

# Mahindra Logistics

Estimate change	↔
TP change	↔
Rating change	↔

**CMP: INR310**      **TP: INR300 (-3%)**      **Neutral**

## In-line operational performance; express business continues to struggle

Bloomberg	MAHLOG IN
Equity Shares (m)	72
M.Cap.(INRb)/(USDb)	22.4 / 0.3
52-Week Range (INR)	555 / 238
1, 6, 12 Rel. Per (%)	12/-34/-41
12M Avg Val (INR m)	86

### Financial Snapshot (INR b)

Y/E MARCH	FY25	FY26E	FY27E
Sales	61.0	76.4	93.2
EBITDA	2.8	4.1	5.3
Adj. PAT	-0.4	1.0	1.9
EBITDA Margin (%)	4.7	5.4	5.7
Adj. EPS (INR)	-5.0	14.2	26.7
EPS Gr. (%)	NA	NA	87.7
BV/Sh. (INR)	61.2	72.9	97.2

### Ratios

Net D:E	0.8	0.5	0.1
RoE (%)	-7.5	20.6	30.6
RoCE (%)	32.8	16.8	24.4
Payout (%)	-49.9	17.5	9.3

### Valuations

P/E (x)	-61.3	21.5	11.5
P/BV (x)	5.0	4.2	3.2
EV/EBITDA(x)	9.0	6.0	4.3
Div. Yield (%)	0.8	0.8	0.8
FCF Yield (%)	7.0	6.7	11.9

### Shareholding pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	58.0	58.0	58.0
DII	15.9	18.2	15.7
FII	5.0	5.0	5.9
Others	21.0	18.8	20.3

FII Includes depository receipts

- Mahindra Logistics (MLL)'s revenue grew ~8% YoY to INR15.7b in 4QFY25, in line with our estimate.
- EBITDA margin came in at 5% (+110bp YoY and +30bp QoQ) vs. our estimate of 4.7%. EBITDA rose ~37% YoY to INR777m (in line).
- Adjusted net loss narrowed to INR68m in 4QFY25 from INR128m in 4QFY24 (our estimate of INR29m profit).
- During FY25, revenue stood at INR61b (+11% YoY), EBITDA stood at INR2.8b (+24% YoY), EBITDA margin came in at 4.7%, and adj. loss stood at INR359m (vs. loss of INR586m in FY24).
- Supply Chain management recorded revenue of INR14.9b (+8.6% YoY) and EBIT loss of INR4m. Enterprise Mobility Services (EMS) reported revenue of INR800m (+2% YoY) and EBIT of INR13.3m.
- Mr. Rampraveen Swaminathan, MD and CEO, has resigned. The company has appointed Mr. Hemant Sikka as MD & CEO (Designate) from 22nd Apr'25 to 4th May'25 (both days inclusive).
- MLL saw modest revenue growth in 4QFY25 as strong performance in 3PL and outbound logistics was partially offset by challenges in express logistics. While B2B express and mobility segments are facing challenges, the company remains focused on cost control, retail volume growth, and new service offerings. The company expects express business losses to reduce in the coming quarters as volumes pick up. We largely retain our EBITDA estimates for FY26 and FY27, in line with modest operating performance. **We estimate a CAGR of 24%/37% in revenue/EBITDA over FY25-27. Reiterate Neutral with a revised TP of INR300 (premised on 11x FY27 EPS).**

## Order intake remains strong; volumes pick up in B2B express business, though challenges persist

- MLL reported a stable performance in 4QFY25, with 8% YoY revenue growth, led by its contract logistics segment and improving momentum in express logistics volumes.
- While challenges persist in segments like B2B express and mobility services due to pricing pressure and client churn, MLL's ongoing efforts in account expansion, warehousing footprint growth, and operational efficiency are aimed at long-term value creation.
- MLL continues to benefit from sectoral tailwinds in automotive, rural demand, and consumer durables, alongside encouraging signs of recovery in B2B and real estate-linked logistics.
- MLL is targeting revenue growth in mid-to-high teens and RoE of 18% by FY26.

