Orissa Bengal Carrier Limited

July 03, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	21.00	CARE BBB-; Stable	Reaffirmed
Long-term / Short-term bank facilities	7.00	CARE BBB-; Stable / CARE A3	Reaffirmed
Short-term bank facilities	-	-	Withdrawn

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of ratings assigned to bank facilities of Orissa Bengal Carrier Limited (OBCL) continue to derive comfort from long and established track record of the company in the road transport industry, established long term relationship with reputed customers in diverse industries, comfortable capital structure and locational advantage. Ratings are constrained by moderate financial performance albeit improvement in margins, moderate debt coverage indicators, highly fragmented and competitive industry, vulnerability of profitability margins to trade cycle and competition and working capital intensive nature of operation.

CARE Ratings Limited (CareEdge Ratings) has withdrawn the rating assigned to the short-term bank facility (working capital demand loan) of OBCL with immediate effect, as it has been repaid and there is no amount outstanding as on date.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustained growth in scale of operations with total operating income (TOI) above ₹400 crore and profit before interest, lease rentals, depreciation and taxation (PBILDT) margins above 4% on a sustained basis.

Negative factors

- Decline in scale of operations below ₹250 crore on a sustained basis.
- Any further Substantial increase in the working capital cycle leading to weakening of the financial risk profile.

Analytical approach: Standalone

Outlook: Stable

The stable outlook reflects the company's capability to enhance its operational risk profile, supported by a consistent flow of orders from reputable clients and comfortable financial risk profile.

Detailed description of key rating drivers:

Key strengths

Long and established track record in the road transport industry

Incorporated in 1994, the company is engaged in the business of transport and logistics for over 30 years which gives it advantages of developing a presence, relationship with its customers, and cordial relationship with drivers and other employees. After the demise of Ratan Kumar Agrawal, Ravi Agrawal (son of late Ratan Kumar Agrawal) has taken over the company's management in 2021. The company's day-to-day operations are managed by Ravi Agarwal and a team of professionals.

Established long term relationship with reputed customers in diverse industries

OBCL serves customers across several industries such as metal, steel, coal, aluminium, cement, petrochemicals, paper, marble, tiles, infra, textile and FMCG among others. Most clients are prominent players in their respective sectors with strong creditworthiness; hence counterparty risk is also low. Some clients of the company are Vedanta Limited, Jindal Steel & Power Limited, Shree Cement Limited, Steel Authority of India Limited and Hindalco Industries Limited etc. OBCL is engaged in providing a wide range of services including transportation services, third party logistics and warehousing among others. The company has a pan-India surface logistics distribution network having 39 branches in different parts of India. It enables the company to cater diverse mix of customers including corporate, small and other enterprises, distributors and traders. The company is maintaining its own fleet of 83 commercial vehicles as on March 31, 2025, which includes truck and trailers of 12/14/16/18 wheels.

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

The company has a linkage with around 5000 vehicles from the local market on hire basis, with vehicle specification tailored to the logistical requirements of each client. The fleet operates across the country ensuring nation-wide services to corporate and government customers. Truck load delivery services operate through a hub-and-spoke model which enables the company to transport goods and provide customers access to multiple destinations for booking and delivery of goods. The company has started using software "Lozics", an integrated software which helps the company in better understanding of the business and routes which are profitable. Hence, the company has optimised its branches from 55 in 2018 to 39 in 2025. The company has recently opened a branch in Gopalpur, Odisha.

Comfortable capital structure

The company's overall gearing remained comfortable and stood at 0.58x as on March 31, 2025, compared to 0.15x as on March 31, 2024. The moderation is majorly on account of availing term loan for funding purchase of new fleet alongside moderate utilisation of fund-based facilities during the year. Consequently, total outside liability to total net worth (TOL/TNW) stood at 0.71x in FY25 (PY: 0.28x). The company's capital structure is anticipated to moderate further in the short to mid-term owing to the company's planned debt funded capital expenditure for replacement of its old feet, though the same is expected to remain at comfortable levels.

Locational advantage

The company is headquartered in Raipur, Chhattisgarh which contributes significantly to India's steel/sponge iron production and cement production, so there is a pool of steel and cement industry players in the Chhattisgarh belt providing a leverage to easily cater services that are needed by these players to meet their transportation requirements across various destinations. OBCL's large geographic coverage and operational network enhances its ability to integrate operations, increase cost efficiencies and scale freight volumes effectively.

Key weaknesses

Moderate financial performance albeit improvement in margins

The company's financial performance has been moderate with TOI at ₹305 crore in FY25 against ₹333 crore in FY24. Revenues have been affected by intensified competition and sustained pricing pressure arising from new local entrants. However, the PBILDT margins improved from 2.31% in FY24 to 3.29 % in FY25 on account of higher margins from contracts and better absorption of fixed overheads. Profit after tax (PAT) moderated from 1.11% in FY24 to 0.35% in FY25 owing to higher capital charges. The TOI is expected to improve gradually over the near to mid-term at similar margin levels.

Moderate debt coverage indicators

Total debt to gross cash accrual (TD/GCA) moderated to 8.24x in FY25 (PY: 2.17x) reflecting the impact of debt funded capital expenditure and moderate utilisation of working capital limits. Interest coverage ratio also moderated and stood at 2.89x in FY25 (PY: 5.85X) on account of higher interest cost as compared to FY24.

