Member Of / Licenses
• Member of IATA
• FIATA
• WCA (World Cargo Alliance)
• M.T.O License
• Break Bulk License
• Custom House Agent Licence (C.H.A)

JET FREIGHT LOGISTICS LIMITED

(Formerly Known as Jet Freight Logistics Pvt. Ltd.)

Jet Airfright IATA No. 14/3-4781 CIN: U63090 MH 2006 PLC 161114

JET FREIGHT Logistics Ltd.

JFLL/CS/NSE/2017-2018/16 Date: 05.07.2017

To,
Listing Department,
National Stock Exchange of India Limited,
Exchange Plaza, Bandra Kurla Complex, Bandra East,
Mumbai-400051.
NSE Trading Symbol: **JETFREIGHT**

ISIN: INE982V01017

Subject: Intimation of the CARE Ratings on the Long Term and Short Term Bank Facilities of the company.

Dear Sir/ Madam,

With reference to the captioned subject matter, the company is pleased to announce that the CARE has assigned Ratings on the long term and short term Bank facilities of the company as follows:

Facilities	Rating	Rating Action
Long Term Bank Facilities	CARE BB; Stable	Assigned
Short Term Bank Facilities	CARE A4	Assigned

Kindly treat this information in compliance of the Reg. 30 of SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015.

Please find enclosed Rating Rationale issued by CARE Ratings.

Kindly take it on your records.

Thanks & Regards,
For **Jet freight Logistics Limited**

For JET FREIGHT LOGISTICS LIMITED

Company Secretary & Compliance Officer

Shraddha Mehta
Company Secretary & Compliance Officer

CORPORTE OFF : Pramukh Plaza, 'C' Wing 7th floor, 706, Opp Holy Family Church, Chakala Andheri (E),Mumbai - 400 099, Tel : +91-22610437(
REGD. OFFICE : B-5,2nd Floor Roy Apartment, Near Sahar Cargo Complex, Sahar Road, Andheri (E), Mumbai - 400 099, Tel : +91-2261543800
Fax : +91-22-26817149 Email - info@jetfreight.in Website : www.jetfreight.in
Branches : Delhi ■ Bengaluru ■ Calicut ■ Hyderabad ■ Cochin ■ Ahmedabad ■ Lucknow ■ Kolkata ■ Trivandrum ■ Jaipu.

CARE Ratings
Professional Risk Opinion

Celebrating 25 Year Analytical Excellence

CARE/HO/RR/2017-18/1485

Mr. Richard Theknath
Managing Director
Jet Freight Logistics Limited
B/5, Roy Apartment 2nd floor,
Near Sahar Complex Sahar Road,
Andheri East, Mumbai- 440099

July 04, 2017

CONFIDENTIAL

Dear Sir,

Credit rating for Bank Facilities aggregating to Rs.22.00 crore

Please refer to our letter dated June 22, 2017, on the above subject.

2. The rationale for the rating is attached as an **Annexure - I**.

3. A write-up (press release) on the above ratings is proposed to be issued to the press shortly. A draft of this is enclosed for your perusal as **Annexure - II**.

4. We request you to peruse the annexed documents and offer your comments, if any. We are doing this as a matter of courtesy to our clients and with a view to ensure that no factual inaccuracies have inadvertently crept in. Kindly revert as early as possible. In any case, if we do not hear from you by July 04, 2017, we will proceed on the basis that you have no comments to offer.

If you have any further clarifications, you are welcome to approach us.

Thanking you,
Yours faithfully,

[Nitin Jha]
Senior Manager

Encl. – As above

Annexure - I

Rating Rationale

Jet Freight Logistics Limited

Ratings

Facilities	Amount (Rs. crore)	Ratings[1]	Rating Action
Long-term Bank Facilities	20.00	**CARE BB; Stable (Double B; Outlook: Stable)**	Assigned
Short-term Bank Facilities	2.00	**CARE A4 (A Four)**	Assigned
Total facilities	**22.00 (Rupees Twenty Two Crore Only)**		

Rating Rationale

The ratings assigned to the bank facilities of Jet Freight Logistics Limited (JFLL) are constrained by modest scale of operations with low and fluctuating profit margins, leveraged capital structure and weak debt coverage indicators, moderately working capital intensive nature of operations and presence in intensely competitive and fragmented logistic industry.

