IPO REVIEW

# Om Freight Forwarders IPO

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- The company is engaged in providing 3PL integrated logistics services to domestic as well as international clients.
- The company has posted inconsistency in its top and bottom lines for the reported periods.
- It is operating in a highly competitive and fragmented segment.
- Based on its recent financial data, the issue appears aggressively priced.
- There is no harm in skipping this pricey and dicey “High Risk/Low Return” bet.

## About the Company

Om Freight Forwarders Ltd. (OFFL) is a 3PL (Third Party Logistics Provider) providing integrated service to customer. Its services include international freight forwarding, customs clearance (CHA), vessel agency services, transportation service, warehousing, and distribution. The company delivers cost-effective, end-to-end logistics solutions, ensuring smooth operations and timely delivery for businesses around the world, no matter their location. It is also engaged in handling of project cargo, which is a specialized activity requiring detailed planning and technical expertise.

OFFL serves as a trusted India-based agent, specializing in comprehensive import and export customs clearance services across all major air and seaports in the country. Backed by over four decades of operational and handling expertise, the company seamlessly combines in-depth customs knowledge with advanced information technology. Committed to stringent compliance with customs regulations and quality standards, it ensures minimal delays and reliable service for clients worldwide. The company stays well-versed with the latest customs policies, procedures, and regulations, enabling the efficient clearance of consignments via sea, air, and road. This expertise allows it to deliver seamless, efficient, and compliant logistics solutions tailored to customer needs. (Source: CRISIL Report)

The company employs a hybrid asset strategy that combines owned and rental assets to optimize both operational efficiency and financial performance, enabling it to respond effectively to changing market conditions and customer demands. By integrating owned and rental assets, the company achieves operational flexibility, maximize resource utilization, and enhance financial outcomes.

Currently, its fleet includes 135 owned commercial vehicles and equipment, such as cranes, forklifts, trailers, payloaders, tippers, and vessels. In addition, it has established network of 22 logistics partners who provide it with vehicles and other essential assets and services. OFFL’s ‘asset-right’ business model, built on longstanding relationships with these partners, enables to maintain a cost-

effective, efficient fleet while ensuring consistent service delivery. As of March 31, 2025, it had 781 employees on its payroll.

## Issue Details / Capital History

The company is coming out with its maiden book building route IPO of equity shares worth Rs. 24.436 cr. – (approx. 1810074 equity shares at the upper cap), and an Offer for Sale (OFS) of 7250000 equity shares (worth Rs. 97.88 cr. at the upper cap). Thus, over all issue size is for 9060074 equity shares worth Rs. 122.31 cr. at the upper cap. The company has announced a price band of Rs. 128 – Rs. 135 per equity shares of Rs. 10 each. The issue opens for subscription on September 29, 2025, and will close on October 03, 2025. The minimum application to be made is for 111 shares and in multiples thereon, thereafter. Post allotment, shares will be listed on BSE and NSE. The issue constitutes 26.90% of the post-IPO paid-up equity capital. From the net proceeds of the IPO, the company will utilize Rs. 17.15 cr. for capex on acquisition of commercial vehicle and heavy equipment, and the rest for general corporate purposes.

The company has reserved 450105 equity shares (worth Rs. 6.08 cr. at the upper cap) for its eligible employees, and from the rest, it has allocated not more than 50% for QIBS, not less than 15% for HNIs, and not less than 35% for Retail investors.

The sole Book Running Lead Manager (BRLM) to this issue is Smart Horizon Capital Advisors Pvt. Ltd., while Bigshare Services Pvt. Ltd., is the registrar to the issue. Shreni Shares Ltd. is a syndicate member.

Having issued initial equity shares at par, the company issued further equity shares in the price range of Rs. 2110 – Rs. 4000 per share between July 2006, and January 2008. The company has also issued bonus shares in the ratio of 3 for 1 in October 2014, 280 for 1 in April 2024. The average cost of acquisition of shares by the promoters/selling stakeholders Rs. NIL, and Rs. 38.74 per share.

Post-IPO, its current paid-up equity capital of Rs. 31.87 cr. will stand enhanced to Rs. 33.68 cr. Based on the upper cap of the IPO price band, the company is looking for a market cap of Rs. 454.62 cr.

## Financial Performance

On the financial performance front, for the last three fiscals, the company has (on a consolidated basis) posted a total income/net profit, of Rs. 493.35 cr. / Rs. 27.16 cr. (FY23), Rs. 421.32 cr. / Rs. 10.35 cr. (FY24), and Rs. 494.05 cr. / Rs. 21.99 cr. (FY25). While its top line remained almost static, it marked inconsistency in it as well as in the bottom lines for the reported periods.

For the last three fiscals, the company has posted an average EPS of Rs. 5.95 and an average RoNW of 11.86%. The issue is priced at a P/BV of 2.48 based on its NAV of Rs. 54.44 as of March 31, 2025, and at a P/BV of 22.24 based on its post-IPO NAV of Rs. 6.07 per share (at the upper cap). There appears to be some mismatch in its post-IPO NAV data.

If we attribute FY25 earnings to its post-IPO fully diluted paid-up equity capital, then the asking price is at a P/E of 20.67. Based on FY24 earnings, the P/E stands at 43.97. Thus, the issue appears aggressively priced.

The company has shown PAT margins of 5.76% (FY23), 2.52% (FY24), 4.49% (FY25), and RoCE margins of 35.46%, 9.72%, 15.80%, respectively for the referred periods.

## Dividend Policy

The company has not paid any dividends for the reported periods of the offer document. It will adopt a prudent dividend policy, based on its financial performance and future prospects.

## Comparison with Listed Peers

As per the offer document, the company has shown Tiger Logi., Total Transport, AVG Logi., Patel Integrated, as their listed peers. They are currently trading at a P/E of 18.6, 9.94, 15.9, and 13.3 (As of September 26, 2025). However, they are truly not comparable on an apple-to-apple basis.

## Merchant Banker's Track Record

This is the 12th mandate from Smart Horizon in the last two fiscals (including the ongoing one). Out of the last 10 listings, 1 opened at discount, 1 at par, and the rest with premium ranging from 0.81% to 90% on the date of listing.

## Conclusion / Investment Strategy

OFFL is engaged in providing 3PL integrated logistics services to domestic as well as international clients. The company has posted inconsistency in its top and bottom lines for the reported periods. It is operating in a highly competitive and fragmented segment. Based on its recent financial data, the issue appears aggressively priced. There is no harm in skipping this pricey and dicey “High Risk/Low Return” bet.


### About Dilip Davda

Dilip Davda is a veteran financial journalist associated with the Indian stock market since 1978. He has been contributing to print and electronic media on capital markets, insurance, and finance since 1985. He is widely recognized for reviewing public issues and non-convertible debentures (NCDs) in the primary market, with a special emphasis on SME public issues.

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