

RATING

Business	★ ★ ★ ☆ ☆
Financials	★ ★ ★ ☆ ☆
Valuation	★ ★ ★ ☆ ☆
Management	★ ★ ★ ☆ ☆

Ranking 1 to 5, denoting lowest and 5 highest

Date : 06-08-2024



FIN2RESEARCH
Investment Advisor Pvt. Ltd.

Initial Public Offer

Afcom Holdings Limited IPO



Recommendation : Buy For Listing Gain (GMP : 90% to 100%)

(Note: All the information and data in this report is from RHP)

IPO DETAILS

Price	₹102 to ₹108 per share
Face Value	₹ 10
Lot Size	1200
Min. Investment	₹ 1,29,600
Issue Size	₹73.83 Cr
Fresh Issue	₹73.83 Cr
Offer For Sale	0
Listing At	BSE, NSE
QIB	≤50%
Retail	≥35%
HNI	≥15%
Issue Type	Book Build Issue IPO
No Of Shares Pre-Issue	14,04,44,250
No Of Shares Post-Issue	18,22,44,250

IPO TIMELINES

IPO Date	02-Aug - 06-Aug
Listing Date	09-Aug
Basis of Allotment	07-Aug
Initiation of Refunds	08-Aug
Credit of Shares to Demat	08-Aug

About Company

Afcom Holdings Limited, founded in February 2013 by Capt. Deepak Parasuraman, focuses on airport-to-airport freight transportation. The company has GSSAs in China, Taiwan, South Korea, Japan, Hong Kong, Singapore, and Thailand. Specializing in cargo flights to ASEAN nations, particularly Singapore, Indonesia, and Brunei, Afcom signed an agreement with Air Logistics Group on September 24, 2021, to serve as its GSSA in the far east. Additionally, on October 13, 2022, Taylor Logistics Private Limited, part of the TTK Group, was appointed as its GSSA in India. Originally incorporated as Afcom Holdings Private Limited, the company applied for an airline license with the Indian Ministry of Civil Aviation and received the NOC in 2017, allowing it to operate cargo airlines. AFKOM HOLDINGS Limited provides a range of cargo solutions and products through international hubs, including General Cargo, Flying Fresh, Flying Pharma, Flying Priority, Fly Courier, Project Cargo, Dangerous Goods, and High-Value Cargo. Specializing in customized air transport services at competitive rates, AFKOM aims to enhance the customer experience. The company began its operations in Chennai.

Objectives of the Issue:

The issue's goals are as follows:

- to pay for the capital costs of renting two new airplanes.
- to pay back all or a portion of our company's outstanding debts in advance.
- to pay for the needs for operating capital.
- for overall business objectives.
- to pay the costs associated with the problem.

KEY HIGHLIGHTS

- The company specializes in airport-to-airport cargo transportation. It has established a strong presence in ASEAN countries, excelling in its services.
- The company has shown consistent growth, achieving a turnaround in FY22. Trends since FY22 suggest positive future prospects. Post-listing, the company is expected to attract significant interest as a first mover in its niche market.
- If FY24 earnings are attributed to the company's post-IPO fully diluted paid-up capital, the asking price results in a P/E ratio of 10.65. Based on FY23 earnings, the P/E ratio stands at 19.74. Thus, the issue appears to be reasonably priced.
- The IPO consists only of a fresh issue component, with no offer for sale (OFS) portion. The company will issue a total of 68,40,000 shares (68.4 lakh shares), which, at the upper price band of ₹108 per share, aggregates to a fresh fundraising of ₹73.83 crore.
- GYR Capital Advisors Private Limited is the lead manager of the issue, Link Intime India Private Ltd is the registrar, and Giriraj Stock Broking will act as the market maker. The IPO of Afcom Holdings Limited will be listed in the SME segment of the BSE.
- The company's fundamentals look strong. Its debt-to-equity ratio is 0.15, and Price to book value is 1.93.
- Afcom Holdings's net profit increased by 70% from Rs 1,358.62 lakhs in 31 Mar 2023 to Rs 2,310.37 in 29 Feb 2024.



