

Leap India Ltd – IPO Investment Note

Issue Open	Issue Close	Price Band (₹)	Rating
07 August 2026	11 August 2026	₹151-159	Neutral

Investment Summary

LEAP India Limited is India's largest on-demand supply-chain asset pooling provider, operating a technology-enabled circular "share and reuse" model across **pallets, reusable containers and material handling equipment**. Its sizeable asset base, pan-India fulfilment network, high asset utilisation and relationships with more than 1,000 customers across F&B, automotive, 3PL, e-commerce, FMCG and industrial sectors provide a strong platform to benefit from the increasing adoption of palletisation, warehouse automation and outsourced asset management in India. The acquisition of CHEP India and the complementary MHE capabilities of subsidiary TARON further strengthen its product portfolio and cross-selling potential. However, the business remains capital-intensive, with high depreciation, recurring asset replacement requirements, meaningful leverage and exposure to asset losses, maintenance costs and customer-contract renewals. Recent growth has also benefited from the full-year consolidation of CHEP India, while operating margins have moderated and return on equity remains relatively modest. Although IPO-led debt repayment should improve the balance sheet, the issue pricing already factors in substantial future growth and improvement in return ratios.

Accordingly, we adopt a **Neutral** stance, with future upside dependent on sustained organic growth, efficient asset deployment, successful integration of acquisitions and stronger conversion of operating earnings into free cash flow.

Company Overview

LEAP India Limited is a technology-enabled supply-chain asset pooling company that operates through a circular "share and reuse" model and is the largest on-demand asset pooling provider in India based on the number of pooled assets. The company owns and manages pallets, reusable containers and material handling equipment ("MHE"), including forklifts, reach trucks and stackers, enabling customers to access standardised supply-chain assets without incurring ownership, maintenance and asset-management responsibilities. As of March 31, 2026, LEAP managed **14.70 million assets** through a pan-India network of **over 10,100 customer touchpoints and 29 fulfilment centres**, serving more than **1,000 customers** across F&B, automotive, 3PL, e-commerce and quick commerce, FMCG, industrial and other sectors.

Business Model

LEAP follows an asset ownership and pooling model under which it procures and owns reusable supply-chain assets and provides them to customers based on their operational requirements. Pallets and containers are offered through pooling arrangements, while MHE is provided under hire arrangements. The company manages the entire asset lifecycle, including procurement, deployment, retrieval, maintenance, tracking, refurbishment and eventual replacement, allowing customers to avoid upfront capital expenditure and the operational burden of owning these assets.

The company generates recurring revenue through two principal models. Under **Static Hire**, assets are deployed at a specific customer facility and LEAP charges a per-day rental for the period of usage. Under **Movement Hire**, assets travel across multiple supply-chain locations, and customers are charged both a per-day rental and a movement fee whenever the asset is transferred between locations or legal entities. Customer contracts typically have tenures of **one to five years**, generally include auto-renewal provisions and provide for price escalations and cost pass-throughs.

In addition to rental and movement income, LEAP earns allotment fees, asset-loss charges and revenue from ancillary services such as repair and maintenance, transportation and inventory management. Its network of fulfilment centres and mobile repair units supports asset availability and turnaround, while technologies such as RFID, IoT, the MyLEAP customer portal and the Asset Audit App enable asset tracking, inventory control and loss management. Contractual provisions generally require customers to compensate LEAP for lost assets, helping protect asset economics and improve the yield generated over their useful lives.

