



## Press Release

### R K Laxmi Logistic Private Limited

**March 25, 2025**

#### **Ratings**

<b>Instrument Facility /</b>	<b>Amount (Rs. crore)</b>	<b>Current Ratings</b>	<b>Previous Ratings</b>	<b>Rating Action</b>	<b><a href="#">Complexity Indicator</a></b>
Long-Term Bank Facilities	50.00* (reduced from Rs.61.00 crore and includes proposed facility of Rs 8.77 crore)	IVR BB/ Stable (IVR Double B with Stable outlook)	IVR BB/ Stable (IVR double B with Stable Outlook)	Rating Reaffirmed	Simple
<b>Total</b>	<b>50.00</b> <b>(INR fifty crore only)</b>				

(\*The term loan rated in the previous year amounting to Rs. 0.65 crore has been withdrawn based on No Due Certificate received from State Bank of India and at the request of the company and is in line with Infomerics policy on withdrawal.)

**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 reaffirmation of the long-term rating assigned to the bank facilities of R K Laxmi Logistic Private Limited (RKLLPL) derives comfort from the experience of the promoters, long track record of operations and steady business risk profile. The rating also factors in the reputed clientele and efficient working capital management. However, these rating strengths are constrained by moderate financial risk profile marked by leveraged capital structure, susceptibility of its profitability to adverse fluctuations in prices of fuels, exposure to geographical and client concentration risk and highly fragmented & competitive nature of industry.

The long-term rating outlook of R K Laxmi Logistic Private Limited (RKLLPL) continues to be Stable as the company will benefit from the experienced management and favorable industry outlook.

Infomerics has also withdrawn the outstanding long-term rating of 'IVR BB/ Stable' assigned to the term loan amounting to Rs. 0.65 crore of RKLLPL with immediate effect. The withdrawal has been taken on the basis of No Due Certificate received from State Bank of India and at



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the request of the company. The rating is withdrawn in accordance with Infomerics' policy on withdrawal. Link to the withdrawal policy is provided below.

### **Key Rating Sensitivities:**

#### **Upward Factors**

- Significant and sustained growth in scale of operations with improvement in profitability and cash accruals.
- Improvement in the capital structure and debt protection metrics with TOL/TNW to remain below 1.50x on a sustained basis.
- Managing working capital requirement efficiently leading to improvement in the operating cycle with improvement in liquidity.

#### **Downward Factors**

- Decline in the operating income and/or profitability impacting the cash accrual and debt coverage indicators.
- Deterioration in the capital structure and/ or coverage indicators.
- Elongation in working capital cycle leading to deterioration in liquidity position.

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

#### **Key Rating Strengths**

##### **Long track record of operations and experienced management**

R K Laxmi Logistic Private Limited (RKLLPL) has a long operational track record of more than a decade in the logistics industry. The promoters Mr. Laxmi Kant Rai and Mr. Shiv Ram also have more than two decades of experience in the industry. The extensive experience of the management, their understanding of the market dynamics and healthy relations with customers will benefit the company going forward, resulting in steady growth in the scale of operations.

##### **Steady business risk profile supported by reputed clientele base**

The steady business risk profile of the company is marked by the stable growth in revenue and reputable client base of the company. R K Laxmi Logistic Private Limited (RKLLPPL) has achieved revenue of Rs. 52.40 Cr in FY2024 (refers to period April 1st, 2023, to March 31, 2024) as compared to Rs. 43.98 Cr in FY2023 (refers to period April 1st, 2022, to March 31, 2023), thereby registering a y-o-y growth of ~19.14% due to increasing transport orders.



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Further, the company has achieved revenue of around Rs. 39.26 Cr in 9MFY2025 (Provisional) (refers to period April 1st, 2024, to December 31, 2024).

Moreover, RKLLPL caters to reputed clients and majorly cement and fertilizer manufacturing companies such as ACC, Ambuja cement, Dalmia cement, RCCPL Ltd and Hindustan Urvarak and Rasayan Ltd. The reputed client base mitigates the counter party credit risk. Going forward, the sustenance in the growth of the revenue will be a key rating monitorable.

- **Efficient working capital management**

The working capital management of RKLLPPL is efficiently marked by the comfortable operating cycle of the company which stood at 39 days as on 31st March 2024 as compared to 79 days as on 31st March 2023. The operating cycle is predominantly driven by the low debtor level during the same period. The debtor period improved and stood at 66 days as on 31st March 2024 as against 142 days as on 31st March 2023. The outstanding debtors are due to freight expenses incurred and due from the cement companies. As all the clients are reputed clients thus the value gets realized within 45-90 days. Thereby, reducing the counter party credit risk. The working capital management of the company will remain almost at the same level over the medium term, as is evident by the efficient collection mechanism.

### **Key Rating Weaknesses**

- **Moderate financial risk profile marked by leveraged capital structure**

The company has a leveraged capital structure. The tangible net worth (TNW) of the company have improved marginally to Rs.23.73 Cr as on March 31, 2024, from Rs. 23.45 Cr as on March 31, 2023, due to accretion of reserves. The overall gearing of the company stood high at 2.37x times as on March 31, 2024, as against 2.40x as on March 31, 2023, and the Total outside Liabilities/Tangible Net Worth (TOL/TNW) also stood high at 2.51x as on March 31, 2024, as against 2.59x as on March 31, 2023. Nevertheless, the debt protection metrics of RKLLPPL stood comfortable marked by Interest Coverage Ratio at 2.47x as on March 31, 2024, and Debt Service Coverage Ratio stood at 2.09x as on March 31, 2024. Again, the total debt/EBITDA stood high at 4.04x as on March 31, 2024. Going forward, the financial risk profile of the company will improve in absence of any debt funded capex plans.