**DIRECTORS****Capt. Deepak Parasuraman**

Capt. Deepak Parasuraman serves as the Managing Director and Promoter of the company. He is a professional pilot with a Bachelor of Commerce and a Doctoral Degree in Trade and Trade Barriers. With 25 years of experience in aviation and air cargo, he has managed several businesses and secured licenses for an international cargo airline. He has been with the company since February 15, 2013.

Mr. Kannan Ramakrishnan

Mr. Kannan Ramakrishnan is the Whole-Time Director and Promoter of the company. He graduated in science from St. Joseph's College, Tiruchirapalli, and has 19 years of experience in the retail and luxury automobile industry. He successfully established and grew Shreshta Business Solutions Group. He has been associated with the company since October 2021 and oversees its operations.

Wg. Cdr. Jaganmohan Mathena (Retd)

Wg. Cdr. Jaganmohan Mathena (Retd) is a Non-Executive Director and Promoter. He holds Post-Graduate Degrees in Aviation Law and Air Transport Management from NALSAR, Hyderabad, and in Sustainable Global Enterprise and E-Marketing from IIM Shillong. A decorated Fighter Pilot and Helicopter Veteran of the Indian Air Force, he served from 1987 to 2010. He was the Chief Operating Officer for the Aviation Department of Andhra Pradesh and continues to fly as a VVIP Pilot. He has been with the company since 2018.

Dr. Lalit Gupta

Dr. Lalit Gupta is an Independent Director. He holds a Master's degree in Aeronautical Engineering from IIT Kanpur and a Doctor of Science from Hindustan Institute of Technology & Science. A former joint director of the Directorate General of Civil Aviation and head of the National Aviation Safety Team, he has worked with the Ministry of Civil Aviation and the International Civil Aviation Organization.

Mr. Srinivasan Natarajan

Mr. Srinivasan Natarajan is an Independent Director. He holds a degree in Company Secretary from the Institute of Company Secretaries of India and has 20 years of experience in corporate and SEBI laws. He has run his own practice since 2002.

Ms. Rashmi Prithviraj

Ms. Rashmi Prithviraj is an Independent Director. She holds a Bachelor's degree in Interior Design and brings over 15 years of experience in design and the manufacturing industry. She contributes design and entrepreneurial expertise to the company.

KEY MANAGERIAL PERSON'S**S N Ashok**

S N Ashok is the General Manager Cargo. He holds a Bachelor's Degree in Commerce from the University of Madras. His career includes serving as General Manager of Cargo Operations at Emirates Airlines and as Manager of Cargo Operations at Cargolux Airlines. He has obtained certifications in dangerous goods consignments, weight and balance documentation, and centralized load control, and has received training from Emirates SkyCargo, Envirotainer, and the National Institute of Sales.

Kochat Narendran

Kochat Narendran is the President, bringing over 23 years of experience in logistics, trading, and strategic planning. He has held roles such as Regional Manager at DHL Worldwide Express, General Manager at Yusen Logistics India, CEO at Nikkos Logistics, and Managing Director at Hindustan Cargo Limited. He has also worked at AFL Dachser Private Limited and Thomas Cook (India) Ltd., and was honored with the BID International Quality Crown Award in 2016.

K V Krishnan

K V Krishnan is the Head of Engineering. With over 18 years in aircraft maintenance and team management, he holds an MSc in Air Transport Management from City University, London. He is certified in Safety Management Systems (SMS) from Airworks India and is a licensed aircraft maintenance engineer under the Aircraft Rules, 1937, and the FAA.

Sunil Chandrasekhar

Sunil Chandrasekhar is the Chief Commercial Officer. With nearly 30 years of experience, he has worked with FedEx Express, NEPC Airlines, and East West Airlines. He has received awards such as the Five Star Award from FedEx Express in 2018 and 2021. His expertise includes passenger handling, cargo documentation, and export-import management, supported by a diploma in Export-Import Management and executive education from the Indian School of Business and IIM-Bangalore.

