



Committed Cargo Care Limited

IPO Note



IPO Details	
Opening Date	Oct 06, 2023
Closing Date	Oct 10, 2023
Stock Exchange	NSE SME
Lot Size	1,600 Shares
Issue Price	₹ 77 per share
Issue Size	Aggregating up to 24.98 Cr.
Fresh Issue	Aggregating up to 24.98 Cr.
Offer for Sale	-
Application Amount	₹ 1,23,200

IPO Objective	
Working Capital Requirements.	
General Corporate Purpose.	

Pre-Issue Shareholding		
Category	No. of Shares	% of Total Shares
Promoter & Promoter Group	74,18,400	98.00%
Public	1,51,200	2.00%

Promoter of the Company	
1	Rajeev Sharma
2	Nitin Bharal
3	Narendra Singh Bisht
4	Yash Pal Arora
5	Sonia Bharal

Competitive Strengths	
1	Smooth flow of operations
2	Experienced promoters and management team
3	Existing supplier relationship
4	Comprehensive solution for logistics requirements.
5	Well-defined organizational structure.

Company Background	
○	Committed Cargo Care Limited was originally incorporated in the year 1998 and has its registered office in New Delhi.
○	The Company is a 3PL (third-party Logistic) provider which specializes in handling Import and export Cargo and provides integrated services to customers.
○	The Company provides integrated logistics services such as cargo management solutions, order management, international freight management, customs and cross-border movement, heavy and over-dimensional cargo movement etc.
○	As of 31 st August 2023, the Company has 169 Employees on its payroll.

Market Capitalization (In Cr.)	
Pre-Issue	Post-Issue
₹ 58	₹ 83

Financial Summary (In Lacs)			
For the Period Ended	Mar-21	Mar-22	Mar-23
Total Assets	3,035.65	3,309.84	4,015.13
Net Assets	2,042.90	2,351.62	2,884.79
Total Borrowings	31.42	14.69	67.34
Total Revenue	11,385.89	14,612.16	12,242.77
Profit After Tax	232.20	308.72	533.17

Tentative Timeline	
Opening Date	Oct 06, 2023
Closing Date	Oct 10, 2023
Basis of Allotment	Oct 13, 2023
Initiation of Refunds	Oct 16, 2023
Credit of Shares to Demat	Oct 17, 2023
Listing Date	Oct 18, 2023



Company Background and Analysis

The Company was originally incorporated in the year 1998. The company provides integrated logistics services such as cargo management solutions, order management, international freight management, customs and cross-border movement, heavy and over-dimensional cargo movement etc. The company started its operations as a Clearing House Agent. Committed Group has established its hub in Delhi, Mumbai, Chennai, Jaipur, Ludhiana, and Agra and a reliable network of associate offices in India and the world over and is also an accredited member of FIATA.

The company's customers operate in various sectors across India, including automotive and heavy engineering, telecom, food and agro, fast-moving consumer goods ("FMCG"), paint, handicrafts, e-commerce products, garments, pharma and dairy.

The company's spectrum of services includes –

1. Tracking and Tracing
2. Multi-Modal Facility
3. Packing and Warehousing
4. 4PL and Supply Chain Management

The company's scope of services is as follows –

1. Air Freight – The Company is an IATA-licensed air cargo agent and provides air freight rates for both air export and import shipments from and to India. The company also offer services like charter and part-charter services, shipper's interest cargo insurance and oversized cargo services.
2. Ocean Cargo - The Company provides round-the-clock sailings from any point of location, anytime to anywhere throughout the world whether it is "Door to Door, Door to Port or Port to Port".
3. Custom Clearance – The Company is a licensed customs broker and operates as a fully equipped freight facility with online filing with custom EDI. The company also undertake Custom Documentation, Carting / Receiving Goods and Examination of Shipment.
4. Document Processing – The Company offer services which cover full shipping documentation and include Commercial invoices, Certificate of Origin, Pre-Inspection certificates, Export custom declarations, and Approvals from all Export Promotional Councils etc.

