

IPO Details

Opening Date	Sep 28, 2022
Closing Date	Sep 30, 2022
Stock Exchange	BSE SME
Lot Size	4000 Shares
Issue Price	₹ 28 per share
Issue Size	27,00,000 Equity Shares
Application Amount	₹ 1,12,000

IPO Objective

Funding Working Capital Requirement
Purchase of vehicle for commercial purpose
Purchase of Containers for expansion of the Non Vessel Owning Common Carrier (NVOCC) division
General Corporate Purpose
To meet issue expenses

Pre-Issue Shareholding

Category	No. of Shares	% of Total Shares
Promoter & Promoter Group	74,99,600	100.00%
Public	400	Negligible

Promoter of the Company

- Mr. Roshan Kishanchand Rohira
- Mr. Samuel Janathan Muliyl

Competitive Strengths

- Integrated, end-to-end logistics services and solutions
- Existing Network
- Storage capabilities
- Strong knowledge and expertise of the promoters
- Diverse customer base across many sectors

Company Background

- Company was incorporated in 2003 in as SRS Freight and Logistics Private Limited and later on got its name changed to Cargosol Logistics Limited.
- Company is engaged in the business of providing third party logistic serves to its clients.
- Company provides services through Air, Sea, Rail, Road and also provides warehouse services.
- Company has its headquarter in Mumbai has presence in major locations such as Kalamboli, Pune, New Delhi, Chennai and warehouse located at Thane.
- Company operates a fleet of 12 commercial vehicles which are owned by it and apart from this, company also hires third party transport operators in case of high demand and business feasibility
- Company has 84 employees as on the date of filing the prospectus.

Financial Summary

For the Period Ended	(In Lacs)		
	Mar-22	Mar-21	Mar-20
Total Assets	5,782.34	4,107.51	2,971.67
Net Assets	1,599.82	978.96	782.46
Total Borrowings	2,255.15	1,734.50	1,459.01
Total Revenue	20,072.25	10,359.99	6,412.92
Profit After Tax	620.86	196.50	125.89

Table of Contents

1	Company Overview.....
2	Industry Charts.....
3	Investment Overview.....
4	Promoter & Promoters' Profile.....
5	Financial Analysis.....
6	Key Risk Factors.....
7	Track Record of Lead Manager.....
8	Recommendation.....
9	Disclaimer.....

Company Overview

Company was incorporated in the year 2003 as SRS Freight and Logistics Private Limited and later on got its name changed to Cargosol Logistics Limited. Company is engaged in the business of providing third party logistic serves to its clients. Company provides services through Air, Sea, Rail, Road and also provides warehouse services. Company has its headquarter in Mumbai has presence in major locations such as Kalamboli, Pune, New Delhi, Chennai and warehouse located at Thane. Company operates a fleet of 12 commercial vehicles which are owned by it and apart from this, company also hires third party transport operators in case of high demand and business feasibility

Analysis

Being in the business from 2004, company has vast experience in the logistics industry. Company is providing end-to-end logistics services to its client be it through Air, Rail, Ocean or Road and also provides warehousing services through its warehouse located in Thane. Company has 12 fleet of commercial vehicles owned by it and also provides NVOCC (Non Vessel Owning Common Carrier) facility for the sectors like Indian Sub-continent, Middle East, Upper Gulf, South East Asia and part of Europe through its slot arrangements with feeder operator as well as with main line operators. International logistics operations are supported by a network of logistic service partners and vendors with whom the company enters into cooperation agency agreements. Company has a Multi-Modal Transport Operator's License and an IATA Accreditation for servicing its customers' requirements. Multi-Modal Transport Operator's License enables it to issue a single negotiable multimodal transport document covering multiple modes of transport and position itself as an independent player in this field.

Company also provides services of Project Cargo where it takes care of end-to-end pickup, clearance & delivering for all kinds of heavy and over dimensional cargo. Project cargo is a specialized activity requiring detailed planning, scheduling, and technical expertise.

