

## Allcargo Logistics Limited

December 09, 2024

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Non-convertible debentures	200.00	CARE AA-(RWN)	Downgraded from CARE AA; Continues to be on Rating Watch with Negative Implications
Commercial paper	250.00	CARE A1+(RWN)	Continues to be on Rating Watch with Negative Implications

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

Revision in long-term rating of Allcargo Logistics Limited (ALL) reflects significant moderation in its financial risk profile marked by decline in its operating profitability (profit before interest, lease rentals, depreciation, and taxation [PBILDT] margin reducing to 3.29% in H1FY25 from 4.20% in FY24 and 6.73% in FY23), weakening capital structure marked by its overall gearing increasing to 1.86x as at end-FY24 from 0.66x as at end-FY23. Moderation in operating profitability was essentially due to weak performance of International Supply Chain (ISC) business due to geopolitical tensions, including the Russia-Ukraine war and the Middle East unrest, adversely affecting global trade and demand. Moderation in capital structure was essentially considering rise in its working capital requirement on increase in freight rates and recently concluded debt funded acquisitions.

Ratings continue to derive strength from the company's established position being India's largest and leading operator in the international supply chain container and surface transport business, its integrated operations with a diversified income profile, its strong global presence, network and its strong liquidity.

Rating strengths continue to remain tempered by ALL's operations susceptible to EXIM trade volumes, freight rates volatility, intensifying competition in multimodal transport operations (MTO) and surface transport businesses.

Ratings continue to remain on 'Rating watch with negative implications' due to ongoing composite scheme of arrangement for restructuring businesses of ALL and Allcargo Gati Limited (AGL). Per the scheme, ISC business, which contributes over 85% of ALL's revenue and earnings before interest, taxation, depreciation, and amortisation (EBITDA) will be demerged as a separate entity, Allcargo ECU Limited. (AEL). This would include India part of ISC business and international subsidiaries held under the ECU Worldwide NV. The remaining entity, ALL, will hold the Express and Contract Logistics Business. Transfer of contract logistics and express logistics businesses will happen by amalgamation of Allcargo Supply Chain Private Limited (ASCPL- Contract logistics) and Gati Express & Supply Chain Private Limited (GES CPL- Express logistics) with Allcargo Gati Limited. AGL (Contract logistics and express business) will merge with ALL. ALL expects the scheme to be approved by NCLT by April 2025. CARE Ratings will continue to monitor developments on this scheme and will take a view on ratings once there is fair amount of clarity on the impact of this scheme on the business and financial profile and all requisite approvals are in place.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Ability to achieve growth in scale of operations and increase its market share, with improvement in the profit before interest, lease rentals, depreciation and taxation (PBILDT) margin above 7%.
- Continued improvement in the debt metrics, with overall gearing below 1x on a sustained basis.

#### Negative factors

- Unprecedented increase in the debt or aggressive debt-funded acquisition, resulting in overall gearing above 2x (including lease liabilities).
- Sustained slowdown in trade volumes arising from the distressed economic scenario, resulting in degrowth across business segments.

### Analytical approach: Consolidated

For arriving at ratings, CARE Ratings has considered ALL's consolidated financials owing to related businesses and strong financial and operational linkages with its subsidiaries as well as common management. Subsidiaries consolidated, as on March 31, 2024, is listed under Annexure-6.

### Detailed description of key rating drivers:

<sup>1</sup>Complete definition of ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Limited's publications.

## Key strengths

### Established track record and experienced management

ALL is headed by Shashi Kiran Shetty, who has over three decades of experience in the logistics business. He served as a former trustee of the Mumbai Port Trust (MPT) and as the chairman of the Association of Multimodal Transport Operations of India (AMTOI). Experienced in the logistics sector, he guided the Allcargo group's entry into verticals that include container freight stations in 2003, contract logistics in 2016, and logistic parks in 2018. In 2005, he steered acquisition of the global non-vessel operating common carrier ECU-Line (now ECU Worldwide). Several other successful mergers and acquisitions (M&As) have been carried out under his leadership in the past decade, which include Gati in 2020 and Nordicon in 2021. The promoter is supported by a vastly experienced management team.

