

Date: 05/10/2024

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

Subject: Intimation of Credit rating

Dear Sir,

This is to inform you that as per the captioned subject, M/s Infomerics Valuation and Rating Private Limited has upgraded the credit rating, details of which are mentioned below:

S. No	Instrument /Facility	Amount (Rs. Crore)	Current Ratings	Previous Ratings	Rating Action
1.	Long Term bank Facility -Cash Credit	28.00	IVR BBB+/Stable (IVR Triple B Plus with Stable outlook)	IVR BBB+/Negative (IVR Triple B Plus with Negative outlook)	Re-affirmed with change in outlook
2.	Short Term Bank Facilities	1.60	IVR A2 (IVR A Two)	IVR A2 (IVR A Two)	Re-affirmed
3.	Long/Short Term - Proposed	2.40	IVR BBB+/Stable (IVR Triple B Plus with Stable outlook) & IVR A2 (IVR A Two)	IVR BBB+/Negative/A2 (IVR Triple B Plus with Negative outlook; IVR A Two)	Re-affirmed with change in outlook
	Total	32.00	Rupees Thirty-Two Crores Only		

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

**Vishal Saurav
Company Secretary & Compliance Officer**



Press Release

Tiger Logistics India Limited

October 04, 2024

Ratings

Instrument Facility	Amount (Rs. Crore)	Current Ratings	Previous Rating	Rating Action	Complexity Indicator
Long term Bank Facilities -Cash Credit	28.00	IVR BBB+/ Stable (IVR Triple B Plus with Stable outlook)	IVR BBB+/ Negative (IVR Triple B Plus with Negative outlook)	Re-affirmed with change in outlook	Simple
Short Term Bank Facilities	1.60	IVR A2 (IVR A Two)	IVR A2 (IVR A Two)	Re-affirmed	Simple
Long Term/Short Term (Proposed)	2.40	IVR BBB+/ Stable (IVR Triple B Plus with Stable outlook) & IVR A2 (IVR A Two)	IVR BBB+/ Negative (IVR Triple B Plus with Negative outlook) & IVR A2 (IVR A Two)	Re-affirmed with change in outlook	Simple
Total	32.00	(Rupees Thirty-Two Crores only)			

Details of Facilities/Instrument are in Annexure 1

Facility wise lender details are at Annexure 2

Detailed explanation of covenants is at Annexure 3

Detailed Rationale

Infomerics Valuation and Rating Private Limited (IVR) has re-affirm the long/Short Term rating to IVR BBB+ along with a change in outlook from Negative to Stable outlook & IVR A3 for the bank loan facilities of Tiger Logistics India Limited (TLIL). The outlook has been changed from Negative to Stable due to significant improvement in Q1FY25 Financials and increase in volume of containers year on year.

The ratings re-affirmed to the bank facilities of Tiger Logistics India Limited continue to derive strength from the experienced management team with long track record in the Logistics industry, satisfactory financial performance in FY23 & FY24 (Refer Period April 01, 2023 to March 31, 2024) & 3MFY25 (refers to April 01, 2024 to June 30, 2024) largely on the back of higher volumes handled., comfortable financial risk profile, and favourable demand outlook for the logistics industry. However, ratings' strengths remain constrained by high dependence of the company on automobile sector, which contributes more than 55-60% of its revenue, fragmented and competitive logistics industry, and its relatively moderate market share with elongated receivable period.



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IVR has principally relied on the standalone financial results of Tiger Logistics India Limited up to FY24(A) and three years projected financials till FY27, and publicly available information/clarifications provided by the company's management.

Stable outlook reflects IVR Ratings' expectation that TLIL financial risk profile will remain strong in the near-to-medium term with sustained growth in total revenue, profitability, and cash accruals, leading to comfortable capital structure and debt protection metrics.

Key Rating Sensitivities:

Upward Factors

- Significant growth in scale of business TOI with improvement in profitability metrics thereby leading to overall improvement in cash accruals and liquidity.
- Improvement in the capital structure with further improvement in debt protection metrics

Downward Factors

- Dip in operating income and/or profitability further impacting the debt coverage indicators and/or further deterioration in the financial risk profile.
- Any significant rise in working capital intensity or unplanned capex leading to a further deterioration in the liquidity position.

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



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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.

- **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 represent by overall gearing remains at comfortable level at 0.11x in FY24 (PY: 0.00x) whereas long-term debt-equity ratio is at 0.01x in FY24 owing to good net worth of Rs. 110.20 crore against outstanding debt of Rs. 11.78 Crore as on March 31, 2024. Further, the total indebtedness of the company as reflected by TOL/TNW remained satisfactory at 0.30x as on March 31, 2024 (PY: 0.23x in FY23). Operating cycle of the company is comfortable at 73 days in FY24 (PY: 37 days in FY23) marked by comfortable debtor collection period of 93 days respectively in FY24. Current ratio of the company stood comfortably at 4.50x in FY24 (PY: 5.58x in FY23). The company has adequate interest service coverage ratio (ISCR) of the company at 20.25x in FY24 (PY: 25.50x in FY23), debt service coverage ratio (DSCR) is stood at 19.07x in FY24.