The company has shown good growth over the years pertaining to higher logistics cost due to inflation because of numerous reasons. The main revenue source for the

company is Freight charges. A break up of the revenue sources of the company is given in the table below –

(Amount in Lakh)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2020
Freight Charges	16,035.61	6,858.42	3,281.03
Handling and Other charges	3,844.23	3,431.33	3,117.14
Commission Income	159.59	57.24	-
Total	20,039.43	10,346.99	6,398.17

To conclude, the industry has a bright future and the company also has been doing well. The company has almost all the required things for providing end-to-end logistic services to its clients. The objective to raise money is further believed to contribute towards growth of the company.

Industry Charts

Exhibit 1: Market Size of Indian Shipping Industry

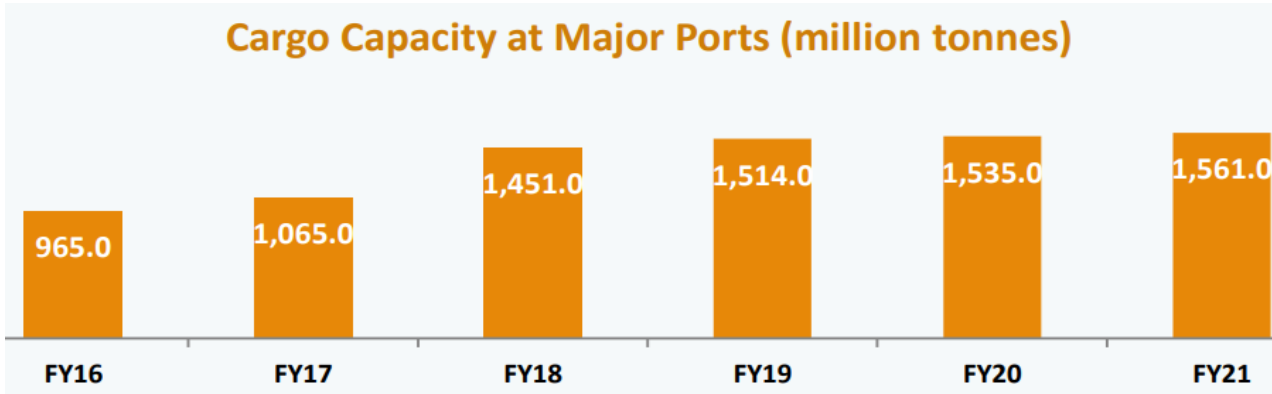


Exhibit 2: Sector Composition of Indian Shipping Industry

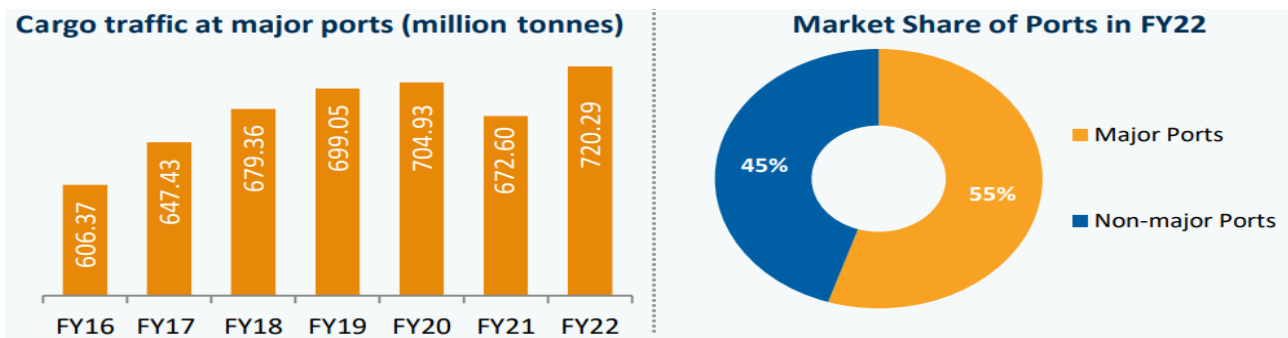
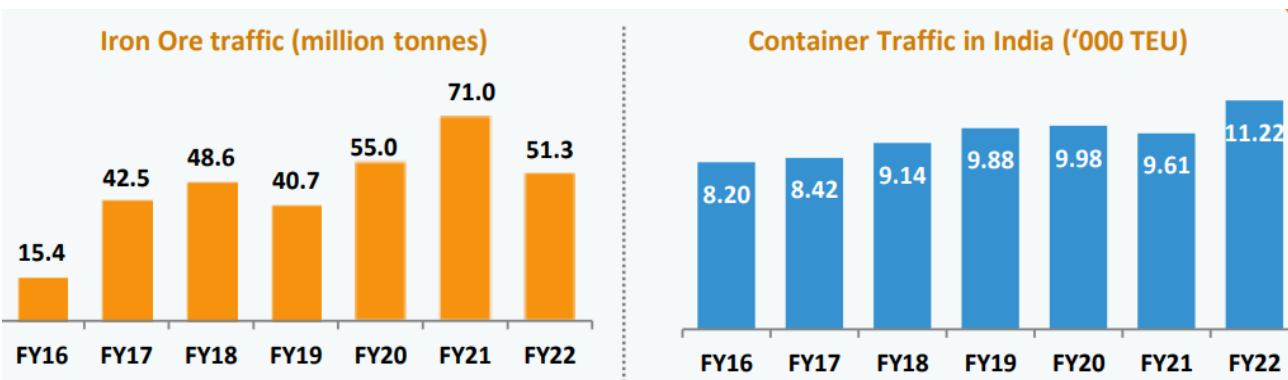


