

MAHINDRA LOGISTICS

RESULT UPDATE

KEY DATA

Rating	HOLD
Sector relative	Neutral
Price (INR)	307
12 month price target (INR)	325
52 Week High/Low	555/238
Market cap (INR bn/USD bn)	22/0.3
Free float (%)	67.5
Avg. daily value traded (INR mn)	69.4

SHAREHOLDING PATTERN

	Mar-25	Dec-24	Sep-24
Promoter	57.9%	58.0%	58.0%
FII	5.22%	5.0%	4.9%
DII	36.9%	37.0%	37.1%
Pledge	0%	0%	0%

FINANCIALS

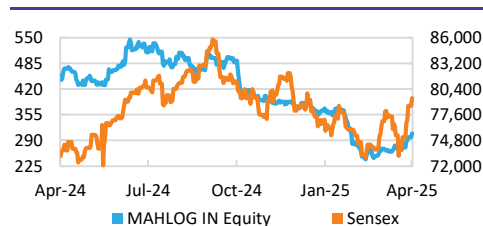
(INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Revenue	61,048	68,457	75,090	82,459
EBITDA	2,841	3,689	4,440	4,942
Adjusted profit	(359)	335	726	1,016
Diluted EPS (INR)	(5.0)	4.6	10.1	14.1
EPS growth (%)	49.5	nm	(34.6)	nm
RoAE (%)	5.7	(12.3)	(7.5)	6.2
P/E (x)	84.9	nm	nm	66.8
EV/EBITDA (x)	9.8	10.8	8.5	6.4
Dividend yield (%)	0.9	0.9	1.0	1.1

CHANGE IN ESTIMATES

	Revised estimates		% Revision	
Year to March	FY26E	FY27E	FY26E	FY27E
Revenue	68,457	75,090	0.1	0.1
EBITDA	3,689	4,440	0.0	(0.2)
Adjusted profit	335	726	(8.7)	(11.3)
Diluted EPS (INR)	4.6	10.1		

PRICE PERFORMANCE



Mixed performance

Mahindra Logistics (MLL) reported consolidated EBITDA of INR777mn in Q4FY25, 2% above our estimates, largely led by a surprise in contract logistics. Express segment volume improved 15% QoQ on seasonality, customer wins and recovery in volumes in existing customers, only to be offset by lower yields (load and customer mix). Express EBITDA losses continued to be at elevated levels of INR149mn, though management hopes to see a turnaround in H2FY26.

We reckon revenue/EBITDA CAGR of 11%/20% over FY25-28E. We value the stock at 7x EV/EBITDA with a TP of INR325; HOLD. We await a decisive turnaround in express logistics and improvement in general economic scenario to become constructive on MLL.

Express continues to be hurt

MLL reported growth of 8% YoY (+11% YoY in FY25) on the back of 3PL contract logistics and freight forwarding segment. Express segment reported a revenue decrease of 3% as a pickup in volumes (+15% QoQ) was offset by contraction in yields (change in load and customer mix). Gross margins continue to improve (-4.2% in Q4 versus -6.1% YoY and -4.6% in 3Q).

Warehousing revenue grew 19% YoY in Q4 and 11% YoY in FY25 on the back higher of higher realisation/yield. The company is developing 1 mn sq ft across key clusters of Kolkata, Pune and Agartala, which are likely to get operationalised by Q1FY26. Last mile revenue grew 19% YoY with gross margins expansion of 65bp YoY on the back of increase in share of high margin Non-Amazon/Flipkart revenues. However, the reduction in fleet cost had been offs by pricing pressure from major e-com players.

Focus on growing integrated logistic; expansion to continue

Integrated logistic accounts for roughly 10–12% of revenues and the company continues to focus on expanding its offerings, which boosts volumes. The company remains focused on expanding capacities in eastern/NE regions across warehouses, delivery stations and express logistics. However, macro-economic factors and global scenarios are impacting the short term performance of the company while the medium to long term outlook appears upbeat.

Slow and steady improvement likely; remain cautious

Green shoots are visible in the express segment (on volume front), but sustainability remains the key. We reckon revenue/EBITDA growth of 11%.20% over FY25-28; with an unchanged TP of INR 325; maintain HOLD.

