

One Stop Investment Avenue



GEPL
CAPITAL

IPO Note

WESTERN CARRIERS (INDIA) LIMITED

Sep 13, 2024





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Details of the Issue

Price Band	₹ 163 - ₹ 172
Issue Size	₹ 492.88 Cr
Face Value	₹ 5
Bid Lot	87
Listing on	BSE, NSE
Post Issue Mcap	₹ 1753.63 Cr
Investment Range	₹ 14,181 - ₹ 14,964

Important Indicative Dates (2024)

Opening	13 - Sep
Closing	18 - Sep
Basis of Allotment	19 - Sep
Refund Initiation	20 - Sep
Credit to Demat	20 - Sep
Listing Date	23 - Sep

Lead Manager

JM Financial Limited
Kotak Mahindra Capital Company Limited

Offer Details

Offer Size	₹ 492.88 Cr
Fresh Issue	₹ 400 Cr
OFS	₹ 92.88 Cr

Type	In Rs Cr	No of Shares (Mn)		% of Issue
		Upper	Lower	
QIB	246.44	14.33	15.11	50
NIB	73.93	4.30	4.54	15
Retail	172.5	10.02	10.58	35
Em- ploy.	-	-	-	-
Total	492.88	28.65	30.23	100

[Invest Now](#)[Company Profile](#)

Established in 2011, Western Carriers (India) Limited is the largest private, multi-modal, rail-focused 4PL asset-light logistics provider in India, holding a 6% domestic and 2% EXIM market share. The company operates on a scalable, asset-light model and offers customized, end-to-end logistics solutions that integrate road, rail, sea, and air transport, along with a range of value-added services. Serving diverse sectors such as metals, FMCG, pharmaceuticals, and chemicals, its key clients include Tata Steel, Hindalco, Jindal Stainless, JSW, BALCO, and Vedanta. Additionally, Western Carriers provides international chartering, stevedoring at Indian ports, and coastal cargo movement, specializing in rail-road integration and managing supply chains for a major metals and resources group, positioning it well for significant growth and expansion in the logistics sector.

[Business Highlights & Services](#)

Western Carriers (India) Limited is a leading asset-light logistics company specializing in multi-modal, rail-focused solutions. The company provides fully customizable logistics services across road, rail, water, and air transportation, along with a range of value-added services. Their growth strategy centers on enhancing existing service offerings, introducing new ones, and expanding into new geographies. By improving customer retention through tailored solutions and increasing their asset base, the company aims to capture a larger share of their customers' logistics spending. The company has successfully executed complex projects for major clients like Tata Steel, Hindalco Industries and many more demonstrating their expertise in end-to-end logistics solutions. The company has added numerous new customers annually and plans to leverage their operational expertise to attract more clients, including those in sectors currently underserved. They are expanding into new sectors, such as e-commerce, and exploring opportunities in emerging markets within South Asia, including Nepal, Bangladesh, Bhutan, and Myanmar.

The company's strategic focus includes optimizing their multi-modal capabilities and expanding their geographical footprint to enhance productivity and profitability. The company plans to enhance its operating margins by expanding value-added services, improving technological capabilities, and increasing asset utilization. They aim to offer services that optimize production costs and improve customer experience, such as warehousing, packaging, and customs clearance. The company is further investing in technology to boost operational efficiency and manage supply chains more effectively, including higher utilization of rakes and better order bundling. By handling diverse cargo volumes efficiently, integrating logistics networks, and focusing on project logistics, including national and cross-border projects, Western Carriers seeks to enhance its market position.

The company is also exploring strategic growth opportunities, including potential acquisitions and investments in logistics infrastructure, to further expand its reach and capabilities. The company will continue its asset-light model while expanding its network and operational capabilities. To improve control, performance, and customer service, the company plans to use offer proceeds to acquire commercial vehicles, specialized containers, and reach stackers, enhancing safety and reliability in goods movement. This will improve safety, performance, and reliability in the movement of goods, thereby enhancing overall service experience for their customers.



Additionally, the company leverages advanced technology to manage operations, maintain fiscal controls, and enhance client service. They have invested in GPS for vehicles, FASTag for toll payments, and RFID projects. Their integrated ERP software tracks shipments in real-time, manages billing, and generates e-invoices. Western Carriers is upgrading this system to support mobile data entry and full integration of complex 4PL services. Future plans include adopting emerging technologies like artificial intelligence and delivery as a service (DAAS), and expanding their technology team to further improve efficiency and customer service.

Key Services Offered by the Company:



Key Customers and Contribution to Revenue from Operations:

Sector	Indicative names of key customers	Contribution to revenue from operations		
		Fiscal		
		2024	2023	2022
		(%)		
Metals	Hindalco, Tata Steel, JSL, JSW, BALCO and Vedanta	53.26	50.02	54.45
FMCG	HUL, Coca Cola India, Tata Consumer, Wagh Bakri and CG Foods	19.46	21.66	24.19
Pharmaceuticals and Chemicals	Cipla, MCPI, Haldia and GHCL	7.04	7.50	5.16
Oil and Gas	BCPL	4.76	6.08	4.85
Utilities and others*	Sleepwell and DHL	15.48	14.74	11.35

