

IPO Details		Company Background					
Opening Date	Dec 29, 2023	<ul style="list-style-type: none"> ○ Kaushalya Logistics Limited was originally incorporated in the year 2007 and has its registered office in the East of Kailash, New Delhi, India. ○ The company is developed as an integrated Logistics and Clearing and Forwarding (C&F) services provider. ○ The company primarily provides Clearing and Forwarding (C&F) Services to dealers and customers of Dalmia Cement Bharat Limited. ○ As of 24th December 2023, the Company had 142 employees on its payroll. 					
Closing Date	Jan 03, 2023						
Stock Exchange	NSE SME						
Lot Size	1,600 Shares						
Issue Price	₹ 71 to ₹ 75 per share						
Issue Size	Aggregating up to 36.60 Cr.						
Fresh Issue	Aggregating up to 25.35 Cr.	Market Capitalization (In Cr.)					
Offer for Sale	Aggregating up to 11.25 Cr.						
Application Amount	₹ 1,20,000	Pre-Issue		Post-Issue			
		₹ 114		₹ 139			
IPO Objective		Financial Summary (In Lacs)					
Repayment of Unsecured Loan.		For the Period Ended	Mar-21	Mar-22	Mar-23	Jun-23	
Funding Working Capital Requirements.			Total Assets	3,276.49	6,493.87	14,070.8	16,842.3
General Corporate Purpose.		Net Assets	849.60	1,226.62	1,933.64	2,148.29	
Pre-Issue Shareholding		Total Borrowings	1,888.13	3,711.22	4,756.07	5,488.51	
Category	No. of Shares	% of Total Shares	Total Revenue	3,328.40	6,358.92	63,216.4	57,053.1
Promoter & Promoter Group	1,51,47,980	99.99 %	Profit After Tax	299.69	376.31	705.87	214.37
Public	2,020	0.01 %	Tentative Timeline				
Promoter of the Company		Opening Date	Dec 29, 2023				
1	Uddhav Poddar		Closing Date	Jan 03, 2024			
2	Uddhav Poddar (HUF)		Basis of Allotment	Jan 04, 2024			
3	Bhumika Realty Private Limited		Initiation of Refunds	Jan 05, 2024			
Competitive Strengths		Credit of Shares to Demat	Jan 05, 2024				
1	Integrated, end-to-end logistics services and solutions.					Listing Date	Jan 08, 2024
2	The existing network.						
3	Storage capabilities.						
4	Strong knowledge and expertise of the promoters.						

Company Background and Analysis

The Company was originally incorporated on 24, August 2007. The company is developed as an integrated Logistics and Clearing and Forwarding (C&F) services provider. The company got engaged with a major online e-commerce platform as a seller of white goods and electronics in January 2022. In online business, the company sells products purchased from the leading brands only. The business model includes end-to-end support including clearing rail rake from railways, getting material transported to the warehouse, loading/unloading, dispatches to distributors, invoicing, warehouse management including upkeep of stock, handling insurance matters and depot audit, related statutory compliances etc.

The company's major areas of operations –

1. Logistics – The company is providing Logistics (Carrying & Forwarding) services to major Cement Companies, mainly to Dalmia Cements (Bharat) Limited, in India. the logistic & transportation services the company specialises in all surface transportation or multi-modal transportation. The company provides tailor-made services to the big cement companies which include – multi-modal transportation road/rail, Pick-up, packing options, delivery, and distribution, and Complete documentation service.
2. Surface Transportation - This service involves the transportation of the client's goods over the land. The company receive the goods sent by the Cement Companies through Railways and arranges local transport up to the warehouses.
3. Warehousing and Distribution – The company offers comprehensive warehousing solutions. The company maintains 70 warehouses belonging to Dalmia Cement (Bharat) Limited in the states of Uttar Pradesh, Bihar, Tamil Nadu and Kerala among other operating states in India.
4. Invoicing and Challans - The company generates the Invoices and challans on the ERP system of the customers and arranges the transport for delivery to the distributor's location through third-party transport operators.
5. Door-to-Door Delivery – The company serves as a 'single window' continuously monitoring shipments from their origin until their destination.

