

IPO Note

September 12, 2024

Western Carriers (India) Limited





Issue Snapshot:

Issue Open: September 13 – September 18, 2024

Price Band: Rs. 163-172

*Issue Size: Up to Rs 492.88 cr (including Fresh issue of Rs 400 cr + Offer for sale of 5,400,000 eq shares)

Reservation for:

QIB	upto	50% eq sh
Non-Institutional	atleast	15% eq sh
((including 1/3 rd for applications between Rs.2 lakhs to Rs.10 lakhs))		
Retail	atleast	35% eq sh

Face Value: Rs 5

Book value: Rs 50.62 (March 31, 2024)

Bid size: - 87 equity shares and in multiples thereof

100% Book built Issue

Capital Structure:

Pre Issue Equity: Rs. 39.3 cr

*Post issue Equity: Rs. 51.0 cr

Listing: BSE & NSE

Book Running Lead Managers: JM Financial Ltd, Kotak Mahindra Capital Company Ltd

Sponsor Bank: HDFC Bank Ltd & Kotak Mahindra Bank Ltd

Registrar to issue: Link Intime India Private Ltd

Shareholding Pattern

Shareholding Pattern	Pre issue %	Post issue %
Promoter and Promoter Group	100.0	71.9
Public & Employees	0.0	28.1
Total	100.0	100.0

*=assuming issue subscribed at higher band
Source for this Note: RHP

Background & Operations:

Western Carriers (India) Ltd (WCIL) 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 Fiscal 2023. Its domestic and EXIM market share, based upon container volumes handled, was 6% and 2%, respectively, in Fiscal 2023. 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.

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

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. Over the last 50 years, the business has continued to evolve to provide end-to-end, customised, multi-modal logistics solutions across the supply chain integrating road, railway, water and air logistics along with a customised suite of value-added services. Set out below is a graphical representation of its multi-modal logistics solutions and services.



Source: Company RHP

Company has a long-standing relationships with customers across varied sectors such as metals, fast moving consumer goods ("FMCG"), pharmaceuticals, chemicals, engineering, oil and gas and retail. These long-standing relationships have also contributed to the growth of its revenues from its existing customers and the expansion of its customer base. In Fiscal 2024, 80% of its revenues originated from customers who had been transacting with the Company for over three years and its customer retention rate for the top 10 customers was 100%. WCIL continues to evolve its business with progressing needs of its customers, some of whom are industry leaders in their respective sectors. Company believes this enables it to grow its business organically alongside its customers. WCIL believes that the several years of experience of the Company and its Promoters, along with its commitment to customer centric service, its efficiency and on-time delivery has resulted in many of the customers considering it as their partner of choice.

For almost all of the customers, it provides customised 'one-stop/single-window, end-to-end' 3PL and 4PL logistics solutions meeting their unique requirements, which lets them choose from its suite of customised value-added solutions such as inventory planning, warehouse planning and management, cargo and material handling and packaging, customs house clearance, pre-shipment inspection and containerization. For instance, in Fiscal 2022, it 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. It has been associated with this Indian mining and resources group as a business partner since 2008.

WCIL believes that its technological capabilities play a key role in helping it effectively manage its operations, maintaining operational and fiscal controls, and supporting its efforts to enhance client service levels and deliver shipments on time. According to the 1Lattice Report, company has been at the forefront of integrating modern technology into its services.

Company's long-standing relationships with its third-party service providers who provide it with some of the assets necessary for its operations, *i.e.*, vehicles, warehouses, railway flat, rakes and wagons, give it control over the capacity and fleet, and the scheduling, routing, storing, and delivery of goods managed by WCIL. It is one of the largest platinum and the largest associate partner of an Indian rail container logistics provider in terms of railway TEUs, in Fiscal 2023, according to the 1Lattice Report. Approximately 6% of the domestic railway TEUs and approximately 4% of the export-import market railway TEUs of this Indian rail container logistics provider business was handled by WCIL in Fiscal 2024 making it the only associate partner of this Indian rail container logistics provider which provides substantial volume (4% in Fiscal 2024) of EXIM business to them, according to the 1Lattice Report.

Over the next few years, company intends to enhance its scope of engagement with existing customers by strengthening its existing service offerings, adding new offerings, servicing newer geographies, providing additional value-added services and offering time and cost saving solutions to them. Furthermore, it intends to continue to grow its share of the customers' spend on logistics by expanding the levels of its engagement with them across multiple plants, locations and geographies and the sectors that its customers operate in. Company plans to leverage its performance, customer referrals and its expertise in core segments to add affiliates and business partners of its existing customers, or their new manufacturing facilities, locations and geographies, as well as to acquire new customers in sectors it does not currently service.

WCIL aims to increase its operating margins by creating operational efficiencies and, to this end, it will focus on providing the customers with value-added services at various stages in the logistics value chain. Further, it plans to improve its overall asset utilisation through economies of scale and increasing the level of integration across its logistics networks, enabling the Company to cross-sell its other services and capabilities, while positioning WCIL's modularised solutions and services before its customers to reduce their dependencies on third-party service providers. Company believes that this will further enhance its customers' experience and allow it to expand more rapidly and cost-efficiently.

While the Company intends to continue to operate through an asset-light business model, it will continue to expand its operational capabilities and expand its network infrastructure and capacity to the extent it assists WCIL in improving quality metrics and overall performance as well as allowing it to offer a variety of flexible, scalable solutions and services in response to its customers' complex requirements (in terms of scale of operations and logistics requirements). Hence, the Company intends to utilise a portion of proceeds from this Offer for funding the purchase of commercial vehicles, 40-feet specialised containers and 20-feet normal shipping containers and reach stackers, which may lead to improved performance, reliability and safety. These purchases will assist it in meeting specific customer requirement that cannot be adequately met through arrangements with third-party service providers.

WCIL's core principles

- **Resolve supply chain complexities:** WCIL's domain knowledge and engagement with the customers enable it to identify their pain-points and design one-stop/single-window, end-to-end solutions which offers them flexibility, simplicity, efficiency in meeting their supply chain needs. End-to-end solutions include services and solutions at every stage in the logistics value chain, which includes multi-modal logistics services through road, railway, ocean/coastal/river and air logistics services along with value added services such as warehousing and storage, labelling, product packaging, cargo handling, customs clearance, stevedoring, palletizing, fumigation, pre-shipment inspection and containerization.
- **Offer customized solutions:** It creates customized solutions for the customers using the several years of experience of its Promoters and the Company and its understanding of specific customer requirements.
- **Create and optimise value chains:** WCIL controls and manages the entire logistics value chain of certain customers by reducing redundancies and replications in the supply chain and dependence on third-party intermediaries. This leads to cost and time efficiency for such customers.

Objects of Issue:

The Offer comprises a Fresh Issue of equity shares of face value of Rs.5 each, aggregating up to Rs 4,000 million by WCIL and an Offer for Sale of up to 5,400,000 equity shares of face value of Rs.5 each, by the Selling Shareholders.



Offer for sale

WCIL will not receive any proceeds from the Offer for Sale. The proceeds of the Offer for Sale shall be received by the Selling Shareholders and will not form part of the Net Proceeds. Each Selling Shareholder will be entitled to its respective portion of the proceeds of the Offer for Sale after deducting its respective proportion of the Offer expenses and relevant taxes thereon.

Objects of the Fresh Issue

The Company proposes to utilize the Net Proceeds towards funding the following objects

- 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; and
- General corporate purposes.

In addition, WCIL expects to receive the benefits of listing of the Equity Shares on the Stock Exchanges which will result in the enhancement of its brand name and creation of a public market for the Equity Shares in India.

Utilisation of Net Proceeds

(Rs in million)

S.No	Particulars	Total estimated cost
1	Prepayment or scheduled re-payment of a portion of certain outstanding borrowings availed by the Company	1635.00
2	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	1517.10
3	General Corporate Purposes	*
	Net Proceeds	*

Competitive Strengths

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

WCIL is one of the few players in the Indian logistics industry with the capability to deliver cost-efficient, time bound and 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. Company believes that its expertise, together with the utilisation of latest technology, enables it to study, model, design and optimise supply chain solutions for its customers and to meet the customers' requirements. This in-turn allows it to control any supply chain gaps, and plan and optimise routes, transportation networks and consignment loads, resulting in its adherence to committed transit times and cost optimization for its customers.

