

September 24, 2025

## TCI Express Limited: Rating reaffirmed

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Commercial Paper	25.00	25.00	[ICRA]A1+; reaffirmed
<b>Total</b>	<b>25.00</b>	<b>25.00</b>	

\*Instrument details are provided in Annexure I

### Rationale

The rating reaffirmation factor in the expectation of steady operational performance of TCI Express Limited (TCI Express) in the express distribution business, benefitting from its established brand strength, geographical diversification, integrated operations and continued focus on investments in infrastructure and technology.

The company reported operating revenues of Rs. 1,208.3 crore in FY2025 (YoY decline of 3.6%) and Rs. 286.8 crore in Q1 FY2026 (YoY decline of 2.1%), constrained to an extent by weak load availability. Its operating profit margin also moderated to 10.3% in FY2025 from 14.9% in FY2024 owing to the inflationary pressures, which resulted in higher toll costs and labour charges, as well as expenses being borne towards scaling-up new business verticals. The company was not able to fully pass on the increase in costs. Going forward, an expectation of improvement in industrial activity, leading to better load availability for the company, is likely to help it record moderate revenue growth over the medium term. The margins are also likely to improve aided by price hikes, improved utilisation levels and better operational efficiencies. Further, incremental revenues from the company's new service offerings (rail express, C2C express, etc.) along with a gradual structural shift towards organised fleet operators especially after the implementation of goods and service tax (GST), e-way bill and national logistics policy (NLP), are also expected to support its growth prospects.

TCI Express continues to have a healthy proportion of contracted business (~70% of overall revenues), which provides adequate revenue visibility, even as the fragmented nature of its business results in stiff competition. Although the company's presence is limited to the express distribution business, it enjoys diversified customer and segment profiles, which insulate its business to an extent from demand downturn in any industry. The rating also favourably factors in its strong financial risk profile, characterised by a conservative capital structure, strong liquidity profile (Rs. 130-135 crore as on June 30, 2025), robust return and debt coverage indicators (interest coverage ratio of 95.2 times in FY2025). TCI Express has capex plans of Rs. 80-100 crore per annum for FY2026 and FY2027 to strengthen its infrastructure along with automating and expanding the company-owned/operated sorting centres. The capex is likely to be primarily funded through its expected cash accruals, thereby minimising its dependence on external borrowings. Additionally, the working capital intensity in the business continues to be at moderate levels, which helped the company maintain a strong liquidity profile. ICRA would continue to monitor the company's ability to manage its working capital cycle and liquidity profile, as its operations scale-up further.

Further, given its asset-light model, the company does not own any fleet and relies on the fleet hired from attached business vendors. This provides the company with the flexibility to manage fleet requirements during any downturn and helps it retain the return indicators.

## Key rating drivers and their description

### Credit strengths

**Wide network and established brand strength in the express distribution business** – TCI Express has an established brand strength and a strong distribution network on a pan-India basis, offering last-mile connectivity to its customers. The company operates through a hub-and-spoke model, with 28 express sorting centres (owned-8, leased- 20) spread across the country acting as hubs, and various distribution centres acting as spokes to optimise on costs. It has been expanding its geographical reach over the past few years and had 970+ branches as of June 2025. The company further benefits from the established relationships with its customers and truck vendors and timely upgradation of physical and IT infrastructure, which enable its customers to track their shipments in real time.

**Asset-light model with dependence on attached fleet, helps in minimising idle capacity during any downturns** – The company does not have any fleet on its books. In the absence of any owned fleet, the business relies on 5,500+ containerised vehicles from attached business vendors and associates to meet its customers' requirements. The asset light nature of its operations helps it save high fixed costs (related to fleet) in the event of any business downturn, helping TCI Express maintain healthy profit margins.

**Diversified customer base insulates business from downturn in any end-user industry** – TCI Express has a diversified customer base, which has remained stable over the years with the top 10 customers accounting for 10.7% of the revenue in FY2025. The business also caters to various industries such as pharmaceuticals (revenues share of ~18% in FY2025), automotive (~17%), machinery (~11%), engineering and telecom (7.5%), textiles (~8%). The business mix insulates the company from any downturn in demand in any industry, providing healthy revenue visibility.

**Healthy profitability and return indicators; strong financial risk profile** – The company has a strong financial risk profile, characterised by healthy return and profitability metrics, a conservative capital structure and strong debt coverage metrics. The company had no outstanding debt on its books as on March 31, 2025 (apart from lease liabilities of Rs. 9.9 crore). A conservative capital structure has aided it in maintaining robust debt coverage indicators, with the company having interest coverage of 95.2 times in FY2025 and TOL/TNW of 0.2 times as on March 31, 2025. The company plans to incur significant capex of Rs. 80-100 crore per annum in FY2026 and FY2027 likely to be funded through internal accruals and surplus liquidity, helping it keep its dependence on external debt low.

### Credit challenges

**Profitability susceptible to increase in vehicle hire charges and ability to pass on variation in fuel prices** – TCI Express remains exposed to fluctuation in hire charges for market vehicles. Rates are primarily dependent on the demand-supply position. As the company enters freight contracts with various customers (estimated to account for ~70% of the overall business), its ability to pass on any variation in fuel prices remains critical in maintaining its profit margins.

**Intense competition from organised and unorganised players, given fragmented nature of industry** – The express distribution business is highly fragmented as the unorganised segment accounts for a major part of the business. While there exists a significant opportunity for organised players to scale-up their businesses especially after GST implementation, the fragmented nature of the industry results in stiff competition, exerting pressure on the profit margin during renewal of contracts. TCI Express has mitigated this risk to an extent, benefitting from the established long-term relationships with its customers and timely upgradation of physical and IT infrastructure.