Financials

Year to March	Q4FY25	Q4FY24	% Change	Q3FY25	% Change
Net Revenue	15,695	14,508	8.2	15,942	(1.5)
EBITDA	777	566	37.3	737	5.4
Adjusted Profit	(68)	(129)	(47.3)	(90)	(24.8)
Diluted EPS (INR)	(0.9)	(1.8)	(47.2)	(1.3)	(24.8)

Financial Statements

Income Statement (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Total operating income	61,048	68,457	75,090	82,459
Gross profit	8,439	9,516	10,663	11,709
Employee costs	4,036	4,157	4,282	4,539
Other expenses	1,563	1,670	1,940	2,228
EBITDA	2,841	3,689	4,440	4,942
Depreciation	2,263	2,473	2,671	2,805
Less: Interest expense	812	877	947	966
Add: Other income	158	198	247	297
Profit before tax	(77)	536	1,069	1,468
Prov for tax	223	137	273	374
Less: Other adjustment	0	0	0	0
Reported profit	(359)	335	726	1,016
Less: Excp.item (net)	0	0	0	0
Group adjusted profit	(359)	335	726	1,016
Diluted shares o/s	72	72	72	72
Adjusted diluted EPS	(5)	5	10	14
DPS (INR)	3.1	3.3	0	0
Tax rate (%)	20.6	82.2	291.1	25.5

Important Ratios (%)

Year to March	FY25A	FY26E	FY27E	FY28E
EBITDA margin (%)	5.1	4.2	4.7	5.4
Other Exp (% of rev)	2.5	3.3	2.6	2.4
Net profit margin (%)	0.5	(1.0)	(0.6)	0.5
Revenue growth (% YoY)	23.8	7.4	10.9	12.1
EBITDA growth (% YoY)	41.0	(11.8)	24.0	29.9
COGS (% of rev)	85.5	85.1	86.2	86.1
Adj. profit growth (%)	49.7	nm	(34.5)	nm
Employee cost (% rev)	6.9	7.4	6.6	6.1

Assumptions (%)

Year to March	FY25A	FY26E	FY27E	FY28E
GDP (YoY %)	6.3	6.3	6.3	6.3
Repo rate (%)	5.3	5.3	5.3	5.3
USD/INR (average)	82.0	82.0	82.0	82.0

Valuation Metrics

Year to March	FY25A	FY26E	FY27E	FY28E
Diluted P/E (x)	84.9	nm	nm	66.8
Price/BV (x)	5.1	5.0	4.5	3.9
EV/EBITDA (x)	9.8	10.8	8.5	6.4
Dividend yield (%)	0.9	0.9	1.0	1.1

Source: Company and Nuvama estimates

Balance Sheet (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Share capital	721	721	721	721
Reserves	3,658	3,783	4,285	5,063
Shareholders funds	4,379	4,504	5,007	5,784
Minority interest	164	228	299	376
Borrowings	4,242	3,242	2,442	2,442
Trade payables	10,997	14,066	15,429	16,944
Other liabs & prov	5,471	5,472	5,786	6,134
Total liabilities	25,251	27,513	28,963	31,680
Net block	8,140	8,438	8,833	9,366
Intangible assets	588	588	588	588
Capital WIP	458	458	458	458
Total fixed assets	9,185	9,483	9,879	10,411
Non current inv	226	226	226	226
Cash/cash equivalent	760	465	456	834
Sundry debtors	6,251	8,440	8,640	9,488
Loans & advances	8,261	8,899	9,762	10,720
Other assets	0	0	0	0
Total assets	25,251	27,513	28,963	31,680

Free Cash Flow (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Reported profit	(77)	600	1,140	1,546
Add: Depreciation	2,263	2,473	2,671	2,805
Interest (net of tax)	764	679	700	670
Others	(116)	64	71	78
Changes in WC	346	431	469	(104)
Operating cash flow	3,432	4,112	4,779	4,620
Less: Capex	(1,809)	(800)	(800)	(800)
Free cash flow	1,623	3,312	3,979	3,820

Key Ratios

Year to March	FY25A	FY26E	FY27E	FY28E
RoE (%)	5.7	(12.3)	(7.5)	6.2
RoCE (%)	10.0	4.5	9.4	17.3
Receivable days	47	49	51	48
Payable days	92	98	102	100
Cash conversion cycle	(45)	(49)	(51)	(52)
Working cap (% sales)	3.8	2.8	1.7	1.7
Gross debt/equity (x)	0.9	0.7	0.5	0.4
Net debt/equity (x)	0.8	0.6	0.4	0.3
Interest coverage (x)	1.4	0.3	0.7	1.4

