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Retail Research	IPO Note
Sector: Capital Goods	Price Band (Rs): 151 – 159
04th August 2026	Recommendation: NEUTRAL

LEAP India Ltd.

Company Overview:

LEAP India Ltd. is India's largest on-demand asset-pooling provider, offering pallets, containers and material handling equipment (MHE) to businesses across diverse industries under reusable rental and pooling arrangements. The company manages the entire asset lifecycle, including procurement, deployment, digital tracking, retrieval, repair, maintenance and redeployment, enabling customers to access essential supply-chain infrastructure without incurring the cost and operational burden of ownership. As of Mar'26, LEAP operated over 14.7 mn assets across 10,100 customer touchpoints, supported by 29 fulfilment centers and a customer base of over 1,000 companies. It held a 90% share of India's pallet-pooling market, while the pallet business contributed 62.2% of its FY26 revenue from operations.

Key Highlights:

1. Resilient Business Model and Diversified Customer Base: LEAP serves over 1,000 customers across FMCG, food and beverages, automotive, industrials, e-commerce and third-party logistics, reducing dependence on any single industry. Its customer contracts generally range from one to five years and include provisions for automatic renewal, price escalation and recovery of asset repair or loss costs. The top 10 customers contributed 26.7% of FY26 revenue, indicating relatively low customer concentration.

2. Technology-Led Asset Management: The company uses technologies such as RFID, IoT, analytics and proprietary applications to track assets, forecast demand, manage inventory and improve utilization. Its digital ecosystem includes the MyLEAP platform, Asset Audit Application, POD Application and RFID-based tracking systems.

3. Favorable Industry Growth Prospects: India's asset pooling industry remains significantly underpenetrated, with pooled pallets representing only 9.4% of the country's 106 mn pallets in FY26, compared with substantially higher adoption in developed markets. Growth in organized retail, manufacturing, e-commerce, Grade-A warehousing and supply-chain automation, along with the transition from static to movement-based hiring, is expected to support long-term demand for asset pooling services.

4. Market Leadership with High Entry Barriers: LEAP's leadership is underpinned by a nationwide fulfilment and asset-recovery network which allows assets to circulate efficiently across customer supply chains while maintaining high utilization. Replicating this model requires substantial capital, dense logistics coverage, reliable repair capabilities, robust tracking systems and long-standing customer relationships. These structural requirements, reinforced by network effects and the acquisition of CHEP India, make entry and expansion difficult for smaller or regional competitors.

View & Valuation: LEAP India is India's largest asset-pooling company with a strong brand backed by operational excellence, a nationwide service network and technology enabled asset management capabilities. Strategic acquisitions such as SKAN Marine, CHEP India and TARON has expanded the company's asset base, customer network and capabilities in pallet pooling and MHE, strengthening its leadership in India's supply-chain asset pooling market. LEAP's Revenue/EBITDA/PAT has grown at a CAGR of ~41.4%, 33.4% and 29.5% respectively between FY24-26 period. At the upper price band of Rs 159, the issue is valued at a PE and EV/EBITDA (due to asset-heavy business) multiples of 20.9x and 112.4x respectively based on FY26 post issue capital. The company is expected to generate interest cost savings of ~Rs 29-32 cr post utilization of IPO proceeds. While LEAP is a market leader in India's asset-pooling industry, it is working-capital intensive as reflected in its elevated receivable days of ~131, thus raising concern over healthy cash flow conversion. Hence, we assign a NEUTRAL rating to the issue and would like to track the performance of the company for a few quarters post listing.

Issue Details	
Date of Opening	07th August 2026
Date of Closing	11th August 2026
Price Band (Rs)	151 – 159
Issue Size (Rs cr)	2,480
Fresh Issue (Rs cr)	480
Offer for Sale (Rs cr)	2,000
No. of shares	15,59,74,843 @ upper price band
Face Value (Rs)	1
Post Issue Market Cap (Rs cr)	7,005 @ upper price band
BRLMs	JM Financial Ltd, Avendus Capital Pvt. Ltd., IIFL Capital Services Ltd., UBS Securities India Pvt. Ltd.
Registrar	MUFG Intime India Pvt Ltd.
Bid Lot	94 shares and in multiple thereof
QIB shares	50%
Retail shares	35%
NII shares	15%
Employee Reservation (Rs cr)	1.25

