

IPO Details		Company Background																						
Opening Date	Nov 30, 2023	<ul style="list-style-type: none"> Marinetrans India Limited was originally incorporated in 2004 and has its registered office in Maharashtra, India. The Company initially started as a freight forwarder, then went to Door-to-Door Delivery and 3PL services for the logistics industry via informal arrangements with third-party service providers. The Company is purely dependent on various third-party logistics providers for transportation, customs clearances, and cargo delivery to the end place. As of 24th November 2023, the Company had 46 employees on its payroll. 																						
Closing Date	Dec 05, 2023																							
Stock Exchange	NSE SME																							
Lot Size	4,000 Shares																							
Issue Price	₹ 26 per share																							
Issue Size	Aggregating up to 10.92 Cr.																							
Fresh Issue	Aggregating up to 10.92 Cr.	<table border="1"> <thead> <tr> <th colspan="2">Market Capitalization</th> <th colspan="4">(In Cr.)</th> </tr> <tr> <th></th> <th>Pre-Issue</th> <th colspan="4">Post-Issue</th> </tr> </thead> <tbody> <tr> <td></td> <td>₹ 22</td> <td colspan="4">₹ 33</td> </tr> </tbody> </table>					Market Capitalization		(In Cr.)					Pre-Issue	Post-Issue					₹ 22	₹ 33			
Market Capitalization							(In Cr.)																	
	Pre-Issue						Post-Issue																	
	₹ 22	₹ 33																						
Offer for Sale	-																							
Application Amount	₹ 1,04,000																							
IPO Objective		Financial Summary																						
Funding Working Capital Requirement.		(In Lacs)																						
General Corporate Purpose.																								
To Meet the Issue Expenses.																								
Pre-Issue Shareholding																								
Category	No. of Shares	% of Total Shares	For the Period Ended	Mar-21	Mar-22	Mar-23	May-23																	
Promoter & Promoter Group	85,26,000	100.00%	Total Assets	2,204.06	2,305.88	2,618.59	2,615.34																	
Public	-	-	Net Assets	1,255.94	1,451.22	1,604.04	1,617.96																	
Promoter of the Company			Total Borrowings	212.38	252.76	557.71	603.68																	
1	Tiraj Kumar Babu Kotian		Total Revenue	9,613.13	20,327.23	15,036.84	1,384.38																	
2	Arunkumar Narayn Hegde		Profit After Tax	70.69	186.24	152.82	13.91																	
Competitive Strengths			Tentative Timeline																					
1	Organisation stability.		Opening Date	Nov 30, 2023																				
2	Smooth flow of operations.		Closing Date	Dec 05, 2023																				
3	Well-defined organisational structure.		Basis of Allotment	Dec 08, 2023																				
4	Existing supplier relationship.		Initiation of Refunds	Dec 11, 2023																				
5	Customer-Centric Business Approach.		Credit of Shares to Demat	Dec 10, 2023																				
			Listing Date	Dec 11, 2023																				

Company Background and Analysis

The Company was originally incorporated on June 24, 2004. The company initially started as a freight forwarder, then went to Door-to-Door Delivery and 3PL services for the logistics industry via informal arrangements with third-party service providers. The company offer its customers a comprehensive range of transport management and freight-related services. The services encompass Freight Forwarding, including both sea freight and air freight. Additionally, they have informal partnerships with various intermediaries to provide ancillary services such as Transportation, Multimodal Transportation, Project cargo handling, Third Party Logistics, Packaging, loading/unloading, and unpacking of items.

