



## IPO Note

# GB Logistics Commerce Limited

Recommendation: **AVOID!**

### Company Background -

- **Incorporation:** GB Logistics Commerce Limited was originally incorporated on Dec 24, 2019. The registered office is located at Nagpur, India.
- **Business Activity:** The company offers qualified drivers, a fleet of vehicles, and a charter network for flexibility, responsiveness, and high-capacity transportation to large and medium-sized enterprises, leveraging both its own and third-party transportation resources to efficiently manage logistics.
- **Revenue Stream:** The company derived 61% of its revenue from logistics and 39% of its revenue from trading of agricultural commodities in FY 24.
- **Human Resource:** As of January 15, 2024, the company has 39 full-time employees on its payroll.

### Objects of the Issue -

- Prepayment or repayment of a portion of certain outstanding borrowings availed by the Company;
- Fund expenditure towards purchase of truck chassis and truck bodies;
- General Corporate Purposes

### Promoters Name -

Prashant Natwarlal Lakhani

### Rationale for recommendation -

- ✓ The company had negative cash flow from operations for FY23 and FY24.
- ✓ The company's business operations are concentrated in Maharashtra.
- ✓ Diversion from core logistics business and revenue concentration risk with top 3 customers contributing to 61% of the revenue on a consolidated basis.
- ✓ Post-issue shareholding of promoters is too low.
- ✓ The industry is highly fragmented and competitive.

### IPO Details

Opening Date	Jan 24, 2025
Closing Date	Jan 28, 2025
Allotment Date	Jan 29, 2025
Listing Date	Jan 31, 2025
Stock Exchange	NSE SME
Lot Size	1,200 Shares
Issue Price Per Share	₹95 to ₹102
Issue Size	25.07 Cr.
Fresh Issue	25.07 Cr.
Offer for Sale	-
Application Amt	₹ 1,22,400 (1,200 shares)

### INDUSTRY - Logistics

Avg. P/E ratio as per RHP - 78.50

KPI's	KPIs (In Lakhs)			
	FY 22	FY 23	FY 24	Sep-24
Revenue	1,723.97	4,029.93	11,562.48	5,083.56
EBITDA	142.71	137.13	925.79	454.22
Net Profit	96.05	76.86	486.24	252.80
RoCE	75.80%	42.21%	44.17%	16.59%*
ROE	92.95%	42.65%	27.36%	10.50%*
P/E	0.11	0.13	10.55	16.53*

\*Annualised

### Promoter Share Holding Pattern

Pre-Issue	Post-Issue
74.85%	52.40%

### Valuation Parameters

Particulars	Pre-Issue	Post Issue*
EPS	9.67	6.17
BVPS	30.98	58.75
P/E	10.55	16.53
P/BV	3.29	1.74
Mkt Cap (In Cr)	58.52	83.58

\*Annualized

### Lead Managers -

**SKI Capital Services Limited**

### Registrar -

**Maashitla Securities Private Limited**

## Business Overview -

GB Logistics Commerce Limited operates across two main business verticals: **logistics and trading of agricultural commodities**.

They specialize in full truckload freight services for large and medium-sized enterprises. Utilizing both proprietary and third-party transportation services, the company conducts logistics operations. GB Logistics Commerce Limited positions itself as a partner for businesses across sectors, providing comprehensive cargo movement solutions. Additionally, the company has a **wholly owned subsidiary, GB Hospitality (India) Private Limited**, engaged in a similar line of business.

### Logistics business overview

Services offered by the Company:

#### 1. Full Truck Load / LCV Delivery:

- Regular Full-Truckload transportation with extensive domestic coverage.
- Flexibility to combine our fleet with selected FTL carriers to address volume surges and urgent requirements.
- Expert teams sourcing optimal carriers based on specific needs, performance history, equipment, and cost.

#### 2. Special Handling:

- Preparation of required equipment before the arrival of shipments.
- Attention to ensuring the efficient and timely distribution of products.
- Full-service solutions for the handling of products.

#### 3. Godown to Godown Transportation:

- Utilization of longstanding experience in warehouse logistics.
- Expert point of contact for questions related to production logistics, facility logistics, or returns logistics.
- Extension of services beyond the logistics center loading ramp.
- Comprehensive value-added services tailored to customers in various industries and retail sectors.

#### 4. Delivery Above Ground Floor:

- Capability to deliver goods above ground floor levels.
- Ensuring efficient and timely delivery regardless of the floor location.

#### 5. ODA Deliveries:

- Expertise in handling Out of Delivery Area (ODA) shipments.
- Specialized services for delivering to remote and challenging locations often refused by other courier partners.
- Mitigating Return to Origin (RTO) occurrences and enhancing overall customer experience by reaching areas typically considered challenging for deliveries.