Financial Performance

- **Revenue CAGR ~ (FY24–FY26): ~41.40%**, by higher product sales, increased rental income across pallets, containers and MHE, and the expanded business base following the CHEP India acquisition. Revenue grew ₹364.97 Cr in FY24 to ₹729.53 Cr in FY26.
- **EBITDA growth** ₹209.92 Cr (FY24) → ₹273.80 Cr (FY25) → ₹378.83 Cr (FY26), while margins are at ~50.69% in FY26.
- **PAT trajectory:** ₹37.17 Cr (FY24) → ₹37.56 Cr (FY25) → ₹62.34 Cr (FY26) with a 8.34% margin.
- **Return metrics:** Return on Equity improved from 5.79% in FY24 to 6.48% in FY26, after declining to 4.60% in FY25. EBITDA-based ROCE stood at 19.06% in FY26, compared with 18.01% in FY25 and 20.33% in FY24.
- **Balance sheet:** Net worth ₹1,006.33 Cr, Debt (D/E 1.01×), net cash from operating activities ₹268.27 Cr
- **Key ratios:** Basic EPS ₹1.52 in FY26, NAV per share ₹24.52.

Financial Snapshot

Metric	INR CR		
	FY24	FY25	FY26
Revenue from Operations	364.97	466.47	729.53
EBITDA	209.92	273.80	378.83
EBITDA Margin	56.44%	56.45%	50.69%
Profit After Tax (PAT)	37.17	37.56	62.34
PAT Margin	9.99%	7.74%	8.34%
Basic EPS (₹)	0.90	0.91	1.52

Investment Rationale

1. Large Underpenetrated Market with Structural Growth Drivers:

India remains significantly underpenetrated in pallet pooling, with only **10 million pooled pallets**, representing **9.4% of the country's total pallet base**. Rising supply-chain automation, Grade-A warehousing, vertical storage, e-commerce and ESG-led adoption of reusable packaging provide a long runway for palletization and pooling demand.

2. Market Leadership Supported by Scale and Network Barriers:

LEAP is the **largest on-demand asset pooling provider in India** based on the number of pooled assets and the only pallet-pooling player operating at considerable scale nationally. Its **14.70 million assets, 10,100 customer touchpoints and 29 fulfilment centres** create network advantages, enable faster asset deployment and retrieval, and would require substantial time and capital for a new entrant to replicate.

3. Recurring and Sticky Business Model with a Diversified Customer Base:

The company serves over **1,000 customers** across F&B, automotive, 3PL, e-commerce, FMCG and industrial sectors, with several of its largest customers associated for more than five years. Assets are deeply integrated into customer supply chains, resulting in low switching propensity and **nil churn among the top 100 customers in FY26**.

4. Technology-Led Asset Management Supports Utilisation and Asset Economics:

LEAP uses RFID, IoT, MyLEAP, the Asset Audit App, Transport Management System and POD applications to track deployment, manage inventory and retrieve assets. These capabilities, together with repair and maintenance infrastructure, supported FY26 utilisation rates of **89.34% for pallets, 71.68% for containers and 79.79% for MHE**, helping improve asset productivity and control losses.

5. Integrated Product Portfolio and Cross-Selling Opportunities:

LEAP offers pallets, containers and MHE through a single platform, allowing customers to meet multiple supply-chain requirements through one service provider. The acquisition of **CHEP India** strengthened its container business and customer network, while subsidiary **TARON** provides complementary forklift and lithium-ion MHE solutions, creating opportunities to cross-sell across the combined customer base.

6. Strong Operating Growth with IPO-Led Deleveraging Potential:

Revenue from operations grew at a ~**41.4% CAGR over FY24–FY26**, while EBITDA and PAT increased to **₹378.83 Cr** and **₹62.34 Cr**, respectively, in FY26. The company proposes to utilise **₹360 Cr** of the fresh-issue proceeds for debt repayment, which should reduce indebtedness and debt-servicing costs while releasing internal accruals for future growth.

7. Backed by KKR with Continued Post-IPO Alignment:

KKR acquired control of LEAP India through its Asia-Pacific infrastructure platform in September 2023 and subsequently infused additional growth capital into the company. Although the KKR-backed promoter is partly monetising its investment through the IPO, it is expected to retain approximately **40% of the post-issue equity** at the upper price band and remain LEAP's largest shareholder, providing continued strategic oversight, institutional governance and access to KKR's operating and global infrastructure expertise.

