

Agarwal Packers seeks strategic partner; plans Rs 500-cr IPO

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in safe hands: To prevent consignments from getting contaminated or damaged in transit, Agarwal Packers and Movers has come out with specially designed 'cubes'. — File Photo

Company's new business model 'Trucking Cube' assures delivery of goods without transshipment

Agarwal Packers and Movers Ltd, India's biggest relocation company by volume (83,000 relocation assignments in FY16), is seeking a strategic partner to scale up its business, a company official said.

The company, which is also a leading player in the transportation of high-value goods like pharmaceuticals, electronics and food products, is planning a Rs 500 crore initial public offering to fund expansion plans, the official added.

"We are looking for a strategic partner who can add value to our new business model 'Trucking Cube', which assures safe delivery of goods without any transshipment, damage and losses," Ramesh Agarwal, chairman, Agarwal Packers and Movers Ltd, told *The Hindu*.

"We are looking for a partner who can bring in technology. We don't want any financial investor. The strategic partner could be a leading logistics player from India or abroad," Mr Agarwal said.

The company, which started in 1987 with an annual turnover of Rs 10 lakh, reported a turnover of Rs 500 crore in 2015-16 with an EBITDA (Earnings before interest, taxes, depreciation & amortisation) of Rs 45 crore, targets to grow its topline by four times in five years.

This would be possible through geographical expansion and by scaling up the Trucking Cube business, Mr Agarwal said.

To ensure transportation of household items safely and to prevent the consignment of food and pharma items getting contaminated or damaged in transit, Agarwal Packers and Movers has come out with specially designed 'cubes' that can be exclusively assigned to avoid rancidity. The cubes, containers inside which consignments travel untouched, unseen and without damage, come in various sizes and get transported in trucks.

"We have been growing at a compounded annual growth rate of 18 per cent and we are sure we can grow much faster with the 'cube' business. The concept was started by us and there is an entry barrier for competitors," he said.

Currently, the company has 2,000 'cubes' and the number is expected to grow to 10,000 in three years. For this, the company has already lined up an investment of Rs 100 crore.

Mr Agarwal said the company had plans to set up offices in all parts of the country and globally. Recently, it set up an office in Singapore to expand its international operations.

"We have plans to go for listing as and when the market condition improves. We are planning for a Rs 400 crore-Rs 500 crore IPO to fund our expansion. We want to go in for 50,000 cubes and this will require a lot of money. We also want to have offices in each of the 680 districts of India as compared to 103 branches currently," Mr Agarwal added.

According to estimates by Agarwal Packers, India annually sees damage of products worth Rs 42,000 crore due to transshipment, and the company is betting big on curtailing the losses.

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