

October 31, 2025 ^(Revised)

Transport Corporation of India Limited: Rating reaffirmed for bank facilities; commercial paper rating reaffirmed and withdrawn

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term fund-based – term loan	200.00	200.00	[ICRA]AA (Stable); reaffirmed
Commercial paper (CP) programme	150.00	150.0	[ICRA]A1+; reaffirmed and withdrawn
Total	350.00	350.00	

*Instrument details are provided in Annexure I

Rationale

The rating reaffirmation factors in the expectation of continuation of Transport Corporation of India Limited's (TCIL) healthy operating performance, aided by its established position as a leading integrated logistics player in India across the value chain. The company continues to maintain a strong financial risk profile, characterised by negative net debt position and strong credit metrics. TCIL's market leadership position in the organised segment, its vast distribution network, along with an asset-light model in the freight division, have helped it counter business downturns and maintain a stable financial profile. The company operates across multiple segments of the logistics industry, including transportation, warehousing, and supply chain management. Additionally, with its presence across various modes of transportation like roadways, railways and seaways, TCIL offers multi-modal services to customers.

The company's revenue grew 11.5% on a YoY basis to Rs. 4,507.9 crore in FY2025 and 9.0% YoY to Rs. 1,139.3 crore in Q1 FY2026, aided by steady performance across all divisions. Its operating profitability margin (OPM) remained steady at 10.6% in FY2025 (same as FY2024) and Q1 FY2026. While the PBIT margin in the seaways division rose sharply to 32.3% in FY2025 against 25.1% in FY2024 led by steady freight rates, the PBIT margin in the freight division remained relatively muted at 2.6% in FY2025 (3.2% in FY2024) due to the subdued volumes and higher fixed costs. Going forward, the company's overall scale of operations and margins are expected to gradually improve on account of an increase in volumes, controlled cost structure and an increase in the more profitable less-than-truckload (LTL) business. The company has significant capex plans in FY2026 as it plans to incur Rs. 400-450 crore towards warehousing, fleet expansion in the supply chain division as well as buying two new ships (delivery likely by Q1 FY2027). The capex is to be funded largely through internal accruals with low dependence on external debt, thus helping it maintain healthy debt metrics.

While the fragmented nature of the transportation business leads to stiff competition, TCIL's integrated and diversified business profile and customer base, coupled with a healthy share of contracted business, provides adequate revenue visibility. Additionally, there continues to be a gradual shift in preference towards organised players in the transportation business since the implementation of the GST and e-way bills. ICRA notes that TCI has several subsidiaries/joint ventures, the key among them being TCI-CONCOR Multimodal Solutions Pvt. Ltd. (49% shareholding by Container Corporation of India Ltd.; offers multi-modal rail-road container services) and TCI Cold Chain Solutions Limited (20% shareholding with Mitsui & Co. Ltd., Japan; integrated cold chain services for temperature-controlled warehousing and distribution services). Additionally, it has a joint venture- Transystem Logistics International Pvt. Ltd. (logistical partner for Toyota Kirloskar and other Japanese companies), in which the company holds 49% with remaining 51% owned by Mitsui & Co., Japan.

The scale of operations of the joint ventures has been improving over the years, thereby further strengthening the business risk profile of TCIL.

The company's operations are working capital intensive in nature, characterised by an elongated receivable cycle, especially in the freight and supply chain solutions (SCS) divisions. Its receivable days have remained in the range of 54-60 days in the previous three fiscals. ICRA notes that TCIL has continued to focus on improving its collections to ensure healthy cash flows. It is expected to maintain a strong liquidity profile, on the back of healthy retained cash flows and low utilisation of its working capital limits. Nevertheless, ICRA continues to monitor the company's ability to manage its receivables and working capital cycle, as any significant deterioration in the same can impact its liquidity profile or credit metrics adversely.

The Stable outlook reflects ICRA's opinion that despite the company's capex plans, an expectation of healthy cash accruals will help the company maintain a comfortable financial risk profile with limited dependence on debt.

ICRA has withdrawn the short-term rating of [ICRA]A1+ assigned to TCIL's CP programme. The rating is withdrawn in accordance with ICRA's policy on withdrawal at the request of the company. The CP was not placed and there is no amount outstanding against the same.

