India Ratings & Research
A Fitch Group Company

India Ratings Affirms LEAP India’s Bank Loan Facilities at ‘IND A’/Stable

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India Ratings and Research (Ind-Ra) has affirmed LEAP India Limited’s (LEAP; formerly Leap India Private Limited) bank loan facilities’ rating 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	-	-	-	INR10,509.70	IND A/Stable/IND A1	Affirmed

Analytical Approach

Ind-Ra continues to take a fully consolidated view of LEAP and its wholly owned Indian subsidiary, TARON Material Handling Equipment’s Private Limited, to arrive at the ratings, given the integrated nature of the operations, moderate operational linkages, and a common management.

Detailed Rationale of the Rating Action

The affirmation reflects a consistent improvement in LEAP’s operating profitability, with an absolute EBITDA of INR1,760.1 million in 1HFY26 (1HFY25: INR1,085.1 million; FY25 proforma: INR3,179 million; FY25 reported: INR2,616.6 million; FY24: INR2,048.4 million) and sustained strong EBITDA margin of 50%-55% over FY24-1HFY26. Despite high capex intensity, the net leverage (gross debt including lease liabilities less unencumbered cash and equivalent) largely remained stable at 2.6x in 1HFY26, based on the annualised EBITDA (FY25 proforma: 2.5x; FY24: 2.7x). Furthermore, as per Ind-Ra’s base case projections, despite substantial capital expenditures, the net leverage is likely to remain below the negative sensitivity over FY26-FY28, due to the likely accretion of EBITDA from the newly acquired assets.

The rating continues to reflect LEAP’s robust business profile, underpinned by the following factors: i) strong sponsor, Kohlberg Kravis Roberts and Co (KKR & Co. Inc), which is a renowned investment firm having established presence in India; ii) a leading market position in the Indian Pallet pooling industry; and iii) a pan-India network. The rating is also supported by LEAP’s diversified customer portfolio, and its customer contracts containing in-built escalation clauses after specific timelines, which provide strong revenue visibility and insulate the company from the impact of any sectoral downturn. Furthermore, the rating benefits from LEAP’s experienced management team. The rating is, however, constrained by high capex intensity and the company’s moderate ROCE. In January 2025, LEAP acquired CHEP India Private Limited to capitalise on the latter’s dominant presence in the auto pooling segment, thereby enhancing the geographical footprint, clientele and product offerings of LEAP. The transaction was funded through a mix of long-term debt and promoter contribution. CHEP India was subsequently merged into LEAP.

List of Key Rating Drivers

Strengths

- Improving financial profile
- Experienced management and strong sponsor
- Robust and unique business profile
- Sound and diversified customer profile

Weaknesses

- High capex intensity; moderate ROCE
- Susceptibility to macro-economic headwinds

Detailed Description of Key Rating Drivers

Improving Financial Profile: The consolidated revenue grew 28.9% yoy to INR4,728.9 million in FY25 , driven by the contribution from CHEP India, and organic growth across pallets, foldable large containers/ crates (FLC) and the material handling equipment (MHE) segment. More than 50% of LEAP's revenue is derived from pallet pooling, wherein LEAP charges rentals along with movement and allotment fees for the pallets. The balance revenue is mainly derived from the allotment of FLC/ crates and MHE. As of September 2025, LEAP had a combined asset base (pallets, FLCs, crates, utility boxes, MHEs) of about 13.8 million (March 2025: 13.3 million). The consolidated EBITDA margins remained comfortable at 55.3% in FY25 (FY24: 55.8%). On a proforma basis (considering consolidation of CHEP for FY25), the revenue stood at INR6,286 million in FY25, and the adjusted EBITDA amounted to about INR3,179 million, translating into an EBITDA margin of about 50.6%.

During 1HFY26, the consolidated revenue grew by about 74% yoy to INR3,499.3 million, led by contribution from the acquisition as well as capex-led growth across assets. LEAP reported a consolidated EBITDA of INR1,760.1 million during 1HFY26), translating into an EBITDA margin of 50.3%. Given the synergy from the acquisition of CHEP India and the heavy capex to be incurred by the company to increase their asset pool in the upcoming years, Ind-Ra expects the revenue to improve and the EBITDA margins to be around 50% in the near-to-medium term.

Despite the high capex intensity and issuance of non-convertible debentures of INR2,000 million in FY25 to partly fund the acquisition of CHEP India, LEAP’s net leverage (gross debt less unencumbered cash & equivalent/ EBITDA) remained largely stable at 2.6x in 1HFY26 (based on annualised EBITDA; FY25 proforma: 2.5x, FY24: 2.7x). The interest coverage stood at 3.8x in 1HFY26 (FY25 proforma: 4.7x; FY24: 4.0x). As per Ind-Ra’s base case projections, despite substantial capital expenditures, the net leverage is likely to remain below the negative sensitivity over FY26-FY28, due to the likely accretion of EBITDA from the newly acquired assets. However, any greater-than-Ind-Ra expected debt funded capex and/or acquisition, leading to deterioration in the leverage metrics, remains a key monitorable for Ind-Ra.