The ratings, however, draw strength from long track record of operations with experienced and qualified management and strong presence in various states of India and association with airline authorities.

The ability of the company to increase its overall scale of operations and improve profit margins and capital structure amidst intense competition and managing its working capital requirement efficiently are the key rating sensitivities.

Analytical Approach: Standalone

Applicable criteria

Criteria on assigning Outlook to Credit Ratings
CARE's Policy on Default Recognition
Criteria for Short Term Instruments
Rating Methodology - Service Sector Companies
Financial ratios – Non-Financial Sector

Background

Established with the name Jet Airfreight as a proprietorship concern in 1986 by late Mr. Francis Theknath and later got converted in 2006 as private limited company named Jet Freight Logistics Private Limited which further changed its constitution to public limited company with

[1]*Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.*

the name Jet Freight Logistics Limited (JFLL) in July 2016. Currently JFLL is promoted by Mr. Richard Theknath who has around 15 years of experience in freight forwarding. The company is in the business of providing logistic services such as custom clearance and freight forwarding of shipment of perishable cargo (constitutes 90% of total sales), time sensitive cargo, hazardous cargo, ODC consignments, pharmaceutical cargo, temperature controlled and general cargo across the world by airways. Since the company does not hold custom house agent license, it uses the license of its group company namely Jet Clearing Forwarding & Shipping Agent where Mr. Richard Theknath and Mr. Dax Theknath are partners and has contract to use the license is perpetual by nature. JFLL is registered with International air transport association (IATA) and member of International Federation of Freight Forwarding Association (FIATA) and World Cargo Alliance (WCA). JFLL has registered office situated in Mumbai and also has branches in Ahmadabad, Delhi, Kolkata, Trivandrum, Chennai, Hyderabad, Cochin, Calicut and Bangalore.

Credit Risk Assessment

Long track record of the operations and experienced management

JFLL has long track record of more than three decades of operations in logistics industry as it was established in 1986 as proprietary firm by late Mr. Francis Teknath and currently company is managed by Theknath family, with managing director Mr. Richard Theknath (an MBA graduate), having around 15 years of experience in freight forwarding and handles the responsibility of overall management and strategic decision making. He is further supported by other directors namely Mr. Dax Theknath (whole time director), Ms. Agnes Theknath (Non-executive director), Mr. Nikhil Arya (Non-executive and independent director) and Mr.Pankaj Gupta (Non Non-executive and independent director). Mr.Dax Theknath holds license of commercial pilot issued by Department of Transportation and Federal Aviation Administration (USA) and has ten years of experience in freight forwarding, logistics, custom clearing, handling, and marketing decision making and maintaining operational excellence. Mr. Nikhil Arya (company secretory) has done B.com and LLB and has 3 years of experience in corporate affairs and compliance. Mr. Pankaj Gupta (company secretory) has more than 16 years of experience in business strategies, planning, corporate finance, compliance and corporate affairs. The directors are further supported by second line of management. Mr. Jabir Contractor (CFO), who is CA and has around 24 years of experience in audit, finance and accounting and Ms. Shraddha Mehta (Company secretary and compliance officer), who has reasonable experience in compliance.

Strong presence in various states of India and association with airline authorities

JFLL has registered office situated in Mumbai and has branches in Ahmedabad, Delhi, Hyderabad, Cochin, Kolkata, Trivandrum, Chennai, Calicut and Bangalore. JFLL is registered with International air transport association (IATA) and member of International Federation of Freight Forwarding Association (FIATA) and World Cargo Alliance (WCA).

Modest scale of operations coupled with thin and volatile profit margins

The company's total operating income remained modest and grew at compounded annual growth rate (CAGR) of 22% during FY15-FY17. Total operating income of the company increased by 5% to Rs. 216.66 crore in FY17 (vis-a-vis Rs.206.58 crore in FY16) on account of more orders executed by the company and also addition of new customers to the portfolio. Further Company reported total operating income of Rs. 43.76 crore during 2MFY18. Company's revenue remained concentrated in perishable cargo shipment (which constitutes 90% of total sales).

