India Ratings & Research
A Fitch Group Company

India Ratings Affirms EFC Logistics India's Bank Loan Facilities at 'IND BBB+'/Stable/'IND A2'

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India Ratings and Research (Ind-Ra) has affirmed EFC Logistics India Private Limited's (EFCLIPL) bank loan facilities as follows:

Details of Instruments

Instrument Type	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating assigned along with Outlook/Watch	Rating Action
Bank loan facilities	-	-	-	INR800	IND BBB+/Stable/IND A2	Affirmed

Analytical Approach

Ind-Ra continues to take a standalone view of EFCLIPL to arrive at the ratings.

Detailed Rationale of the Rating Action

The ratings reflect a steady improvement in EFCLIPL's revenue, along with an improvement in the EBITDA margins and credit metrics in FY25, with a likely improvement in the revenue and profitability over the near-to-medium term. The ratings are further supported by the promoters' more than three decades of experience in the logistics industry, a reputable customer profile and adequate liquidity. However, the ratings are constrained by the asset-intensive nature of the business, and a highly fragmented industry with susceptibility to a slowdown.

List of Key Rating Drivers

Strengths
- Continued comfortable credit metrics
- Experienced promoters; reputed customer base
- Steady revenue profile supported by diversified business segments
- Improvement in EBITDA margin

Weaknesses
- Asset-heavy operating model
- Highly fragmented industry; susceptibility to macroeconomic slowdown

Detailed Description of Key Rating Drivers

Continued Comfortable Credit Metrics: The credit metrics improved with gross interest coverage (operating EBITDA/gross interest expenses) improving to 3.49x in FY25 (FY24: 3.25x) and the net financial leverage (adjusted net debt/operating EBITDAR)) to 3.13x in FY25 (FY24: 3.24x) supported by higher operating EBITDA, which increased to INR594.11 million (INR514.15 million). The company's debt-to-equity ratio further eased to 1.14x in FY25 (FY24: 1.20x), reflecting the gradual strengthening of the capital structure. In FY26, Ind-Ra expects the credit metrics to improve considering the likely improvement in profitability.

Experienced Promoters; Reputed Customer Base: The company's promoters have more than three decades of experience in providing logistics services, which has helped in establishing and maintaining strong relationships with a diversified and reputed customer base and has ensured repeat business. The company's customers include Jindal Group, Apollo Tyres Limited, Rungta Mines Limited ('IND AA-'/Stable/'IND A1+') Procter & Gamble Home Products (I) Ltd., Hindustan Unilever Limited and Haldia Petrochemicals Limited, among others.

Steady Revenue Profile Supported by Diversified Business Segments: EFCLIPL's revenue remained stable at INR4,880.60 million in FY25 (FY24: INR 4,878.34 million). The revenue mix continues to be dominated by the freight division, contributing around 72% in FY25 (FY24: 73%), followed by the container freight station (CFS) segment at 21% (FY24: 22%). The depot division contributed the remaining around 7% in FY25 (FY24: 5%). The company has maintained stable business volumes across key segments. EFCLIPL booked about INR2,816.70 million in revenue until September 2025, and Ind-Ra expects the revenue to improve in FY26 driven by demand from existing customers.

Improvement in EBITDA Margin: EFCLIPL's operating EBITDA increased to INR594.11 million in FY25 (FY24: INR514.15 million) and EBITDA margin to 12.2% (10.5%), supported by improved operating leverage and scale benefits. The return on capital employed also improved to 12.70% in FY25 (FY24: 11.1%). However, the EBITDA margin continue to be average. The margin profile continues to be influenced by lorry rental and fuel costs, although the company's price-escalation arrangements with customers help support stability. In the medium term, Ind-Ra expects the profitability to improve on account of increased efficiency and increased share of warehouse segment, which has higher margin.

Asset-Heavy Operating Model: EFC operates an asset-heavy business model backed by a sizeable fleet of around 1,000-owned vehicles, including trucks, trailers, towing trailers, forklifts and cranes, while also having access to more than 2,000 hired vehicles as needed, ensuring operational flexibility. Alongside its transportation assets, the company is increasingly focusing on building long-term fixed assets by investing in CFS facilities, warehousing and cold-storage infrastructure, supported by an adequate land bank. These asset-based segments typically generate higher margins, and Ind-Ra expects the ongoing expansion to improve the company's overall profitability. With a strong and reputed customer base, EFC also anticipates incremental business benefits with its warehousing and cold-storage capacities coming onstream.

