

Kuber Chauhan
kuberchauhan@rathi.com

Issue Details

Issue Details	
Issue Size (Value in ₹ million, Upper Band)	4929
Fresh Issue (No. of Shares in Lakhs)	245
Offer for Sale (No. of Shares in Lakhs)	54
Bid/Issue opens on	13th-Sept-24
Bid/Issue closes on	18th-Sept-24
Face Value	Rs. 5
Price Band	163-172
Minimum Lot	66

Objects of the Issue

- **Fresh issue: ₹ 4,000 million**
Prepayment or scheduled re-payment of a portion of certain outstanding borrowings availed by the company.
Funding of capital expenditure requirements towards purchase of commercial vehicles; 40 feet specialized containers and 20 feet normal shipping containers; and reach stackers.
General corporate purposes.
- **Offer for sale: ₹ 929 million**

Book Running Lead Managers	
JM Financial Limited	
Kotak Mahindra Capital	
Registrar to the Offer	
Link Intime Limited	

Capital Structure (₹ million)	Aggregate Value
Authorized share capital	500
Subscribed paid up capital (Pre-Offer)	393
Paid up capital (post-Offer)	510

Share Holding Pattern %	Pre-Issue	Post Issue
Promoters & Promoter group	100.0	71.9
Public - Others	-	28.1
Total	100	100

Financials

Particulars (₹ In million)	FY24	FY23	FY22
Revenue from operations	16,858	16,331	14,709
Operating expenses	15,397	15,114	13,669
EBITDA	1,461	1,217	1,040
Other Income	56	48	49
Depreciation	212	153	116
EBIT	1,305	1,112	973
Interest	222	151	139
PBT	1,083	961	834
Exceptional items	1	-	-
Tax	281	245	222
PAT	803	716	611
Ratios	FY24	FY23	FY22
EBITDAM	8.7%	7.4%	7.1%
PATM	4.8%	4.4%	4.2%
Sales growth	3.2%	11.0%	NM

Company Description

The company was incorporated as 'Western Carriers (India) Pvt. Ltd' at Kolkata, in 2011. Subsequently, the name was changed to 'Western Carriers (India) Ltd' on conversion to a public limited company in February 2013.

Western Carriers (India) is the largest private, multi-modal, rail focused, 4PL asset-light logistics company in India in terms of container volumes handled by private players in FY2023. The company's domestic and EXIM market share, based on container volumes handled, was 6% and 2%, respectively, in FY2023.

The company provides end-to-end, customized, multi-modal logistics solutions across the supply chain integrating road, railway, water and air logistics along with a customized suite of value-added services.

The company has long-standing relationships with customers across varied sectors such as metals, fast moving consumer goods ("FMCG"), pharmaceuticals, chemicals, engineering, oil and gas and retail.

In FY2024, 80% of the company's revenues originated from customers who had been transacting with the company for over 3 years and the customer retention rate for the top 10 customers was 100%. As of March 31, 2024, the company served a diverse base of 1,647 customers.

The company is one of the largest platinum business associates of CONCOR in terms of railway twenty-foot equivalent units ("TEUs") providing ~ 6% of the domestic railway TEUs to CONCOR in FY2024.

The company is the largest associate partner of CONCOR in terms of railway TEUs providing 4% of the export-import market railway TEUs to CONCOR in FY2024.

The company is one of the national logistics businesses to hold custom house agency licenses in its own name with most major ports in India. The company is active in all major ports of India, including the Jawaharlal Nehru Port Trust, the Vizag Port Trust and the Gangavaram Port.

The company intends to enhance its scope of engagement with existing customers by strengthening the existing service offerings, adding new offerings, servicing newer geographies, providing additional value-added services and offering time and cost saving solutions to the customers.

Further the company will continue to expand the operational capabilities and expand the network infrastructure and capacity to the extent it assists the company in improving quality metrics and overall performance.

Valuation & Outlook

Western Carriers (India) Limited 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.

Over the years, the company plans to enhance its service delivery by robust growth and operational efficiency.

At the upper price band company is valuing at P/E of 21.8x with a market cap of ₹ 17,536 million post issue of equity shares and return on net worth of 22.4%.

On the valuation front, we believe that the company is fairly priced. Thus, we recommend a "SUBSCRIBE" rating to the IPO.

Company's Operations

Western Carriers (India) is the largest private, multi-modal, rail focused, 4PL asset-light logistics company in India in terms of container volumes handled/operated by private players in FY2023. The company's domestic and EXIM market share, based on container volumes handled, was 6% and 2%, respectively, in FY2023. The company has several years of experience in road, rail and sea / river multi-modal movement for domestic as well as EXIM cargo in and out of India.

The company works on a scalable, asset-light business model which enables it to provide differentiated 3PL and 4PL solutions. The company endeavours to address complexities (in terms of scale of operations and logistics requirements) by creating customized, one-stop/single-window, end-to-end and integrated logistics solutions for its customers, which involves a variety of value-added services across the supply chain.

