



Press Release

Kalyani Transco Private Limited

November 20, 2023

Ratings

Facility	Amount (Rs. Crore)	Rating	Rating Action	Complexity Indicator
Long-Term Bank Facilities	71.00 (Enhanced from Rs.48.50 crore)	IVR BBB; Stable (IVR Triple B with Stable outlook)	Revised from IVR BBB-; Stable (IVR Triple B Minus with Stable Outlook)	Simple
Total	71.00 (INR Seventy-one crore only)			

Details of Facilities are in Annexure 1

Detailed Rationale

The revision in the rating assigned to the bank facilities of Kalyani Transco Private Limited (KTPL) derives strength from healthy improvement in KTPL's business performance in FY23 marked by improvement in its scale of operations, rise in profitability and consequent improvement in gross cash accruals leading to comfortable debt protection metrics. Further, the rating also continues to consider its comfortable capital structure along with its reputed clientele base supported by extensive industry experience of the promoters. However, these rating continues to remain constrained due to susceptibility of its revenues to economic slowdown and variations in trade volumes, exposure to geographical and customer concentration risk coupled with presence in highly fragmented & competitive industry.

Upward factors

- Growth in scale of operations on a sustained basis and consequent improvement in profitability.
- Sustenance of the capital structure with further improvement in debt protection metrics.

Downward Factors

- Moderation in scale of operations and/or profitability impacting the liquidity profile on a sustained basis.
- Any unplanned capex and/or significant increase in working capital borrowing leading to moderation in the capital structure with moderation in the overall gearing to over 2x

List of Key Rating Drivers with Detailed Description



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Key Rating Strengths:

- **Experienced promoters**

The promoters, Mr. Tapas Ranjan Panigrahi and Mr. Manas Ranjan Panigrahi have long standing experience of nearly two decades in the logistic sector. Extensive experience of the promoter helped to develop established relationship with its customers and underpins the business risk profile of the company. The directors are well supported by an experienced team of professionals.

- **Reputed clientele with satisfactory orderbook position**

KTPL serves many reputed companies such as Vedanta, NTPC, Hindalco Industries Ltd, Orissa Transport Company (Coal), Adani Enterprises Limited to name a few. As on September 30, 2023, KTPL has an unexecuted order book of about Rs.134 crore which is to be executed in next three to six months. Further, considering the nature of work the orders are placed and executed on a recurring basis. Since the monsoon is now well over, with mining activities in full flow, KTPL is expecting healthy order flow in the latter half of the fiscal year.

- **Improvement in scale of operation with healthy profit margins**

Total operating income of KTPL stood at ~Rs.450.94 crore in FY23 against Rs.223.35 crore in FY22 with an y-o-y growth of ~101%. The growth was mainly driven by higher order execution as KTPL has managed higher freight volume of around 67.09 Lakh MT in FY23 in comparison to 38.40 Lakh MT in FY22. Improvement in topline has led to the improvement in absolute EBITDA to Rs.60.46 crore in FY23 against Rs.33.14 crore in FY22. Driven by rise in profitability, gross cash accruals of KTPL has also grown from Rs.24.54 crore in FY22 to Rs.41.99 crore in FY23. During H1FY24, KTPL has managed to churn out revenue of ~Rs.203 crore. Despite significant improvement in topline, effected by higher overhead cost mainly fuel and transport expense, the operating margin of KTPL has marginally moderated yet remains satisfactory at 13.41% in FY23 against 14.84% in FY22. Further, owing to increase in depreciation and higher finance cost in FY23, PAT margin has moderated to 6.52% in FY23 against 6.80% of FY22.

- **Comfortable capital structure with satisfactory debt protection matrices**

The capital structure of KTPL has remained satisfactory as on March 31, 2023, with its comfortable net worth base (ATNW) of Rs. 46.46 crore after adjusting the investment in its wholly owned subsidiary amounting to Rs.3.10 crore. Driven by gradual growth in



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operations, working capital borrowings of KTPL has also increased in FY23. However, backed by repayments of vehicle loans and steady accretion of profit to reserve, both long-term debt to equity and overall gearing of the company has improved and remained satisfactory at 0.74x and 1.56x respectively as on March 31, 2023, against 2.56x and 3.36x as on March 31, 2022. Total indebtedness of the company as reflected by TOL/ATNW also improved and stood comfortable at 1.87x as on March 31, 2023 against 3.86x as on March 31, 2022. Debt protection metrics marked by interest coverage ratio has remained comfortable at 10.30x (10.29x in FY22). Total debt to EBITDA and Total debt to GCA both improved and remained comfortable at 1.28x and 1.84 years as on March 31, 2023 (2.10x and 2.83 years as on March 31, 2022).