Product-wise revenue bifurcation of the company for the last three years and period ended June 2023 -

(Amount in Lacs.)

Particulars	Mar-21		Mar-22		Mar-23		Jun-23	
	Amt	%	Amt	%	Amt	%	Amt	%
Logistics	3,140.32	100.00	3,765.63	61.70	5,193.82	8.27	1,312.32	2.31
E-Commerce	-	-	2,195.62	35.97	57,264.13	91.18	55,525.09	97.61
Comm. Real Estate	-	-	141.94	2.33	347.58	0.55	48.57	0.09
Total	3,140.32	100.00	6,103.19	100.00	62,805.53	100.00	56,885.98	100.00

To conclude, the company was incorporated in the year 2007 and thus has good experience in the industry. The company generates the majority of its revenue from the E-Commerce Segment

Business Strategies

1. Focus on existing large revenue clients by providing integrated, end-to-end solutions and continue to provide additional services to existing clients -

The company has established close relationships with existing clients like cement companies and a major online e-commerce platform. The company intends to leverage this relationship to further acquire more business in warehousing and retail. The company intends to continue to acquire large revenue clients and provide them with integrated, end-to-end solutions to address all their logistics requirements.

2. Identifying new customers and continuing to diversify the revenues from different industry verticals -

The company's strategies include marketing customized solutions to target customers and analysing their business processes to propose a comprehensive solution to their warehousing, logistics and supply chain needs.

3. Continue to focus on upgradation of existing systems -

The company intends to continue to upgrade the systems with the best of the best technological solutions to enhance customer satisfaction. It shall help them not only to scale up the existing operations but also to acquire new customers or expand the operations of the existing customers.

4. Focus on new warehouses -

The company intends to obtain leasehold or license rights over large, multi-user, integrated warehouses in certain specific well-connected and central locations in India.

Competitive Scenario and Peer Mapping

Competition

The industry in which the company operates is unorganized and fragmented with mostly small-sized companies. Logistics being a global industry, the company faces competition from mostly domestic players as there are no global players in cement logistics within India. The company competes with other service providers on the basis of service quality, price and reliability. The company operates in a highly competitive market. The company has fewer barriers to entry. The bargaining power with the customers is medium in the sector in which the company operates. The bargaining power with the suppliers is medium in this sector.

Peer Analysis

The company believes it has no listed peers for comparison as per their offer document.

Industry Overview

Exhibit 1: Total stock in Grade A&B warehousing space in the top 8 cities. (Indian Logistics Industry)