The company's Promoter, Rajendra Sethia, established his logistics business as a rail-focused logistics business in 1972, which was later acquired by the Company in 2013. The business has evolved to provide end-to-end, customized, multi-modal logistics solutions across the supply chain integrating road, railway, water and air logistics along with a customized suite of value-added services.

Multi-modal logistics solutions and services provided by Western Carriers (India)



In FY2024, 80% of the company's revenues originated from customers who had been transacting with the company for over 3 years and the customer retention rate for the top 10 customers was 100%. For the majority of its customers, the company provides customized 'one-stop/single-window, end-to-end' 3PL and 4PL logistics solutions meeting their unique requirements.

For example, in FY2022, the company catered to the integrated multi-modal logistics requirements of an Indian mining and resources group involving rail movement for all circuits, acting as customs house agent at ports such as Vizag, Andhra Pradesh, Kolkata, West Bengal, Haldia, West Bengal, Paradip, Odisha and JNPT, Maharashtra, as well as finished goods handling at their plant, including material handover, container stuffing and rake loading. The company have been associated with this Indian mining and resources group as a business partner since 2008.

The company was recognised for outstanding contribution under the category of "Support for New Trials" by Tata Steel and received the monthly 'CEO award' for the 'Best Business Partner' in 2021 from BALCO and an appreciation award for outstanding services and timeliness from Hindalco in Belagavi, Karnataka in 2022. The company received the "Most Valued Partner-Transportation" award for FY2022 from JCAPCPL (a Tata Steel and Nippon Steel Corporation JV).

The company has long-standing relationships with its third-party service providers, which provide the assets necessary for operations, i.e., vehicles, warehouses, railway flat, rakes and wagons. This gives the company control over its capacity and fleet, and the scheduling, routing, storing, and delivery of goods managed by the company. The company is one of the largest platinum business associate of CONCOR in terms of railway twenty-foot equivalent units ("TEUs") providing ~ 6% of the domestic railway TEUs to CONCOR in FY2024. The company is the largest associate partner of CONCOR in terms of railway TEUs providing 4% of the export-import market railway TEUs to CONCOR in FY2024. WCIL is the only associate partner of CONCOR which provides substantial volume (4% in Fiscal 2023) of EXIM business to them.

The company intends to enhance its scope of engagement with existing customers by strengthening the existing service offerings, adding new offerings, servicing newer geographies, providing additional value-added services and offering time and cost saving solutions to the customers. Further the company will continue to expand the operational capabilities and expand the network infrastructure and capacity to the extent it assists the company in improving quality metrics and overall performance.

Business and operations

Multi-modal logistics services: The company's multi-modal logistics services include road, railway, ocean/coastal/river and air logistics services. The company also provides chartering services to overseas destinations, stevedoring services at Indian ports and coastal movement of cargo within India.

Land : The company offer land logistics services through rail, road and through a combination of both to the customers which includes in-bound movement of containers (transportation of products, raw material or semi-furnished inventory to customers' manufacturing or processing facility), out-bound movement of containers (transportation and distribution of finished products from the customers' facility), distribution service (movement of finished products from customers' facility to stocking locations and ultimately to the market), and network-based distribution (operation of business to business distribution).

Rail: The company's rail logistics services are suited to meet the needs of the customer base which can vary from smaller shipments of mini-rakes comprising up to 20 wagons and 'jumbo rakes' that support a capacity of up to 2,500 MT. The rail logistics services include the usage of a parcel

cargo express train that runs from Maharashtra to Assam (and commonly referred to as the “Western Bullet” according to the 1Lattice Report) based on the requirements of the customers. The company does not own any private freight terminals or any railway flat, wagons or rakes, however, it does own certain container assets.

Road: The company operated 169,229 commercial vehicles trips as on March 31st, 2024, 19.11% of which were in owned vehicles and 80.89% of which the company procured through spot market arrangements. While the company does not own the commercial vehicles it operates through spot market arrangements, the company controls the capacity, availability and fleet, and the scheduling, routing, storing and delivery of containers handled by those vehicles. Most of the vehicles are GPS.

Air: The company provides air logistics services for its customers on a need basis and for transportation of time sensitive goods, including critical spare parts, raw material, and packaging material.

Ocean/Coastal/River: The company offers a comprehensive suite of ocean, coastal and inland river logistics services. The company provides its services through coastal or long-haul ships, either breakbulk or containerized, as well as by booking space in liners depending upon the requirements of the customers. Similarly, the company provides barging services for transportation of goods to Bangladesh. The company has provided logistics services in the Indo-Bangla protocol route over the last 20 years in both projects as well as general cargo.

Project Logistics: The company has successfully completed and/or is in the process of completing several national and crossborder projects.

- **Oil rig mobilization/de-mobilization:** This project involved/involves domestic and international movement of oil rigs within India, and from India into Bangladesh and back to India.