### Owned Trucks

Type of Transport	Units	Description
Heavy Open Body Trucks	4	27 Feet 14-Wheeler Truck With 26 Ton To 31 Ton Capacity

### Rental Trucks

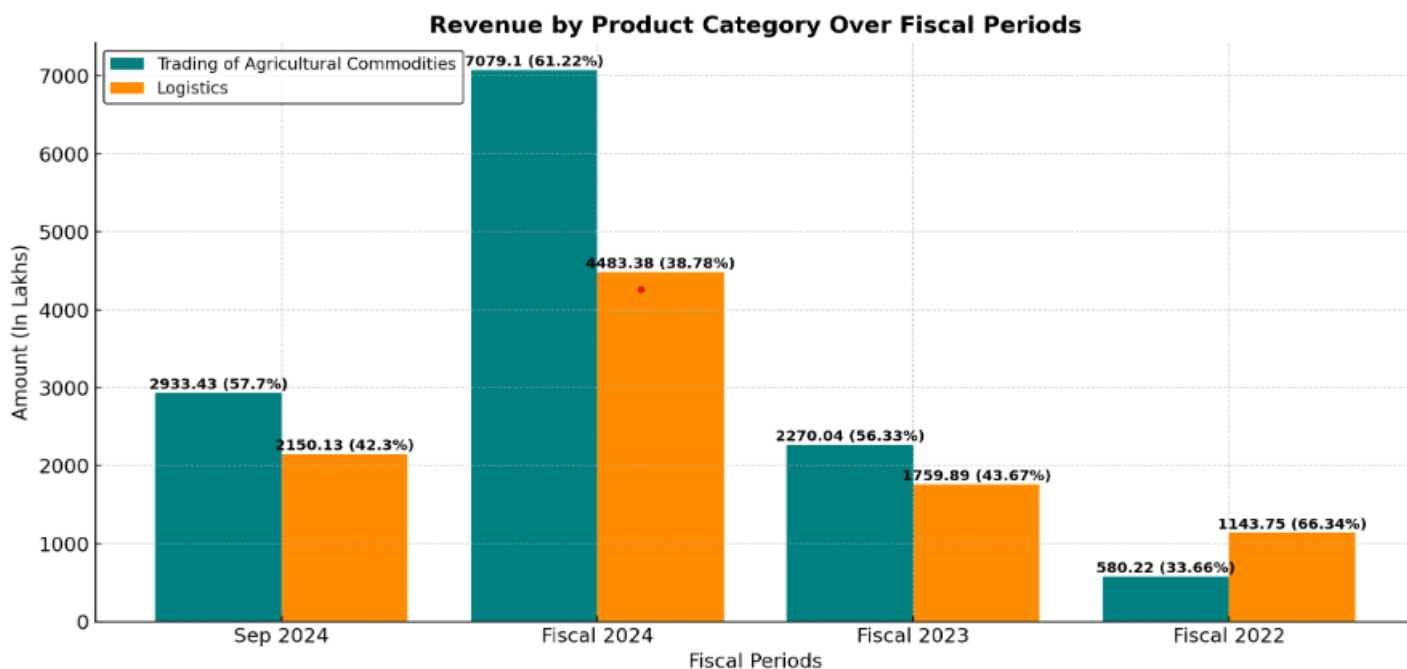
Type of Trucks	Description
Light Open Body Trucks	1) 14 Feet with Capacity Of 3.5 Ton To 4 Ton Capacity 2) 17 Feet with Capacity Of 5.5 Ton To 6.5 Ton Capacity 3) 19 Feet with Capacity Of 7.5 Ton To 10 Ton Capacity
Heavy Open Body Trucks	1) 22 Feet 10-Wheeler Truck With 16 Ton To 20 Ton Capacity 2) 24 Feet 12-Wheeler Truck With 21 Ton To 25 Ton Capacity 3) 27 Feet 14-Wheeler Truck With 26 Ton To 31 Ton Capacity
Closed Body Truck Or Container Truck	1) 20 Feet Single Axel (Sxl) Truck With 7.5 Ton Capacity 2) 20 Feet Multi Axel (Mxl) Truck With 16 Ton Capacity 3) 24 Feet Single Axel (Sxl) Truck With 7.5 Ton Capacity 4) 24 Feet Multi Axel (Mxl) Truck With 16 Ton Capacity 5) 32 Feet Single Axel (Sxl) Truck With 7.5 Ton Capacity 6) 32 Feet Multi Axel (Mxl) Truck With 16 Ton Capacity
Trailer Truck	1) Low Bed Trailer 2) Semi Bed Trailer 3) Hi Bed Trailer