PBILDT margin of the company increased significantly while stood moderate at 4.16% in FY17 vis-à-vis 2.12% in FY16 mainly on account of decline in transportation cost in FY17. In line with PBILDT margin, PAT margin has improved proportionately lower due to higher tax expenses incurred in FY17 over FY16. The PAT margin remained moderately lower at 1.42% in FY17 vis-à-vis 0.46% in FY16.

Leveraged capital structure and weak debt coverage indicators

Despite long track record of operations, net worth base remained small thus limiting financial flexibility of the entity. Company's capital structure and debt coverage indicators stood weak over the period of last four years ended FY17 on account of low net worth base and higher utilization of its working capital limit to support the growing scale of operations and term loan taken. However, overall gearing of the company has improved from 4.31x as on March 31, 2016 to 2.06x as on March 31, 2017 owing to increase in net worth on account of public issue of equity shares on premium and accretion of profits.

Furthermore, with improvement in profitability and thus gross cash accruals, total debt /GCA has also improved to 5.79x in FY17 as against 11.55x in FY16 and interest coverage has also improved significantly to 4.01x for FY17 from 2.07x for FY16. However it remained weak during past 3 years.

Moderately working capital intensive nature of operation

Operations of the company are working capital intensive mainly on account of funds being blocked in receivables (avg. debtors' period is 53 days in FY17) as company has to give credit period to maintain relations with its customers. Debtors amounting to Rs.35.53 crore were outstanding as on March 31, 2017 and out of that, debtors of Rs. 22.43 crore have been recovered as on June 13, 2017. Furthermore, company receives credit period from airline authorities of ~30 days which resulted in moderate working capital cycle of 25 days.

Therefore, operations are highly dependent on working capital borrowing which led to average utilization of working capital limits (of Rs. 15.00 crore) of 75-80% for the past 12 months ended May 2017.

Further liquidity position of the entity remained slightly weak with near unity current ratio due to high creditors and bank borrowings to support the debtors' level.

Presence in competitive and fragmented logistics industry

The industry is highly unorganized and the company faces intense competition from both the organized as well as unorganized players in the air transportation business. The company also has low bargaining power with the airlines. Fuel is the major cost component of the transportation business and any significant increase in diesel cost is passed on to the client.

CARE Ratings Limited
(Formerly known as Credit Analysis & Research Limited)

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Financial Performance

(Rs. Cr)

For the period ended / as on March 31,	*2014 (12m, A)*	*2015 (12m, A)*	*2016 (12m, A)*	*2017 (12m, A)*
Working Results				
Net Sales	118.68	145.06	206.27	216.65
Total Operating income	118.78	145.11	206.58	216.66
PBILDT	2.93	3.37	4.37	9.01
Interest	1.60	1.78	2.11	2.25
Depreciation	0.35	0.61	0.67	0.66
PBT	0.93	1.17	1.61	5.37
PAT (after deferred tax)	0.53	0.73	0.96	3.07
Gross Cash Accruals	1.17	1.41	1.65	3.94
Financial Position				
Equity capital	4.00	4.00	4.00	5.45
Tangible Net worth	2.69	3.44	4.40	11.11
Total capital employed	16.73	18.52	23.4	33.96
Key Ratios				
Growth				
Growth in Total income (%)	-	22.16	42.37	4.88
Growth in PAT (after D. Tax) (%)	-	36.24	31.29	221.68
Profitability				
PBILDT/Total Op. income (%)	2.47	2.32	2.12	4.16
PAT (after deferred tax)/ Total income (%)	0.45	0.50	0.46	1.42
ROCE (%)	14.56	15.01	15.61	26.49
Solvency				
Long-term Debt Equity ratio (times)	1.36	1.76	1.72	0.47
Overall gearing ratio (times)	5.22	4.39	4.31	2.06
Interest coverage (times)	1.83	1.89	2.07	4.01
Term debt/Gross cash accruals (years)	3.13	4.29	4.61	1.33
Total debt/Gross cash accruals (years)	11.97	10.68	11.55	5.79
Liquidity				
Current ratio (times)	0.89	0.90	1.05	1.04
Quick ratio (times)	0.89	0.90	1.05	1.04
Turnover				
Average collection period (days)	49	51	44	53
Average inventory (days)	0	0	0	0
Average creditors (days)	27	27	25	28
Operating cycle (days)	22	24	19	25