Key Rating Weaknesses:

- **Susceptibility of revenues to economic slowdown and variations in trade volumes**

The performance of the road logistics segment in Odisha is largely linked to the performance of the mining sector in the state which impact the trade volumes, especially given the stiff competition amid the highly fragmented industry structure. Any slowdown in domestic mining/ industrial activities, due to weak economic conditions or restrictive trade policies, can have a negative impact on the company's revenues and its cash flows. Further, growth and development in port, rail, road infrastructure are also playing a crucial role for its business opportunities which is also dependent on various socio-political aspects and economic scenarios.

- **Highly fragmented & competitive industry**

The road logistics segment is a highly fragmented and competitive sector, with presence of several unorganized and established companies in the segment, which may constrain the company's revenues and margins. However, entry barriers in the express logistics are significantly high, which limits threat of any new entrants. Given the lack of product differentiation, maintaining its superior service standards and providing innovative solutions to the evolving customer requirements will be keys for KTPL to expand its market position.

- **Exposure to geographical and client concentration risk**

The company majorly participates in tender of Orisha. Hence, scope of geographical diversification is limited. In addition, top 5 customer of KTPL is attributing around 87% of



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total sales in FY23, of which, Vedanta contributed around ~66% of the same suggesting high client concentration of risk.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Service Sector Companies](#)

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

[Criteria of assigning rating outlook](#)

Liquidity: Adequate

The liquidity profile of KTPL is expected to remain adequate marked by its expected satisfactory cash accrual of ~Rs.37 crore to Rs.40 crore vis a-vis its debt repayment obligations ranging between Rs.11.35 crore to Rs.14.21 crore during FY24-FY26. Further, with low operating cycle, current ratio stood at 1.46x as on March 31, 2023, and average CC utilization for past 12 months ending in September 2023 also remained satisfactory at ~70%, indicating adequate liquidity buffer.

About the Company

Back in 2005, Mr. Tapas Ranjan Panigrahi, had started the transportation business in name of Kalyani Transco as a proprietorship firm. After gaining rich experience in the industry supported by gradual growth in the business, Kalyani Transco Private Limited (KTPL) was incorporated on November 07, 2019, and the erstwhile proprietorship business was taken over by KTPL. KTPL started its operations from April 2020. The Odisha based transportation company is jointly promoted by Mr. Tapas Ranjan Panigrahi and Mr. Manas Ranjan Panigrahi. KTPL is a flagship company of Kalyani Group of Odisha, and it is engaged in Road Transport business of coal and aluminium ash with Vedanta Limited being its major business partner.

Financials of Kalyani Transco Private Limited (Standalone):

For the year ended* / As On	(Rs. crore)	
	31-03-2022	31-03-2023
	Audited	Audited
Total Operating Income	223.35	450.94
EBITDA	33.14	60.46
PAT	15.19	29.40
Total Debt	69.47	77.26



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Tangible Net worth	20.68	49.55
EBITDA Margin (%)	14.84	13.41
PAT Margin (%)	6.80	6.52
Overall Gearing Ratio (x)	3.36	1.56
Interest Coverage	10.29	10.30

*Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Rating (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Cr.)	Rating	Date(s) & Rating(s) assigned in 2022-23 (Feb 03, 2023)	Date(s) & Rating(s) assigned in 2022-23 (Sep 08, 2022)	Date(s) & Rating(s) assigned in 2021-22
1.	Cash Credit	Long Term	67.50	IVR BBB/ Stable	IVR BBB/ Stable	IVR BBB/ Stable	-
2.	GECL	Long Term	3.50	IVR BBB/ Stable	IVR BBB/ Stable	-	-

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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) 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).

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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Cr)	Rating Assigned/ Outlook
Long Term Fund Based Limits –Cash Credit	-	-	-	67.50	IVR BBB/ Stable
Long Term Fund Based Limits –GECL	-	-	Mar 2027	3.50	IVR BBB/ Stable

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-Kalyani-nov23.pdf>

Annexure 3: List of companies considered for consolidated analysis: Not Applicable

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable



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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

