Scrip Code: 536264

TIGER® LOGISTICS (INDIA) LTD.

19th February, 2020

BSE Ltd.,
P.J. Towers,
Dalal Street, Fort, Mumbai-400001

***Sub: Intimation under Regulation 30 of SEBI (LODR), Regulations, 2015.***

Dear Sir,

This is in reference to the captioned subject, we are pleased to inform you that Infomerics Valuation and Rating Private Limited vide its letter dated February 17, 2020 has assigned "**Credit Rating**" to the Company in the manner mentioned hereunder:

| Facilities | Amount (Rs. Crore) | Rating |
|---|---|---|
| Long term Bank Facilities | 38.00 | IVR BBB/Stable Outlook (IVR Triple B with Stable Outlook) |
| Short Term Bank Facilities | 2.00 | IVR A3+ (IVR A Three Plus) |
| Total facilities | 40.00<br>(Rupees Forty Crore only) | |

The disclosure is being submitted in compliance with the regulations of Securities Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015.The Copy of the same is enclosed herewith for your reference.

You are requested to kindly take the aforesaid information on your records and acknowledge the receipt of the same.

Thanking You

For Tiger Logistics (India) Limited

**Benu Malhotra**
**Director (DIN:00272443)**

**Corporate Office :** D-174, GF, Okhla Industrial Area, Phase-1, New Delhi - 110020 (India)
**Tel.:** +91-11-47351111
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**E-mail:** tlogs@tigerlogistics.in
**Website: www.tigerlogistics.in**

A BSE Listed Entity
An ISO 9001 : 2015 Certified Company

CIN# - L74899DL2000PLC105817

**Branches: New Delhi • Mumbai • Pune • Nashik • Chennai • Kolkata • Ludhiana • Jaipur • Ahmedabad • Mundra • Vadodara • Hazira • Veraval**
**Overseas Offices: Singapore**

**Press Release**

**Tiger Logistics India Limited**

**February 17, 2020**

**Ratings**

| Instrument/Facility | Amount (Rs. Crore) | Ratings Assigned |
|---|---|---|
| Long Term Bank Facilities | 38.00 | IVR BBB/Stable Outlook (IVR Triple B with Stable Outlook) |
| Short Term Bank Facilities | 2.00 | IVR A3+ (IVR A Three Plus) |
| **Total** | **40.00** | |

**Details of Facilities are in Annexure 1**

**Detailed Rationale**

The ratings assigned to the bank facilities of Tiger Logistics India Limited (TLIL) derives comfort from extensive experience of the promoters with demonstrated track record, Asset light model of operations and comfortable capital structure with moderate debt protection metrics. The ratings also positively factors in its established relationship with its suppliers and diversified customer base. However, the rating strengths are partially offset by its thin profitability margins, Susceptibility of revenues to economic slowdown and variations in trade volumes, High competitive intensity in logistics business and Working capital intensive nature of operations marked by stretch in receivables.

**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 stretch in working capital cycle weakens liquidity

**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 is 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 a relationship 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 Paiggio, 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 ~30% of revenues in FY2019. 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 remain comfortable at 0.55x as on March 31, 2019 though moderated marginally from

0.44x as on March 31,2018 due to increase in debt level to fund its increased working capital requirements. Total indebtedness of the company as reflected by TOL/TNW remained stable and comfortable at 0.92x as on March 31, 2019. Infomerics believes the capital structure of the company will continue to remain satisfactory with marginal moderation in FY20. The debt protection metrics remained moderate marked by its healthy interest coverage and moderate Total debt to GCA in FY19.