A: Audited

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Details of Rated Facilities

1. Long-term facilities

1.A. Rupee term loan

(Rs. Crore)

Sr. No.	Lender	Rated Amount	Debt Repayment Terms
1.	Kotak Mahindra Bank	5.00	Repayable in 96 monthly installments
	Total Facility	**5.00**	

1.B. Fund Based limits

(Rs. Crore)

Sr. No.	Name of Bank	Fund Based Limits		
		Cash Credit	Others	Total fund-based limits
1	Kotak Mahindra Bank	15.00	-	15.00
	TOTAL	**15.00**	-	**15.00**

Total long-term facilities Rs. 20.00 crore

2. Short-term facilities

2.A. Non fund based limits

(Rs. Crore)

Sr. No.	Name of Bank	Nature of Facility	Amount
1	Kotak Mahindra Bank	Bank Guarantee	2.00
	TOTAL		**2.00**

Total short-term facilities: Rs.2.00 crore

Total Facilities: Rs. 22.00 crore

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Annexure - II

Press Release

Jet Freight Logistics Limited

Ratings

Facilities	Amount (Rs. crore)	Ratings[1]	Rating Action
Long-term Bank Facilities	20.00	CARE BB; Stable (Double B; Outlook: Stable)	Assigned
Short-term Bank Facilities	2.00	CARE A4 (A Four)	Assigned
Total facilities	**22.00 (Rupees Twenty Two Crore Only)**		

Details of instruments/facilities in Anneuxre-1

Detailed Rationale & Key Rating Drivers

The ratings assigned to the bank facilities of Jet Freight Logistics Limited (JFLL) are constrained by modest scale of operations with low and fluctuating profit margins, leveraged capital structure and weak debt coverage indicators, moderately working capital intensive nature of operations and presence in intensely competitive and fragmented logistic industry.

The ratings, however, draw strength from long track record of operations with experienced and qualified management and strong presence in various states of India and association with airline authorities.

The ability of the company to increase its overall scale of operations and improve profit margins and capital structure amidst intense competition and managing its working capital requirement efficiently are the key rating sensitivities.

Detailed description of the key rating drivers

Key Rating Strengths

Long track record of operation with experienced and qualified management: JFLL has long track record of more than three decades of operations in logistics industry and company is managed by Theknath family, with managing director Mr. Richard Theknath, having around 15 years of experience in freight forwarding and handles the overall management and strategic decision making. He is further supported by other directors namely Mr. Dax Theknath (whole time director), Ms. Agnes Theknath (Non-executive director), Mr. Nikhil Arya (Non-executive and independent director) and Mr.Pankaj Gupta (Non Non-executive and independent director). The directors are further supported by experienced second line of management, Mr. Jabir Contractor (CFO), having around 24 years of experience in audit, finance and accounting and Ms. Shraddha Mehta (Company secretary and compliance officer) who is a law graduate and has reasonable experience in compliance matters.

[1]*Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.*

Strong presence in various states of India and association with airline authorities: JFLL has registered office situated in Mumbai and has branches in Ahmedabad, Delhi, Kolkata, Trivandrum, Chennai, Hyderabad, Cochin, Calicut and Bangalore. JFLL is registered with International air transport association (IATA) and member of International Federation of Freight Forwarding Association (FIATA) and World Cargo Alliance (WCA).