SHAREHOLDING PATTERN

PRE-ISSUE

Name	No. of Equity Shares	% of Pre-Offer EquityShare Capital
Promoters (A)		
1. Capt. Deepak Parasuraman	44,10,422	24.5
2. Wg. Cdr. Jaganmohan Mathena(Retd)	13,27,183	7.4
3. Mr. Kannan Ramakrishnan	2,42,325	1.3
4. Mrs. Manjula Annamalai	35,57,175	19.7
B) Promoter Group		
5. Thiagaraja	10,85,106	6.0
Total (A+B)	1,06,22,211	58.9
C) Public		
S Nagarajan	7,97,960	4.4
Vijay Kumar	6,39,463	3.6
Sanjay Katkar	4,74,858	2.6
Mayur Vijay Patwa	3,26,000	1.8
Thomas Pangaraj William	2,92,556	1.6
Thiruppathy Palaniappan	2,59,721	1.4
Kailash Sahebrao Katkar	2,54,375	1.4
Kowsikan Muthukrishnan	2,34,047	1.3
Zenith Multi Trading Dmcc	2,03,797	1.1
Chandra Bai	2,03,742	1.1
Rohit Ghanshyam Gupta	2,03,500	1.1
Others	35,09,076	19.5
Total (C)	73,99,095	41.06
Total (A+B+C)	1,80,21,306	100

GEOGRAPHY WISE REVENUE BREAKUP

(All amounts are ₹ in Lakhs)

Geography	Fiscal 2024		Fiscal 2023		Fiscal 2022	
	₹ in Lakhs	in %	₹ in Lakhs	in %	₹ in Lakhs	in %
Domestic Sales	1,074.83	8.04	213.42	2.54	834.08	17.28
Exports Sales	12,295.14	91.96	8,201	97.46	3,993	82.72
Total Sales						

TYPES OF CARGO HANDLED

PARTICULARS	Fiscal 2024	Fiscal 2023	Fiscal 2022
General Cargo	22.56	24.5	37.89
Perishable	8.32	5.94	5.51
ODC	42.68	41.15	37.39
Hazardous	20.91	20.49	10.9
Pharma	0.44	0.6	0.92
Express	Negligible	Negligible	Negligible
High Value Goods	1.82	3.48	419
Total	100	100	100

COMPETITIVE STRENGTHS

Team of Experienced Professionals:

The management and promoters of AFCOM Holdings Limited have a great deal of experience in the airline cargo business. With a lengthy history in aviation and air freight, the company's promoter, Capt. Deepak Parasuraman, provides the company with assistance and experience. In order to improve market and people linkages, Wg. Cdr. Jaganmohan Mathena (Retd), a former Air Force Pilot, provides extensive technical aviation knowledge, and Kannan Ramakrishnan, the Whole-Time Director, brings over 18 years of experience in the luxury vehicle sector.

Expertized in Hazardous Cargo Management:

The business is prepared to manage hazardous cargo, a highly specialized and regulated industry that calls for compliance with international safety standards as well as permissions from the Directorate General of Civil Aviation (DGCA). To guarantee the safe handling of hazardous goods, AFCOM Holdings Limited has monitoring and supervisory personnel who have received specialized training in addition to well-established protocols.

High sector Entry Barriers:

AFCOM Holdings Limited must possess the requisite substantial experience and knowledge to be eligible to conduct business because it operates in a highly regulated sector. The length of time needed to obtain admission and the minimum experience requirement for pilots puts the organization in a favorable position. Potential competitors face inherent obstacles due to AFCOM's early-mover advantage, infrastructure, operational history, and all required approvals.

Comprehensive Training Programs:

All aircrew at AFCOM Holdings Limited complete mandatory DGCA training courses. Regular training is also provided for operational and administrative staff through internal arrangements. A comprehensive training schedule is developed and closely monitored to ensure adherence and maintain high standards for both crew and non-crew members.

COMPETITIVE STRATEGIES

Growth through Fleet Expansion:

In order to improve its present fleet of Boeing 737-800 aircraft, AFCOM Holdings Limited intends to add more aircraft to its fleet through dry leasing. The acquisition, which aims to boost corporate growth and satisfy sector demands, will be financed by the issue's profits.