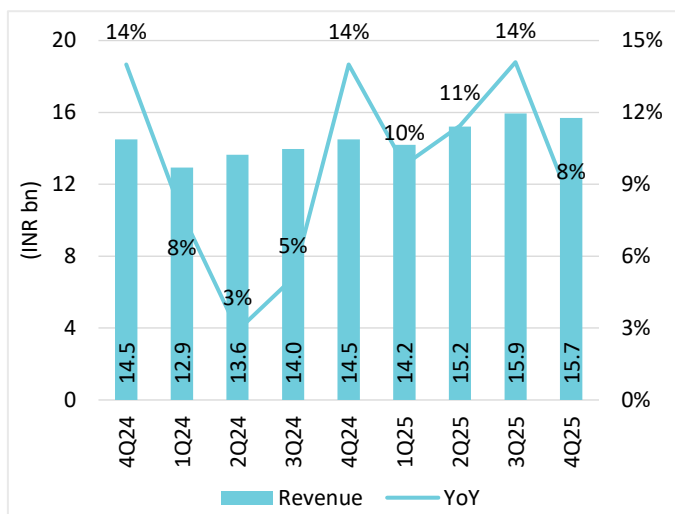
Valuation Drivers

Year to March	FY25A	FY26E	FY27E	FY28E
EPS growth (%)	49.5	nm	(34.6)	nm
RoE (%)	5.7	(12.3)	(7.5)	6.2
EBITDA growth (%)	41.0	(11.8)	24.0	29.9
Payout ratio (%)	74.1	nm	nm	71.1

Q4FY25 key takeaways

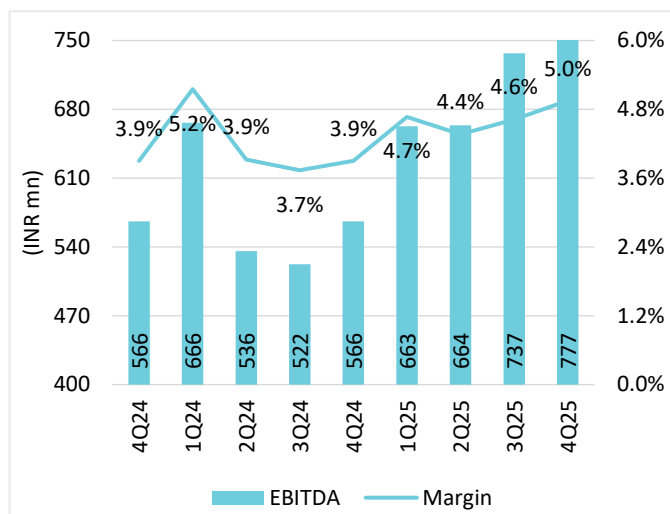
- **Change in leadership:** Mr Rampraveen Swaminathan has stepped down as Managing Director and CEO of the company. Mr Hemant Sikka has been appointed as MD and CEO. Currently Mr Sikka is serving as the President of Farms Equipment Sector and also a member of the Group Executive Board at M&M.
- **Significant improvement in profitability in subsidiaries:** Freight forwarding 2x, Mobility 3x & 2X2 Logistics 3.5x because of better operating leverage and continued investments
- **Express business:** The segment will achieve breakeven at EBITDA level around 6,000 parcels per month. Green shoots are visible in the consumer appliances segment. On the other hand, yields were impacted due to change in load and customer mix, with volume started to inch up sequentially. Volume growth in FY25 had been in mid to high teens.
- Others
 - Auto and the farm segment contributes 58% of the business, with balance being constitutes by consumer segment.
 - Entered a partnership with Asian Paints for Pro-trucking integrated transportation solutions. Pro-Trucking—a fleet of owned, dedicated, premium, fuel-efficient fleet tailored for extensive Pan-India line haul movements.
 - MLL launched the 'Emission Analytics Report', a digital platform that provides customers with real-time visualization of their carbon emissions & empowers them to decarbonize their supply chain and transition towards green logistics
 - During the year MLL entered a 50:50 joint venture with Seino Holdings to provide integrated logistics solutions to Japanese auto and auto-ancillary customers.
 - In FY25, revenue/EBITDA grew by 11%/24% respectively. EBITDA margins expanded by 50bps YoY to 4.7%. However losses declined to INR 359m (vs INR 586m YoY). Net debt stood at INR 7.9bn (vs INR 6.7bn YoY) and net working days stood at -28 days (flat YoY). Further cash and cash equivalents stood at INR 760m and CFO stood at INR 3.4bn.