### Highlights from the management commentary

- MLL reported 8% YoY revenue growth in 4Q and 11% in FY25, driven by robust performance in 3PL contract logistics, new service offerings, and strategic account additions.
- Contract logistics grew 9% YoY, cross-border logistics rose 20% YoY, and last-mile delivery saw a 10% YoY rise. While B2B express revenue fell 4% YoY, volumes recovered QoQ. Warehousing grew 15% YoY with major expansions underway.
- Automotive demand, especially in EVs and tractors, remained strong. Consumer and B2B sectors showed early signs of recovery despite price hikes. Service levels stayed consistently above 90%.

### Valuation and view

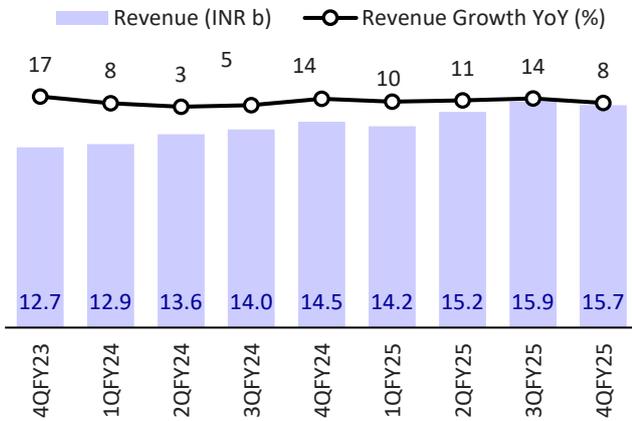
- The Express business continues to struggle due to lower volumes across the industry and high competition. MLL is targeting to add customers and volumes, which should help to reduce losses. Considering the current demand scenario, we believe the journey toward profitability would be gradual in the express business. The performance of this business would remain a key monitorable going forward.
- We largely retain our EBITDA estimates for FY26 and FY27. We estimate a CAGR of 24% in revenue and 37% in EBITDA over FY25-27. **We reiterate our Neutral rating with a revised TP of INR300 (premised on 11x FY27E EPS).**

### Quarterly snapshot

Y/E March (INR m)	FY24				FY25				FY24	FY25	INR m	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			FY25 4QE	Var. vs Est
<b>Net Sales</b>	<b>12,932</b>	<b>13,648</b>	<b>13,972</b>	<b>14,508</b>	<b>14,200</b>	<b>15,211</b>	<b>15,942</b>	<b>15,695</b>	<b>55,060</b>	<b>61,048</b>	<b>16,464</b>	<b>(5)</b>
YoY Change (%)	7.8	2.9	5.1	14.0	9.8	11.5	14.1	8.2	7.4	10.9		
<b>EBITDA</b>	<b>666</b>	<b>536</b>	<b>522</b>	<b>566</b>	<b>663</b>	<b>664</b>	<b>737</b>	<b>777</b>	<b>2,290</b>	<b>2,841</b>	<b>772</b>	<b>1</b>
Margins (%)	5.2	3.9	3.7	3.9	4.7	4.4	4.6	5.0	4.2	4.7		
YoY Change (%)	1.4	-20.7	-16.8	-11.2	-0.5	23.9	41.1	37.3	-11.8	24.0		
Depreciation	545	518	515	513	550	540	590	584	2,090	2,263		
Interest	178	165	164	174	195	191	221	206	682	812		
Other Income	62	66	23	29	57	17	63	22	179	158		
<b>PBT before EO Items</b>	<b>6</b>	<b>-82</b>	<b>-134</b>	<b>-92</b>	<b>-25</b>	<b>-50</b>	<b>-11</b>	<b>9</b>	<b>-302</b>	<b>-77</b>		
Extra-Ord expense	0	0	-38	0	0	0	0	0	38	0		
<b>PBT</b>	<b>6</b>	<b>-82</b>	<b>-96</b>	<b>-92</b>	<b>-25</b>	<b>-50</b>	<b>-11</b>	<b>9</b>	<b>-340</b>	<b>-77</b>		
Tax	89	73	68	27	53	46	61	62	257	223		
Rate (%)	NA											
<b>PAT before MI, Associates</b>	<b>-83</b>	<b>-155</b>	<b>-164</b>	<b>-119</b>	<b>-78</b>	<b>-96</b>	<b>-72</b>	<b>-53</b>	<b>-597</b>	<b>-300</b>		
Share of associates/ Minority Interest	-3	-5	-10	-9	-15	-11	-18	-14	-27	-59		
<b>Reported PAT</b>	<b>-86</b>	<b>-159</b>	<b>-174</b>	<b>-128</b>	<b>-93</b>	<b>-107</b>	<b>-90</b>	<b>-68</b>	<b>-624</b>	<b>-359</b>		
<b>Adj PAT</b>	<b>-86</b>	<b>-159</b>	<b>-212</b>	<b>-128</b>	<b>-93</b>	<b>-107</b>	<b>-90</b>	<b>-68</b>	<b>-586</b>	<b>-359</b>	<b>29</b>	<b>NA</b>
YoY Change (%)	NA	PL	PL	NA								
Margins (%)	-0.7	-1.2	-1.5	-0.9	-0.7	-0.7	-0.6	-0.4	-1.1	-0.6		

