



# S J Logistics (India) Limited

## IPO Note



IPO Details		Company Background					
<b>Opening Date</b>	Dec 12, 2023	<ul style="list-style-type: none"> <li>○ S J Logistics (India) Limited was originally formed as a proprietorship concern in 2000 and has its registered office in Thane, Maharashtra, India.</li> <li>○ The company is engaged in the business of providing logistics and supply chain solutions to customers.</li> <li>○ The company's key services include freight forwarding, customs clearance and transportation handling services.</li> <li>○ Company is a Multimodal Transport Operator registered under the Multimodal Transportation of Goods Act 1993.</li> <li>○ As of 5<sup>th</sup> December 2023, the Company had 20 employees on its payroll basis.</li> </ul>					
<b>Closing Date</b>	Dec 14, 2023						
<b>Stock Exchange</b>	NSE SME						
<b>Lot Size</b>	1,000 Shares						
<b>Issue Price</b>	₹ 121 to ₹ 125 per share						
<b>Issue Size</b>	Aggregating up to 48.00 Cr.						
<b>Fresh Issue</b>	Aggregating up to 48.00 Cr.						
<b>Offer for Sale Application</b>	-						
<b>Amount (@ upper band for retail investors)</b>	₹ 1,25,000						
IPO Objective		Market Capitalization (In Cr.)					
Repayment and/or pre-payment of certain borrowings.		<b>Pre-Issue</b>		<b>Post-Issue</b>			
To meet Working Capital Requirements.		₹ 133		₹ 181			
General Corporate Purpose.		Financial Summary (In Lacs)					
Pre-Issue Shareholding		For the Period Ended	Mar-21	Mar-22	Mar-23	Sept-23	
Category	No. of Shares	% of Total Shares	<b>Total Assets</b>	4,940.75	5,027.09	8,104.29	10,541.06
Promoter & Promoter Group	71,89,740	67.55%	<b>Net Assets</b>	1,348.12	1,536.49	3,120.32	5,640.93
Public	34,53,390	32.45%	<b>Total Borrowings</b>	2,673.16	2,573.07	3,356.00	2,952.40
Promoter of the Company		<b>Total Revenue</b>	12,402.8	10,531.1	13,500.9	10,338.5	
1	Rajen Hasmukhlal Shah		<b>Profit After Tax</b>	86.31	188.38	761.55	931.06
Competitive Strengths		Tentative Timeline					
1	Long-standing business and track record.		<b>Opening Date</b>	Dec 12, 2023			
2	Strong relationship with diverse customer base.		<b>Closing Date</b>	Dec 14, 2023			
3	Wide range of logistics services and solutions.		<b>Basis of Allotment</b>	Dec 15, 2023			
4	Existing agency network and arrangements.		<b>Initiation of Refunds</b>	Dec 18, 2023			
5	Strong knowledge and expertise of promoters.		<b>Credit of Shares to Demat</b>	Dec 18, 2023			
			<b>Listing Date</b>	Dec 19, 2023			



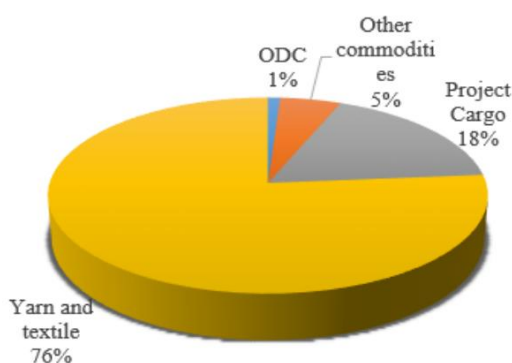
## Company Background and Analysis

The company started its business as a proprietorship concern during the year 2000 and during the year 2003, the company ventured into logistics, and freight forwarding business. The company has since then grown its presence, expanded the scope of its services, and increased its capabilities in the business of freight forwarding. The company is engaged in the business of providing logistics and supply chain solutions to its customers. The company's key services include freight forwarding, customs clearance and transportation handling services.

