August 31, 2026

Sugam Parivahan Private Limited.: Ratings downgraded to [ICRA]BBB (Stable)/ [ICRA]A3+

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial Sector Regulator#
Long-term – Fund-based – Cash credit	9.05	12.00	[ICRA]BBB (Stable); downgraded from [ICRA]BBB+ (Stable)	RBI
Long-term – Fund-based – Term loan	7.65	7.00	[ICRA]BBB (Stable); downgraded from [ICRA]BBB+ (Stable)	RBI
Long-term/Short-term – Unallocated limits	3.30	1.00	[ICRA]BBB (Stable)/[ICRA]A3+; downgraded from [ICRA]BBB+ (Stable)/[ICRA]A2	RBI
Total	**20.00**	**20.00**		

**Instrument details are provided in Annexure I*

 # SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

Rationale

The ratings downgrade factors in the sustained weakening in the profitability and rising debt level of Sugam Parivahan Private Limited. (SPPL) over the past few years, with profitability estimated to remain subdued in FY2026 as well. The deterioration in profitability is primarily attributable to elevated cost pressures arising from the political unrest in Nepal and intensified competitive pressures across the company's key operating geographies. SPPL sources nearly 50% of its revenues from Nepal, and both its road logistics and warehousing segments were adversely impacted during the period of disruption. The company's warehousing operations near the India-Nepal border witnessed lower utilisation levels, with rented warehouse capacities remaining underutilised due to subdued trade movement, thereby exerting additional pressure on operating profit margins (OPM). While ICRA notes that demand conditions have improved following the settlement of the political unrest in Nepal, profitability is expected to stay vulnerable to heightened competitive intensity and increased overheads. The ratings continue to be constrained by SPPL's modest scale of operations, notwithstanding the moderate revenue growth witnessed in FY2026 following the recovery in demand after the normalisation of Nepal-India cross-border trade activities. The company's financial risk profile has moderated over the last two years owing to the combined impact of declining profitability and increased leverage. In FY2025, SPPL undertook capital expenditure (capex) of approximately Rs. 13.0 crore towards the acquisition of an office building, funded partly through a loan against property (LAP) of Rs. 7.65 crore. The resulting increase in debt levels, coupled with subdued earnings generation, has exerted pressure on the company's debt coverage indicators and overall credit metrics.

The ratings also remain constrained by the limited share of long-term contractual business despite SPPL's established relationships with its clientele. Furthermore, the company's profitability continues to be susceptible to fluctuations in fuel prices, toll charges and other operating expenses, particularly those costs that cannot be fully passed on to customers in a timely manner, thereby exposing margins to adverse cost movements.

The ratings, however, favourably factor in the established track record of the company's operations, its widespread network and the promoters' extensive experience in the road logistics industry. ICRA also notes its established relationships with customers and efforts to expand its geographical presence and diversify further with its warehousing business. Further, given its asset-light model of operations, the company mainly relies on the fleet hired from the spot market. This provides some flexibility to manage its fleet requirements and profitability during downturns.

The Stable outlook on the long-term rating reflects ICRA's expectation that SPPL will be able to sustain its business scale over the medium term, supported by its initiatives to expand its presence into new geographies. Moreover, the company's financial risk profile and credit metrics are likely to remain broadly stable, aided by the absence of any significant debt-funded capex.

Key rating drivers and their description

Credit strengths

Extensive experience of promoters and diversified customer base – SPPL benefits from the extensive experience of its promoters in the road logistics industry and its long-standing relationships with clients. It derives revenues from a diversified customer base across various industry segments, mitigating revenue decline due to any industry-specific downturn. Further, the company has maintained healthy relationships with other fleet owners as well, which is a very important part of the business model as most of the trucks plying on the road are hired from the spot market.

Asset-light model of operations – SPPL has an asset-light business model, with an in-house fleet of 11 trucks out of the total 200-250 vehicles plying on the road. A large part of the requirement is met through the fleet hired from the spot market. The asset-light model helps in saving on fixed costs (related to fleet) and reduces the idle capacity during business downturn.

Expanding geographical presence – SPPL had started its operations in Bangladesh, but due to economic instability, it could not establish its business. Currently, some business has started with Bangladesh, wherein Sugam is responsible for transportation up to the India-Bangladesh border and transportation within Bangladesh is handled by a local entity. The company's existing area of operations includes Indian territory with a focus on the northeastern region as well as Nepal.

Credit challenges

Weakening financial profile due to low earnings and rising debt level – SPPL's financial risk profile has weakened over the past few years owing to a sustained moderation in profitability, coupled with rising debt levels. The decline in earnings has been caused by pressure on operating margins which is estimated at 80-90 bps in FY2026 from FY2024 arising from heightened competition, elevated operating costs and disruptions in business activity in FY2026 due to political unrest in Nepal, which is a key market. Further, the company's leverage increased following the debt-funded acquisition of an office building in FY2025, wherein it availed an LAP of Rs. 7.65 crore to partly fund the investment. Consequently, the debt coverage indicators and credit metrics have moderated due to lower cash accruals and higher debt obligations. While the absence of any major debt-funded capex plans is expected to support the credit profile over the medium term, SPPL's ability to improve profitability, strengthen cash generation and maintain a prudent capital structure will remain crucial from a credit perspective.

