



IPO Details	
Opening Date	Oct 12, 2023
Closing Date	Oct 16, 2023
Stock Exchange	NSE SME
Lot Size	3,000 Shares
Issue Price	₹ 45 per share
Issue Size	Aggregating up to 14.74 Cr.
Fresh Issue	Aggregating up to 14.74 Cr.
Offer for Sale	-
Application Amount	₹ 1,35,000

IPO Objective	
Funding Capital Expenditure of the Company.	
General Corporate Purpose.	
To Meet Public Issue Expenses.	

Pre-Issue Shareholding			
Category	No. of Shares	% of Total Shares	
Promoter & Promoter Group	88,61,800	100.00%	
Public	-	-	

Promoter of the Company	
1	Arvind Kantilal Shah
2	Vinit Arvind Shah
3	Parul Arvind Shah
4	Chintan Arvind Shah

Competitive Strengths	
1	Experienced promoters and management team
2	Competitive cost structure and efficient operations
3	Location of the facilities promotes closer association with the vendors and customers.

Company Background	
○	Arvind and Company Shipping Agencies Limited was originally incorporated in the year 1987 and has its registered office in Gujarat.
○	The Company is engaged in the business of Shipping and Forwarding agents.
○	The company operates in vessels like Cargo Barges, Flat Top Barges, Crane Mounted Barges, Hoppers Spud Barger, and tugs for Cargo.
○	The Company has also expanded its business horizon by entering into the hospitality business with Hotel Millennium Plaza, and Hotel 999.
○	As of 31 st May 2023, the Company has 16 Employees on its payroll.

Market Capitalization (In Cr.)	
Pre-Issue	Post-Issue
₹ 40	₹ 55

Financial Summary (In Lacs)			
For the Period Ended	Mar-21	Mar-22	Mar-23
Total Assets	578.47	1,860.94	3,381.18
Net Assets	467.61	566.92	914.05
Total Borrowings	105.85	1,221.05	2,232.21
Total Revenue	52.52	331.44	841.10
Profit After Tax	23.76	100.28	347.12

Tentative Timeline	
Opening Date	Oct 12, 2023
Closing Date	Oct 16, 2023
Basis of Allotment	Oct 19, 2023
Initiation of Refunds	Oct 20, 2023
Credit of Shares to Demat	Oct 23, 2023
Listing Date	Oct 25, 2023



Company Background and Analysis

The Company was originally incorporated in the year 1987. The company is engaged in the business of Shipping and Forwarding agents. The company is primarily engaged in chartering business. Chartering activities of the company mainly include chartering of Barge for commercial purposes. As of the date of this Prospectus, the company owns a total of 5 (Five) Barges. The company's revenue from operations consisted of commission income charged from the clients. The company's end users are construction companies that often require barges to transport heavy equipment, construction materials, or personnel to and from construction sites located near bodies of water.

The company drives its revenue majorly from 2 business verticals (business models), as follows –

1. Chartering of Barges - Under this vertical, the company charters flat-topped barges to different coastal transporters. The coastal transporters then use the barges to transport the goods or equipment, depending upon their requirements. As of May 31, 2023, the company has 5 (Five) barges for which they have 04 active work orders / renting agreements / MOUs.

The company provides services such as stevedoring, cargo handling, ship agency work, dredging, underwater trenching, underwater rock breaking, port constructions, port maintenance, and other marine works to various port construction companies.

2. Hotel and Hospitality - Under the Hospitality business vertical, the portfolio of hotels consists of 2 hotels namely "Hotel Millennium Plaza" and "Hotel 999", situated in Jamnagar City of Gujarat. Both Hotels have 72 well-furnished rooms each. (The company started generating revenue from these verticals as of May 09, 2023).

The Barge Portfolio is as follows –

1. KB-28 – Flat Top Barge – work order date as of December 14, 2020, with 1 quantity
2. KD-26 – Flat Top Dumb Pontoon – work order date as of January 01, 2022, with 1 quantity.
3. KB-36 – Flat Top Dumb Pontoon – work order date as of September 09, 2022, with 1 quantity.
4. Arcadia Sumeru – Flat Top Dumb Pontoon – work order date as of September 09, 2022, with 1 quantity.
5. Arcadia Minica – Flat Top Barge - work order date as of September 09, 2022, with 1 quantity.