Objects of Issue

Particulars	Estimated utilization (Rs cr)
Pre-payment or re-payment of borrowings	360.0
General corporate purposes*	-
Net proceeds from the issue	-

**To be finalized upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC. The amount utilized for general corporate purposes shall not exceed 25% of the Gross Proceeds.*

Shareholding Pattern

Pre-Issue	No. of Shares	%
Promoter & Promoter Group	39,28,15,012	95.7
Public & Others	1,75,32,768	4.3
Total	**41,03,47,780**	**100.0**

Post Issue @ Upper Price Band	No. of Shares	%
Promoter & Promoter Group	26,70,28,848	60.6
Public & Others	17,35,07,611	39.4
Total	**44,05,36,459**	**100.0**

Selling Shareholders through OFS	Category	Number of shares @ UB
Vertical Holdings II Pte. Ltd	Promoter	12,56,99,560
KIA EBT Scheme 3	Promoter	86,640
Total		**12,57,86,164**

Source: RHP, SBICAP Securities Research

Key Financials

Particulars (Rs cr)	FY24	FY25	FY26
Revenue from operations	365	466	730
EBITDA	203	255	361
EBITDA Margin (%)	55.6	54.7	49.5
PAT	37	38	62
PAT Margin (%)	10.2	8.1	8.5
EPS	0.9	0.9	1.5
RoE (%)	5.2	4.1	6.2
RoCE (%)	7.9	7.0	8.6
EV/EBITDA*	34.6	28.6	20.9
P/E (x)*	175.5	173.7	104.7

Note: Pre-issue P/E and EV/EBITDA are based on upper price band
Source: RHP, SBICAP Securities Research