Development via Market Expansion:

The Indian logistics sector, valued at USD 150 billion and contributing 14.4% to GDP, is expected to reach USD 200 billion by 2020. Key growth drivers include globalization, GST, relaxed FDI regulations, e-commerce growth, and government initiatives like "Sagarmala" and "Made in India." AFCOM Holdings Limited aims to enhance operations between India and ASEAN countries, focusing on frequent, short-haul (4-5 hours), small-capacity (20-30 tonnes) flights.

<p style="text-align: center;">STRENGTHS</p> <ul style="list-style-type: none"> - Speedy transportation - Safety of the cargo & Security - Low land occupancy - Zero Pilferage - High level of expertise for special cargo 	<p style="text-align: center;">WEAKNESS</p> <ul style="list-style-type: none"> - Over capacity - perceived as not price competitive - weak economics of most carriers - value not explained properly - lack of transparency & Comms between stakeholders
<p style="text-align: center;">OPPORTUNITIES</p> <ul style="list-style-type: none"> - E- Commerce Growth - Growth of trade and economy - New Technologies (IoT, digital platforms, big data, automation) -Global turbulence on Sea Frieght due to Red Sea issues 	<p style="text-align: center;">THREATS</p> <ul style="list-style-type: none"> - Big players in this sector - Fuel Costs - Trade protectionism - Airport congestion - Increased regulatory oversight on aircraft loading - Ground waiting times

SWOT ANALYSIS

KEY PERFORMANCE INDICATORS (All amounts are Rs. In Lakhs, except per share data or unless otherwise stated)

Particulars	February 29,2024	Mar-23	Mar-22	Mar-21
Revenue from Operations	13369.97	8414.42	4827.40	1388.72
Growth (%)	58.89	74.31	247.62	248.95
Total Income	13416.38	8490.12	4866.97	1388.72
EBITDA	3299.55	1915.34	991.39	-598.23
EBITDA Margin (%)	24.59	22.56	20.37	-43.08
Net Profit for the Period	2310.37	1358.62	514.80	-420.31
PAT Margin (%)	17.28	16.15	10.66	-30.27
Return on Net Worth	26.53	28.57	55.82	247.2
Return on Capital Employed	34.63	39.94	59.44	-103.67
Debt-Equity Ratio	0.15	0.01	0.00	-4.36

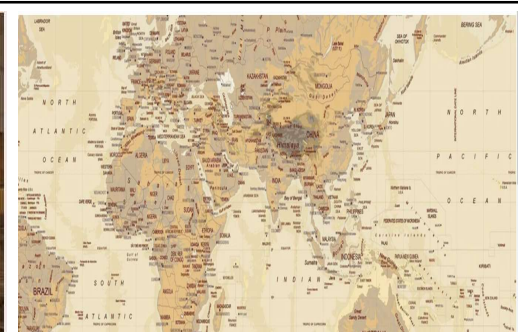
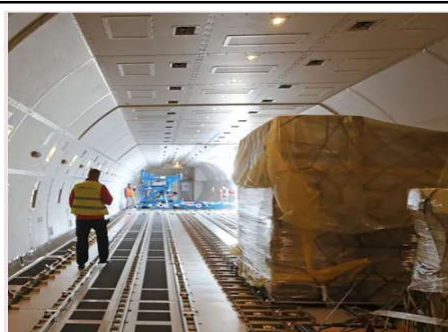
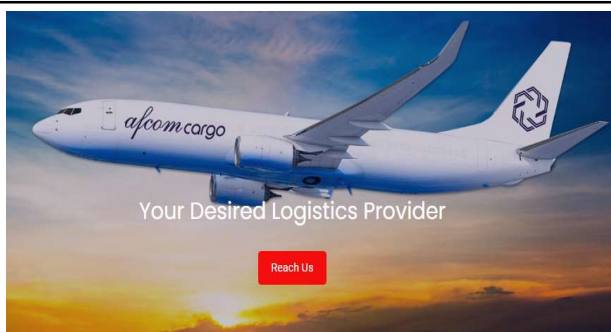
OTHER RATIOS