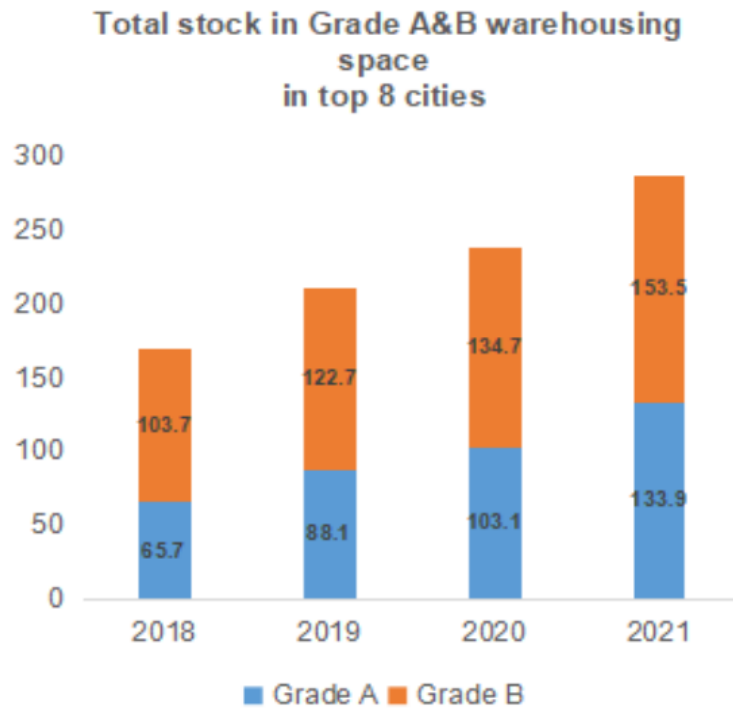
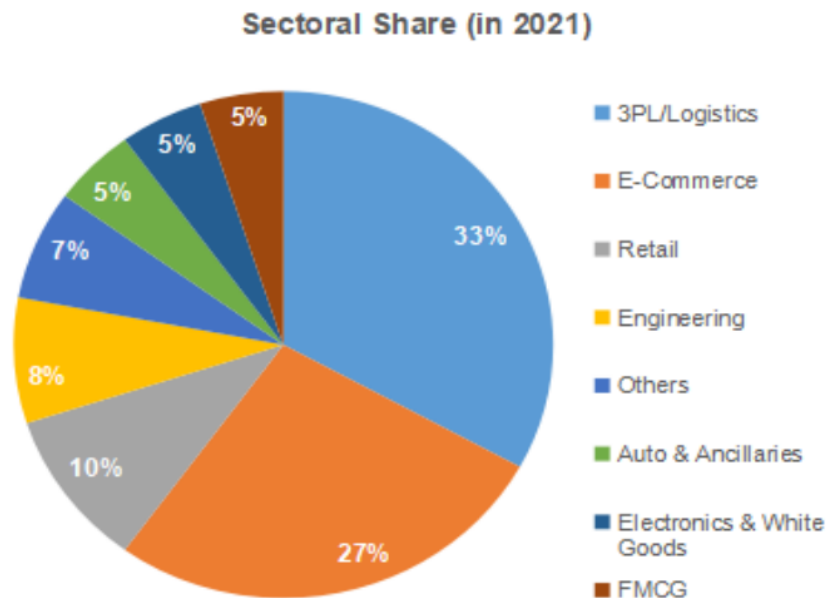


Exhibit 2: Fragmented Structure of the Indian Logistics Industry.



(Source: prospectus)

Warehousing and Logistics Sector in India –

Logistics is of critical importance for both business and the economy. A robust and efficient logistics sector of a country indicates an efficient forward and reverse of goods and services, which ultimately translates to a fast-paced growth in economy. According to a recent EY report 'India@100: realizing the potential of a US\$26t economy', India is projected to grow to US\$ 26t by FY48. India's transportation and logistics sector can act as the backbone to support this fast-paced growth, which the country is poised to achieve in the next 25 years. India's freight movement is heavily skewed toward road transportation, which moves 66% of cargo (in ton-km).

This is followed by rail (31, shipping (3%) and air (1%). The sector continues to witness unevenness in freight transportation by mode and is working toward solving this impediment. Buoyed by the challenges of the pandemic and the rising e-commerce activity, the logistics and warehousing sector in India has seen a rapid transformation. Evolving business needs and altering consumer behaviour has led to a series of technological advancements, investments, newer business formats, further driven by favourable government support.

The ensuing focus towards speed and convenience has driven consumers towards online shopping, while on the other hand, the commercial and office segments have witnessed mutations in the form of flexible office space and smaller formats closer to customer locations. Given the pace in demand from across the industries, the sector may well be set for strong growth in the next few years. 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 ecommerce 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). These solutions have assisted logistics firms in increasing operational efficiency, lowering costs, and improving customer service.

(Source: prospectus)

Key Managerial Personnel

Uddhav Poddar, aged 41 years, is the Promoter and Managing Director of the Company. He has completed his Bachelor of Commerce. He has overseen the managerial and operational functions of the entire group for the last 15 years. His major roles include administering business strategies to streamline company growth and ensure the smooth running of existing operations.

Ram Gopal Choudhary, aged 71 years, is the Director of the Company. He has completed his Bachelor of Science and Mechanical Engineering. He possesses more than 4 decades of experience in Plant Operations and other allied activities. He oversees the Company's Logistics operations. His responsibilities include acting as a mediator between other Directors and Company team heads.