Exhibit 3: Key Trends in Indian Shipping Industry



(Source: ibef.org)

Investment Overview

Indian Shipping Industry

According to the Ministry of Shipping, around 95% of India's trading by volume and 70% by value is done through maritime transport. In November 2020, the Prime Minister, Mr. Narendra Modi renamed the Ministry of Shipping as the Ministry of Ports, Shipping and Waterways.

India has 12 major and 205 notified minor and intermediate ports. 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 harbour 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.

India's key ports had a capacity of 1,561 million tonnes per annum (MTPA) in FY21. From April-May 2022, all key ports in India handled 130.839 million tonnes (MT) of cargo traffic. India's merchandise exports in FY22 were at US\$ 417.8 billion, up 40% from the previous year. In October 2021, India's merchandise exports grew 43.05% YoY to reach US\$ 33.65 billion.

The Government has taken several measures to improve operational efficiency through mechanisation, deepening the draft and speedy evacuations.

(Source: ibef.org)

Addressable Market for Cargosol Logistics Limited

The company is primarily providing end to end logistic services both domestically and internationally. The company target to have its own containers and increase its vehicles through IPO to cater more number of clients in the coming times.

Competition

The industry is fragmented and has many organised and unorganised players. Logistics being a global industry, it faces competition from various domestic and international players. The threat of entry is high in this industry and although being filled with small players, only reputed players are covering such wide regions as the does.

Peer Analysis

As Mentioned in the prospectus, the company has mentioned 3 listed peer companies viz. Ritco Logistics Limited, Allcargo Logistics Limited and Mahindra Logistics Limited. A summary on the key financial parameters is given in the table below –

Company	Cargosol Logistics Limited	Ritco Logistics Ltd	Allcargo Logistics Limited	Mahindra Logistics Ltd
Net Profit (INR Cr)	6.21	16.28	925.73	37.07
EBITDA (INR Cr)	10.75	44.2	1557.98	209.85
Return on Capital Employed	39.36%	26.35%	23.72%	8.62%
Return on Equity	38.81%	13.14%	29.38%	6.28%
EPS (INR)#	6.09	8.11	43.69	5.59
P/E* (Times)	4.60	23.71	8.92	92.31

*PE as on 29/09/2022

#Post IPO basis

Promoters' Profile and Management Analysis**Mr. Roshan Kishanchand Rohira**

- **Mr. Roshan Kishanchand Rohira** is the Promoter and Managing Director of the Company.
- He has completed diploma in Marketing Management.
- He has work experience of around 30 years in the Transportation and Logistic industry.
- He is associated with the company since its inception.

Mr. Samuel Janathan Muliyl

- **Mr. Samuel Janathan Muliyl** is the Promoter Chairman and Executive Director of the Company.
- He has completed diploma in Tools and Die making.
- He possesses more than 29 years of experience in the shipping and distribution industry.
- He is associated with the company since its inception.

