



## Press Release

### KPS Logistics March 20, 2025

#### Ratings

Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long-term Bank Facilities	90.00 (including proposed limit of 8.92)	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	-	Rating assigned	<a href="#">Simple</a>
	<b>90.00</b> (Rs. ninety crore only)				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

#### Detailed Rationale

The long-term rating assigned to the bank facilities of KPS Logistics (KPSL) derives comfort from its experienced partners, increase in total operating income and EBITDA during FY24 (refers to the period 1st April 2023 to 31st March 2024) and 11MFY25 (provisional) (refers to the period 1st April 2024 to 28<sup>th</sup> February 2025), comfortable capital structure and debt coverage indicators as on 28<sup>th</sup> February 2025, and reputed clientele. These rating strengths are partially offset by intense competition in freight transportation constrains firm's profitability, environmental considerations, and partnership nature of constitution.

The long-term rating outlook is Stable on the back of satisfactory demand outlook of the respective industry coupled with favourable financial risk profile.

#### Key Rating Sensitivities:

##### Upward Factors

- Healthy ramp-up in operations along with sustenance of healthy profitability.
- Improvement in gearing and TOL/TNW.

##### Downward Factors

- Increase in the working capital intensity, led by an elongation in the receivable cycle.
- Further deterioration in capital structure leading to increase in leverage ratio.

#### List of Key Rating Drivers with Detailed Description



## Press Release

### Key Rating Strengths

#### Experienced partners

The firm benefits from the partners' substantial and specialized experience in the transportation industry. Mr. Kamlesh Kumar Vasani, with over four decades, Mr. Md Shakeel Ansari, with two decades, and Mr. Jaiky Vasani, with more than a decade, have all witnessed and successfully managed the industry's inherent volatility, ensuring a comprehensive understanding of its challenges and opportunities.

#### Increase in total operating income and EBITDA during FY24 and 11MFY25 (provisional)

The firm's scale of operations continued to improve significantly over the past three financials years. During FY24, the total operating income increased by ~94% from Rs. 171.52 Cr during FY23 (refers to the period 1st April 2022 to 31st March 2023) to Rs. 333.23 Cr during FY24. Consequently, EBITDA also improved by ~67% from Rs. 25.64 Cr during FY23 to Rs. 42.91 Cr during FY24. This improvement in total operating income and EBITDA are on account of the increase in number of orders executed during that period. During the 11-month period of FY25, the firm maintained its upward trajectory, generating a topline of Rs. 449.28 Cr. This performance resulted in an EBITDA of Rs. 68.56 Cr. During that period, benefitting from economies of scale, the firm's EBITDA margin improved to 15.26% and PAT margin to 6.97%.

#### Comfortable capital structure and debt coverage indicators as on 28<sup>th</sup> February 2025

During 11MFY25 (provisional), the partners have infused unsecured loan which has been considered as quasi equity. Considering it along with the healthy accretion of profits, the capital structure of the firm witnessed an improvement. Adjusted tangible net worth (adjusting investment in group companies of Rs. 8.15 Cr) increased to Rs. 63.84 Cr as on 28<sup>th</sup> Feb 2025 from Rs. 17.52 Cr as on 31<sup>st</sup> Mar 2024 resulting in an improved adjusted overall gearing ratio of 1.23 times as on 28<sup>th</sup> Feb 2025. Moreover, the adjusted long term debt equity ratio improved to 1.05 times as on 28<sup>th</sup> Feb 2025. Furthermore, adjusted TOL/TNW also improved to 1.70 times as on 28<sup>th</sup> Feb 2025.

### Reputed clientele



## Press Release

The firm enjoys strong, enduring relationships with key clients like Neelachal Ispat Nigam Limited, ArcelorMittal Nippon Steel India Ltd, Kalinga Commercial Corporation Ltd etc. These established partnerships, particularly with industry giants like Tata Steel's subsidiary, provide a stable foundation and are anticipated to contribute significantly to the firm's expanding operational revenue in the coming period.

