

Shree Maruti Integrated Logistics Limited

May 02, 2025

Facilities	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	69.00	CARE BBB; Stable	Assigned
Long-term / Short-term bank facilities	10.00	CARE BBB; Stable / CARE A3+	Assigned

Details of facilities in Annexure-1.

Rationale and key rating drivers

The ratings assigned to the bank facilities of Shree Maruti Integrated Logistics Limited (SMILE) derives comfort from established track record of over three decades and its market position in the domestic courier segment and its well-entrenched franchisee network enabling it to service over 5000 pin codes across the country. The ratings also takes cognisance of stable volume growth in the domestic courier segment with the company focusing on diversifying its revenue stream in cold storage transportation / warehousing business, courier services to D2C brands / e-commerce aggregators, and manual goods sorting services for e-commerce aggregators, among others, its comfortable capital structure and adequate liquidity.

The above ratings, however, are constrained owing to moderation in SMILE's profitability owing to long-term diversification plans leading to higher fixed costs in deployment of skilled employees, and software development, among others in FY24 and FY25 and stiff competition from unorganised players and new start-ups backed by international private equity investors.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Substantial increase in its scale of operations to ₹1200 crore backed by scaling up of new business ventures leading to improvement in profit before interest, lease rentals, depreciation and taxation (PBILDT) margin above 10% on a sustained basis.

Negative factors

- Deterioration in the PBILDT margin below 6% on a sustained basis.
- Increase in working capital intensity or significant advances for unrelated business leading to deterioration in the overall gearing above unity on a sustained basis.
- Decline in liquidity cushion available with the company below ₹25 crore on a sustained basis.

Analytical approach: Consolidated

CARE Ratings has taken a consolidated view of SMILE and its three subsidiaries, Delcaper Technologies India Private Limited and Coldverse Supply Chain Private Limited and Green Logitech LLP, considering managerial, financial and operational linkages. (Details of subsidiaries are shared in Annexure - 6).

Outlook: Stable

Stable outlook reflects CARE Ratings Limited (CARE Ratings) expectations that the company shall be able to sustain its credit risk profile in the near term supported by its established presence in the domestic courier industry and its strategic plan to diversify its revenue stream under an asset-light model with minimal reliance on external debt.

Detailed description of key rating drivers:

Key strengths

Experienced promoters and company's established presence in domestic courier segment

Incorporated in 1985, as a partnership firm by Ram Mokariya, SMILE has an established track record of over three decades in the domestic courier industry. The company has an established distribution network pan-India with its branches in 27 states, offering last mile connectivity to its customers. As on January 31, 2025, the company has ~154 regional hub offices and 3054 franchisee networks across the country, directly covering ~5143 pin codes domestically (covering ~27% of the total pin codes of India). The company is currently managed by the second generation of the family, Ajay Mokariya and Maulik Mokariya. The management is supported by qualified professionals to look after the company's day-to-day operations.

Stable operating performance of the courier business, with focus on diversification of revenue stream

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

SMILE's total operating income (TOI) grew at a compound annual growth rate (CAGR) of 18% for five years ended FY24. In FY24, SMILE's TOI grew by 14% y-o-y to ₹670 crore (FY23: ₹586 crore), of which ~94% was derived from traditional courier services business, with y-o-y increase in number of shipments delivered. The courier segment is poised to grow at ~8 -10% annually, with y-o-y addition of pin codes and expansion of franchisee network.

The company plans to diversify its presence in the logistics and cold storage segments. In FY25, SMILE commenced providing cold storage warehousing and transportation facilities, courier services to direct-to-consumer (D2C) businesses (e-commerce/hyperlocal), and manual sorting facilities to e-commerce aggregators. With the scaling up of operations in these sectors, SMILE reported a revenue of ~₹820 crore in FY25 (provisional), with ~₹100 crore contributed by new sectors. (FY24: ₹30 crore).

Comfortable capital structure

SMILE's capital structure remains comfortable marked by overall gearing and total outside liabilities to tangible net worth (TOL/TNW) of 0.19x (FY23: 0.11x) and 1.00x (FY23: 0.70x) respectively as on FY24-end. The company's net worth base declined to ₹163 crore in FY24 (FY23: ₹208 crore), primarily due to provision for doubtful advances of ₹76 crore, which was extended to unrelated business in FY20-FY22. Significant investment in unrelated business segments going forward shall remain a key monitorable.

CARE Ratings expects SMILE's capital structure to moderate due to increase in working capital requirements for new business ventures, which is expected to be funded partially through bank borrowings. The finance lease liability is also expected to increase considering the group's expansion plan is on an asset light model.

Key weaknesses

Moderation in profitability levels

With its established presence in the domestic courier market, SMILE is now diversifying its presence in the logistics and cold storage segments. Hence, initial setup costs for software development, deployment of skilled resources, and construction of the asset base were incurred in FY24 and FY25, which has led to higher allocation of internal accruals to capex / opex expenditure, increase in debt levels and moderation of SMILE's PBILDT margin.