Analysis on the Company's Promoter and Board of Directors

Mr. Roshan Kishanchand Rohira, aged 49 years is the Promoter and Managing Director of the Company. He has been on the Board of Directors of the Company since incorporation. He has completed his Bachelors in Commerce from Jai Hind College, Mumbai in 1993. He also holds a Diploma in Marketing Management from Prin. L.N.Welingkar Institute of Management Development and Research (A division of Poddar College), Mumbai in 1994. He has work experience of around 30 years in the Transportation and Logistic industry. He plays a pivotal role in business planning and development along with the overall management of the Company.

Mr. Samuel Janathan Muliylil, aged 49 years is the Promoter, Chairman and Director of the Company. He possesses more than 29 years of experience in the shipping and distribution industry. He has been on the Board of Directors of the Company since incorporation. He also has a Diploma in Tools & Die making from MTI Baroda, 1992. He primarily looks after the overall business operations of the Company including international trade, finance and formulation of policies for the business development. He is responsible for the managing administrative activities of the Company. He is also involved in charting new growth opportunities for the Company.

Mr. Gaurav Lath is, aged 36, is the founder Promoter and Joint Managing Director of the Company. He has completed his Post Graduate Diploma in Business Management (Family Business) from Narsee Monjee Institute of Management Studies, University of Bombay in 2008. He has a work experience of around 15 years in the manufacturing of electrical and electronic equipments and related products. He primarily looks after the overall business operations of the Company including Supply Chain Management, Material & Store, Accounts & finance, and Administration & Human Resource. He has been appreciated by the Entrepreneurship Development Cell for his efforts and time in 2019.

Ms. Stalgy Samuel Muliylil, aged 48 years is the Non-Executive Director of the Company. She has completed her Masters in Emotional Intelligence (EI) & Life Coaching (M.EI & LC) from University of Mumbai, Garwari Institute of Career Education and Development in 2019. She has an experience of around 28 years in the field of Transformational Coach, Behavioral Training and Business HR & OD Strategist and Human Resources Development.

To conclude, the company's promoters are well experienced in the business line. The business seems to be primarily run by its promoters. The independent directors are also well educated and experienced and could be a great driving force for the company.

Financial Snapshot

(Amount in Lacs)

Particulars	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2022
Profit and Loss			
Revenue from operation	6,398.17	10,346.99	20,039.43
Other income	14.75	13.00	32.82
Total Revenue	6,412.92	10,359.99	20,072.25
Expenses	6,082.04	9,922.48	18,997.65
Depreciation and Amortisation Cost	37.43	49.40	131.88
Finance Cost	142.65	150.10	204.70
Total Expenses	6,262.12	10,121.98	19,334.23
PBT	150.80	238.01	738.02
PBT Margin	2.36%	2.30%	3.68%
EBITDA	330.88	437.51	1,074.60
EBITDA Margin	5.17%	4.23%	5.36%
Net Profit	125.89	196.50	620.86
Net Profit Margin	1.97%	1.90%	3.10%
Balance Sheet			
Total Borrowings	1,459.01	1,734.50	2,255.15
Net Worth	782.46	978.96	1,599.82
Fixed Assets	202.62	347.09	958.74
Net Working Capital	198.94	517.31	142.05
Financial Measures			
Inventory Turnover Ratio	-	-	-
Receivables Turnover Ratio	3.65	3.86	7.53
Payables Turnover Ratio	8.92	7.54	11.53
Fixed Assets Turnover Ratio	31.58	29.81	20.90
Return on Capital Employed	21.32%	20.43%	39.36%
Return on Equity	16.09%	20.07%	38.81%
Debt-Equity Ratio	1.86	1.77	1.41

(The data has been taken and calculated from the financials given in the prospectus)

Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)

The EBITDA of the company has grown from Rs. 330.88 lacs in 2020 to Rs. 1,074.60 lacs in 2022 growing at a CAGR of 80.21%. The EBITDA margin in 2020 was 5.17%, 4.23% in 2021 and 5.36% in 2022. The EBITDA in absolute terms has grown due to increase in business operations and logistics cost worldwide. The EBITDA margin has however remained the same at the level of around 5%.

Net Profit

The net profit of the company has grown from Rs. 125.89 lacs in 2020 to Rs. 620.86 lacs in 2022 at a CAGR of 122.08%. The net profit margin in 2020 was 1.97%, 1.90% in 2021 and 3.10% in 2022. The growth in net profit can again attributed to increase in business operation and logistics cost worldwide. The net profit has also grown by more than 1% from level of 2021 and 2020, due to decrease in expenses which might be little questionable.

