

## Allcargo Logistics Limited

March 24, 2026

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	33.00	CARE A-; Stable	Assigned
Long Term / Short Term Bank Facilities	260.00 (Enhanced from 255.00)	CARE A-; Stable / CARE A2	Reaffirmed

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

Ratings assigned to bank facilities of Allcargo Logistics Limited (Allcargo) derive strength from its strong pan-India presence and integrated logistics platform, supported by a wide network and diversified service offerings. The recent consolidation of express distribution and contract logistics under a single entity is expected to improve operational efficiency and enable end-to-end fulfilment solutions, supporting revenue growth through cross-selling and better asset utilisation, particularly in the automotive, engineering, and consumer fast-retail segments. Ratings also factor in strong promoter support from the Shetty family and the group's presence across complementary logistics businesses, including international supply chain operations. Management's move towards an asset-light strategy and divestment of the fuel business further improves strategic focus. Operational performance improved in FY25 with higher revenues, improving margins and better leverage, with improved overall gearing.

These strengths are partly offset by moderate operating margins, historically limited profitability, and a concentrated revenue profile, with a large share derived from the surface express/part truck load segment. The company also faces intense competition from unorganised players and well-funded new entrants, which continues to exert pressure on pricing and margins. Ratings remain sensitive to the company's ability to realise expected synergies from consolidation, sustained improvement in profitability and maintain a prudent capital structure.

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

#### Positive factors

- Significant increase in the scale of operation with profit before interest, lease rentals, depreciation and taxation (PBILDT) margin of over 12% on a sustained basis.
- Sustained improvement in total debt/gross cash accruals (GCA) at less than 4x including lease liability.

#### Negative factors

- PBILDT margin less than 10% on a sustained basis.
- Moderation in capital structure marked by an overall gearing exceeding 2x.

### Analytical approach: Consolidated

For arriving at ratings, CARE Ratings Limited (CareEdge Ratings) has considered consolidated financials of Allcargo post demerger of international supply chain business, factoring support from the promoter group. The analytical approach also considers operational linkages with subsidiaries and associate while assessing the rating. List of companies consolidated is attached in Annexure-6.

### Outlook: Stable

CareEdge Ratings believes that Allcargo is expected to benefit from the recent consolidation of its express cargo and contract logistics businesses, which is likely to result in operational and financial synergies. Backed by a strong promoter group, these synergies are expected to support improvement in profitability and strengthen the company's competitive position in the integrated express and consultative logistics segment, underpinned by a diversified customer base.

### Detailed description of key rating drivers:

#### Key strengths

#### Strong position in integrated logistics with pan-India presence

Allcargo has a well-diversified service portfolio spanning surface express, air express, consultative logistics and specialised delivery solutions, supported by a strong and deeply entrenched pan-India network. The company services ~100% of serviceable PIN

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

codes across the country and operates an extensive physical infrastructure comprising over 700 facilities, 90+ hubs and 80+ logistics parks, supplemented by eight air logistics centres. This network is supported by a large fleet of over 9,000 trucks and advanced 24x7 tracking systems, enabling efficient multimodal connectivity and fast transit times. With over 12 million square feet of warehousing space, ~2,800 employees and strong penetration across Tier-2, 3 and 4 markets, Allcargo enjoys a strong position in the express cargo and integrated logistics segment, underpinned by scale, reach and operational capabilities.

### **Synergies from consolidation of domestic logistics operations**

Following approval of the business restructuring plan, Allcargo has consolidated its domestic supply chain operations, encompassing express distribution and contract logistics, under a single platform. This integration is expected to enhance the company's ability to offer end-to-end fulfilment solutions, supporting revenue growth through improved service breadth and cross-selling opportunities. Synergies are particularly evident in the automotive, engineering, and consumer fast-retail segments, where the combination of contract logistics and express capabilities enables higher customer wallet share and deeper client engagement. The consolidation is also expected to support margin improvement over the medium term through optimisation of line-haul, shared infrastructure, and rationalisation of overheads, while strengthening customer stickiness through integrated service offerings.