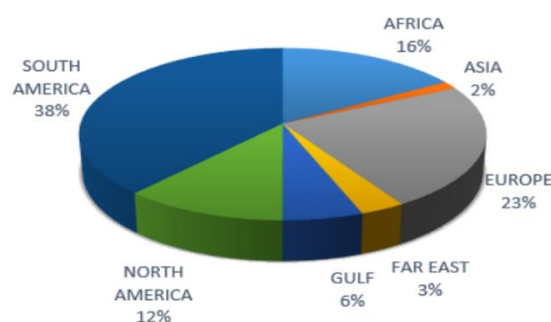
The company is also engaged in handling project cargo, which requires detailed planning and technical experience. The transport of oversized, over-dimension cargo, critical or high-value cargo is generally handled on a turnkey contract basis. The company has two subsidiary companies namely SJA Logisol India Private Limited ("SJALIPL") and S. J. L. Group (Singapore) Pte. Ltd. SJA Logisol India Private Limited is engaged in the business of providing services of transportation and logistics services.

The company during the fiscal 2023, processed over 3100 bills of lading to countries/ areas including African countries, South American countries, Australia, Bangladesh, European countries, Gulf countries, Southeast Asian countries, Russia, United States of America etc.

**Bill of lading processed (Product wise)**



**Bill of lading processed (Geography-wise)**



The company's major areas of operations are Ocean Freight Forwarding, Air Freight Forwarding and Project Cargo. The company's customers belong to various industry sectors in India and below is the bifurcation of the revenue based on the industry served -

Particulars	Mar-21		Mar-22		Mar-23		Sep-23	
	Amt	(%)	Amt	(%)	Amt	(%)	Amt	(%)
Yarn and Yarn Commodities	7,286	58.80	7,735	74.65	9,159	68.19	4,866	47.20
ODC (Over Dimension Cargo)	-	0.00	36	0.35	197	1.47	84	0.81
Project Cargo	393	3.17	1,054	10.17	3,431	25.55	3,984	38.64
Other Commodities	4,713	38.03	1,537	14.83	644	4.79	1,376	13.35
<b>Total Sales</b>	<b>12,392</b>	<b>100.00</b>	<b>10,362</b>	<b>100.00</b>	<b>13,431</b>	<b>100.00</b>	<b>10,310</b>	<b>100.00</b>

To conclude, the company operates in a very highly competitive segment. The company generates most of its revenue from the Yarn and Yarn Commodities Industry. The company is raising total gross proceeds of Rs. 4,800 Lakhs.



## Business Strategies

### 1. Focus on the development of warehousing facilities -

The company intends to obtain leasehold or license rights over large, multiuser, integrated warehouses in certain specific well-connected and central locations in India to ideally serve the clients' needs.

### 2. Strengthen existing services -

The company is undertaking steps to build strong relationships with shipping lines that give them cost and operational advantages. Consequently, can offer favourable terms to its customers. By leveraging the cost advantage, the company can attract a substantial volume of business.

### 3. Identifying new customers and increasing business with existing customers -

The company intends to focus on expanding the range of services for which it relies, cater to new geographies in which it operates and expand its services into its new product lines.

### 4. Increasing the presence and expand the network -

The company plans to continue to invest in enhancing its presence in different geographies and to enable the company to respond quickly to its customers' changing requirements, thereby continually improving the competitiveness of its services.

## Competitive Scenario and Peer Mapping

### Competition

The company operates in a highly competitive industry, dominated by a large number of unorganized players. The company faces competition from several international and domestic third-party logistics companies. The company has a very low barrier to entry leading to a market with a very high degree of fragmentation. The company may also face competition from new entrants into the logistics service industry. The bargaining power with the customers is low in the company's sector.