Key Rating Weaknesses

Modest scale of operations coupled with thin and volatile profit margins: The overall size of operations of the company remained modest due to intense competition in the industry however it is growing over the past 4 years at a CAGR of 22% on account of more order execution and addition of new customers to the portfolio. Further, being a logistic service provider and to survive in the competitive scenario, operating margins of the business remained at low level in the range of 2.12% - 4.16% during last three years ending FY17. Despite long track record of operations, net worth base remained small thus limiting financial flexibility of the entity.

Leveraged capital structure and moderately weak debt coverage indicators: Company's capital structure and debt coverage indicators stood weak over the period of last four years ended FY17 on account of low net worth base and higher utilization of its working capital limit to support the growing scale of operations and term loan taken. However gearing level improved in FY17 on account of public issue of equity shares on premium and accretion of profits. Furthermore, owing to improved profitability debt coverage indicators have also improved during FY17 yet they remained at moderately weak level.

Moderately working capital intensive nature of operation: Operations of JFLL are moderately working capital intensive in nature mainly on account of funds being blocked in receivables and average debtor's period remained at 53 days during FY17. Further company receives only one month period from airline authorities therefore operations are dependent on working capital borrowings and remained moderately working capital intensive. Liquidity position remained slightly weak with near unity current ratio due to high creditors and bank borrowings to support the debtors' level.

Presence in intensely competitive and fragmented nature of logistics industry: The industry is highly unorganized and the company faces intense competition from both the organized as well as unorganized players in the air transportation business. The company also has low bargaining power with the airlines. Fuel is the major cost component of the transportation business and any significant increase in diesel cost is passed on to the client.

Analytical Approach: Standalone

Applicable criteria

Criteria on assigning Outlook to Credit Ratings
CARE's Policy on Default Recognition
Criteria for Short Term Instruments
Rating Methodology - Service Sector Companies
Financial ratios – Non-Financial Sector

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About the Company

Established with the name Jet Airfreight as a proprietorship concern in 1986 by late Mr. Francis Theknath and later got converted in 2006 as private limited company named Jet Freight Logistics Private Limited which further changed its constitution to public limited company with the name Jet Freight Logistics Limited (JFLL) in July 2016. Currently JFLL is promoted by Mr. Richard Theknath who has around 15 years of experience in freight forwarding. The company is in the business of providing logistic services such as custom clearance and freight forwarding of shipment of perishable cargo (constitutes 90% of total sales), time sensitive cargo, hazardous cargo, ODC consignments, pharmaceutical cargo, temperature controlled and general cargo across the world by airways. Since the company does not hold custom house agent license, it uses the license of its group company namely Jet Clearing Forwarding & Shipping Agent where Mr. Richard Theknath and Mr. Dax Theknath are partners and has contract to use the license is perpetual by nature. JFLL is registered with International air transport association (IATA) and member of International Federation of Freight Forwarding Association (FIATA) and World Cargo Alliance (WCA). JFLL has registered office situated in Mumbai and also has branches in Ahmadabad, Delhi, Kolkata, Trivandrum, Chennai, Hyderabad, Cochin, Calicut and Bangalore.
During FY17, the total operating income of the company stood at Rs. 216.66 crore (vis-à-vis Rs. 206.58 crore in FY16), whereas the PAT during the same year stood at Rs. 3.07 crore (vis-à-vis Rs. 0.96 crore in FY16).

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating History (Last three years): Please refer Annexure-2

Note on complexity levels of the rated instrument: *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.*

Analyst Contact
Name: Mr. Nitin Jha
Tel: 022-67543676
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About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over nearly two decades; it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

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 /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook 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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Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	November 2024	5.00	CARE BB; Stable
Fund-based - LT-Cash Credit	-	-	-	15.00	CARE BB; Stable
Non-fund-based - ST-Bank Guarantees	-	-	-	2.00	CARE A4

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016	Date(s) & Rating(s) assigned in 2014-2015
1.	Fund-based - LT-Term Loan	LT	5.00	CARE BB; Stable	-	-	-	-
2.	Fund-based - LT-Cash Credit	LT	15.00	CARE BB; Stable	-	-	-	-
3.	Non-fund-based - ST-Bank Guarantees	ST	2.00	CARE A4	-	-	-	-

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