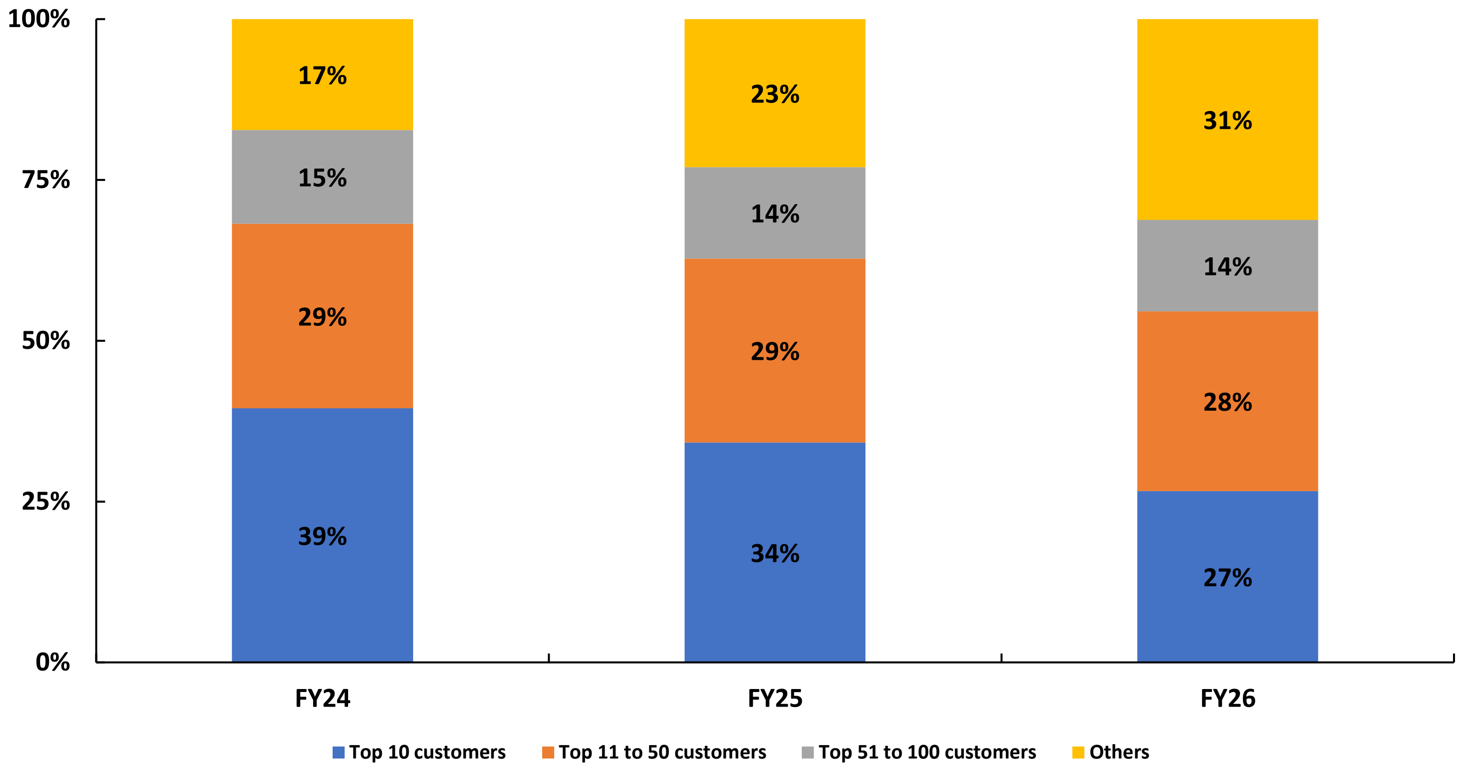
Risk Factors

- **Dependence on Pallet Pooling:** Pallets contributed 62.2% of FY26 revenue from operations. A decline in pallet-pooling demand, shift toward alternative materials or preference for one-way pallets could materially affect revenue and asset utilization.
- **Supplier Concentration:** Top 10 suppliers and service providers accounted for 63.3% of FY26 purchases. Disruptions, price increases or quality issues at key suppliers could affect asset availability, operating costs and customer service.
- **Employee and MHE Operator Attrition:** Attrition remained high in FY26, at 31.3% for permanent employees and 56.0% for MHE operators. Continued employee turnover could raise hiring and training costs and lead to operational or safety-related disruptions.