Key Risk Factors

1. Sustainability of Rapid Growth and Profitability:

LEAP's revenue from operations grew by **56.39% in FY26**, compared with 27.81% in FY25; however, historical growth may not be sustained as the business scales. Failure to efficiently manage asset additions, customers, fulfilment centres, personnel and acquisitions could increase costs and adversely affect profitability, cash flows and operational performance.

2. High Dependence on the Pallet Pooling Business:

Pallets contributed **62.17% of FY26 revenue from operations**, compared with 67.90% in FY25 and 72.23% in FY24. Any decline in pallet-pooling demand, shift towards one-way, plastic or metal pallets, technological disruption or change in customer preferences could result in lower asset utilisation, revenue pressure and potential obsolescence of the company's wooden pallet base.

3. Supplier Concentration and Raw-Material Availability:

LEAP depends on third-party suppliers for assets and service providers for activities such as transportation, with its **top 10 suppliers and service providers accounting for 63.27% of total purchases in FY26**. Disruption in supply, inability to replace a major vendor or volatility in timber, plastic, freight and imported MHE costs could delay asset deployment and increase procurement and operating costs.

4. Asset Loss, Damage and Maintenance Risks:

As pallets and containers circulate through multiple customer and third-party locations, LEAP remains exposed to asset loss, leakage and damage. Although customer contracts generally provide for recovery of lost-asset costs, the company may not always collect such amounts; inadequate tracking, higher damage rates or rising repair costs could lead to asset write-offs, replacement capex and pressure on margins and cash flows.

5. Customer Retention and Contract-Renewal Risk:

LEAP generally enters into recurring multi-year customer contracts, with select contracts extending up to five years; however, these agreements may not be renewed or could be renewed on less favourable terms. The **top 10 customers contributed 26.65% of FY26 revenue**, and the loss of a major customer could lower utilisation, weaken pricing and leave customised assets under-deployed or redundant.

IPO Details and Use of Proceeds

Parameter	Details
Issuer	LEAP India Ltd.
IPO Issue Size	Total Issue Size: ₹2480.00 Cr Fresh Issue of ₹480 Cr & OFS of ₹2000 Cr
Price Band	₹151 – ₹159 per share
Face Value	₹1 per share
Post-Issue Market Cap	Approx. ₹7005 Cr
IPO Opening Date	07 August 2026
IPO Closing Date	11 August 2026
Listing	NSE / BSE
Promoter Holding (Pre/Post)	Pre-IPO: ~95.42% → post-IPO: ~60.61%
Book Running Lead Managers	JM Financial Limited Aventus Capital Private Limited. IIFL Capital Services Limited UBS Securities India Private Limited
Use of Proceeds	• Repayment/pre-payment of Debt. (~360 Cr) • General Corporate Purposes

Valuation and Outlook

At the upper price band of **₹159 per share**, **LEAP India Limited** is valued at a post-issue market capitalisation of approximately **₹7,005 crore**. As of FY26, the stock is valued at a post-IPO **P/E of ~112.4x** and an **EV/EBITDA multiple of ~20.3x**, which appears **aggressively priced** compared with the broadly observed **~9–13x EV/EBITDA range** for global pallet-pooling and asset-rental companies. The valuation is also demanding considering LEAP's FY26 **ROE of 6.48%**, high depreciation burden and moderation in EBITDA margin to **50.69%**, while part of the recent growth reflects the full-year consolidation of CHEP India. Nevertheless, LEAP's market leadership, nationwide asset-pooling network, recurring rental model, high asset utilisation and significant headroom for palletisation in India provide a strong long-term growth opportunity. Overall, we believe the IPO valuation already incorporates substantial future growth and margin improvement; accordingly, we assign a **"Neutral"** rating, with further upside dependent on sustained organic growth, successful CHEP integration, improved return ratios and stronger conversion of operating earnings into free cash flow.

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