Key rating drivers and their description

Credit strengths

Leading integrated multi-modal logistics player, with presence across the logistics industry – TCIL is one of the leading integrated multi-modal logistics services providers in India, with an established presence throughout the country. The company operates across multiple segments of the logistics industry, including transportation, warehousing and supply chain management. Additionally, with its presence across various modes of transportation like roadways, railways and seaways, TCIL can offer multi-modal services to customers. Overall, its operations are organised into three main divisions—freight, SCS and Seaways, and it has been able to establish itself as a leading player in each of these segments.

Established track record of operations, wide network/ infrastructure and strong brand strength – The company has been in operations for more than six decades, managing an attached fleet of more than 10,000 trucks and trailers daily, along with and a wide distribution network (branch network of more than 1,000 company-owned offices). Also, there has been an increase in its warehousing footprint to around 16 million sqft (primarily leased) with 1 million sqft added in FY2025. The supply chain business has around 1,300 owned trucks with plans to add another 100-200 trucks in the near term. Supported by its large network and infrastructure, TCIL has established its position as a leading player in the logistics industry over the years.

Diversified customer base and high share of contracted business provide revenue visibility – TCIL has a diversified customer base, which has remained stable over the years. The company's SCS division generates 70-80% of its revenues from the automobile industry; while the freight division caters to various industries that account for a healthy share of its revenues. Although the fragmented nature of the transportation business leads to intense competition, TCIL continues to enjoy a healthy share of contracted business (especially in the SCS and seaways divisions). Coupled with its diversified customer mix, this insulates the business from any downturn in demand in any industry to an extent, thereby providing healthy revenue visibility.

Strong financial risk profile characterised by conservative capital structure and strong debt coverage indicators – Despite TCIL's debt levels marginally growing over the last two fiscals, it had debt of Rs. 242 crore and cash and liquid investments of Rs. 259 crore, as on March 31, 2025, resulting in a net negative debt position. The credit metrics also remained healthy in FY2025 with a gearing of 0.1 times (same as FY2024), Total debt/OPBITDA of 0.5 times (same as FY2024) and interest coverage ratio of 23.8 times (PY: 32.3 times). Despite a budgeted annual capex of Rs. 400-450 crore in FY2025 towards strengthening of its infrastructure (fleet, warehouses and ships), the estimated cash accruals are likely to help the company maintain a healthy financial risk profile, going forward.

Credit challenges

Intense competition in freight transportation constrains the division's profitability – TCIL's freight division, which remains asset-light in nature, continues to be exposed to fluctuations in hire charges for market vehicles, as the rates are primarily

dependent on the demand-supply position. Additionally, as the company enters freight contracts with customers, its ability to pass through any variation in fuel prices remains critical in maintaining its profit margin.

Elongated receivable cycle because of delays in payments from customers in freight and SCS divisions – The company's operations are working capital intensive in nature (NWC/OI of 15-17% over the years), characterised by an elongated receivable cycle, especially in the freight and SCS divisions. The company has, however, managed to improve its collection period over the years, which is expected to remain in the range of 54-56 days over the medium term.

Environment and Social Risks

Environmental considerations: The company is primarily involved in logistics and transportation services, a highly competitive business and is, thus, sensitive to increases in costs, particularly that of fuel and fleet upgradation, in line with new emission technologies. As road freight transport accounts for a material share of emissions, the industry remains exposed to the impact of regulatory standards becoming more stringent. In this regard, TCIL remains exposed to adverse movements in operating economies for fleet operators. The company also offers services through alternative modes of transportation such as railways and seaways, which results in efficient and environment friendly options.

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 continues to undertake several initiatives to provide training programmes for drivers, making them aware of road safety norms and initiating better fuel efficiency measures. It has also undertaken various initiatives in the areas of health, education, and community development, while promoting women's engagement and providing safety and skill upgradation training to its employees.

Liquidity position: Strong

TCIL's liquidity position remains strong, characterised by an expectation of steady cash flow from operations (around Rs. 350-450 crore), negligible utilisation of working capital limits (sanctioned WC limits of Rs. 265 crore as on March 31, 2025) and free liquidity of around Rs. 250 crore as on September 30, 2025. Against the available sources of cash, the company has planned capex of Rs 400-450 crore and debt repayment obligations of Rs. 25-30 crore (excluding lease liabilities) in FY2026 towards loans, which are expected to be met from a mix of internal accruals, existing cash balances and lines of credit.

