



Press Release

Tiger Logistics India Limited

14 January 2022

Ratings

S. No	Instrument /Facility	Amount (Rs. Crore)	Ratings	Previous Ratings	Rating Action
1.	Long Term bank Facility	24.00	IVR BB+/ Credit Watch with Developing Implications	IVR BB+/ Credit Watch with Developing Implications	Reaffirmed
2.	Short Term Bank Facility	2.00	IVR A4+ Credit Watch with Developing Implications	IVR A4+ Credit Watch with Developing Implications	Reaffirmed
	Total	26.00			

Details of Facilities are in Annexure 1

Detailed Rationale

The ratings assigned to the bank facilities of Tiger Logistics India Limited continue to remain under credit watch as the company continued to incur losses in FY21. Nonetheless, the company continues to derive comfort from extensive experience of the promoters, established relationship with its customers & suppliers along with comfortable capital structure. The company has incurred losses for the last 2 years due to the pandemic induced restrictions.

Key Rating Sensitivities:

Upward Factor:

- Growth in scale of operations with improvement in profitability on a sustained basis
- Sustenance of the capital structure
- Improvement in working capital cycle and cash accruals

Downward factor:

- Any decline in the revenue and profitability on a sustained basis
- Moderation in the capital structure
- Any material stretches in working capital cycle weakens liquidity

List of Key Rating Drivers with Detailed Description



Press Release

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. Further, TLIL has a diversified customer base as its top 10 customers contributed only ~43.2% of revenues in FY2020. This is likely to insulate the company's revenues against loss of any customer(s) providing stability to revenues.

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 comfortable over the past fiscals. The overall gearing remains comfortable at 0.36x as on March 31, 2021. Total indebtedness of the company as reflected by TOL/ANW remained stable and comfortable at 1.01x as on March 31, 2021. Infomerics believes the capital structure of the company will continue to remain satisfactory with marginal moderation in FY22.



Press Release

Key Rating Weaknesses

High 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

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.

Thin profitability

TRIL's scale of operation declined significantly with a total operating income of Rs. 167.87 Cr in FY21 due to lockdowns in the pandemic, subdued industry scenarios and slowdown in the business. The absolute EBIDTA of the company deteriorated to -Rs. 9.90 crore in FY21. The EBITDA margin of the company has been in the range of 4.35%-6.00% during FY18-FY20 and deteriorated to -7.16% in FY21 on account of increase fixed costs paid in FY21 as against



Press Release

previous year with inability of the company to pass on the same due to the lockdown restrictions, subdued industry scenarios and high competition. With deterioration in absolute EBITDA, the PAT margin of the company also declined to -7.34% in FY21.

Working capital intensive nature of operations marked by stretch in receivable

The operations of the company are working capital intensive in nature marked by its elongated average receivable collection period which remained over 100 days during the past two fiscals and stood high at 113 days in FY21. The company receives limited credit period from shipping lines (which accounts to 75% of the total cost incurred by the company) resulting into high working intensity for the business.

Weak debt protection parameters on account of thin profitability

Analytical Approach: Standalone

Applicable Criteria:

Rating Methodology for Service Companies

Financial Ratios & Interpretation (Non-financial Sector)

Liquidity – Adequate

The liquidity position of the company is expected to remain adequate marked by its sufficient cushion in accruals vis-à-vis negligible repayment obligations. However, the liquidity position is constrained marked by moderation in its profit margins, working capital intensive nature of its operations and stretch in receivables. Further, its bank limits are utilized to the extent of only ~24% during the past 12 months ended February 2021 indicating a high liquidity buffer.

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,



Press Release

Mundra, Veraval, etc. The company has a subsidiary in Singapore known as Tiger Logistics Pt. Limited

Financials (Standalone):

(Rs. crore)

For the year ended*	31-03-2020	31-03-2021
	Audited	Audited
Total Operating Income	301.48	167.87
EBITDA	-8.89	-9.90
PAT	-12.34	-12.42
Total Debt	36.67	14.96
Adjusted Tangible Net worth	51.53	41.51
EBITDA Margin (%)	-ve	-ve
PAT Margin (%)	-ve	-ve
Overall Gearing Ratio (x)	0.71	0.36

* Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Instrument /Facilities	Current Rating (Year 2021-22)				Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating (14 January 2022)	Rating (May 06 2021)	Date(s) & Rating(s) assigned in 2020-21	Date(s) & Rating(s) assigned in 2019-20 (17 February 2020)	Date(s) & Rating(s) assigned in 2018-19
1.	Long Term Fund Based Limits – Cash Credit (CC)	Long Term	24.00	IVR BB+/ Credit Watch with Developing Implications	IVR BB+/ Credit Watch with Developing Implications	-	IVR BBB/ Stable (IVR Triple B with Stable Outlook)	-
2.	Short Term Fund Based Limits – BG	Short Term	2.00	IVR A4+ Credit Watch with Developing	IVR A4+ Credit Watch with Developing	-	IVR A3+ (IVR A Three Plus)	-



Press Release

Sr. No.	Name of Instrument /Facilities	Current Rating (Year 2021-22)				Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating (14 January 2022)	Rating (May 06 2021)	Date(s) & Rating(s) assigned in 2020-21	Date(s) & Rating(s) assigned in 2019-20 (17 February 2020)	Date(s) & Rating(s) assigned in 2018-19
				Implications	g Implications			

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it based on complexity and a note thereon is available at www.infomerics.com.

Name and Contact Details of the Rating Analyst:

Name: Mr. Abhijeet

Tel: (011) 24611910

Email: abhijeet.kumar@infomerics.com

Name: Mr Om Prakash Jain

Tel: (011) 24611910

Email: opjain@infomerics.com

About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. It is gradually gaining prominence in domestic rating and/or grading space. Infomerics is striving for positioning itself as the most trusted & credible rating agency in the country and is gradually widening its product portfolio. Company's long experience in varied spectrum of financial services is helping it to fine tune its product offerings to best suit the market.

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change, suspend or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank



Press Release

facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs 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/ AOPs in addition to the financial performance and other relevant factors.

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 Facilities- Cash Credit (CC)	-	-	-	24.00	IVR BB+/ Credit Watch with Developing Implications
Short Term Bank Facilities – BG	-	-	-	2.00	IVR A4+ Credit Watch with Developing Implications

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

Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Tiger-logistics-lenders-jan22.pdf>

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

Annexure 5: Complexity level of the rated Instruments/Facilities

Sr No.	Instrument	Complexity Indicator
1.	Cash Credit	Simple
2.	Bank Guarantee	Simple

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.