- **Technology and Cybersecurity Dependence** LEAP relies on internal and third-party systems for asset tracking, billing and customer integration. System failures, cyberattacks, inaccurate billing or prolonged downtime could disrupt operations and damage customer relationships.
- **Rising Maintenance Costs:** Repair and maintenance expenses amounted to Rs 39.8 cr, or 6.0% of total expenses, in FY26. Higher asset damage, labour costs or timber prices could increase maintenance expenditure and weaken profitability.

Growth Strategies

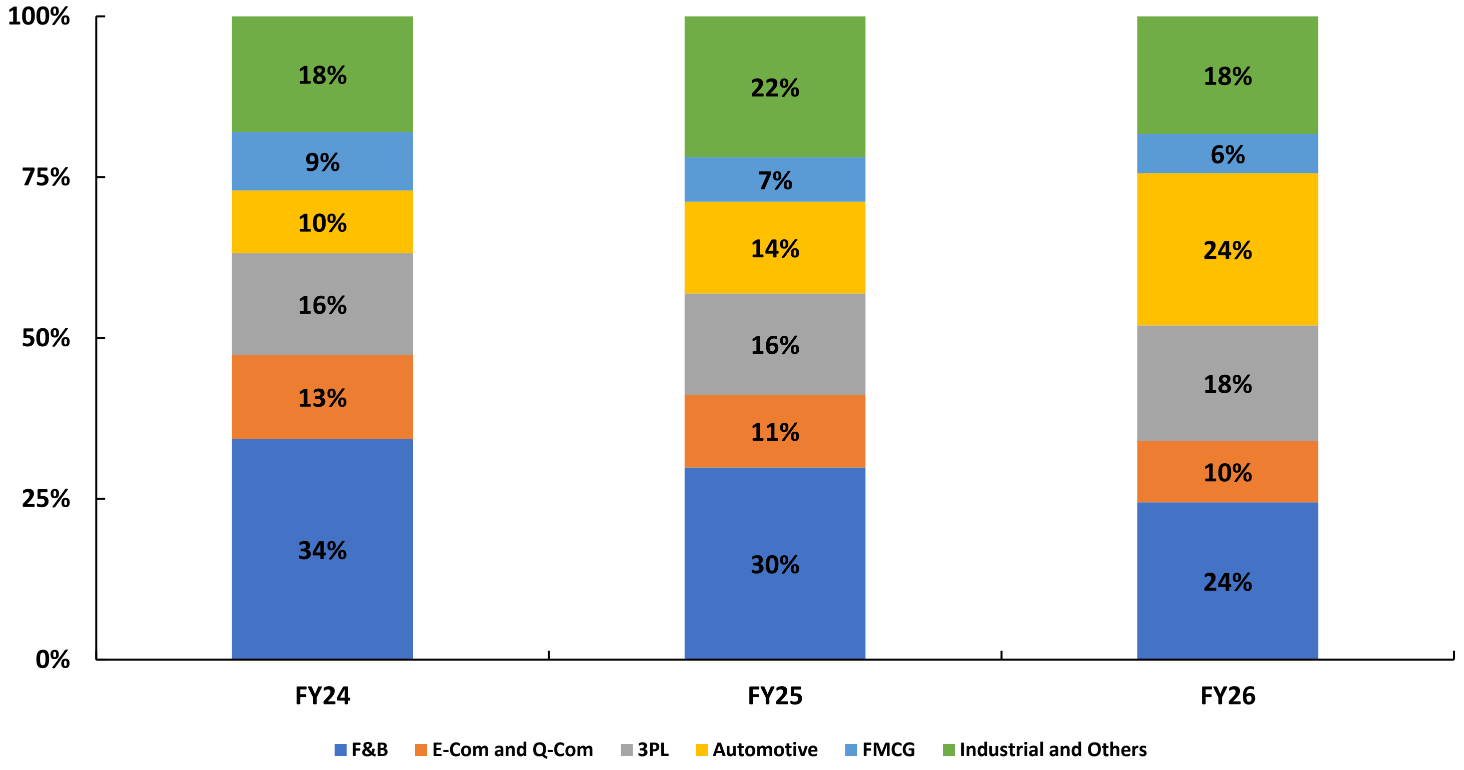
- Integrate CHEP India and selectively pursue inorganic growth opportunities
- Expand the product offerings to existing customers
- International expansion in West Asia