### Peer Analysis

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

Particulars	S J Logistics (India) Limited	Cargotrans Maritime Limited	Patel Integrated Logistics Limited	Tiger Logistics (India) Limited	Total Transport Systems Limited
	31st Mar 2023	31st Mar 2023	31st Mar 2023	31st Mar 2023	31st Mar 2023
Net Profit Margin	6%	3%	2%	5%	1%
EBITDA Margin	9%	4%	4%	6%	3%
Return on Capital Employed	20%	19%	5%	25%	15%
Return on Equity	24%	16%	4%	23%	6%
EPS (INR)	8.84	4.85	0.76	21.95	3.25

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

Particulars	S J Logistics (India) Limited	Cargotrans Maritime Limited	Patel Integrated Logistics Limited	Tiger Logistics (India) Limited	Total Transport Systems Limited
	31st Mar 2022	31st Mar 2022	31st Mar 2022	31st Mar 2022	31st Mar 2022
Net Profit Margin	2%	2%	1%	6%	2%
EBITDA Margin	4%	4%	3%	6%	3%
Return on Capital Employed	9%	41%	4%	50%	24%
Return on Equity	12%	40%	2%	45%	17%
EPS (INR)	2.83	35.33	0.34	31.81	6.46



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

Particulars	S J Logistics (India) Limited	Cargotrans Maritime Limited	Patel Integrated Logistics Limited	Tiger Logistics (India) Limited	Total Transport Systems Limited
	31st Mar 2021	31st Mar 2021	31st Mar 2021	31st Mar 2021	31st Mar 2021
Net Profit Margin	0.7%	2.7%	-	-7.1%	0.3%
EBITDA Margin	3%	5%	2%	-5%	1%
Return on Capital Employed	15%	28%	2%	-21%	4%
Return on Equity	6%	39%	0%	-29%	-2%
EPS (INR)	1.30	20.67	0.01	-11.75	-0.60



## Industry Overview

Exhibit 1: Fragmented structure of the Indian Logistics Industry.

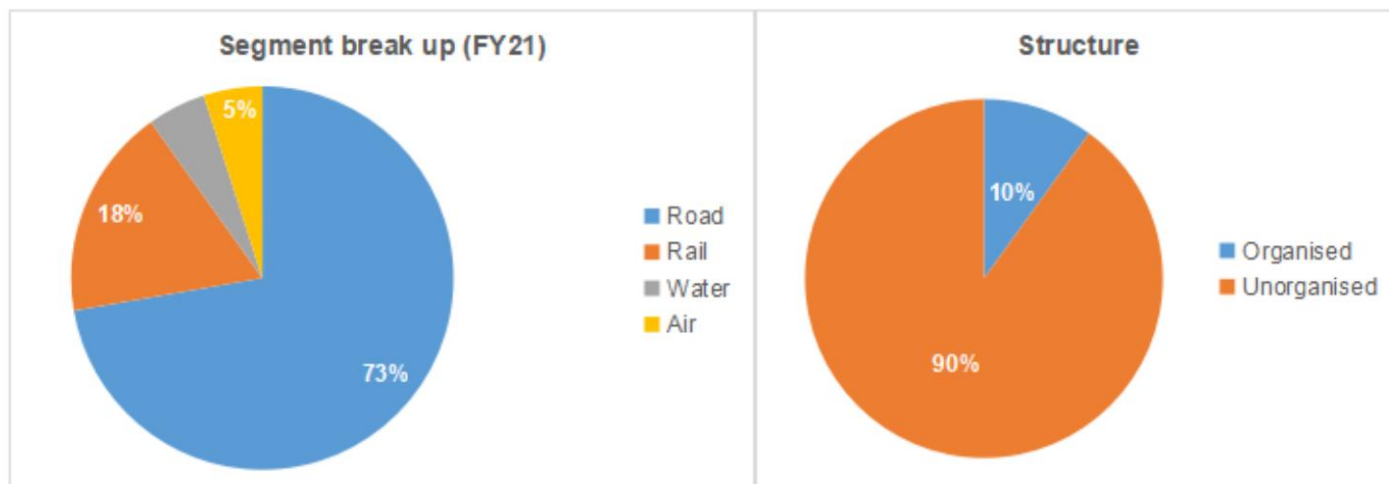
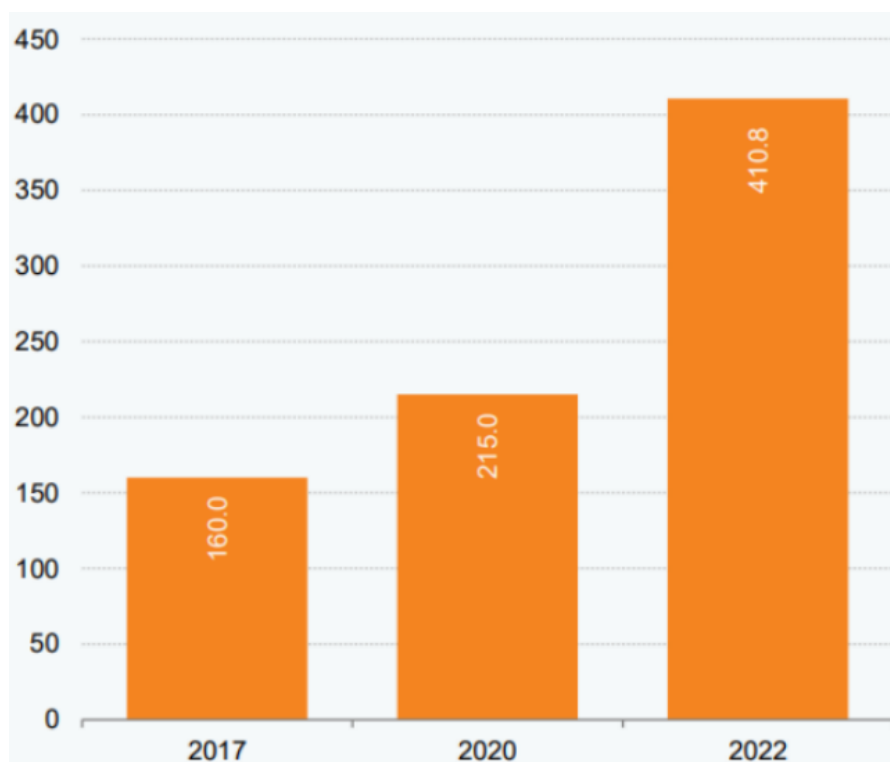