Company provides integrated, customized, end-to-end services across the logistics value chain to its customers. Such customised services have inherent entry barriers. Its expertise in providing end-to-end logistics and customised solutions to customers provides it with a significant competitive advantage. With its end-to-end portfolio of logistics offerings and its pan India network, company is able to provide customised solutions to its customers that are tailored based on WCIL's experience, and understanding of, its customers' needs and the nature of the goods being handled. It believes that this leads to repeat business and a higher wallet share, which in turn helps create an entry barrier for its competitors.

WCIL believes that its track record of delivering on-time and cost-efficient execution of projects, particularly in view of the size and complexity (in terms of scale of operations and logistics requirements) of these projects and the diverse geographies in which they are located, provides the Company with a competitive advantage, and contributes to its customers' confidence in the Company. For instance, since 2001, under the erstwhile proprietorship, it 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.

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

WCIL'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 its customers' distribution centres and enabling regular and assured deliveries with reduced transit time and lower costs.

The increasing scale and complexity of business operations of its customers, including higher inventory levels, wider range of supplier relationships and desire for faster lead times has driven the demand for tailored, cost-effective and customised logistics services. Company's presence across the entire spectrum of the logistics value chain enables WCIL to combine its rail, road, river transportation,



air and ocean freight services, irrespective of its size and scale. It often combines these offerings with an array of 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 in order to design and implement 'one-stop/single-window, end-to-end' solutions which, it believes, address the customers' pain-points and logistics problems. WCIL believes this is a key differentiator for its business.

Multi-modal Logistics Solutions

Company's multi-modal logistics solutions, which includes road, railway, ocean/river/coastal and air logistics services, minimises the loss of time and risk of loss, pilferage, and damage to cargo at trans-shipment points, reduces multiple layers of documentation and procedures and helps reduce costs. It also provides chartering services to overseas destinations, stevedoring services at Indian ports and coastal movement of cargo within India. Company specializes in combining rail with road movements through its asset-light business model wherein its warehouses, rakes, equipment and vehicles are operated through leases or spot market arrangements, which enables it to operate in geographically dispersed locations, readily modify operating volumes, optimise loads and maintain flexibility in handling capacity variations depending on the customers' requirements.

Logistics Infrastructure

In addition to the Company's hired equipment and leased facilities, it owns logistics infrastructure such as commercial vehicles, heavy equipment, and shipping containers. As of March 31, 2024, it had four zonal offices, over 50 branch offices and 16 warehouses, all of which is leased. As of that date, it owned over 400 GPS-enabled heavy commercial vehicles, over 100 pieces of heavy equipment (including 32 reach stackers) and over 500 shipping containers. Through arrangements with its network partners and third-party service providers, it has the capability to offer jumbo rakes (which can transport 1,500-2,000 metric tons of cargo in one go) and mini rakes (20 wagons) to its customers. These offerings, combined with the Company's fleet of leased and owned commercial vehicles, enable it to seamlessly bridge road and rail movements.

One-Stop/single-window, End-to-End Solutions

WCIL believes that a combination of its execution capabilities, together with the domain knowledge, partnerships and engagement with its customers, provide it the ability to design and implement tailor-made, 'one-stop/single-window, end-to-end' solutions. Company believes that this addresses its customers' pain-points and logistics problems where it is accountable for delays, cancellations, erroneous delivery, damages, pilferage and other forms of losses through the entire logistics process in order to provide seamless cargo movement which, it believes, allows them to realise operational efficiency and flexibility in addition to cost savings. Further, given its ability to control and manage the entire logistics supply chain, it has not received complaints from its major customers for any delays in delivery schedules since April 1, 2021.

Strong customer relationships with a diverse customer base

As of March 31, 2024, company served a diverse base of 1,647 customers. WCIL's integrated, solution-oriented and customised services allow it to cater to its customers' logistics requirements resulting in its ability to maintain 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). Company believes that this has also contributed to the growth of its revenues from the existing customers across geographies, plants and regions they operate in as well as expansion of its customer base. Company's revenue from operations from its top 10 customers in Fiscals 2024, 2023 and 2022 was Rs 12,131.71 million, Rs 10,966.25 million and Rs 10,560.68 million, respectively, which represented 71.97%, 67.15% and 71.80%, respectively, of its total revenue from operations in those periods.

In Fiscal 2023, 80% of its revenues originated from customers who had been transacting with the Company for over three years and its customer retention rate for the top 10 customers was 100%. It has decades long relationship with 7 of the top 10 customers (based on their contribution to its revenue from operations in Fiscal 2024) who contributed approximately 57.21% to its revenue from operations in Fiscal 2023.

Company believes that it has been a logistics partner to certain key customers due to its ability to handle multi-modal projects, effectively control and manage their logistics value chain, deliver comprehensive, tailor-made, end-to-end logistics solutions, combined with the focus on timely deliveries and integration with its customers' business processes.

In Fiscal 2022, the Company catered to the integrated multi-modal logistics requirements of an Indian mining and resources group including 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 Jharsuguda plant in Odisha, including material handover, container stuffing and rake loading. It has been associated with this Indian mining and resources group as a business partner since 2008.



WCIL has been at the forefront of creating new customised solutions for its customers in order to increase the wallet share and improve value creation. For example, it has offered a customised rake movement solution to a steel manufacturer, which combined notified commodity (steel) with non-notified commodity (directly reduced iron – sponge iron), resulting in efficiencies and cost-savings. Similarly, it implemented a road movement logistics solution for this steel manufacturer using custom designed vehicles to reduce damage to coil surfaces and reduce their customer rejections. Furthermore, it uses a combination of barges and rail-based multimode transport for domestic cargo movement for this steel manufacturer and now serve them at multiple plant locations. During the second wave of the COVID-19 pandemic, company helped to move this steel manufacturer's oxygen container over rail for the Indian Government.

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

WCIL was 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 Fiscal 2023. It provided integrated, customised, end-to-end services across the logistics value chain to its customers. Such customised services have inherent entry barriers. Company believes that, given its execution capabilities and ability to provide one-stop/single-window, end-to-end and integrated customised logistics solutions in a market with inherent entry barriers, company is in an advantageous position to benefit from certain favourable trends and initiatives in the Indian logistics industry.

WCIL is one of the largest platinum business associate and the largest associate partner of an Indian rail container logistics provider in terms of railway TEUs, in Fiscal 2024, according to the 1Lattice Report. Company believes that its rail-focused multi-modal logistics business will enable it to capitalise on the growth of the container rail multi-modal (rail-road) market. Further, according to the 1Lattice Report, rail networks have the potential to be the fastest and cost-effective transportation mode for freight in India. Not only are the costs of rail transportation significantly lower compared to other modes, but it also offers the advantages of speed and capacity-related factors. With company's expertise in rail multi-modal logistics and its established presence in the rail transportation market, it believes that its business will grow along with the growth in the market share of railways.

Scaled, asset-light business model with successful track record of delivering growth and profitability and experience of WCIL's Promoters and the Company

Company believes that it is well positioned to take advantage of the growth opportunities given its scale of operations. Its domestic and EXIM market share, based upon container volume handled, was 6% and 2%, respectively, in Fiscal 2023 making the Company one of the largest private, multimodal, rail focused, 4PL asset-light logistics players in India in terms of container volumes handled/operated by private players in Fiscal 2023. Company's asset-light model, deep understanding of its customers' requirements, several years of experience of the Company and its Promoters, execution capabilities and its relationships with the third-party service providers and vendors, has contributed to an increase at a CAGR of 6.00% in container volume handled by the Company through rail transportation, from 179,287 TEUs in Fiscal 2021 to 193,137 TEUs in Fiscal 2023. WCIL believes that these factors have also contributed to its position as one of India's largest and fastest growing logistics solutions providers with a fully scaled business.

Asset light and scalable business model

WCIL operates primarily an asset-light business model wherein it does not have ownership of its assets and company operates a majority of the infrastructure required for its operations through leases with its network partners, giving it control over the capacity, availability and fleet, and the scheduling, routing, storing, and delivery of goods or containers managed by WCIL. It only owns assets which it has designed or developed to specifically meet the customers' needs that cannot be adequately met through arrangements with its third-party service providers or assets which are essential for running its supply chains efficiently. WCIL expands its operational capabilities, network infrastructure and capacity across business lines to the extent it assists in maintaining control over operational quality metrics and improving its overall performance as well as allowing it to offer a variety of flexible, scalable solutions and services based on the customers' requirements and handle complexities in the supply chain solutions industry, while still allowing the business model to retain its asset-light character.