Rating sensitivities

Positive factors – The long-term rating can be upgraded if the entity can record a healthy ramp-up in scale of operations along with an improvement in profitability, while maintaining healthy credit metrics and liquidity. The ability of the company to further diversify its business profile would also be considered favourably for a rating upgrade.

Negative factors – Pressure on the ratings could arise if a decline in the company's profitability or an increase in the working capital intensity led by an elongation in the receivable cycle, result in a deterioration in the liquidity position and debt coverage metrics. Significant debt-funded capex that exerts pressure on the credit metrics could also result in a downgrade. Specific credit metric for a rating downgrade includes Total Debt/OPBDITA of more than 1.0 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Policy on Withdrawal of Credit Ratings
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of TCIL. As on March 31, 2025, the company had eight subsidiaries, including step-down subsidiaries, one joint venture and one associate company, which are all enlisted in Annexure-II.

About the company

TCIL, incorporated in 1958, is one of the largest multimodal logistics and supply chain solution providers in India in the organised sector with a nationwide reach. It started as a conventional road transport company. After going public in 1974, TCIL diversified its activities into sea cargo movement by setting up TCI Seaways Ltd. In 1989, the TCI Group further diversified into surface cargo movement, on the express mode, by launching its express transportation service, GATI. However, in 1996, following the family division of assets among seven sons of the Late P. D. Agarwal, GATI was divested into a separate company.

TCIL has diversified its revenue streams over the years and at present operates through multiple divisions—freight, SCS and seaways, besides a smaller, wind power division. Till FY2016, it also operated an express cargo division (TCI XPS), which was demerged into a separate entity (the appointed date of demerger was March 31, 2016), and at present, the company has three primary divisions. On a consolidated basis, the company derived about 48% of its revenues from the freight division, followed by the SCS (around 39%) and seaways (nearly 13%) divisions.

TCI has several subsidiaries/joint ventures, the key among them being TCI-CONCOR Multimodal Solutions Pvt. Ltd. (49% shareholding with Container Corporation of India Ltd.; offers multi-modal rail-road container services) and TCI Cold Chain Solutions Limited (a 20% shareholding with Mitsui & Co. Ltd., Japan; integrated cold chain services to meet temperature-controlled warehousing and distribution services). Additionally, it has a joint venture- Transystem Logistics International Pvt. Ltd. (logistical partner for Toyota Kirloskar and other Japanese companies), in which the company holds 49% with remaining 51% owned by Mitsui & Co., Japan.

Key financial indicators (audited)

TCIL Consolidated	FY2024	FY2025
Operating income	4,041.2	4,507.9
PAT (excluding share of profit from JV's/associates)	278.6	329.4
PAT (including share of profit from JV's/associates)	354.5	419.0
OPBDIT/OI	10.6%	10.6%
PAT (excluding share of profit from JV's/associates)/OI	6.9%	7.3%
Total outside liabilities/Tangible net worth (times)	0.2	0.3
Total debt/OPBDIT (times)	0.5	0.5
Net debt/OPBDIT (times)	-0.5	0.0
Interest coverage (times)	32.3	23.8

Source: Company, ICRA Research; 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