Exhibit 2: Logistics Market Size (US\$ billion).



(Source: ibef.org)



## **Overview of India's Logistics Sector -**

India's logistics are estimated to account for about 14.4% of GDP. More than 22 million people rely on it for their income. The Department of Commerce's logistics division for India was established on 7th July 2017 and was given the responsibility of the Integrated Development of Logistics Sector. The Special Secretary to the Government of India is at the helm of the division and has been assigned the responsibility for the development of an action plan to facilitate the overall development of the logistics sector through policy changes, procedure improvements, identification of bottlenecks and gaps, and adoption of technology. Overall, India's logistics sector consists of 37 export promotion councils, 40 Participating Government Agencies (PGAs), 20 government agencies, 10,000 commodities and 500 certifications.

In 2019, the Indian logistics sector was valued at Rs. 15.1 lakh crore (US\$ 190 billion). The unorganised sector amounts to 99% of the logistics sector and includes owners of less than five trucks, brokers or transport companies' affiliates, small-scale warehouse owners, customs brokers and freight forwarders, among others. The global indices reflect the progress and developments in trade-related logistics over the years. The development of the logistics sector is also reflected by the fact that India scored 90.3% in the United UNESCAP's Global Survey on Digital and Sustainable Trade Facilitation conducted in 2021, which is an exceptional improvement from the score it secured in 2019 of 78.5%, brought about by gains in the scores of five important indicators. The score has shown a consistent improvement, with scores of 63.4% and 67.7% secured in 2015 and 2017, respectively.