Category	Details
Strengths	<b>Robust Fleet and Infrastructure:</b> Well-maintained fleet of trucks ensures reliable and timely deliveries. Strong logistics infrastructure supports large cargo volumes.
	<b>Expertise and Experience:</b> Skilled workforce with deep knowledge of logistics. Experienced management capable of navigating challenges effectively.
	<b>Strategic Partnerships:</b> Collaborations with third-party transportation services enhance flexibility and service capabilities.
Weaknesses	<b>Operational Challenges:</b> Potential supply chain bottlenecks may affect service reliability.
	<b>Dependency on Third-Party Services:</b> Reliance on external services exposes the company to risks like price fluctuations and service disruptions.
	<b>Technology Gaps:</b> Limitations in technology infrastructure may lead to inefficiencies or inability to adapt to new standards.
	<b>Regulatory Compliance:</b> Difficulty in adhering to evolving regulations could lead to legal or operational challenges.
Opportunities	<b>Market Expansion:</b> Potential for growth in new geographic regions or untapped markets.
	<b>Adoption of New Technologies:</b> Leveraging technologies like automation, AI, or IoT to improve efficiency and introduce innovative solutions.
	<b>Diversification of Services:</b> Opportunities to diversify offerings or enter new logistics sectors to enhance revenue streams.
	<b>Economic Growth:</b> Growing economies in target markets can boost demand for logistics services.
Threats	<b>Intense Competition:</b> Rival logistics companies may offer similar services, posing challenges in maintaining market share.
	<b>Economic Factors:</b> Fuel price fluctuations, inflation, or economic downturns may affect profitability.
	<b>Regulatory Changes:</b> Adjusting to changes in industry regulations may require operational modifications.
	<b>Technological Disruptions:</b> Rapid advancements in technology could disrupt traditional practices, requiring continuous adaptation.

**Trading business overview**

GB Logistics Commerce Limited engages in logistics operations with a strategic proximity to agriculture commodities. In instances where trading opportunities arise incidentally to their logistics activities, they capitalize on them to generate additional revenue and profit. This approach allows them to diversify revenue streams and contribute meaningfully to the agricultural and logistics sectors.

**Note:** Trading in agricultural commodities is not the main line of business of the Company. They have traded Chana daal (chickpea lentils) and Toor Dal (pigeon peas) in the past.



The analysis of orders from new and retained customers reveals significant shifts in customer dynamics over the years. As of September 30, 2024, orders from new customers accounted for ₹1,620.81 lakhs (31.88%), marking a decline compared to ₹7,933.57 lakhs (68.61%) in Fiscal 2024, ₹2,956.27 lakhs (73.36%) in Fiscal 2023, and ₹1,558.25 lakhs (90.39%) in Fiscal 2022. Conversely, orders from retained customers have grown substantially, reaching ₹3,462.75 lakhs (68.12%) as of September 30, 2024, up from ₹3,628.91 lakhs (31.39%) in Fiscal 2024, ₹1,073.66 lakhs (26.64%) in Fiscal 2023, and ₹165.72 lakhs (9.61%) in Fiscal 2022.

This trend indicates a gradual shift in the company's revenue base from being predominantly reliant on new customer acquisition to achieving stronger retention and repeat business. The growing contribution of retained customers suggests improved customer satisfaction, loyalty, and long-term relationships. However, the declining share of revenue from new customers signals a potential need to revisit strategies for expanding the customer base to maintain a healthy balance between acquisition and retention. This transition highlights the company's focus on building stability through a loyal customer base while also underscoring the importance of continued efforts in acquiring new clients to drive sustainable growth.

## Business Strategies –

### Market Expansion and Coverage

The company plans to strengthen its presence in current markets while strategically entering new regions. Leveraging its robust fleet and logistics infrastructure, it seeks to broaden its Full-Truckload (FTL) services, driving growth and capturing a larger market share.

### Operational Efficiency and Flexibility

By integrating its fleet with Full-Truckload carriers, GB Logistics aims to handle volume surges and urgent demands seamlessly. This ensures an agile and responsive operation in a dynamic logistics environment.

### Specialized Handling and Value-Added Services

Offering full-service solutions, including meticulous shipment preparation, the company enhances customer satisfaction and loyalty, ensuring efficient product distribution.

### Technological Integration for Efficiency

The adoption of advanced tracking systems ensures real-time cargo monitoring, transparency, and operational streamlining to meet evolving customer needs.

### Focus on Remote and Challenging Deliveries

The company specializes in Out of Delivery Area (ODA) shipments, minimizing RTO occurrences and addressing underserved locations, showcasing its commitment to comprehensive logistic.

## Risk Factors –

Company has experienced negative cashflows in FY 23 and FY 24.

The company has geographic concentration in Maharashtra and would be affected by regional economic, political, and environmental conditions of the same.

The business is slightly seasonal where operations and revenue is affected during October, November, December due to coinciding with various holidays and festive seasons, resulting in a notable decrease in sales.

The company's revenue heavily relies on a few key customers, making it vulnerable to significant financial impacts if major customers are lost. For the standalone figures, the contribution from the **Top 3 customers** amounted to **57.02%** in FY2024 and on a consolidated basis, the **Top 3 customers** contributed **61.36%** in FY2024.