Sunira Chamaria, aged 52 years, is the Executive Director of the Company. She has vast experience as an entrepreneur and director of many companies. She has been involved in various startups and social organisations. Currently, she is a director in five private limited companies involved in various sectors, other than the Company.

Uma Verma, aged 47 years, is the Non-Executive and Independent Director of the Company. She is an Associate Member of the Institute of Company Secretaries of India, a Registered Independent Director in IICA and a Trainer for POSH Committee in various companies. She has completed her Bachelor of Commerce, Master of Commerce, and Bachelor of Laws. She has more than 22 years of experience in the field of corporate secretarial and finance.

Narendra Kumar Somani, aged 71 years, is the Non-Executive and Independent Director of the Company. He is an Associate Member of the Institute of Chartered Accountants of India. He has more than 48 years of experience in the field of Chartered Accountancy and has acted as a Statutory Auditor for many companies.

To conclude, the company has 3 promoters, out of which one is an individual promoter who has vast experience in the industry in which the company operates. The Directors of the company have good experience in fields directly linked to the operations of the company and different industries which helps in the growth of the company.

Financial Snapshot

Profit and Loss Statement				(In Lacs)
Particulars	FY 21	FY 22	FY 23	Jun-23
Revenue from Operations	3,140.32	6,028.75	62,462.35	56,837.41
Other Income	188.08	330.17	754.07	215.75
Total Income	3,328.40	6,358.92	63,216.42	57,053.16
Expenses				
Operating Expenses	2,161.57	2,765.20	3,742.01	922.61
Purchase of Stock in Trade	-	2,130.90	54,701.37	52,771.29
Change in inventories of finished goods, work in progress and stock in trade.	-	-379.60	-2,084.83	123.72
Employee benefits expense	389.60	422.90	545.27	153.49
Finance costs	111.52	277.99	426.48	132.75
Depreciation and Amortization expense	32.29	31.97	24.80	5.87
Other expenses	234.60	586.87	4,925.02	2,656.92
Total Expenses	2,929.58	5,836.23	62,280.12	56,766.65
Earnings Before Interest, Taxes, Depreciation & Amortization	354.55	502.48	633.51	209.38
EBITDA Margin	11.29%	8.33%	1.01%	0.37%
Profit/(Loss) before tax	398.82	522.69	936.30	286.51
Tax Expense				
Current Tax	-117.39	-148.13	-245.72	-73.95
Deferred Tax	17.92	3.97	16.17	1.81
Tax adjustments related to earlier years	0.34	-2.22	-0.88	-
Total Tax Expense	99.13	146.38	230.43	72.14
Profit/(Loss) for the year	299.69	376.31	705.87	214.37
Net Profit Margin	9.00%	5.92%	1.12%	0.38%

Balance Sheet				(In Lacs)
Particulars	FY 21	FY 22	FY 23	Jun-23
EQUITY AND LIABILITIES				
1. Shareholders' funds				
Share Capital	15.00	15.00	15.00	15.00
Reserve and Surplus	834.60	1,211.62	1,918.64	2,133.29
Total Equity	849.60	1,226.62	1,933.64	2,148.29
Minority Interest				
Total Equity and Liabilities	849.60	1,226.62	1,933.64	2,148.29
2. non-current liabilities				
Long Term Borrowings	1,070.37	2,476.88	3,213.35	3,899.07
Deferred Tax Liabilities (Net)	3.27	-	-	-
Other Long-Term Liabilities	-	-	95.08	95.08
Long Term Provisions	-	33.93	55.47	64.30
Total non-current liabilities	1,073.64	2,510.81	3,363.90	4,058.45
3. Current liabilities				
Financial Liabilities				
Short-term borrowings	817.76	1,234.34	1,542.72	1,589.44
Trade payables	252.26	1,050.80	5,272.19	6,970.98
Other Current Liabilities	165.85	323.16	1,700.04	1,743.87
Short-term Provisions	117.39	148.13	257.37	331.33
Total Current liabilities	1,353.26	2,756.43	8,772.32	10,635.62
Total Liabilities	2,426.90	5,267.24	12,136.22	14,694.07
Total Equity and Liabilities	3,276.50	6,493.86	14,069.86	16,842.36