**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 affects 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 plays 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**

TLIL's scale of operation remained moderate with a total operating income of Rs.330.36 Cr in FY19 and registered a CAGR of ~3.49% during FY17-FY19 with a muted y-o-y growth of about ~1.89% in FY19 due to marginal increase in freight volumes handled and subdued industry scenarios attributable to slowdown in the business. The company has achieved sales of Rs.149.24 crore till September, 2019 (Rs.154.84 crore in H1FY19). The profit margins of the company remained thin over the past years due to intense competition in the operating spectrum along with low value additive nature of its operations and sluggish economic scenarios. The operating margin remained range-bound over the aforesaid period in the range of 4%-6% during the past three fiscals ended FY19. Moreover, the company witnessed traction in its operating margin during FY19 mainly due to weaker market condition in the auto sectors, its biggest revenue contributor due to subdued economic scenarios. The PAT margin also moderated in FY19 followed by moderation in its operating profit and increase in interest expenses due to increase in utilisation of working capital borrowings attributable to stretch in receivables period and consequent increase in working capital intensity. With moderation in PAT margin, GCA also moderated in FY19 from Rs.11.74 crore in FY18 to Rs.7.75 crore in FY19. During H1FY20, the profit margins further moderated. Infomerics expects further moderation in profit margins going forward though the total revenue is expected to remain stable.

- **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 112 days in FY19 (101 in FY18). 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. Driven by its stretched cash flows from its debtors the reliance on the fund based limits stood high and the average utilization of bank limits stood at ~87% for the past 12 months ended on September, 2019.

**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 ~87% during the past 12 months ended December, 2019 indicating a moderate liquidity buffer.

**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 main 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. TLIL primarily deals with corporate clients and derives ~53% of revenues from the auto sector (mainly two wheeler) in H1FY19 (~48% in FY19). The company has a subsidiary in Singapore known as Tiger Logistics Pte Limited.

**Financials:**

**(Rs. crore)**

| **For the year ended*** | **31-03-2018** | **31-03-2019** |
|---|---|---|
| | **Audited** | **Audited** |
| Total Operating Income | 324.24 | 330.36 |
| EBITDA | 19.55 | 14.37 |
| PAT | 11.36 | 6.34 |
| Total Debt | 25.45 | 35.58 |
| Tangible Net worth | 58.26 | 65.02 |
| EBITDA Margin (%) | 6.03 | 4.35 |
| PAT Margin (%) | 3.50 | 1.92 |
| Overall Gearing Ratio (x) | 0.44 | 0.55 |

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

**Any other information:** Nil

**Rating History for last three years:**

| **Sr. No.** | **Name of Instrument/Facilities** | **Current Rating (Year 2019-20)** | | | **Rating History for the past 3 years** | | |
|---|---|---|---|---|---|---|---|
| | | **Type** | **Amount outstanding (Rs. Crore)** | **Rating** | **Date(s) & Rating(s) assigned in 2018-19** | **Date(s) & Rating(s) assigned in 2017-18** | **Date(s) & Rating(s) assigned in 2016-17** |
| 1. | Long Term Fund Based Limits – CC* | Long Term | 38.00 | IVR BBB/Stable | - | - | - |
| 2. | Short Term Non-Fund Based Limits – BG | Short Term | 2.00 | IVR A3+ | - | - | - |

*(INR 12.00 Cr of WCDL sub-limited to Cash Credit)

(INR 12.00 Cr of WCDL & INR 10.00 Cr of WCDL-FC sub- limited to Cash Credit & BG of INR 2.00 Cr as one way interchangeability from Cash Credit & LCBD)

**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.

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


| | |
|---|---|
| Name: Mr. Rajat Maheshwari | Name: Mr. Avik Podder |
| Tel: (011) 24611910 | Tel: (033) 46022266 |
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**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.

**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- CC* | - | - | - | 38.00 | IVR BBB/Stable |
| Short Term Bank Facilities – BG | - | - | - | 2.00 | IVR A3+ |

*(INR 12.00 Cr of WCDL sub-limited to Cash Credit)

(INR 12.00 Cr of WCDL & INR 10.00 Cr of WCDL-FC sub- limited to Cash Credit & BG of INR 2.00 Cr as one way interchangeability from Cash Credit & LCBD)