



**Press Release**  
**LAXMI TRADERS**  
**June 18, 2025**  
**Rating Assigned**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	50.00	ACUITE BB+   Stable   Assigned	-
Total Outstanding Quantum (Rs. Cr)	50.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuite has assigned its long-term rating of 'ACUITE BB+' (read as ACUITE double B plus) on the Rs. 50.00 Cr. bank facilities of Laxmi Traders (LT). The outlook is 'Stable'.

**Rationale for Rating**

The rating considers the experienced management and long track record of operations of the firm. The rating also factors in the steady business risk profile, and moderately efficient working capital operations. However, the rating is constrained due to average financial risk profile and vulnerability of margins to volatile in raw material price amidst competitive nature of industry.

**About the Company**

Pune based; Laxmi Traders (LT) is a partnership firm, established in 1989. Prior to becoming a partnership entity, the business was operated as a sole proprietorship for nearly a decade, building a strong foundation of market understanding and customer relationships. The firm is engaged in the wholesale trading of atta, pulses, and other food grains, catering to a broad clientele. In addition to its core trading operations, the firm is also involved in strategic real estate investments, generating steady rental income from commercial properties. The promoters of the firm are Mr. Surendra Mittal, Ms. Sarita Mittal and Mr. Nitin Mittal.

**Unsupported Rating**

Not Applicable

**Analytical Approach**

Acuite has considered the standalone business and financial risk profile of the Laxmi Traders to arrive at the rating.

**Key Rating Drivers**

**Strengths**

**Experienced management with an established track record of operations**

Laxmi Traders (LT) has an operational track record of more than three decades in the wholesale trading of atta, pulses, and other food grains. Mr. Surendra Mittal has more than four decades of experience in the same industry. Acuite believes that the firm will continue to benefit from its experienced management and able to sustain established relations with its customers and suppliers over the medium term.

**Improvement in scale of operations albeit moderation in profitability margins**

The firm's revenue has improved and stood at Rs. 180.74 Cr. in FY24 as compared to Rs. 148.01 Cr. in FY23 and Rs. 131.17 Cr. in FY22. Also, the firm reported revenue of ~Rs. 211.11 Cr. in FY25 (Prov.) driven by increased demand of the traded products. The operating profit margin stood at 2.05 per cent in FY24, slightly lower than 2.16 per cent in FY23. The PAT of the firm increased to Rs. 11.40 crore in FY24 from Rs. 4.30 crore in FY23,

primarily due to higher non-operating income resulting from gains on the sale of assets. Consequently, the PAT margin improved to 6.31 per cent in FY24 from 2.90 per cent in FY23. Acuité believes, that the sustain improvement in revenue and profitability would remain as a key rating monitorable.

**Moderately efficient working capital cycle**

The working capital cycle is moderately efficient marked by GCA of 149 days in FY24 and 154 days during FY23.

The debtor days of the firm stood at 59 days for FY24 compared to 68 days for FY23 and the inventory days stood at 25 days for FY24 as against 23 days for FY23. The firm has average inventory holding period of 20 to 25 days. The average fund-based working capital utilization is almost fully utilised ended April 2025. Acuité believes that working capital operations of the company will continue to remain in similar range over medium term considering the nature of business.

## **Weaknesses**

### **Average Financial Risk Profile**

The financial risk profile of the firm is average marked by moderate net worth, below average gearing and comfortable debt protection metrics. The firm's net worth increased and stood at Rs. 47.45 Cr. as on March 31, 2024, from Rs. 33.77 Cr. as on March 31, 2023, due to accretion of profit to reserves. The total debt of the firm stood at Rs. 81.40 Cr. as on March 31, 2024, as against Rs. 74.02 Cr. as on March 31, 2023. The debt profile of the firm comprises of Rs. 49.53 Cr. of long-term debt, Rs. 7.87 Cr. of unsecured loans from related parties and the Rs. 23.99 Cr. of short-term debt as on March 31, 2024. Most of the firms' term loans are availed for commercial properties, with repayment secured primarily through rental income generated from these assets. The gearing of the firm stood at 1.72 times in FY24 as against 2.19 times in FY23. The debt protection metrics remained comfortable as reflected with an interest service coverage ratio of 2.20 times as on March 31, 2024, as against 1.51 times as on March 2023. Also, debt service coverage ratio stood at 1.50 times as on March 31, 2024, as against 1.02 times as on March 2023. Acuite believes that the financial risk profile of the group is likely to be sustained in near to medium term.

### **Vulnerability of margins to volatile in raw material price and competitive nature of industry**

Profit margins are highly susceptible to fluctuations in raw material prices, which are influenced by seasonal factors such as monsoon variations, leading to unpredictable cost structures. Additionally, the competitive landscape is intense due to low entry barriers and a fragmented industry structure, which results in significant pricing pressures from peers. This combination of volatile raw material costs and aggressive competition poses a continuous challenge to maintaining stable profit margins for companies engaged in trading.

## **Rating Sensitivities**

- Sustain improvement in scale of operation and profitability margins
- Changes in financial risk profile
- Deterioration in working capital cycle

## **Liquidity Position**

### **Adequate**

The liquidity position of the firm is adequate marked by net cash accruals of Rs. 11.49 Cr. in FY24 and Rs. 4.42 Cr. in FY23 against repayment obligation in the range of Rs. 4-4.50 Cr. in the same period. Also, the promoters are resourceful and will infuse funds as and when required. Going forward the company's net cash accruals provides sufficient cushion to the repayment obligation. The company had a cash balance of Rs. 0.77 crore as on March 31, 2024. The current ratio stood at 1.58 times in FY24. The average fund-based working capital utilization is almost fully utilised ended April 2025. Acuité believes that the liquidity of the group is likely to remain adequate over the medium term on account of adequate cash accrual over the medium term against repayment obligations.

## **Outlook: Stable**

### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	180.74	148.01
PAT	Rs. Cr.	11.40	4.30
PAT Margin	(%)	6.31	2.90
Total Debt/Tangible Net Worth	Times	1.72	2.19
PBDIT/Interest	Times	2.20	1.51

### Status of non-cooperation with previous CRA (if applicable)

None

### Any other information

None

### Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Trading Entities: <https://www.acuite.in/view-rating-criteria-61.htm>

### Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in).

### Rating History :

Not Applicable

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Union Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	42.00	Simple	ACUITE BB+   Stable   Assigned
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	8.00	Simple	ACUITE BB+   Stable   Assigned

## Contacts

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### About Acuité Ratings & Research

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