The Company is purely dependent on various third-party logistics providers for transportation, customs clearances, and delivery of cargo to the end place. The company follows the steps mentioned in the process flow of vessel transport as follows –

1. Sales Booking Request
2. Confirmation from the Shipping Line
3. Sending Booking Orders to the Customers
4. Checking for Other Shipping Lines
5. Warehousing of Goods
6. Dock/Custom Clearance
7. Dock Stuffing
8. Transportation of Goods
9. Cross-checking of all details with customers for container pick up.
10. Preparation of Shipping Bill for Cargo Stuffing and E-Seal
11. Stuffing at the factory and gate in at the dock
12. Special Service Request
13. Amendment in the booking and planning for the next vessel.
14. Loading
15. Proof of Delivery
16. Additional Responsibilities of Customer Service Department

The company follows the steps mentioned in the process of transportation by Air Enquiry received from the customer, quotation from IATA, Confirmation of the Airline, CSD team will follow up, CSD team will forward the details to the appointed CHA (Customer House Agent), Take approval from shipper and forward to CHA, Follow up-with CHA for handover of cargo to the airlines, release AWB (Air Waybill) and send copy to customer, POD is sent to customer.

Bifurcation of Revenue from Operations for the FY ended 2021, 2022, and 2023, and May 23 are as follows.
(Amount in Lakhs)

Particulars	Mar-21		Mar-22		Mar-23		May-23	
	Amount	%	Amount	%	Amount	%	Amount	%
Exports	9,571.58	99.89	20,198.67	99.40	14,742.88	98.11	1,370.57	99.04
Imports	10.49	0.11	122.55	0.60	284.21	1.89	13.28	0.96
Total Sales	9,582.07	100.00	20,321.22	100.00	15,027.09	100.00	1,383.85	100.00

To conclude, the company was incorporated in the year 2004. The company primarily operates in sales booking requests, confirming the shipping line, ensuring direct customer transport, etc. The company generates the majority of its revenue from export services. The company is raising total gross proceeds of Rs. 10.92 Cr.

Business Strategies

1. Focus on Increase in Volume of Sales -

The company aims to tap into new opportunities and broaden the client base, ultimately leading to increased revenues. The company aims to do this by expanding into new geographical areas.

2. Reduction of operational costs and achieving efficiency -

The company believes efficiency and cost reduction are essential aspects of maintaining a competitive edge in today's business landscape. The company by focusing on cost optimization believes it can improve the company's profitability and overall financial health.

3. Leverage and enhance the goodwill in the market -

The company believes that the goodwill they have created in the market commands a recall amongst consumers in the areas where it operates due to the image and goodwill established over the years. The company intends to leverage this goodwill that they can enjoy while they are in constant pursuit towards newer avenues for sustainable growth.

Competitive Scenario and Peer Mapping

Competition

The company faces significant competition in this Industry. The logistics industry in India is much unorganized and highly fragmented business. The company faces competition from several domestic third-party logistics service providers, especially as the trend toward larger-scale logistics providers in India continues, and also of some of the international players. The company has a low barrier to entry. The bargaining power with the customers is low 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	Marinetrans India Limited	Cargosol Logistics Limited	Cargotrans Maritime Limited	AllCargo Logistics Limited	Total Transport Systems
	31st Mar 2023	31st Mar 2023	31st Mar 2023	31st Mar 2023	31st Mar 2023
Net Profit Margin	1%	2%	3%	4%	1%
EBITDA Margin	2%	6%	4%	6%	3%
Return on Capital Employed	16%	15%	21%	22%	15%
Return on Equity	10%	15%	16%	23%	6%
EPS (INR)	1.79	4.00	4.85	25.62	3.25

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

Particulars	Marinetrans India Limited	Cargosol Logistics Limited	Cargotrans Maritime Limited	AllCargo Logistics Limited	Total Transport Systems
	31st Mar 2022	31st Mar 2022	31st Mar 2022	31st Mar 2022	31st Mar 2022
Net Profit Margin	1%	3%	2%	5%	2%
EBITDA Margin	1%	5%	4%	8%	3%
Return on Capital Employed	19%	36%	47%	24%	24%
Return on Equity	13%	38%	40%	31%	17%
EPS (INR)	2.18	6.00	35.33	37.68	6.46

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

Particulars	Marinetrans India Limited	Cargosol Logistics Limited	Cargotrans Maritime Limited	AllCargo Logistics Limited	Total Transport Systems
	31st Mar 2021	31st Mar 2021	31st Mar 2021	31st Mar 2021	31st Mar 2021
Net Profit Margin	1%	2%	3%	1%	0%
EBITDA Margin	1%	4%	5%	6%	1%
Return on Capital Employed	9%	21%	39%	9%	4%
Return on Equity	6%	22%	39%	4%	-2%
EPS (INR)	4.91	2.00	20.67	7.04	-0.60

Industry Overview

Exhibit 1: Indian Digital Freight Forwarding Market.