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Key Rating Weaknesses

- **Decline in scale of operations and profitability in FY24**

TLIL scale of operation decline continuously over three years and stood at Rs. 240.26 crore as of March 2024 owing to business operates on a cost-plus model, where freight charges constitute a substantial portion of our total billing turnover. As compared to last previous year, there has been a considerable and sustained decline in freight rates due to basic demand supply rule. In FY 2022-23 the freight levels were very high for an example at that time freight rate of sending one 40 feet container to Latin America was 4000-4500\$ around. However, currently, it has decreased to approximately 2500\$ to 3000\$. This substantial reduction in freight rates is a major factor contributing to the decline in the turnover as compared to previous year. However, in the Q1FY25 the freight rates moving upwards due to the geopolitical developments concerning Israel and Palestine / Russia and Ukraine/ Red Sea attacks. Currently Red Sea issues are contributing in a significant way to revive freight rates as containers are now either stuck or taking long route to avoid red sea passage through China route. *As a result of these developments, the revenue of the company increased to Rs.101.16 Crore as on June 2024 against Rs. 42.02 Crore as on June 2023 representing a significant improvement of 140.74%.* The EBITDA of the company declined from Rs. 26.36 crore in FY23 to Rs. 15.36 Crore in FY24 due to decrease in total operating income in FY24, however the company is able to maintains its operating margin and profitability margins at 6.39% (PY: 6.08%) and 5.31% (PY5.27%).

- **Highly 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 unorganised 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



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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.

Analytical Approach: Standalone Approach

Applicable Criteria :

[Rating Methodology for Service Sector entities](#)
[Financial Ratios & Interpretation Non- Financial Sector](#)
[Criteria for assigning rating outlook](#)
[Policy on Default Recognition](#)
[Complexity Level of Rated Instruments/Facilities](#)



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Liquidity – Adequate

Tiger Logistics India Limited had a GCA of Rs.13.70 crore in FY24 as against repayment obligation of Rs.0.22 crore. The company has a Current Ratio of 4.50x as of March 31, 2024. The free cash & cash equivalent was Rs.41.75 Crore as on March 31, 2024. Liquidity is expected to remain strong as the company is barely utilizing its fund-based limits.

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, Mundra, Veraval, etc.

Financials (Standalone):

For the year ended* As on	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	433.35	240.26
EBITDA	26.36	15.36
PAT	23.21	12.96
Total Debt	-	11.78
Tangible Net worth*	97.11	110.20
EBITDA Margin (%)	6.08	6.39
PAT Margin (%)	5.27	5.31
Overall Gearing Ratio (x)	-	0.11x
ISCR (x)	25.50	20.25

*as per Infomerics standards

Status of non-cooperation with previous CRA : It is under ISSUER NOT COOPERATING with CARE Ratings via press release dated August 30, 2024 on account of non-availability of requisite information from the company



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Any other information: : Nil

Rating History for last three years:

Sl. No.	Name of Instrument/ Facilities	Current Rating (Year 2024-25)		Rating History for the past 3 years				
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2023-24 Dated : Feb 15, 2024	Date(s) & Rating(s) assigned in 2023-24 Dated : Aug 11, 2023	Date(s) & Rating(s) assigned in 2022-23 Dated : Aug 05, 2022	Date(s) & Rating(s) assigned in 2021-22 Dated : Jan 14, 2022
1	Fund Based-Cash Credit	Long Term	28.00	IVR BBB+/ Stable (IVR Triple B Plus with Stable outlook)	IVR BBB+/ Stable <u>Negative</u> (IVR Triple B Plus with Stable <u>Negative</u> outlook)	IVR BBB+/ Stable (IVR Triple B Plus with Stable outlook)	IVR BBB+/ Stable (IVR Triple B Plus with Stable outlook)	IVR BB+ (CWDI Outlook) (IVR Double B Plus with Credit watch with Developing Implication)
2	Fund Based-CEL	Short Term	0.50	IVR A2 (IVR A Two)	IVR A2 (IVR A Two)	IVR A2 (IVR A Two)	IVR A2 (IVR A Two)	-
3.	Non-Fund Based – Bank Guarantee	Short Term	1.10	IVR A2 (IVR A Two)	IVR A2 (IVR A Two)	IVR A2 (IVR A Two)	IVR A2 (IVR A Two)	IVR A4+ (IVR A Four Plus)
4.	Proposed	Long/Short Term	2.40	IVR BBB+/ Stable (IVR Triple B Plus with Stable outlook) & IVR A2 (IVR A Two)	IVR BBB+/ Stable <u>Negative</u> (IVR Triple B Plus with Stable <u>Negative</u> outlook) & IVR A2 (IVR A Two)	IVR BBB+/ Stable (IVR Triple B Plus with Stable outlook) & IVR A2 (IVR A Two)	IVR BBB+/ Stable (IVR Triple B Plus with Stable outlook) & IVR A2	-



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Sl. No.	Name of Instrument/ Facilities	Current Rating (Year 2024-25)			Rating History for the past 3 years			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2023-24 Dated : Feb 15, 2024	Date(s) & Rating(s) assigned in 2023-24 Dated : Aug 11, 2023	Date(s) & Rating(s) assigned in 2022-23 Dated : Aug 05, 2022	Date(s) & Rating(s) assigned in 2021-22 Dated : Jan 14, 2022
							(IVR A Two)	

Name and Contact Details of the Rating Analyst:

Name: Om Prakash Jain
Tel: (011) 45579024
Email: opjain@infomerics.com

About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.



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For more information visit www.infomerics.com

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 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 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			-	28.00	IVR BBB+/ Stable (IVR Triple B Plus with Stable outlook)
Short Term Bank Facilities – CEL			-	0.50	IVR A2 (IVR A Two)
Short Term Bank Facilities – Bank Guarantee			-	1.10	IVR A2 (IVR A Two)
Long/Short Term bank facilities (Proposed)			-	2.40	IVR BBB+/ Stable (IVR Triple B Plus with Stable outlook) & IVR A2 (IVR A Two)

Annexure 2: Facility wise lender details: As per attached annexure



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Annexure 3: Detailed explanation of covenants of the rated securities/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated analysis : Nil

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