Moderate scale in a highly competitive and fragmented market – SPPL operates at a moderate scale in the domestic logistics and transportation industry, which remains highly fragmented and characterised by intense competition from numerous organised and unorganised players. The competitive landscape limits its pricing flexibility and ability to materially develop its market share, thereby constraining margin expansion. Nevertheless, supported by the recovery in demand following the normalisation of trade activities with Nepal, the company is estimated to achieve a moderate revenue growth of 5-7% in FY2026 on a consolidated basis.

Business operations remain vulnerable to economic downturns – The company remains vulnerable to economic downturns as they can adversely impact the movement of goods through a decline in consumption levels. It is further exposed to significant fluctuations in hire charges for market vehicles as the rates are primarily dependent on the demand-supply dynamics. It is also vulnerable to the volatility in fuel prices. SPPL's ability to limit delays in pass-through of large variations in fuel prices remains critical for maintaining its profit margins.

Liquidity position: Adequate

SPPL's liquidity position remains Adequate, supported by comfortable cash/bank balance and moderate working capital utilisation. As on March 31, 2026, the company had free cash and bank balances of around Rs. 5.1 crore, along with investments in mutual funds and equity instruments of approximately Rs. 15 crore. It has modest repayments which can be repaid through internal accruals. Further, SPPL maintained moderate utilisation of its working capital facilities, with average utilisation of 60-65% of the total sanctioned fund-based limits of Rs. 13.7 crore during the 12-month period ended on March 31, 2026. ICRA also notes that the company's planned capex of Rs. 3-4 crore in FY2027 is relatively modest in nature and is expected to be funded through internal cash generation and available liquidity reserves.

Rating sensitivities

Positive factors – ICRA may upgrade the ratings if the company demonstrates a healthy improvement in its scale and profitability, while maintaining adequate liquidity and comfortable debt protection metrics on a sustained basis.

Negative factors – Pressure on the ratings could arise if there is a material deterioration in scale and profitability resulting in the sustained weakening of the liquidity position and debt coverage metrics. Additionally, any further investment in debt-funded capex or a sizeable dividend payout, impacting the company's credit metrics and liquidity will be negative triggers. A specific credit metric for ratings downgrade includes Total Debt/OPBDITA of more than 2.8 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	The ratings are based on the consolidated financial profile of the company as per details mentioned in Annexure II.

About the company

Sugam Parivahan Private Limited (SPPL) was founded in 1987 by Late K. V. Mittal and his son, Late Naveen Mittal. At present, the company is managed by Mr. Kaustubh Mittal, the son of Late Naveen Mittal. SPPL provides logistics solutions through road transport for various entities in the fast-moving consumer goods (FMCG) and steel sectors. The company is present across India, Nepal, Bhutan and Bangladesh. It has more than 200 offices and a pan-India network with 650 employees. The company owns a fleet of 11 vehicles and over a million square feet of warehousing facilities.

Key financial indicators (audited)

Sugam Parivahan Private Limited (consolidated)	FY2024	FY2025
Operating income (OI)	223.3	266.5
PAT	6.7	8.2
OPBDIT/OI	3.4%	3.1%
PAT/OI	3.0%	3.1%
Total outside liabilities/Tangible net worth (times)	0.4	0.4
Total debt/OPBDIT (times)	0.7	1.3
Interest coverage (times)	10.8	9.0

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

Instruments	Current (FY2027)			Chronology of rating history for the past 3 years					
				FY2026		FY2025		FY2024	
	Type	Amount rated (Rs. crore)	Aug 31, 2026	Date	Rating	Date	Rating	Date	Rating
Fund-based – Cash credit	Long term	12.00	[ICRA]BBB (Stable)	May 21, 2025	[ICRA]BBB+ (Stable)	Apr 29, 2024	[ICRA]BBB+ (Stable)	-	-
Fund-based – Term loan	Long term	7.00	[ICRA]BBB (Stable)	May 21, 2025	[ICRA]BBB+ (Stable)	Apr 29, 2024	[ICRA]BBB+ (Stable)	-	-
Non-fund based	Short term	-	-	-	-	Apr 29, 2024	[ICRA]A2	-	-
Unallocated limits	Long term/ Short term	1.00	[ICRA]BBB (Stable)/ [ICRA]A3+	May 21, 2025	[ICRA]BBB+ (Stable)/ [ICRA]A2	-	-	-	-
Unallocated limits	Long term	-	-	-	-	Apr 29, 2024	[ICRA]BBB+ (Stable)	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund-based – Cash credit	Simple
Long-term – Fund-based – Term loan	Simple
Long-term/Short-term – Unallocated limits	Not applicable

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	Financial Sector Regulator#
NA	**Long-term – Fund-based – Cash credit**	NA	NA	NA	12.00	[ICRA]BBB (Stable)	RBI
NA	**Long-term – Fund-based – Term loan**	FY2025	9.5-10%	FY2035	7.00	[ICRA]BBB (Stable)	RBI
NA	**Long-term/Short-term – Unallocated limits**	NA	NA	NA	1.00	[ICRA]BBB(Stable)/ [ICRA]A3+	RBI

Source: Company

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Please Click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis

Company name	Ownership	Consolidation approach
Sugam Express Private Limited	99.99%	Full consolidation
Sugam Supply Chain Private Limited	100%	Full consolidation
Sugam Logistic Nepal Private Limited	100%	Full consolidation

Source: Company

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ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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