- **Cement plant:** The company was the supply chain partner for an Indian infrastructure company who were the principal contractors for a cement plant in Bangladesh. This project involved the consolidation of EXIM cargo at Kolkata, West Bengal loading into specialized barges and then sending the material using the Indo-Bangla Protocol Route to the site destination near the Meghalaya-Bangladesh border.

Business model comparison between us and the traditional 3PL service providers

Custom house agency and authorised economic operator: The company is one of the national logistics businesses to hold custom house agency licenses in its own name with most major ports in India. The company’s ability to supervise and maintain visibility over customers’ EXIM trade facilitates timely arrival and dispatch of goods to and from the ports. The company is active in all major ports of India, including the Jawaharlal Nehru Port Trust, the Vizag Port Trust and the Gangavaram Port.

Asset Light Business Model: A majority of the infrastructure required for the operations has been obtained on a leasehold or spot contract basis. In addition to the leased facilities and hired equipment, the company owns logistics infrastructure such as commercial vehicles, heavy equipment and shipping containers. As of March 31, 2024, the company owned over 400 GPSenabled heavy commercial vehicles, over 100 pieces of heavy equipment (including 32 reach stackers) and over 500 shipping containers. As of March 31, 2024, the company had a pan-India presence through over 50 branch offices and 4 zonal offices across 23 states in India. The company’s warehouses were located across 12 states in India, as of March 31, 2024. The company operates at over 55 major public rake handling points which are spread across India.

Warehousing and Storage: The company provides warehousing options and operate through a network of 16 warehouses that cover 714,171.28 square feet of warehousing facilities, as of March 31, 2024. The company’s network of warehouses is strategically located to enable scalability and flexibility. Some of the major warehouses are located at Guwahati, Assam, Kolkata, West Bengal, Chennai, Tamil Nadu, Raipur, Chhattisgarh, Nagpur, Maharashtra and Mumbai, Maharashtra.

Infrastructure: Majority of the infrastructure required for business operations has been obtained on a leasehold basis or through spot basis arrangements with the network partners or third-party service providers.

Third-party Service Providers: The company works with, and relies on, its network partners, third-party service providers and vendors/suppliers who provide the company with some of the assets/facilities necessary for operations, i.e., vehicles, warehouses, railway flat, rakes and wagons. In addition to the owned fleet of over 400 vehicles, the company enters into spot arrangements with local third-party market players for hiring vehicles as required. The company operate 16 warehouses across various locations in India on a leasehold basis. The lease agreements with warehouse owners are typically of a tenure of ~ 11 months to 7 years, which can be renewed on mutually agreed terms. The company has not lost any third-party service providers on account of expiry of contractual arrangements in the ordinary course of business or otherwise in FY 2024, 2023 and 2022.

Technology: The company operates a fully integrated ERP software which helps it track the movement of the customers’ shipments through each of the modes and supports all aspects of the business and has the capability to generate in-depth tracking reports on the movement of the delivery fleet, stock, purchases and sales. Through the ERP software, the company has fully automated the entire logistics operations from consignment notes, receipts, challans, e-way bills and GST filing to billing, invoicing, management information system and accounts.

Strengths

➤ **Comprehensive and integrated multi-modal, end-to-end logistics solutions**

The company’s operations are B2B focused and provide integrated and seamless connectivity for movement of goods from one mode of transport to another thereby facilitating the last mile connectivity to the customers’ distribution centres and enabling regular and assured deliveries with reduced transit time and lower costs. The company’s presence across the entire spectrum of the logistics value chain enables it to combine multi-modal solutions, irrespective of its size and scale. The company often combine these offerings with value-added services such as storage and

warehousing, custom house agency, labelling, product packaging, cargo handling, customs clearance, stevedoring, palletizing, fumigation, pre-shipment inspection and containerization at various stages in the logistics value chain to design and implement 'one-stop/single-window, end-to-end' solutions which, it believes, addresses customers' pain-points and logistics problems.

➤ **Strategically positioned to capitalise on a fast-growing logistics market in India**

Transportation dominates the logistics sector with an 84% share in value terms and this is expected to remain high given the rise in e-commerce and 3PL demand. The multi-modal (rail-road) market in India was ~ ₹ 1,714 billion in FY 2024 and is expected to grow at a CAGR of 22% to reach ~₹ 4,667 billion by FY2029. The share of multi-modal rail-road market which was at ~10% in FY2024 is expected to be ~15% by FY2029. Out of the contribution made by the transportation sector, road transportation has the highest share in terms of value, i.e., ~ ₹ 12-14 trillion of total value of transportation through all modes and rail transportation has the highest share in terms of percentage growth, i.e., ~17% share. Further the container rail multimodal (rail-road) market is expected to grow from ₹ 327 bn in FY2024 to ~₹ 925 bn by FY2029. The company is one of the largest platinum business associates and the largest associate partner of an Indian rail container logistics provider in terms of railway TEUs, in FY2024, hence it is well placed to capitalise on the growth of the container rail multi-modal (rail-road) market.