Particulars	February 29,2024	Mar-23	Mar-22	Mar-21
Current Ratio	3.95	6.87	8.05	6.20
Debt Service Coverage Ratio	3.04	510.44	10.29	0.00
Return on Equity Ratio	26.53	28.57	55.82	247.2
TR Turnover Ratio	8.33	5.63	5.99	22.63
Inventory Turnover Ratio	10.74	29.04	NA	NA
TP Turnover Ratio	46.69	45.2	63.05	NIL
Net Capital Turnover Ratio	1.94	2.18	3.32	3.72

OTHER FINANCIAL INFORMATION

(Amount Rs. In Lakhs other than shares)

Particulars	February 29,2024	Mar-23	Mar-22	Mar-21
Restated PAT	2310.37	1358.62	514.8	-420.31
Net Worth	10087.71	7330.56	2181.65	-337.19
EBITDA	3299.55	1,915.3	991.4	-598.2
(Pre - Bonus)				
Earnings Per Share				
Basic (Rs.)	13.09	7.9	24.0	-19.8
Diluted (Rs.)	13.09	7.9	24.0	-19.8
(Post - Bonus Issue)				
Earnings Per Share				
Basic (Rs.)	13.09	7.94	4.37	-3.59
Diluted (Rs.)	13.09	7.94	4.37	-3.59
Net Asset Value (Rs.)	55.98	41.64	87.31	-15.85
Debt	1547.5	47.6	3.83	1471.32



BUSINESS OVERVIEW :-

Business Model:

AFCOM Holdings Limited focuses on airport-to-airport cargo transportation, driven by:

People-Centricity: Addressing supply chain issues with a customer-first approach, emphasizing service excellence, integrity, trust, innovation, and reliability.

Growth through Partnership: Promoting collaboration with partners in India and globally through accessible infrastructure and technology.

Efficiency: Enhancing customer efficiency and competitive edge by saving costs.

GSSAs are appointed in India, Hong Kong, Singapore, Thailand, Japan, South Korea, China, and Taiwan.

GSSA Role in the Supply Chain:

General Sales & Service Agents (GSSAs) promote AFCOM Holdings Limited's cargo space to different freight forwarders on behalf of the company. They arrange cargo bookings, work with customs clearing agents, and make sure that cargo that has been passed through customs is smoothly turned over to the airline along with the necessary paperwork. According to their agreements, GSSAs must supply at least 50% of the cargo volume in order to be eligible for commissions and other benefits. The organization works with cargo sales agents (CSAs) and freight forwarders in addition to GSSAs to transport cargo and reserve space on airplanes.

Among the agreements are:

Air Logistics Group: Serving as the GSSA for AFCOM in the countries of the Far East (as of September 24, 2021).

Since October 13, 2022, **Taylor Logistics Private Limited** has been serving as the GSSA in India.

The goal of AFCOM is to provide dependable, affordable, and adaptable supply chain solutions. The company uses a strong logistics infrastructure and wide network of partners to service a varied customer base that includes direct-to-consumer e-tailers, e-commerce marketplaces, and SMEs in a range of industries.

TYPE OF CARGO CATEGORIES

General Cargo: Machinery, spare parts, electronics, garments, leather goods, chemicals (non-dangerous), IT products

Perishable: Flowers, food items, confectionery, marine products, live plants, fruits, vegetables, dairy products

Over-Dimensional Cargo: ODC machinery, special equipment, aircraft spare parts, engines

Hazardous Cargo: Batteries, paint materials, chemicals, all dangerous goods (Class 1 to 9)

Pharma: Bulk raw materials, medicines, tablets, vaccines, injections, gel-packed medicines (temperature-controlled from -2 to -5 degrees)

Express: Envelopes, courier parcels

High Value Goods: Gold, silver, diamonds, gems and jewelry, precious art and artifacts

Project Cargo: Fragile goods needing exceptional handling and special equipment, including general and over-dimensional cargo etc.

