

## Company Business

Rapid Fleet Management Services Limited is a Chennai-based company providing **road transportation logistics services** tailored to B2B and B2C clients. Their services include:

- ✦ **Full or Partial Load** : Offering solutions for both full truckloads and shared space for smaller shipments. This involves transporting finished goods from production to warehouses and distribution points, as well as raw materials from ports (Chennai and Mumbai) to manufacturing facilities and secondary transportation from warehouses to dealers.
- ✦ **Exim Services** : Facilitating import and export operations, including customs clearance and logistics, connecting ports to production facilities. Currently focused on inland transportation.
- ✦ **Renewable Transportation Services** : Providing logistics for the renewable energy sector, specifically the transportation of Wind Turbine Generators (WTGs) in Tamil Nadu and to ports for export. This requires specialized equipment like extendable telescopic trailers and adherence to high safety standards.

(₹ in lakhs)

Particulars	For the six months period ended		For the Financial Year ended					
	September 30, 2024		March 31, 2024		March 31, 2023		March 31, 2022	
	%	Amount	%	Amount	%	Amount	%	Amount
Full Load	74%	6,312.62	56%	6,338.27	65%	6,843.52	53%	6,078.54
Part Load	7%	567.24	2%	260.51	3%	306.41	3%	384.28
EXIM	14%	1,223.66	42%	4,771.07	32%	3,402.40	41%	4,760.22
Renewable	5%	399.03	-	-	-	-	3%	335.57
<b>Total</b>	<b>100%</b>	<b>8,502.55</b>	<b>100%</b>	<b>11,369.85</b>	<b>100%</b>	<b>10,552.33</b>	<b>100%</b>	<b>11,558.61</b>

The company serves a diverse range of industries, including **Tyre, Logistics, Electronics, FMCG, Renewable, Durables, FNB, and Chemicals**. They utilize GPS, FAST-TAG SIM TRACKING navigation systems for real-time tracking. The company has also implemented **Digitify, a Transport Management System (TMS)**, to manage the lifecycle of full truck operations. As of the date of the Red Herring Prospectus, the company owns **226 vehicles**.

## INDUSTRY ANALYSIS AND TAM

- ✦ The Indian logistics industry is growing due to the flourishing e-commerce market and technological advancements. The logistics sector in India is predicted to account for **14.4% of the GDP**. In 2021, the Indian logistics sector was valued at **US\$ 250 billion**, and it is predicted to increase to **US\$ 380 billion by 2025**, with a year-on-year growth rate of **10%-12%**. 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 has evolved beyond transportation and storage to include end-to-end product planning, value-added services, predictive planning, and analytics. The Indian logistics industry employs **22 million people**. Road transportation has the largest share in the logistics sector at **73%**, followed by rail (18%), water (5%), and air (5%). The Indian logistics industry is highly fragmented.

## PROMOTERS DETAILS

The promoters of the company are **Mr. Anand Poddar and Ms. Shruti Poddar**.

## IPO Details

- ✦ **Issue Size** : Up to 22,84,800 Equity Shares (Rs. 43.87 Cr.).
- ✦ **Price Band** : ₹183.00 to ₹192.00 per Equity Share.
- ✦ **Listing** : Proposed on the Emerge Platform of National Stock Exchange of India Limited (NSE Emerge).
- ✦ **Pre-Issue Paid-up Share Capital of Promoter** : 97.50%
- ✦ **Post-Issue Paid-up Share Capital of Promoter** : 67.54%

## Objects of the issue

The Net Proceeds of the Issue are proposed to be used for the following:

- ✦ **Purchase of Vehicles (Goods carriages)** : ₹13.00 Crores. This includes purchasing 3 sets of extenders (9 vehicles) for renewable energy transportation and 8 units of trucks for port operations.
- ✦ **Working Capital Requirements**: ₹19.12 Crores. The company expects its working capital needs to reach ₹36.78 Crores for FY 2025-26 and intends to meet ₹19.12 Crores from the Net Proceeds.

The entire Net Fresh Issue Proceeds are proposed to be deployed in the Financial Year 2025-26.



## Financials of the company \_\_\_\_\_

(Fig. in Cr)

Particulars	Sep 30, 2024	March 31, 2024	March 31, 2023	March 31, 2022
Revenue from Operations	85.02	115.58	105.52	113.69
EBITDA	11.48	16.96	12.13	8.72
EBITDA Margins	13.51%	14.68%	11.50%	7.67%
PAT	7.01	8.07	4.71	3.39
PAT Margins	8.25%	6.98%	4.47%	2.99%
ROCE	12.5%	32.59%	26.13%	15.95%
CFOA	3.61	6.45	7.43	24.38

## Comparison with Peers \_\_\_\_\_

Companies	Revenue	EBITDA Margin	PAT Margin	D/E Ratio	MCap	P/E
Rapid Fleet Management Services (FY 2024)	115.58 Cr.	14.68%	6.98%	1.17	142.74 Cr.	17.68*
Premier Roadlines (TTM)	245 Cr.	9%	5.71%	0.05	204 Cr.	15.20
AVG Logistics (TTM)	540 Cr.	17%	7.22%	0.99	377 Cr.	13.60

\*Forward PE is 10.18 on the basis of FY 25 PAT.



## PROS AND CONS

### Pros

- ✦ **Financial Stability:** Demonstrated financial strength with available capital resources.
- ✦ **In-house Vehicle Fleet and its Safety** for smooth operations and delivery.

### Cons

- ✦ **Outstanding legal proceedings :** Adverse decisions in pending legal matters involving the company, promoters, and directors could have a material adverse effect.
- ✦ **Revenue concentration :** Significant dependence of revenue on Full Load and Exim Services and top 10 customers.
- ✦ **Geographical concentration :** Majority of revenues generated from Tamil Nadu, making it vulnerable to adverse developments in the region.
- ✦ No sales growth in FY 23 and FY 24.
- ✦ High Debts





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