Track record of growth and profitability

Company has demonstrated a successful track record of growth in revenue, EBITDA and profit for the year, with revenue from operations increasing to ₹16,857.69 million in Fiscal 2024 from ₹14,708.75 million in Fiscal 2022, representing a CAGR of 4.65%, EBITDA increasing to ₹1,518.24 million in Fiscal 2024 from ₹1,088.87 million in Fiscal 2022, representing a CAGR of 11.72%, and profit for the year increasing to ₹803.47 million in Fiscal 2024 from ₹611.29 million in Fiscal 2022, representing a CAGR of 9.54%.

It's EBITDA Margin was 9.01%, 7.74% and 7.40% in Fiscals 2024, 2023 and 2022, respectively. Company's RoE and RoCE remained broadly consistent in Fiscal 2024 compared with Fiscal 2022. Its RoE was 22.41%, 24.84% and 26.92% in Fiscals 2024, 2023 and 2022, respectively. RoCE was 29.23%, 29.71% and 33.40% in Fiscals 2024, 2023 and 2022, respectively. In Fiscal 2022, company's RoE and RoCE was among the highest and in Fiscal 2024 its RoCE was among the highest in the speciality logistics industry, according to the 1Lattice Report.

As of March 31, 2024, it had cash and cash equivalents of ₹18.79 million. As of March 31, 2024, company had a strong balance sheet, with total equity of ₹3,983.62 million, and low leverage levels, with borrowings (current and non-current) of ₹2,659.98 million. Its Net Debt to



EDITDA Ratio increased to 1.52 in Fiscal 2024 compared with 1.41 in Fiscal 2023 and 1.03 in Fiscal 2022. Company believes that its low leverage levels make it well positioned to utilise debt financing for expansion and growth in the future.

Promoters' experience and track record

WCIL's Promoter and Chairman and Managing Director, Rajendra Sethia, has over 50 years' experience in the logistics solutions industry having established his logistics business in 1972 as a sole proprietorship under the name of "Western Carriers" which was acquired by the Company in 2013. He plays a vital role in providing strategic guidance and direction to the Company. Its Promoter, Whole-time Director and CEO, Kanishka Sethia, who has been serving as the National Chairman of Supply Chain & Logistics for the Indian Chamber of Commerce (ICC) since 2018, has approximately 20 years' experience in the logistics industry. Further, both the Promoters are customs broker license holders, which enables them to guide the Company in management of entire EXIM cycle.

WCIL's Promoters' and company's several years of experience enables it to foresee challenges and implement mitigating steps to preserve the customers' timeline. Promoters have led its business and operations, built the "Western Carriers" brand and contributed to its position in the Indian multi-modal logistics industry. With the Promoters' and company's several years of experience, it believes that they are equipped to respond to challenges posed by a rapidly evolving logistics industry in India and have become a preferred partner for its customers. Under the Promoters' leadership, it has forayed into 4PL logistics services and solutions, complex supply chains, and reverse logistics and have assisted its customers in deploying inventory/order management systems. Company believed that the promoters have been instrumental in its growth, and that their vision and expertise will continue to provide it with a significant competitive advantage as it seeks to expand its network and operations.

Business Strategy:

Grow the Company's relationships with its existing customers

WCIL intends to enhance its scope of engagement with existing customers by strengthening its existing service offerings, adding new service offerings, servicing newer geographies, providing value-added services and offering time and cost saving solutions. Company is the existing logistics partners for large customers and one of its key growth strategies is growing with the customer base as their logistics needs growth. It caters to almost all the logistics and storage requirements of certain customers. Company plans to improve customer retention by providing customised solutions and improving its asset base for effective delivery of services. It aims to grow the operations and acquire a higher wallet share of its customers' spend on logistics by designing customised and integrated supply chain solutions for their specific needs, introducing streamlined practices from its learnings and experiences with other customers and by increasing their reliance on its offerings. Furthermore, it intends to continue to grow its share of the customers' spend on logistics by expanding the levels of its engagement with them across multiple plants, locations and geographies and the sectors that its customers operate in.

Similarly, the Company entered into a handling contract with an Indian steel manufacturer in 2019. After successful execution of such contract, company was approached by them for pan-India transportation of their goods through road. Based on WCIL's performance, they continued to engage with the Company and it begun providing multi-modal logistics services for the movement of certain of their non-notified commodities across India as their sole logistics partner. Company's association with this steel manufacturer continued and it was engaged for rail transportation of their hot-rolled and cold-rolled coils (finished goods) in specialised containers which are owned by WCIL and customised to meet their requirements.

Acquire new customers and expand into new sectors and new geographies

Acquiring new customers: Company believes that expanding its customer base will help increase the revenues and margins. One of its key strategies is to leverage, through its sales and marketing team, its expertise in core segments and introduce practices from its learnings and experiences with existing customers in order to acquire new customers. WCIL believes that it is well placed to leverage its operational expertise in working with customers to develop and design customized supply chain solutions, while increasing visibility and transparency across the entire supply chain. This ability can help it acquire new customers, including retail customers and large customers operating in sectors it does not currently service. In the Fiscals 2024, 2023 and 2022, it 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.

Further, company believes that it is well positioned to add affiliates and business partners of its existing customers, or new manufacturing facilities, locations and geographies of existing customers, on the basis of its performance and customer referrals. For instance, based on the quality of solutions to other group companies, company was onboarded to provide logistics services to an Indian mining and resources group's zinc manufacturing affiliate, an Indian zinc alloy manufacturer. WCIL's work with these aluminium and zinc alloy manufacturers involved, among other things, coordination with different vendors and transfers from several warehouses through rail and road and transfer from port premises to project sites through ocean freight in addition to value-added services such as containerization, product strapping and palletization. It believes that having WCIL as their supply chain partners streamlined this group's supply chain by reducing vendor engagement, costs and lead time and this makes it one of the key contenders for the logistics service opportunities that are offered by this metals and resources group.



Similarly, having started from a single plant location, company now serves an Indian steel manufacturer at multiple plant locations, with its logistics services ranging from road transport to specialised road movement using custom designed V-grove trailers, and from EXIM cargo using barges to rail multi-mode transport for domestic cargo movement. It believes that WCIL's services for this customer resulted in benefits such as improved transit time, reduced wastage and customer rejections and reduced costs, and positions it favourably for additional work at this customers' other plants and with its affiliates.

Expand into new sectors: WCIL plans to develop solutions and services that can be modularised and adopted by customers, which can further enhance customer experience and allow it to expand further. For instance, according to the 1Lattice Report, the Indian Railways' initiatives in the lucrative e-commerce space will make it approximately 2.5 times quicker than road carriers and even compete with air cargo carriers. It plans to launch 25 high-speed freight trains to handle e-commerce parcels and goods. If the Company is able to leverage its expertise in rail multi-modal solutions, it could foray into e-commerce and related activities thereby attracting a larger pool of customers. Further, WCIL intends to continue focusing on the opportunities arising out of the eastern and western DFCs.

Expand into new geographies: WCIL has pan-India operations with presence in all four major geographical zones across India and company believes that it is well positioned to capture nationwide growth. Through its new customers, it intends to cater to new geographies in which they operate and expand the scale of its operations. Company has and intends to continue to implement innovations and learning gained in one geography to other regions where it has a presence. Company believes more throughput through additional businesses will enhance its productivity and improve the profit margins. It also believes there are several emerging and high-growth markets that share similar operational and structural market challenges to the markets in which it operates, which it believes can benefit from the technology and network.

Continued focus on improving margins: Company's plan to continue to improve its operating margins by focusing on expanding the scope of its value-added services and offering services that enhance customer experience, enhancing its technological capabilities by building a technology stack which enables higher utilisation of rakes and bundling of multiple orders, improving the overall asset utilisation through economies of scale and increasing the level of integration across its logistics networks and by enhancing its focus on opportunities for project logistics.