Customer-wise Revenue Split



Source: RHP, SBICAP Securities Research

Revenue Contribution from End-Use Industries



Source: RHP, SBICAP Securities Research

Number of Assets and Utilization

Particulars	FY24		FY25		FY26	
	Units	Utilization (%)	Units	Utilization (%)	Units	Utilization (%)
Pallets (mn)	5.98	87.8	8.04	87.5	8.98	89.3
Containers (mn)	1.94	66.2	5.26	76.0	5.71	71.7
Material Handling Equipment (MHE)	3,499	82.5	3,384	81.5	4,743	79.8

Operating Model

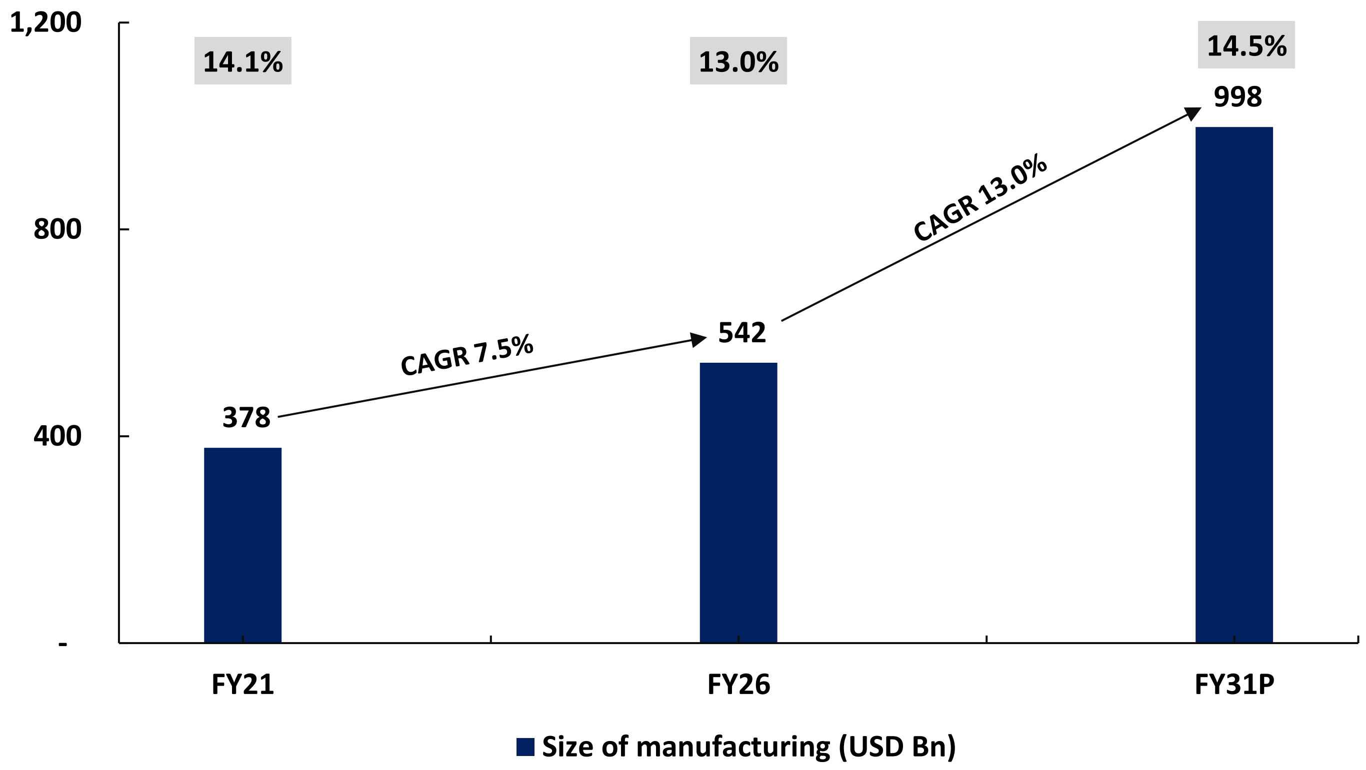
Fulfilment Center locations

* *Map not to scale*

Source: RHP, SBICAP Securities Research

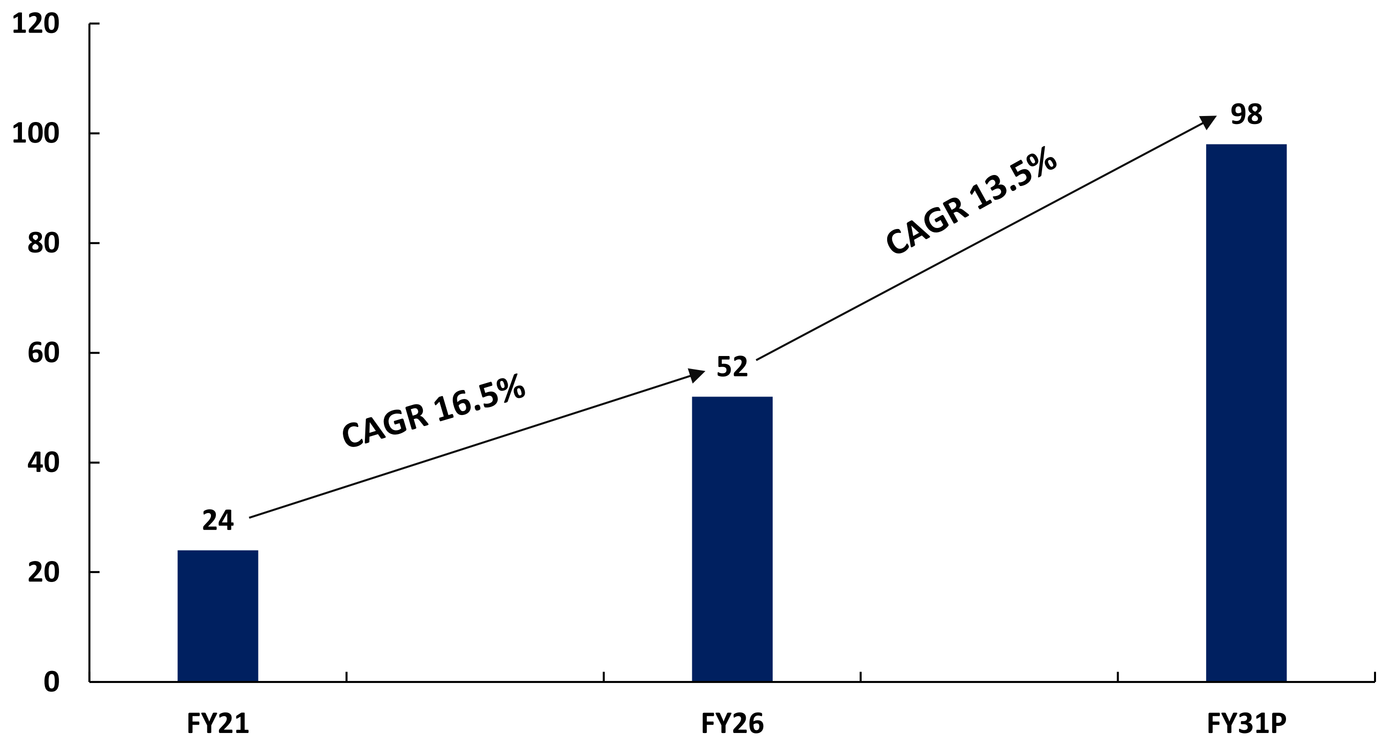
Industry Overview

India's manufacturing business size and contribution to GDP (USD Bn)



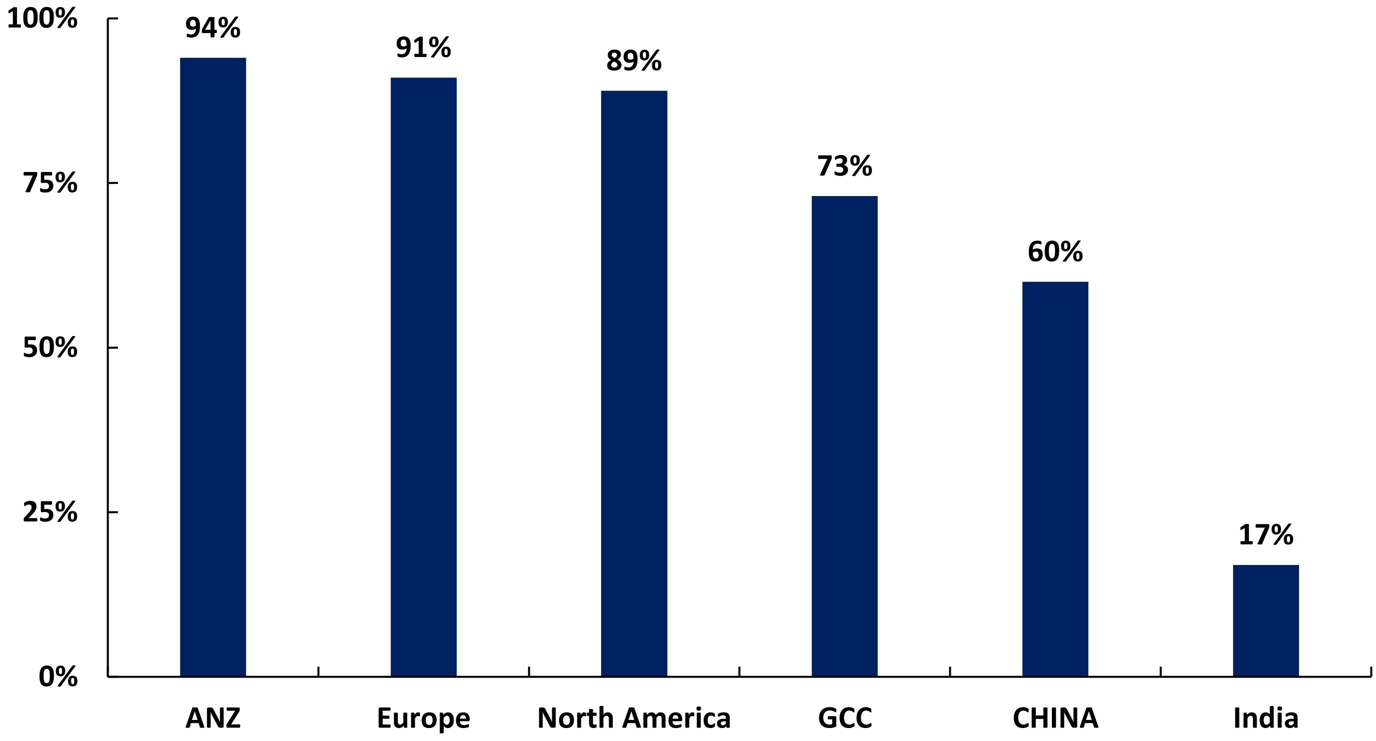
Source: RHP, SBICAP Securities Research

Warehouse Market size in India (USD Bn)



