



IPO Note

Western Carriers (India) Limited

Recommendation: **APPLY!**

Company Background -

- Western Carriers (India) Limited was originally formed and incorporated on March 23, 2011. The registered office is located at Kolkata, West Bengal.
- The company is a Multi-modal, rail-focused, 4PL asset-light logistics company. The company offers fully customizable, multi-modal logistics solutions encompassing road, rail, water, and air transportation and a tailored range of value-added services.
- The company had 1,427 permanent employees as of March 31, 2024.

Objects of the Issue -

- Prepayment or scheduled re-payment of a portion of certain outstanding borrowings availed by the Company
- Funding of capital expenditure requirements of the Company towards purchase of (i) commercial vehicles; (ii) 40 feet specialised containers and 20 feet normal shipping containers; and (iii) reach stackers
- General Corporate Purposes

Promoters Name -

Rajendra Sethia and Kanishka Sethia

Rationale for recommendation -

- ✓ The PE ratio of 21.86 post-issue makes it fairly priced.
- ✓ The top line, bottom line and profitability margins have increased consistently over the years and looks sustainable.
- ✓ The company was the largest private multi-modal, rail focused and asset-light logistic player for FY2023 in terms of container volumes handled.
- ✓ They have a strong client base.
- ✓ The company has good experience in the industry.
- ✓ The management overview is decent.
- ✓ The logistics industry is expected to grow at CAGR of 10.3%

IPO Details

Opening Date	Sep 13, 2024
Closing Date	Sep 18, 2024
Allotment Date	Sep 19, 2024
Listing Date	Sep 23, 2024
Stock Exchange	BSE, NSE
Lot Size	87 Shares
Issue Price Per Share	₹163 to ₹172
Issue Size	492.88 Cr.
Fresh Issue	400.00 Cr.
Offer for Sale	92.88 Cr.
Application Amt	₹ 14,964 – ₹ 1,94,532 (87 to 1,131 shares)

INDUSTRY - Logistics

P/E Average - 33.1

		KPIs	(In Crores)	
KPI's	FY 22	FY 23	FY 24	
Revenue	1,470.88	1,633.06	1,685.77	
EBITDA	103.98	121.69	146.07	
Net Profit	61.14	71.58	80.23	
RoCE	32.62%	29.39%	29.05%	
ROE	23.75%	22.48%	20.14%	
P/E	22.14	18.92	16.85	

Promoter Share Holding Pattern

Pre-Issue	Post Issue
99.99%	71.89%

Valuation Parameters

Particulars	Pre-Issue	Post Issue
EPS	10.21	7.87
BVPS	0.51	0.78
P/E	16.85	21.86
P/BV	339.80	219.65
Mkt Cap (In Cr)	1,353.63	1,753.63

Lead Managers -

JM Financial Limited

Kotak Mahindra Capital Company Limited

Registrar -

Link Intime India Private Limited

Business Overview –

Western Carriers (India) Limited is a private, multi-modal, rail focused, 4PL asset-light logistics company in India. They have experience in road, rail and sea / river multi-modal movement for domestic as well as EXIM cargo in and out of India. They were the largest private player in FY2023 in terms of container volume handled and contributed 6% (domestic market share) and 2% (EXIM market share) for FY 2023.

The company caters to the logistics needs of various industries which include metals, FMCG, pharmaceuticals, chemicals, oil and gas, utilities and others. Their key customers include Tata Steel, Hindalco, JSL, JSW, BALCO, Vedanta, HUL, Tata Consumer, Coca Cola India, Wagh Bakri, CG Foods, Cipla, MCPI, Haldia, GHCL, BCPL, Sleepwell and DHL. Their customers from the metal sector contributed the most towards their revenue which accounted to 53.26% for FY2024

Key Services -



Business Operations –

- Multi-modal logistics services** – The multi-modal logistics services include road, railway, ocean/coastal/river and air logistics services. They also provide chartering services to overseas destinations, stevedoring services at Indian ports and coastal movement of cargo within India.
- Project Logistics** – They provide logistics offering for national and cross-border projects. Their completed projects involve oil rig mobilization/ de-mobilization and cement plant.
- 3PL and 4PL logistics services** - They provide 3PL services by combining offerings of traditional transportation and provision of services with certain value-added services. Their value-added offerings include but not limited to cargo and material handling, warehouse management, order management, pre-shipment inspection. The 4PL services entail integration of conventional logistics services and taking complete ownership and responsibility of customers' entire supply chain to meet overall needs and requirements.
- Custom House agency and authorised economic operator** – The company holds custom house agency licenses with major ports in India. They endeavour that the containers are appropriately “customs-cleared” in a timely manner and despatched to their final destination.
- Asset Light Business Model** – The company does not own any assets except those which they have designed or developed to meet customers' needs that cannot be adequately met through arrangements with network partners and third-party service providers or assets which are essential for running supply chains efficiently.
- Warehousing and Storage** – They provide warehousing options and operate through a network of 16 warehouses as of March 31, 2024. They also use an ERP software solution to facilitate seamless flow of data and seamless integration with customers' systems.