## Competition -

The SME logistics industry operates in a fragmented, competitive market dominated by unorganized players. **Technological advancements** such as AI, IoT, and blockchain are transforming logistics, with organized players leveraging these to improve efficiency. However, smaller players struggle with adoption due to resource limitations. Rising e-commerce demand, urbanization, and customer preference for green logistics shape **social influences**. The industry is sensitive to **macroeconomic factors**, including fuel price fluctuations, inflation, and economic cycles, which drive intense price competition.



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Using **Porter’s Five Forces**, the industry shows a high **threat of new entrants** and intense **rivalry** from price-competitive unorganized players. **Customer bargaining power** is high due to bid solicitation, while **supplier power** is moderate, influenced by fuel and fleet costs. Positioned in the **growth stage**, organized players benefit from scaling and climbing the **experience curve**.

To remain competitive, firms must adopt technology, focus on underserved markets, offer value-added services, and prioritize green logistics.

**INDUSTRY OVERVIEW -**

**Logistics Industry Overview**

The logistics industry plays a vital role in global and national economies by enabling seamless trade and business operations. In India, it includes all components of manufacturing and service supply chains, both inbound and outbound. Key drivers for growth are:

- **GDP Growth:** India's GDP is projected to reach \$26 trillion by 2048 (\$6 trillion by 2030).
- **Exports Growth:** Merchandise exports are targeted at \$1 trillion by 2030.
- **Sector Growth:** The logistics sector is expected to grow at a CAGR of 4.5% (2022–2050), reaching 15.6 trillion tonne-kilometres.
- **Cost Reduction:** By 2030, logistics costs are aimed to decrease from 13-14% of GDP to 8-10%, enhancing export competitiveness by 5-8%.

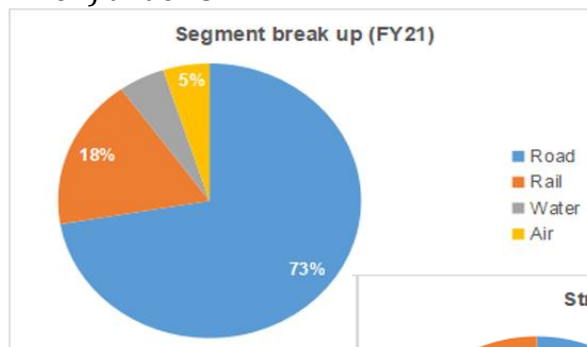
India ranks 38th in the World Bank’s Logistics Performance Index, boosted by initiatives like the **National Logistics Policy (NLP)** and **PM Gati Shakti**.

**Transportation and Logistics Landscape**

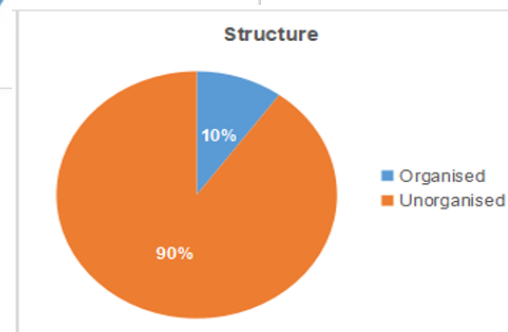
- **Economic Significance:** Accounts for 14.4% of GDP and employs 22 million people.
- **Investments:** Infrastructure investments totaled \$10.2 trillion from FY16–20.
- **Modal Mix:** Road (66%), Rail (31%), Shipping (3%), and Air (1%).
- **Infrastructure:** 129+ inland container depots, 168+ container goods stations, and 300 million sq. ft. of warehouse capacity.

**Transportation Categories**

1. **Surface Transport:**
  - o Growth: Anticipated CAGR >8% (2020).
  - o Unorganized sector: 70% of truck owners operate fewer than five trucks.
  - o Road network: Increased from 62.15 lakh km (FY21) to 63.73 lakh km (Jan 2023).
2. **Railways:**
  - o Freight Loading: 758.20 MT (Apr–Sep 2023).
  - o Investments: ₹3 lakh crore (\$36 billion) in Dedicated Freight Corridors.
3. **Waterways:**
  - o Ports: 200 minor/intermediate ports and 12 major ports.
  - o Investments: ₹3-3.5 lakh crore (\$38-44 billion) under Maritime India Vision.
4. **Airways:**
  - o Viability Gap Funding (VGF): ₹2,729 crore (\$333 million) under UDAN.