Source: RHP, SBICAP Securities Research

Level of Palletization by country/region - CY 2025



Source: RHP, SBICAP Securities Research

Financial Snapshot

INCOME STATEMENT			
Particulars (Rs cr)	FY24	FY25	FY26
Revenue from Operations	**365**	**466**	**730**
YoY growth (%)	-	*27.8%*	*56.4%*
COGS (incl Stock Adj)	10	12	30
Gross Profit	**355**	**455**	**700**
Gross margin (%)	***97.2%***	***97.5%***	***95.9%***
Employee Cost	62	90	128
Other Operating Expenses	90	110	210
EBITDA	**203**	**255**	**361**
EBITDA margins (%)	***55.6%***	***54.7%***	***49.5%***
Other Income	7	19	18
Interest Exp.	51	68	94
Depreciation	113	154	204
PBT	**47**	**52**	**81**
Tax	10	14	19
PAT	**37**	**38**	**62**
PAT margin (%)	***10.2%***	***8.1%***	***8.5%***
EPS (Rs)	**0.9**	**0.9**	**1.5**

BALANCE SHEET			
Particulars (Rs cr)	FY24	FY25	FY26
Assets			
Net Block	975	1,229	1,481
Capital WIP	1	0	8
Right of use assets	56	116	132
Goodwill	42	42	42
Intangible Assets	11	168	165
Intangible Assets under development	-	5	0
Other Non-current Assets	26	45	42
Current Assets			
Current Investment	52	101	107
Inventories	15	23	33
Trade receivables	144	199	262
Cash and Bank Balances	9	27	7
Other Current Assets	69	83	121
Total Current Assets	**289**	**435**	**531**
Current Liabilities & Provisions			
Trade payables	47	78	86
Other current liabilities	49	59	109
Short-term provisions	1	1	3
Total Current Liabilities	**98**	**138**	**199**
Net Current Assets	**191**	**296**	**333**
Assets Classified as held for sale	-	2	-
Total Assets	**1,302**	**1,904**	**2,202**
Liabilities			
Share Capital	3	3	12
Instruments entirely equity in nature	190	308	315
Reserves and Surplus	522	606	679
Total Shareholders' Funds	**714**	**917**	**1,006**
Minority Interest	-	-	-
Total Debt	513	802	1,018
Long Term Provisions	1	2	1
Lease Liabilities	58	118	134
Net Deferred Tax Liability	15	65	43
Total Liabilities	**1,302**	**1,904**	**2,202**

Particulars (Rs cr)	FY24	FY25	FY26
Cash flow from Operating Activities	149	255	268
Cash flow from Investing Activities	(339)	(1,295)	(360)
Cash flow from Financing Activities	189	1,021	72
Capex	(326)	(293)	(390)
Free Cash Flow	(177)	(38)	(122)

RATIOS			
Particulars	**FY24**	**FY25**	**FY26**
Profitability			
Return on Assets	2.7%	1.8%	2.6%
Return on Capital Employed	7.9%	7.0%	8.6%
Return on Equity	5.2%	4.1%	6.2%
Margin Analysis			
Gross Margin	97.2%	97.5%	95.9%
EBITDA Margin	55.6%	54.7%	49.5%
Net Profit Margin	10.2%	8.1%	8.5%
Short-Term Liquidity			
Current Ratio (x)	1.5	1.5	1.3
Quick Ratio (x)	1.4	1.4	1.2
Avg. Days Sales Outstanding	144	156	131
Avg. Days Inventory Outstanding	15	18	17
Avg. Days Payables	47	61	43
Fixed asset turnover (x)	0.4	0.4	0.5
Debt-service coverage (x)	0.2	0.1	0.2
Long-Term Solvency			
Total Debt / Equity (x)	0.7	0.9	1.0
Interest Coverage Ratio (x)	1.9	1.8	1.9
Valuation Ratios*			
EV/EBITDA (x)	34.6	28.6	20.9
P/E (x)	175.5	173.7	104.7
P/B (x)	9.1	7.1	6.5
EV/Sales (x)	19.3	15.6	10.3
Market Cap/Sales (x)	17.9	14.0	8.9

***Valuation ratios are based on pre-issue capital at the upper price band**

Source: RHP, SBICAP Securities Research

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