The company has also purchased 2 new barges named Arcadia Parshva, and Ananta which will start their commercial usage in October, and November 2023 respectively. The company is utilizing Rs. 1,102 Lakhs for the capital expenditure of the same from the Net Proceeds. Out of the Rs. 1,102 Lakhs, the company is utilizing Rs. 551 lakhs for Arcadia Parshva, Rs. 286.40 lakhs for Ananta, and the remaining Rs. 264.60 lakhs for purchasing of steel for the construction of Barge Ananta.

To conclude, the company is engaged in the business of Shipping and Forwarding Agents. The company derives 100% of its revenue only from the state of Gujarat. The company started generating revenue from the hotel and hospitality vertical as of May 09, 2023. The company has 5 barges as of this date. The company is raising total gross proceeds of Rs. 14.74 Cr.



Business Strategies

1. Improving the functional efficiency.

The company intends to improve functional efficiencies to achieve cost reductions to have a competitive edge over its peers. The company believes that this can be done through continuous improvement in customer service. The company continues to invest in operational excellence throughout the organization. The company has plans to improve the barge portfolio by adding new barges year on year.

2. Leveraging the market skills and relationships.

The company believes leveraging the market skills and relationships is a continuous process in the organization and the skills that they impart to its people give importance to customers. Thus, the company aims to do this by leveraging the market skills and relationships and further enhancing customer satisfaction.

3. Customer Satisfaction.

The company believes that with the growth in the economy and the business segment The company shall be successful in the efforts to expand its client base.

Competitive Scenario and Peer Mapping

Competition

The Barge and Hotel industry is a highly competitive industry being a large and global industry. The company faces competition from both large domestic and international players as well as some of the unorganized domestic players in the same segments. The barrier to entry in such a sector is low. The bargaining power with the customers is relatively high in the sector in which the company operates.

Peer Analysis

As per the offer document, the company believes they do not have any listed peer for its comparison.



Industry Overview

Exhibit 1: Cargo Capacity at Major Ports (million tonnes)

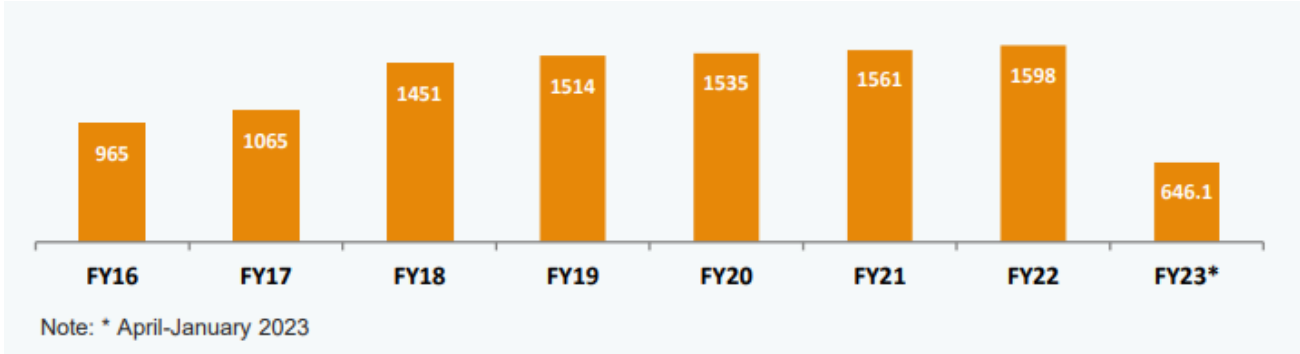
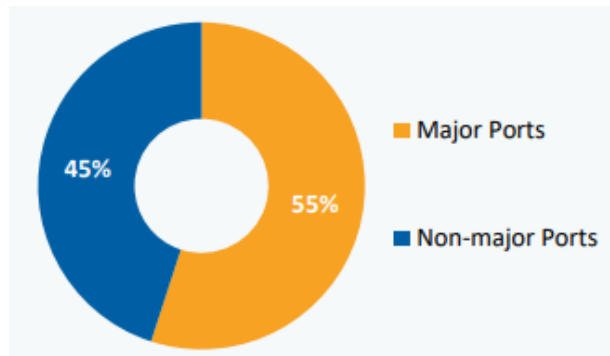


