

September 10, 2025

Tejas Cargo India Limited: [ICRA]BBB+(Stable)/[ICRA]A2; assigned

Summary of rating action

Instrument*	Current Rated Amount (Rs. crore)	Rating Action
Long Term-Fund Based-Term Loan	89.00	[ICRA]BBB+ (Stable); assigned
Short Term-Non-fund Based-Bank Guarantee	21.00	[ICRA]A2; assigned
Long Term-Fund Based-Cash Credit	90.00	[ICRA]BBB+ (Stable); assigned
Total	200.00	

*Instrument details are provided in Annexure I

Rationale

The ratings assigned to Tejas Cargo India Limited (TCIL) consider its established track record of operations in the road transport business and strong relationships with its customers across industry segments, which provide healthy revenue visibility. The ratings also factor in the wide presence of the company across different states in the country, providing services to its established clientele. The company enjoys healthy relationships with customers like Safexpress, Instakart Services, Bluedart etc. The ratings also favourably factor in the company's healthy financial risk profile. The company reported a strong revenue growth of ~20% in FY2025 at Rs. 503 crore (against Rs. 420 crore in FY2024) and continues to operate with healthy operating margins (operating profit margin of around 19% in FY2025). Aided by receipt of IPO funds in FY2025, the company's capital structure is comfortable with a gearing of 0.9 times as on March 31, 2025. It continues to report healthy debt and coverage metrics with TD/OPBITDA and an interest coverage of 1.6 and 5.9, respectively in FY2025. A steady growth in the scale of operations is likely to help the company maintain its credit metrics, in line with the current level, going forward.

The ratings, however, are constrained by the exposure of the road logistics business to various externalities, such as an increase in fuel costs and labour expenses/toll charges, which the company may not be able to entirely pass on to its customers, and could exert pressure on profit margins, going forward. The presence of a fuel price escalation clause in its contracts partly offsets the risk. The ratings also remain constrained by the high working capital intensity of TCIL's operations, given its elongated receivable cycle, which is also reflected in limited buffer in working capital facilities. Apart from this, the fragmented nature of the road logistics business results in stiff competition, which restricts margin expansion. The revenues and earnings of the company will remain vulnerable to slowdown in economic activities and goods movement of various industries. This risk is partly mitigated by diversification of client base and industries.

The Stable outlook reflects ICRA's opinion that the company will continue to generate steady cash accruals, which will help it maintain healthy credit metrics.

Key rating drivers and their description

Credit strengths

Extensive experience of promoters in logistics business – The promoters have 15 years of experience in logistics business as they started Trans Cargo India in 2010, which was engaged in similar business. TCIL was incorporated in 2021 and the business was transferred from Trans Cargo India to TCIL. The entity is promoted by Chander Bindal and Manish Bindal. Their experience has helped build relationships with a reputed client base.

Well entrenched network and a diversified client profile – The entity has a well spread network across the country with 27 branches. Moreover, the company serves customers across various industries like logistics, e-commerce, steel and cement etc. with a healthy credit profile, leading to a comfortable receivable cycle. TCIL is exposed to customer concentration risk with its top 10 customers contributing around 58% to revenues in FY2025. However, a strong client base reduces the concentration risk to some extent. The company's ability to diversify its customer base, going forward, would be crucial to achieve further growth.

Robust financial risk profile, characterised by healthy debt coverage metrics – The company's revenues have grown over the years to Rs. 501 crore in FY2025. The operating profit margins are also healthy and have improved over the past few years owing to increasing share of own fleet, which commands higher margins. Consequently, the debt coverage metrics remain comfortable with an interest coverage of 5.9 times in FY2025 and Total debt to operating profits of 1.6 times as on March 31, 2025. The coverage indicators are expected to remain comfortable owing to healthy profitability and scheduled repayment of long-term debt.

Credit challenges

Working capital intensive nature of operations due to elongated receivable cycle; limited buffer in working capital facilities – The company's operations are working capital intensive, as reflected by NWC/OI of 19% owing to receivable days of 70 in FY2025. The company pays upfront to suppliers, resulting in limited cushion in working capital limits. The company had limited buffer in working capital facilities (cushion of only Rs. 7 crore in fund-based limits as on July 31, 2025). Timely enhancement of fund-based limits, resulting in improved liquidity cushion, would be monitored.