## Environmental and social risks

**Environmental considerations:** The company is primarily engaged in logistics and transportation services, a highly competitive business and thus sensitive to increases in costs, particularly fuel costs, and the cost of upgradation of fleet in line with new emission technologies. As road freight transport accounts for a material proportion of emissions, the industry remains exposed to impact of regulatory standards becoming more stringent. In this regard, even as TCI Express operates on an asset-light model, thereby mitigating the risk of upgradation of fleet to a large extent, it still remains exposed to adverse movement in operating economies for fleet operators. The company has been expanding its scale of services through alternative mode of transportation such as railways, which is relatively efficient and environmentally friendly.

**Social considerations:** Transportation players have a healthy dependence on human capital, particularly drivers. Hence, retaining human capital and maintaining healthy relations with the driver community for disruption-free operations remains critical; the absence of the same can have a material impact on the operations and earnings of the entity. TCI Express continues to undertake several initiatives to provide training programme for drivers, making them aware of road safety norms and better fuel efficiency measures. It has also undertaken various initiatives in the areas of health, education, sports and community development, while promoting women engagement and providing safety and skill-upgradation training to its employees.

## Liquidity position: Strong

TCI Express' liquidity position remains strong led by expectation of healthy cash flow from operations, sizeable cash balances (Rs. 130-135 crore as on June 30, 2025) and adequate buffer of Rs. 40-45 crore in working capital facilities owing to marginal utilisation. It does not have any long-term borrowing on its books. It has planned capex of Rs. 80-100 crore/annum towards automation and capacity expansion of its sorting centres against the available sources of funds. ICRA expects TCI Express to be able to meet its capex and other near-term commitments through internal accruals and surplus liquidity.

## Rating sensitivities

**Positive factors** – Not Applicable

**Negative factors** – Pressure on the rating could arise if an increase in the working capital intensity owing to an elongation in the receivable cycle, or any major debt-funded capex, results in a deterioration in the company's liquidity position and debt coverage metrics. Specific metric for rating downgrade includes total Debt/OPBDITA of more than 1.5 times on a sustained basis.

## Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a>
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the rating, ICRA has considered the consolidated financials of TCI Express, details of which are enlisted in Annexure II

## About the company

TCI Express Limited (TCI Express) was formed after the demerger of the express distribution (XPS) division of Transport Corporation of India (TCI) into a separate company. The company is an express cargo logistics player, which mainly does surface transportation. TCI caters to the non-document segment (1-40 kg) through road, rail and air modes and follows an asset-light model, without any owned fleet. The company has a pan-India network with more than 970 branches, 28 sorting centres and an attached fleet size of 5,500+ containerised vehicles. The company has a diversified customer base, which has remained

fairly stable over the years. The business caters to various industries such as pharmaceuticals, automotive, machinery, engineering, electronics, textile and lifestyle products.

TCL, incorporated in 1958, is one of the largest organised logistics companies in India, with a nationwide reach. The demerger of the express distribution business of TCL was approved by its board of directors in its meeting held on October 8, 2015.

#### Key financial indicators (audited)

TCL Express (consolidated)	FY2024	FY2025	Q1 FY2026*
Operating income	1,253.8	1,208.3	286.8
PAT	131.7	85.8	19.5
OPBDIT/OI	14.9%	10.3%	9.9%
PAT/OI	10.5%	7.1%	6.8%
Total outside liabilities/Tangible net worth (times)	0.2	0.2	-
Total debt/OPBDIT (times)	0.1	0.1	-
Interest coverage (times)	127.4	95.2	-

Source: Company, ICRA Research; \*Limited Results; All ratios as per ICRA's calculations; Amount in Rs. crore  
PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

#### Status of non-cooperation with previous CRA: Not applicable

Any other information: None

#### Rating history for past three years

Current (FY2026)				Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Sep 24, 2025	Date	Rating	Date	Rating	Date	Rating
Commercial paper	Short-term	25.00	[ICRA]A1+	Sep 12, 2024	[ICRA]A1+	Sep 26, 2023	[ICRA]A1+	Sep 14, 2022	[ICRA]A1+

#### Complexity level of the rated instruments

Instrument	Complexity indicator
Commercial paper	Very 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	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Commercial Paper				25.00	[ICRA]A1+

Source: Company

**Annexure II: List of entities considered for consolidated analysis**

Company name	TCI Express ownership	Consolidation approach
TCI Express Limited	100% (rated entity)	Full consolidation
TCI Express Pte. Ltd	100%	Full consolidation

Source: Company annual report

## ANALYST CONTACTS

**Jitin Makkar**

+91 124 4545 368

[jitinm@icraindia.com](mailto:jitinm@icraindia.com)

**Srikumar Krishnamurthy**

+91 44 45964318

[ksrikumar@icraindia.com](mailto:ksrikumar@icraindia.com)

**Rohan Kanwar Gupta**

+91 124 4545808

[rohan.kanwar@icraindia.com](mailto:rohan.kanwar@icraindia.com)

**Astha Bansal**

+91 124 4545342

[astha.bansal@icraindia.com](mailto:astha.bansal@icraindia.com)

## RELATIONSHIP CONTACT

**L. Shivakumar**

+91 22 6114 3406

[shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

## MEDIA AND PUBLIC RELATIONS CONTACT

**Ms. Naznin Prodhani**

Tel: +91 124 4545 860

[communications@icraindia.com](mailto:communications@icraindia.com)

## HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

[info@icraindia.com](mailto:info@icraindia.com)

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## ICRA Limited



### Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



### Branches



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