Value-Added Services: Over the past few decades, competition in the logistics industry has steadily increased which has driven the need of offering value-added services to customers as it helps them optimise production costs, improve time management, reduce supply chain complexities and improve quality control and traceability. Value-added services act as a backbone for the entire multi-modal logistics service industry. Company intends to work on offering services that enhance customer experience and can be more efficiently adopted by customers, while maintaining company's focus on increasing its operating margins by creating operational efficiencies. To this end, company provides its customers with value-added services at various stages in the logistics value chain such as warehousing and storage, labelling, product packaging, cargo handling, customs clearance, stevedoring, palletizing, fumigation, pre-shipment inspection and containerization. Additionally, usage of heavy assets such as reach stackers, forklifts, hydras and excavators facilitates loading and unloading of containers and handling cargo, thereby helping the Company improve its end-to-end capabilities, which it intends to continue to develop and expand further.

Technological capabilities: Company believes its technological capabilities and initiatives play a vital role in helping it effectively manage and run its pan-India operations and increasing its operational efficiency. According to the 1Lattice Report, with the help of technology-enabled integrated logistics services, rail logistics players can deliver services with greater timeliness and accuracy. It provides integrated supply chain solutions to its customers which can be further optimised and strengthened with deep data-science and business intelligence capabilities. This will enable it to provide multi-channel solutions that improve the reliability, speed and cost-efficiency of the customers' supply chains. This can be achieved by building a technology stack which may result in higher utilisation of rakes and bundling of multiple orders on the same route, which may consequently help it meet the dynamic needs of modern supply chains.

High Margin / Premium Business: Company has the ability to deal in both large as well as small volumes efficiently and effectively in a time-sensitive and cost-effective manner through an extensive network across India. Thus, it can deliver time-bound small courier cargos as well as jumbo packages throughout India. This capability to handle multiple types of cargo helps it optimize the transits and related costs resulting in efficiency improvements for its business.

Improved Utilisations: Further, company plans to improve overall asset utilisation through economies of scale and increase the level of integration across its logistics networks. Integration of its logistics services with the customers' supply chains enables it to cross-sell its other services and capabilities. As a part of its integrated logistics offering, it aims to continue to reduce its customers' dependencies on third-party service providers by providing direct services to the customers.



Increase focus on project logistics: As part of the Company's project logistics offerings, it has successfully completed several national and cross border projects, which included an oil rig mobilization/de-mobilization for an Indian oil and natural gas company that involved a supply chain partnership with an Indian infrastructure company who were the principal contractors for a cement plant in Bangladesh. It is also in the process of undertaking a project in Chhattisgarh involving custom clearance, inland transportation of containers and return of containers to the shipping line using specialised equipment. It intends to increase focus on project logistics offerings by providing services for national infrastructure pipeline projects, rail express logistics and e-commerce businesses. Company believes that project logistics provide significant growth opportunities and it will continue to expand its presence in this area selectively and through capital-efficient, partnership-driven models.

Pursue inorganic growth on an opportunistic basis

Historically, company has expanded its portfolio of solutions and services and geographical reach through organic growth while continuing to explore inorganic growth opportunities. For instance, in past it has participated in bidding for a company through a corporate insolvency process for which it was declared the second highest bidders. It is continuously looking to expand its customer base and expand the geographical reach of its operations in a sustainable manner. It may, in the future, pursue strategic alliances and select acquisition and investment opportunities that are complementary to its service offerings or that enable it to enhance its scale and market position or establish company's presence in the target markets, or that allow it to enter strategic businesses to capture additional revenue opportunities from its existing customer base or that extend its reach to new geographic markets within India or build new, valuable capabilities for its customers. It may, in the future, pursue inorganic growth opportunities to invest in private freight terminals and inland container freight stations, directly or through special purpose vehicles, in order to expand company's operations. Company intends to invest in logistics facilities, assets and technology that meet the demands of its target customers.

Continue to invest in the Company's infrastructure capabilities

While the Company intends to continue to operate through an asset-light business model, it will continue to expand its operational capabilities and expand the Company's network infrastructure and capacity across business lines to the extent it assists in maintaining control over operational quality metrics and improve overall performance as well as allowing it to offer a variety of flexible, scalable solutions and services based on its customers' specific requirements that cannot be adequately met through arrangements with its third-party service providers and handle complexities in the supply chain solutions industry, while still allowing its business model to retain its asset-light character. Towards this end and consistent with the expansion strategy, it intends to utilise a portion of proceeds from this Offer to purchase commercial vehicles, 40-foot specialized containers and 20-foot normal shipping containers and reach stackers for meeting its customers' requirements, which may enhance the safety, performance, and reliability of goods movement to and from its rail assets, containers and warehouses and will likely enhance its customers' service experience with the Company.

Enhance WCIL's technology capabilities

Company believes that its technological capabilities play a key role in helping it effectively manage its operations, maintaining operational and fiscal controls, and supporting its efforts to enhance client service levels and deliver shipments on time. It has made consistent investments in technology over the past several years. According to the 1Lattice Report, it is one of the first in India to implement GPS systems on all cross-country moving commercial vehicles, one of the early implementers of FASTag cards for cashless toll payments, one of the early implementers of ATM cards for drivers to reduce cash requirements as well as for integrating expenses into its systems seamlessly have also undertaken a radio frequency identification ("RFI") focused beta project in India.

Company operates a fully integrated ERP software which helps it track the movement of its customers' shipments through each of the modes in real time and has the capability to generate in-depth tracking reports on the movement of its delivery fleet, stock, purchases and sales. This software plays an important role in the billing and accounting processes including in the generation of e-invoices at the frequencies tailored to meet the requirements of its customers.

Company is now working on upgrades to bring mobile portability to its ERP software to enable data entries for all receipts and dispatch details and uploading such data on the server immediately, which will help it in cutting down billing cycles. Further, it is also working towards full integration of complex 4PL services with its ERP consistent with its growing offering and optimization of financial controls and reporting functions.

WCIL believes that its Promoter, Rajendra Sethia and the Company's several years of experience, enables it to create solutions for its customers. In order to improve efficiency, reduce costs and offer enhanced services to its customers, it plans to acquire and integrate new software solutions and innovative technologies and data systems and add talented engineers to the technology team to get more value from its experience. Company proposes to implement new, emerging technologies such as artificial intelligence for logistics' management and services such as "delivery as a service" (DAAS) in the future.