To conclude, the company was originally incorporated in the year 1998. The company is a 3PL (third-party Logistic) provider which specializes in handling Import and export Cargo and provides integrated services to customers. The Company has its hub at 6 places in India. The company is raising total gross proceeds of Rs. 24.98 Cr.



Business Strategies

1. PAN India Presence.

The company already has its hub at Delhi, Mumbai, Chennai, Jaipur, Ludhiana and Kolkata. The company now intends to create its presence in Tier II and Tier III Cities. The company also plans to set up its overseas offices initially in the Middle East, the Americas and Australia.

2. Investment in infrastructure.

The company intends to invest in its own fleet and warehouse system. The company also intends to invest in a transportation fleet which will not only enable the Company to provide more efficient services but will also augment its revenues and margins in future.

3. Quality Assurance.

The company intends to strengthen its service effort by leveraging the skills of its employees which will help to increase the sales of the Company and retain customers.

4. Reduction of operational costs and achieving efficiency.

The company's focus has been to reduce operational costs to gain a competitive edge.

5. Focus on Increase in Volume of Sales.

The company believes that growth in the local market can fetch them new business expansion and opportunities. The company's emphasis is on scaling the operations in other markets which shall provide them with attractive opportunities to grow its client base and revenues.

6. Leveraging the Market skills and Relationships.

The company plans to increase the number of customers by meeting contracts in hand on time, maintaining the customer relationship and renewing the relationship with existing clients.

Competitive Scenario and Peer Mapping

Competition

The company faces competition from various domestic and international players. The industry in which the company operates is unorganized and fragmented with many small and medium-sized companies. The barrier to entry in such a sector is low. The bargaining power with the suppliers is low and the bargaining power with the customers is relatively high in the sector in which the company operates.

Peer Analysis

The comparison of the key performance indicators of the listed peers as of Mar-23 is given below –

Particulars	Committed Cargo Care Limited	Jet Freight Logistics Limited	Total Transport Systems Limited	Tiger Logistics (India) Limited
	31st Mar 2023	31st Mar 2023	31st Mar 2023	31st Mar 2023
Net Profit Margin	4.36%	0.00%	0.85%	5.31%
EBITDA Margin	6.00%	1.92%	2.54%	6.00%
Return on Capital Employed	23.52%	6.36%	15.48%	24.75%
Return on Equity	18.48%	0.00%	6.49%	23.47%
EPS (INR)	7.04	0.01	3.25	21.95

The comparison of the key performance indicators of the listed peers as of Mar-22 is given below –

Particulars	Committed Cargo Care Limited	Jet Freight Logistics Limited	Total Transport Systems Limited	Tiger Logistics (India) Limited
	31st Mar 2022	31st Mar 2022	31st Mar 2022	31st Mar 2022
Net Profit Margin	2.11%	0.66%	1.54%	5.53%
EBITDA Margin	3.01%	2.41%	2.74%	6.18%
Return on Capital Employed	16.82%	20.72%	24.19%	50.00%
Return on Equity	13.13%	12.00%	16.67%	45.33%
EPS (INR)	4.08	0.61	6.46	31.81

The comparison of the key performance indicators of the listed peers as of Mar-21 is given below –