Finance Cost.

The company has incurred finance cost mainly on the secured short term borrowings and long term loans availed from the banks.

Financial Measures/Ratios

RoCE of the company in 2022 was 39.36% vs 20.43% in 2021 and 21.32% in 2020. The RoCE dipped in 2021 due to increase in long term borrowings and operating profits increasing not to much extent. In FY 22, the RoCE has increased to 43.26% despite of increase in long term borrowings because of substantial increase in operating profits due to various factors mentioned above. With infusion of equity capital and repayment of loan the RoCE is expected to remain the same in coming years.

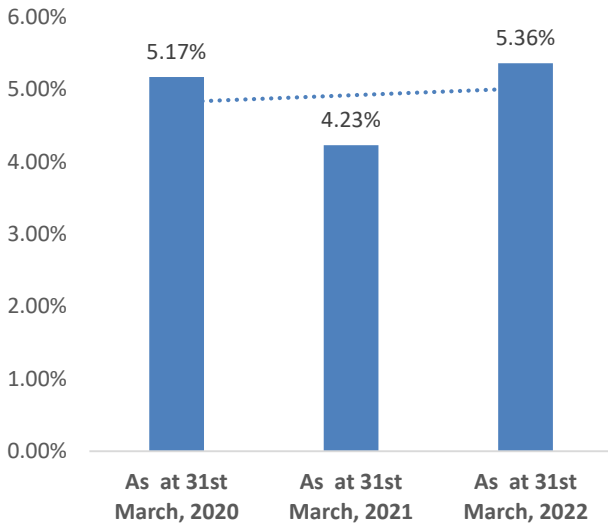
ROE of the company in 2022 was 38.81%, 20.07% in 2021 and 16.09% in 2020. The analysis and prediction of the same can be set forth as that of RoCE.

The company has not able to effectively maintain its Inventory, Receivables and Payables ratio for the year 2022 when compared with previous years..

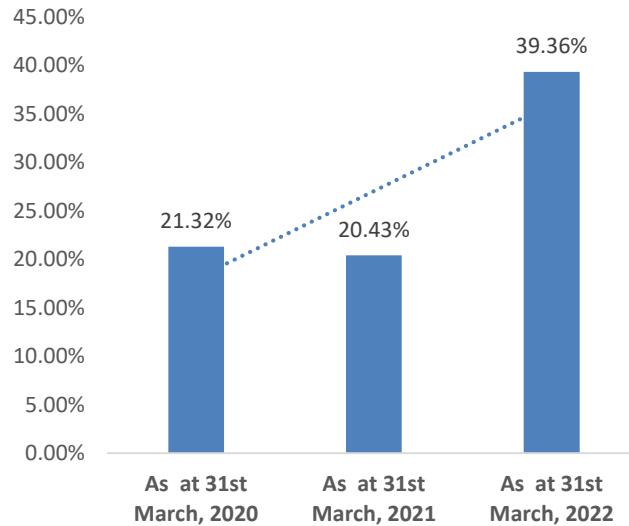
The company has a debt-equity ratio of 1.41 times in FY 22. The debt-equity has come down from the levels of 2021 and 2020 and is expected to fall more with the infusion of new capital.