Exhibit 2: Cargo traffic at major ports (million tonnes)



Exhibit 3: Market Share of Ports in FY22



(Source: ibef.org)



Port and Shipping Industry -

In FY22, major ports in India handled 720.29 million tonnes of cargo traffic from 671.82 million tonnes cargo handled during April-March 2020-21, implying a CAGR of 2.89% in FY16-22. From April-January 2023, all key ports in India handled 646.10 million tonnes (MT) of cargo traffic. India's key ports had a capacity of 1,598 million tonnes per annum (MTPA) in FY22. From April-October 2022, all key ports in India handled 446.01 million tonnes (MT) of cargo traffic from 406.73 million tonnes cargo traffic handled during April-October, 2021-22. In FY22, all key ports in India handled 720.29 million tonnes (MT) of cargo traffic. India's merchandise exports in FY22 were at US\$ 417.81 billion, up 43.18% from US\$ 291.81 billion in the previous year.

Non-major ports accounted for 45% of the total cargo traffic at Indian ports in FY22, due to a significant shift of traffic from the major ports to the non-major ports.

The Government of India has allowed Foreign Direct Investment (FDI) of up to 100% under the automatic route for projects related to the construction and maintenance of ports and harbours. Indian ports received cumulative FDI inflow worth US\$ 1.63 billion between April 2000-March 2022. A 10-year tax holiday is extended to enterprises engaged in the business of developing, maintaining, and operating ports, inland waterways, and inland ports. The Government has also initiated National Maritime Development Programme (NMDP), an initiative to develop the maritime sector with a planned outlay of US\$ 11.8 billion. In Union Budget 2023-24, the total allocation for the Ministry of Shipping was US\$ 1,813.16 million (Rs. 2,218.74 crore). There are 46 Public Private Partnership (PPP) projects at an estimated value of US\$ 4.49 billion at major ports. The key ports are expected to deliver seven projects worth more than US\$ 274.31 million (Rs. 2,000 crore) on a public-private partnership basis in FY22.

Minister for Finance, and Corporate Affairs Ms. Nirmala Sitaraman, proposed to double the ship recycling capacity of ~4.5 million light displacement tonnes (LDT) by 2024; this is expected to generate an additional ~1.5 lakh employment opportunities in India.

As per studies conducted under the Sagarmala Programme, cargo traffic at ports is expected to be ~2,500 MMTPA by 2025, while the current cargo handling capacity of ports is only 2,406 MMTPA. A roadmap has been prepared for increasing the Indian port capacity to 3,300+ MMTPA by 2025 to cater to the growing traffic. This includes port operational efficiency improvement, capacity expansion of existing ports and new port development. There are 206 port modernization projects worth US\$ 10.71 billion (Rs. 78,611 crore). Of which, 81 projects worth US\$ 3.29 billion (Rs. 24,113 crore) have been completed and 59 projects worth US\$ 3.31 billion (Rs. 24,288 crore) are being implemented.

The Indian government announced that seven major ports worth US\$ 274 million will commence operations under the public-private partnership model in 2021-22. Private sector investments in ports have steadily increased over the last five years, touching an all-time high of US\$ 2.35 billion by 2020.

(Source: ibef.org)



Key Managerial Personnel

Arvind Kantilal Shah, aged 76, is one of the Promoters, Chairman, and Managing Director of the company. He has completed a Bachelor of Commerce and completed an examination for Custom Housing Agent. He is having experience of more than 50 years in the Barge Hiring Industry, 15 years of experience in the construction industry as well and experience in manufacturing and dealing with food and vegetation for more than 45 years. He plays a vital role in formulating business strategies and effective implementation of the same for the company.

