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Ritco Logistics Ltd.

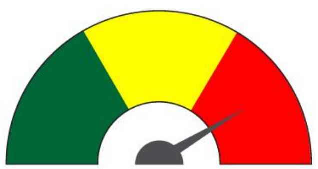
May 26, 2025

Ritco Logistics Ltd.

Industry	LTP	Recommendation	Base Case Fair Value	Bull Case Fair Value	Time Horizon
Logistics	Rs 271	Buy in the Rs 265-275 band and add on dips in the Rs 245- 255 band	Rs 358	Rs 377	4-6 quarters

HDFC Scrip Code	RITLOGEQNR
BSE Code	542383
NSE Code	RITCO
Bloomberg	RITCO:IN
CMP May 26, 2025	271
Equity Capital (Rs Cr)	28
Face Value (Rs)	10
Equity Share O/S (Cr)	2.8
Market Cap (Rs Cr)	779
Book Value (Rs)	114
Avg. 52 Wk Volumes	170739
52 Week High	444
52 Week Low	208

Share holding Pattern % (March, 2025)	
Promoters	62.3
Institutions	2.9
Non Institutions	34.8
Total	100



* Refer at the end for explanation on Risk Ratings

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Our Take:

Ritco Logistics Limited is a prominent Indian logistics and supply chain solutions provider, established in 1996 as a small-scale contract logistics firm. Over the past 25+ years, it has evolved into a technology-driven, pan-India logistics company offering a comprehensive suite of services. RITCO is now evolving into an integrated tech-based supply chain solution provider. Initially focusing on contract logistics, Ritco made significant inroads with large petrochemical clients in its early years. Since then, the company has expanded its presence into various sectors, including automobile, FMCG, cement, solar, steel and more. The company is strategically positioned across various verticals, including Full Truck Load (FTL), fleet operations, B2B services, warehousing, and technology platforms, allowing it to compete effectively with industry leaders. Ritco has a strong PAN India geographical footprint with 5 decentralised fleet centres and 46 branches in 23 states.

Valuation & Recommendation:

We think the stock's base case fair value is Rs. 358 (10.5x FY27E EPS), and the bull case fair value is Rs. 377 (11x FY27E EPS) over the next 4-6 quarters. Investors can buy the stock in the band of Rs 265-275 (8.0x FY27E EPS) and add more on dips to the band of Rs 245-255 (7.4x FY27E EPS).

Financial Summary:

(Rs cr)	Q4FY25	Q4FY24	YoY (%)	Q3FY25	QoQ (%)	FY23	FY24	FY25	FY26E	FY27E
Operating Income	344.3	251.9	36.7	312.9	10.0	751	933	1,189	1,509	1,887
EBITDA	27.7	20.3	36.3	25.1	10.4	53	77	96	136	174
APAT	13.5	9.1	47.4	13.0	3.2	25	34	47	74	96
Diluted EPS (Rs)	4.8	3.7	27.4	4.6	3.2	10.1	13.9	16.7	26.2	34.0
RoE-%						18.1	20.5	18.7	20.6	21.7
P/E (x)						26.8	19.5	16.3	10.3	8.0
EV/EBITDA (x)						18.4	13.3	11.1	8.2	6.8

(Source: Company, HDFC Sec)

Q4FY25 Result Review:

Revenue of Ritco Logistics stood at Rs. 348 cr (+37% YoY) in the quarter with an EBITDA of Rs. 28 cr (+36% YoY) and a PAT of Rs. 14 cr (47% YoY). EBITDA margin remained constant at 8%.

Key Triggers and Developments:

Asset-Light Business Model

Ritco's asset-light approach, coupled with a manageable debt/equity ratio expected at 0.5x by FY27, positions it advantageously in a fragmented industry plagued by inefficient fleet management. Central to its competitive edge is its "3PL" business model, which, combined with a strategic blend of essential assets like fleets and warehouses, fuels its operational prowess. This asset-light "3PL" model provides flexibility and empowers it to meet diverse supply chain requirements with finesse. Beyond its core supply chain solutions, a fraction of its revenue streams from fleet rental services, offering small retail customers the option to rent its fleet on a need basis.