➤ **Experience in delivering customised, end-to-end services and executing complex and customised projects**

Western Carriers (India) is one of the few players in the Indian logistics industry with the capability to deliver customised services and solutions which include large container movement, logistics and long-haul deliveries, vendor-coordination across the supply chain along with value-added services such as product packaging, cargo handling, customs clearance, pre-shipment inspection, containerization, in-plant logistics, just in time inventory management and warehouse planning. The company provides integrated, customised, end-to-end services across the logistics value chain to its customers. The company expertise in providing end-to-end logistics and customised solutions to customers provides it with a competitive advantage and contributes to the customers' confidence in the company. For example, since 2001, under the erstwhile proprietorship, the company has helped set up, and continue to operate, an integrated, multi-level, hub and spoke system for a global FMCG company involving movement of their raw materials and finished goods across the supply chain. The company has experience in the transportation of 'over dimensional consignments' by road across India. Certain recent examples of the projects the company has undertaken for its customers include supply chain partnership with a company in the infrastructure sector who were the principal contractors for a cement plant in Bangladesh.

➤ **Strong customer relationships with a diverse customer base**

The company has long-standing relationships with industry leaders across varied sectors such as metals and mining, FMCG, pharmaceuticals, chemicals, oil and gas, utilities and others (which includes building material, textile, power, electrical equipment and retail). As of March 31, 2024, the company served a diverse base of 1,647 customers. The company's revenue from operations from its top 10 customers in FY2024, 2023 and 2022 was ₹ 1,2131.7 mn, ₹ 1,0966.3 mn and ₹1,0560.7 mn, respectively, which represented 71.97%, 67.15% and 71.80%, respectively, of the total revenue from operations in those periods.

Customer Mix and contribution to revenue from operations

Sector	Key customers	FY24	FY23	FY22
Metals	Hindalco, Tata Steel, JSL, JSW, BALCO and Vedanta	53.3	50.0	54.5
FMCG	HUL, Coca Cola India, Tata Consumer, Wagh Bakri and CG Foods	19.5	21.7	24.2
Pharma & Chemicals	Cipla, MCPI, Haldia and GHCL	7.1	7.5	5.1
Oil & Gas	BCPL	4.8	6.1	4.9
Utilities & Others	Sleepwell and DHL	15.5	14.8	11.3

The company over the years has built its operational infrastructure throughout India to fulfil the logistical needs of the customers as majority the customers have pan-India operations. This ability to operate across India and certain neighbouring countries enables the company to cater to a geographically diverse customer base.

Key Strategies:

➤ **To Pursue inorganic growth on an opportunistic basis**

Historically the company has expanded geographically through organic growth and plans to explore inorganic growth opportunities. The company may, in the future, pursue strategic alliances and select acquisition and investment opportunities that are complementary to its service offerings. The company may pursue inorganic growth opportunities to invest in private freight terminals and inland container freight stations, directly or through special purpose vehicles, to expand its operations. The company plans to invest in logistics facilities, assets and technology that meet the demands of its target customers.

➤ **Continue to invest in infrastructure capabilities**

The company, while continuing to operate through an asset-light business model, plans to expand its operational capabilities, network infrastructure and capacity across business lines. The company plans to purchase commercial vehicles, 40-foot specialised containers and 20-foot normal shipping containers and reach stackers for meeting its customers' requirements. The proportion of commercial vehicles, specialised containers and reach stackers proposed to be acquired by the company through utilisation of the Net Proceeds in FY2025, 2026 and 2027 constitutes a relatively small portion compared to the commercial vehicles, specialised containers and handling equipment the company operate through spot basis arrangements with its network partners and third-party service providers.

➤ Acquire new customers and expand into new sectors and new geographies

The company believe that the ability to provide customised supply chain solutions can help it acquire new customers, including retail customers and large customers operating in sectors that the company currently does not service. In the FY2024, 2023 and 2022, the company added 395, 284 and 461 new customers, respectively, and the revenue from these new customers represented 4.07%, 3.53% and 4.64% of its revenue from operations in those periods, respectively.

The Indian railways plan to launch 25 high-speed freight trains to handle e-commerce parcels and goods. For expanding into new sectors, the company believes that if it is able to leverage its expertise in rail multi-modal solutions, it could foray into ecommerce and related activities thereby attracting a larger pool of customers. Further, the company intend to continue focusing on the opportunities arising out of the eastern and western DFCs.

The company also has operations in Nepal, Bangladesh and Bhutan. While the company intend to enhance its penetration in certain under-served geographies experiencing rapid economic growth such as Gujarat, the company is also working towards expanding its footprint in Myanmar and certain other countries (excluding Pakistan) within the South Asian Association for Regional Cooperation ("SAARC"). The company intends to capitalise on its presence and multi-modal capabilities across river/sea/ocean, rail and road transportation in eastern India to expand the operations further in Bangladesh.

