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ABOUT COMPANY:

Arvind and Company Shipping Agencies Ltd. (ACSAL) is a part of Arcadia group of Jamnagar. As on date, the group has a portfolio of approximately 34 barges to cater to its clients. Arcadia Group is a service provider to various port construction companies. Such services include stevedoring, Cargo handling, ship agency work, dredging, underwater trenching, underwater rock breaking, port constructions, port maintenance and other marine works.

Since Incorporation in 1987, ACSAL has been engaged in the business of Shipping and Forwarding agents. Its revenue from operations consisted of commission income charged from the clients. It "Hotel Millennium Plaza" in FY 1997 which was fetching rental income to the company till FY 2021.

The company is primarily engaged in chartering business. Further, as on the date of this Prospectus, ACSAL manages two hotels viz. "Hotel Millennium Plaza" and "Hotel 999" out of which "Hotel Millennium Plaza" is owned by the company since Year 1997 while Hotel "Hotel 999" is owned by the promoter, but it is managed by company based on the rent agreement dated May 09, 2023. However, both these projects are under refurbishment of 144 rooms and have become operational only recently, hence the revenue of company pertains to barges services till first half of FY24. According to management, second half of current fiscal will have contribution from hospitality sector. As of May 31, 2023, it had 16 employees on its payroll.

FINANCIAL PERFORMANCE:

On the financial performance front, for the last three fiscals, the company posted a total revenue/net profit of Rs. 0.53 cr. / Rs. 0.24 cr. (FY21), Rs. 3.31 cr. / Rs. 1.00 cr. (FY22), and Rs. 8.41 cr. / Rs. 3.47 cr. (FY23). For two months of FY24 ended on May 31, 2023, it earned a net profit of Rs. 1.14 cr. on a turnover of Rs. 2.39 cr. The company is providing barges services to L & T,

For the last three fiscals, the company reported an average EPS of Rs. 2.81 and an average RoNW of 30.77%. The issue is priced at a P/BV of 3.61 based on its NAV of Rs. 12.48 as of May 31, 2023, and at a P/BV of 2.12 based on its post-IPO NAV of Rs. 21.26 per share.

If we annualize FY24 earnings and attribute it to post-IPO fully diluted paid-up equity capital of the company, then the asking price is at a P/E of 8.01. Thus issue appears reasonably priced.

For the reported periods, the company has posted PAT margins of 66.24% (FY21), 38.96% (FY22), 48.79% (FY23), and 48.69% (2M-FY24), and RoCE margins of 3.46%, 20.97%, 37.44%, and 8.71% respectively for corresponding periods.

Arvind and Company Shipping Agencies IPO Details

IPO Date	October 12, 2023 to October 16, 2023
Listing Date	[.]
Face Value	₹10 per share
Price	₹45 per share
Lot Size	3000 Shares
Total Issue Size	3,276,000 shares (aggregating up to ₹14.74 Cr)
Fresh Issue	3,276,000 shares (aggregating up to ₹14.74 Cr)
Issue Type	Fixed Price Issue IPO
Listing At	NSE SME
Share holding pre issue	8,861,800
Share holding post issue	12,137,800

Conclusion

Based on FY24 annualized earnings, the issue appears reasonably priced. Investors may SUBSCRIBE for the IPO from medium to long term perspective.

Disclosure:

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