

## Ritco Logistics Limited

June 09, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term / Short Term Bank Facilities	-	-	Reaffirmed at CARE BBB+; Stable / CARE A2 and withdrawn

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

CARE Ratings Ltd. has reaffirmed and withdrawn the outstanding ratings of 'CARE BBB+; Stable / CARE A2' [Triple B Plus; Outlook: Stable/ A Two] assigned to the bank facilities of Ritco Logistics Limited with immediate effect. The above action has been taken at the request of Ritco Logistics Limited and 'No Objection Certificate' received from the bank(s) that have extended the facilities rated by CARE Ratings Ltd.

The reaffirmation in the ratings assigned to Ritco Logistics Limited (RLL) continue to derive strength from the growth in its total operating income and the company being an integrated player with a Pan-India presence catering to more than 300+ locations and established relationship with several reputed customers across varied industries over the years. The ratings also continue to take comfort from the long-standing experience of its promoters in the logistics industry and improving financial risk profile. The ratings also take note of the continuous thrust of the company on innovation for vehicles aggregation which will reflect the fleet availability, pricing and the payment status to all the registered fleet owners.

The ratings, however, continue to remain constrained by the working capital-intensive nature of operations, competitive and fragmented nature of the freight logistics industry and vulnerability of its profitability margins to trade cycle and competition.

### Analytical approach: Consolidated

Consolidated with Logro Sourcing Private Limited and Trucksup Solutions Private Limited (Wholly owned subsidiary of Logro Sourcing Private Limited) as these entities are involved in a similar line of business and have common management. The detailed list of entities whose financials have been considered in RLL's consolidated financials are mentioned in Annexure 6.

### Outlook: Stable

The Stable outlook reflects CARE's opinion that company will continue to benefit from vast experience of promoters and long track record of operations in logistics industry with reputed customer base, as well as improved liquidity post the fund infusion.

### Detailed description of key rating drivers:

#### Key Strengths

##### Improvement in financial risk profile supported by infusion of funds

The financial risk profile of RLL has continued to strengthen, backed by healthy growth in operational performance and improved coverage indicators. During FY25 (Abridged), the company reported a total operating income of Rs. 1,189.69 crore, registering a strong YoY growth of ~27% over Rs. 933.30 crore in FY24, primarily driven by sustained business from existing clientele and further traction in infrastructure-linked contracts. PBILDT also increased to Rs. 89.78 crore in FY25 from Rs. 75.08 crore in FY24, though the margin moderated slightly to 7.55% from 8.04%. Coverage metrics have improved, with interest coverage rising to 4.02x in FY25 (PY: 3.46x), supported by improved earnings. The capital structure remains comfortable, with overall gearing improving to 0.98x as on March 31, 2025, as compared to 1.42x as on March 31, 2024, on the back of improved net worth base and healthy accretion to reserves. Gross cash accruals also improved significantly to Rs. 61.69 crore in FY25 (PY: Rs. 46.42 crore), reflecting enhanced cash generation capability. These factors, collectively, indicate continued strengthening of RLL's financial profile.

##### Established and diversified customer portfolio

The company has established relationship with several reputed customers across varied industries over the years, including several leading multi-nationals and domestic companies in the polymer sector, FMCG sector and Tyre sector. Further, the company has also ventured into the cement and steel sector by onboarding reputable clients. The established relationship with reputable customers helps the company in getting repeat orders, which also provides revenue visibility, minimizes counterparty credit risk

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications

and is expected to drive the business forward. Moreover, the company has an agreement spanning 1 to 3 years with all its major customers and the agreement includes an escalation clause based on a change in the diesel cost.

**Integrated logistics player with Pan-India presence**

RLL caters to a widely distributed Indian market through its 300+ locations with 50 branches, and 8-9 fleet hubs. The company has its own fleet size of approx. 476 dedicated vehicles as on March 31, 2025 and a dedicated fleet of 1800+ trucks from the market and also hires from the spot market if required (through brokers). The dedicated freight is the most preferable mode as it carries a fixed rate with no minimum guarantee involved of the trucks on road. However, RLL needs to maintain its own fleet of vehicles to retain bargaining power and control market share in the industry. RLL has undertaken concentrated efforts to integrate updated technology with the operational processes to save costs and improve efficiency. It has deployed adequate technology infrastructure through in-house software which enables it and its customers to track their consignments in real time. Further, the company has also developed vehicle aggregator platform which aims to reflect the fleet availability, pricing, and the payment status to all the registered fleet owners.

**Experienced Promoters and management team**

RLL is promoted by Mr. Manmohan Pal Singh Chadha, Chairman and CFO, and Mr. Sanjeev Kumar Elwadhi. Mr. Chadha has been in the supply chain business since 1989 and has experience of three decades in the field of finance as well as in transportation and logistics. He has contributed significantly towards redesigning the process monitoring & analysing trends' establishing forecast models to ensure greater financial control in the company. Mr. Sanjeev Elwadhi is a Commerce graduate from Delhi University and has over 30 years of rich experience in the field of transportation and logistics and has played a crucial role in Business Development particularly related to contract logistics and fleet management. Further, the promoters are assisted by a team of professionals who have substantial experience in the logistics domain.

**Key Weaknesses****Working capital intensive nature of operations**

The operations of the company continue to remain working capital intensive, as reflected in the elongated operating cycle of 114 days in FY25, compared to 102 days in FY24. The increase is primarily attributable to a stretch in collection period to 115 days (PY: 104 days), driven by credit terms extended to corporate clientele and geographical delivery delays. Given the nature of business, the company continues to offer credit periods of 90–120 days post-delivery, while also incurring substantial upfront costs, including ~85% advance payments for fuel procurement, leading to a high working capital gap. Despite the earlier infusion of funds—primarily utilized for reducing working capital borrowings—the negative cash flow from operations in FY25 (Rs. -16.04 crore) underscores ongoing liquidity pressures and reinforces the dependence on external funding lines to bridge the gap.