Diverse and established clientele

With a wealth of experience spanning over 28 years, we have forged a robust clientele by delivering logistics services of global standards. With a renewed focus on infrastructure, we believe Ritco is well-positioned to benefit from India's growing infrastructure demand. Ritco is actively involved in transporting iron ore, limestone, MS steel, SS steel, pipes, and tubes, amongst other raw materials & finished goods. A few of Ritco’s marquee clients include Tata Steel, Jindal Steel & Power, ACC, Ambuja Cement and Dalmia Bharat Limited. Ritco is a logistics pioneer for several petrochemical sector companies, like Reliance, Indian Oil, Haldia Petrochemicals, GAIL and ONGC. It also has a presence in solar, FMCG, automobiles, tiles, generators, mining, and chemicals.

(Source: Company, HDFC Sec)

Trucks Up

Started in 2023, TrucksUp is a digital platform for truck operators and business associates for a seamless trucking experience wherein the truck operators can “find load” and the business associates can “add load” as per their requirements, along with access to multiple value-added services. With real-time updates and streamlined communication, TrucksUp connects truck operators and business associates to maximise efficiency and minimise downtime in the logistics process. Trucksup is redefining India’s logistics by connecting truckers and load providers via a tech-powered platform. It leverages AI to dramatically lower logistics expenses and boost supply chain efficiency. It provides benefits such as advanced algorithms to cut logistic costs and improve supply chain fluidity, benefiting all users. Its features include intelligent load matching and innovative reverse loading, ensuring continuous truck movement and increasing earnings.

Particulars	Upto March ' 24	Apr' 24	May' 24	Jun' 24	Jul' 24	Aug' 24	Sep' 24	Oct' 24	Nov' 24	Dec' 24	Jan' 25	Feb' 25	Mar' 25	Total
Downloads ('000s)	91	4	5	5	8	8	9	11	11	12	13	15	18	210
Load Posted ('000s)	121	23	26	28	31	56	58	56	66	117	147	155	162	1,047
Load Search ('000s)	601	85	90	94	105	251	290	303	311	358	409	452	727	3,851

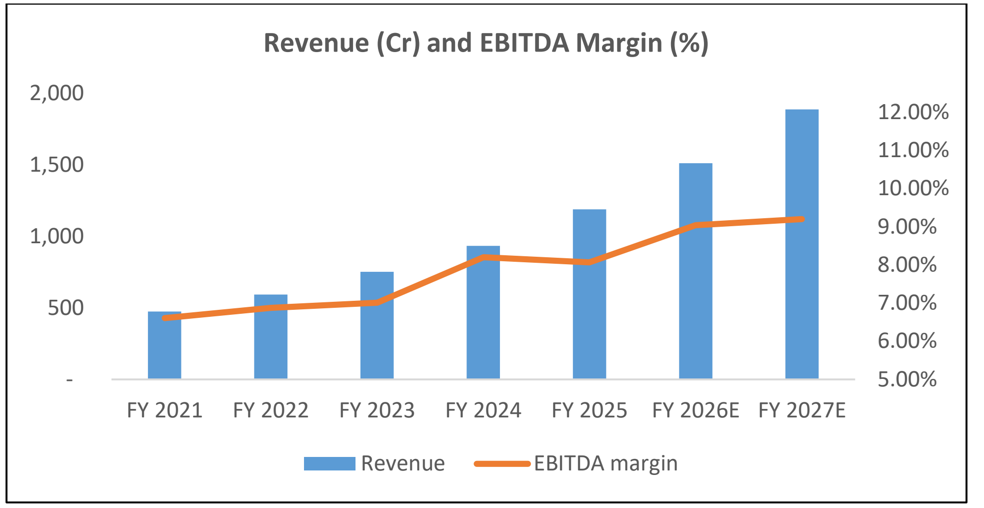
(Source: Company, HDFC Sec)

Foray into multimodal logistics

Multimodal logistics, integrating various transportation modes like road, rail, and waterways, offers significant scope in India's logistics sector. This approach can reduce costs, improve efficiency, and enhance connectivity, particularly with the development of Multi-Modal Logistics Parks (MMLPs). The Indian government is actively promoting MMLPs to modernise logistics infrastructure and facilitate global trade. Ritco is actively exploring multi-modal opportunities. The company is discussing becoming a business associate with a leading logistics firm that offers rail services. Combining this with their warehousing and in-plant logistics capabilities would create a lucrative multi-modal opportunity for Ritco.