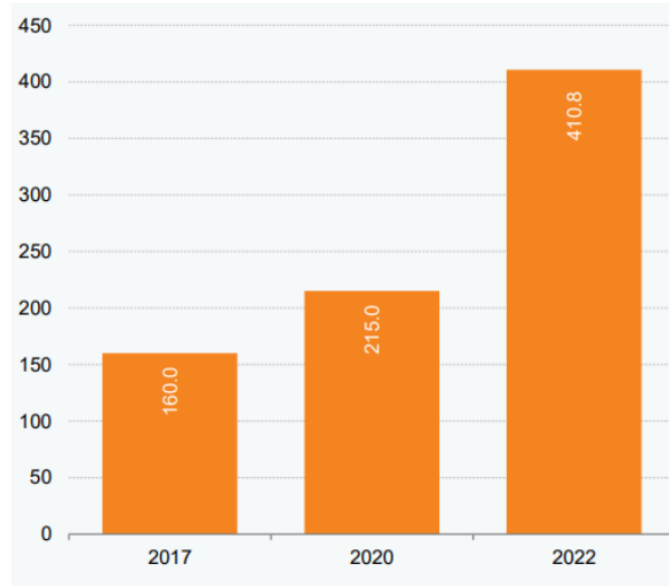
Particulars	Committed Cargo Care Limited	Jet Freight Logistics Limited	Total Transport Systems Limited	Tiger Logistics (India) Limited
	31st Mar 2021	31st Mar 2021	31st Mar 2021	31st Mar 2021
Net Profit Margin	2.04%	0.86%	-0.32%	-7.14%
EBITDA Margin	3.06%	2.59%	0.95%	-5.36%
Return on Capital Employed	15.01%	19.73%	3.64%	-21.28%
Return on Equity	11.37%	13.64%	-2.17%	-28.57%
EPS (INR)	3.07	0.54	-0.60	-11.75

Based on the above analysis, the company has performed better than its peers on an average basis in all aspects such as profitability margins consisting of Net Profit margin, EBITDA margins, RoCE, ROE, and EPS for FY 2023. The company has performed almost at par when directly compared to Tiger Logistics (India) Limited for FY 2023.



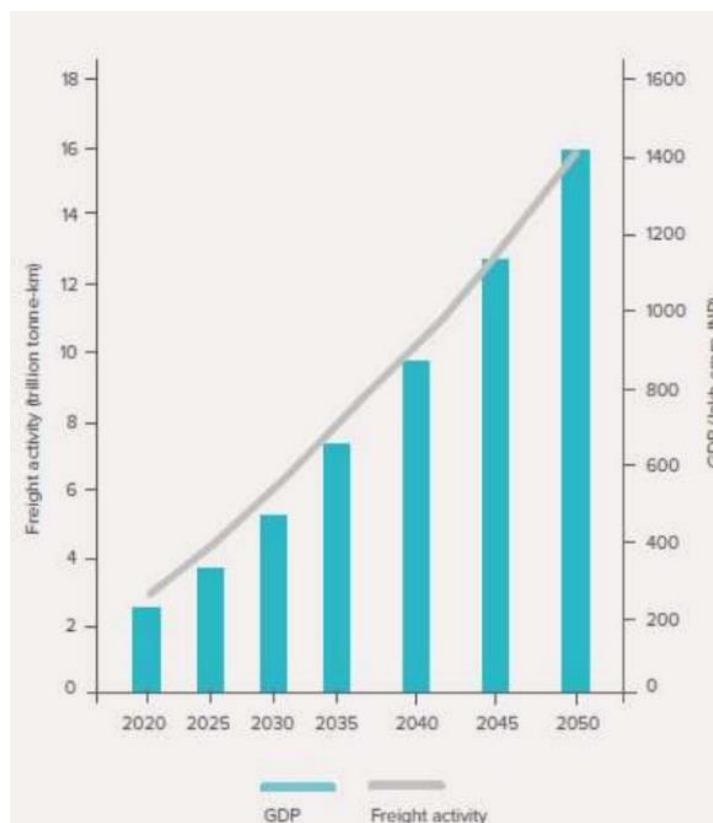
Industry Overview

Exhibit 1: Logistics Market Size (US\$ billion)



(Source: ibef.com)

Exhibit 2: Projected freight activity and GDP growth in India.



(Source: prospectus)



Logistics Industry Overview -

India has been the world's fastest-growing major economy for four of the past five years, due to rising demand for goods and services. The movement of goods across the country and beyond its borders has created economic opportunities for millions of India's citizens.

