

Tiger Logistics (India) Limited

January 17, 2019

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Long-term Bank Facilities	31.00	CARE BBB; Stable (Triple B; Outlook: Stable)	Assigned
Long-term / Short-term Bank Facilities	4.00	CARE BBB; Stable / CARE A3 (Triple B; Outlook: Stable / A Three)	Assigned
Total Facilities	35.00 (Rupees Thirty Five Crore only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The ratings assigned to the bank facilities of Tiger Logistics (India) Limited derive comfort from promoters' extensive experience in the logistics sector, wide range of services in the offering, association with reputed customers and shipping lines/airlines, modest albeit increasing scale of operations, comfortable capital structure and debt coverage indicators.

The above strengths are partially tempered by lower profitability margins, working capital intensive nature of operations coupled with high collection period, presence of large number of players in the fragmented industry and exposure to foreign exchange risk.

Ability of the company to sustain revenue growth, improve profitability margins, maintain relationship with customers and shipping lines/airlines amidst intense completion in fragmented industry are the key rating sensitivities.

Detailed description of key rating drivers

Key Rating Strengths

Promoters' extensive experiment in logistics sector

The promoters of the company Mr. Harpreet Singh Malhotra and Ms. Benu Malhotra has extensive experience in logistics sector. The promoters of the company have been instrumental in bringing the company at its current stature from a modest beginning after availing custom house agent licence in the year 2000. Further, the top management is able supported by the middle and lower level of management.

Wide range of services in the offering

The company offers wide range of in-bound and out-bound logistics services such as transportation, customs clearance, international freight forwarding, etc. Owing to its adoption of asset light model, the company only owns 20 fleets. The company has opened office in Singapore to tap into international markets. The company carried around 65,060 volume of Twenty-foot Equivalent Unit (TEU's) in the year FY18 (*refers to April 2017 to March 2018*).

Association with reputed and diversified customers and shipping lines/airlines

The company has been associated with reputed clientele facilitating the logistics needs of the corporates and multi-national companies. The company association with diversified clientele is evident by the contribution of top 10 customers of around 24.30% to the total operating revenue in FY18.

Moderate albeit increasing scale of operations

The scale operations remained moderate however the same have been increasing as reflected by its total operating income which increased at a CAGR of 13.01% in last three-year to FY18. Further the networth base also improved over the years with accretion of profits thus providing financial flexibility to an extent.

Comfortable capital structure coupled with comfortable debt coverage indicators

The capital structure remained comfortable mainly because of low dependence on external borrowings reflected by low gearing. Further debt coverage indicators also remained and comfortable despite low profitability.

Key Rating Weaknesses

The PBILDT margins have lingered in the range of 5% to 6% in last three-year ended FY18. The margins are higher in project logistics segment, however, the same are offset by comparatively lower margins in commodities and auto segment. However, net profitability level remained about 2% owing to low fixed costs.

Presence of large number of players in the fragmented industry coupled with exposure to forex risk

The Indian logistics industry is characterized by high degree of fragmentation. India's diverse geographical and socio-economic features, huge retail network and infrastructure limitations enable most of the logistics service providers in the

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

country to provide the entire gamut of logistics services. Owing to this, the company has to compete with large number of small and medium-sized players operating in the sector. The company is also exposed to foreign exchange and so it undertakes forward trading to hedge any significant fluctuations in movement of currency rates.

Prospects of industry dependent on overall economic factors

The Indian logistics sector comprises of entire in-bound and out-bound segment of manufacturing and service supply chains. The logistics infrastructure has received lot of attention both from business and industry as well as policy makers.

Liquidity

Working capital intensive nature of operations coupled with high collection period

The operations of the company are highly working capital in nature with evident by large amount of funds blocked in debtors, further marked by high utilisation of the working capital borrowings during the last 12-months ending December 2018 owing to limited credit period received from shipping lines. Liquidity position remained comfortable with current ratio of 1.90 times and cash and bank balances of Rs. 2.58 crore at the end of FY18.

Analytical approach: Consolidated

Applicable Criteria

[Criteria on assigning Outlook to Credit Rating](#)

[CARE's default recognition policy](#)

[Financial ratios - Non Financial Sector](#)

[Rating Methodology: Factoring Linkages in Ratings](#)

[Criteria for Short Term Instruments](#)

[Rating Methodology - Service Sector Companies](#)

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. Headquartered in Delhi, the company has offices in Ahmedabad, Pune, Chennai, Kutch, Ludhiana, Kolkata, Jaipur, Mundra, Veraval, etc. The company has a subsidiary in Singapore known as Tiger Logistics Pte. Limited.