- **Susceptibility of its profitability to adverse fluctuations in prices of fuels**

Diesel is the key raw material of the company, and it constituted around ~50% of the company's total operational cost in FY2024 as compared to 64% in FY2023. The price of



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diesel is determined by global crude oil price movement; hence the profitability of the company remains exposed to fluctuations in the prices of fuels.

The EBITDA margin of the company declined but stood healthy at 26.59% in FY2024 as compared to 35.41% in FY2023, primarily due to the rise in the diesel price. Again, the PAT margin increased but stood thin at 0.44% in FY2024 as compared to 0.38% in FY2023. The PAT margin is thin mainly on account of high depreciation and capital charges. Further, the company has achieved an EBITDA margin and PAT margin of 30.87% and 1.58% in 9MFY2025 (provisional) respectively. Infomerics notes that the growth in the profitability margins of the company will be a key rating determinant, going forward.

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

The company revenue is entirely concentrated in the state of Uttar Pradesh. Hence, it is exposed to geographical concentration risk. In addition to this, the top 4 customers of RKLLPL contributed around ~70.34% of total sales in FY2024 compared to 99.07% in FY2023 exposing it to high customer concentration risk. Going forward, in order to mitigate the geographical concentration risk to some extent the company is expanding its operations.

- **Highly fragmented & competitive nature of business**

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 the 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 RKLLPL to expand its market position.

**Analytical Approach:** Standalone

**Applicable Criteria:**

[Rating Methodology for Service Sector Companies](#)

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

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

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

[Policy on Withdrawal of Ratings](#)



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### **Liquidity – Adequate**

The adequate liquidity position of the company is marked by the steady net cash accruals of Rs. 9.15 Cr as on March 31, 2024, as against long-term debt repayment of Rs. 1.43 Cr over the same period. The cash and bank balances of the company stood at Rs. 0.27 Cr as on March 31, 2024. However, the current ratio stood moderate at 1.25x as on March 31, 2024, and nevertheless the Quick Ratio stood comfortable at 1.25x as on March 31, 2024. Further, the average fund-based limit utilisation remains moderately high at 81.45 per cent over the twelve months ended January 2025. The company will maintain adequate liquidity position going forward due to consistently increased in accruals.

### **About the Company**

R K Laxmi Logistic Private Limited (RKLLPL) was initially started as a partnership firm in the year 2013 and got converted into a private limited company on January 27, 2022, and is promoted by the Rai family based in Uttar Pradesh. The company is engaged in road transport business in the state of Uttar Pradesh and has owned fleet size of 180 to 200 trucks. It caters to companies in cement and fertilizer space for transport of goods within Uttar Pradesh. The company's day-to-day operations are looked after by Mr. Laxmi Kant Rai, Mr. Rama Kant Rai and Mr. Shiv Ram along with a team of experienced professionals.

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

(Rs. crore)

For the year ended/ As on*	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	43.98	52.40
EBITDA	15.57	13.93
PAT	0.17	0.24
Total Debt	56.39	56.33
Tangible Net Worth	23.45	23.73
EBITDA Margin (%)	35.41	26.59
PAT Margin (%)	0.38	0.44
Overall Gearing Ratio (x)	2.40	2.37
Interest Coverage (x)	3.14	2.47

\*Classification as per Infomerics' standards.

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

**Any other information:** Nil





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### Rating History for last three years:

Sr. No	Name of Instrument/ Facilities	Current Ratings (Year 2024-2025)			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
					January 09, 2024	-	-
1.	Term Loans	Long Term	35.00*	IVR BB/ Stable	IVR BB/ Stable	-	-
2.	Cash Credit	Long Term	15.00	IVR BB/ Stable	IVR BB/ Stable	-	-

\*Includes proposed term loan of Rs 8.77 crore

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### About Infomerics:

Infomerics Valuation and Rating Limited (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).

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### Annexure 1: Instrument/Facility Details

Name of Facility	ISIN	Date of Issuance	Coupon Rate /IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan I	-	-	-	July 2027	3.65	IVR BB/ Stable
GECL I	-	-	-	July 2027	0.51	IVR BB/ Stable
Term Loan II	-	-	-	June 2028	13.22	IVR BB/ Stable
GECL II	-	-	-	June 2028	3.54	IVR BB/ Stable
Vehicle Loan I	-	-	-	-	-	Withdrawn
Vehicle Loan II	-	-	-	February 2027	1.12	IVR BB/ Stable
Vehicle Loan III	-	-	-	May 2027	0.90	IVR BB/ Stable
Term Loan III	-	-	-	February 2027	1.01	IVR BB/ Stable
Term Loan IV	-	-	-	February 2028	2.28	IVR BB/ Stable
Proposed Term Loan	-	-	-	-	8.77	IVR BB/ Stable
Cash Credit	-	-	-	-	15.00	IVR BB/ Stable

### Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-RK-Laxmi-Logistic-25mar25.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)