Instrument	Type	Current rating (FY2026) Amount rated (Rs. crore)	Chronology of rating history for the past 3 years							
			FY2026		FY2025		FY2024		FY2023	
			Date	Rating	Date	Rating	Date	Rating	Date	Rating
1 Commercial Paper Programme	Short-term	150.0	Oct 31, 2025	[ICRA]A1+; Withdrawn	Oct 23, 2024	[ICRA]A1+	Oct 27, 2023	[ICRA]A1+	Oct 28, 2022	[ICRA]A1+
2 Term Loan	Long Term	200.00	Oct 31, 2025	[ICRA]AA (Stable)	Oct 23, 2024	[ICRA]AA (Stable)	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term fund-based – Term Loan	Simple
Commercial paper programme	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 Programme	Yet to be placed			150.00	[ICRA]A1+; reaffirmed and withdrawn
NA	Term Loan-I	FY2025	NA	FY2030	50.00	[ICRA]AA (Stable)
NA	Term Loan-II	FY2025	NA	FY2030	50.00	[ICRA]AA (Stable)
NA	Proposed Term Loan	NA	NA	NA	100.00	[ICRA]AA (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
Transport Corporation of India Limited	100.00% (rated entity)	Full Consolidation
TCI Global (Singapore) Pte Ltd.	100.0%	Full Consolidation
TCI Holdings Asia Pacific Pte. Ltd.	100.0%	Full Consolidation
TCI Middle East Logistics Services L.L.C.	100.0%	Full Consolidation
TCI Bangladesh Limited	100.0%	Full Consolidation
TCI Nepal Private Limited	100.0%	Full Consolidation
TCI-CONCOR Multimodal Solutions Private Limited	51.0%	Full Consolidation
TCI Cold Chain Solutions Limited	80.0%	Full Consolidation
TCI Chemlog Pvt. Ltd.	100.0%	Full Consolidation
Transsystem Logistics International Pvt. Ltd.	49.0%	Equity Method
Cargo Exchange Private Limited	32.5%	Equity Method

Source: TCIL annual report FY2025; ICRA has considered the consolidated financials

Corrigendum

The withdrawal link has been added under the applicable rating methodologies in the Analytical approach section.

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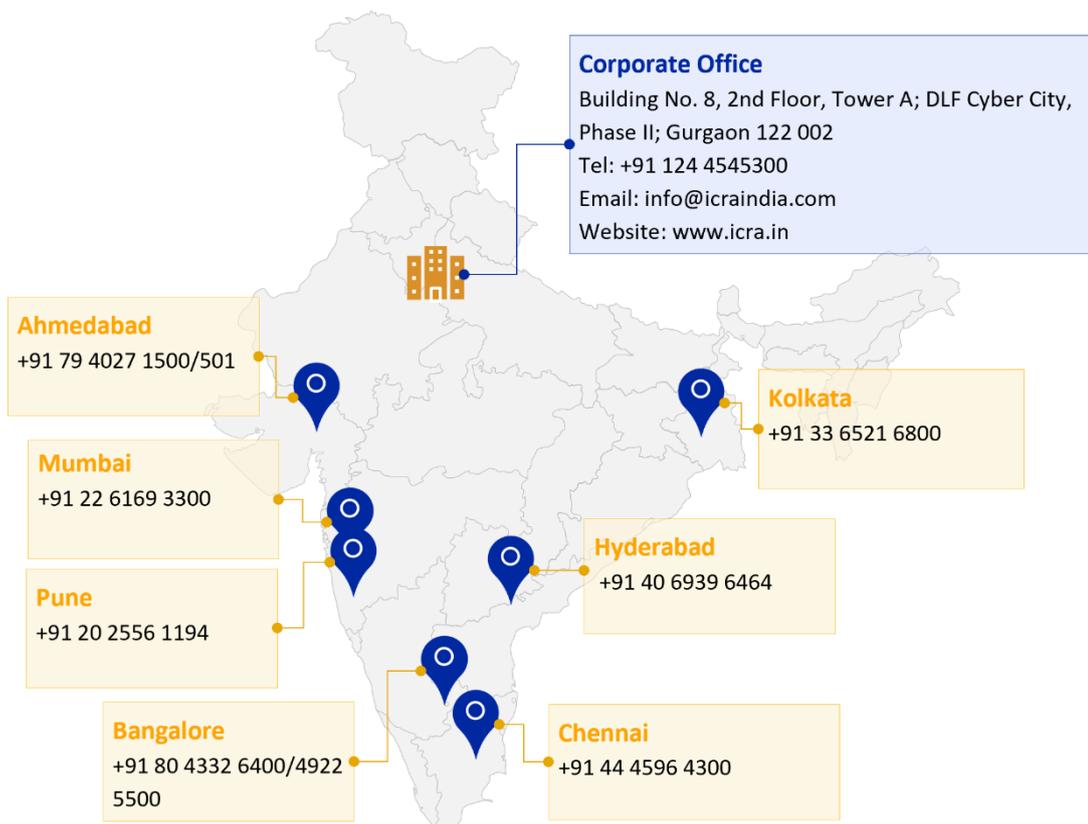
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