Highly fragmented and competitive industry

The goods transportation industry in India is characterised by a high degree of fragmentation, intense competition and largely by unorganised structure. The key competitive factors include service quality, reliability, price and the availability and configuration of vehicles that can comprehensively address varying requirements of different customer segments and specific customer needs. The logistics industry faces intense competition and weak margins due to low entry barriers. High fragmentation and intense competition lead to unhealthy price wars and discounts resulting in pressure on margins and depressed freight rates.

Being Indian Banking Association (IBA) approved, the company gets competitive advantage over other unorganised and non IBA approved transporters. The company is competing with a variety of local, regional, and national goods transportation service providers of varying sizes and operations and, to a lesser extent, with railroads carriers.

Vulnerability of profitability margins to trade cycle and competition

Logistics operations are closely influenced by overall economic conditions of the country. Higher economic activity results in higher freight movement which drives demand in road freight transport industry. OBCL remains susceptible to considerable fluctuation in hire charges for market vehicles as the rates primarily depend on the demand-supply conditions. Additionally, the company is exposed to volatility in fuel prices. Its ability to tackle a timely pass-through of variation in fuel prices remains critical in preserving profitability margins.

Working capital intensive nature of operation

The company's operations are inherently working capital intensive, primarily due to negligible credit period being extended by the creditors and higher credit period offered to its clients. OBCL derives significant portion of its revenue from corporate clients thus leading to low bargaining power. The company provides a credit period of around 60-90 days from the delivery of consignment after which sales are recognised. In addition to this, the business of the company is working capital intensive on account of upfront expenses such as fuel expense incurred in conducting operations through own fleet of vehicles and hired vehicles. The time gap in collection of receivables and upfront outflow of expenses results in elevated working capital requirements. The company's working capital cycle stood at 77 days in FY25 as against 65 days in FY24. The company's working capital intensive operations are funded largely through working capital facilities and are expected to remain at similar levels in the near to mid-term.

Liquidity: Adequate

Adequate liquidity position is marked by GCA of ₹6.34 crore against debt repayment obligation of ₹1.63 crore in FY25. Going forward, the company is expected to generate sufficient GCA against its debt repayment obligations in FY26. The average utilisation for the company's fund-based limits for the last 12 months ended May 2025 stood around 45% and non-fund-based limits around 58%. Further, the company has free cash and bank balance of 0.28 crore as on March 31, 2025.

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Financial Ratios – Non financial Sector
Withdrawal Policy
Service Sector Companies
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Services	Services	Transport services	Road transport

OBCL was founded by late Ratan Kumar Agrawal in 1994. The company is IBA approved transporter having ISO 9001:2015 certified for provision of quality management system services. The company is a third-party logistics service provider, providing full truck load (FTL), parcel and part truck load services, less than truck load (LTL). The company operates in large integrated hub and spoke model. The company has a distribution network having 39 branches across different parts of India. The company caters to a wide range of industries across metal, steel, coal, aluminium, cement, petrochemicals, paper, marble, tiles, infra, textile and FMCG. As on March 31, 2025, the company has a fleet of 83 owned trucks. The company's day-to-day operation is managed by Ravi Agrawal (son of late Ratan Kumar Agrawal).

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (Abridged)
Total operating income	332.89	304.97
PBILDT	7.68	10.04
PAT	3.69	1.08
Overall gearing (times)	0.15	0.58
Interest coverage (times)	5.85	2.89

A: Audited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of 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
Fund-based - LT-Cash Credit		-	-	-	21.00	CARE BBB-; Stable
Fund-based - ST-Working Capital Demand loan		-	-	-	0.00	Withdrawn
Non-fund-based - LT/ ST-Bank Guarantee		-	-	-	7.00	CARE BBB-; Stable / CARE A3

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 2025-2026	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
1	Fund-based - LT-Cash Credit	LT	21.00	CARE BBB-; Stable	-	1)CARE BBB-; Stable (04-Jul-24)	1)CARE BBB; Stable (07-Jul-23)	1)CARE BBB; Stable (23-Dec-22)
2	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	7.00	CARE BBB-; Stable / CARE A3	-	1)CARE BBB-; Stable / CARE A3 (04-Jul-24)	1)CARE BBB; Stable / CARE A3+ (07-Jul-23)	1)CARE BBB; Stable / CARE A3+ (23-Dec-22)
3	Fund-based - ST-Working Capital Demand loan	ST	-	-	-	1)CARE A3 (04-Jul-24)	1)CARE A3+ (07-Jul-23)	1)CARE A3+ (23-Dec-22)

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - ST-Working Capital Demand loan	Simple
3	Non-fund-based - LT/ ST-Bank Guarantee	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Note on complexity levels of rated instruments: CareEdge 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.

Contact us

Media Contact	Analytical Contacts
Mradul Mishra Director **CARE Ratings Limited** Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in **Relationship Contact** Ankur Sachdeva Senior Director **CARE Ratings Limited** Phone: 912267543444 E-mail: Ankur.sachdeva@careedge.in	Arindam Saha Director **CARE Ratings Limited** Phone: + 91-033- 40181631 E-mail: arindam.saha@careedge.in Gopal Pansari Associate Director **CARE Ratings Limited** Phone: + 91-033- 40181647 E-mail: gopal.pansari@careedge.in Roshan Agarwal Analyst **CARE Ratings Limited** E-mail: Roshan.agarwal@careedge.in

About us:
Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

For detailed Rating Report and subscription information, please visit www.careratings.com