### **Strong promoter group with diversified logistics presence**

Allcargo is promoted by Shashi Kiran Shetty and family, who collectively hold a 40.49% equity stake as on December 31, 2025 in the company. The promoter group has established a diversified presence across the logistics value chain through group entities such as Allcargo Global Logistics (international cargo movement), Allcargo Terminals (CFS operations), Allcargo Logistics (express and consultative logistics), and TransIndia Real Estate (industrial and logistics parks).

The group's integrated presence spans key logistics touchpoints, including ports, CFSs, warehousing, express distribution and multimodal transportation, providing operational depth and a comprehensive understanding of supply-chain requirements. The promoters' long track record in scaling logistics businesses, and experienced professional management teams across entities, supports prudent capital allocation, execution capability and governance standards, strengthening the group's overall operational resilience and strategic flexibility.

### **Growing business with moderate profitability and improving capital structure**

Post demerger of international supply chain business to Allcargo Global Ltd., total income from operations stood at ₹1,961 crore in FY25 and the growth momentum was seen in 9MFY26, with revenue rising by 6.63% to ₹1,544 crore from ₹1,448 crore in 9MFY25. Operating profitability remained moderate, with PBILDT margin at 10.25% in FY25, and improved further to 11.27% in 9MFY26, with the company reporting profitability at the profit after taxation (PAT) level. The capital structure has strengthened, with overall gearing improving to 1.75x in FY25; gearing is expected to decline further with scheduled debt repayments and net worth accretion. Consistent with an asset-light operating model, a large share of reported debt comprises lease liabilities of ~₹572 crore out of total debt of ₹782 crore (~73%) as on March 31, 2025. These are largely matched by right-of-use assets of ~₹510 crore.

### **Key weaknesses**

#### **Concentrated revenue profile with muted growth in core segments**

The revenue profile remains concentrated, with ~64% of segment revenue in FY25 derived from the Surface Express business, followed by ~21% from Contract Logistics, while Air Express, despite being relatively higher margin, contributes only ~3% to total revenue. The fuel business, which earlier contributed ~9% of revenue in FY25, has since been discontinued. Growth in the Surface Express and Air Express segments has remained subdued, with combined segment revenue increasing marginally from ~₹1,425 crore in FY23 to ~₹1,438 crore in FY25, implying a cumulative growth of less than 1% over two years; a similar trend continued in H1FY26. However, following completion of the consolidation in December 2025, growth in these segments is expected to improve over the medium term, supported by cross-selling and network integration benefits.

#### **Highly competitive express/part-truckload segment weighing on margins**

The express and part-truckload (PTL) business remains intensely competitive and highly fragmented, with competition ranging from local owner-operators to deep-pocketed, equity-backed national players. This structural fragmentation exerts persistent pricing pressure and compresses renewal margins, limiting the segment's profitability despite Allcargo's established scale and network. Post-consolidation, sustained discipline on pricing, service differentiation (technology, SLAs, coverage) and tight cost management will be critical to protect cash flows and realise the expected benefits of integration; failure to do so would keep overall profitability under pressure.

### Moderate debt coverage indicators

On the back of having sizeable lease liability post demerger of international supply chain business, its debt coverage indicators stood moderate marked by total debt/GCA of 13.82x for FY25. Going forward, meaningful improvement in its debt coverage indicators would be critical.

### Liquidity: Adequate

The company's liquidity profile is adequate. As on December 31, 2025, cash and liquid investments stood at ₹160 crore against outstanding term debt of ₹30 crore, providing a surplus cushion of ~₹130 crore. Working-capital limit utilisation for the 12 months ended January 31, 2026, averaged 18%, indicating significant headroom within sanctioned facilities. The company has total sanctioned working capital demand loan (WC DL) limits of ₹260 crore, including a ₹30 crore sub-limit for cash credit.

Liquidity is further supported by an asset-light operating stance which reduces near-term capex requirements and preserves free cash flow.