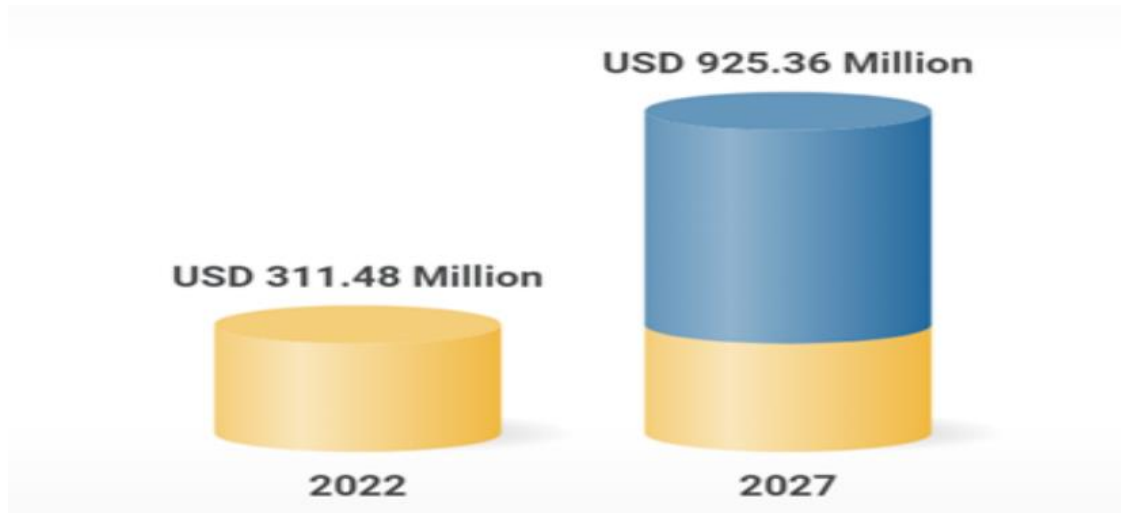
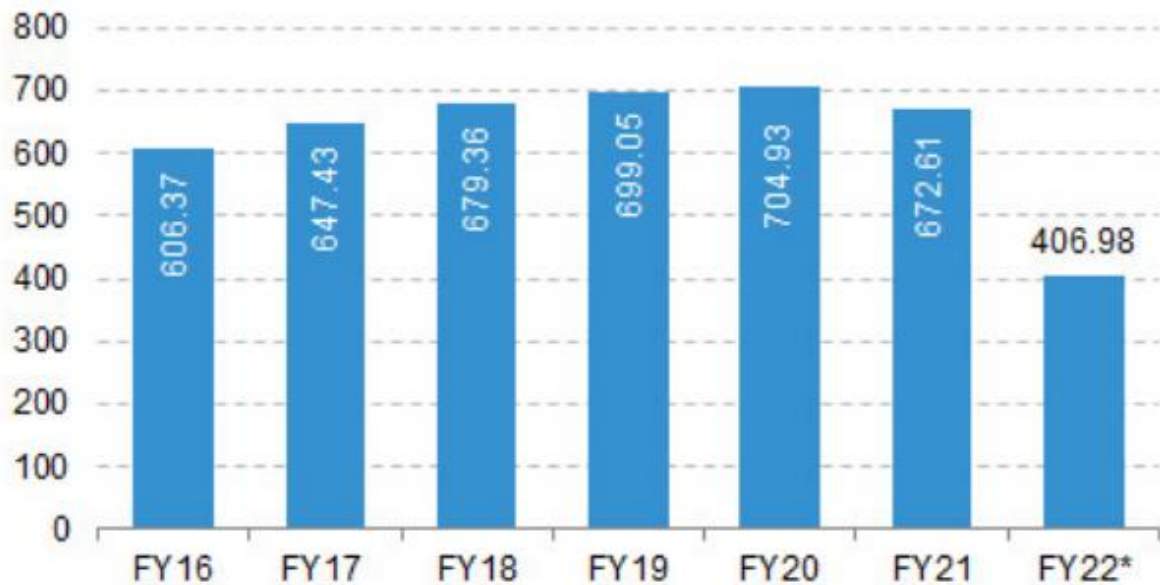


Exhibit 2: Cargo traffic at major ports.