Intense competition limits pricing flexibility; exposure to cyclicity in end-user demand – The logistics industry faces intense competition and constrained margins due to low entry barriers. The company competes with a number of players, both organised and unorganised, apart from players in other segments like rail, warehousing etc. The margins also depend on the extent of charges paid for hired fleet. The entity is also exposed to cyclicity in various industries.

Environmental and Social Risks

Environmental considerations: The company is primarily involved in transportation services, a highly competitive business and is thus sensitive to increases in costs, particularly that of fuel, and the cost of upgradation of fleet, in line with new emission technologies. TCIL remains exposed to strict regulatory standards, adversely impacting operating economics for fleet operators.

Social considerations: Transportation players have a healthy dependence on human capital, particularly drivers. Hence, retaining human capital and maintaining healthy relationships with the driver community for disruption free operations remain critical. TCIL focuses on safety through technology-driven driver management systems as a key component of its social responsibility. The company strives to offer a good work environment and imparts skill development by conducting routine training programmes, as well as awareness camps, for its drivers.

Liquidity position: Adequate

TCIL's liquidity position is adequate, characterised by undrawn lines of around Rs. 7 crore in its fund-based working capital limits as on July 31, 2025. The buffer along with expected cash flow from operations of Rs. 50-55 crore in the current fiscal are expected to be adequate to fund its debt repayments of around Rs. 46 crore in FY2026, margin money requirements for its working capital and capital expenditure plans of Rs. 60-70 crore in FY2026.

Rating sensitivities

Positive factors – ICRA could upgrade the ratings if the company demonstrates a sizeable growth in its scale of operations along with a diversification in customer base, improving its liquidity position and credit metrics on a sustained basis.

Negative factors – ICRA could downgrade the ratings if the company witnesses a sharp decline in earnings or any material delay in receivables, resulting in a deterioration in its liquidity profile and credit metrics. Any major debt-funded capex, weakening its financial risk profile on a sustained basis will also be monitored. A specific credit metric for ratings downgrade includes Total Debt to operating profit of more than 2.3 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of Tejas Cargo India Limited. As on March 31, 2025, the company had one subsidiary that is enlisted in Annexure-2.

About the company

Tejas Cargo India Limited, incorporated in 2021, is a logistics company operating under full truck load. Headquartered in Faridabad, Haryana, the company owns and manages a fleet of trucks and trailers that serve a diverse range of industries across India including logistics, e-commerce, steel and cement, among others. As of now, Tejas Cargo operates on a pan-India basis through an established network of 27 branches, each equipped with vehicle placement, loading, and unloading. The entity is listed on NSE SME platform since February 2025.

Key financial indicators(audited)

Consolidated	FY2024	FY2025
Operating income	421.0	503.9
PAT	13.2	19.1
OPBDIT/OI	16.0%	19.7%
PAT/OI	3.1%	3.8%
Total outside liabilities/Tangible net worth (times)	3.3	1.1
Total debt/OPBDIT (times)	2.4	1.6
Interest coverage (times)	6.3	5.9

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Amount in Rs. crore

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current ratings (FY2026)				Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs crore)	10-Sep-2025	Date	Rating	Date	Rating	Date	Rating
Fund Based-Cash Credit	Long Term	90.00	[ICRA]BBB+ (Stable)	-	-	-	-	-	-
Fund Based-Term Loan	Long Term	89.00	[ICRA]BBB+ (Stable)	-	-	-	-	-	-
Non-fund Based-Bank Guarantee	Short Term	21.00	[ICRA]A2	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long Term-Fund Based-Term Loan	Simple
Short Term-Non Fund Based-Bank Guarantee	Very Simple
Long Term-Fund Based-Cash Credit	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Long Term-Fund Based-Term Loan	FY2024	NA	FY2031	89.00	[ICRA]BBB+(Stable)
NA	Short Term-Non Fund Based-Bank Guarantee	NA	NA	NA	21.00	[ICRA]A2
NA	Long Term-Fund Based-Cash Credit	NA	NA	NA	90.00	[ICRA]BBB+(Stable)

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Company Name	TCIL Ownership	Consolidation Approach
Tejas Carriers Solutions Private Limited	99.99%	Full Consolidation

Source: Company

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