Highly Fragmented Industry; Susceptibility to Macroeconomic Slowdown: The logistics industry in India is dominated by the presence of several local players catering to localised markets. The organised players account for only 10%-15% of the industry. EFC faces intense competition from the unorganised players. The fragmented nature of the industry could constrain the pricing power and the operating profit margin of the company; also, the performance of the logistics industry is directly related to global economic activities.

Liquidity

Adequate: The average utilisation of the fund-based and non-fund-based working capital limits was around 56% and 34%, respectively, during the 12 months ended January 2026. EFC had cash and equivalents of about INR29.03 million at FYE25 (FYE24: INR48.28 million). Furthermore, the company has been incurring capex regularly to increase the capacity of facilities, buying new vehicles to increase its fleet size and simultaneously replacing vehicles older than 15 years. The capex requirements are largely funded through bank loans and the remaining through internal accruals. The company has debt repayments of INR150.80 million in FY26 and INR336.70 million in FY27. The cash flow from operations declined to negative INR50.24 million in FY25 (FY24: INR139.71 million) due to unfavourable changes in working capital. The working capital cycle elongated to 53 days in FY25 (FY24: 40 days) on account of an increase in the debtor days to

62 (49). Furthermore, EFC does not have any capital market exposure and relies only on banks and financial institutions to meet its funding requirements.

Rating Sensitivities

Positive: An improvement in the scale of operations, along with maintaining profitability and leading to an improvement in the liquidity and the net leverage reducing below 2.5x, all on a sustained basis, could lead to a positive rating action.

Negative: Developments that could individually or collectively lead to a negative rating action are:
- a decline in the scale of operations, resulting in deterioration in the credit metrics, with the net leverage exceeding 3.5x, all on a sustained basis, could lead to a negative rating action.
- any significant elongation of the working capital cycle or a higher than Ind-Ra-expected capex, leading to deterioration in the liquidity profile could lead to a negative rating action.

Any Other Information

Not applicable

About the Company

Incorporated in 1983, EFC provides logistics and transportation services to industrial sectors such as fast-moving consumer goods, steel, petrochemicals, paper, lubricants, pharmaceuticals, and engineering goods, cements, chemicals and import-export containers. EFC has around 1,000 owned vehicles, warehouses at three locations and operates a container freight station near Jawaharlal Nehru Port Trust port.

Key Financial Indicators

Particulars	FY25	FY24
Revenue (INR million)	4,880.60	4,878.36
EBITDA (INR million)	594.11	514.15
EBITDA margin (%)	12.17	10.54
Gross interest coverage (x)	3.49	3.25
Net leverage (x)	3.13	3.24
Source: EFCLIPL; Ind-Ra		

Status of Non-Cooperation with previous rating agency

Not applicable

Rating History

Instrument Type	Rating Type	Rated Limits (million)	Current Rating/Outlook	Historical Rating/Outlook			
				2 December 2024	11 October 2023	18 September 2023	17 May 2023
Issuer rating	Long-term	-	-	-	-	WD	IND BBB(ISSUER NOT COOPERATING)

Bank loan facilities	Long-term/ Short-term	INR800	IND BBB+/Stable/IND A2	IND BBB+/Stable/IND A2	IND BBB/Stable/IND A3+	-	IND BBB(ISSUER NOT COOPERATING)/IND A3+(ISSUER NOT COOPERATING)

Bank wise Facilities Details

Complexity Level of the Instruments

Instrument Type	Complexity Indicator
Bank loan facilities	Low

For details on the complexity level of the instruments, please visit https://www.indiaratings.co.in/complexity- indicators.

Contact

Primary Analyst
Yogesh Jangra
Analyst
India Ratings and Research Pvt Ltd
DLF Epitome, Level 16, Building No. 5, Tower B DLF Cyber City, Gurugram Haryana - 122002
+91 124 6687210
For queries, please contact: infogrp@indiaratings.co.in

Secondary Analyst
Nikita Rajpal
Senior Analyst
+91 124 6687271

Media Relation
Ameya Bodkhe
Marketing Manager
+91 22 40356121

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APPLICABLE CRITERIA AND POLICIES

Evaluating Corporate Governance

Corporate Rating Methodology

Short-Term Ratings Criteria for Non-Financial Corporates

The Rating Process