(Source: prospectus)

Freight Forwarding Industry in India -

In FY 2020-21, the market size of the Indian logistics market was around US\$250 billion, estimated to reach US\$380 billion by 2025. Post pandemic, the logistics industry in India is poised for high growth at a CAGR of 10- 12 percent, with the aid of digitization. While infrastructure readiness and technology are expected to be primary engines of its growth, other trends propelling its momentum include the adoption of technology for tactical, strategic, and operational decision making, routing, fleet optimization, and data analysis.

Digital freight forwarding units have mushroomed in the recent times, with trends like “Uber for freight” gaining popularity. Most freight forwarders are now going digital, making the process of booking freight accessible and easy, at the reach of a click. India has done considerably well in the development of infrastructural connectivity through programs like constructing freight corridors, Sagarmala, Bharatmala. The most recent federal budget has increased spending for the development of connectivity infrastructure projects. Additionally, in the pursuit for enhanced quality and reduced costs, market leaders are expected to leverage the Internet of Things (IoT), automation technology, blockchain technology, cloud computing, advanced / big data analysis, artificial intelligence (AI), and robotics, in the logistics domain.

Shipping Industry and Ports in India -

The Maritime Sector in India comprises Ports, Shipping, Shipbuilding and Ship repair and Inland Water Transport Systems. In India, there are 13 sea ports as of 2022 (12 Government-owned and one private) and approximately 200 minor and intermediate ports. These all are administered by the Central and the States government. The Indian Shipping Industry has over the years played a crucial role in the transport sector of India’s economy. Approximately 95% of the country’s trade by volume and 68% by value is moved through Maritime Transport. Therefore, shipping and ocean resources, ship design and construction, ports and harbors, issues relating to human resource development, finance, ancillaries, and new technologies need to be developed in the light of the emerging scenario. Shipping continues to remain unchallenged as the world’s most efficient means of transportation and we need to do all we can to recognize, reward and promote quality within the industry.

Under the National Perspective Plan for Sagarmala, six new mega ports will be developed in the country. The Indian ports and shipping industry play a vital role in sustaining growth in the country’s trade and commerce. India is the sixteenth-largest maritime country in the world with a coastline of about 7,517 kms. The Indian Government plays an important role in supporting the ports sector. It has allowed Foreign Direct Investment (FDI) of up to 100% under the automatic route for port and harbor construction and maintenance projects. It has also facilitated a 10- year tax holiday to enterprises that develop, maintain, and operate ports, inland waterways and inland ports.

(Source: prospectus)

Key Managerial Personnel

Tiraj Kotian, aged 47, is one of the Promoters, and Managing Director of the Company. He is a Commerce Graduate. He has over 25 years of experience in the shipping industry. He has been instrumental in popularizing the Marinetrans brand and expanding the Company to a national level, having opened branches of Marinetrans all over India.

Benny Xavier Dcosta, aged 53, is the Non-Executive Director of the company. He is a BSC Graduate. He has over 30 years of experience in the logistics industry. He headed various management positions in the last 30 years of work experience. He is currently taking the initiative in the company's warehousing business.

Vani Ramesh Alva, aged 54, is a Women Non-Executive Independent Director of the Company. She is a Postgraduate in Master of Science, Bachelor of Science, Post Graduate Diploma. She has over 30 years of work experience.

Shobha Rustagi, aged 59, is the Non-Executive Independent Director of the company. She has done her graduation with a master's in social work, a graduate Diploma in Management and Human Resource Management, bachelor's in science (Chemistry). She has also pursued her graduation in the law field. She has more than 10 years of working experience.