Exhibit 1: Revenue trends



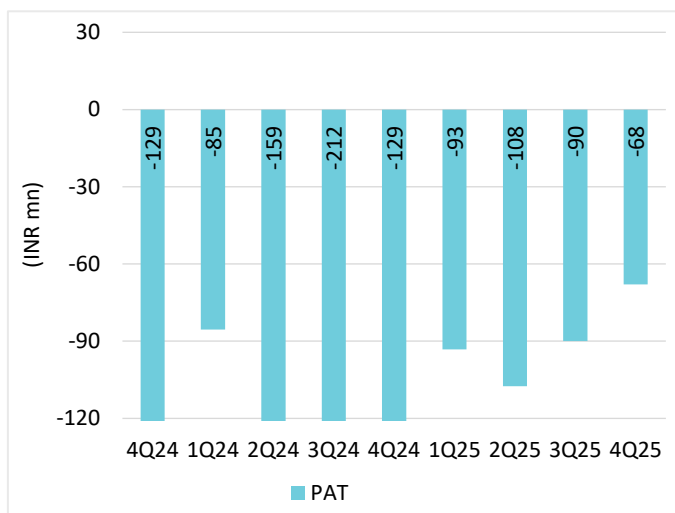
Source: Company, Nuvama Research

Exhibit 2: EBITDA and margin trends



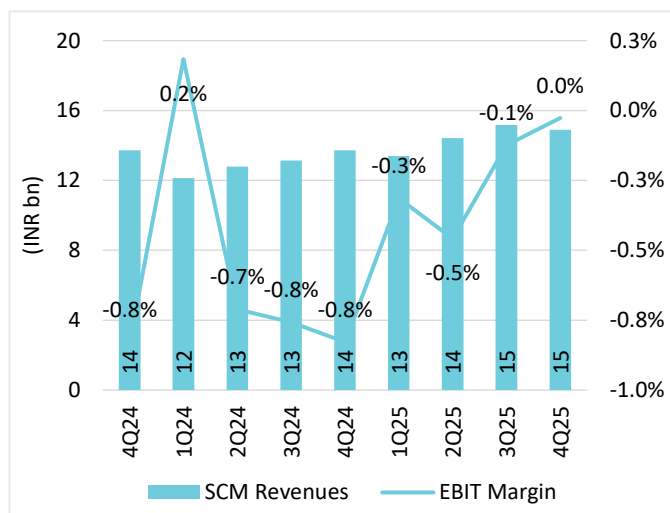
Source: Company, Nuvama Research

Exhibit 3: PAT trends



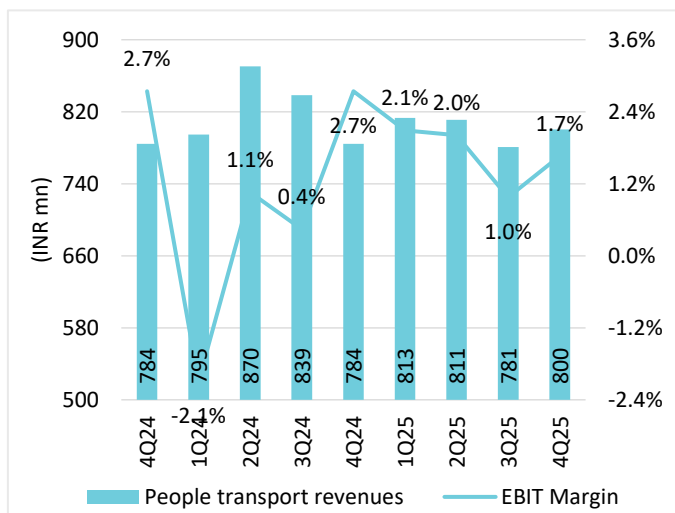
Source: Company, Nuvama Research

Exhibit 4: SCM revenue and margin trends



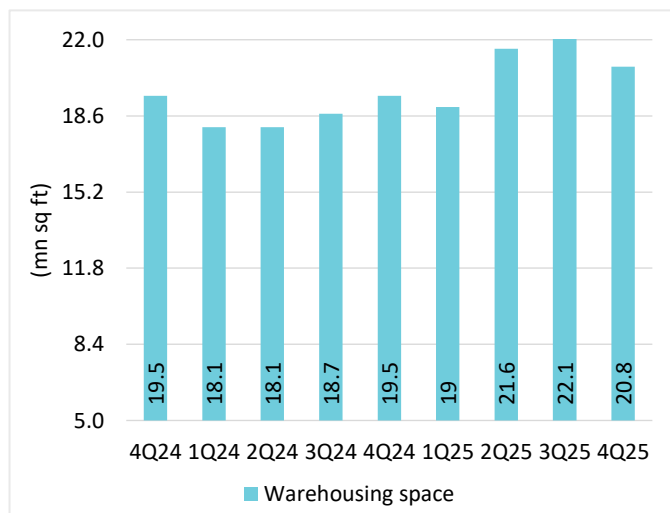
Source: Company, Nuvama Research

Exhibit 5: People transport trends



Source: Company, Nuvama Research

Exhibit 6: Warehousing spaces



Source: Company, Nuvama Research

Exhibit 7: Quarterly performance

INR mn	4Q24	4Q25	YoY	6yr CAGR	3Q25	QoQ	FY24	FY25	YoY
Net Sales	14,508	15,695	8%	8%	15,942	-2%	55,060	61,048	11%
Operating expense	12,395	13,588	10%	7%	13,813	-2%	46,880	52,609	12%
% of sales	85.4%	86.6%			86.6%		85.1%	86.2%	
Gross Profit	2,112	2,108	0%	8%	2,129	-1%	8,180	8,439	3%
Gross Margin	14.6%	13.4%	-110 bps		13.4%	10 bps	14.9%	13.8%	-100 bps
Employee cost	938	956	2%	5%	1,013	-6%	4,047	4,036	0%
% of sales	6.5%	6.1%			6.4%	-30 bps	7.4%	6.6%	-70 bps
Other expenses	608	374	-38%		379	-1%	1,842	1,563	-15%
% of sales	4.2%	2.4%			2.4%	0 bps	3.3%	2.6%	-80 bps
Total Expenditure	13,942	14,918	7%	7%	15,205	-2%	52,769	58,208	10%
% of sales	96.1%	95.0%			95.4%		95.8%	95.3%	
EBITDA	566	777	37%	11%	737	5%	2,290	2,841	24%
EBITDA margin	3.9%	5.0%	100 bps		4.6%	30 bps	4.2%	4.7%	50 bps
Depreciation	513	584	14%		590	-1%	2,090	2,263	
EBIT	53	193			147	32%	200	577	
Other Income	29	22	-25%		63	-65%	179	158	
PBIT	82	215			209	3%	379	736	94%
Interest	174	206	18%		221	-7%	682	812	
PBT	-92	9	-110%		-11	NM	-302	-77	-75%
Tax Expense	27	62	132%		61	2%	257	223	-13%
Tax Rate	-29.2%	671.0%	NA		-545.5%		-85.0%	-291.5%	NA
