



Premier Roadlines Limited

Details of the Issue:

Lead Manager: Hem Securities Limited
Registrar: Maashitla Securities Pvt Ltd
Listing At: NSE SME

Promoters Shareholding Pattern:

Pre-Issue: 100 %
Post-Issue: 73.65 %

Offer Structure:

Retail Shares offered: 50% of the net offer
QIB shares offered: 35% of the net offer
NII(HNI) Shares offered: 15% of the net offer
Issue Size: ₹40.36 cr
Post Issue Paid Up Capital: Rs.2286.25 lakhs

Financial Summary (₹ in Lakhs):

Particulars	10M FY24	FY23
Total Income:	17420.71	19205.60
EBITDA:	1520.62	1280.18
PAT:	874.67	718.50

Minimum Application:

#	Lots	Shares	Amount
Retail:	1	2000	1,34,000
HNI:	2	4000	2,68,000

Valuations (FY23):

Net Asset Value: Rs. 16.05 per share
EPS: ₹ 4.27
P/E: 15.7x
EV/EBITDA: 4.87x
Enterprise value: ₹ 6,246.45 Lakhs

Promoters:

Virender Gupta
Rakhi Gupta
Samin Gupta

RECOMMENDATION

APPLY

Price Band: ₹63 to ₹67 per share

Lot Size: 2000 shares

Bidding Date: 10th May to 14th May

INDUSTRY

LOGISTICS AND TRANSPORTATION

Company Overview

- Incorporated in 2008, Premier Road lines Limited offers logistics solutions for companies, especially for land transportation of goods between 1MT and 250 MT
- The company has a goods transport agency which offers general transport services, project logistics, and over-dimensional/overweight cargo movements across India to its B2B customers under the Contract Logistics division.
- The company conducts its logistics operations utilizing an extensive transportation network spanning across India.

Object of the Issue:

The Fresh Issue includes a public Issue of 6,024,000 Equity Shares of the Company having Face value of ₹ 10 each at an Issue Price of ₹ 63 to ₹67 per Equity Share. The Net Proceeds from the Issue are proposed to be utilized by the Company for the following objects:

- Repayment and/ or payment in full or part, of certain borrowings availed by our company (~₹ 1500 Lakh)
- Purchase of vehicle for commercial purpose (~₹ 275.97 Lakh)
- General Corporate Purpose(~₹ 1400 lakh)

Valuation and Recommendation:

The company has demonstrated a consistent increase in its bottom line alongside growing operating revenues. However, the concern arises on the company's dependency on the third-party service providers which may lead to operational inefficiency. Additionally, the company shows a negative cash flow from operation. Evaluating the annualized **FY24 earnings, the post-IPO fully diluted paid-up capital, the P/E ratio stands at 14.6x**, and issue appears to be fully priced. Therefore, we suggest apply to the issue.

Standalone Financials: (₹ in Lakhs)

Particulars	FY21	FY22	FY23	10MFY24
Revenue From Operations	9,382.96	13,862.12	19,192.65	17,416.63
Growth (in %)	-	47.74%	38.45%	-
EBITDA	423.87	755.93	1280.18	423.87
EBITDA Margin (%)	4.52%	5.45%	6.67%	8.73%
PAT	155.39	388.60	718.50	874.67
ROE (%)	10.25%	21.70%	30.65%	27.85%
ROCE (%)	10.43%	16.73%	19.37%	20.05%
EPS (Basic)	0.92	2.31	4.27	5.19

Comparison of accounting ratios with peers:

Name of Company	Current Market Price	Face Value (Rs)	EPS (Rs)	PE (As on FY23)	RoNW (%)	NAV per share (Rs.)
Premier Roadlines Limited	67	10	4.27	15.7	26.58%	16.05
PEER GROUP						
VRL Logistics Limited	558.85	10	18.80	29.73	33.12%	110.46
AVG Logistics Limited	564.45	10	7.09	79.61	8.76%	76.23
Ritco Logistics Limited	269.20	10	9.94	27.08	16.73%	60.70

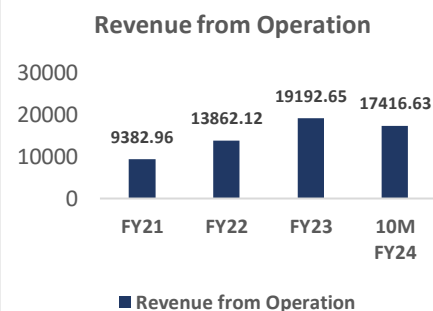
Revenue Bifurcation (Rs. In Lakhs)				
Particulars	10M FY24	FY23	FY 22	FY 21
Project Transportation	32.53%	38.17%	36.04%	35.85%
Contracted Integrated Logistics Services	23.10%	19.09%	19.79%	33.75%
Over- Dimensional/ Over-weight	22.86%	21.08%	20.97%	11.56%
General Logistics	21.53%	21.67%	23.19%	18.83%

Investment Rationale:

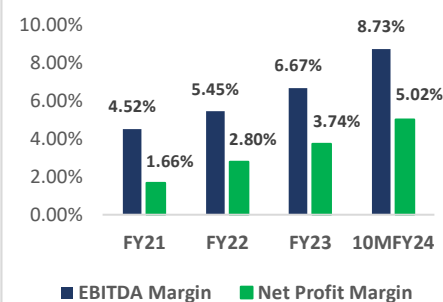
- The company operates across **diverse industries and regions**, capitalizing on the **optimistic outlook for the logistics sector** fuelled by initiatives like "Make in India," expanding e-commerce, GST/E-way bill implementation, National Integrated Logistic policy among others. Despite its potential, the **industry faces intense competition** from organized and unorganized players.
- The **absence of an in-house fleet and heavy dependency on third-party service providers**, such as small fleet owners and agents, for conducting logistics operations could lead to **operational inefficiency and increase in the freight and transportation expenses**.
- With **nationwide coverage** and a notable customer base, the company has fulfilled 23,159 orders for 766 clients as of January 31, 2024, maintaining a **consistent increase in ARPO (₹ 56,633 in FY21 to ₹75,204 in 10MFY24)** over the reporting period.
- In FY23, the company experienced a notable surge in profits from **₹155.39 lakhs in FY21 to ₹718.50 lakhs in FY23**, reflecting positive performance and progress in the company's financial health during this period.
- Based on annualized **FY24 earnings**, the **post-IPO fully diluted paid-up capital**, the **P/E ratio stands at 14.6x**, and issue appears to be fully priced.

FINANCIAL HIGHLIGHTS:

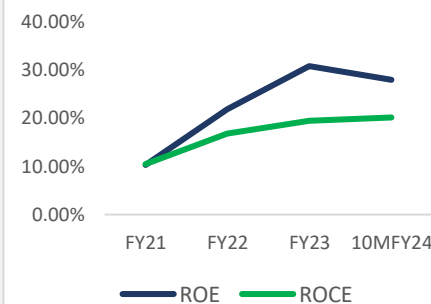
Revenue from Operations (in ₹ Lakhs)



EBITDA and Net Profit Margin:



Profitability Ratios:



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This paper has been prepared by Cokaco, a virtual platform by NNM Nextgen Advisory Pvt. Ltd. an investment banking firm based out of Mumbai providing a bouquet of financial services.

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