## **Overview of the Logistics Industry -**

The Indian logistics industry is growing, due to a flourishing e-commerce market and technological advancement. The logistics sector in India is predicted to account for 14.4% of the GDP. The industry has progressed from a transportation and storage-focused activity to a specialised function that now encompasses end-to-end product planning and management, value-added services for last-mile delivery, predictive planning, and analytics, among other things. One of the key drivers of this expansion is projected to be the rise of India's logistics industry, which employs 22 million people and serves as the backbone for various businesses. The logistics sector in India was valued at US\$ 250 billion in 2021, with the market predicted to increase to an astounding US\$ 380 billion by 2025, at a healthy 10%-12% year-on-year growth rate. Moreover, the government is planning to reduce the logistics and supply chain cost in India from 13-14% to 10% of the GDP as per industry standards.

The industry is crucial for the efficient movement of products and services across the nation and in the global markets. The logistics business is highly fragmented and has over 1,000 active participants, including major local players, worldwide industry leaders, the express division of the government postal service, and rising start-ups that focus on e-commerce delivery. The industry includes transportation, warehousing, and value-added services like packaging, labelling, and inventory management. With the advent of technology-driven solutions such as transportation management systems (TMS) and warehouse management systems, India's logistics industry has witnessed tremendous development in recent years (WMS).

(Source: prospectus)



## Key Managerial Personnel

**Rajen Hasmukhlal Shah**, aged 57, is the Promoter, Chairman, and Managing Director of the Company. He has been associated with the Company since incorporation. He is a qualified member of the Institute of Chartered Accountants of India. He has a work experience of more than 33 years in the field of shipping, Logistics and Transportation Industry. He is responsible for the business development, Legal operations and compliance and overall management of the business of the Company.

**Jeet Rajen Shah**, aged 28, is the Whole Time Director and CFO of the company. He has completed his Master of Global Business (MGB). He has work experience of over 5 years in the shipping, Logistics and transportation Industry and is responsible for handling financial & accounting activities, Taxation, statutory compliance, Human Resources, and Administration.

**Kulshekhar Kumar**, aged 45, is the Whole-Time Director of the company. He has completed his Master's Programme in International Business Management. He has work experience of 21 years in the field of sales and marketing. He looks after the business development, Marketing, general operations, and customer relations management of the Company.

**Mandar Kamlakar Patil**, aged 22, is the Independent Director of the company. He is a qualified member of the Institute of Chartered Accountants of India. He holds post-qualification work experience of 22 years in the field of Statutory Audit, Direct and Indirect Taxation, Financial and statutory Reporting, and GST Compliance.

**Vinod Girijashankar Tripathi**, aged 37, is the Independent Director of the Company. He has completed his Bachelor of Commerce. He has work experience of 9 years in the field of Taxation, Auditing, Financial and statutory Reporting and Compliance.

**Rajshree Ravindra Gupta**, aged 27, is the Independent Director of the company. She has completed her Master of Commerce (M. Com). She holds a post-qualification work experience of 7 years in Taxation, Auditing, Financial & Statutory Reporting and Compliance.

To conclude, the company has 1 promoter, and he has vast experience in the industry in which the company operates. The remaining Directors of the company have good knowledge and experience in their respective fields.



## Financial Snapshot

<b>Profit and Loss Statement</b>				<b>(In Lacs.)</b>
<b>Particulars</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>	<b>Sep-23</b>
Revenue from Operations	12,392.64	10,362.43	13,431.17	10,309.45
Other Income	10.24	168.75	69.82	29.11
<b>Total Income</b>	<b>12,402.88</b>	<b>10,531.18</b>	<b>13,500.99</b>	<b>10,338.56</b>
<b>Expenses</b>				
Purchase of Services	11,325.77	9,520.12	11,135.19	8,404.17
Employee benefits expense	335.65	279.40	608.04	247.96
Finance costs	210.66	223.45	250.41	159.07
Depreciation and Amortization expense	50.97	52.05	44.43	20.12
Other expenses	362.89	199.75	509.79	344.61
<b>Total Expenses</b>	<b>12,285.94</b>	<b>10,274.77</b>	<b>12,547.86</b>	<b>9,175.93</b>
<b>Earnings Before Interest, Taxes, Depreciation &amp; Amortization</b>	<b>368.33</b>	<b>363.16</b>	<b>1,178.15</b>	<b>1,312.71</b>
<b>EBITDA Margin</b>	<b>3%</b>	<b>4%</b>	<b>9%</b>	<b>13%</b>
<b>Profit/(Loss) before tax</b>	<b>116.94</b>	<b>256.41</b>	<b>953.13</b>	<b>1,162.63</b>
Tax Expense				
Current Tax Expense for Current Years	32.80	54.80	196.13	225.54
Deferred Tax (credit) / charge	-2.17	13.23	-4.55	6.03
Total Tax Expense	30.63	68.03	191.58	231.57
<b>Profit/(Loss) for the year</b>	<b>86.31</b>	<b>188.38</b>	<b>761.55</b>	<b>931.06</b>
<b>Net Profit Margin</b>	<b>0.70%</b>	<b>1.79%</b>	<b>5.64%</b>	<b>9.01%</b>