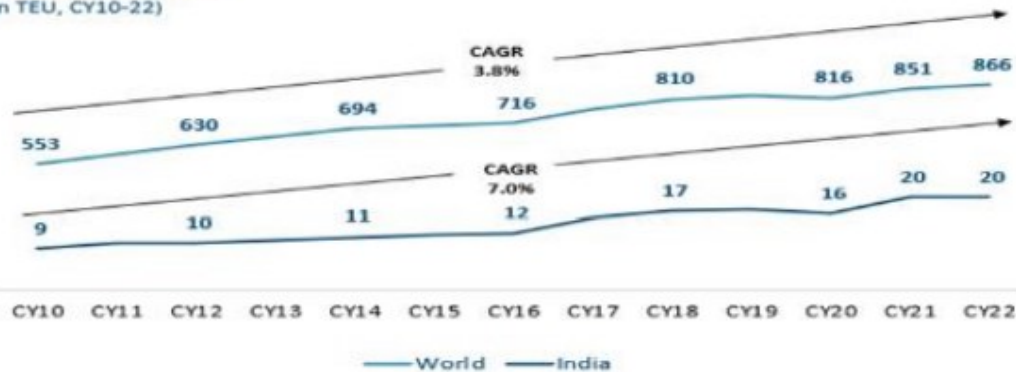
Details of Lease Cost:

Particulars	Fiscal		
	2024	2023	2022
	(` million)		
Lease cost*	59.76	58.81	47.65
Lease cost as a percentage of our Cash Operating Expenses (%)	0.39	0.39	0.35

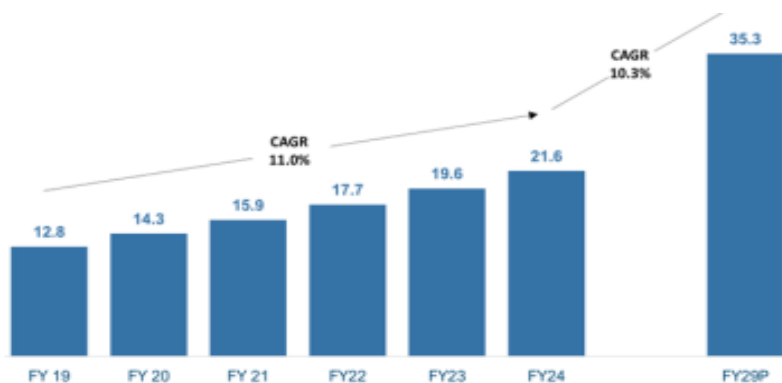


India vs World's Container Market Growth:

Container throughput
 (Million TEU, CY10-22)



Indian Logistic Market Size:



Key Performance Indicators:

Metric	Fiscal		
	2024	2023	2022
Throughput volume (TEU) [∞]	212,500	193,137	216,710
<i>Of which:</i>			
EXIM (TEU) [∞]	151,637	121,679	149,950
Domestic (TEU) [∞]	60,863	71,458	66,760
Throughput volume growth	10.03	(10.88)	20.87

Peers Comparison

Name of the company	Face Value (₹)	Total Income (₹ Cr)	EPS	NAV (₹)	P/E	RoNW(%)
Western Carriers (India) Ltd	5	1686	10.21	50.62	NA	20.17%
Peers Group						
Container Corporation of India Ltd	5	8653	20.22	193.87	47.73	10.42%
Mahindra Logistics Ltd	10	5506	-7.6	69.99	-62.93	-10.33%
TCI Express Ltd	2	1254	34.27	183.57	32.48	18.71%



Companies Competitive Strength :

- Experience in delivering customized, end-to-end services and executing complex and customized projects.
- Comprehensive and integrated multi-modal, end-to-end logistics solutions.
- Strong customer relationships with a diverse customer base.
- Strategically positioned to capitalise on a fast-growing logistics market in India.
- Scaled, asset-light business model with successful track record of delivering growth and profitability and experience of Promoters and the Company

Key Strategies Implemented by Company

- Grow relationships with existing customers.
- Acquire new customers and expand into new sectors and new geographies.
- Continued focus on improving margins.
- Pursue inorganic growth on an opportunistic basis.
- Continue to invest in the infrastructure capabilities.
- Enhance the technology capabilities

Particular (INR in Cr)	FY24	FY23	FY22
Equity Capital	39	39	39
Reserves and Surplus	359	279	218
Net Worth	398	318	257
Revenue	1,686	1,633	1,471
Growth (%)	3%	11%	
EBITDA	145	123	104
EBITDAM (%)	9%	8%	7%
PAT	80	72	61
PATM (%)	5%	4%	4%
ROCE (%)	27%	23%	20%
ROE (%)	29%	30%	33%

Valuations and Recommendation:

- Based on annualized FY24 earnings to post-IPO paid-up equity capital of the company, The issue is priced at a P/E of 21X. Thus the issue appears to be fairly priced compared to peers.
- WCL is the largest asset-light 4PL logistics company in India, offering fully customizable, multi-modal solutions across road, rail, water, and air transportation. It also provides a tailored range of value-added services. The company has a strong and diversified customer base, which helps mitigate risks related to customer or industry concentration. WCL has demonstrated robust financial performance, with revenue, EBITDA, and PAT growing at a CAGR of 7.1%, 18.5%, and 14.6%, respectively, over the last three years. The company plans to use the funds raised to pay off debt, reducing finance costs and strengthening its PAT. The Indian logistics market is expected to grow at a 10.3% CAGR until FY29E. WCL is positioned to benefit from industry trends and rising demand for exports and imports. Hence, we recommend an "Subscribe" rating for the issue.



Notes

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