### **Key Rating Weaknesses**

#### **Intense competition in freight transportation constrains firm's profitability**

The firm is exposed to fluctuations in hire charges for market vehicles, as the rates are primarily dependent on the demand-supply position. Additionally, as the firm enters freight contracts with various customers, its ability to pass through any variation in fuel prices remains critical in maintaining its profit margin.

#### **Environmental considerations**

The firm is involved in logistics and transportation services, a highly competitive business and is thus sensitive to increases in costs, particularly that of fuel, and the cost of upgradation of fleet, in line with new emission technologies. As road freight transport accounts for a material proportion of emissions, the industry remains exposed to the impact of regulatory standards becoming more stringent. In this regard, the firm remains exposed to adverse movement in operating economies for fleet operators.

#### **Partnership nature of constitution**

Given KPSL's constitution as a partnership firm, it is exposed to the discrete risks including the possibility of withdrawal of capital by the partners and the risk of dissolution of the firm upon death, retirement or insolvency of the partners. Moreover, the partnership nature limits firm's flexibility to tap external financing.

**Analytical Approach:** Standalone

#### **Applicable Criteria:**

[Rating Methodology for Service Companies.](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)



## Press Release

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

### **Liquidity – Adequate**

The firm has earned a gross cash accrual of Rs.26.77 crore as on March 31, 2024. Further the firm is expected to earn a gross cash accrual in the range of ~Rs.28.00-43.00 crore as against its debt repayment obligations around ~Rs. 27.00-33.00 crore per year during FY25-27. Moreover, average fund-based utilisation stood at ~74% providing some liquidity cushion.

### **About the Firm**

Established in January 2011 by Mr. Kamlesh Kumar Vasani, Mr. Md Shakeel Ansari, and Mr. Jaiky Vasani, KPS Logistics is a partnership firm based in Odisha. The firm's core business involves the transportation of bulk iron ore and other minerals within the state, supported by a substantial fleet of 450 owned vehicles.

### **Financials (Standalone):**

For the year ended/ As on*	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	171.52	333.23
EBITDA	25.64	42.91
PAT	6.41	12.78
Total Debt	67.58	88.75
Adjusted Tangible Net Worth	12.78	17.52
EBITDA Margin (%)	14.95	12.88
PAT Margin (%)	3.73	3.83
Adjusted Overall Gearing Ratio (x)	5.29	5.07
Interest Coverage (x)	5.43	4.62

\* Classification as per Infomerics' standards.

**Status of non-cooperation with previous CRA:** Nil

**Any other information:** Nil

**Rating History for last three years:**



## Press Release

Sr. No.	Name of Security/Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
1.	Vehicle Loans	Long Term	68.08	IVR BBB-/ Stable	-	-	-
2.	Proposed Vehicle Loans	Long Term	8.92	IVR BBB-/ Stable	-	-	-
3.	Cash Credit	Long Term	13.00	IVR BBB-/ Stable	-	-	-

### Analytical Contacts:

Name: Sandeep Khaitan  
Tel: (033) 4803 3621  
Email: [sandeep.khaitan@infomerics.com](mailto:sandeep.khaitan@infomerics.com)

### About Infomerics:

Infomerics Valuation And Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit [www.infomerics.com](http://www.infomerics.com).

**Disclaimer:** Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for





## Press Release

any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

### Annexure 1: Instrument/Facility Details:

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Vehicle Loans – 1	-	-	-	Mar 2028	2.55	IVR BBB-/ Stable
Vehicle Loans – 2	-	-	-	Feb 2026	2.91	IVR BBB-/ Stable
Vehicle Loans – 3	-	-	-	Mar 2027	26.00	IVR BBB-/ Stable
Vehicle Loans – 4	-	-	-	July 2026	9.04	IVR BBB-/ Stable
Vehicle Loans – 5	-	-	-	Sep 2029	27.58	IVR BBB-/ Stable
Proposed Vehicle Loans	-	-	-	-	8.92	IVR BBB-/ Stable
Cash Credit	-	-	-	-	13.00	IVR BBB-/ Stable

### Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-KPS-Logistics-mar25 .pdf>

**Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable**

**Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable**

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com).