<b>Balance Sheet</b>				<b>(In Lacs)</b>
<b>Particulars</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>	<b>Sep-23</b>
<b>EQUITY AND LIABILITIES</b>				
<b>1. Shareholders' funds</b>				
Share Capital	222.04	222.04	295.17	1,064.31
Reserve and Surplus	1,126.08	1,314.45	2,825.15	4,576.62
<b>Total Equity</b>	<b>1,348.12</b>	<b>1,536.49</b>	<b>3,120.32</b>	<b>5,640.93</b>
<b>2. Non-current liabilities</b>				
Long Term Borrowings	734.06	2,010.60	2,580.91	2,155.70
Deferred Tax Liabilities (Net)	42.09	55.33	50.81	56.84
Long Term Provisions	39.02	17.53	16.50	13.77
<b>Total Non-current liabilities</b>	<b>815.17</b>	<b>2,083.46</b>	<b>2,648.22</b>	<b>2,226.31</b>
<b>3. Current liabilities</b>				
Financial Liabilities				
Short-term borrowings	1,939.10	562.47	775.09	796.70
Trade payables				
Due to MSME	6.03	1.89	73.60	76.61
Due to Others	748.26	744.02	469.54	862.53
Other Current Liabilities	79.44	96.80	1,012.59	933.26
Provisions	4.63	1.97	4.95	4.74
<b>Total Current liabilities</b>	<b>2,777.46</b>	<b>1,407.15</b>	<b>2,335.77</b>	<b>2,673.84</b>
<b>Total Liabilities</b>	<b>3,592.63</b>	<b>3,490.61</b>	<b>4,983.99</b>	<b>4,900.15</b>
<b>Total Equity and Liabilities</b>	<b>4,940.75</b>	<b>5,027.10</b>	<b>8,104.31</b>	<b>10,541.08</b>
<b>ASSETS</b>				
<b>1. Non-current assets</b>				
Property, Plant and Equipment				
Tangible Assets	840.38	789.58	744.28	724.68
Intangible Assets	0.43	0.43	0.43	0.43
Non-Current Investments	5.68	5.68	5.03	5.03
Long term loans and advances	43.15	36.64	88.74	892.12
<b>Total Non-Current assets</b>	<b>889.64</b>	<b>832.33</b>	<b>838.48</b>	<b>1,622.26</b>
<b>2. Current assets</b>				
Inventories	-	-	-	-





<b>Balance Sheet</b>				<b>(In Lacs)</b>
Trade receivables	3968.96	4,096.08	4,836.90	5,559.95
Cash and cash equivalents	69.10	80.21	117.27	277.69
Short-term loans and advances	10.47	13.44	2,291.86	3,057.50
Other Current Assets	2.58	5.03	19.78	23.66
<b>Total Current assets</b>	<b>4,051.11</b>	<b>4,194.76</b>	<b>7,265.81</b>	<b>8,918.80</b>
<b>Total Assets</b>	<b>4,940.75</b>	<b>5,027.09</b>	<b>8,104.29</b>	<b>10,541.06</b>