Healthy financial numbers

Ritco Logistics has demonstrated a robust financial trajectory, marked by consistent growth across key performance indicators. In the fiscal year 2024–25, the company reported a 28% increase in revenue from operations, reaching ₹1189 crore, up from ₹931 crore in the previous year. This growth was accompanied by a 25% rise in operating profit (PBDIT), which stood at ₹96 crore, and a 37.96% increase in standalone net profit, amounting to ₹47 crore. Overall, Ritco Logistics' financial performance underscores its position as a leading player in the logistics sector, characterised by sustained growth, operational efficiency, and strategic investments.



(Source: Company, HDFC Sec)

Risks & Concerns:

Delay in monetization of value-added services (VAS) at TrucksUp

Any substantial delay or lacklustre response in the monetisation of the VAS, like truck financing, insurance, buy & sell of trucks and majorly fueling and fastag, can lead to downside risk to our estimates. However, we have only assumed revenues from fueling and fastag as of now minimizing the downside in our estimates.

Slower recovery in demand from new avenues for growth

A weaker-than-expected growth in business pickup from new customers or incremental loads of existing customers due to tepid end-user industry demand or an economic slowdown can meaningfully delay the realisation of revenue estimates. Furthermore, ramping up the multimodal business has both upside and downside risks depending on its development.

Failure to ramp up Trucksup revenues

This can meaningfully lead to a downside to our margin estimates as the expenses to market the application will remain substantial in the first few years. However, we have accounted for a realistic and peer-benchmarked approach to the revenue scale-up for TrucksUp, thereby reducing downside risk to our estimates.

Industry outlook:

The Indian logistics market, valued at Rs 9 trillion in FY23, is projected to grow significantly, reaching Rs 13.4 trillion by FY28, registering a compounded annual growth rate (CAGR) of 8-9 per cent. This growth is fueled by structural shifts, technological advancements, and government initiatives to reduce logistics costs and improve infrastructure. The National Logistics Policy, unveiled in September 2022, has set goals to optimize India's logistics landscape. It has focused on increasing the share of railways in the freight movement (currently at 18 per cent) through the development of dedicated freight corridors (DFCs), improving road infrastructure, and expanding inland waterways. The commissioning of DFCs, which are 96 per cent complete as of April 2024, is set to boost the capacity and efficiency of rail freight, increasing its share in the overall modal mix. Additionally, the government's push for port privatisation has improved infrastructure and efficiency at Indian ports, benefiting major operators like AdPorts and SEZ (APSEZ) and JSW Infrastructure.

India's logistics cost as a percentage of GDP currently stands at 14 per cent, significantly higher than the 8-9 per cent range in developed countries. The skewed modal mix, with roads accounting for 71 per cent of freight movement, plays a significant role in these elevated costs. Railways and waterways have a much smaller share of the logistics pie. To tackle these inefficiencies, the government has implemented key initiatives such as the Goods and Services Tax (GST) and invested heavily in road infrastructure, inland waterways, and dedicated freight corridors (DFCs). These measures are expected to reduce the logistics cost-to-GDP ratio to 8-9 per cent in the coming years, aligning India with global standards.

The logistics market is highly diverse, encompassing road transport, rail transport, air cargo, multimodal logistics, and industrial warehousing. The domestic express logistics segment is projected to grow at a faster pace, with a 14 per cent CAGR over FY23- 28, mainly driven by e-commerce expansion. Organized players, who already control about 80 per cent of the market, are expected to solidify their dominance, leveraging government policies like the e-way bill and GST. The less-than-truckload (LTL) segment in road transportation is also expected to witness notable growth, with a projected 10% CAGR. This growth has been spurred by the increased demand for smaller and more frequent shipments, bypassing warehouse storage, and directly reaching retailers.