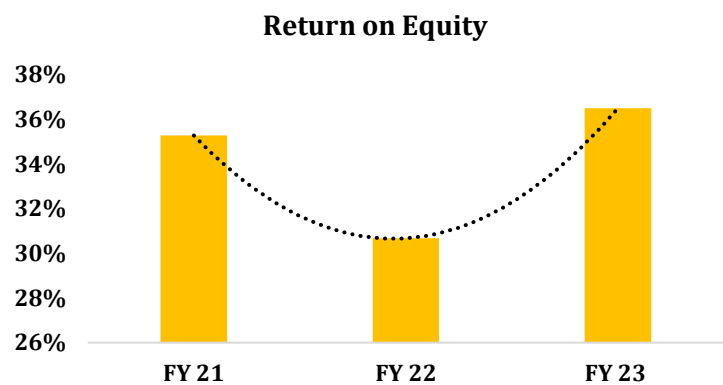
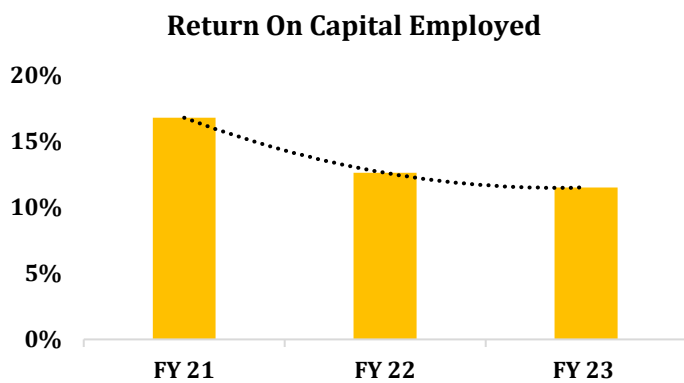
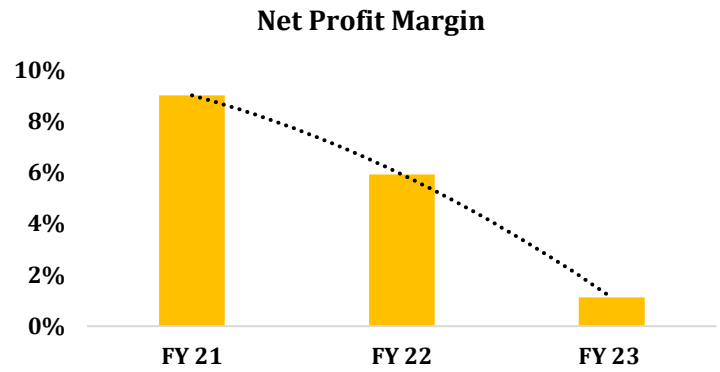
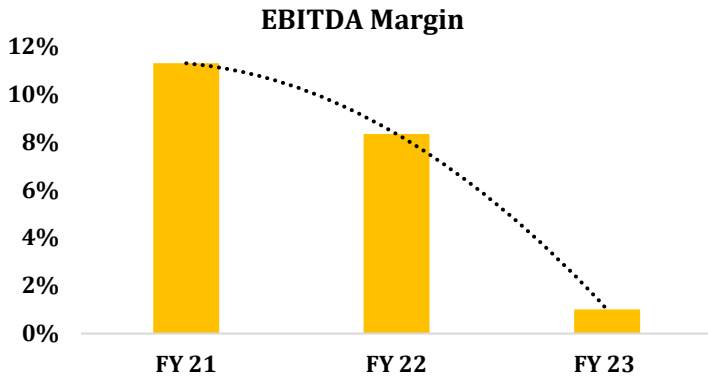
Balance Sheet					(In Lacs)
ASSETS					
1. non-current assets					
Property, Plant and Equipment					
Tangible Assets	83.34	111.65	186.19	179.45	
Non-current investments	125.69	2,639.48	2,863.24	2,863.51	
Deferred tax assets (net)	-	0.70	16.87	18.68	
Other Non-Current Assets	25.46	29.76	31.33	31.12	
Total non-current assets	234.49	2,781.59	3,097.63	3,092.76	
2. Current assets					
Inventories	-	379.60	2,464.43	2,340.72	
Trade receivables	367.84	1,024.63	3,096.78	4,515.41	
Cash and Bank Balances	1,769.38	1,061.13	35.46	29.68	
Short-term loans and advances	607.92	914.76	3,280.64	3,905.26	
Other Current Assets	296.86	332.16	2,095.93	2,958.52	
Total Current assets	3,042.00	3,712.28	10,973.24	13,749.59	
Total Assets	3,276.49	6,493.87	14,070.87	16,842.35	