CARGO EQUIPMENT & FUNCTION:-

Types of Air Cargo Handling Equipment:

- Cargo Dollies: Transport cargo between terminals and aircraft, available in various sizes for different cargo types.
- Pallet Loaders: Move Unit Load Devices (ULDs) on and off aircraft, facilitating smooth cargo transfers.
- Container Loaders and Unloaders: Load and unload containers from aircraft, crucial for handling large shipments.
- Forklifts: Move heavy and oversized items within airport storage areas.
- Conveyor Belt Systems: Transport baggage, packages, and items within terminals to different processing areas.
- ULD Handling Systems: Manage standardized containers and pallets, including ULD dollies, transporters, and storage units.

Functions of Air Cargo Handling Equipment:

- Loading and Unloading: Precision and careful handling for cargo transfer.
- Sorting and Segregation: Efficient processing and distribution of different cargo types.

CARGO SHIPMENT PROCESS

Booking the Shipment:

❖ Documents Needed:

- **Commercial Invoice:** Details what's being shipped and the terms between buyer and seller.
- **Packing List:** Describes what's packed and how.
- **Certificate of Origin:** Needed for imports from free trade countries to avoid extra duties.
- **Import Permits/Declarations:** Required based on the product.
- **Dangerous Goods Forms:** For shipping hazardous materials, as per IATA or IMO rules.

❖ Customs Clearance and Transit:

- **Clearance:** Before shipping, ensure all duties and taxes are paid. On arrival, the cargo is sent to a Cargo Terminal Operator (CTO).
- **CTO Role:** The CTO ensures cargo security and sorts it for collection.

❖ Airway Bills:

- **Master Airway Bill (MAWB):** Covers all goods under one or more house airway bills (HAWB). It's the main document for shipping.
- **Direct Airway Bill (DAWB):** Used for shipments that don't need to be consolidated. Goods can be picked up directly from the CTO without deconsolidation.

❖ Arrival and Delivery:

- **Deconsolidation:** At the Customs Bond Facility, cargo is separated based on its final destination.
- **Outturn Report:** A document confirming that the cargo has arrived and been unloaded.
- **Final Delivery:** After customs clearance and sorting, a transport operator collects the cargo and delivers it to the final destination.

RISK FACTORS

Legal Proceedings Involving a Member Of Promoter Group

P. Karthik Iyer Parasuraman, a member of the Promoter Group, is currently involved in legal proceedings with SEBI, the Stock Exchange, and CBI. These proceedings are at various stages in the judicial process and do not involve the Company, its Directors, or other Promoters. Capt. Deepak Parasuraman, who is not associated with Deccan Chronicle Holdings Limited, is the brother of P. Karthik Iyer Parasuraman. While the Company is not a party to these legal matters, any negative outcomes could potentially impact the public perception of Capt. Deepak Parasuraman and the Company, possibly affecting its reputation, brand, business performance, and financial condition.

Customer Dependency Risk

A significant portion of the company's revenue is concentrated in its top five customers, who contribute 98.71%, 75.99%, 84.32%, and 100% of the revenue for the periods ending February 29, 2024, and the fiscal years ending March 31 for 2023, 2022, and 2021, respectively. The potential loss of business from one or more of these key customers could negatively impact the company's revenue and profitability.

Dependence on Promoters and Key Personnel

The company heavily relies on the expertise and experience of its Promoters and Executive Directors, whose backgrounds are critical to its success. For instance, Capt. Deepak Parasuraman offers invaluable industry experience as an aviation veteran. The continued involvement of these individuals is crucial for providing strategic direction, managing day-to-day operations, and fostering overall business growth. The company's performance is significantly dependent on their specialized knowledge and the ability to attract and retain key managerial personnel. Any disruption in their roles could adversely affect the company's operations and performance.

Legal Proceedings

The company faces ongoing legal proceedings, which could negatively impact its business, results, and financial condition. The disclosed amounts claimed may include joint or several claims against the company and others. There is no guarantee of a favorable outcome, and adverse decisions could materially affect the company's operations and financial health.

Unsecured Loans

The company has outstanding unsecured loans amounting to ₹45.54 lakhs for the fiscal year ending March 31, 2023, and ₹1324.26 lakhs for the period ending February 29, 2024. If any of these lenders demand repayment, the company may need to secure alternative financing, which may not be available on commercially reasonable terms or at all.