XO Exp/-Inc	0	0			0		-38	0	
Reported Net Profit	-129	-68	-47%	NM	-90	-25%	-586	-359	-39%

Source: Company, Nuvama Research

Exhibit 8: Segmental performance

INR mn	4Q24	4Q25	YoY	6yr CAGR	3Q25	QoQ	FY24	FY25	YoY
Revenue	14,508	15,695	8%	8%	15,942	-2%	55,060	61,048	11%
Supply Chain Management	13,723	14,905	9%	8%	15,173	-2%	51,779	57,893	12%
People transport	784	800	2%	-3%	781	2%	3,281	3,205	-2%
Segmental EBIT	-92	9	-110%	-53%	-11	-183%	-264	-77	-71%
Supply Chain Management	-114	-4	-96%	NA	-19	-79%	-282	-131	-54%
People transport	22	13	-38%	-29%	8	75%	18	54	204%
EBIT Margins	-0.6%	0.1%	70 bps		-0.1%	10 bps	-0.5%	-0.1%	40 bps
Supply Chain Management	-0.8%	0.0%	80 bps		-0.1%	10 bps	-0.5%	-0.2%	30 bps
People transport	2.7%	1.7%	-110 bps		1.0%	70 bps	0.5%	1.7%	110 bps

Source: Company, Nuvama Research

Company Description

MLL, a subsidiary of M&M, is a third party logistics (3PL) provider operating in the supply chain management (SCM) and enterprise mobility (EM) businesses. MLL's SCM business includes supply chain consultancy, warehousing, stores and line feeding, transportation and freight forwarding. Its EM business provides customisable and technology-enabled employee transportation services to corporate enterprises. The company commenced operations from December 2000 as a division of M&M to handle the captive logistics and supply chain requirements of the Group. Subsequently, the division began operating for external clients across the country. MLL was spun off as a 100% subsidiary of M&M, with effect from April 1, 2008. MLL concluded its initial public offering (IPO) in November 2017 and was listed on the Bombay Stock Exchange and the National Stock Exchange.