To conclude, the company has 2 promoters, and only one of them is in the management of the company and has vast experience in the industry in which the company operates. The remaining Directors of the company have good knowledge in their respective fields.

Financial Snapshot

Profit and Loss Statement					(In Lacs.)
Particulars	FY 21	FY 22	FY 23	May-23	
Revenue from Operations	9,582.07	20,321.22	15,027.09	1,383.85	
Other Income	31.06	6.01	9.75	0.53	
Total Income	9,613.13	20,327.23	15,036.84	1,384.38	
Expenses					
Direct Expenses	9184.44	19692.31	14,335.07	1278.9	
Employee benefits expense	193.75	231.38	253.18	51.96	
Finance costs	44.25	40.08	55.32	19.85	
Depreciation and Amortization expense	3.92	3.32	4.85	0.86	
Other expenses	77.09	110.23	180.36	14.77	
Total Expenses	9,503.45	20,077.32	14,828.78	1,366.34	
Earnings Before Interest, Taxes, Depreciation & Amortization	126.79	287.30	258.48	38.22	
EBITDA Margin	1%	1%	2%	3%	
Profit/(Loss) before tax	109.68	249.91	208.06	18.04	
Tax Expense					
Current Tax	28.87	63.96	54.35	4.09	
Earlier Year	1.01	-	0.30	-	
Deferred tax	0.66	0.43	0.59	0.04	
Total Tax Expense	30.54	64.39	55.24	4.13	
Share of profit / (Loss) transferred to Non-Controlling Interest	-0.55	-0.72	-	-	
Profit/(Loss) for the year	79.69	186.24	152.82	13.91	
Net Profit Margin	0.83%	0.92%	1.02%	1.00%	

Balance Sheet					(In Lacs.)
Particulars	FY 21	FY 22	FY 23	May-23	
EQUITY AND LIABILITIES					
1. Shareholders' funds					
Share Capital	40.60	40.60	852.60	852.60	
Other equity excluding non-controlling interests	1,215.34	1,410.62	751.44	765.36	
Total Equity	1,255.94	1,451.22	1,604.04	1,617.96	
Non-Controlling Interests	9.07	-	-	-	
Total Equity	1,265.01	1,451.22	1,604.04	1,617.96	
2. non-current liabilities					
Long Term Borrowings	39.03	24.71	27.35	26.74	
Total Non-current liabilities	39.03	24.71	27.35	26.74	
3. Current liabilities					
Financial Liabilities					
Short-term borrowings	173.35	228.05	530.36	576.94	
Trade payables					
Due to MSME					
Due to Others	630.93	509.81	381.81	326.68	
Other Current Financial Liabilities	27.48	14.37	3.52	3.57	
Provisions	21.98	1.24	3.05	25.26	
Other Current Liabilities	46.28	76.49	68.19	38.22	
Total Current liabilities	900.02	829.96	986.93	970.67	
Total Liabilities	939.05	854.67	1,014.28	997.41	
Total Equity and Liabilities	2,204.06	2,305.89	2,618.32	2,615.37	
ASSETS					
1. non-current assets					
Property, Plant and Equipment					