(Source: KPMG Report)



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**Road Ahead**

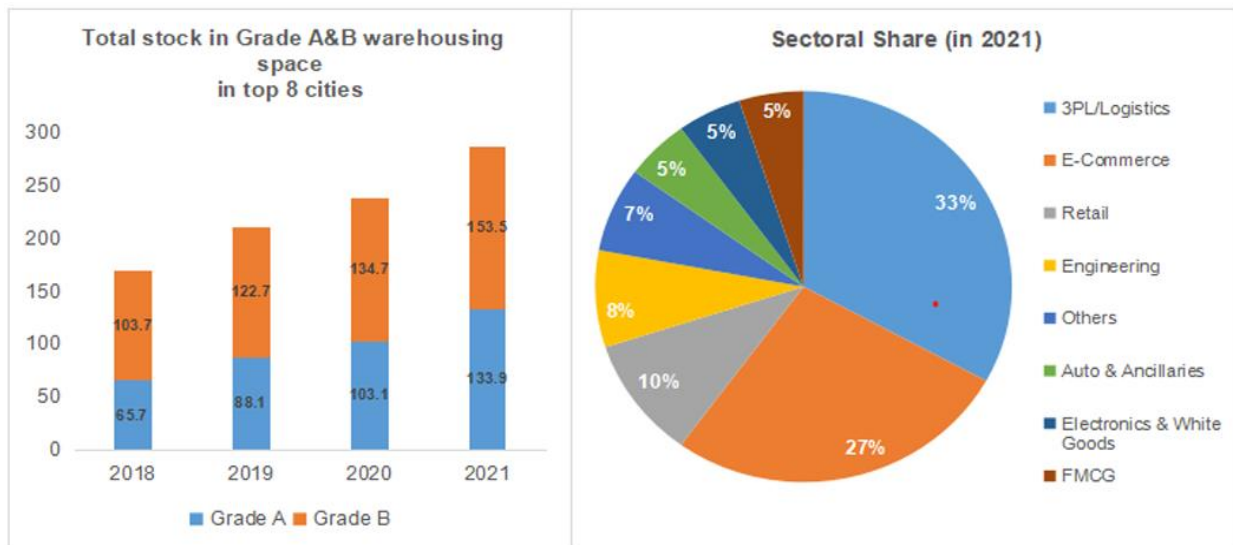
India’s logistics initiatives like **Gati Shakti** and **Make in India** emphasize digitalization, AI, and IoT for real-time tracking and operational efficiency. Sustainable and transparent logistics systems are key to the sector’s long-term growth.

**Overview of Warehousing, Industrial, and Logistics (WIL) Sector**

The WIL sector is vital to India’s ambition of becoming a \$5 trillion economy by FY25. The logistics industry accounted for 14.4% of India’s GDP in 2021, valued at \$250 billion, and is projected to reach \$380 billion by 2025, growing at 10-12% annually. Post-pandemic, the warehousing sector expanded rapidly, driven by e-commerce growth, GST adoption, and organized retail. The National Logistics Policy aims to reduce logistics costs from 13-14% to 10% of GDP by 2030.

**Warehousing Industry**

India’s warehousing market is expected to grow at a CAGR of 15.64%, reaching \$35 billion by 2027. Warehousing space grew 21% YoY in 2021, with Grade A stock at 134 million sq. ft., reflecting a 5-year CAGR of 29.9%. The top cities—Delhi NCR, Mumbai, and Bengaluru—account for over 50% of total warehousing stock.



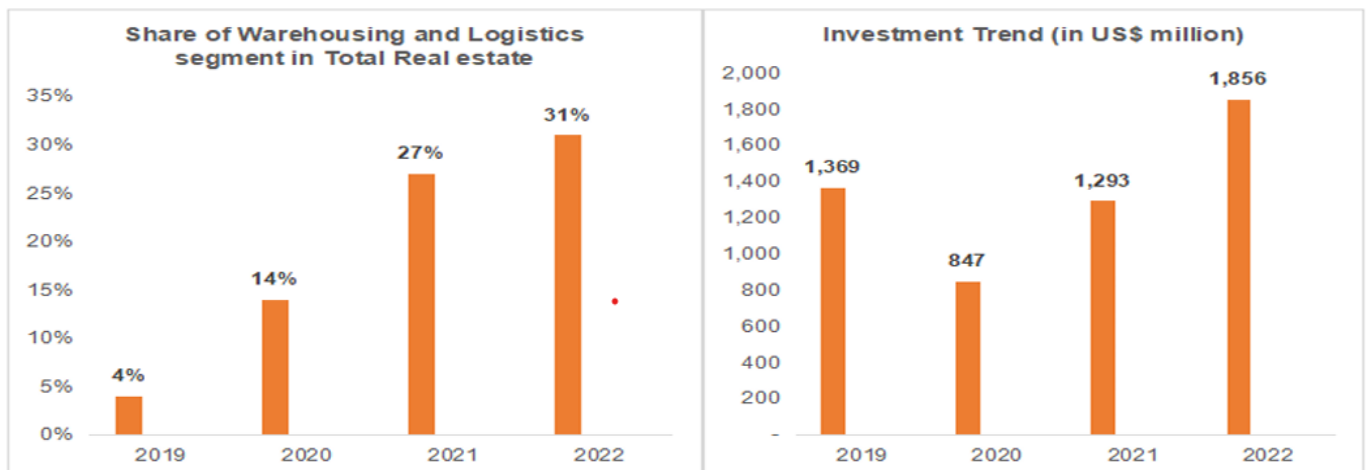
(Source: ASSOCHAM)

**Key Drivers**

- **Government Initiatives:** \$91.38 billion invested in logistics infrastructure in FY23, GST reforms, and logistics parks.
- **E-commerce Growth:** D2C brands and omnichannel retailing driving demand for last-mile connectivity.
- **Technology:** IoT, robotics, and AI improving operational efficiency.
- **Global Manufacturing Shift:** PLI schemes boosting industrial demand.