Personal Guarantees

The company's promoters, Capt. Deepak Parasuraman and Mr. Kannan Ramakrishnan, have provided personal guarantees for various loan facilities. The revocation of these guarantees could negatively impact the company's operations and financial condition. The company's financial stability and future borrowing capacity depend on the promoters' commitment to honor these guarantees.

Related Party Transactions

The company has engaged in related party transactions with its Promoter and Promoter Group, totaling ₹86.19 lakhs, ₹212.89 lakhs, ₹1072.14 lakhs, and ₹1476.49 lakhs for the periods ending February 29, 2024, March 31, 2023, March 31, 2022, and March 31, 2021, respectively. These transactions may potentially involve conflicts of interest with equity shareholders and may continue in the future.

INDUSTRY OVERVIEW

Among the largest in the world, the Indian logistics industry has significant room to grow, with a direct spending of USD 216 billion in Fiscal 2020. According to predictions, the sector would increase at a compound annual growth rate (CAGR) of 9% to reach USD 365 billion by Fiscal 2026. Several important variables are responsible for this predicted growth:

Economic Growth: The sector benefits from strong underlying economic growth, which supports increased logistics activities and investments.

Regulatory Environment: A favorable regulatory environment has facilitated the evolution of more efficient supply chain formats, enhancing sector performance.

Transportation Infrastructure: Significant improvements in India's transportation infrastructure, particularly in highway connectivity, are bolstering logistics efficiency.

Manufacturing Sector: The growth of the domestic manufacturing sector, supported by favorable policies and heightened domestic and foreign investments, contributes to logistics demand.

Digital Economy: The rapid expansion of the digital economy has introduced innovative business models, including e-commerce, direct-to-consumer, and social commerce, driving logistics needs.

Offline Commerce: Increased offline consumption, industrial activity, and cross-border trade are also contributing to the sector's growth.

A robust economy, improved infrastructure, and a welcoming business climate will all contribute to the expansion of the Indian logistics industry. Retail and e-commerce are expanding due to rising consumerism and a sizable customer base. The Indian retail sector is expected to develop at a compound annual growth rate (CAGR) of 9% from 2019 to 2030, reaching a valuation of over USD 1.8 trillion.

The scope and footprint of the warehouse industry are being increased by foreign investments in warehouse developers and operators. Establishing specific freight corridors, expanding the road and rail networks to enhance connectivity and shorten travel times, and promoting digital transformation via Digital India, Bharat Net, and the National Logistics Portal are just a few of the government's initiatives. In order to offer enough storage, the government is also building warehouses and logistics parks across the nation.

The rapid growth of the warehouse sector is fueled by e-commerce expansion, improved infrastructure, GST adoption, and organized retail. The National Logistics Policy aims to cut India's logistics costs from double digits to single digits of GDP by 2030. The logistics industry has evolved from a focus on transportation and storage to a specialized function that includes end-to-end product planning and management, last-mile delivery services, predictive planning, and analytics. It is highly fragmented, with over 1,000 active participants, including major local players, international leaders, the express division of the government postal service, and emerging start-ups specializing in e-commerce delivery.

The sector encompasses transportation, warehousing, and value-added services such as packaging, labeling, and inventory management. Technological advancements, including transportation management systems (TMS) and warehouse management systems (WMS), have significantly improved operational efficiency, reduced costs, and enhanced customer service. **In FY21, the logistics sector's segment-wise breakdown shows that roads dominate with a 73% share, followed by rail at 18%, and both water and air at 5% each.**

India's World Bank Logistics Performance Index ranking improved from 54th in 2014 to 35th in 2016. **Out of the USD 150 billion logistics cost, nearly 99% is from the unorganized sector, with the organized sector contributing just over 1% (around USD 1.5 billion).** Reducing logistics costs from 14% to 9% of GDP could save USD 50 billion, boosting the competitiveness of Indian goods globally.

DISCLAIMER:

DISCLAIMER

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