Experienced Management and Strong Sponsor: LEAP has a professional and experienced management team, which is led by Sunu Mathew, the founder of LEAP, who has an experience of over 26 years. The experienced management team has enabled LEAP to partner with marquee customers by being present in key demand locations. KKR held a shareholding of 73.94% in LEAP as of September 2025 on a fully diluted and converted basis. KKR’s primary infusions in LEAP, in the form of compulsorily convertible preference shares (CCPS) of INR1,500 million and INR3,300 million by KKR in FY24 and FY25, respectively, improved the latter’s financial flexibility by providing it with the necessary growth capital. Ind-Ra believes the strong parentage and presence of a financially resourceful sponsor would continue to support the company’s business and financial risk profile.

Robust and Unique Business Profile: LEAP is the largest player in the Indian pallet pooling industry. It has a pan-India network, with 30 fulfilment centres and over 7,700 customer touch points. This has enabled the company to cater to customers across the country and optimally utilise the assets, as reflected in pallet utilisation of more than 87% over FY23-1HFY26.

The company’s business model entails optimum utilisation of assets by providing on-demand supply to its customers without the latter having to incur any significant capital outlay. Palletisation is critical in modern warehousing as it improves efficiency, minimises cost and damage during transportation. LEAP focuses on wooden pallets, which are the most widely used, owing to their higher durability and cost-effectiveness. Thus, the wood segment is likely to continue to dominate the pallet market in India. LEAP has been addressing the market for softwood pallets, which have a life expectancy of 20-25 years. The average customer agreement is for three-to-five years, and the assets can be utilised multiple times with nominal repairs and maintenance. Furthermore, with the acquisition of CHEP India, the company has been able to enhance its existing fleet of crates and foldable large containers.

Globally, the palletisation industry is dominated by a few players. On the domestic front too, the industry is concentrated, with only a handful of players, due to the need for high capital intensity, large infrastructure and geographical reach. Moreover, LEAP offers customer-centric solutions. These factors jointly create high entry barriers for new companies.

Sound and Diversified Customer Profile: LEAP has entered into medium-to-long term agreements (three-to-five years) with strong counterparties such as LG Electronics India Pvt Ltd., Hindustan Coca Cola Beverages Private Limited ('IND AAA'/Stable), Amazon Seller Services Private Limited, Asian Paints Limited and Instakart Service Pvt. Ltd. The company caters to industry leaders across sectors, including consumer durables and fast-moving consumer goods, retail, logistics, industrials, automobiles, among others across India. This diversified profile insulates the company from the risks of any sectoral downturn and has resulted in year-on-year revenue growth. The customer contracts contain in-built escalation clauses after specific timelines, which provide strong revenue visibility. Also, the company's warehouses are strategically located, enabling a swift movement of assets across the country. The company had a total customer base of over 900 clients, with the top 10 customers on standalone basis contributing around 41% to the total revenue in FY25 (FY24: 47%). With the increasing customer base, the customer concentration is likely to reduce further in the medium term.

High Capex Intensity; Moderate ROCE: LEAP's revenue growth has been driven by its continuous investments in expanding its fleet of pooling assets to meet increasing customer demands across various geographies and product categories. While the business of the company is capital intensive, the capex starts yielding revenue within a short gestation period.

The ROCE of the company remains moderate because of lower asset turnover ratio. However, the ROCE improved to 8.4% during 1HFY26 (FY25: 7.0%; FY24: 8.2%). Furthermore, the management expects the ROCE profile to improve over the near-to-medium term, driven by improved turnaround of assets and an increase in the proportion of movement hire (wherein customer can move the assets from one location to other, for which they are charged movement fee), which remains a key monitorable for Ind-Ra.

Susceptibility to Macro-Economic Headwinds: LEAP's business profile is cyclical in nature, and the pooling assets' utilisation remains susceptible to the volatility in overall warehousing demand for e-commerce and retail players. The demand-supply disparity could affect the unit economics for the pooling assets, thereby impacting the profitability of the company. Moreover, LEAP remains exposed to input price volatility, especially the price of softwood used for pallets manufacturing. Hence, the ability of the company to maintain optimum utilisation through the cycles and / or pass the incremental input cost to its customers would remain critical to the profitability, as per Ind-Ra.

Liquidity

Adequate: LEAP's liquidity is supported by an unencumbered cash and equivalent (including investment in mutual fund) of INR1,125 million as of September 2025 (FY25: INR1,166 million). Furthermore, the company has total fund-based working capital limits of INR1,050 million, with average peak utilisation of 22% over the 12 months ended October 2025. Ind-Ra expects the utilisation to have remained at similar levels in the subsequent period. LEAP demonstrated a track record of positive cash flow from operations over FY22-FY25. The internal accruals are likely to. be sufficient to meet scheduled repayment obligations of about INR1,345 million and INR1,836 million in FY26 and FY27, respectively.
The liquidity, however, is constrained by the large capex plans of the company over the near-to-medium term. Nevertheless, the agency draws comfort from LEAP's strong financial flexibility, as demonstrated by its ability to access debt at competitive pricing and the infusion of funds in the form of equity/CCPS by KKR and other investors over FY23-FY25.