➤ Strong relationships with the existing customers

The company plans to increase the scope of engagement with the existing customers by strengthening the existing service offerings, adding new service offerings, servicing newer geographies, providing value-added services and offering time and cost saving solutions. For example, since 2001, the company has helped set up, an integrated and multi-level hub and spoke system for a global FMCG company. Over the years, the company has created the reverse logistics cycle in relation to product recall of FMCG deliveries for this customer throughout India and for exports using multimode operations.

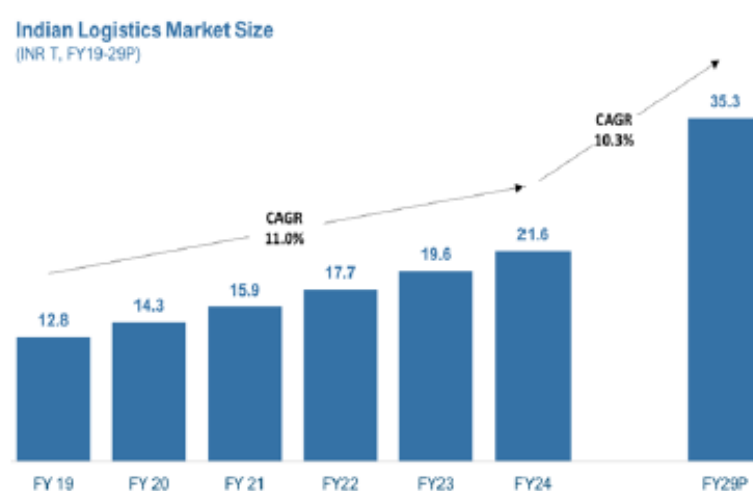
Similarly, the company entered into a handling contract with an Indian steel manufacturer in 2019. Presently, the company provides multi-modal logistics services for the movement of certain of the Indian steel manufacturer's non-notified commodities across India as their sole logistics partner.

Western Carriers (India) is the existing logistics partner for large customers and one of the key growth strategies is growing with the customers as their logistics needs grow. The company cater to almost all the logistics and storage requirements of certain customers. The company plans to improve customer retention by providing customised solutions and improving its asset base for effective delivery of services.

Industry Snapshot

Indian Logistics Market Size

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)² over Fiscals 2017 to 2024. According to the industry reports and market estimates, the logistics industry is forecasted to reach approximately ₹35.3 trillion (US\$424.1 billion) by Fiscal 2029, growing at a CAGR of 10.3%.



Key drivers of growth for the logistics sector

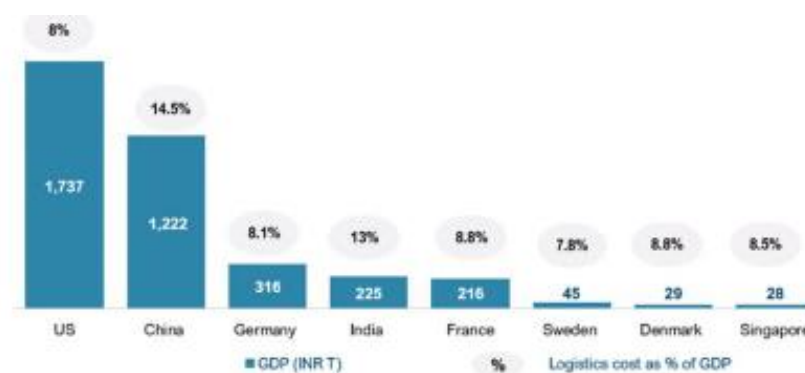
The logistics industry is witnessing a robust expansion which is led by sustainable supply side and demand side growth drivers. This includes growing expenditure on transportation, warehousing and supply chain management. The following represent some important enablers for the Indian logistics industry to reach approximately ₹33 trillion by Fiscal 2028.

- Healthy economic growth with strong FDI momentum;
- Increase in public infrastructure spending related to transportation through government policies, including National Logistics Plan, DFC, Gati Shakti, Ude Desh ka Aam Naagrik, Jal Marg Vikas;

- Boost in exports and imports such as India's merchandise exports achieving ₹30.5 trillion (US\$437 billion) in Fiscal 2023 with an increase of 40% as compared to US\$320 billion in Fiscal 2020. India's merchandise exports aim to gain a 5% share in global merchandise exports.
- Boost in domestic manufacturing activity propelled by 'Make in India' initiative which is expected to potentially boost local ecosystem which will propel supporting industries like real estate, logistics etc.
- Favourable regulatory policies such as faster clearances through e-way bills, GST, grant of infrastructure status to reduce inefficiencies in the logistics sector.
- Improved focus on logistics skilling and training infrastructure development.
- Rapid growth in E-commerce and participation of MSMEs in evolving digital commerce space.
- Emergence of demand centres beyond Tier-I/Tier-II cities with rapid rise in internet and smartphone penetration
- Artificial intelligence driven decision making, to improve efficiency and experience.

