

WESTERN CARRIERS (INDIA) LTD

13-09-2024 - 18-09-2024

Industry: Logistics Solution Provider
Recommendation: Subscribe for Long Term

Price Band: ₹163 - 172
Post Implied Market Cap: ₹1,683 Cr - ₹1,754 Cr

Key Data

Issue Size (₹ Cr)	488 - 493
Fresh (₹)	400
OFS (₹)	93
No. of shares offered	2,99,39,877 - 2,86,55,813

Face Value (₹ /share)	5
Bid Lot	66

Indicative Timetable

Activity	On or about
Finalisation of Basis of Allotment	19-09-2024
Refunds/Unblocking ASBA Fund	20-09-2024
Credit of equity shares to DP A/c	20-09-2024
Trading commences	23-09-2024

Shareholding (No. of shares)

Pre-Issue	78,699,400
Post Issue (Lower price band)	103,239,277
Post Issue (Higher price band)	101,955,214

Shareholding Pattern

Promoter:

Pre Issue	99.99%
Post Issue	71.89%

Promoter Group:

Pre Issue	0.01%
Post Issue	0.01%

Public-Others:

Pre Issue	0.00%
Post Issue	28.11%

Issue Breakup

QIB	50%
NIB	15%
Retail	35%

Other Details

BRLMs: JM Financial, Kotak Mahindra Capital

Registrar: Link Intime India Pvt. Ltd

Listing: BSE & NSE

Research Analyst

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About the Company

Western Carriers (India) Ltd is the largest private, multi-modal, rail-focused, 4PL asset-light logistics company in India by container volumes handled in FY2023. With a market share of 6% in the domestic segment and 2% in the EXIM segment, the company specializes in road, rail, and sea/river multi-modal transportation, catering to both domestic and international cargo. Its extensive experience in logistics makes it a key player in the sector.

Investment Rationales

- **Experience in delivering customised, end-to-end services and executing complex and customised projects:** Western Carriers (India) is a leading logistics company in India, known for providing customized, end-to-end logistics solutions, including large container movement, long-haul deliveries, vendor coordination, and value-added services like packaging, cargo handling, customs clearance, and inventory management. The company's expertise in delivering integrated logistics solutions across the supply chain gives it a competitive advantage and fosters strong customer confidence. Notable projects include a long-standing partnership with a global FMCG company and supporting infrastructure projects like a cement plant in Bangladesh.
- **Comprehensive and integrated multi-modal, end-to-end logistics solutions:** Company operates a B2B-focused logistics service, offering integrated, multi-modal solutions that ensure seamless connectivity and last-mile delivery for customers. The company's comprehensive presence across the logistics value chain allows it to provide end-to-end services, including transportation, storage, warehousing, customs clearance, and various value-added services like packaging, cargo handling, and pre-shipment inspection. This approach enables Western Carriers to design tailored, one-stop solutions that address customer pain points and enhance efficiency with reduced transit times and lower costs.
- **Strong customer relationships with a diverse customer base:** The company has established long-standing relationships with industry leaders across various sectors, including metals, mining, FMCG, pharmaceuticals, chemicals, oil and gas, and more. As of March 31, 2024, the company served 1,647 customers, with the top 10 customers contributing significantly to its revenue—71.97% in FY2024, 67.15% in FY2023, and 71.80% in FY2022. Its extensive operational infrastructure across India and neighbouring countries allows it to effectively serve a geographically diverse customer base with pan-India operations.
- **Strategically positioned to capitalise on a fast-growing logistics market in India:** Transportation dominates the logistics sector with an 84% share in value terms, driven by rising e-commerce and 3PL demand. The Indian multi-modal (rail-road) market, valued at approximately Rs. 1,714 billion in FY2024, is expected to grow at a 22% CAGR to reach around ₹ 4,667 billion by FY2029, with its share in the transportation sector increasing from 10% to 15%. The container rail multimodal market is projected to expand from Rs. 327 billion in FY2024 to ₹ 925 billion by FY2029. Western Carriers, as one of the largest partners of an Indian rail container logistics provider, is well-positioned to capitalize on this growth.