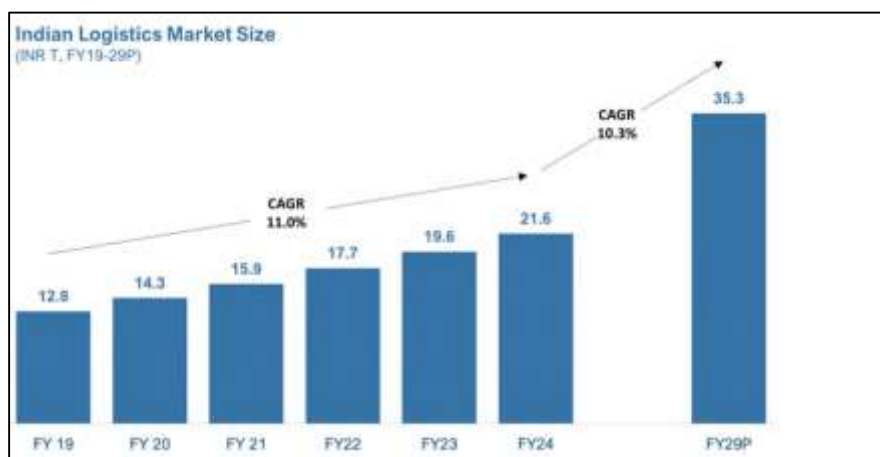
Industry Overview

Indian logistics market is poised for significant growth over the next few years

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

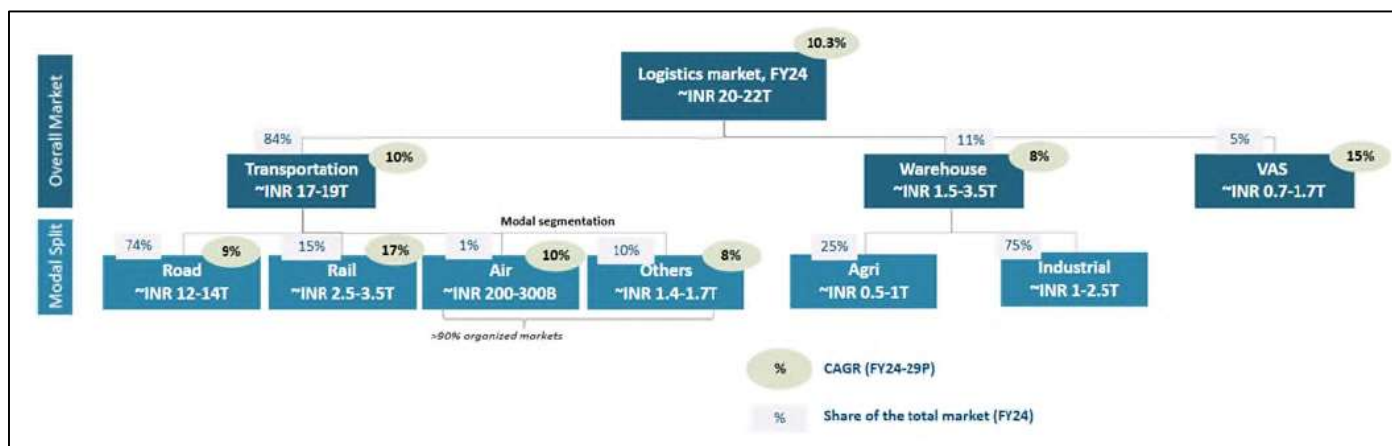
The logistics sector has been recognised as a core enabler for the development of India to reach the government's vision 1economy by the year 2025. In accordance with the Economic Survey Fiscal 2018, the logistics industry in India stood at ₹10.4 trillion in Fiscal 2017. The industry has grown at approximately 11% CAGR to 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%.



Source : Company RHP

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

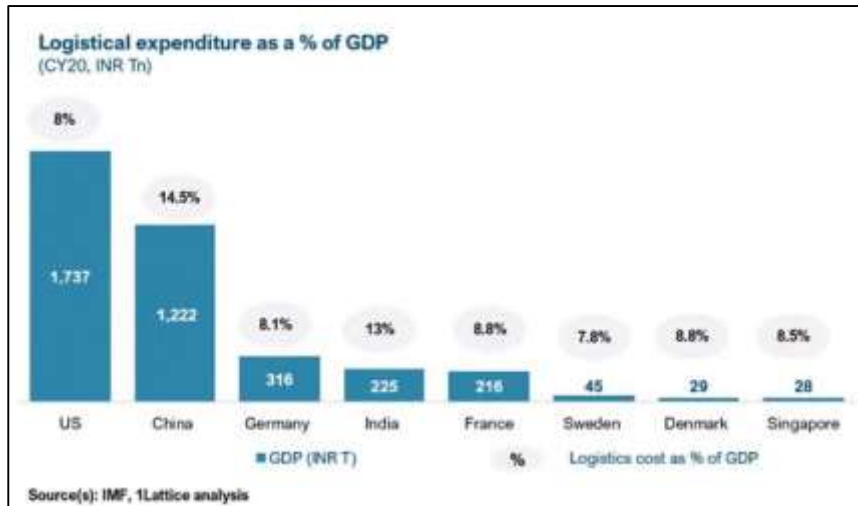
The logistics sector is mainly dominated by transportation having approximately 84% share in value terms, which is likely to remain high due to a rise in e-commerce and 3PL demand. Out of the contribution made by the transportation sector, the road transportation has the highest share in terms of value, i.e., approximately ₹12 trillion 3 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.



Source : Company RHP

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.

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

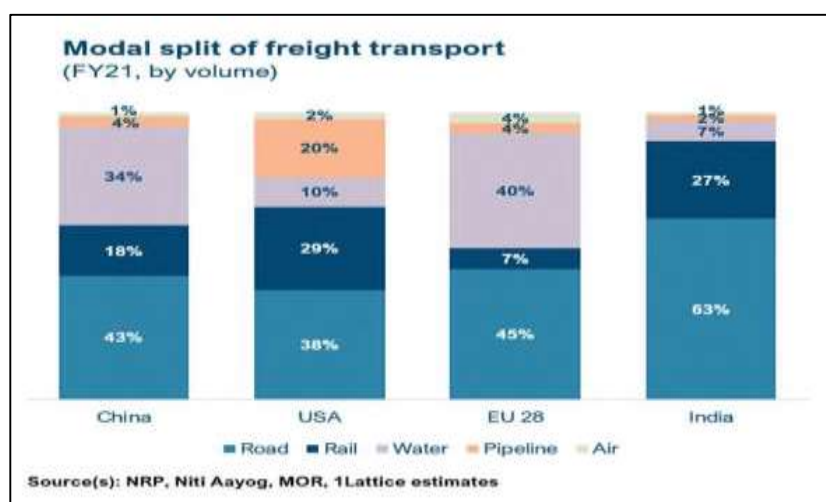


Source : Company RHP

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.

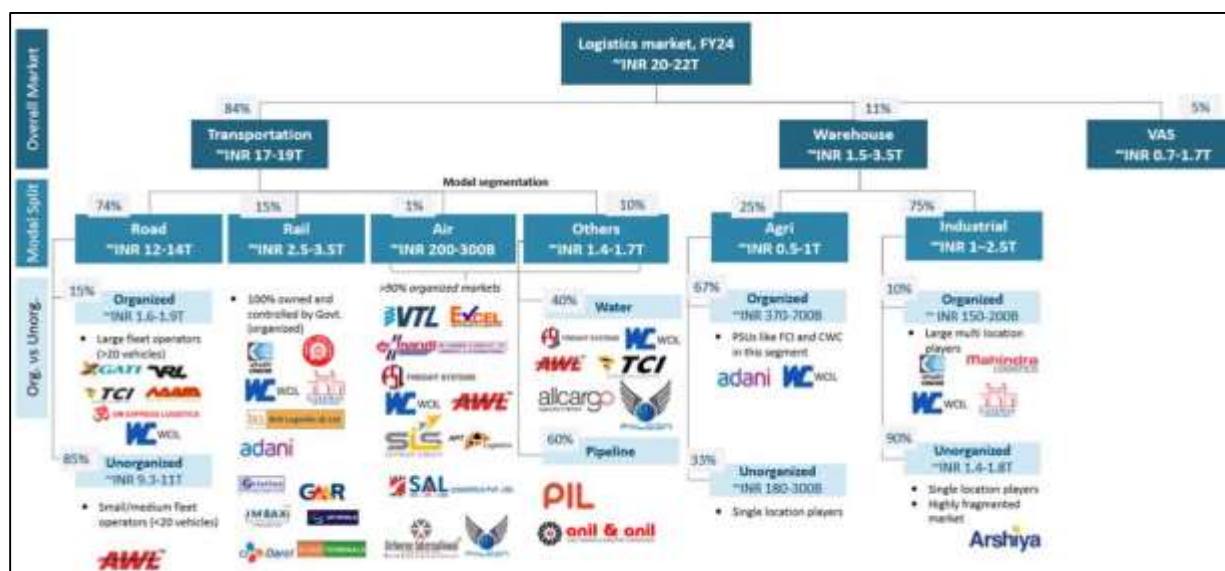
Developed countries have a balanced distribution across different modes based on their geography. However, in India, road cargo movement constitutes a significantly higher percentage at 63% (in Fiscal 2021 and approximately 65% in 2022) (in terms of volume) of total road cargo movement. While China stands 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.



Source : Company RHP

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.