Volumes Handled –

The total container volumes handled was 2,16,710 TEU*, 1,93,137 TEU and 2,12,500 TEU for FY 2022, 2023 and 2024.

**Twenty-foot equipment unit*

Utilization of Net Proceeds –

The net proceeds of the issue will be utilized for repayment/ pre-payment of certain borrowings availed by the company (Rs. 163.5 Cr), funding capital expenditure required towards purchase of commercial vehicles, 40 feet specialised containers and 20 feet normal shipping containers (Rs. 151.71 Cr) and remaining for general corporate purposes.

Competition -

1. **Market Competition:** The logistics industry is highly competitive where the key factors of competition primarily comprise of service quality, reliability, price and the ability to understand evolving industry trends as well as the ability to anticipate, understand and address customer requirements.
2. **Geographic Competition:** The company faces competition in regional, national, and international players from large and small players.
3. **Barriers to entry:** Low barriers to entry.
4. **Threat of Substitutes:** High threat of substitutes.
5. **Bargaining Power of Buyers:** The bargaining power is high with the customers.

Business Strategies -

1. The company intends enhance scope of engagement with existing customers by strengthening existing service offerings, adding new service offerings, servicing newer geographies, providing value-added services and offering time and cost saving solutions.
2. The company operates in Nepal, Bangladesh and Bhutan. They intend to expand in under-serviced geographic areas and they are also working towards expanding footprint in Myanmar and certain other countries within South Asian Association for Regional Cooperation ("SAARC").
3. They aim to offer more value-added services at various stages in the logistics value chain such as warehousing and storage, labelling, product packaging, cargo handling etc.
4. They intend to invest in infrastructure and are using a portion of their net proceeds for the capital expenditure.

Risk Factors –

The company's majority sales are derived from top 10 customers which accounted to 71.80%, 67.15% and 71.97% for FY 2022, 2023 and 2024 respectively.

The company has filed 3 outstanding cases regarding criminal matter and there are 11 outstanding cases against the company for criminal, tax and regulatory matters amounting to Rs. 3.10 Cr.

The directors and promoters have 18 cases against them regarding criminal, regulatory and civil matters and have files 8 cases for criminal and civil matters.

The company has contingent liabilities amounting to Rs. 2.61 Cr.

PEER ANALYSIS

Particulars	Western Carriers (India) Limited			Container Corporation of India Limited			Mahindra Logistics Limited			TCI Express Limited		
	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24
NP Margin	4.2%	4.4%	4.8%	13.1%	13.6%	13.7%	0.4%	0.5%	-1.0%	11.8%	11.2%	10.4%
EBITDA Margin	7.1%	7.5%	8.7%	25.1%	25.5%	25.6%	4.8%	5.4%	4.5%	16.8%	16.2%	15.4%
RoCE	32.6%	29.4%	29.0%	12.6%	13.4%	13.6%	6.6%	7.7%	4.0%	31.8%	30.5%	24.3%
ROE	23.8%	22.5%	20.1%	9.8%	10.5%	10.6%	3.2%	4.7%	-11.1%	24.0%	23.4%	18.7%
EPS (INR)	7.77	9.09	10.21	17.34	19.27	20.69	2.45	3.65	-7.60	33.50	36.27	34.35
P/E	22.14	18.92	16.85	39.37	30.11	42.63	206.65	97.07	-	51.43	41.16	29.81

INTERPRETATION –

- The company has less market cap compared to peers and the market cap of Container Corporation of India is very large.
- The debtor's days of the company is high compared to its peers.
- The PE ratio of the company is low compared to its peers.
- The company's RoCE and ROE is better compared to its peers.
- The PAT and EBITDA margin is slightly low compared to peers but is sustainable.

