. Road, Bangalore - 560 001.
 Cell: +91-99000 41975
 Tel: +91-80-4115 0445, 4165 4529
 E-mail: dinesh.sharma@careratings.com

CHANDIGARH
Mr. Sajan Goyal

2nd Floor, S.C.O. 196-197, Sector 34-A,
 Chandigarh - 160 022.
 Cell: +91 99888 05650
 Tel: +91-172-5171 100 / 09
 Email: sajan.goyal@careratings.com

CHENNAI
Mr. V Pradeep Kumar

Unit No. O-509/C, Spencer Plaza, 5th Floor,
 No. 769, Anna Salai, Chennai - 600 002.
 Cell: +91 98407 54521
 Tel: +91-44-2849 7812 / 0811
 Email: pradeep.kumar@careratings.com

HYDERABAD
Mr. Saikat Roy

401, Ashoka Scintilla, 3-6-502, Himayat Nagar,
 Hyderabad - 500 029.
 Tel: +91-40-4010 2030
 E-mail: saikat.roy@careratings.com

JAIPUR
Mr. Harsh Raj Sankhla

304, Pashupati Akshat Heights, Plot No. D-91,
 Madho Singh Road, Near Collectorate Circle,
 Bani Park, Jaipur - 302 016.
 Cell: +91 – 94139 69100
 Tel: +91-141-402 0213 / 14
 E-mail: harshraj.sankhla@careratings.com

KOLKATA
Ms. Priti Agarwal

3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)
 10A, Shakespeare Sarani, Kolkata - 700 071.
 Cell: +91-98319 67110
 Tel: +91-33- 4018 1600
 E-mail: priti.agarwal@careratings.com

NEW DELHI
Ms. Swati Agrawal

13th Floor, E-1 Block, Videocon Tower,
 Jhandewalan Extension, New Delhi - 110 055.
 Cell: +91-98117 45677
 Tel: +91-11-4533 3200
 E-mail: swati.agrawal@careratings.com

PUNE
Mr. Rahul Patni

9th Floor, Pride Kumar Senate,
 Plot No. 970, Bhamburda, Senapati Bapat Road,
 Shivaji Nagar, Pune - 411 015.
 Cell: +91-78754 33355
 Tel: +91-20- 4000 9000
 E-mail: rahul.patni@careratings.com

CIN - L67190MH1993PLC071691