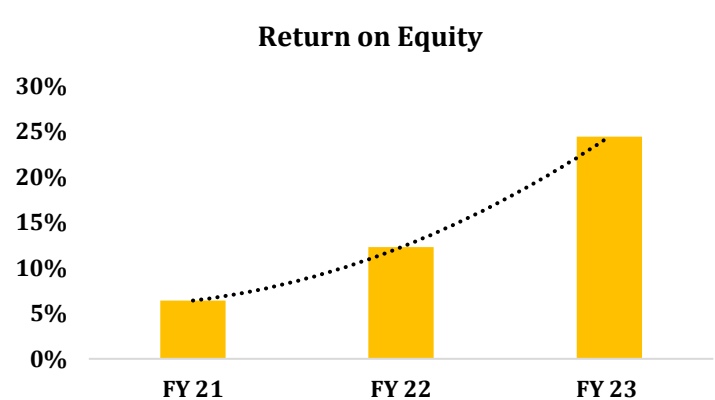
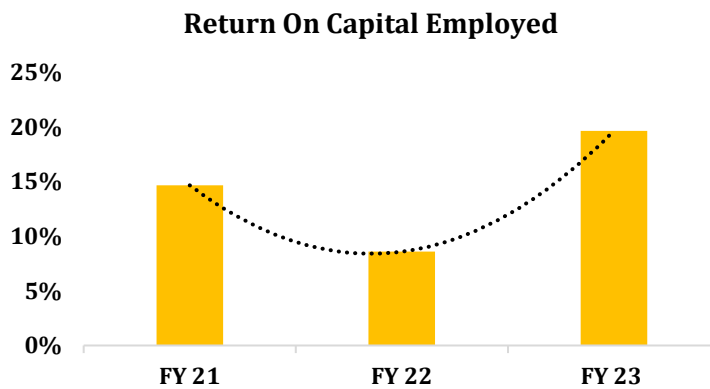
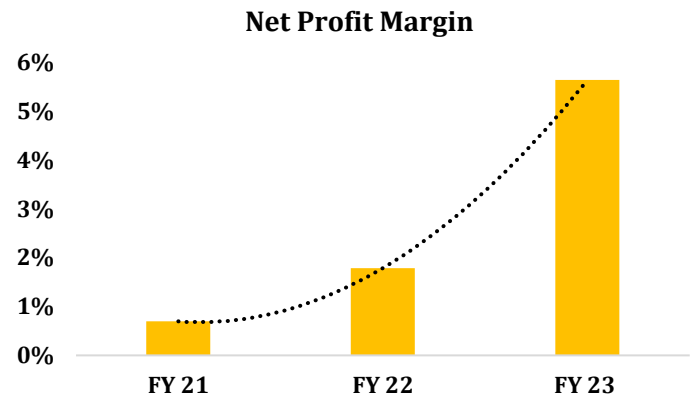
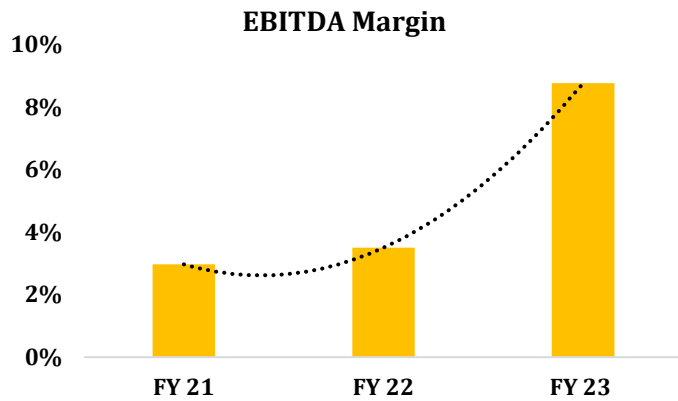
<b>Cash Flow Statement</b>				<b>(In Lacs)</b>
<b>Particulars</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>	<b>Sep-23</b>
Net Cash Flow from Operating Activities	-54.50	335.89	-583.07	-885.65
Net Cash Flow from Investing Activities	-28.52	-3.55	-544.97	-0.52
Net Cash Flow from Financing Activities	83.58	-323.53	1,207.52	1,046.54