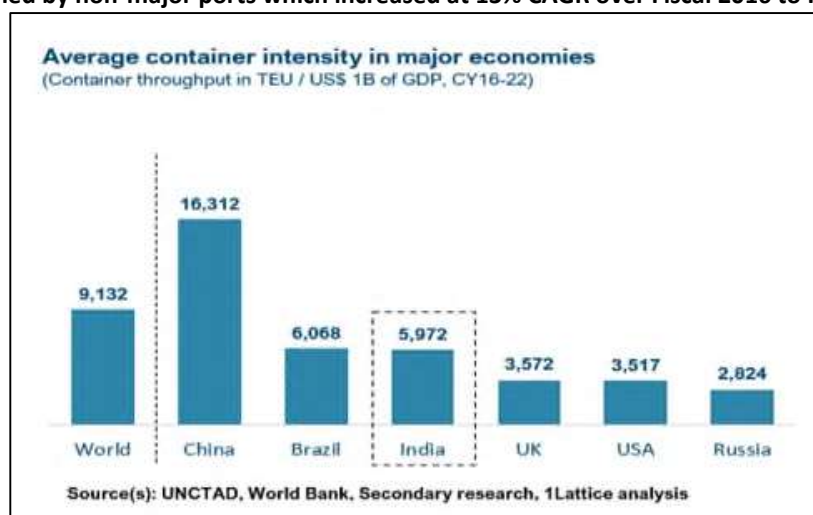


Source : Company RHP

Container market in India

India outpaced the world growth rate in container traffic and offers significant opportunity to increase penetration levels relative to population and GDP. 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. When compared to the average global container throughput per US\$1 billion of GDP, India lags at approximately 5,972 TEU per US\$1 billion GDP while the world throughput stood at approximately 9,132 TEU per US\$1 billion GDP. India is still ahead of countries like USA, UK and Russia.

Container traffic growth was led by non-major ports which increased at 13% CAGR over Fiscal 2016 to Fiscal 2024



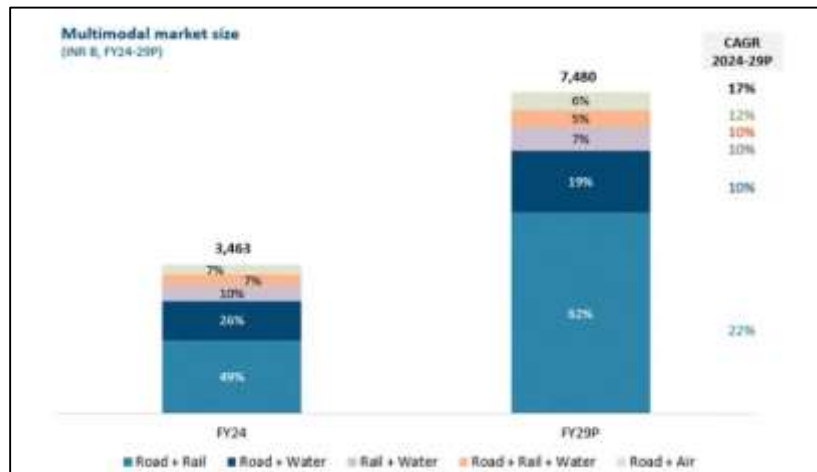
Source : Company RHP

The containerization in India increased at a fast pace in the last decade driven by facilities such as easy container identification with unique codes, lower packaging, and transportation cost due to break bulk handling, own warehouse services and lack of pilferage and losses of cargo. Direct port delivery scheme is expected to expedite the clearance of goods directly from the Port thus reducing the transaction time and cost. 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. It grew at a year-on-year rate of 1% to 279 MMT in Fiscal 2022 owing to the slowdown in trade caused by COVID-19.

Major ports have continuously lost a significant share of container traffic to non-major ports in last few years, declining from 71.08% in Fiscal 2016 to 57.80% in Fiscal 2024. Rapid expansion of private terminal operators in the non-major ports diverted significant portion of cargo. The market share of non-major ports collectively rose to 42.20% in Fiscal 2024 from 28.92% in Fiscal 2016.

Assessment of container rail multimodal market

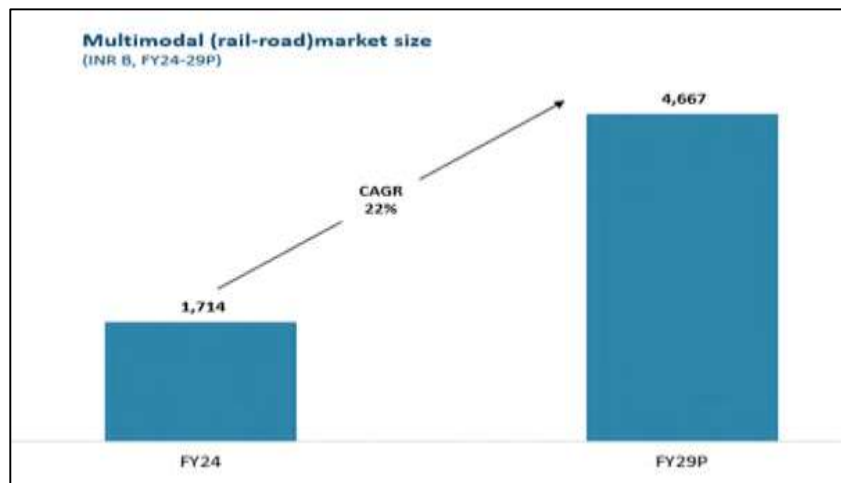
Multimodal transportation is divided into several segments such as railroad, road-water, road-air, others, etc. The multimodal market is around ₹3,463 billion in Fiscal 2024, which is expected to grow to ₹7,480 billion by Fiscal 2029 growing at a CAGR of 17%. The share of multimodal market is approximately 18% of the total logistics market in Fiscal 2024 (₹20-22 trillion) which is expected to grow to 10% of the total logistics market (₹31 trillion to ₹33 trillion) by Fiscal 2028.



Source : Company RHP

Growth drivers of multimodal market

Out of this, the multimodal (railroad) market is around ₹1,714 billion in Fiscal 2024 which is expected to grow to ₹4,667 billion by Fiscal 2029 growing at a CAGR of 22% in that period. The share of multimodal (railroad) market is approximately 10% of the total transportation market in Fiscal 2024 which is expected to grow close to twice the size to 15% by Fiscal 2029.



Source: Company RHP

PM Gati Shakti: The Gati Shakti National Master Plan also known as National Master-Plan for multimodal connectivity was launched in October 2021 and is a ₹100 lakh crore project with a target of building a holistic infrastructure in India. It aims to digitally unify 16 different ministries driven by seven modes of road, rail, airports, ports, mass transport, waterways and logistics infrastructure. After unification, data exchange on Unified Logistics Interface Platform (“ULIP”) will ensure efficient movement of goods, reduce cost and time. In the future, 100 cargo terminals equipped with multimodal facilities will be developed under this plan.

Market assessment of rail logistics

India has the fourth-largest rail network in the world after USA, Russia, and China. As of Fiscal 2024, the total route was 68,584 km, of which more than 41% was double/multiple tracks. According to Ministry of Railways, Indian Railways total loading was 1.6 billion metric tonne which was 5.2% higher than last year's loading of 1.5 billion metric tonne.

Market assessment in container rail-road logistics

The total container freight in India is either transported via private sidings or through freight terminals. In Fiscal 2024, the container traffic transported through private sidings is estimated to be only approximately 4% of the total traffic, leaving the majority of approximately 96% through freight terminals. This split is expected to change as 97% for freight terminals leaving only 3% for private sidings by Fiscal 2029. Requirement of special infrastructural arrangements in private sidings, development of multimodal logistics park supported by government initiatives will drive the shift to freight terminals from private sidings.



Source: Company RHP

Value added services in logistics marketMarket Potential

The Indian container rail multimodal (railroad) market and value-added services market presented a large addressable opportunity size of ₹1,300 billion in Fiscal 2024 and is expected to grow to ₹2,916 billion by Fiscal 2029 at a CAGR of 18% between Fiscal 2024 and Fiscal 2029.

	FY24	FY29P
Container multimodal (railroad) market (INR B)	327	975
Value added service market (INR B)	973	1,941
Total addressable market (INR B)	1,300	2,916

Source : Company RHP

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; and
- Artificial intelligence driven decision making, to improve efficiency and experience.

B2B drivers of growth for the logistics sector

With strong macro-economic fundamentals along with increasing government expenditure in infrastructure, the logistics market has received total institutional investment of approximately US\$ 6.0 billion over 2019 to 2023.

Rise in MSMEs demand: MSMEs contribute approximately 31% to the GDP of India, approximately 46% to exports and provides employment to approximately 155 million people. The Government initiatives such as 'Aatmanirbhar Bharat' and 'Make in India' are expected to boost MSME output and drive demand for logistics.