**Vulnerability of profitability margins to trade cycle and competition**

Logistics operations are dependent on the overall economic condition of the country. Higher economic activity translates into higher freight movement which drives demand for road freight transport industry. However, RLL's major exposure to sectors like petrochemical and FMCG partially mitigates risk arising from inherent cyclicity in logistics sector on account of stable demand from both these sectors. RLL remains exposed to significant fluctuation in hire charges for market vehicles as the rates are primarily dependent on the demand-supply dynamics. It is also vulnerable to the volatility in fuel prices, and its ability to tackle a timely pass-through of any variation in fuel prices remains critical in maintaining its profitability margins.

**Competitive and fragmented nature of the freight logistics industry**

Around 80-85% of the road freight transport industry consists of small transport operators that own less than five trucks. The highly fragmented and unorganized nature of the industry results in intense price competition and may lead to pressure on the company's profitability in case of adverse situations. However, the players with superior quality of service and presence in different locations across country and clientele across various industries would enjoy competitive edge and would be able to garner more business and long-term contracts. On account of RLL's foray into end-to-end freight service, the company is well placed vis-à-vis competition. While there exists a significant opportunity for the organized players to scale up their businesses, especially with the implementation of the GST, the fragmented nature of the industry results in stiff competition, thereby exerting pressure on profitability margins in renewal of contracts. Nonetheless, RLL has been able to mitigate this risk to an extent, benefitting from the established relationships with its customers and gradual adoption of IT infrastructure.

**Liquidity: Adequate**

The liquidity profile of the company remains adequate, supported by healthy gross cash accruals (GCA) of Rs. 61.69 crore against a repayment obligation of Rs. 14.92 crore during FY25. Liquidity has shown a strengthening trend, with the average fund-based working capital (FBWC) utilisation improving from 90.23% over the 12 months ending July 2024 to 77.72% over the 12 months

ending February 2025. Additionally, the company had unencumbered cash and fixed deposits amounting to Rs. 20.69 crore as on March 31, 2025.

**Environment, social, and governance (ESG) risks:** Not Applicable

### Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Withdrawal Policy](#)

[Service Sector Companies](#)

[Short Term Instruments](#)

[Consolidation](#)

### About the company and industry

Macroeconomic indicator	Sector	Industry	Basic industry
Services	Services	Transportation Services	Logistic Solution Provider

Ritco Logistics Ltd (RLL) was incorporated in 2001. Prior to incorporation of RLL, the group was providing logistics services through a private limited company- Ritco Kirti Associates Pvt Ltd since 1996. RLL is an ISO 9001:2000 certified company and is a third-party logistics (3PL) service provider providing logistics services including transportation of cargo and warehousing services. The scope of services includes contract logistics, liquid logistics, less than truck load (LTL) service, multi-model movement (road-railroad) and warehouse and distribution services. The company caters to a wide range of industries such as petrochemicals, FMCG, steel, textiles, pharmaceuticals, petroleum and automobile among others. The company has its own fleet size of approximately 476 dedicated vehicles and has warehousing area across 13 locations in the country.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	March 31, 2025 (Abridged)
Total operating income	751.15	933.30	1189.69
PBILDT	52.77	75.08	89.78
PAT	24.71	32.62	40.63
Overall gearing (times)	1.39	1.42	0.98
Interest coverage (times)	3.20	3.46	4.02

A: Audited; Note: these are latest available financial results

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** Not Applicable

**Rating history for last three years:** Annexure-2

**Detailed explanation of covenants of rated instrument / facility:** Annexure-3

**Complexity level of instruments rated:** Annexure-4

**Lender details:** Annexure-5

**Annexure-1: Details of instruments/facilities**

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT/ ST-Working Capital Limits	-	-	-	-	0.00	Withdrawn
Non-fund-based - LT/ ST-BG/LC	-	-	-	-	0.00	Withdrawn

**Annexure-2: Rating history for last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT- Cash Credit	LT	-	-	-	-	-	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (13-Feb-23) 2)Withdrawn (13-Feb-23) 3)CARE BB+; Stable; ISSUER NOT COOPERATING* (30-Sep-22)
2	Fund-based - LT/ ST-Working Capital Limits	LT/ST	-	-	CARE BBB+; Stable / CARE A2 (09-Jun-25)	1)CARE BBB+; Stable / CARE A2 (16-Sep-24)	1)CARE BBB; Stable / CARE A3+ (07-Mar-24)	-
3	Non-fund-based - LT/ ST-BG/LC	LT/ST	-	-	CARE BBB+; Stable / CARE A2 (09-Jun-25)	1)CARE BBB+; Stable / CARE A2 (16-Sep-24)	1)CARE BBB; Stable / CARE A3+ (07-Mar-24)	-

\*Issuer did not cooperate; based on best available information.

LT: Long term; LT/ST: Long term/Short term

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not Applicable**

**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT/ ST-Working Capital Limits	Simple
2	Non-fund-based - LT/ ST-BG/LC	Simple

**Annexure-5: Lender details**

To view the lender wise details of bank facilities please [click here](#)

**Annexure-6: List of entities consolidated**

Sr. No.	Name of the entity	Extent of Consolidation	Rationale for Consolidation
1	Logro Sourcing Private Limited	Full	Involved in a similar line of business and have common management.
2	Trucksup Solutions Private Limited (Wholly owned subsidiary of Logro Sourcing Private Limited)	Full	Involved in a similar line of business and have common management.

**Note on complexity levels of rated instruments:** CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to [care@careedge.in](mailto:care@careedge.in) for clarifications.

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