



## Press Release

### Tiger Logistics (India) Limited

February 15, 2024

#### Ratings

Instrument / Facility	Amount (Rs. crore)	Current rating	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities – Cash Credit	30.00	IVR BBB+/Negative (IVR Triple B Plus with Negative Outlook)	IVR BBB+/Stable (IVR Triple B Plus with Stable Outlook)	Re-affirmed with revision in outlook	Simple
Short Term Bank Facilities	0.50	IVR A2 (IVR A Two)	IVR A2 (IVR A Two)	Re-affirmed	Simple
Long/Short Term Bank facilities - Proposed	1.50	IVR BBB+/Negative/A2 (IVR Triple B Plus with Negative Outlook, IVR A Two)	IVR BBB+/Stable/A2 (IVR Triple B Plus with Stable Outlook, IVR A Two)	Re-affirmed with revision in outlook	Simple
<b>Total</b>	<b>32.00</b>	<b>Rupees Thirty Two Crores Only</b>			

Details of Facilities are in Annexure 1

#### Detailed Rationale

Infomerics Valuations and Ratings Private Limited (IVR) has re-affirmed long-term rating of IVR BBB+ with a revision in Outlook to negative and short-term rating of IVR A2 for the bank loan facilities of Tiger Logistics India Limited (TLIL).

The outlook has been revised from stable to negative due to deterioration in 9MFY24 results. The rating draws comfort from its extensive experience of the promoters, diversified product portfolio, strong financial risk profile with comfortable capital structure and moderate working capital requirement. However, these rating strengths remain constrained by susceptibility of revenues to economic slowdown and high competition in the logistics business, decline in scale of operations and profitability in 9MFY24 & decline in Revenue in FY23(A) due to a stabilisation of ocean freight rates in FY23.

IVR has principally relied on the standalone audited financial results of Tiger Logistics India Limited upto 31 March 2023, 9MFY24 unaudited results and Projected Financials for FY24,



## Press Release

FY25 and FY26 and publicly available information/ clarifications provided by the entity's management.

### **Key Rating Sensitivities:**

#### **Upward Factors**

- Significant growth in scale of business with improvement in profitability metrics thereby leading to overall improvement in cash accruals and liquidity
- Improvement in the capital structure with further improvement in debt protection metrics

#### **Downward Factors**

- Dip in operating income and/or profitability further impacting the debt coverage indicators and/or further deterioration in the financial risk profile
- Any significant rise in working capital intensity or unplanned capex leading to a further deterioration in the liquidity position.

### **List of Key Rating Drivers with Detailed Description**

#### **Key Rating Strengths**

- **Experienced promoters with long track record of operations**

The promoter, Mr. Harpreet Singh Malhotra has long standing experience of about two decades in the logistic sector. Extensive experience of the promoter underpins the business risk profile of the company and supports it to develop established relationship with its customers. Moreover, the company got custom house agent license in the year 2000. Thereafter, it gradually expanded its operations in all the elements of the supply chain management with major focus on import/export related ocean freight forwarding and over the years developed an established track record of operations. Presently, Mr. Harpreet Singh Malhotra and the other director Ms. Benu Malhotra are at the helm of affairs of the company. The directors are well supported by an experienced team of professionals.

- **Established relationship with its suppliers and diversified customer base**



## Press Release

The company has established relationships with Shipping lines/Air lines owing to its long presence in the industry which is crucial for logistic services. On the other side, the company is associated with reputed companies like Piaggio, LG, BHEL, Rites, Welspun, Sterlite, Bhatia shipping, Honda motorcycle, Eagle logistics Colombo, Jaguar overseas ltd, Hero MotoCorp etc which indicates its strong customer portfolio.

- **Asset light model of operations**

The company has an asset light business model with 98% of its fleet hired from a network of truck vendors/operators. This model helps the company to reduce its fixed costs and gives the company the flexibility to scale up or scale down its operations, in line with the economic cycles.

- **Comfortable capital structure with moderate debt protection metrics**

The capital structure of the company remained satisfactory with a tangible net worth of Rs. 97.11 Cr in FY23 as compared to Rs. 73.99 Cr in FY22 mainly driven by accretion of profit to net worth. According to audited FY 23, company is a zero-debt company as it has enough cash for its working capital requirements. The working capital credit lines majorly remained unutilised and current portion on long term debt was paid during FY21. Due to absence of any long-term debt, the gearing ratios of the company are very healthy.

### Key Rating Weaknesses

- **Decline in scale of operations and profitability in 9MFY24**

The company's revenue has decreased by 60.37 % in 9MFY24 as compared to 9MFY23 due to decrease in freight rates and easy availability of containers. The reason for significant decrease in revenue of 9MFY2024 was mainly due to an exceptional previous year (FY2023) where there was shortage of containers around the world and the freight rates have significantly increased earlier. Since the company is in the shipping line of business and company has a fixed contract with their suppliers owing to which the company has benefitted from the increased freight rates in previous year. EBITDA has declined from Rs.24.44 crores in 9MFY23 to Rs.10.36 crores in 9MFY24.