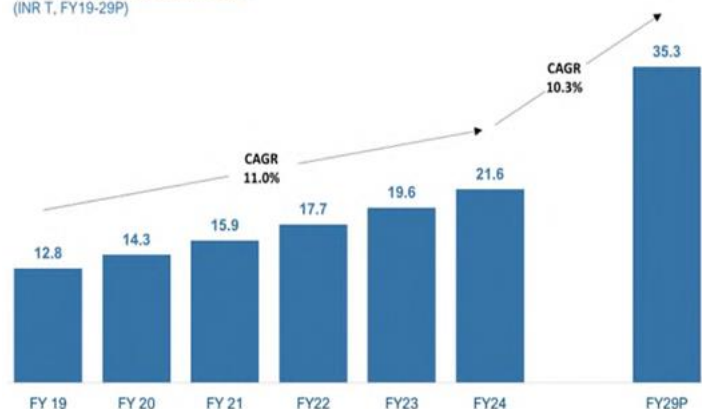
INDUSTRY OVERVIEW –

Indian Logistics Market -

The logistics sector has been recognised as a core enabler for the development of India to reach the government's vision of achieving a US\$5 trillion economy by the year 2025. In accordance with the Economic Survey Fiscal 2018, the logistics industry in India stood at ₹10.4 trillion in Fiscal 2017. The industry has grown at approximately 11% CAGR to ₹21.6 trillion (US\$235.5 billion) over Fiscals 2017 to 2024.

The Indian logistics industry is expected to increase steadily at a CAGR of approximately 10.3%, reaching approximately ₹35.3 trillion by Fiscal 2029.

Indian Logistics Market Size
(INR T, FY19-29P)



(Source: RHP)

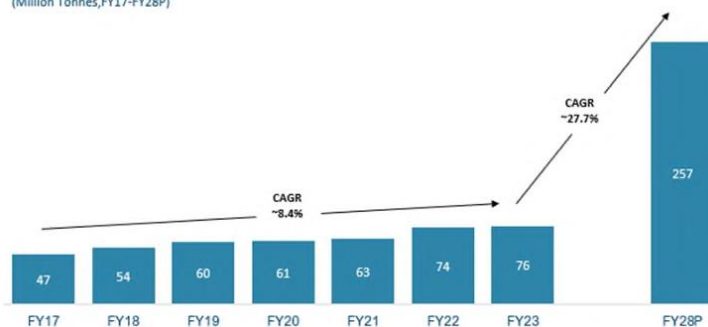
Container Market in India -

In 2022, 866 million TEUs of containers were handled in ports worldwide. The world container port throughput grew at 3.8% CAGR from 2010 to 2022.

The container traffic increased at a CAGR of 8.10% from Fiscal 2017 to 2024 led by non-major ports, growing to 313.8 million metric tonne ("MMT") in Fiscal 2024.

Overall, rail container volume grew at a CAGR of approximately 8.7% between Fiscal 2017 to 2024. In Fiscal 2024, overall rail container volume estimated at 85 MMT and is estimated to grow at a CAGR of approximately 25% between Fiscal 2024 to Fiscal 2029 growing to 262 MMT in Fiscal 2029.

Rail Container Volume
(Million Tonnes, FY17-FY28P)



(Source: RHP)

Key Management -

- The overall management of the company is decent.
- The promoters have vast and relevant experience in logistics sector.
- The management is diverse.



Key Management Persons Name -	Rajendra Sethia
Age	75
Designation and No. of years of experience	Promoter, Chairman and Managing Director, 50+ years of experience in logistics solutions industry
Qualification	Bachelor's degree in mechanical engineering
Responsibility	Provides strategic guidance and direction to the Company.
Other Directorships	AJKR Infrastructure Limited, Aspective Commodore Private Limited, F.M Carriers Private Limited, Kunal Resources Private Limited etc.

Key Management Persons Name -	Kanishka Sethia
Age	47
Designation and No. of years of experience	Promoter, Whole-Time Director and CEO, 20+ years of experience in logistics solutions industry
Qualification	Bachelor's degree in science and MBA degree
Responsibility	-
Other Directorship	AJKR Infrastructure Limited, F.M Carriers Private Limited, S M P Properties Private Limited, Singular Infrastructure Private Limited etc.

Key Management Persons Name -	Sushila Sethia
Age	68
Designation	Whole-Time Director
Qualification	Bachelor's degree in arts
Responsibility	Involved in identification and implementation of CSR projects
Other Directorships	Kunal Resources Private Limited, Western Group Limited, Western Kraft and Paper Private Limited, Wescon Limited etc.