Vinit Arvind Shah, aged 45, is one of the Promoters, and Whole-Time Director of the company. He has completed his Master of Business Administration in International Management. He is having experience of more than 15 years in the stevedoring and shipping industry as well as 15 years of experience in the construction industry. He has experience in cargo handling, port activities, financial functions & and operational efficiency, with a short-term strategy to manage business operations in the shipping industry.

Parul Arvind Shah, aged 70, is one of the Promoters, and Additional Non-Executive Director of the company. She has completed her Intermediate Examination in Commercial Art. She has her own proprietorship which has been engaged in the business of Chartering Barges for more than 2 years.

Chintan Arvind Shah, aged 44, is one of the Promoters of the company. He has experience of more than 16 years in the business of manufacturing and trading clothing and jewellery.

Piyush Chimanlal Vora, aged 67, is the Executive Director of the company. He has completed his bachelor's in law (General), Degree in bachelor's in commerce, and a bachelor's in law (Special). He has also completed an examination for a Custom Housing Agent. He has more than 30 years of experience in manufacturing and dealing with food and vegetation as well as the shipping and marine industry.

Vijay Shambhaji Dattani, aged 62, is the Independent Director of the company. He holds Degree in Master of Commerce and has experience of more than 9 years in the agro-commodity industry.

Vipulchandra Sureshchandra Acharya, aged 66, is the Independent Director of the company. He has worked as a branch manager in the Banking Sector for more than 30 years. He has worked as a financial advisor and also has experience in concurrent audits and & statutory audits.

To conclude, the company has 4 promoters, and all of them have vast experience in the industry in which the company operates except one promoter who is engaged in the business of trading clothes and jewellery. The remaining directors also have good experience and knowledge in the fields which help in the growth of the business.


Financial Snapshot

Profit and Loss Statements			
	(In Lacs)		
Particulars	FY 21	FY 22	FY 23
Revenue from Operations	35.86	257.40	711.45
Other Income	16.66	74.04	129.65
Total Income	52.52	331.44	841.10
Expenses			
Employee benefits expense	7.53	7.04	16.19
Finance costs	3.99	40.53	101.54
Depreciation and Amortization expense	23.46	74.77	205.57
Operating and Other Expenses	4.10	71.61	37.23
Total Expenses	39.08	193.95	360.53
Earnings Before Interest, Taxes, Depreciation & Amortization	24.23	178.75	658.03
EBITDA Margin	67.57%	69.44%	92.49%
Profit before exceptional and extraordinary items and tax	13.44	137.49	480.57
Exceptional Items	0	0	0
Profit/(Loss) before tax	13.44	137.49	480.57
Tax Expense			
Current Tax	2.10	22.95	80.22
Deferred tax (net)	(10.32)	37.21	69.00
Less - MAT Credit Entitlement	(2.10)	(22.95)	(15.77)
Total Tax Expense	(10.32)	37.21	133.45
Profit/(Loss) for the year	23.76	100.28	347.12
Net Profit Margin	45.24%	30.26%	41.27%

Balance Sheet			
	(In Lacs)		
Particulars	FY 21	FY 22	FY 23
EQUITY AND LIABILITIES			
Equity			
Share Capital	1.00	1.00	1.00
Reserves and Surplus	466.61	565.92	913.05
Total Equity	467.61	566.92	914.05
Liabilities			
Non-current liabilities			
Borrowings	87.66	575.45	1,053.08
Other Non-Current Liabilities	-	-	-
Deferred Tax Liabilities (Net)	-	26.90	95.90
Long-term provisions	-	-	-
Total Non-current liabilities	87.66	602.35	1,148.98
Current liabilities			
Short Term Borrowings	18.19	645.60	1,179.13
Trade Payables			
i) Due to micro and small enterprises	-	-	-
ii) Due to other than micro and small enterprises	2.75	15.04	57.29
Other Current Liabilities	0.05	7.89	0.32
Short-term provisions	2.20	23.15	81.42
Total Current liabilities	23.19	691.68	1,318.16
Total Liabilities	110.85	1,294.03	2,467.14
Total Equity and Liabilities	578.46	1,860.95	3,381.19
ASSETS			
Non-Current Assets			
Tangible Assets	-	-	-
Intangible Assets	-	-	-
Intangible Assets under development	-	-	-
Capital Work in Progress	420.80	1,483.19	2,740.04