- **Highly competitive intensity in logistics business**



## Press Release

Indian logistics sector has high degree of fragmentation with the presence of large established companies and many small and medium sized unorganised companies. Further, logistics being a global industry the company also faces competition from the global operators also. Intense competition restricts the bargaining power and affect the profit margins to an extent. Due to high competition in the sector, higher operating efficiency, maintenance of superior service standards and providing innovative solutions to the evolving customer requirements will be keys for TLIL to expand its market position.

- **Susceptibility of revenues to economic slowdown and variations in trade volumes**

The performance of the logistics sector (freight forwarding industry) is linked to global economic activities, which impact the trade volumes, especially given the stiff competition amid the highly fragmented industry structure. Any slowdown in domestic and global manufacturing/industrial activities, due to weak economic conditions or restrictive trade policies, can have a negative impact on the company's revenues and its cash flows. Further, growth and development in port, rail, road infrastructure are also playing a crucial role for its business opportunities which is also dependent on various socio-political aspects and economic scenarios.

- **Exposure to foreign exchange fluctuation risk**

The company is exposed to the risk of foreign currency fluctuations to the extent of cost of services rendered in foreign currency. Any adverse fluctuations in forex with respect to the exchange rates for Indian currency may affect the profitability of the company. However, the company has natural hedging on the back of its foreign currency receipts and uses forward contracts for hedging.

**Analytical Approach:** Standalone

**Applicable Criteria:**

[Rating Methodology for Service Sector Companies](#)

[Financial Ratios & Interpretation \(Non- Financial Sector\)](#)

[Criteria for assigning rating outlook](#)



## Press Release

### **Liquidity –Adequate**

Tiger Logistics India Limited had a GCA of Rs. 24.06 crore in FY23 as against no repayment obligation. The company has a Current Ratio of 4.90x as of March 31, 2023. The free cash & cash equivalent was Rs. 52.40 Crore as on March 31, 2023. Liquidity is expected to remain strong as the company is barely utilizing its fund-based limits.

### **About the Company**

Incorporated in the year 2000, Tiger Logistics (India) Limited is a multi-vertical logistics solution provider. It undertakes both in-bound and out-bound logistics solutions. The company offers air and ocean freight forwarding, project logistics, customs clearance/brokerage and trade compliance, supply chain consulting & logistics, cold chain logistics, warehousing, and distribution services. The company has its focus on ocean freight forwarding segment and derives its major revenue from import/export related transportations. Headquartered in Delhi, the company has offices in Ahmedabad, Pune, Chennai, Kutch, Ludhiana, Kolkata, Jaipur, Mundra, Veraval, etc

### **Financials (Standalone):**

	<b>(Rs. Crore)</b>		
<b>For the year ended*</b>	<b>31-03-2022</b>	<b>31-03-2023</b>	<b>9MFY24</b>
	<b>Audited</b>	<b>Audited</b>	<b>Unaudited</b>
Total Operating Income	615.11	433.35	147.55
EBITDA	37.59	26.36	10.36
PAT	33.63	23.21	9.01
Total Debt	0.00	0.00	0.00
Tangible Net worth	73.99	97.11	106.12
EBITDA Margin (%)	6.11%	6.08%	7.02%
PAT Margin (%)	5.45%	5.27%	6.11%
Overall Gearing Ratio (x)	0.00	0.00	0.00

\* Classification as per Infomerics' standards

**Status of non-cooperation with previous CRA: None**

**Any other information: None**

**Rating History for last three years:**



## Press Release

Sr. No	Name of Instrument/Facilities	Current Ratings (Year 2023-24)				Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Rating (August 11,2023)	Date(s) & Rating(s) assigned in 2022-23 Date : August 05 <sup>th</sup> , 2022	Date(s) & Rating(s) assigned in 2021-22 Date : Jan 14 <sup>th</sup> , 2022 & May 06 <sup>th</sup> , 2021	Date(s) & Rating(s) assigned in 2020-21
1.	Fund Based	Long Term	28.00	IVR BBB+/Negative	IVR BBB+/Stable	IVR BBB+/Stable	IVR BB+/CWDI	-
2.	Fund Based	Long Term	2.00	IVR BBB+/Negative	IVR BBB+/Stable	IVR BBB+/Stable	-	-
3.	Non-Fund Based	Short Term	0.50	IVR A2/	IVR A2	IVR A2	IVR A4+/CWDI	-
4.	Fund Based/Non-Fund Based	Long/Short Term	1.50	IVR BBB+/Negative /A2	IVR BBB+/Stable/ A2	-	-	-

### Name and Contact Details of the Rating Analyst:

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### About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.



## Press Release

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information visit [www.infomerics.com](http://www.infomerics.com).

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### Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Cash Credit	-	-	-	28.00	IVR BBB+/ Negative
LCBD	-	-	-	2.00	IVR BBB+/ Negative
Credit Exposure Limit	-	-	-	0.50	IVR A2
Proposed Limits	-	-	-	1.50	IVR BBB+/ Negative IVR A2

**Annexure 2: List of companies considered for consolidated analysis: Not Applicable.**

### Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-TigerLogistics-feb24.pdf>

**Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable**

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [Complexity Level of Rated Instruments/Facilities](#).