Key Management Persons Name -	Sunil Munshi
Age	67
Designation	Independent Director
Qualification	Bachelor's degree in science agriculture and animal husbandry
Responsibility	-
Other Directorships	Kalyani Tea Company Limited, Luxmi Tea Company Private Limited and Suvekam Enterprise Private Limited

Key Management Persons Name -	Bipradas Bhattacharjee
Age	73
Designation	Independent Director
Qualification	Bachelor's degree in commerce, Member of ICAI
Responsibility	-
Previous Associations	National Aluminium Company Limited and Usha Martin Limited

Key Management Persons Name -	Rajni Mishra
Age	37
Designation	Independent Director
Qualification	Bachelor's degree in science (botany) and MBA degree
Other Directorships	Alpine Commercial Company Limited and Shyam Metalics and Energy Limited

FINANCIAL SNAPSHOT

Statement of Profit and Loss

Amt in Crores

Particulars	FY 22	FY 23	FY 24
Revenue from Operations	1,470.88	1,633.06	1,685.77
Other Income	4.92	4.78	5.64
Total Income	1,475.79	1,637.84	1,691.41
Expenses			
Operational Expenses	1,280.41	1,421.34	1,436.59
Employee Benefit Expenses	37.04	41.75	46.91
Finance Cost	13.92	15.12	22.18
Depreciation and amortisation expense	11.60	15.27	21.24
Other expenses	49.46	48.31	56.21
Total Expenses	1,392.43	1,541.79	1,583.13
EBITDA	103.98	121.69	146.07
EBITDA Margin	7.07%	7.45%	8.66%
Share of Profit of Associates	0.01	0.01	0.00
Profit/(Loss) before tax	83.38	96.08	108.29
Tax Expense			
Current tax	22.36	24.56	28.59
Deferred Tax	-0.12	-0.05	-0.53
Total Tax	22.24	24.50	28.06
Profit/(Loss) for the year	61.14	71.58	80.23
Net Profit Margin	4.16%	4.38%	4.76%

Statement of Assets and Liabilities

Amt in Crores

Particulars	FY 22	FY 23	FY 24
EQUITY AND LIABILITIES			
1. Shareholders' funds			
Share Capital	39.35	39.35	39.35
Other equity	218.03	279.05	359.01
Non-Controlling Interest	0.21	0.21	-
Total Equity	257.58	318.61	398.36
2. Non-current liabilities			
Financial Liabilities			
Borrowings	20.82	36.68	24.84
Lease Liabilities	2.59	2.83	1.05
Provisions	2.20	3.95	5.52
Total Non-current liabilities	25.61	43.45	31.41
3. Current liabilities			
Financial Liabilities			
Borrowings	129.58	173.80	241.16
Lease Liabilities	1.52	2.06	2.26
Trade Payables			
(i) Total outstanding dues of MSME	-	3.74	5.64
(ii) Total outstanding dues of creditors other than MSME	64.95	50.29	64.14
Other Financial Liabilities	6.10	7.86	6.56
Other current liabilities	0.27	0.33	0.31
Provisions	4.72	4.02	4.18
Total Current liabilities	207.14	242.08	324.24
Total Liabilities	232.75	285.53	355.65
Total Equity and Liabilities	490.33	604.14	754.01
ASSETS			
1. Non-current assets			
Property, Plant & Equipment	36.34	55.35	71.09
Capital Work-In-Progress	9.48	16.82	-
Right of Use Assets	3.74	4.46	2.93

Particulars	FY 22	FY 23	FY 24
Goodwill	31.00	31.00	31.00
Other Intangible Assets	0.15	0.12	0.16
Equity Accounted Investments	3.21	3.22	3.23
Financial Assets			
Investments	0.75	0.75	-
Other financial assets	25.69	14.04	8.72
Deferred Tax Assets (net)	2.71	3.00	3.65
Other Non-current Assets	0.50	0.50	8.02
Income-tax Assets (net)	4.96	12.30	5.68
Total Non-Current assets	118.52	141.55	134.49
2. Current assets			
Financial Assets			
Trade Receivables	311.39	389.66	525.49
Cash & Cash equivalents	2.55	1.45	1.88
Bank balances other than cash	10.73	18.21	25.00
Loans	16.35	17.96	27.15
Other financials assets	5.58	4.61	6.33
Other Current Assets	25.22	30.71	33.68
Total Current assets	371.81	462.59	619.52
Total Assets	490.33	604.14	754.01

Cash Flow Statement	Amt in Crores		
Particulars	FY 22	FY 23	FY 24
Net Cash Flow from Operating Activities	5.19	1.87	0.74
Net Cash Flow from Investing Activities	-3.01	-35.84	-39.85
Net Cash Flow from Financing Activities	-3.07	32.88	39.55

