

## Pranik Logistics Limited

March 06, 2026

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long-term bank facilities	29.35 (Enhanced from 28.80)	CARE BB+; Stable	Reaffirmed
Long-term / Short-term bank facilities	0.65 (Reduced from 1.20)	CARE BB+; Stable / CARE A4	Reaffirmed

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

Ratings assigned to bank facilities of Pranik Logistics Limited (PLL) continue to factor in modest though growing scale of operations with softened profitability margins, highly competitive nature of transportation and logistics business, profitability margins vulnerable to economic cycles and competition and working capital intensive operations. However, these weaknesses are partially offset by promoters' extensive industry experience, reputed customer base despite high customer concentration risk and comfortable capital structure and debt coverage indicators post successful subscription of the initial public offer (IPO).

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Growth in the scale of operations as marked by total operating income (TOI) above ₹120 crore while maintaining operating profitability margins of over 10% on a sustained basis.
- Diversification of clientele leading to substantial reduction in client concentration risk.

#### Negative factors

- Inability of the company to scale up the operations with TOI below ₹60 crore and profit before interest, lease rentals, depreciation and taxation (PBILDT) margins below 5% on an ongoing basis.
- Elongation of its operating cycle to over 90 days leading to high reliance on working capital borrowings.

### Analytical approach: Standalone

### Outlook: Stable

CARE Ratings Limited (CareEdge Ratings) expects the company to benefit from promoters' extensive experience in the same line of business with an increase in scale of operations, on the back of orders from reputed clientele, and comfortable financial risk profile.

### Detailed description of key rating drivers:

#### Key weaknesses

#### Modest though growing scale of operations with softened profitability margins

PLL's scale of operations remains modest, though it has continued to grow steadily each year, recording a TOI of ₹104.76 crore in FY25 compared to ₹66.94 crore in FY24, reflecting a robust y-o-y growth of ~56%. This growth has been driven by long-standing association with the existing customers and the addition of new clients across transportation, warehousing, and C&F segments. Despite the healthy progress, the company's moderate scale continues to limit its financial flexibility in periods of stress. In 9MFY26 (UA), PLL has reported revenues of ₹114.02 crore.

The PBILDT margin softened to 11.45% in FY25 from 12.96% in FY24, primarily due to higher marketing expenditure during the year. The company had strategically increased its marketing spend in FY25 to promote and strengthen its business, which led to a marginal dip in profitability. However, this investment has contributed to the growth in its scale of operations.

Going forward, the company's ability to secure repeat orders from existing clients and add new customers amidst high competition while maintaining stable profitability margins remains a key rating monitorable.

#### Highly competitive nature of transportation and logistics business

PLL's transport business faces intense competition due to the presence of numerous players with limited fleet sizes in both organised and unorganised sectors. Similarly, the warehousing market is highly fragmented, with most warehouses being small, unmechanised, and operated by unorganised players. This fragmentation leads to lower bargaining power for small operators, higher storage and handling losses, and inefficient resource utilisation.

<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.

### **Vulnerability of profitability margins to economic cycles and competition**

Logistics operations depend on the country's overall economic conditions. Higher economic activity translates into higher freight movements, driving demand for the road freight transport industry. PLL is exposed to significant fluctuations in hire charges for market vehicles, as rates primarily depend on demand-supply dynamics. The company is vulnerable to fuel price volatility, and its ability to tackle the timely pass-through of varying fuel prices is critical in maintaining its profitability margins.

### **Working capital intensive operations**

The company's operations are working capital intensive on the back of a negligible credit period being extended by creditors and a higher credit period offered to clients. PLL derives majority revenues from corporate clients, thus leading to low bargaining power. The company provides a credit period of ~60-90 days from the delivery of consignment after which the sale is booked. In addition to this, the company's business is working capital intensive considering upfront expenses such as fuel expense incurred in conducting operations through own fleet of vehicles and hired vehicles. The time gap in collection of receivables and upfront outflow of expenses results in large working capital requirement. The company's working capital cycle has elongated from 77 days in FY24 to 82 days in FY25 due to moderation in collection period from 82 days to 86 days against similar creditor days at four days (PY: five days). The working capital cycle is expected to remain at similar levels in near-to-medium term.