Today, the logistics sector represents five per cent of India's Gross Domestic Product (GDP) and employs 2.2 crore people. India handles 4.6 billion tonnes of goods each year, amounting to a total annual cost of INR 9.5 lakh crore. These goods represent a variety of domestic industries and products: 22 percent are agricultural goods, 39 percent are mining products, and 39 percent are manufacturing-related commodities. Trucks and other vehicles handle most of the movement of these goods. Railways, coastal and inland waterways, pipelines, and airways account for the rest.

Recognising the critical role of the sector in the country's future, the Government of India (GOI) is pursuing a range of actions to improve its logistics performance. These include the development of dedicated rail-based freight corridors and improvements to the capacity and connectivity of coastal and inland water-based shipping. It is also looking at the buildout of road infrastructure projects such as Bharatmala and the Golden Quadrilateral, and the creation of supportive policies.

Indian Logistics Industry -

India is the world's fifth-largest economy in terms of nominal GDP and among the fastest-growing major economy worldwide. An efficient logistics ecosystem is considered to act as a catalyst in enhancing the competitiveness of all the sectors of the economy. Thus, improving supply chain efficiencies and reducing logistics costs are fundamental to India capitalizing on this strategic shift and meeting the well-defined aspiration to become a US\$ 5 trillion economy by 2025.

India's logistics sector comprises over 10,000 types of products and has a market size of INR 11 lakh crore. It is expected to grow to a market of INR 15 lakh crore by 2022. Currently, commercial activities in India generate about 4.6 billion tonnes of freight annually, which results in over three trillion tonne-km of transportation demand at a cost of INR 9.5 lakh crore. This demand for freight transport has been rising as the population has grown and standards of living has improved, leading consumers and businesses to demand and consume more goods.

Between 2015 and 2020, India's GDP grew by 32 per cent to 217 lakh crores —making India the sixth-largest economy in the world. In the same decade, India's population also increased by 5 per cent, while freight demand increased by 28 per cent. With rising income levels, higher exports, a rapidly growing e-commerce sector, a growing retail sales market, and a projected GDP growth of seven to eight per cent in the next five years, the demand for goods movement is also expected to increase at 7 per cent Compound Annual Growth Rate (CAGR). As the demand for goods continues to grow, goods movement is expected to increase to 15.6 trillion tonne-km in 2050. This activity will spur growth across freight modes, but especially in road-freight transport. This will lead to over three trillion kilometres travelled on Indian roads by freight vehicles in 2050.

(Source: prospectus)



Key Managerial Personnel

Rajeev Sharma, aged 56, is one of the Promoters, and Managing Director of the company. He is an arts graduate and has an experience of more than 2 decades in the logistics sector. He mainly handles Import customs and oversees the Import division, customs brokerage, forwarding activities, and administration and is also responsible for liaising with customs officials for the company.

Nitin Bharal, aged 51, is one of the Promoters, and Whole-Time Director of the company. He holds a Bachelor of Commerce degree. He holds experience of around two decades in Supply Chain – Sales, Operations (Airfreight and sea freight), Contract Logistics, Cross Country business, Custom Brokerage, Warehousing, Procurement/Sourcing and trading activities.

Yash Pal Arora, aged 56, is one of the Promoters, and Whole-Time Director of the company. He holds a Bachelor of Arts degree. He has more than 20 years of experience dealing in Operations (Airfreight and sea freight) and custom Brokerage. He handles the Import Operations of the Company.

Narendra Singh Bisht, aged 53, is one of the Promoters, CFO, and Whole-Time Director of the company. He has completed his post-graduation. He has an experience of more than 20 years in handling Import and export Divisions and Custom Brokerage. He is responsible for the overall growth of the Company.

Sonia Bharal, aged 46, is one of the Promoters of the company. She holds a Bachelor of Arts degree. She has over 15 years of experience in the field of logistics.

Shaman Chaudhry, aged 48, is the Non-Executive Independent Director of the company. She holds a Bachelor of Commerce degree and a Master of Arts degree in English. She has also completed an MBA in Marketing. She has been a homemaker and does not possess any work experience.