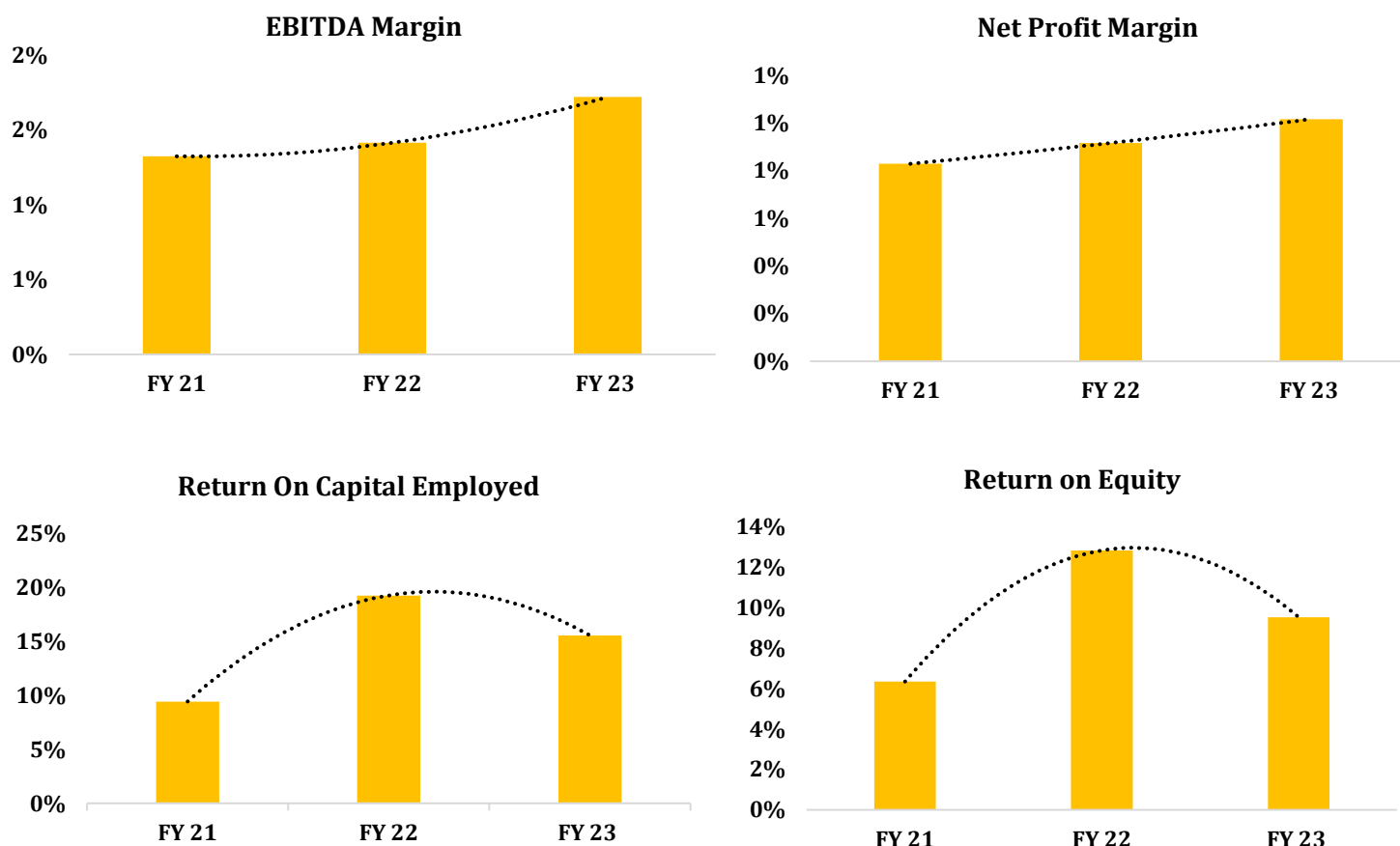
Balance Sheet					(In Lacs.)
Tangible Assets	5.04	4.63	21.94	21.20	
Investments	2.60	2.60	3.60	3.60	
Other Financial Assets	128.23	91.50	97.63	93.19	
Deferred Tax Assets	18.71	18.28	17.69	17.64	
Other Non-Current Assets	6.29	6.29	6.29	6.29	
Total Non-Current assets	160.87	123.30	147.15	141.92	
2. Current assets					
Inventories					
Trade receivables	1625.09	1,661.24	1,141.77	1,228.86	
Cash and cash equivalents	165.15	54.89	206.75	62.67	
Other Bank Balances	23.53	28.99	33.60	25.55	
Short-term loans and advances	10.50	17.12	8.53	10.56	
Other Current Assets	218.92	420.34	1,080.79	1,145.78	
Total Current assets	2,043.19	2,182.58	2,471.44	2,473.42	
Total Assets	2,204.06	2,305.88	2,618.59	2,615.34	

Cash Flow Statement					(In Lacs)
Particulars	FY 21	FY 22	FY 23	May-23	
Net Cash Flow from Operating Activities	188.80	-108.76	-80.02	-178.39	
Net Cash Flow from Investing Activities	21.75	-2.48	-18.03	8.45	
Net Cash Flow from Financing Activities	-64.22	0.30	249.90	25.86	