Government aims to bring down high logistics costs in India from approximately 13% to 7-8% of India's GDP, bringing India closer to its global counterparts

The logistics cost has been high in India at about 13% of GDP against an average of 7% to 8% for the developed economies in 2020. The indirect logistics costs are large and estimated to be four times the average in the developed countries. Certain issues affecting the India's logistics sector are an unbalanced and skewed logistics modal mix, poor mileage of heavy trucks, poor road infrastructure, limited penetration by the organised players, fragmented networks, lack of technology adoption, and poor forecasting.



The Indian logistics sector has a significant potential to reduce inefficiencies, which could result in savings of up to ₹10 trillion. The transportation inefficiencies account for approximately 2% of the total logistics expenditure in India. The transportation inefficiencies can be reduced by an improved modal share, trucking efficiency, and reduced fuel costs. The PM Gati Shakti National Master Plan aims to create logistical synergies between the States and the Centre to reduce logistics costs to 7% to 8% of GDP. The DFC projects and other government initiatives will strengthen India's rail infrastructure, leading to a reduction in the cost of transportation. India has a highly skewed modal mix compared to other economies with 63% (in terms of volume) as road transport.

Developed countries have a balanced distribution across different modes based on their geography. However, in India, road cargo movement constitutes a significantly higher percentage at 63% (in Fiscal 2021 and approximately 65% in 2022) (in terms of volume) of total road cargo movement. While China stands at 43%, the USA at 38%, and Europe at 45%. The European Union has a high ratio of coastline to landmass, making an effective freight transport system possible through the Atlantic Ocean and the Mediterranean Sea. The USA has a low coastline to landmass ratio, resulting in a dominant rail share in freight transportation. In India, policies related to logistics have been focused on road transport, and significant investments have been made in this area. However, India's freight traffic mainly comprises bulk commodities, and more than 75% of the freight is transported over distances of more than 400 kms, which could be more economically served by rail and waterways.

Market segmentation of the logistics industry

With low barriers to entry and high degree of commoditization, the Indian road transportation industry is highly fragmented and dominated by a large number of unorganized players (1000 plus active players). It is estimated that 75% of fleet owners own less than five trucks, 15% of fleet owners own between six and 20 trucks, and only about 10% of fleet owners own more than 20 trucks. On contrast, the rail transport is completely organised as it is fully owned and controlled by the Government of India and the airways, coastal, and pipeline transportation are estimated to be 90% organised and dominated by major operators.



Transportation contributes bulk 84% of the logistics market at US\$20 trillion to 22 trillion

The logistics sector is mainly dominated by transportation having approximately 84% share in value terms, which is likely to remain high due to a rise in e-commerce and 3PL demand. Out of the contribution made by the transportation sector, the road transportation has the highest share in terms of value, i.e., approximately ₹12 trillion to 14 trillion of the total value of transportation through all modes. The rail transportation has the highest share in terms of percentage growth, i.e., approximately 17%. Warehousing contributes the remaining 16%, which includes (i) warehousing, including Inland Container Depots (“ICD”) and Container Freight Stations (“CFS”); and (ii) value-added services, including such as freight forwarding, customs clearance, packaging, labelling and quality control. The warehousing sector across the top eight cities³ is likely to grow by 14% over the next three years from 51.3 million square feet in Fiscal 2023 to 76.2 million square feet by Fiscal 2026, with e-commerce and the 3PL sector being the most prominent drivers.

The Indian supply chain services market (value added services) comprising 3PL and 4PL segments is estimated to be at ₹0.7 trillion to ₹1.7 trillion in Fiscal 2024 and is expected to grow at a faster CAGR of 15% between Fiscals 2024 and 2029 to reach ₹1.3 trillion to ₹3.6 trillion when compared to the overall logistics market CAGR of 10.3% between Fiscals 2024 and 2029. The supply chain service market penetration is approximately 5% of the total logistics market in Fiscal 2024 and is projected to become approximately 6% by Fiscal 2029, driven by increasing demand for integrated logistics services and supply chain solutions.

Accounting ratios

Particulars	FY 24	FY 23	FY 22
Revenue from Operations	16,858	16,331	14,709
Growth in revenue from operations (%)	3.23%	11.03%	NA
EBITDA	1,461	1,217	1,040
EBITDA Margin (%)	8.7%	7.4%	7.1%
PAT/Net loss	803	716	611
PAT Margin (%)	4.8%	4.4%	4.2%

Comparison with listed entity

Name of the company	Latest FY	Face value	P/E	EPS (Basic) (₹)	EPS (Diluted) (₹)	RONW (%)	NAV per equity share (₹)
Western Carriers Ltd	Consolidated	5	21.8*	10.2	7.9	20.17	50.6
Listed peers							
Container Corporation	Consolidated	5	45.2	20.2	20.2	10.42	193.9
Mahindra Logistics	Consolidated	10	-	(7.6)	(7.6)	(10.33)	69.9
TCI express	Consolidated	2	34.4	34.3	34.3	18.71	183.6

Note: 1) P/E Ratio has been computed based on the closing market price of equity shares on NSE on Sept 12, 2024.
 2) * P/E of company is calculated on EPS of FY24 and post issue no. of equity shares issued.