### Strong market position in the international supply-chain business

ALL is a leading global operator with a strong and established position in the international supply chain business and an expansive global presence. As the largest player in the less-than container load (LCL) consolidation industry, ALL holds approximately 15% of the global market share, having consistently outpaced international trade volume growth through market share gains and improved efficiency.

The Allcargo group operates 300 offices across over 180 countries, covering ~4,000 port pairs, making it a top global LCL consolidator. With a robust domestic and international network, Allcargo provides comprehensive end-to-end logistics solutions.

### Diversified Business

Allcargo group spans multiple segments, including MTO, CFS, ICD, domestic mid-mile and last-mile logistics through Gati, and recently, Logistics Parks (LPs). Gati's extensive reach vertically integrates with the international supply chain business, enhancing the group's ability to offer comprehensive transportation and logistics solutions to a diverse clientele, strengthening its business risk profile. Allcargo provides contract and e-commerce logistics solutions. The group previously operated in domestic CFS/ICD, and warehousing, which have now been de-merged into two new entities. ALL, the flagship entity and top revenue contributor, operates domestically under the 'Allcargo' brand. Internationally, it is represented by its wholly owned subsidiary, ECU worldwide, which has a strong presence in APAC, Europe, and Americas.

### Liquidity: Strong

ALL's liquidity moderated in FY24 due to industry headwinds with increased freight rates and acquisitions made. ALL's free cash and liquid investments reduced to ₹559 crores as on March 31, 2024 (PY: ₹1,469 crore). There is sufficient cushion between scheduled debt repayment of ~₹200 crore in FY25 and expected GCA of ₹437 crore. Average utilisation of fund-based working capital limits for ALL stood at 38% for 12-months ended October 2024. CARE Ratings expects the working capital utilisation levels to be high in the near term as freight rates have been high in FY25. CARE Ratings expects ALL to continue maintaining substantial liquidity going forward. However, the company has a track record of carrying out regular M&A, with such large activity likely to impact the liquidity profile.

## Key weakness

### Logistics industry remains exposed to volatility in global export-import (EXIM) trade

The non-vessel owned common carrier (NVOCC) business is directly linked to global EXIM trade, and hence, a steep fall in it can weaken the business by constraining profitability per 20-foot equivalent unit. Sluggishness in EXIM trade in case of a steep fall in global trade can impact freight volumes, freight rates, and profitability.

### Moderation in operating performance and decline in profitability

ALL's operating performance declined in FY24 due to geopolitical events such as the Russia-Ukraine war and the Middle East unrest, which disrupted global trade and demand. Revenue dropped by 26.9% y-o-y to ₹13,188 crore, EBITDA fell to ₹554 crore from ₹1,215 crore in FY23 and EBITDA margin declining to 4.20% in FY24 from 6.73% in FY23, impacted by higher freight rates, severance and IT costs. The ISC segment, which will operate under AEL post-demerger, also faced challenges, with revenue declining by 31% to ₹11,259 crore and EBITDA dropping to 2.6% from 6.5% in FY23. Despite global economic challenges, ALL maintained stability in ISC trade volumes, with LCL volume at 8.8 million cbm and FCL volume at 6,046 ('00) TEUs in FY24.

Volumes have revived since Q2FY25, aligning with macroeconomic recovery expectations, and cost-optimisation measures are expected to improve profitability in H2FY25. However, the pace of recovery would be a key monitorable.

### Weakening of capital structure

In ALL's flagship ISC business, the need to purchase empty container space from shipping lines upfront has significantly increased working capital requirements. As a result, ALL's gross debt rose to ₹1,846 crore as of March 31, 2024 (PY: ₹1,180 crore), driven by higher freight rates and recent debt funded acquisitions. Lease liabilities also increased to ₹879 crore (PY: ₹474 crore). Its net-worth declined by ₹757 crore in FY24 on account of acquisition at a premium and adjusted reserves in line with IND AS. Consequently, overall gearing (including lease liabilities) increased to 1.86x (PY: 0.66x) leading to weakening capital structure.

## Environment, social, and governance (ESG) risks

### Environmental

- ALL has implemented a sustainability strategy focused on environment, social, and governance (ESG) and is prioritising efforts to reduce carbon emissions.
- By 2040, ALL is looking ahead to going carbon-neutral and to transition to 100% renewable sources for electricity consumption of all its owned facilities.