Rating Sensitivities

Positive: Continued improvement in the operating scale along with maintaining the margin structure and/or reduction in debt, leading to the net leverage reducing below 2.25x coupled with the maintaining of a healthy ROCE, on a sustained basis, could lead to a positive rating action.

Negative: A significant decline in the operating profitability and/or greater-than-expected debt-funded capex/ acquisition, leading to the net leverage exceeding 3.25x, on a sustained basis, could lead to a negative rating action.

Any Other Information

Not applicable

About the Company

Incorporated in 2013 in Mumbai and promoted by Sunu Mathew, LEAP provides returnable and customised packaging solutions used for storing and moving products across the supply chain.

Key Financial Indicators

Particulars (Consolidated)	1HFY26	FY25	FY24
Revenue (INR million)	3,499.30	4,728.90	3,668.60
EBITDA (INR million)	1,760.10	2,616.60	2,048.40
EBITDA margin (%)	50.3	55.3	55.8
Gross interest coverage (x)	3.8	3.8	4
Net leverage (x)	2.6	3.1	2.7
Source: LEAP; Ind-Ra			

Status of Non-Cooperation with previous rating agency

Not applicable

Rating History

Instrument Type	Rating Type	Rated Limits (million)	Current Rating	Historical Rating/Outlook					
				7 April 2025	13 September 2024	21 November 2023	22 September 2023	25 May 2023	26 September 2022
Bank loan facilities	Long-term/Short-term	INR10,509.7	IND A/Stable/IND A1	IND A/Stable/ IND A1	IND A/Stable/ IND A1	IND A-/Stable/ IND A1	-	IND BBB+/Rating Watch with Developing Implications/IND A2/Rating Watch with Developing Implications	IND BBB+/Rating Watch with Developing Implications /IND A2/Rating Watch with Developing Implications
Issuer Rating	Long-term	-					WD	IND BBB+/Rating Watch with Developing Implications	IND BBB+/Rating Watch with Developing Implications

Bank wise Facilities Details

The details are as reported by the issuer as on (03 Feb 2026)

#	Bank Name	Instrument Description	Rated Amount (INR million)	Rating
1	Kotak Mahindra Bank	*Term loan	593	IND A/Stable
2	Axis Bank Limited	Fund Based Working Capital	300	IND A/Stable / IND A1
3	HDFC Bank Limited	Fund Based Working Capital	50	IND A/Stable / IND A1

4	Hongkong Shanghai Banking corporation	Fund Based Working Capital	450	IND A/Stable / IND A1
5	ICICI Bank	Fund Based Working Capital	250	IND A/Stable / IND A1
6	Yes Bank Ltd	Fund Based Working Capital Limit	50	IND A/Stable / IND A1
7	NA	Proposed Term loan	174.7	IND A/Stable / IND A1
8	Hongkong Shanghai Banking corporation	Term loan	1875	IND A/Stable
9	ICICI Bank	Term loan	3058	IND A/Stable
10	IDFC First Bank	Term loan	250	IND A/Stable
11	HDFC Bank Limited	Term loan	2399	IND A/Stable
12	Bajaj Finance	Term loan	625	IND A/Stable
13	Yes Bank Ltd	Term loan	435	IND A/Stable

The details are as reported by the issuer as on (07 Apr 2025)

#	Bank Name	Instrument Description	Rated Amount (INR million)	Rating
1	Kotak Mahindra Bank	*Term loan	689.9	IND A/Stable
2	Axis Bank Limited	Fund Based Working Capital	300	IND A/Stable / IND A1
3	HDFC Bank Limited	Fund Based Working Capital	50	IND A/Stable / IND A1
4	Hongkong Shanghai Banking corporation	Fund Based Working Capital	450	IND A/Stable / IND A1
5	ICICI Bank	Fund Based Working Capital	250	IND A/Stable / IND A1
6	Yes Bank Ltd	Fund Based Working Capital Limit	50	IND A/Stable / IND A1
7	NA	Proposed Term loan	3661.6	IND A/Stable
8	Yes Bank Ltd	Term loan	450	IND A/Stable
9	Hongkong Shanghai Banking corporation	Term loan	1000	IND A/Stable

10	ICICI Bank	Term loan	1250	IND A/Stable
11	IDFC First Bank	Term loan	325	IND A/Stable
12	HDFC Bank Limited	Term loan	1283.2	IND A/Stable
13	Bajaj Finance	Term loan	750	IND A/Stable

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.

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APPLICABLE CRITERIA AND POLICIES

Evaluating Corporate Governance

Corporate Rating Methodology

Treatment and Notching of Hybrids in Nonfinancial Corporates

Parent and Subsidiary Rating Linkage

Short-Term Ratings Criteria for Non-Financial Corporates

The Rating Process