Key Risks

- The company relies on a few key customers, especially in metals and FMCG. Any decline in revenue from these customers could severely impact its business and financial health.
- The business needs substantial working capital. Delays in customer payments or tighter payment terms from suppliers could strain cash flows.
- It relies heavily on technology. Any system disruptions or security breaches could lead to financial losses and damage its reputation.
- WCL has unsecured loans that can be recalled at any time. If recalled, the company might not have enough funds to repay, affecting financial stability.
- The company's logistics operations depend on external infrastructure like roads and ports. Any disruptions could harm its business operations.

Valuation

Western Carriers (India) Limited 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.

Over the years, the company plans to enhance its service delivery by robust growth and operational efficiency. At the upper price band company is valuing at P/E of 21.8x with a market cap of ₹ 17,536 million post issue of equity shares and return on net worth of 22.4%.

On the valuation front, we believe that the company is fairly priced. Thus, we recommend a "**SUBSCRIBE**" rating to the IPO.

DISCLAIMER:**Analyst Certification**

- ❑ The views expressed in this Research Report accurately reflect the personal views of the analyst(s) about the subject securities or issuers and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this report. The research analysts are bound by stringent internal regulations and also legal and statutory requirements of the Securities and Exchange Board of India (hereinafter "SEBI") and the analysts' compensation are completely delinked from all the other companies and/or entities of Anand Rathi, and have no bearing whatsoever on any recommendation that they have given in the Research Report.

Ratings Methodology

- ❑ Analysts' ratings and the corresponding expected returns take into account our definitions of Large Caps, Mid-Caps & Small Caps as described in the Ratings Table below:

	Buy	Hold	Sell
Large Caps (Top 100 companies)	>15%	0%-15%	Below 0%
Mid-Caps (101st-250th company)	>20%	0%-20%	Below 0%
Small Caps (251st company onwards)	>25%	0%-25%	Below 0%

Research Disclaimer and Disclosure inter-alia as required under Securities and Exchange Board of India (Research Analysts) Regulations, 2014

Anand Rathi Share and Stock Brokers Ltd. (hereinafter refer as ARSSBL) (Research Entity, SEBI Regn No. INH000000834, Date of Regn. 29/06/2015) is a subsidiary of the Anand Rathi Financial Services Ltd. ARSSBL is a corporate trading and clearing member of Bombay Stock Exchange Ltd, National Stock Exchange of India Ltd. (NSEIL), Multi Stock Exchange of India Ltd (MCX-SX) and also depository participant with National Securities Depository Ltd (NSDL) and Central Depository Services Ltd. ARSSBL is engaged into the business of Stock Broking, Depository Participant, Mutual Fund distributor.

The research analysts, strategists, or research associates principally responsible for the preparation of Anand Rathi Research have received compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors, firm revenues.

General Disclaimer: - This Research Report (hereinafter called "Report") is meant solely for use by the recipient and is not for circulation. This Report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. The recommendations, if any, made herein are expression of views and/or opinions and should not be deemed or construed to be neither advice for the purpose of purchase or sale of any security, derivatives or any other security through ARSSBL nor any solicitation or offering of any investment /trading opportunity on behalf of the issuer(s) of the respective security (ies) referred to herein. These information / opinions / views are not meant to serve as a professional investment guide for the readers.No action is solicited based upon the information provided herein. Recipients of this Report should rely on information/data arising out of their own investigations. Readers are advised to seek independent professional advice and arrive at an informed trading/investment decision before executing any trades or making any investments. This Report has been prepared on the basis of publicly available information, internally developed data and other sources believed by ARSSBL to be reliable. ARSSBL or its directors, employees, affiliates or representatives do not assume any responsibility for, or warrant the accuracy, completeness, adequacy and reliability of such information / opinions / views. While due care has been taken to ensure that the disclosures and opinions given are fair and reasonable, none of the directors, employees, affiliates or representatives of ARSSBL shall be liable for any direct, indirect, special, incidental, consequential, punitive or exemplary damages, including lost profits arising in any way whatsoever from the information / opinions / views contained in this Report. The price and value of the investments referred to in this Report and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance. ARSSBL does not provide tax advice to its clients, and all investors are strongly advised to consult with their tax advisers regarding taxation aspects of any potential investment.

Opinions expressed are our current opinions as of the date appearing on this Research only. We do not undertake to advise you as to any change of our views expressed in this Report. Research Report may differ between ARSSBL's RAs and/ or ARSSBL's associate companies on account of differences in research methodology, personal judgment and difference in time horizons for which recommendations are made. User should keep this risk in mind and not hold ARSSBL, its employees and associates responsible for any losses, damages of any type whatsoever.