### Assumptions/Covenants: Not applicable

**Environment, social, and governance (ESG) risks:** Allcargo has articulated a sustainability strategy focused on environmental, social, and governance considerations, including initiatives aimed at reducing its carbon footprint. The company has set a long-term objective to achieve carbon neutrality and transition to 100% renewable electricity consumption at its owned facilities by 2040. As a part of its decarbonisation efforts, Allcargo is increasing the use of alternative-fuel vehicles, including electric, CNG and LNG vehicles, particularly for first- and last-mile delivery operations, with over 400 alternative-fuel vehicles in operation, including 125+ EVs. The company is also investing in rooftop and hub-level solar installations under an OpEx model, with solar panels installed at over 10 facilities generating ~3.8 lakh kWh annually and plans to scale capacity to ~1.1 MW, which is expected to improve energy efficiency and reduce emissions over time.

On the social and governance front, the company undertakes corporate social responsibility (CSR) initiatives focused on community development and education and maintains an adequate governance framework, with independent directors constituting ~50% of the board, supported by established compliance processes, information security systems, and transparent disclosure practices.

### 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

Allcargo focuses on domestic express distribution and consultative logistics services, catering to micro, small and medium enterprises (MSMEs), retailers and large enterprises across India. The domestic business operates on an asset-light, technology-enabled model, supported by a wide hub-and-spoke network and integrated digital platforms for route optimisation, shipment visibility and network planning.

The company's key verticals include Express Distribution, Air Freight, E-commerce Logistics, Contract Logistics, Warehousing and First and Last-Mile Delivery, and select B2C offerings such as Laabh, Bike Express and Student Express. The diversified service portfolio, near-pan-India presence and technology-led operations underpin Allcargo's positioning in the domestic logistics market.

Allcargo has undergone a strategic reorganisation under a composite Scheme of Arrangement, pursuant to which the International Supply Chain business has been demerged, and the Domestic Supply Chain business has been retained and consolidated under Allcargo.

Brief Consolidated Financials (₹ crore)	FY24 (A)	FY25 (A)	9MFY26 (UA)
Total operating income	12,971	1,961	1,544
PBILDT*	552	201	174
Profit after tax (PAT)	138	32	5
Overall gearing (x)	1.86	1.75	NA
Interest coverage (x)	3.95	2.68	3.70

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

\*PBILDT: Profit before interest, lease rentals, depreciation and tax

Note: FY25 and 9MFY26 numbers are post demerger of international supply chain business.

**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-Term Loan		-	-	30-06-2027	33.00	CARE A-; Stable
LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG		-	-	-	260.00	CARE A-; Stable / CARE A2

#### 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	Commercial Paper- Commercial Paper (Standalone)	ST	-	-	1)Withdrawn (08-Dec-25)	1)CARE A1+ (RWN) (09-Dec-24)	1)CARE A1+ (RWN) (03-Jan-24) 2)CARE A1+ (28-Sep-23)	1)CARE A1+ (04-Oct-22)
2	Debentures- Non Convertible Debentures	LT	-	-	1)Withdrawn (08-Dec-25)	1)CARE AA- (RWN) (09-Dec-24)	1)CARE AA (RWN) (03-Jan-24) 2)CARE AA; Stable (28-Sep-23)	1)CARE AA; Stable (04-Oct-22)
3	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	LT/ST	260.00	CARE A-; Stable / CARE A2	1)CARE A-; Stable / CARE A2 (06-Mar-26)	-	-	-
4	Fund-based - LT-Term Loan	LT	33.00	CARE A-; Stable				

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-Term Loan	Simple
2	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	Simple

**Annexure-5: Lender details**

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

**Annexure-6: List of entities consolidated**

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	TransIndia Logistic Park Private Limited	Full	Subsidiary
2	Gati Logistics Parks Private Limited	Full	Subsidiary
3	Gati Import Export Trading Limited	Full	Subsidiary
4	Gati Projects Private Limited	Full	Subsidiary
5	Zen Cargo Movers Pvt Limited	Full	Subsidiary
6	Gati Ship Limited	Moderate	Associate

**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](mailto:care@careedge.in) for clarifications.

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