Hari Prasad Thapliyal, aged 51, is the Non-Executive Independent Director of the company. He holds a Bachelor of Science degree, a post-graduate diploma in financial management, post graduate diploma in operations management, and degree of Master of Business Administration. He has an experience of more than 25 years in areas of project management, software product development, training, consulting, and coaching experience in technology.

Gurinder Singh, aged 59, is the Non-Executive Independent Director of the company. He is a science graduate and has completed an MBA in Marketing. He has an experience of more than 25 years in the areas of Customs Clearance, Freight Forwarding, Consulting and compliance with Regulations pertaining to Customs & Allied Acts.

John Joseph, aged 63, is the Non-Executive Independent Director of the company. He holds a bachelor's degree in veterinary science and animal husbandry, a master's degree in veterinary science, a Bachelor of Law degree, and post postgraduate diploma in alternate dispute resolution. He has an experience of more than 35 years in the areas of tax policy and intelligence.

To conclude, the company has 5 promoters, and they have vast experience in the industry in which the company operates. The remaining directors also have good experience and knowledge in the fields which help in the growth of the business.

Financial Snapshot

Profit and Loss Statements			
	(In Lacs)		
Particulars	FY 21	FY 22	FY 23
Revenue from Operations	11,377.48	14,597.12	12,221.96
Other Income	8.41	15.04	20.81
Total Income	11,385.89	14,612.16	12,242.77
Expenses			
Direct Expenses	10,037.58	12,859.93	10,461.34
Employee benefits expense	720.04	688.95	749.48
Finance costs	21.13	11.29	10.04
Depreciation and Amortization expense	19.98	25.39	22.62
Other expenses	272.05	608.20	278.32
Total Expenses	11,070.78	14,193.76	11,521.80
Earnings Before Interest, Taxes, Depreciation & Amortization	347.81	440.04	732.82
EBITDA Margin	3.06%	3.01%	6.00%
Profit before exceptional and extraordinary items and tax	315.11	418.40	720.97
Exceptional Items	-	-	-
Profit/(Loss) before tax	315.11	418.40	720.97
Tax Expense			
Current Tax	82.78	109.21	187.51
Deferred tax (net)	0.13	0.47	0.29
Short / (Excess) provision for tax earlier year	-	-	-
Total Tax Expense	82.91	109.68	187.80
Profit/(Loss) for the year	232.20	308.72	533.17
Net Profit Margin	2.04%	2.11%	4.35%

Balance Sheet			
	(In Lacs)		
Particulars	FY 21	FY 22	FY 23
EQUITY AND LIABILITIES			
Equity			
Share Capital	756.96	756.96	756.96
Reserves and Surplus	1,285.94	1,594.66	2,127.83
Total Equity	2,042.90	2,351.62	2,884.79
Liabilities			
Non-current liabilities			
Borrowings	31.42	14.69	16.74
Other Long-Term liabilities	-	-	-
Long-term provisions	109.55	99.41	118.60
Total Non-current liabilities	140.97	114.10	135.34
Current liabilities			
Short Term Borrowings	-	-	50.60
Trade Payables	-	-	-
i) Due to micro and small enterprises	-	0.37	15.36
ii) Due to other than micro and small enterprises	336.37	541.99	514.40
Other Current Liabilities	515.41	301.76	414.64
Total Current liabilities	851.78	844.12	995.00
Total Liabilities	992.75	958.22	1,130.34
Total Equity and Liabilities	3,035.65	3,309.84	4,015.13
ASSETS			
Non-Current Assets			
Tangible Assets/Intangible Assets	153.44	141.66	143.14
Non-Current Investments	-	-	-
Deferred Tax Assets (Net)	12.31	11.84	11.55
Long-Term Loans and Advances	-	-	-
Other non-current assets	-	-	-