ARSSBL and its associates or employees may; (a) from time to time, have long or short positions in, and buy or sell the investments in/ security of company (ies) mentioned herein or (b) be engaged in any other transaction involving such investments/ securities of company (ies) discussed herein or act as advisor or lender / borrower to such company (ies) these and other activities of ARSSBL and its associates or employees may not be construed as potential conflict of interest with respect to any recommendation and related information and opinions. Without limiting any of the foregoing, in no event shall ARSSBL and its associates or employees or any third party involved in, or related to computing or compiling the information have any liability for any damages of any kind.

Details of Associates of ARSSBL and Brief History of Disciplinary action by regulatory authorities & its associates are available on our website i. e. www.rathi.com

Disclaimers in respect of jurisdiction: This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject ARSSBL to any registration or licensing requirement within such jurisdiction(s). No action has been or will be taken by ARSSBL in any jurisdiction (other than India), where any action for such purpose(s) is required. Accordingly, this Report shall not be possessed, circulated and/or distributed in any such country or jurisdiction unless such action is in compliance with all applicable laws and regulations of such country or jurisdiction. ARSSBL requires such recipient to inform himself about and to observe any restrictions at his own expense, without any liability to ARSSBL. Any dispute arising out of this Report shall be subject to the exclusive jurisdiction of the Courts in India.

Copyright: - This report is strictly confidential and is being furnished to you solely for your information. All material presented in this report, unless specifically indicated otherwise, is under copyright to ARSSBL. None of the material, its content, or any copy of such material or content, may be altered in any way, transmitted, copied or reproduced (in whole or in part) or redistributed in any form to any other party, without the prior express written permission of ARSSBL. All trademarks, service marks and logos used in this report are trademarks or service marks or registered trademarks or service marks of ARSSBL or its affiliates, unless specifically mentioned otherwise.

Statements on ownership and material conflicts of interest, compensation - ARSSBL and Associates

Sr. No.	Statement	Answers to the Best of the knowledge and belief of the ARSSBL/ its Associates/ Research Analyst who is preparing this report
1	ARSSBL/its Associates/ Research Analyst/ his Relative have any financial interest in the subject company? Nature of Interest (if applicable), is given against the company's name?.	NO
2	ARSSBL/its Associates/ Research Analyst/ his Relative have actual/beneficial ownership of one per cent or more securities of the subject company, at the end of the month immediately preceding the date of publication of the research report or date of the public appearance?.	NO
3	ARSSBL/its Associates/ Research Analyst/ his Relative have any other material conflict of interest at the time of publication of the research report or at the time of public appearance?.	NO
4	ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation from the subject company in the past twelve months.	NO
5	ARSSBL/its Associates/ Research Analyst/ his Relative have managed or co-managed public offering of securities for the subject company in the past twelve months.	NO
6	ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months.	NO
7	ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months.	NO
8	ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation or other benefits from the subject company or third party in connection with the research report.	NO
9	ARSSBL/its Associates/ Research Analyst/ his Relative have served as an officer, director or employee of the subject company.	NO
10	ARSSBL/its Associates/ Research Analyst/ his Relative has been engaged in market making activity for the subject company.	NO

Other Disclosures pertaining to distribution of research in the United States of America

The research report is a product of Anand Rathi Share and Stock Brokers Ltd. (hereinafter refer as ARSSBL) under Marco Polo Securities 15a6 chaperone service which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

Research reports are intended for distribution by only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor. In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, ARSSBL has entered into a chaperoning agreement with a U.S. registered broker dealer, Marco Polo Securities Inc. ("Marco Polo").

- ARSSBL or its Affiliates may or may not have been beneficial owners of the securities mentioned in this report.
- ARSSBL or its affiliates may have or not managed or co-managed a public offering of the securities mentioned in the report in the past 12 months.
- ARSSBL or its affiliates may have or not received compensation for investment banking services from the issuer of these securities in the past 12 months and do not expect to receive compensation for investment banking services from the issuer of these securities within the next three months.
- However, one or more of ARSSBL or its Affiliates may, from time to time, have a long or short position in any of the securities mentioned herein and may buy or sell those securities or options thereon, either on their own account or on behalf of their clients.
- As of the publication of this report, ARSSBL does not make a market in the subject securities.
- ARSSBL or its Affiliates may or may not, to the extent permitted by law, act upon or use the above material or the conclusions stated above, or the research or analysis on which they are based before the material is published to recipients and from time to time, provide investment banking, investment management or other services for or solicit to seek to obtain investment banking, or other securities business from, any entity referred to in this report.

- As of the publication of this report, ARSSBL does not make a market in the subject securities.
- Additional information on recommended securities/instruments is available on request.
- Compliance officer-Deepak Kedia, email id - deepakkedia@rathi.com, Contact no. +91 22 6281 7000.
- Grievance officer-Madhu Jain-email id- grievance@rathi.com, Contact no. +91 22 6281 7191
- ARSSBL registered address: Express Zone, A Wing, 9th Floor, Western Express Highway, Diagonally Opposite Oberoi Mall, Malad (E), Mumbai – 400097. Tel No: +91 22 6281 7000 | Fax No: +91 22 4001 3770 | CIN: U67120MH1991PLC064106.