



## Press Release

### Tiger Logistics (India) Limited

August 05, 2022

#### Ratings

Sl. No.	Instrument/Facility	Amount (Rs. Crore)	Current Ratings	Previous Ratings	Rating Action	<a href="#">Complexity Indicator</a>
1.	Long Term Fund Based Facilities	31.50	IVR BBB+/ Stable (IVR Triple B Plus with Stable Outlook)	IVR BB+/ Credit Watch with Developing Implications	Revised	Simple
2.	Short Term Non-Fund Based Facilities	0.50	IVR A2 (IVR Single A Two)	IVR A4+ Credit Watch with Developing Implications	Revised	Simple
	<b>Total</b>	<b>32.00</b>				

Details of Facilities are in Annexure 1.

#### Detailed Rationale

The rating upgrade of Tiger Logistics (India) Limited considers the significant improvement in overall financial risk profile, continuous healthy performance in FY22 and Q1FY23. Further rating continues to derive comfort from experienced management and long-standing relationships with the clients, asset light model of operations, strong credit metrics and increase in scale of operations. However, these rating strengths remain constrained by susceptibility of revenues to economic slowdown and high competition in the logistics business.

#### Upward Factors

- Growth in scale of operations with improvement in profitability on a sustained basis
- Sustenance of the capital structure

#### Downward Factors

- Any decline in the revenue and profitability on a sustained basis



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- Moderation in the capital structure
- Any material stretches in working capital cycle

### 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**

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 73.99 Cr as compared to Rs 41.51 Cr in FY21 mainly driven by accretion of profit to net worth. According to audited FY 22, 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 last year. With the absence of any debt, overall



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gearing and debt equity ratio is nil. Total indebtedness of TLIL as shown by TOL/TNW is 0.68x in FY 2022. Non-current liabilities mainly consist of creditors and provisions worth Rs 2.67 Cr.

- **Increase in scale of operations and profitability**

TLPL has seen a significant increase in its scale of operations with operating income in 2022 at Rs 615.11 Cr (~ 266% rise) as to Rs 167.87 Cr in 2021. The rise is due to lifting of worldwide covid restrictions and boost in demand along with the recovery in international markets. Owing to higher sales, profitability metrics have improved. EBITDA is at Rs 37.16 Cr which was in loss at around 10 Cr for the last 2 years. PAT at Rs 33.63 Cr (5.45%) from loss of Rs 12.42 Cr in 2021. Consequently, the company has witnessed a sharp increase in its cash accruals from Rs 34.42 crore in FY 22 from -Rs. 10.19crore.

### Key Rating Weaknesses

- **Highly competitive intensity in logistics business**

Indian logistics sector has high degree of fragmentation with the presence of large established companies and many small and medium sized unorganized 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**



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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 Approach

**Applicable Criteria:**

[Rating Methodology for Services Companies](#)

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

### **Liquidity – Adequate**

Tiger Logistics India Limited had a GCA of Rs. 34.42 crore in FY22 as against no repayment obligation. The company has a Current Ratio of 2.30x as of March 31, 2022. The free cash & cash equivalent was Rs. 31.56 Crore as on March 31, 2022. 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 one of the country's leading providers of end-to-end logistics solution provider. It is a multi-modal (surface, rail, air) logistics company, which provides integrated logistics services for all the elements of the supply chain management like transportation, warehousing, inventory management and value-added processes. However, 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 branch offices in Ahmedabad, Pune, Chennai, Bengaluru, Nashik, Ludhiana, Vadodara, Kolkata, Jaipur, Hazira, Mundra, Veraval, etc.

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

For the year ended*/As on	(Rs. crore)	
	31-03-2021	31-03-2022
	<b>Audited</b>	<b>Audited</b>
Total Operating Income	167.87	615.11
EBITDA	-9.90	37.16
PAT	-12.42	33.63
Total Debt	14.96	0.00
Adjusted Tangible Net worth	41.51	73.99
EBITDA Margin (%)	-5.90	6.04
PAT Margin (%)	-7.16	6.06



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For the year ended*/As on	31-03-2021	31-03-2022
Overall Gearing Ratio (x)	0.36	0.00

\*Classification as per Infomerics' standards

**Status of non-cooperation with previous CRA:**

**Any other information:** Nil

**Rating History for last three years:**

Sr. No.	Name of Instrument/Facilities	Current Rating (Year 2022-23)			Rating History for the past 3 years			
		Type	Amount outstanding (Rs. Crore)	Rating (05 August 2022)	Date(s) & Rating(s) assigned in 2021-22 (14 January 2022)	Date(s) & Rating(s) assigned in 2021-22 (06 May 2021)	Date(s) & Rating(s) assigned in 2020-21	Date(s) & Rating(s) assigned in 2019-20 (17 February 2020)
1.	Cash Credit	Long Term	31.50	IVR BBB+/Stable	IVR BB+/Credit Watch with Developing Implications	IVR BB+/Credit Watch with Developing Implications	-	IVR BBB/Stable
2.	Bank Guarantee	Short Term	0.50	IVR A2	IVR A4+/Credit Watch with Developing Implications	IVR A4+/Credit Watch with Developing Implications	-	IVR A3+

**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 [www.infomerics.com](http://www.infomerics.com).

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

Name: Abhijeet	Name: Om Prakash Jain
Tel: (011) 24611910	Tel: (011) 24611910
Email: <a href="mailto:abhijeet.kumar@infomerics.com">abhijeet.kumar@infomerics.com</a>	Email: <a href="mailto:opjain@infomerics.com">opjain@infomerics.com</a>

**About Infomerics:**

Infomerics was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities Exchange Board of India registration and RBI accreditation and the activities of the company are extended to External Credit Assessment Institution (ECAI). Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible



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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
Long Term Bank Facility – Cash Credit	-	-	-	31.50	IVR BBB+/ Stable
Short Term Bank Facility Bank Guarantee	-	-	180 days	0.50	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-Tiger-Logistics-aug22.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 [www.infomerics.com](http://www.infomerics.com).