Company Background:

Ritco Logistics Limited is an Indian logistics company founded in 1996 as Ritco Kirti Associates (P) Limited. It was later renamed and converted into a public limited company in May 2018. Headquartered in Gurugram, Haryana, Ritco has grown into a prominent player in the logistics sector, offering a wide range of services across India. Ritco provides integrated supply chain solutions through its primary divisions, which include contract logistics, fleet management and LTL & Warehousing. Specialising in surface transportation, warehousing, and supply chain management, RITCO Logistics ensures seamless delivery with a focus on safety, speed, and scalability. With a robust network spanning major cities and industrial hubs, RITCO has established itself as a trusted logistics partner for businesses seeking nationwide reach and operational efficiency. Leveraging advanced technology platforms for tracking, fleet management, and data analytics, RITCO Logistics enhances transparency and responsiveness in its service delivery.

Ritco Logistics Ltd.

Financials (Standalone)

Income Statement

(Rs cr)	FY23	FY24	FY25	FY26E	FY27E
Net Revenues	**751**	**933**	**1189**	**1509**	**1887**
Growth (%)	***26.6%***	***24.2%***	***27.4%***	***27.0%***	***25.0%***
Operating Expenses	698	857	1093	1373	1713
EBITDA	**53**	**77**	**96**	**136**	**174**
Growth (%)	***29.1%***	***45.3%***	***25.2%***	***42.4%***	***27.2%***
EBITDA Margin (%)	***7.0%***	***8.2%***	***8.1%***	***9.0%***	***9.2%***
Depreciation	5	12	16	18	21
Other Income	3	4	6	8	8
EBIT	**50**	**68**	**86**	**126**	**160**
Interest expenses	16	22	22	26	30
PBT	**34**	**46**	**64**	**100**	**130**
Tax	9	12	16	26	33
PAT	**25**	**34**	**47**	**74**	**96**
Share of Asso./Minority Int.	0	0	0	0	0
Adj. PAT	**25**	**34**	**47**	**74**	**96**
Growth (%)	***51.9%***	***37.9%***	***38.5%***	***57.2%***	***29.9%***
EPS	10.1	13.9	16.7	26.2	34.0

Balance Sheet

Particulars	FY23	FY24	FY25	FY26E	FY27E
SOURCE OF FUNDS					
Share Capital	24	24	28	28	28
Reserves	124	157	293	367	463
Shareholders' Funds	**149**	**183**	**323**	**397**	**493**
Minority Interest	0	0	0	0	0
Total Debt	207	260	316	366	416
Net Deferred Taxes	1	2	7	7	7
Other Non-curr. Liab.	1	1	0	-1	-1
Total Sources of Funds	**357**	**446**	**645**	**769**	**915**
APPLICATION OF FUNDS					
Net Block & Goodwill	38	63	147	182	214
CWIP	0	0	0	0	0
Investments	0	0	1	1	1
Other Non-Curr. Assets	33	43	49	62	77
Total Non Current Assets	**71**	**107**	**197**	**245**	**292**
Inventories	0	0	0	0	0
Debtors	242	295	375	447	548
Cash & Equivalents	3	5	19	17	4
Other Current Assets	48	46	61	77	102
Total Current Assets	**293**	**346**	**455**	**541**	**654**
Creditors	4	3	4	12	26
Other Current Liab & Provisions	3	4	3	4	5
Total Current Liabilities	**7**	**7**	**7**	**17**	**31**
Net Current Assets	286	339	448	524	623
Total Application of Funds	**357**	**446**	**645**	**769**	**915**

(Source: Company, HDFC Sec)

Ritco Logistics Ltd.