In FY24, SMILE's PBILDT margin moderated by 350 bps on a y-o-y basis to 8.84% (FY23: 12.34%). For FY25, SMILE's PBILDT margin is expected at ~7.50-8% owing to increase in fixed costs. Profit after taxation (PAT) margin is expected to remain at ~2-3% in FY25 owing to increase in financial lease liabilities for expansion of cold storage warehousing/ transportation business. Effective scaling up of new business ventures to absorb fixed costs and improve its profitability shall remain a key monitorable.

Exposure in form of investments and/or loans and advances to unrelated parties

SMILE extended advances to the tune of ₹76 crore to an unrelated business in FY20-FY22. Anticipating non-recovery, the company wrote off these advances in FY24, resulting in a loss at the PAT level and erosion of the company's net worth base. As of December 31, 2024, SMILE invested ₹33.10 crore (FY24 end: ₹23.20 crore) in Shipyaari, an aggregator platform that enables SMILE to expand its courier presence in remote locations. Considering that these advances have not yielded significant operational or financial benefits and given the expected increase in working capital intensity of its operations, further increase in investments in unrelated businesses / group companies going forward shall remain a key area for monitoring.

Stiff competition from unorganised players and new start-ups backed by international private equity (PE) investors

The courier industry comprises many large players with extensive networks in national and international locations, and numerous unorganised regional players, who primarily compete on pricing.

The e-commerce sector is highly competitive, with numerous companies striving to capture market share. This competition arises from direct rivals offering similar products and services, and indirect competitors providing alternative solutions to meet customer needs. As a result, SMILE, being a new entrant in the e-commerce segment, has limited pricing power, which may exert pressure on its profitability.

Liquidity: Adequate

SMILE's liquidity position remains adequate marked by sufficient gross cash accruals (GCA) relative to its debt repayment obligations, low dependence on external debt, and free liquidity of ~₹35 crore as of January 31, 2025. With a comfortable gearing level and a healthy net worth base as of March 31, 2024, liquidity is expected to remain adequate in the projected years.

The company generally extends credit up to 90 days to its corporate clients and ~30 days to its franchisees for courier businesses. Creditors mostly being franchisees are repaid, when the amount is received from customers on three pre-decided dates in the month, while the transporters are paid generally within a month's time. Hence, SMILE's operating cycle remained comfortable at

24 days in FY24 (FY23: 21 days). The company's cash flow from operations (CFO) remained healthy at ₹37.50 crore in FY24 (FY23: ₹58.78 crore)

Until June 2024, the company did not have sanctioned working capital limits. To support working capital requirements of its new business ventures, it has availed cash credit (CC) limits of ₹45 crore, which was utilised at ~46% for nine months ended February 2025.

Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Service Sector Companies](#)

[Short Term Instruments](#)

[Consolidation](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Services	Services	Transport services	Logistics solution provider

Established in 1985 by Ram Mokariya, SMILE (erstwhile Shree Maruti Courier Services Private Limited) is primarily engaged in providing express courier services in the domestic market. SMILE was originally constituted as a partnership firm in and was later reconstituted as a private limited company in November 1987. In 2024, the company was converted as a public limited company. SMILE also ventured into other business interests including cold storage transportation / warehousing business, courier services to D2C brands / e-commerce aggregators, manual goods sorting services for e-commerce aggregators.

Consolidated

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	585.53	669.99
PBILDT	72.28	59.25
PAT	42.91	-44.75
Overall gearing (times)	0.11	0.19
Interest coverage (times)	38.94	22.37

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

Standalone

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	March 31, 2025 (UA)
Total operating income	584.45	667.74	820.00
PBILDT	71.53	60.47	NA
PAT	44.37	-39.14	NA
Overall gearing (times)	0.11	0.17	NA
Interest coverage (times)	39.22	23.28	NA

A: Audited; UA: Unaudited; NA: Not Available; Note: these are latest available financial results

Status of non-cooperation with previous CRA: None

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	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	45.00	CARE BBB; Stable
Fund-based - LT-Term Loan		-	-	December, 2029	24.00	CARE BBB; Stable
Non-fund-based - LT/ ST-Bank Guarantee		-	-	-	10.00	CARE BBB; Stable / CARE A3+

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-Term Loan	LT	24.00	CARE BBB; Stable				
2	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	10.00	CARE BBB; Stable / CARE A3+				
3	Fund-based - LT-Cash Credit	LT	45.00	CARE BBB; Stable				

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-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - LT/ ST-Bank Guarantee	Simple

Annexure-5: Lender details

To view 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	Delcaper Technologies Private Limited	Full	Subsidiary
2	Coldverse Supply Chain Private Limited	Full	Subsidiary
3	Green Logitech LLP	Full	Step-down Subsidiary

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 for clarifications.

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About us:

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