**Investment Trends**

The WIL sector attracted \$5.4 billion in institutional investments (2019–2022), with warehousing accounting for 27–31% of real estate investments in 2021 and 2022. In 2022 alone, \$1.8 billion in PE/VC investments marked a 29% YoY growth, highlighting increasing investor confidence in Tier II cities.



(Source: Federation of Indian Chambers of Commerce & Industry (FICCI))

**Key Management -**

<b>Key Management Persons Name -</b>	<b>Prashant Natwarlal Lakhani</b>
<b>Age</b>	52
<b>Designation and No. of years of experience</b>	Promoter and Managing Director, 30+ years of experience
<b>Qualification</b>	Completed Matriculation
<b>Other Directorships</b>	GB Hospitality (India) Private Limited, GB Charitable Foundation and GB Resource Management Private Limited
<b>Key Management Persons Name -</b>	<b>Kanchan Dushyant Kukreja</b>
<b>Age</b>	37
<b>Designation and No. of years of experience</b>	Whole-Time Director, 13+ years of experience
<b>Qualification</b>	Master of Business Administration
<b>Other Directorships</b>	GB Hospitality (India) Private Limited
<b>Key Management Persons Name -</b>	<b>Kashyap Budhaji Pakhide</b>
<b>Age</b>	53
<b>Designation and No. of years of experience</b>	Director, 30+ years of experience
<b>Qualification</b>	Bachelor of Science
<b>Other Ventures</b>	GB Hospitality (India) Private Limited
<b>Key Management Persons Name -</b>	<b>Dinesh Chander Notiyal</b>
<b>Age</b>	48
<b>Designation and No. of years of experience</b>	Additional Independent Director, 8+ years of experience
<b>Qualification</b>	Post Graduate Degree in Political Science
<b>Other Directorships</b>	Markobenz Ventures Limited, Saketh Seven Star Industries Limited and Bacil Pharma Limited
<b>Key Management Persons Name -</b>	<b>Avani Savjibhai Godhaniya</b>
<b>Age</b>	23
<b>Designation and No. of years of experience</b>	Director, 3+ years of experience
<b>Qualification</b>	Bachelor's Degree in Commerce
<b>Other Directorships</b>	Markobenz Ventures Limited, Bacil Pharma Limited and IGC Industries Limited

- The overall management of the company is decent.
- The promoter and management have vast experience in the industry.
- Navin Keshrimal Mehta (CFO), with 11 years of experience, is a qualified CS and CA.

## FINANCIAL SNAPSHOT

Statement of Profit and Loss Amt in Lakhs.

Particulars	FY 22 (Standalone)	FY 23 (Standalone)	FY 24 (Consolidated)	Sep-24 (Consolidated)
Revenue from Operations	1,723.97	4,029.93	11,562.48	5,083.56
Other Income	8.16	14.54	0.83	1.74
<b>Total Income</b>	<b>1,732.13</b>	<b>4,044.47</b>	<b>11,563.31</b>	<b>5,085.30</b>
<b>Expenses</b>				
Purchases of stock-in-trade	504.74	2,364.73	7,747.30	1,899.35
Change in Inventories of Stock In Trade	65.79	-68.12	-821.94	826.33
Cost of Services	938.66	1,497.61	3,438.69	1,747.21
Employee Benefit Expenses	33.89	23.30	79.79	81.12
Finance Cost	2.15	26.09	158.80	93.05
Depreciation and Amortization Expense	19.74	21.12	91.29	23.42
Other expenses	38.18	75.28	192.85	75.33
<b>Total Expenses</b>	<b>1,603.15</b>	<b>3,940.01</b>	<b>10,886.78</b>	<b>4,745.81</b>
<b>EBITDA</b>	<b>142.71</b>	<b>137.13</b>	<b>925.79</b>	<b>454.22</b>
<b>EBITDA Margin</b>	<b>8.28%</b>	<b>3.40%</b>	<b>8.01%</b>	<b>8.94%</b>
<b>Profit/(Loss) before tax</b>	<b>128.98</b>	<b>104.46</b>	<b>676.53</b>	<b>339.49</b>
<b>Tax Expense</b>				
Current tax	32.70	23.89	203.99	87.65
Tax for prior years	0.37	0.44	3.25	-
Deferred Tax	-0.14	3.27	-16.95	-0.96
<b>Total Tax</b>	<b>32.93</b>	<b>27.60</b>	<b>190.29</b>	<b>86.69</b>
<b>Profit/(Loss) for the year</b>	<b>96.05</b>	<b>76.86</b>	<b>486.24</b>	<b>252.80</b>
<b>Net Profit Margin</b>	<b>5.57%</b>	<b>1.91%</b>	<b>4.21%</b>	<b>4.97%</b>

Statement of Assets and Liabilities Amt in Lakhs.