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Cash Flow Statement

(Rs cr)	FY23	FY24	FY25	FY26E	FY27E
Reported PBT	34	46	64	100	130
Non-operating & EO items	0	0	0	-14	-16
Interest Expenses	15	18	17	26	30
Depreciation	5	12	16	18	21
Working Capital Change	-36	-52	-95	-78	-111
Tax Paid	-8	-11	-12	-26	-33
OPERATING CASH FLOW (a)	**11**	**14**	**-10**	**27**	**21**
Capex	-20	-38	-98	-53	-53
Free Cash Flow	-10	-24	-108	-26	-32
Investments	0	0	0	0	0
Non-operating income	2	3	-14	0	0
INVESTING CASH FLOW (b)	**-19**	**-36**	**-112**	**-53**	**-53**
Debt Issuance / (Repaid)	33	53	55	50	50
Interest Expenses	-16	-21	-22	-26	-30
FCFE	9	11	-89	-2	-13
Share Capital Issuance	0	0	97	0	0
Dividend	0	0	0	0	0
Others	0	1	0	0	0
FINANCING CASH FLOW (c)	**16**	**33**	**129**	**24**	**20**
NET CASH FLOW (a+b+c)	**8**	**12**	**7**	**-2**	**-13**

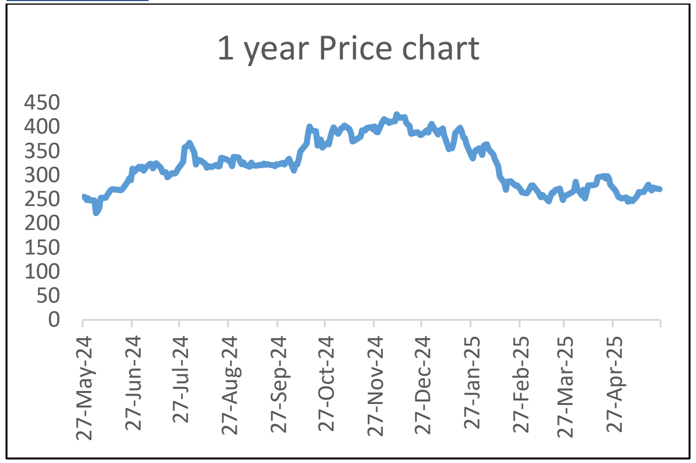
Key Ratios

(Rs cr)	FY23	FY24	FY25	FY26E	FY27E
Profitability Ratios (%)					
EBITDA Margin	7.0	8.2	8.1	9.0	9.2
EBIT Margin	6.7	7.3	7.2	8.4	8.5
APAT Margin	3.3	3.7	4.0	4.9	5.1
RoE	18.1	20.5	18.7	20.6	21.7
RoCE	15.4	17.0	15.9	18.0	19.1
Solvency Ratio (x)					
Net Debt/EBITDA	3.9	3.3	3.1	2.6	2.4
Net D/E	1.4	1.4	0.9	0.9	0.8
PER SHARE DATA (Rs)					
EPS	10.1	13.9	16.7	26.2	34.0
CEPS	12.2	19.0	22.4	32.6	41.5
BV	60.8	74.9	113.9	140.1	174.2
Dividend	0.0	0.0	0.0	0.0	0.0
Turnover Ratios (days)					
Debtor days	107.5	105.1	102.9	99.3	96.2
Inventory days	0.0	0.0	0.0	0.0	0.0
Creditors days	1.8	1.4	1.1	2.0	3.7
VALUATION					
P/E	26.8	19.5	16.3	10.3	8.0
P/BV	4.5	3.6	2.4	1.9	1.6
EV/EBITDA	18.4	13.3	11.1	8.2	6.8
EV / Revenues	1.3	1.1	0.9	0.7	0.6
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0
Dividend Payout (%)	0.0	0.0	0.0	0.0	0.0

(Source: Company, HDFC Sec)

Ritco Logistics Ltd.

Price chart



(Source: Company, HDFC sec)

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This rating is given to stocks that have strong balance sheet and are from relatively stable industries which are likely to remain relevant for long time and unlikely to be affected much by economic or technological disruptions. These stocks have emerged stronger over time but are yet to reach the level of green rating stocks. They offer medium risk, medium return opportunities. Some of these have the potential to attain green rating over time.

Red Rating stocks

This rating is given to emerging companies which are riskier than their established peers. Their share price tends to be volatile though they offer high growth potential. They are susceptible to severe downturn in their industry or in overall economy. Management of these companies need to prove their mettle in handling cyclicality of their business. If they are successful in navigating challenges, the market rewards their shareholders with handsome gains; otherwise their stock prices can take a severe beating. Overall these stocks offer high risk high return opportunities.

Disclosure:

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