Ratio Sheet				
Particulars	FY 21	FY 22	FY 23	May-23*
Per Share Data				
Diluted EPS	4.91	2.18	1.79	0.99
BV per share	9.87	11.40	12.60	22.17
Operating Ratios				
EBITDA Margins	1.32%	1.41%	1.72%	2.76%
PAT Margins	0.83%	0.92%	1.02%	1.00%
Inventory days	-	-	-	-
Debtor days	61.90	29.84	27.73	54.17
Creditor days	25.07	9.45	9.72	15.58
Return Ratios				
RoCE	9%	19%	16%	7%
RoE	6%	13%	10%	4%
Valuation Ratios (x)				
EV/EBITDA	10.28	5.74	7.56	14.65
Market Cap / Sales	0.35	0.16	0.22	0.40
P/E	5.30	11.93	14.53	26.36
Price to Book Value	2.63	2.28	2.06	1.17
Solvency Ratios				
Debt / Equity	0.17	0.17	0.35	0.37
Current Ratio	2.27	2.63	2.50	2.55
Quick Ratio	2.27	2.63	2.50	2.55
Asset Turnover	4.35	8.81	5.74	3.17
Interest Coverage Ratio	2.78	7.09	4.58	11.29

*Ratio sheet for May-23 is annualized.

Financial Charts



Key Risk Factors

1. The company has outstanding legal proceedings involving the Company, Directors, and Promoters amounting to Rs. 905.09 lakhs. Any adverse decision may make us liable to liabilities/penalties and may adversely affect the reputation, business, and financial status.
2. There has been a case filed against the Promoter and Company in accordance with the Memorandum of Understanding entered with Ms. Baytown Bonding Private Limited for compensation demands.
3. The company have contingent liabilities and capital commitments amounting to Rs. 566.78 lakhs. The financial condition could be adversely affected if any of these contingent liabilities or capital commitments materialize.
4. The Company has had negative cash flow in the past and may continue to have negative cash flows in the future. The company has negative operating cash flow for the FY ended 2022, 2023, and the Period Ended May 2023.

Track Record of Lead Manager

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

Swaraj Shares and Securities Limited -

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	ROX Hi-Tech Limited	54.49	83.00	November 16, 2023	176.00
2.	Micropro Software Solutions Limited	30.70	81.00	September 10, 2023	68.00
3.	Shoora Designs Limited	2.03	48.00	August 29, 2023	49.5

The company has had 3 mandates in the past three years including the current Year.

*CMP for the above-mentioned companies is taken as of 27th November 2023.

As per the offer document, from the above-mentioned mandates 1 has opened at a discount and the remaining two have opened at premiums on the listing date.

Recommendation

The company has been in the industry since 2004 and has good experience in the industry. The company does not have a proper trend in the increase of its top line and bottom line of its financials. The company's management overview is not satisfactory as they have not given a clear bifurcation of the responsibilities. The company also faces significant competition in the industry.

The P/E on a post-IPO basis is 21.65 times which seems to be highly priced by looking at the performance of the company. The Sector P/E is 28.5 times.

The company does not have a proper trend and has also seen exponential growth in revenues. The financial outlook of the company is not satisfactory. The company also has a high P/E ratio. The company does not have any unique services to stand out in the market. The company also had negative operating cash flows for two consecutive years. From the above-mentioned points, the company does not have a good overview overall. We recommend **AVOID** applying to this IPO.

Disclaimer

We are not registered research analysts with SEBI and are not subject to the regulations governing research analysts. This research report is for educational purposes only and should not be construed as investment advice. The information contained in this report is based on publicly available information and is believed to be reliable, but no representation or warranty, express or implied, is made as to its accuracy or completeness. Also, some of the employees of our organization may have or may in the future hold investments in the company that is the subject of this research report. This may create a conflict of interest, and you should be aware of this when considering the information contained in this report. You should consult with your financial advisor before making any investment decisions.