

Tiger Logistics (I) Limited
 September 08, 2020

Ratings

Facilities / Instruments	Amount (Rs. crore)	Rating ¹	Rating Action
Long Term Bank Facilities	12.00	CARE BB+; Negative; ISSUER NOT COOPERATING* (Double B Plus; Outlook: Negative ISSUER NOT COOPERATING*)	Issuer not cooperating; Based on best available information
Long Term / Short Term Bank Facilities	2.00	CARE BB+; Negative / CARE A4; ISSUER NOT COOPERATING* (Double B Plus ; Outlook: Negative/ A Four ISSUER NOT COOPERATING*)	Issuer not cooperating; Based on best available information
Total Facilities	14.00 (Rs. Fourteen Crore Only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE has been seeking information from Tiger Logistics (I) Limited (TLIL) to monitor the rating(s) vide e-mail communications dated July 31, 2020 August 3, 2020 and August 5, 2020, August 14, 2020, August 18, 2020 and numerous phone calls and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. The Long Term rating on TLIL's bank facilities will now be denoted as CARE BB+; Negative/CARE A4; ISSUER NOT COOPERATING*. The Long Term/Short Term rating on TLIL's bank facilities will now be denoted as CARE BB+; Negative / CARE A4; ISSUER NOT COOPERATING*

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

Detailed description of the key rating drivers

At the time of last rating on July 31, 2020 the following were the rating weaknesses and strengths:

Key Rating Weaknesses***Impact of coronavirus pandemic on business operations***

TLIL majorly handles export consignments which have been impacted due to overall weak macro-economic scenario triggered by the corona virus pandemic. However, TLIL has continued to handle the cargos for commodities and food items during last 2 months from April 2020 when the lockdown was imposed. The company's operations are partially functional (around 15-20%) and rest will depend upon the clients opening their factories for their export orders. However, TLIL has been pushing hard to get due payments from clients. However, there could be cases where clients also not been able to pay due to their financial distress and there may be instance of write off the debtors.

Significant cash losses reported during the year FY20

International trade has also been badly hit on account of the coronavirus pandemic due to closure of port/airports and lack of availability of manpower. This has resulted in major pendency in cargo at all ports/airports and further resulted in major loss in terms of detention and demurrage on most of the cargo shipment at different locations. TLIL had existing door to door contracts with different reputed companies and had to bear losses in terms of detention and demurrage to complete or execute the contract. The loss has been majorly in the Auto sector in Latin American markets. TLIL has a very high exposure to the Auto sector which has been facing several headwinds

Significant increase in debt over last 3 years with total income increasing at a slow rate

During FY17, TLIL reported a total income of Rs. 298.50 crore which has increased at a CAGR of 5% to reach Rs. 303.18 crore during FY20. Gross cash accruals have continued to decline over the period. Working capital borrowing has however increased significantly from Rs. 6.34 crore as on March 31, 2017 to Rs. 36.64 crore as on March 31, 2020. This is indicative of the fact that due to increasing competition in the logistics segment, TLIL is having to offer higher credit period to customers to attract newer businesses which is reflected by increase in collection period; therefore to fund the increasing gap, the dependency on working capital debt has also increased for TLIL.

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

*Issuer did not cooperate; Based on best available information

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 risk and so it undertakes forward trading to hedge any significant fluctuations in movement of currency rates.

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 ably 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. TLIL has an asset light business model with almost entire fleet hired from a network of truck vendors/operators. The company has opened office in Singapore to tap into international markets, however currently the operations are negligible.

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's association has a diversified client base across sectors.

Liquidity: Stretched

Due to the impact of pandemic and limitations of customers to remit timely payment, the company's liquidity has remained stretched. The operations are highly working capital intensive with full utilization of working capital limits. Cash and cash equivalents as on March 31, 2020 was Rs. 4.45 crore.

Analytical approach: Consolidated; TLIL has a subsidiary entity based out of Singapore (named Tiger Logistics Pte. Limited, Singapore). However, there are negligible operations in the same and as on March 31, 2019, TLIL had an investment of Rs. 20 lakhs in the subsidiary. TLIL's board has also considered and approved the closure of its subsidiary Tiger Logistics Pte Ltd (Singapore) vide board meeting dated August 26, 2020.

Applicable Criteria

[Policy in respect of Non-Cooperation by the Issuer](#)

[CARE's Policy on Default Recognition](#)

[Criteria on assigning 'outlook' and 'credit watch' to Credit Ratings](#)

[Criteria for Short Term Instruments](#)

[Liquidity Analysis of Non-Financial Sector Entities](#)

[Financial ratios – Non-Financial Sector](#)

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

[Rating Methodology - Service Sector Companies](#)

About the Company

Incorporated in the year 2000, Tiger Logistics (India) Limited (TLIL) 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 received ISO 9001:2008 certifications.

Brief Financials (Rs. crore)	FY19 (A)	FY20 (Abridged)
Total Operating Income	330.67	303.17
PBILDT	14.66	(9.23)
PAT	6.32	(12.38)
Overall Gearing (times)	0.62	0.70
Interest coverage (times)	4.73	NM

A: Audited; NM: Not meaningful

Status of non-cooperation with previous CRA: None

Any other information: Not Applicable

Rating History: Please refer Annexure-2

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	-	-	-	12.00	CARE BB+; Negative; ISSUER NOT COOPERATING*
Non-fund-based - LT/ST-Bank Guarantees	-	-	-	2.00	CARE BB+; Negative / CARE A4; ISSUER NOT COOPERATING*

*Issuer did not cooperate; Based on best available information

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 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT-Cash Credit	LT	-	-	-	1)CARE BBB-; Negative (27-Feb-20) 2)Withdrawn (27-Feb-20) 3)CARE BBB; Negative (11-Jun-19)	1)CARE BBB; Stable (17-Jan-19)	-
2.	Fund-based - LT-Cash Credit	LT	12.00	CARE BB+; Negative; ISSUER NOT COOPERATING*	1)CARE BB+; Negative (31-Jul-20)	1)CARE BBB-; Negative (27-Feb-20) 2)CARE BBB; Negative (11-Jun-19)	1)CARE BBB; Stable (17-Jan-19)	-
3.	Non-fund-based - LT/ST-Bank Guarantees	LT/ST	-	-	-	1)Withdrawn (27-Feb-20) 2)CARE BBB-; Negative / CARE A3 (27-Feb-20) 3)CARE BBB; Negative / CARE A3 (11-Jun-19)	1)CARE BBB; Stable / CARE A3 (17-Jan-19)	-
4.	Non-fund-based - LT/ST-Bank Guarantees	LT/ST	2.00	CARE BB+; Negative / CARE A4; ISSUER NOT COOPERATING*	1)CARE BB+; Negative / CARE A4 (31-Jul-20)	1)CARE BBB-; Negative / CARE A3 (27-Feb-20)	-	-

*Issuer did not cooperate; Based on best available information

Annexure 3: Note on Complexity of the instrument

Sr. No.	Name of the Instrument	Complexity Level
1.	Fund-based - LT-Cash Credit	Simple
2.	Non-fund-based - LT/ ST-Bank Guarantees	Simple

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

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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 recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Disclaimer

CARE's ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE's ratings do not convey suitability or price for the investor. CARE's ratings do not constitute an audit on the rated entity. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE or its subsidiaries/associates may also have other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is, inter-alia, 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. CARE is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE's rating.

Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

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