Surging domestic manufacturing and consumption: FDI inflows in India have increased by approximately 57% from US\$ 45.14 in Fiscal 2015 to US\$70.95 billion in Fiscal 2024. As a result of a large domestic market, skilled labour, low labour costs, PLI scheme, automatic FDI route and the 'China Plus One' strategy, the manufacturing sector saw a FDI increase of 76%. Additionally, in order to further boost manufacturing and employment opportunities, the Union Budget 2024-25 announced a hike of approximately 34% in incentive allocation from ₹4,645 crores in Fiscal 2024 to ₹6,200 crores in Fiscal 2025 for the PLI schemes in 14 key sectors.

Increasing adoption of integrated fulfilment services: The increasing need for integrated, end-to-end solutions by companies is pushing the case for outsourcing of supply chain management. The supply chain efficiencies and inventory management are increasingly considered strategic moats and companies are looking to side with logistics players for comprehensive long-term solutions with robust tech integration for competitive advantage.

Technology driven disruption: The adoption of digitised supply chains become paramount in order to (i) automate workflows, (ii) improve operational efficiencies and capacity utilisation, (iii) increase real-time sharing and visibility, (iv) reduce paperwork, and (v) build data-driven decision support systems. The logistics companies are changing the industry landscape by incorporating sophisticated proprietary technologies such as artificial intelligence/machine learning and robotics to integrated intelligent system loops and thus, be able to harness tech adoption at scale and offer robust services at competitive prices.

Asset-light approach for flexible operations: The logistics players are able to cater to MSME as well as corporate customers as their hub-and-spoke network enables them to consolidate and break bulk, wherever needed. Certain logistics players also adopt an asset-light approach which further supports adding/removing capacity easily and offer customised solutions across a diverse set of industries.

Green and sustainable operations: Companies are turning towards greener solutions that are sustainable but also drive cost optimization within the business. The logistics providers are particularly well positioned to drive the transition to an electric fleet and use cleaner fuels in their operations, many companies are launching pilots and setting electrification targets. Smart warehousing with automated energy-efficient systems is seeing traction among these players.

B2C growth drivers of growth for the logistics sector.

Growing disposable income and consumption: The Indian logistics market is expected to witness significant growth due to a massive customer base, whose expanding disposable income and purchasing power is driving consumption in the country. Over the medium term, the average disposable income for Indian households is forecasted to grow by 9.5% CAGR.

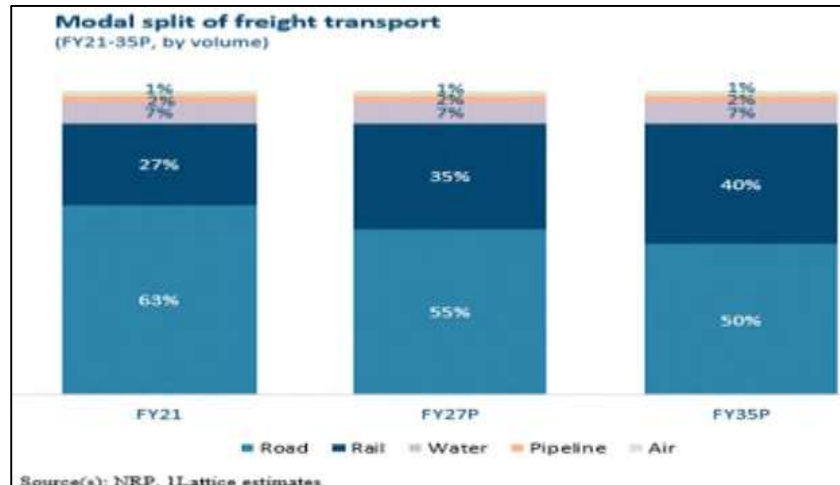
Rising internet and smartphone penetration: India had the world's second-largest internet population at over 850 million users with the highest data consumption rate of 24.1 gigabyte per user per month. Higher internet adoption has also fuelled the rate of smartphone penetration with the Tier-2/Tier-3 cities and rural market propelling the growth of E-commerce market in upcoming years.

Rise of the digital economy: The Indian logistics industry is spurred by the accelerated growth in online buying, especially with rapid penetration in Tier-2, Tier-3, and beyond cities. With the rise of social commerce and direct-to-consumer ("D2C") commerce, last-mile delivery logistics and warehousing is seeing a lot of traction.

Changing consumer preferences: The higher expectations of service quality in terms of reduced delivery time, real-time tracking of orders, updates and flexibility in delivery need to be met today to drive superior customer satisfaction. Time-definite and day-definite deliveries are becoming popular to ensure strict adherence to delivery timelines, along with the ability to contact customer service to answer shipment-related questions. These will require reliable logistics to consistently deliver high service levels.

Modal shift – shift from road to rail

Out of the various modes of transportation, the roads and railways are the most preferred modes of transportation. In Fiscal 2021, the road and rail transportation share in the modal mix accounted for approximately 63% and approximately 27%, respectively. Air transportation holds approximately 1% of the total transportation, while approximately 9% is held by others which include coastal shipping and pipeline transport. Whereas in 2022, road and rail share in modal mix accounted for approximately 65% and approximately 30% respectively. India has a skewed and inefficient modal mix because the railways and the waterways have not been able to tackle the issues of guaranteeing timely delivery, last-mile reach and multi-modal connectivity. Further, there is an insufficient rail capacity, especially on high-density routes.



Source: Company RHP

The rail networks have the potential to be the fastest and cost-effective transportation mode for freight in India. Not only are the costs of rail transportation significantly lower compared to other modes but, it also offers the advantages of speed and capacity-related factors. Thus, rail is expected to take a significant share in future of approximately 35% in Fiscal 2027 and approximately 40% by Fiscal 2035. The rail transportation could be the cost effective and efficient alternative for road transportation in India. Furthermore, the modal shift from road transportation to rail transportation due to lower rail transportation cost backed by rail's lower fuel consumption, rising fuel prices and corresponding crude oil prices hovering around US\$100 per barrel will prominently facilitate in bringing down India's logistics cost to 7% to 8% of the GDP by 2030.

Drivers of the modal shift from road to rail in Indian economy

Indian Railways is coming up with initiatives in lucrative e-commerce space that will make it approximately 2.5 times quicker than road carriers and even compete with air cargo carriers. Indian Railways plan to launch 25 high-speed freight trains to handle e-commerce parcels and goods, offering one to two-day delivery on the busiest routes, mainly to hold parcels of e-commerce companies, an enterprise that's presently opts for road transportation. This initiative is supported by an updated parcel policy that includes door-to-door delivery. The plan will not only uplift e-commerce growth but also support the supply of essential goods, farm produce, and medical services. With the help of technology-enabled integrated logistics services, rail logistics players can deliver services with greater timeliness and accuracy. The E-commerce companies are partnering with Indian Railways to enhance delivery services in remote areas, where rail logistics are becoming increasingly important due to last-mile delivery challenges.

Key Concerns

- WCIL depends on a limited number of key customers for a majority of its revenues, which exposes it to a high risk of customer concentration. Particularly, it depends significantly on customers in the metals and FMCG industries and are highly dependent on the performance of these industries. A decrease in the revenues it derives from them could materially and adversely affect its business, results of operations, cash flows and financial condition.
- Company operates in the Indian logistics industry and may be adversely affected by certain factors affecting the growth of this industry. Additionally, the business is dependent on its ability to utilise the logistics infrastructure in an uninterrupted manner. Any disruption or deficiencies in the logistics infrastructure, including those affecting freight and container traffic could impair its operations and adversely affect its business and results of operations. Any damage to its brand image or reputation may adversely affect its growth.