<b>Ratio Sheet</b>				
<b>Particulars</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>	<b>Sep-23</b>
<b>Per Share Data</b>				
Diluted EPS	1.3	2.83	8.84	12.56
BV per share	9.31	10.61	21.54	78.22
<b>Operating Ratios</b>				
EBITDA Margins	2.97%	3.50%	8.77%	12.73%
PAT Margins	0.70%	1.79%	5.64%	8.80%
Debtor days	116.90	144.28	131.45	98.69
Creditor days	24.31	28.60	17.80	20.45
<b>Return Ratios</b>				
RoCE	15%	9%	20%	18%
RoE	6%	12%	24%	16%
<b>Valuation Ratios (x)</b>				
EV/EBITDA	10.73	11.10	5.40	5.29
Market Cap / Sales	1.46	1.75	1.35	0.88
P/E	96.15	44.17	14.14	9.95
Price to Book Value	13.43	11.78	5.80	1.60
<b>Solvency Ratios</b>				
Debt / Equity	1.98	1.67	1.08	0.52
Current Ratio	1.46	2.98	3.11	3.34
Quick Ratio	1.46	2.98	3.11	3.34
Asset Turnover	2.51	2.06	1.66	0.98
Interest Coverage Ratio	1.51	1.39	4.53	8.13

\*Ratio sheet for Sept-23 is annualized.



## Financial Charts



## Key Risk Factors

1. The Company and Promoters are party to certain legal proceedings amounting to Rs. 339.63 lakhs, any adverse decision in such proceedings may have a material adverse effect on the business, results of operations and financial condition.
2. The company has had negative operating cash flow from the FY Ended 2021, 2023, and Period Ended September 2023. Sustained negative cash flow could adversely impact the business, financial condition and results of operations.
3. The company has contingent liability and commitments amounting to Rs. 1,772.52 lakhs and it may affect the financial position.



### Track Record of Lead Manager

The lead manager to the issue is Hem 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 –

#### Hem Securities Limited –

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Paragon Fine and Speciality Chemicals Limited	51.66	100.00	November 03, 2023	178.00
2.	E Factor Experiences Limited	25.92	75.00	October 09, 2023	183.00
3.	Arabian Petroleum Limited	20.24	70.00	October 09, 2023	97.8
4.	Saakshi Medtech and Panels Limited	45.16	97.00	October 03, 2023	230.00
5.	Madhusudan Masala Limited	23.80	70.00	September 26, 2023	136.00
6.	Kahan Packaging Limited	5.76	80.00	September 15, 2023	91.8
7.	Asarfi Hospital Limited	26.94	52.00	July 26, 2023	97.00
8.	Kaka Industries Limited	21.23	58.00	July 19, 2023	195.00
9.	Greenchef Appliances Limited	53.62	87.00	July 06, 2023	105.00
10.	Hemant Surgical Industries Limited	24.84	90.00	June 05, 2023	166.00

\*CMP for the above-mentioned companies is taken as of 6<sup>th</sup> December 2023.

As per the offer document, Hem Securities Limited has had 32 mandates in the last three fiscal years (including the current year). For Hem Securities Limited above-mentioned mandates have opened at premiums on the listing day.



# S J Logistics (India) Limited

## IPO Note



### Recommendation

The company has been in the industry since 2003 and has vast experience in the industry. The company's management overview is satisfactory with vast experience and knowledge in the industry in which the company operates. The company also operates in a very competitive industry.

The P/E on an annualized and post-IPO basis is 9.95 times which seems to be fairly priced by looking at the performance of the company and the sector. The Sector P/E is 30.6 times.

The company operates in both domestic and international markets, and in various product segments with the help of all three modes of transport, this will help the company further grow its revenue going forward. Whereas the company operates in a highly competitive segment. There is high demand for the logistics sector. The company has also used an inorganic strategy for expansion. At the given P/E level we recommend **APPLY** to this IPO.



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## IPO Note



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