

**Tiger Logistics (India) Limited**  
**June 11, 2019**

**Ratings**

Facilities	Amount (Rs. crore)	Rating <sup>1</sup>	Rating Action
Long-term Bank Facilities	31.00	<b>CARE BBB; Negative (Triple B; Outlook: Negative)</b>	Rating Reaffirmed; Outlook revised to Negative from Stable
Long-term / Short-term Bank Facilities	4.00	<b>CARE BBB; Negative / CARE A3 (Triple B; Outlook: Negative / A Three)</b>	Rating Reaffirmed; Outlook revised to Negative from Stable
<b>Total Facilities</b>	<b>35.00 (Rupees Thirty Five Crore only)</b>		

*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 strength from promoters' extensive experience in the logistics sector, wide range of services in the offering, association with reputed customers and shipping lines/airlines.*

*The above strengths are partially tempered by modest albeit increasing scale of operations, low profitability margins, working capital intensive nature of operations due to high collection period, competitive and fragmented nature of the industry and exposure to foreign exchange risk.*

*Ability of the company to sustain revenue growth, improve profitability margins and improve its working capital cycle are the key rating sensitivities.*

**Outlook: Negative**

*CARE has revised the outlook from stable to negative. There was deterioration in the performance of the company during FY19. Profitability and cash accruals of the company were affected and working capital cycle of the company stretched further with increase in working capital borrowing. Sustainable improvement in operating cycle and cash accruals remains critical for changing the outlook to Stable.*

**Detailed description of key rating drivers****Key Rating Strengths*****Promoters' extensive experience 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***

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications

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.

### **Key Rating Weaknesses**

#### ***Moderate albeit increasing scale of operations***

The scale operations remained moderate however the same have been increasing as reflected by its total operating income. Further the networth base also improved over the years with accretion of profits thus providing financial flexibility to an extent.

#### ***Low profit margins***

The operating margins of the company are low, due to limited value addition and competitive nature of the industry. PBILDT margins have lingered in the range of 5% to 6% in the past. However the profitability margins have deteriorated in FY19 due to subdued industry scenario.

#### ***Competitive and fragmented nature of the 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 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.

### **Liquidity**

#### ***Working capital intensive nature of operations leading to moderate liquidity***

The operations of the company are highly working capital intensive with long collection period. The utilization of working capital borrowings during the last 12-months ending April 2019 is high and provides limited liquidity back-up. The company receives limited credit period from shipping lines resulting into high dependence on external debt for meeting working capital requirements. The collection period has further elongated during FY19 as compared to FY18. Thus overall the liquidity position has deteriorated in FY19 with decline in cash accruals and increase in working capital borrowings.

**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.

<b>Brief Financials (Rs. crore)</b>	<b>FY17 (A)</b>	<b>FY18 (A)</b>	<b>FY19*</b>
Total operating income	298.50	324.49	330.72
PBILDT	17.37	19.79	14.29
PAT	10.36	11.34	6.31

Overall gearing (times)	0.14	0.43	0.54
Interest coverage (times)	21.07	9.13	5.37

*A – Audited; \*as per exchange filing of the company*

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

**Any other information:** Not Applicable

**Rating History for last three years:** Please refer Annexure-2

**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://www.careratings.com)**

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

**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 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Fund-based - LT-Cash Credit	LT	20.00	CARE BBB; Negative	-	1)CARE BBB; Stable (17-Jan-19)	-	-
2.	Fund-based - LT-Fund based limit	LT	11.00	CARE BBB; Negative	-	1)CARE BBB; Stable (17-Jan-19)	-	-
3.	Non-fund-based - LT/ST-Bank Guarantees	LT/ST	4.00	CARE BBB; Negative / CARE A3	-	1)CARE BBB; Stable / CARE A3 (17-Jan-19)	-	-

**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](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

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