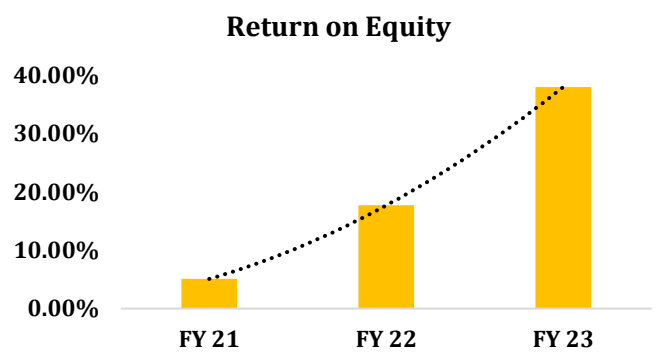
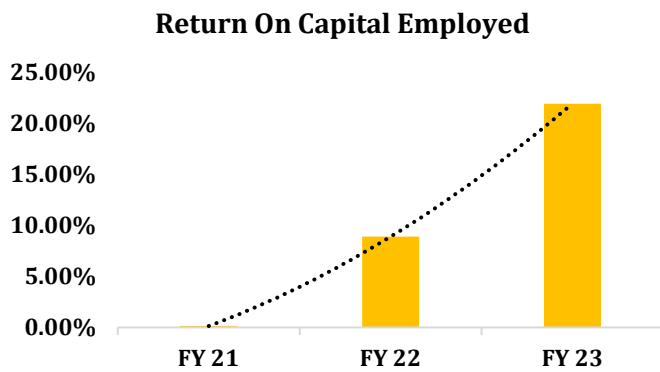
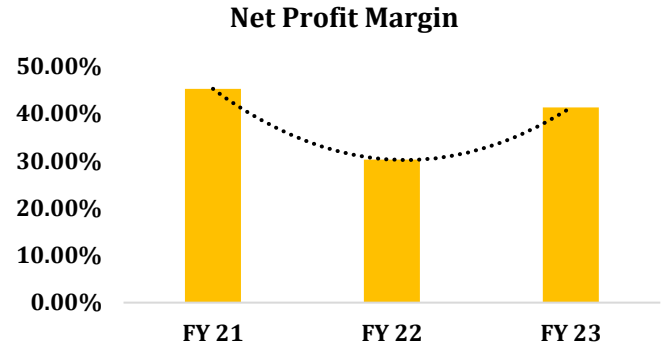
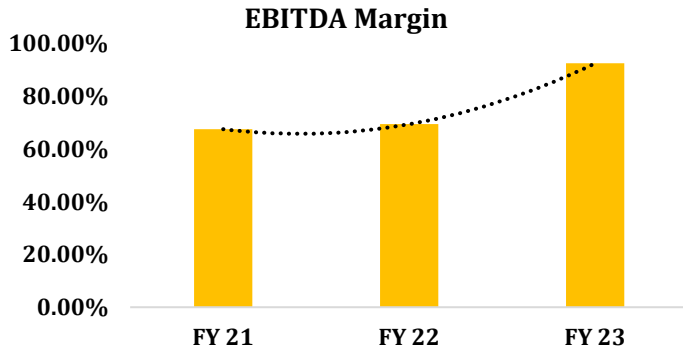
Balance Sheet				(In Lacs)
Non-Current Investments	0.82	0.82	0.88	
Deferred Tax Assets (Net)	10.32	-	-	
Long-Term Loans and Advances	1.36	2.70	2.80	
Other non-current assets	-	-	-	
Total Non-Current assets	433.30	1,486.71	2,743.72	
Current Assets				
Inventories	-	-	-	
Investments	-	-	-	
Trade Receivables	42.45	208.71	406.67	
Cash and Cash Balances	0.78	6.85	4.44	
Short-term loans and advances	101.94	158.67	226.35	
Other Current Assets	-	-	-	
Total Current assets	145.17	374.23	637.46	
Total Assets	578.47	1,860.94	3,381.18	