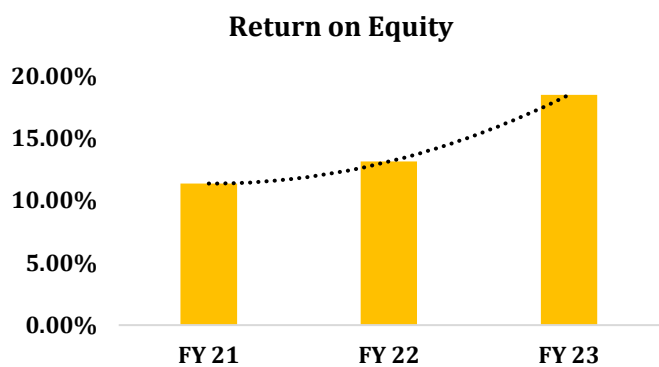
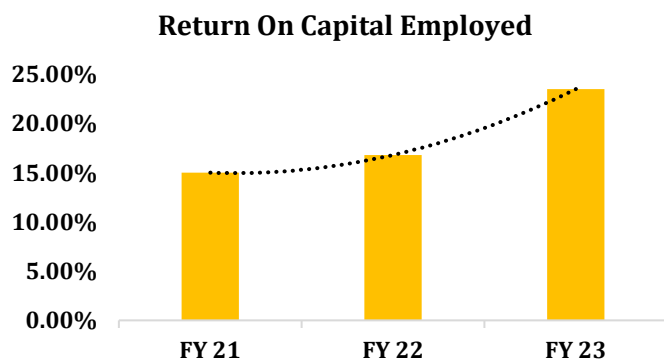
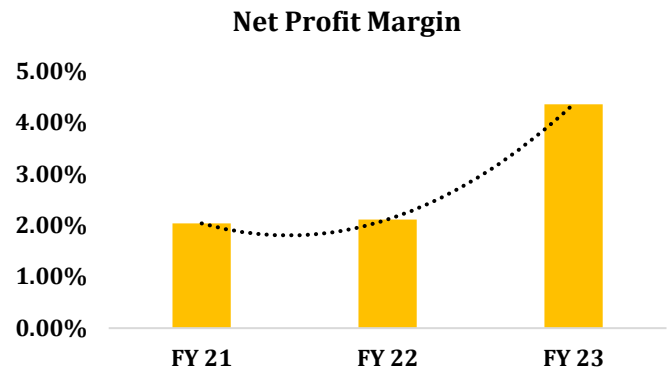
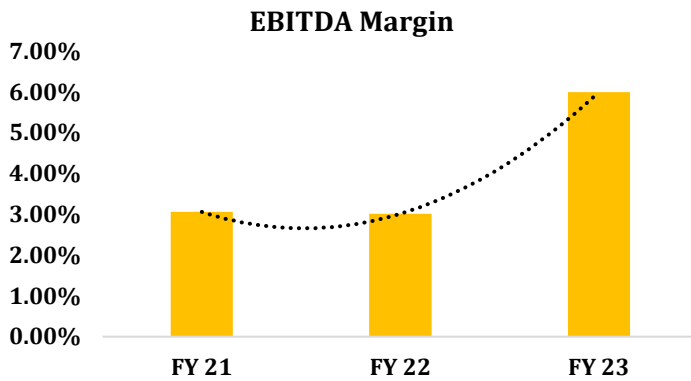
Balance Sheet				(In Lacs)
Total Non-Current assets	165.75	153.50	154.69	
Current Assets				
Inventories	-	-	-	
Investments	190.75	106.63	665.21	
Trade Receivables	1,961.96	2,274.74	2,225.93	
Cash and Cash Balances	235.90	361.70	384.87	
Short-term loans and advances	34.70	29.31	28.04	
Other Current Assets	446.59	383.96	556.39	
Total Current assets	2,869.90	3,156.34	3,860.44	
Total Assets	3,035.65	3,309.84	4,015.13	

Cash Flow Statement				(In Lacs)
Particulars	FY 21	FY 22	FY 23	
Net Cash Flow from Operating Activities	323.59	82.83	562.63	
Net Cash Flow from Investing Activities	(170.99)	70.99	(582.07)	
Net Cash Flow from Financing Activities	(54.89)	(28.02)	42.61	