### Social

- ALL's CSR arm, Avashya Foundation, is working to bring about inclusive development across health, education, environment, women empowerment, sports, and disaster relief.
- The company has planted more than 710,000 trees through Avashya Foundation's Maitree initiative
- The company has 50% women in the workforce in its global subsidiary, ECU Worldwide and endeavours to achieve similar levels in other group companies

### Governance

- ALL has an adequate governance structure, with 50% of its board comprising independent directors, and extensive disclosure.

## Applicable criteria

[Consolidation](#)

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Service Sector Companies](#)

[Short Term Instruments](#)

## About the company and industry

### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Services	Services	Transport services	Logistics solution provider

ALL is an integrated logistics service provider and is the flagship company of the Allcargo Group. Incorporated in 1993 as a freight-forwarding agent, ALL became a multimodal transport operator in 1998 by offering logistic services, such as consolidation of LCL and full-container load cargo for exporters and importers. In 2006, the company acquired ECU Worldwide, which is one of the world's largest players in the LCL segment. ALL is also present in last-mile delivery. ALL's international operations mainly include the global MTO (LCL consolidation) business (carried out by ECU Worldwide and its subsidiaries). This segment is the largest contributor to the gross revenue for ALL. ALL is among the leading players in the global LCL consolidation market, with a strong network across more than 180 countries and over 300 offices covering over 4,000 port pairs across the world.

Brief Financials - Consolidated (₹ crore)	FY23 (A)	FY24(A)	H1FY25 (UA)
Total operating income	18,056	13,190	8,113
PBILDT	1,215	554	267
PAT	653	140	42
Overall gearing (times)	0.66	1.86	1.79
Interest coverage (times)	14.20	3.91	3.61

A: Audited; UA: Unaudited; Note: The above results are the latest financial results available.

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

**Any other information:** Not applicable

**Rating history for last three years:** Annexure-2

**Covenants of rated instrument / facility:** Annexure-3

**Complexity level of instruments rated:** Annexure-4

**Lender details:** Annexure-5

## Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Commercial Paper-Commercial Paper (Standalone)*	-	-	-	-	250.00	CARE A1+ (RWN)
Debentures-Non Convertible Debentures^	-	-	-	NA	200.00	CARE AA- (RWN)

\*Yet to be placed; ^Proposed.

## Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Commercial Paper-Commercial Paper (Standalone)	ST	250.00	CARE A1+ (RWN)	-	1)CARE A1+ (RWN) (03-Jan-24) 2)CARE A1+ (28-Sep-23)	1)CARE A1+ (04-Oct-22)	1)CARE A1+ (05-Oct-21)
2	Debentures-Non Convertible Debentures	LT	-	-	-	-	-	1)Withdrawn (05-Oct-21)
3	Debentures-Non Convertible Debentures	LT	-	-	-	-	-	1)Withdrawn (05-Oct-21)
4	Debentures-Non Convertible Debentures	LT	200.00	CARE AA- (RWN)	-	1)CARE AA (RWN) (03-Jan-24) 2)CARE AA; Stable (28-Sep-23)	1)CARE AA; Stable (04-Oct-22)	1)CARE AA; Negative (05-Oct-21)

LT-Long term; ST-Short term.

## Annexure-3: Detailed explanation of covenants of rated instruments/facilities

Not available

## Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Commercial paper-Commercial paper (Standalone)	Simple
2	Debentures-Non-convertible debentures	Simple

## Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

**Note on complexity levels of rated instruments:** CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

#### Annexure-6: List of entities consolidated as on March 31, 2024

Sr. No.	Names of Entities	Extent of Consolidation	Rationale for consolidation
1.	Comptech Solutions Private Limited	Full	Strong Financial & operational linkage
2.	Fair Trade GmbH Schifffahrt, Handel und Logistik		
3.	Asia Express Line GmbH		
4.	Asiapac Shipping Limited		
5.	Asiapac Turkey Tasimacilik A.S.		
6.	Allcargo Tanzania		
7.	ASIA PAC LOGISTICS EL SALVADOR		
8.	Contech Logistics Solutions Private Limited		
9.	Allcargo Corporate Services Private Limited		
10.	Allcargo Supply Chain Private Limited		
11.	Transindia Logistic Park Private Limited		
12.	Allcargo Gati Limited		
13.	Gati Express & Supply Chain Private Limited		
14.	Gati Import Export Trading Limited		
15.	Zen Cargo Movers Private Limited		
16.	Gati Logistics Parks Private Limited		
17.	Gati Projects Private Limited		
18.	ALX Shipping Agencies India Private Limited		
19.	Ecu Worldwide (India) Pvt Limited		
20.	Ecu-Line Algerie sarl		
21.	Ecu Worldwide [Argentina] SA		
22.	Ecu Worldwide Australia Pty Ltd		
23.	Integrity Enterprises Pty Ltd.		
24.	Ecu Worldwide [Belgium] N.V		
25.	FMA-Line Holding N. V.		
26.	Ecuhold N.V.		
27.	Ecu International N.V.		
28.	Antwerp Freight Station n.v.		
29.	HCL Logistics N.V.		
30.	AGL N.V.		
31.	Ecu Worldwide N.V.		
32.	Ecu Worldwide Logistics do Brazil Ltda		
33.	Ecu Worldwide [Canada] Inc		
34.	Ecu Worldwide [Chile] S.A		
35.	Ecu Worldwide [Guangzhou] Ltd.		
36.	China Consolidation Services Ltd		
37.	Ecu Worldwide China Ltd.		
38.	Ecu Worldwide [Colombia] S.A.S.		
39.	Ecu Worldwide [Cyprus] Ltd.		
40.	Ecu Worldwide [CZ] s.r.o.		
41.	Ecu Worldwide [Ecuador] S.A.		
42.	Flamingo Line del Ecuador SA		
43.	Ecu Worldwide Egypt Ltd.		
44.	Ecu Worldwide [El Salvador] S.P. Z.o.o. S.A. de CV		
45.	Ecu Worldwide [Germany] GmbH		
46.	ELWA Ghana Ltd.		
47.	Ecu Worldwide [Guatemala] S.A.		
48.	Ecu Worldwide [Hong Kong] Ltd.		

Sr. No.	Names of Entities	Extent of Consolidation	Rationale for consolidation
49.	Ecu International Far East Ltd.		
50.	CCS Shipping Ltd.		
51.	PT Ecu Worldwide Indonesia		
52.	Ecu Worldwide Italy S.r.l.		
53.	Eurocentre Milan srl.		
54.	Ecu Worldwide [Coted'ivoire] sarl		
55.	Ecu Worldwide [Japan] Ltd.		
56.	Jordan Gulf for Freight Services and Agencies Co. LLC		
57.	Ecu Worldwide [Kenya] Ltd.		
58.	Ecu Shipping Logistics [K] Ltd.		
59.	Ecu Worldwide [Malaysia] SDN. BHD.		
60.	Ecu Worldwide [Mauritius] Ltd.		
61.	CELM Logistics SA de CV		
62.	Ecu Worldwide Mexico SA de CV		
63.	Ecu Worldwide Morocco S.A.		
64.	Ecu Worldwide [Netherlands] B.V.		
65.	Rotterdam Freight Station BV		
66.	FCL Marine Agencies B.V.		
67.	Ecu Worldwide New zealand Ltd.		
68.	Ecu Worldwide [Panama] S.A.		
69.	Ecu-Line Paraguay SA		
70.	Flamingo Line del Peru SA		
71.	Ecu-Line Peru SA		
72.	Ecu Worldwide [Phillippines] Inc.		
73.	Ecu Worldwide [Poland] Sp zoo		
74.	Ecu-Line Doha W.L.L.		
75.	Ecu-Line Saudi Arabia LLC		
76.	Ecu Worldwide [Singapore] Pte. Ltd.		
77.	Ecu Worldwide [South Africa] Pty Ltd.		
78.	Ecu-Line Spain S.L.		
79.	Ecu Worldwide Lanka [Private] Ltd.		
80.	Ecu Worldwide [Thailand] Co. Ltd.		
81.	Société Ecu-Line Tunisie Sarl		
82.	Ecu Worldwide Turkey Taşımacılık Limited Şirketi		
83.	Ecu-Line Middle East LLC		
84.	Ecu-Line Abu Dhabi LLC		
85.	Eurocentre FZCO		
86.	Star Express Company Ltd.		
87.	Ecu Worldwide [UK] Ltd.		
88.	Ecu Worldwide [Uruguay] S.A.		
89.	Guldary S.A.		
90.	PRISM GLOBAL, LLC		
91.	Ecu Worldiwide USA		
92.	Econoline Storage Corp.		
93.	ECI Customs Brokerage, Inc.		
94.	OTI Cargo, Inc.		
95.	Ports International, Inc.		
96.	ECU TRUCKING, INC.		
97.	Administradora House Line C.A.		
98.	Ecu Worldwide Vietnam Joint Stock Company		
99.	Ecu-Line Zimbabwe [Pvt] Ltd		
100.	Asia Line Limited		
101.	Prism Global Ltd.		