### **Key strengths**

#### **Extensive industry experience of promoters**

PLL is promoted by Pranav Kumar Sonthalia, the Managing Director of the entity, having a decade of experience in the logistics and transportation industries. He is well supported by Shradha Kumari, who has experience of almost five years in the logistics industry. The promoter is backed by a dedicated and experienced management team who oversee operations, quality management, and customer delivery, with expertise and vision of expanding the business.

#### **Reputed customer base despite high customer concentration risk**

The client-base of the company includes reputed companies operating in allied industries, such as food industry, medical and cosmetics, fast-moving consumer goods (FMCG), petroleum, kitchenware among others. However, the company's top three customers contributed over 60% of its TOI for FY25 leading to highly concentrated customer base, which can pose risks such as revenue volatility if major customers reduce their orders or terminate the contracts. It also means the company might face pressure to offer better terms to these key clients, potentially impacting profitability. Going forward, diversifying the customer base could help mitigate these risks and enhance financial stability.

#### **Comfortable capital structure and debt coverage indicators post IPO**

PLL's capital structure improved and stood comfortable in FY25 marked by debt-to-equity ratio of 0.16x as on March 31, 2025 (PY: 0.44x) and overall gearing of 0.51x as on March 31, 2025 (PY: 1.56x). PLL's net worth base has improved to ₹37.18 crore in FY25 considering successful subscription of its IPO on NSE's SME platform.

Debt service coverage indicators also improved and stood comfortable as indicated by PBILD interest coverage of 6.46x in FY25 against 4.80x in FY24. Total debt to gross cash accruals (TD/GCA) also stood improved to 2.03x in FY25 against 2.95 years in FY24 with improvement in cash accruals.

Going forward, PLL's capital structure and debt coverage indicators are envisaged to improve with building-up of net worth base owing to accretion of profits.

#### **Liquidity: Adequate**

Liquidity position of the company is expected to remain adequate considering reported GCA of ₹9.27 crore against long-term debt repayment obligations of ₹3.13 crore. Average working capital utilisation remained high and stood at 90% for past 12 months ending December 2025. The company is expected to generate sufficient cash accruals against debt repayment obligations between ~₹3-4 crore in FY26. As of March 31, 2025, PLL had cash and bank balance of ₹8.86 crore and current ratio stood at 2.40x.

#### **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](#)

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## About the company and industry

### Industry classification

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

Incorporated in 2015, PLL is promoted by Pranav Kumar Sonthalia, and is engaged in providing end-to-end integrated logistics solutions and services to its customers, including transportation, distribution, warehousing inventory management, and product handling services for reputed customers operating in allied industries, such as food industry, medical and cosmetics, FMCG, petroleum, and kitchenware among others. PLL has 46 warehouses taken on lease in different states across India.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	9MFY26 (UA)
Total operating income	66.94	104.76	114.02
PBILDT*	8.68	11.99	10.45
PAT	4.07	6.44	5.01
Overall gearing (times)	1.56	0.51	NA
Interest coverage (times)	4.80	6.46	5.56

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

\*PBILDT: Profit before interest, lease rentals, depreciation, and tax

**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-Cash Credit	-	-	-	-	29.35	CARE BB+; Stable
Non-fund-based - LT/ST-Bank Guarantee	-	-	-	-	0.65	CARE BB+; Stable / CARE A4

### 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	29.35	CARE BB+; Stable	1)CARE BB+; Stable (24-Apr-25)	-	-	-
2	Non-fund-based - LT/ST-Bank Guarantee	LT/ST	0.65	CARE BB+; Stable / CARE A4	1)CARE BB+; Stable / CARE A4 (24-Apr-25)	-	-	-

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

**Annexure-3: Detailed explanation of covenants of rated instrument/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	Non-fund-based - LT/ ST-Bank Guarantee	Simple

**Annexure 5: Lender details**

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

**Note on complexity levels of rated instruments:** CareEdge 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.

### Contact us

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