- There may be delays or defaults in payment by WCIL'S customers or the tightening of payment periods by third-party service providers which could negatively affect its cash flows. As a result, it experiences significant working capital requirements and its inability to meet the working capital requirements may materially and adversely affect its business, cash flows and financial condition.
- Company depends on its network partners, third-party service providers and vendors/suppliers in certain aspects of its operations and unsatisfactory services provided by them or failure to maintain relationships with them could disrupt its operations.
- WCIL has a long-standing relationship with an Indian rail container logistics provider, which is currently controlled by the Government. If there is a change in control in this Indian rail container logistics provider, it could adversely affect its relationship with it and it may not be able to enter into arrangements with other third-party service providers at favourable terms and in a timely manner which could materially and adversely affect its business and operations and financial condition.
- Company is highly dependent on company's Promoters, its Key Managerial Personnel and its Senior Management and any inability on its part to retain or find suitable replacements for such personnel could adversely affect its business, results of operations and financial condition.
- There have been past instances of non-compliance under the provisions of the Companies Act. An adjudication order has been issued imposing penalty on the Company and certain of its officers. Any other penalties that may be imposed or other regulatory actions that may be taken in this regard, could adversely impact its reputation, business and its results of operations.
- There have been past instances of certain delays in form filing under the provisions of the Companies Act. Any proceedings that may be initiated in this regard, or any adverse outcome of such proceedings, including penalties or other regulatory actions, could adversely impact its reputation, business and its results of operations.
- The Objects of the Offer have not been appraised by any bank or financial institution and it cannot assure you that the objects of the Offer will be achieved within the expected time frame, or at all, and any variation in the utilisation of the Net Proceeds would be subject to certain compliance requirements, including prior shareholders' approval.
- The Company's Promoter, Chairman and Managing Director, Rajendra Sethia and Promoter, Whole-time Director and Chief Executive Officer, Kanishka Sethia were directors of a listed company, Western Conglomerate Limited, whose shares were suspended from being traded on the Calcutta Stock Exchange during the term of their directorship in that company.
- WCIL depends on its ability to demonstrate the value of its services to customers while operating in a highly competitive and fragmented industry where it faces competition from small local players, unorganised players and other third-party logistics providers. Further, its competitors may successfully attract its customers by matching or exceeding its commercial terms.
- WCIL may be unable to successfully implement its business plan and growth strategies, which could materially and adversely affect its business, results of operations and financial condition.
- The Company is subject to claims relating to loss or damage to cargo, pilferage, personal injury claims or other operating risks from time to time and its insurance coverage could prove inadequate to satisfy all such claims.
- WCIL's operations may be subject to strikes and work stoppages by its employees and are also susceptible to risks relating to compliance with labour laws, either of which could result in an increase in its employee benefits expense impacting its profitability.
- Some of the Company's Directors do not have any prior experience of being a director in any other listed company in India and this may present certain potential challenges for the Company and in the event of any material non-compliance where the Directors are held liable and responsible, it may have to appoint new directors.
- WCIL may be unable to effectively manage its growth, which could materially and adversely affect its business, results of operations and financial condition.



- WCIL's customer contracts can be terminated by its customers without cause on short notice and without compensation. Further, its failure to provide its services in accordance with the terms and conditions in its customer contracts could result in the Company having to pay damages, the cancellation of contracts or encashment of bank guarantees.
- Company may not be able to pass on any increase in costs levied by its third-party service providers to its customers. Conversely, it may not be able to pass on any decline in prices it charges its customers to the third-party service providers.
- Company is exposed to risks related to a sudden escalation in fuel prices, which may adversely affect its profitability.
- Any adverse development affecting the growth of trade volumes, as well as the import and export volumes, may adversely affect its business and results of operations.
- WCIL is subject to operational risks such as accidents, the breakdown of its assets or damages to its warehousing facilities.
- Any disruption or failure of its technology systems may adversely affect its business and operations. Additionally, challenges in implementation of new technologies for its operations could be significant.
- There are outstanding legal proceedings involving the Company, Directors and Promoters. Any adverse outcome in such proceedings may adversely affect its reputation, business, results of operations, cash flows and financial condition.
- The Indian logistics industry is characterized by certain factors which may lead to a higher degree of intermediation and inefficiencies in transportation of goods. Such intermediation and inefficiencies can increase its expenses, which it may not be able to adequately pass on to its customers, whether entirely or in part, thereby adversely affecting its profitability.
- Narendra Sethia, one of the brothers of Rajendra Sethia, is deemed to be a part of the Promoter Group and has not provided any information or confirmations required under the SEBI ICDR Regulations in relation to himself or any of his related entities. Company cannot assure investors that complete disclosures relating to Narendra Sethia and his related entities are included in this Red Herring Prospectus.
- Properties on which the Company operate its offices, including its Registered and Corporate Office and warehouses, have been rented. Any non-renewal of the rental arrangements may lead to disruptions and affect its business operations.
- Company may not be able to enter into suitable lease or license arrangements for offices, warehouses and other premises near railway terminals or other desirable locations that are suitable for its expansion at commercially reasonable prices and its expansion plans may be delayed or affected by various factors.
- WCIL does not verify the contents of the goods transported by it, thereby exposing the Company to the risks associated with the transportation of goods in violation of applicable regulations.
- Company is susceptible to risks relating to accidents due to human error, which can lead to injury or loss of human life and cause interruptions and disruptions to its logistics operations. Moreover, misconduct or errors by manpower engaged by it could expose it to business risks.
- The auditor's report issued to the Company in relation to the matters included in the Companies (Auditors Report) Order, 2020 contains a remark. If similar modifications and comments are included in the auditors' reports for its financial statements in the future, the trading price of its Equity Shares may be adversely affected.

Profit & Loss

Particulars (Rs in million)	FY24	FY23	FY22
Revenue from operations	16857.7	16330.6	14708.8
Other Income	56.4	47.8	49.1
Total Income	16914.1	16378.4	14757.9
Total Expenditure	15397.1	15114.1	13669.1
Operational Expenses	14365.9	14213.4	12804.1
Employee benefits expense	469.1	417.5	370.4
Other expenses	562.1	483.1	494.6



PBIDT	1517.0	1264.4	1088.8
Interest	221.8	151.2	139.2
PBDT	1295.2	1113.2	949.6
Depreciation and amortization	212.4	152.7	116.0
PBT	1082.8	960.5	833.6
Share of loss of an associate, net of tax	0.0	0.1	0.1
Exceptional items	1.2	0.0	0.0
Tax (incl. DT & FBT)	280.6	245.0	222.4
Current tax	285.9	245.6	223.6
Deferred tax	-5.3	-0.5	-1.2
Tax for earlier years	0.0	0.0	0.0
PAT	803.5	715.6	611.3
EPS (Rs.)	10.2	9.1	7.8
Face Value	5	5	5
OPM (%)	8.7	7.4	7.1
PATM (%)	4.8	4.4	4.2

Balance Sheet

Particulars (Rs in million) As at	FY24	FY23	FY22
Assets			
Non-current assets			
Property, plant and equipment	710.94	553.49	363.41
Capital work in progress	0	168.16	94.81
Right of use assets	29.31	44.62	37.41
Goodwill	310	310	310
Other Intangible assets	1.61	1.19	1.45
Equity accounted investments	32.25	32.21	32.07
Financial assets			
Investments	0	7.47	7.47
Other financial assets	87.22	140.43	256.91
Deferred tax assets (Net)	36.53	29.95	27.06
Other non-current assets	80.2	5	5
Income-tax Assets (Net)	56.83	123	49.56
Total Non-current assets	1344.89	1415.52	1185.15
Current Assets			
Financial assets			
Trade receivables	5254.87	3896.56	3113.89
Cash and cash equivalents	18.79	14.46	25.45
Other bank balances	249.95	182.08	107.25
Loans	271.48	179.63	163.49
Other financial assets	63.3	46.1	55.84
Other current assets	336.81	307.05	252.22
Total current assets	6195.2	4625.88	3718.14
Total Assets	7540.09	6041.4	4903.29
Equity and Liabilities			
Equity			
Equity share capital	393.5	393.5	393.5
Other equity	3590.12	2790.51	2180.26
Equity attributable to owners of the Parent	3983.62	3184.01	2573.76
Non-controlling Interest	-	2.06	2.06
Total equity	3983.62	3186.07	2575.82
Non-current liabilities			
Financial liabilities			
Borrowings	248.38	366.76	208.15
Lease liabilities	10.54	28.25	25.88
Long-term provisions	55.2	39.5	22.04
Total Non-current liabilities	314.12	434.51	256.07
Current liabilities			
Financial liabilities			



Borrowings	2411.6	1737.95	1295.81
Lease liabilities	22.56	20.55	15.24
Trade payables			
Total outstanding dues of micro enterprises and small enterprises	56.38	37.38	0
Total outstanding dues of creditors other than micro enterprises and small enterprises	641.38	502.91	649.5
Other financial liabilities	65.55	78.58	61.02
Short-term provisions	3.1	3.25	2.68
Other current liabilities	41.78	40.2	47.15
Total current liabilities	3242.35	2420.82	2071.4
Total Equity and Liabilities	7540.09	6041.4	4903.29

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