Cash Flow Statement				(In Lacs)
Particulars	FY 21	FY 22	FY 23	
Net Cash Flow from Operating Activities	(74.95)	69.90	550.55	
Net Cash Flow from Investing Activities	(26.88)	(1,138.50)	(1,462.58)	
Net Cash Flow from Financing Activities	101.85	1,074.67	909.62	

Ratio Sheet			
Particulars	FY 21	FY 22	FY 23
Per Share Data			
Diluted EPS	0.32	1.34	4.62
BV per share	3.85	4.67	7.53
Operating Ratios (%)			
EBITDA Margins	68%	69%	92%
PAT Margins	45%	30%	41%
Inventory days	-	-	-
Debtor days	432.08	295.96	208.64
Creditor days	27.99	21.33	29.39
Return Ratios (%)			
RoCE	0.14%	8.89%	21.93%
RoE	5.08%	17.69%	37.98%
Valuation Ratios (x)			
EV/EBITDA	23.64	9.96	4.77
Market Cap / Sales	152.31	21.22	7.68
P/E	140.63	33.58	9.74
Price to Book Value	11.68	9.63	5.98
Solvency Ratios			
Debt / Equity	0.23	2.15	2.44
Current Ratio	6.26	0.54	0.48
Quick Ratio	6.26	0.54	0.48
Asset Turnover	0.06	0.14	0.21
Interest Coverage Ratio	0.19	2.57	4.46



Financial Charts



Key Risk Factors

1. The top 5 customers contributed 100.00% for all the years as of March 31, 2022, 2021, and 2023. Any loss of business from one or more of them may adversely affect the revenues and profitability of the company.
2. There are 16 big and small tax litigations involving the Directors and promoters that may have a material adverse outcome on the company. The 16 litigations are amounting to Rs. 3.08 Crores pending.
3. The company had negative operating cash flow for the year ended FY 2021.

**Track Record of Lead Manager**

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

Beeline Capital Advisors Private Limited -

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Hi-Green Carbon Limited	52.80	75.00	September 28, 2023	108.00
2.	Kody Technolab Limited	27.52	160.00	September 27, 2023	217.00
3.	Chavda Infra Limited	43.26	65.00	September 25, 2023	86.06
4.	Vinsys IT Services Limited	49.84	128.00	August 11, 2023	277.00
5.	Shri Techtex Limited	45.14	61.00	August 04, 2023	79.00
6.	Ahasolar Technologies Limited	12.85	157.00	July 21, 2023	300.00
7.	Pentagon Rubber Limited	16.17	70.00	July 07, 2023	117.00
8.	Remus Pharmaceuticals Limited	47.69	1,229.00	May 29, 2023	5,000.00
9.	Sotac Pharmaceuticals Limited	33.30	111.00	April 13, 2023	121.00
10.	Dev Labtech Venture Limited	11.22	51.00	March 29, 2023	59.00

*CMP for the above-mentioned companies is taken as of 9th October 2023.

As per the offer document, Beeline Capital Advisors Private Limited has had 20 mandates in the last two years. For Beeline Capital Advisors Private Limited, all the mandates have opened at premiums on the listing date.



Recommendation

The company has been in the industry since 1987 and has vast experience in the industry. The company has seen an increase in the top and bottom line of its financials for FY 2023 which may or may not sustain going forward.

The PE on an annualized and post-IPO basis is 15.74 times which is fairly priced by looking at the performance of the company.

The company operates in a very highly competitive segment. The management outlook of the company is satisfactory. With the company being incorporated in the year 1987 the revenue generated is just 8 Cr for FY 23 which raises concerns. The company has seen a sudden surge in its financials which might not sustain going forward. The financial outlook of the company is not that satisfactory with the D/E ratio being too high, and solvency ratios not attractive and this may hamper the growth of the company in the coming future. Thus, from a long-term perspective, we recommend **AVOID** to this IPO.



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