Risk

- Significant dependency of revenues from limited number of customers.
- Operates in a highly competitive and fragmented industry.

MView

We believe Western Carriers (India) Ltd IPO offers investors a great opportunity to invest in a leading asset-light, multi-modal logistics company in India with a strong foothold in the rapidly growing container rail logistics market. We think the company's ability to deliver customized, end-to-end logistics solutions across road, rail, and sea positions it well to capitalize on the expected 22% CAGR growth in the multi-modal (rail-road) market, projected to reach ₹ 4,667 billion by FY2029. Western Carriers' robust B2B-focused model, combined with its value-added services like packaging, customs clearance, and inventory management, enhances its competitive advantage and strengthens customer confidence.

We also believe the company's strategic partnerships with industry leaders across diverse sectors and its extensive operational reach throughout India and neighbouring countries ensure it is well-positioned to capture further market share. By looking at the financials, the company has shown good growth in revenue from operations/ net profit, increased by 11%/17.1% in FY 2023 and 3.2%/12.3% in FY 2024. On valuation parse at the upper price band of ₹ 493/-, the issue is asking for a market cap of ₹ 1754 cr. Based on FY 2024 earnings and fully diluted post-IPO paid-up capital, the company is asking for PE of 21.83x which seems in line and reasonably priced compared to its peers in the industry trading at average of ~30-40x. Given the significant share of revenue generated from top-tier clients and a growing presence in the expanding container rail multimodal market, Western Carriers is poised for sustained growth. Hence, considering all attributes we recommend investors to "SUBSCRIBE" the Western Carriers (India) Ltd IPO for long term perspective.

CONSOLIDATED FINANCIAL TABLES

BASIC FINANCIAL DETAILS

Particulars ₹ (in Crs)	As at Mar' 31		
	2024	2023	2022
Equity Share Capital	39.35	39.35	39.35
Net worth	398.36	318.61	257.58
Total Borrowings	266.00	210.47	150.40
Revenue from Operations	1,685.77	1,633.06	1,470.88
Revenue Growth	3.2%	11.0%	32%
EBITDA	151.82	126.45	108.89
EBITDA Margin (%) as stated	9.01	7.74	7.40
Net Profit for the Year	80.35	71.57	61.13
Net Profit Margin	4.77%	4.38%	4.16%
EPS	10.21	9.09	7.77
ROE (%)	22.41	24.84	26.92
Net Asset Value (₹) as stated	50.62	40.48	32.73
ROCE (%)	29.2%	29.7%	33.4%
RONW (%)	20.2%	22.5%	23.7%

Source: Company RHP

COMPARISON WITH INDUSTRY LISTED PEERS ₹ (IN CR)

Companies	Revenue from Operations (₹ in Cr)	Mcap (in Cr)	FV	EPS	NAV (₹ per Share)	P/B	P/E	RoNW
Western Carriers	1,685.77	1,754	5	7.88	39.07	4.40	21.8	20.17%
Container Corp.	8,653.41	58,675	5	20.22	193.87	4.96	46.1	10.42%
Mahindra Logistics	5,505.97	3,394	10	-	69.99	6.9	-	-10.33%
TCI Express	1,253.82	4,166	2	34.36	183.57	5.9	34.0	18.71%

Date as on 31st March 2024, Cline Mcap, PE, PB calculated as on 13-09-2024

Western Carriers Ltd, EPS/PE,PB, NAV calculated on annualised basis post money



MSEARCH

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Msearch's Recommendation (Absolute Performance)

Buy: > 20% within the next 12 Months

Accumulate: 5% to 20% within the next 12 Months

Sell : < -20% within the next 12 Months

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