Particulars	FY 22	FY 23	FY 24	Sep-24
<b>EQUITY AND LIABILITIES</b>				
<b>1. Shareholders' funds</b>				
Share Capital	1.00	1.00	573.68	573.68
Reserves and surplus	102.33	179.19	1,203.81	1,481.31
<b>Total Equity</b>	<b>103.33</b>	<b>180.19</b>	<b>1,777.49</b>	<b>2,054.99</b>
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings	58.90	91.53	110.41	463.00
Deferred Tax liability	-	3.12	-	-
Long-Term Provisions	-	-	1.32	2.43
<b>Total Non-current liabilities</b>	<b>58.90</b>	<b>94.65</b>	<b>111.73</b>	<b>465.43</b>
<b>CURRENT LIABILITIES</b>				
Short-term Borrowings	59.01	400.34	1,462.03	1,543.95
Trade Payables				
(i) Total outstanding dues of MSME	-	-	-	2.79
(ii) Total outstanding dues of creditors other than MSME	913.01	1,492.79	2,203.35	1,554.00
Other Current Liabilities	1.00	4.96	174.53	122.37
Short-term provisions	13.94	15.84	131.01	184.14
<b>Total Current liabilities</b>	<b>986.96</b>	<b>1,913.93</b>	<b>3,970.92</b>	<b>3,407.25</b>
<b>Total Liabilities</b>	<b>1,045.86</b>	<b>2,008.58</b>	<b>4,082.65</b>	<b>3,872.68</b>
<b>Total Equity and Liabilities</b>	<b>1,149.19</b>	<b>2,188.77</b>	<b>5,860.14</b>	<b>5,927.67</b>
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				



Recommendation: **AVOID**

Particulars	FY 22	FY 23	FY 24	Sep-24
Property, Plant & Equipment	109.16	98.87	99.24	108.15
Long-Term Loans and Advances	-	-	70.71	0.71
Deferred tax assets (net)	0.14	-	10.57	11.53
Other non-Current Investments	-	-	5.00	5.00
<b>Total Non-Current assets</b>	<b>109.30</b>	<b>98.87</b>	<b>185.52</b>	<b>125.39</b>
<b>CURRENT ASSETS</b>				
Investments	-	-	-	493.42
Inventories	32.78	100.90	922.84	96.51
Trade Receivables	868.48	1,737.50	4,495.98	3,889.99
Cash & Cash equivalents	39.03	131.00	104.59	29.67
Short term loans and advances	71.96	103.97	148.98	1,287.61
Other Current Assets	27.64	16.53	2.23	5.08
<b>Total Current assets</b>	<b>1,039.89</b>	<b>2,089.90</b>	<b>5,674.62</b>	<b>5,802.28</b>
<b>Total Assets</b>	<b>1,149.19</b>	<b>2,188.77</b>	<b>5,860.14</b>	<b>5,927.67</b>

**Cash Flow Statement**

Amt in Lakhs.

Particulars	FY 22	FY 23	FY 24	Sep-24
Net Cash Flow from Operating Activities	43.05	-246.73	-2,060.83	109.10
Net Cash Flow from Investing Activities	-148.77	14.91	30.39	-525.48
Net Cash Flow from Financing Activities	88.96	347.87	1,954.68	341.46

**Key Ratios**

Per Share Data	FY 22	FY 23	FY 24	FY 25*
Diluted EPS	960.50	768.59	9.67	6.17
BV per share	1,033.30	1,801.90	30.98	58.75
<b>Operating Ratios</b>				
EBITDA Margins	8.28%	3.40%	8.01%	8.94%
PAT Margins	5.57%	1.91%	4.21%	4.97%
Inventory days	6.96	9.16	29.21	12.20
Debtor days	184.38	157.80	142.32	156.13
Creditor days	662.05	231.05	104.09	286.79
<b>Return Ratios</b>				
RoCE	75.80%	42.21%	44.17%	16.59%
RoE	92.95%	42.65%	27.36%	10.50%

Valuation Ratios (x)	FY 22	FY 23	FY 24	FY 25*
EV/EBITDA	1.28	3.95	3.51	2.09
Market Cap / Sales	0.01	0.003	0.51	0.82
P/E	0.11	0.13	10.55	16.53
Price to Book Value	0.10	0.06	3.29	1.74
<b>Solvency Ratios</b>				
Debt / Equity	1.14	2.73	0.88	0.40
Current Ratio	1.05	1.09	1.43	1.43
Quick Ratio	1.02	1.04	1.20	1.20
Asset Turnover	1.50	1.84	1.97	1.73
Interest Coverage Ratio	57.20	4.45	5.26	4.63