Financial Charts

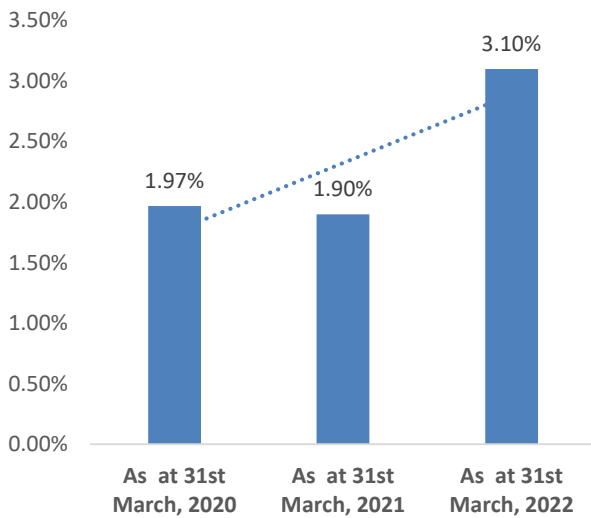
EBITDA Margin



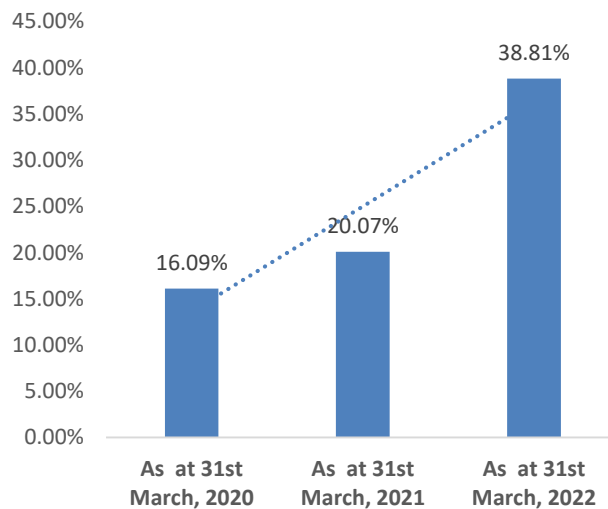
Return on Capital Employed



Net Profit Margin



Return on Equity



Key Risk Factors

1. Company and Group Company are involved in certain litigations including tax related litigations totalling to an amount of Rs. 780.20 lacs, which if determined against them, can affect financial conditions of the company.
2. The company has contingent liabilities of Rs. 42.50 lacs in 2022 which if determined against them, can affect financial conditions of the company.
3. The company is exposed to any trade restrictions adopted by the government of domestic as well as foreign country.
4. The company has a threat of delay in shipment due to weather conditions or ship breakdown.
5. The company is exposed to the risk of foreign exchange fluctuations

Track Record of Lead Manager

The lead manager to the issue is Hem Securities and this is the 15th mandate in the last three fiscals. A table has been set below highlighting the details of the IPO of some of the companies handled by the Lead Manager in recent times –

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing date	CMP#
1.	Suratwwala Business Group Limited	6.90	15/-	13-08-2020	199.00
2.	Knowledge Marine & Engineering Works Limited	10.12	37/-	22-03-2021	658.50
3.	EKI Energy Services Limited	18.60	102/-	07-04-2021	1400.80
4.	DU Digital Technologies Limited	4.485	65/-	26-08-2021	203.50
5.	Prevest Denpro Limited	26.61	84/-	27-09-2021	400.00
6.	Jainam Ferro Alloys (I) Limited	19.61	70/-	08-10-2021	178.90
7.	Shri Venkatesh Refineries Ltd.	11.71	40/-	11-10-2021	178.00
8.	KN Agri Resources Limited	49.38	75/-	28-03-2022	158.45
9.	Krishna Defence and Allied Industries Limited	11.89	39/-	06-04-2022	81.00
10.	Eighty Jewellers Limited	11.07	41/-	13-04-2022	72.00
11.	Kesar India Limited	15.82	170/-	12-07-2022	200.00

#CMP is taken as on 29th September 2022

Out of the last 10 listings, 1 opened at discount and the rest with premiums ranging from 1.47% to 104.87% on the day of listing.

Recommendation

The company was established in the year 2004 and since then has been primarily engaged in providing end to end logistic and warehouse services to its clients.

Higher logistics cost contributed to increased revenue for the company and increased bottom line. The operating profit margin has been on the levels of 5% over the years and the net profit margin has increase in FY 22 and there is no clear reason stated in the prospectus.

The promoters of the company are well educated and well experienced in the current service segment of the company.

The company is getting listed at a PE of 4.60 times on Post IPO basis while the sector PE is around 24 times making it a fairly priced IPO.

To conclude, the company is operating in a good segment and has been able to perform well over the years. The net profit margin might not be sustainable but the company has an objective to raise money for business expansion. Looking at the experience of the promoters and past performance of the company it seems that the company would be able to achieve its target and so one **should apply** in the IPO.

Disclaimer

We are not SEBI registered and not a certified Research Analyst. The information provided here is for education purposes only. We will not be responsible for any of your profit/loss with these suggestions. Consult your financial advisor before taking any decisions.

We believe an SME company needs 2-3 years to show its true potential and therefore our recommendations are for Long-term investment and not for listing gains.