Cash Flow Statement					(In Lacs)
Particulars	FY 21	FY 22	FY 23	Jun-23	
Net Cash Flow from Operating Activities	-13.32	497.55	350.74	-188.41	
Net Cash Flow from Investing Activities	-598.99	-2,001.33	-1,000.77	-413.11	
Net Cash Flow from Financing Activities	573.19	1,545.10	618.37	599.69	

Ratio Sheet				
Particulars	FY 21	FY 22	FY 23	Jun-23*
Per Share Data				
Diluted EPS	199.79	250.87	470.58	4.63
BV per share	4.58	6.62	10.44	28.75
Operating Ratios				
EBITDA Margins	11.29%	8.33%	1.01%	0.37%
PAT Margins	9.00%	5.92%	1.12%	0.38%
Inventory days	-	22.98	14.40	3.75
Debtor days	42.75	62.03	18.10	7.23
Creditor days	-	179.99	35.18	12.02
Return Ratios				
RoCE	17%	13%	11%	9%
RoE	35%	31%	37%	16%
Valuation Ratios (x)				
EV/EBITDA	2.73	7.72	10.50	12.60
Market Cap / Sales	4.43	2.31	0.22	0.06
P/E	0.38	0.30	0.16	16.21
Price to Book Value	16.36	11.33	7.19	2.61
Solvency Ratios				
Debt / Equity	2.22	3.03	2.46	2.55
Current Ratio	2.25	1.35	1.25	1.29
Quick Ratio	2.25	1.21	0.97	1.07
Asset Turnover	0.96	0.93	4.44	3.37
Interest Coverage Ratio	2.89	1.69	1.43	1.53

*Ratio sheet for Jun-23 is annualized.

Financial Charts



Key Risk Factors

1. There are outstanding litigation proceedings involving the Company and Group Companies, amounting to Rs. 99.79 lakhs an adverse outcome which, may have an adverse impact on the reputation, business, financial condition, results of operations and cash flows.
2. The company has experienced negative operating cash flow for the FY ended 2021, and the period ended June 2023 and may continue to do so in the future, which could have a material adverse effect on the business, prospects, financial condition, cash flows and results of operations.
3. The company have Contingent Liability of ₹ 9,126.71 lakh and commitments which could affect the financial position.

Track Record of Lead Manager

The lead manager to the issue is Khandwala Securities 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 –

Khandwala Securities Limited –

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Vishnusurya Projects and Infra Limited	49.98	68.00	October 10, 2023	422.00

The company has had 1 mandate in the past three years including the current Year.

*CMP for the above-mentioned companies is taken as of 29th December 2023.

As per the offer document, from the above-mentioned mandates, the mandate has opened at premiums on the listing date.



Recommendation

The company has been in the industry since 2007 and has good experience in the industry. The company's management overview is satisfactory. The company also faces significant competition in the industry.

The P/E on a post-IPO basis is 19.69 times which seems to be highly priced by looking at the performance of the company.

The company has seen an exponential increase in the top line of its financials for FY 2023 which may or may not sustain going forward. The company has seen that increase due to the e-commerce business vertical. The company has seen a downward trend in the profitability margins. The financial outlook is not reasonable based on its previous performance. Thus, we recommend **Risk Averse - Should Wait** **Risk Seekers - Should Apply** to this IPO.



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