Ratio Sheet			
Particulars	FY 21	FY 22	FY 23
Per Share Data			
Diluted EPS	3.07	4.08	7.04
BV per share	18.89	21.75	26.68
Operating Ratios (%)			
EBITDA Margins	3.06%	3.01%	6.00%
PAT Margins	2.04%	2.11%	4.35%
Inventory days	-	-	-
Debtor days	62.94	56.88	66.48
Creditor days	12.23	15.39	18.48
Return Ratios (%)			
RoCE	15%	17%	24%
RoE	11%	13%	18%
Valuation Ratios (x)			
EV/EBITDA	5.29	4.56	3.50
Market Cap / Sales	0.73	0.57	0.68
P/E	25.08	18.87	10.94
Price to Book Value	4.08	3.54	2.89
Solvency Ratios			
Debt / Equity	0.02	0.01	0.02
Current Ratio	3.37	3.74	3.88
Quick Ratio	3.37	3.74	3.88
Asset Turnover	3.75	4.41	3.04
Interest Coverage Ratio	15.51	36.73	70.74



Financial Charts



Key Risk Factors

- The Company, Promoters, and Directors are involved in litigation proceedings that may have a material adverse outcome. The details of the same are as follows –

Sl. No	Cases	No. Of Outstanding Cases	Amount Involved (In Lakhs)
1	Involving the Company	14	1,956.52
2	Involving the Director	2	196.68
3	Involving the Promoters	1	194.00

- The company's top 10 customers contribute approximately 46.99%, 46.79% and 54.76% of the revenues for the financial year ended March 31, 2023, the financial year ended March 31, 2022, and the financial year ended March 31, 2021, respectively. Any loss of business from one or more of them may adversely affect the revenues and profitability.
- The company has experienced negative operating cash flow for the period ending April 30, 2023.

**Track Record of Lead Manager**

The lead manager to the issue is Fedex Securities Private Limited. A table has been set below highlighting the details of the IPO of the last companies handled by the Lead Manager in recent times –

Fedex Securities Private Limited -

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Kundan Edifice Limited	25.22	91.00	September 26, 2023	69.07
2.	Pramara Promotions Limited	15.27	63.00	September 13, 2023	89.00
3.	Yasons Chemex Care Limited	20.57	40.00	August 03, 2023	28.6
4.	Pattech Fitwell Tube Components Limited	12.00	50.00	April 21, 2023	64.00
5.	Lead Reclaim and Rubber Products Limited	4.88	25.00	February 21, 2023	51.00
6.	Moxsh Overseas Educon Limited	10.42	153.00	December 30, 2022	134.00
7.	Tapi Fruit Processing Limited	5.21	48.00	September 22, 2022	177.00
8.	Virtuoso Optoelectronics Limited	30.24	56.00	September 15, 2022	244.00
9.	Kesar India Limited	15.82	170.00	July 12, 2022	409.00
10.	Le Merite Exports Limited	48.00	75.00	May 09, 2022	45.2

*CMP for the above-mentioned companies is taken as of 3rd October 2023.

As per the offer document, Fedex Securities Private Limited has had 17 mandates in the last four years. For Fedex Securities Private Limited, 3 opened at a discount and the remaining all opened at premiums on the listing date.



Recommendation

The company has been in the industry since 1998 and has vast experience in the industry. The company has seen a slight decrease in the top line of its financials and an increase in the bottom line of its financials for FY 2023.

The PE on an annualised and post-IPO basis is 15.62 times which is fairly priced by looking at the performance of the company. The sector P/E is 25.27.

The company operates in a competitive segment and in a very fragmented market. The management outlook of the company is satisfactory. The company's financial outlook is decent. The company has performed better when compared with its competitors. The company has seen a sudden surge which can be sustained going forward. By looking at the overall performance and the demand in the market we recommend **APPLY** to this IPO keeping in mind that it is for long-term investment.



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