Brief Financials (Rs. crore)	FY17 (A)	FY18 (A)
Total operating income	298.50	324.49
PBILDT	17.37	19.79
PAT	10.36	11.34
Overall gearing (times)	0.14	0.43
Interest coverage (times)	21.07	9.13

A – Audited

Status of non-cooperation with previous CRA: None

Any other information: Not Applicable

Rating History for 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 Hitesh M Avachat

Tel: 022-6754 3510

Email: hitesh.avachat@careratings.com

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About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over 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

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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.

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-Cash Credit	-	-	-	20.00	CARE BBB; Stable
Non-fund-based – LT/ST-Bank Guarantees	-	-	-	4.00	CARE BBB; Stable / CARE A3
Fund-based - LT-Proposed fund based limits	-	-	-	11.00	CARE BBB; Stable

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 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016
1.	Fund-based - LT-Cash Credit	LT	20.00	CARE BBB; Stable	-	-	-	-
2.	Non-fund-based – LT/ST-Bank Guarantees	LT/ST	4.00	CARE BBB; Stable / CARE A3	-	-	-	-
3.	Fund-based - LT-Proposed fund based limits	LT	11.00	CARE BBB; Stable	-	-	-	-

CONTACT**Head Office Mumbai**

Ms. Meenal Sikchi
 Cell: + 91 98190 09839
 E-mail: meenal.sikchi@careratings.com

Ms. Rashmi Narvankar
 Cell: + 91 99675 70636
 E-mail: rashmi.narvankar@careratings.com

Mr. Ankur Sachdeva
 Cell: + 91 98196 98985
 E-mail: ankur.sachdeva@careratings.com

Mr. Saikat Roy
 Cell: + 91 98209 98779
 E-mail: saikat.roy@careratings.com

CARE Ratings Limited

(Formerly known as Credit Analysis & Research Ltd.)

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**AHMEDABAD**

Mr. Deepak Prajapati
 32, Titanium, Prahaladnagar Corporate Road,
 Satellite, Ahmedabad - 380 015
 Cell: +91-9099028864
 Tel: +91-79-4026 5656
 E-mail: deepak.prajapati@careratings.com

BENGALURU

Mr. V Pradeep Kumar
 Unit No. 1101-1102, 11th Floor, Prestige Meridian II,
 No. 30, M.G. Road, Bangalore - 560 001.
 Cell: +91 98407 54521
 Tel: +91-80-4115 0445, 4165 4529
 Email: pradeep.kumar@careratings.com

CHANDIGARH

Mr. Anand Jha
 SCF No. 54-55,
 First Floor, Phase 11,
 Sector 65, Mohali - 160062
 Chandigarh
 Cell: +91 85111-53511/99251-42264
 Tel: +91- 0172-490-4000/01
 Email: anand.jha@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

COIMBATORE

Mr. V Pradeep Kumar
 T-3, 3rd Floor, Manchester Square
 Puliakulam Road, Coimbatore - 641 037.
 Tel: +91-422-4332399 / 4502399
 Email: pradeep.kumar@careratings.com

HYDERABAD

Mr. Ramesh Bob
 401, Ashoka Scintilla, 3-6-502, Himayat Nagar,
 Hyderabad - 500 029.
 Cell : + 91 90520 00521
 Tel: +91-40-4010 2030
 E-mail: ramesh.bob@careratings.com

JAIPUR

Mr. Nikhil Soni
 304, Pashupati Akshat Heights, Plot No. D-91,
 Madho Singh Road, Near Collectorate Circle,
 Bani Park, Jaipur - 302 016.
 Cell: +91 – 95490 33222
 Tel: +91-141-402 0213 / 14
 E-mail: nikhil.soni@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. Pratim Banerjee
 9th Floor, Pride Kumar Senate,
 Plot No. 970, Bhamburda, Senapati Bapat Road,
 Shivaji Nagar, Pune - 411 015.
 Cell: +91-98361 07331
 Tel: +91-20- 4000 9000
 E-mail: pratim.banerjee@careratings.com

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