Key Ratios

Per Share Data	FY 22	FY 23	FY 24	Valuation Ratios (x)	FY 22	FY 23	FY 24
Diluted EPS	7.77	9.09	10.21	EV/EBITDA	3.79	4.18	4.36
BV per share	0.33	0.40	0.51	Market Cap / Sales	119.22	107.38	104.03
Operating Ratios				P/E	22.14	18.92	16.85
EBITDA Margins	7.07%	7.45%	8.66%	Price to Book Value	525.93	425.13	339.80
PAT Margins	4.16%	4.38%	4.76%	Solvency Ratios			
Inventory days	-	-	-	Debt / Equity	0.58	0.66	0.67
Debtor days	77.27	87.09	113.78	Current Ratio	1.79	1.91	1.91
Creditor days	-	-	-	Quick Ratio	1.79	1.91	1.91
Return Ratios				Asset Turnover	3.00	2.70	2.24
RoCE	32.62%	29.39%	29.05%	Interest Coverage Ratio	6.64	7.04	5.63
RoE	23.75%	22.48%	20.14%				

INTERPRETATION –

- The top line has increased consistently over the years (by 11.03% in FY2023 and by 3.27% in FY2024) which was due to increase number of contracts and increased used of rail container logistics. Also, there was addition of 679 customers from FY2022-24.
- The net profit has also increased consistently by 17.07% in FY 2023 and by 12.27% in FY 2024.
- The PAT margin and EBITDA margin have remained consistent over the years and looks sustainable in the long run.
- The RoCE and ROE have seen a slight dip in FY 2024.
- The PE ratio has improved over the years.

LEAD MANAGER TRACK RECORD -

The lead managers to the issue are JM Financials Limited and Kotak Mahindra Capital Company Limited. A table has been set below highlighting the details of the IPO of the last companies handled by the Lead Managers in recent times –

JM Financials Limited –

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Baazar Style Limited	834.68	389.00	Sep 06, 2024	365.25
2.	Brainbees Solutions Limited	4,193.73	465.00	Aug 13, 2024	606.50
3.	Ceigall India Limited	1,252.66	401.00	Aug 08, 2024	370.70
4.	Stanley Lifestyles Limited	537.02	369.00	June 28, 2024	499.85
5.	Le Travenues Technology Limited	740.10	93.00	June 18, 2024	156.05

The company has handled 41 mandates in the past three years (including the current year).

Kotak Mahindra Capital Company Limited –

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Premier Energies Limited	2,830.40	450.00	Sep 03, 2024	1,175.10
2.	Brainbees Solutions Limited	4,193.73	465.00	Aug 13, 2024	606.50
3.	Ola Electric Mobility Limited	6,145.56	76.00	Aug 09, 2024	115.60
4.	Emcure Pharmaceuticals Limited	1,952.03	1,008.00	Jul 10, 2024	1,388.25
5.	Adhar Housing Finance Limited	3,000.00	315.00	May 15, 2024	436.40

The company has handled 27 mandates in the past three years (including the current year).

*CMP for the above-mentioned companies is taken as of 11th Sep 2024.

As per the offer document, the above-mentioned mandates Ceigall India Limited has opened at a discount and remaining all have opened at a premium on the listing day.

Recommendation -

Western Carriers (India) Limited has been in the industry since 2011 and has good experience in the industry. The management overview of the company is decent.

The P/E on a post-IPO basis is around 21.86 times which makes it fairly priced.

The company's top line, bottom line and profitability margins have increased consistently over the years majorly due to increase number of contracts and increased used of rail container logistics. Also, there was addition of 679 customers from FY2022-24. This looks sustainable in the long run.

The company has a strong client base with majority of their clients in metal sector. Also, they are the largest private multi-modal, rail focused and asset-light logistic player for FY2023 in terms of container volumes handled.

The logistics industry is growing and expected to grow at CAGR of 10.3% by 2029.

The company is raising funds through IPO for investment in commercial vehicles, 40-feet specialised containers and 20-feet normal shipping containers, reach stackers which will help in improving the top line in future.

Thus, investors can **APPLY** to this IPO.

Disclaimer

We are not registered research analysts with SEBI and are not subject to the regulations governing research analysts. This research report is for educational purposes only and should not be construed as investment advice. The information contained in this report is based on publicly available information and is believed to be reliable, but no representation or warranty, express or implied, is made as to its accuracy or completeness. Also, some of the employees of our organization may have or may in the future hold investments in the company that is the subject of this research report. This may create a conflict of interest, and you should be aware of this when considering the information contained in this report. You should consult with your financial advisor before making any investment decisions.

OUR WEBSITE:

www.tiareconsilium.com

OUR APP AVAILABLE ON:



CONNECT WITH US ON :