Investment Theme

MLL ranks highly on all key success parameters that go on to make a very successful 3PL business model in India, in our view. Its focus on high growth verticals and scaling up its business through an asset light approach are critical success enablers. Using its track record for M&M, MLL is ramping up fast on its non-Mahindra business and it is a stated strategy to grow this segment. Volumes have been impacted given the slower than anticipated recovery and general softness across existing customers. However, we believe the expansion will aid volume growth and aid performance. Hence wait and watch mode, for volumes recovery to actually reflect in the performance.

Key Risks

The automobile sector accounts for a lion's share of 3PL sales in India. Any large slowdown in this sector would adversely impact MLL's growth. Our growth assumptions are based on MLL aggressively growing its non-Mahindra business.

Additional Data

Management

CEO	R Swaminathan
CFO	Saurabh Taneja

Holdings – Top 10*

% Holding		% Holding	
Nippon Life MF	5.33	TATA Fund	1.72
Kotak Funds	3.0		
Steinberg India Fund	2.64		
ABSL	2.23		
UTI Fund	2.01		

*Latest public data

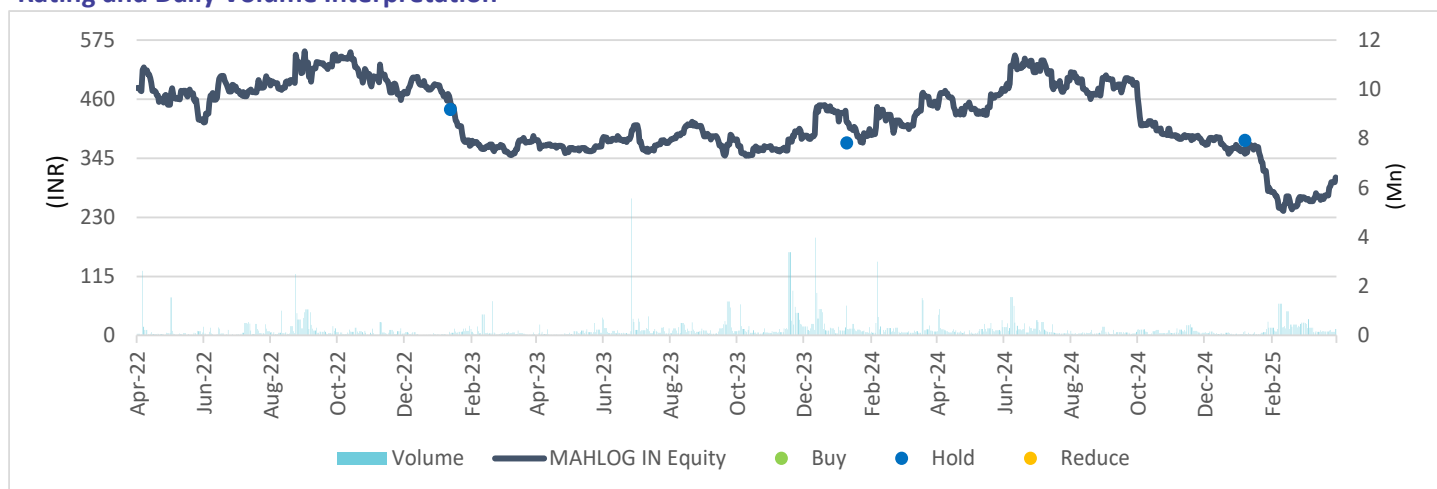
Recent Company Research

Date	Title	Price	Reco
28-Jan-25	Express continues to drag overall result; <i>Result Update</i>	358	Hold
23-Oct-24	Mahindra Logistics (MAHLOG IN, INR 465, ; <i>Result Update</i>	464	Hold
23-Jul-24	Express breakeven key; <i>Result Update</i>	514	Hold

Recent Sector Research

Date	Name of Co./Sector	Title
09-Apr-25	Logistics	Steady quarter; <i>Sector Update</i>
04-Mar-25	Logistics	IR points to weak container growth trend; <i>Sector Update</i>
08-Feb-25	Delhivery	Disappointing performance; <i>Result Update</i>

Rating and Daily Volume Interpretation



Source: Bloomberg, Nuvama research

Rating Rationale & Distribution: Nuvama Research

Rating	Expected absolute returns over 12 months	Rating Distribution
Buy	15%	208
Hold	<15% and >-5%	59
Reduce	<-5%	34

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