Sr. No.	Names of Entities	Extent of Consolidation	Rationale for consolidation
102.	Allcargo Logistics LLC		
103.	Eculine Worldwide Logistics Co. Ltd.		
104.	FMA-LINE Nigeria Ltd.		
105.	Ecu Worldwide [Uganda] Limited		
106.	FMA Line Agencies Do Brasil Ltda		
107.	FCL Marine Agencies Belgium bvba		
108.	Allcargo Hongkong Limited		
109.	Oconca Container Line S.A. Ltd.		
110.	Almacen y Maniobras LCL SA de CV		
111.	ECU WORLDWIDE SERVICIOS SA DE CV		
112.	ECU Worldwide CEE SRL		
113.	Allcargo Logistics Africa (PTY) LTD		
114.	Ecu Worldwide Baltics		
115.	AGL Bangladesh Private Limited		
116.	Ecu Worldwide (Bahrain) Co. W.L.L.		
117.	East Total Logistics B.V.		
118.	PAK DA (HK) LOGISTIC Ltd		
119.	ECU Worldwide Tianjin Ltd.		
120.	Allcargo Logistics FZE		
121.	SPECHEM SUPPLY CHAIN MANAGEMENT (ASIA) PTE. LTD		
122.	Allcargo Logistics China Ltd.		
123.	Asiapac Logistics Mexico SA de CV		
124.	Gati Hong Kong Limited		
125.	Gati Cargo Express (Shanghai) Co. Ltd.		
126.	Ecu Worldwide (BD) Limited		
127.	Nordicon Terminals AB		
128.	Ecunordicon AB		
129.	Nordicon AB		
130.	NORDICON A/S		
131.	Nordicon Trucking AB		
132.	Asia Pac Logistics DE Gautemala S.A.		
133.	UK Terminals Limited		
134.	ALX Shipping Agencies India Private Limited		
135.	Allcargo Ecu Ltd	Proportionate equity pick-up	
136.	FCL Marine Agencies GMBH (Bermen)		
137.	Allcargo Logistics Lanka (Private) Limited		
138.	RailGate Europe B.V		
139.	Trade Xcelerators LLC		
140.	Haryana Orbital Rail Corporation Limited		
141.	All Safe Supply Chain Solutions Co. Limited (w.e.f. June 2023)		
142.	Allcargo Logistics LLC		
143.	Gati Ship Limited		
144.	Shanghai Gatido Wisdom Logistics Co. Ltd. (w.e.f. June 2023)		
145.	Fasder S.A		
146.	Ecu Worldwide Peru S.A.C.		
147.	Ecu Worldwide Korea Co., Ltd.		
148.	Allcargo Logistics Korea Co., Ltd.		
149.	Avvashya CCI Logistics Private Limited (upto May 16, 2023)		
150.	Altcargo Oil & Gas Private Limited (Stricked off w.e.f. March 11, 2024)		
151.	Aladin Group Holdings Limited		
152.	Aladin Express DMCC		
153.	ALX Shipping Agency LC		

Sr. No.	Names of Entities	Extent of Consolidation	Rationale for consolidation
154.	Allcargo Supply Chain Private Limited (formerly known as Avvashya Supply Chain Private Limited) (upto May 18, 2023)		



## Contact us

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### About us:

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