**PEER ANALYSIS –**

Particulars	GB Logistics Commerce Limited			VRL Logistics Limited			Ritco Logistics Limited			Orissa Bengal Carrier Limited		
	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24
NP Margin	5.57%	1.91%	4.21%	7.33%	11.46%	3.05%	3.72%	3.24%	3.52%	2.6%	1.0%	1.1%
EBITDA Margin	8.28%	3.40%	8.01%	18.16%	20.39%	14.29%	6.87%	7.33%	8.44%	4.9%	2.5%	2.8%
RoCE	75.80%	42.21%	44.17%	22.62%	26.22%	10.93%	29.91%	29.80%	28.22%	14.8%	7.4%	6.9%
ROE	92.95%	42.65%	27.36%	24.57%	33.12%	9.39%	17.92%	16.43%	17.99%	9.6%	4.3%	4.1%
EPS (INR)	960.50	768.59	9.67	18.12	36.58	10.11	6.65	9.97	13.48	3.72	1.74	1.75
P/E	0.11	0.13	10.55	27.14	17.29	54.44	10.38	15.20	16.19	0.00	28.07	26.97

**LEAD MANAGER TRACK RECORD –**

The lead manager to the issue is SKI Capital Services Limited. This is their fourth mandate.

A table has been set below highlighting the details of the IPO of the last companies handled by the Lead Manager in recent times –

**SKI Capital Services Limited –**

<b>Sr. No.</b>	<b>Company Name</b>	<b>Issue Size in Cr.</b>	<b>Issue Price/Share (In INR)</b>	<b>Listing Date</b>	<b>CMP* (INR)</b>
1.	Avax Apparels And Ornaments Limited	1.92	70.00	Jan 14, 2025	126.04
2.	TechEra Engineering Limited	35.90	82.00	Oct 03, 2024	171.00
3.	Macob Technologies Limited	19.46	75.00	Jul 24, 2024	173.00

The company has handled 3 mandate in the last three years (including current year).

\*CMP for the above-mentioned companies is taken as of 20<sup>th</sup> Jan 2025.

As per the offer document, the above-mentioned mandates all have opened at a premium on the listing day.

## Recommendation -

### Recommendation: Avoid this IPO

After carefully analysing the company's business model, revenue sources, and key financial metrics, we recommend investors avoid this IPO for the following reasons:

#### 1. Diversion from Core Logistics Business:

While the company positions itself as a logistics player specializing in full truckload freight services for large and medium-sized enterprises, **39% of its revenue in FY2024 came from agriculture commodity trading**, which deviates from its core business. This lack of focus on logistics raises questions about the company's long-term strategic direction.

#### 2. Revenue Concentration Risk:

The company's reliance on a few key customers is a significant red flag. On a **standalone basis**, the top 3 customers contributed **57.02% of revenue** in FY2024. On a **consolidated basis**, this figure increases to **61.36%**. Such dependency makes the company highly vulnerable to revenue fluctuations in the event of losing even one major customer, thereby increasing financial instability.

#### 3. Lack of Competitive Edge and Limited Assets in Logistics:

Although the company has achieved impressive revenue growth at a CAGR of 158%, its business model lacks uniqueness or differentiation to sustain this momentum. With ownership of only **4 trucks**, the company heavily relies on third-party transportation for operational flexibility. This dependence, combined with limited differentiation in services, makes it less competitive against peers with larger owned fleets, better infrastructure, and longer operational histories. Competitors with more robust resources are better positioned to excel in cost-efficiency, service reliability, and long-term scalability.

#### 4. Concerns Over Post-Issue Shareholding and Fund Utilization:

The company's **post-issue promoter shareholding drops significantly to 52.40%**, raising concerns about potential dilution of control. Moreover, the utilization of IPO proceeds highlights a lack of focus on growth initiatives: **₹50 crore (77.42%)** is allocated for repayment of borrowings, despite the company having a manageable debt-to-equity ratio of **0.88** in FY2024. **₹9.37 crore (14.51%)** is set aside for working capital requirements and a mere **₹3.8 crore (5.89%)** is earmarked for growth-oriented purposes, specifically for the **purchase of truck chassis and truck bodies**. The minimal investment in expanding logistics assets or operational capabilities suggests limited intent to strengthen the core business.

#### 5. Post-Issue Valuation:

The IPO is **fairly priced** with a **post-issue annualized P/E ratio of 16.55**.

### Conclusion:

It would be prudent to wait for the company's post-listing performance and greater clarity on its ability to sustain revenue growth while mitigating operational risks.

### Disclaimer

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The analysis and recommendations are based on the current market and company-specific scenario, along with the data available in the prospectus. Market and company-specific conditions may change after the company's listing, potentially impacting its performance and outlook. We will not be providing any follow-up reports or updates on this analysis post-listing.

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