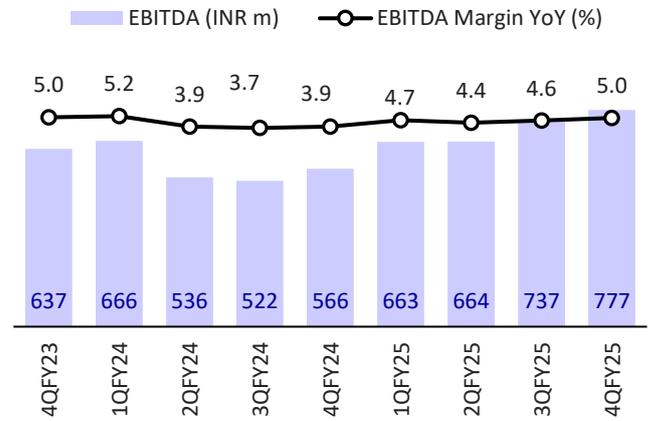
## Story in charts: 4QFY25

**Exhibit 1: Revenue grew ~8% YoY**



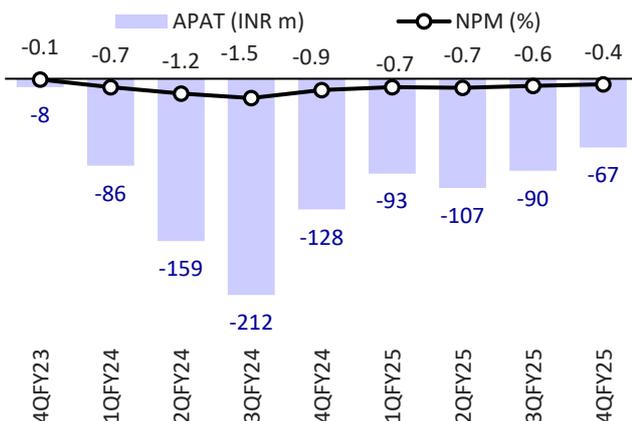
Source: Company, MOFSL

**Exhibit 2: EBITDA margin improved 110bp YoY**



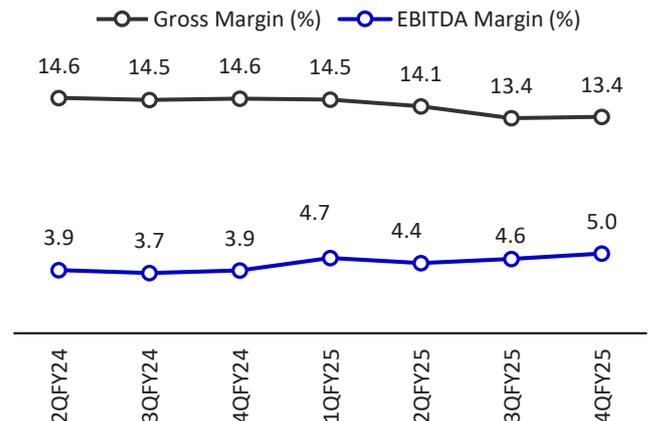
Source: Company, MOFSL

**Exhibit 3: APAT losses reduce further**



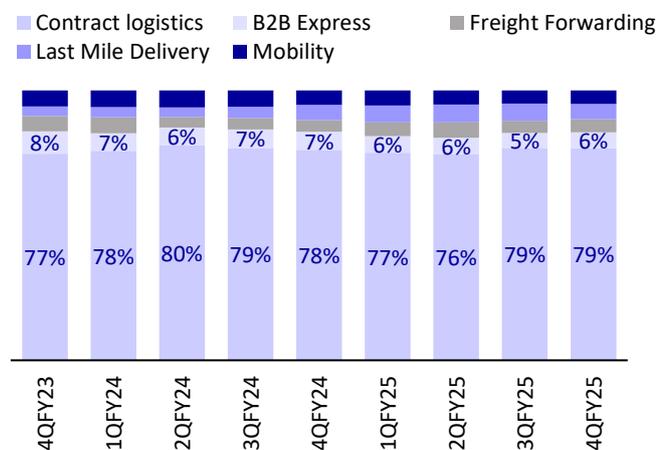
Source: Company, MOFSL

**Exhibit 4: Gross margin contracted YoY**



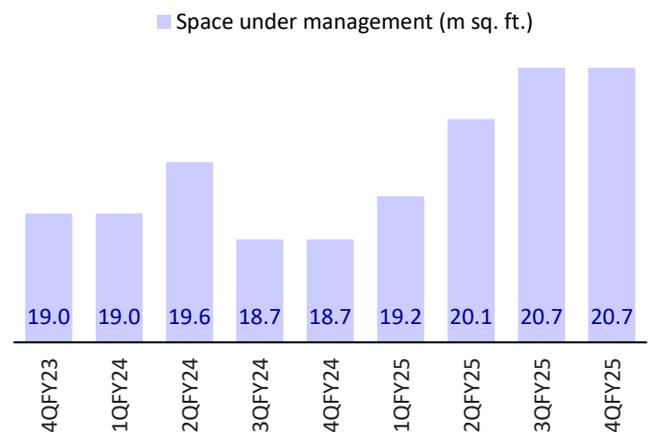
Source: Company, MOFSL

**Exhibit 5: Contract logistics/express formed ~80% of revenue**



Source: Company, MOFSL

**Exhibit 6: Space under management**



Source: Company, MOFSL



## Highlights from the management commentary

### Business update:

- Automotive remained MLL's largest sector, supported by rural demand in two-wheelers, aided by new product launches. The SUV segment also saw strong traction, particularly from new EV launches by Mahindra & Mahindra. Tractor demand remained healthy, and the company expects this trend to sustain.
- While price hikes across industries dented demand, rural consumption showed early signs of recovery. Consumer durables benefited from rising temperatures, boosting sales momentum. The cables and wires sector continued to thrive on the back of strong B2B demand, and the real estate sector also showed signs of a healthy rebound.
- MLL posted 8% YoY revenue growth in 4QFY25, led by continued strength in its 3PL contract logistics. For the full year, revenue increased by 11%, driven by account additions, new service offerings, and strategic business launches. Despite 4Q traditionally being a seasonally weaker quarter for express logistics, the company achieved monthly order intake of 5,000 tons, with volume recovering by 15% QoQ.
- The company also noted positive momentum in order intake across both contract logistics and express segments.
- Service levels remained strong, consistently above 90%.

### Segment-wise performance and overview:

- **Contract logistics division** posted revenue of INR12.3b, growing 9% YoY. Gross margins improved by 7% YoY and 2% QoQ, although demand remained mixed due to a post-Oct'24 slowdown across various end-markets.
- **B2B express segment** reported revenue of INR930m, down 4% YoY. However, volumes rebounded sequentially by 8%, aided by expanded sales coverage and stronger integration with the broader MLL ecosystem. Despite yield pressure due to changes in load and customer mix, the company's focused efforts on account management, regional distribution, and new offerings are expected to drive long-term gains.
- **Cross-border logistics segment** performed well, generating INR760m in revenue (+20% YoY). Gross margins grew 9% YoY but declined 10% QoQ due to a softness in ocean and air freight rates. While traction improved in ocean export and global nomination business, the air import segment faced headwinds from BIS regulations.
- **In last-mile delivery**, revenue came in at INR880m (+10% YoY). Gross margin improved 70bp YoY but declined slightly QoQ due to pricing pressure from large e-commerce players. The segment benefited from supply-side synergies and a growing share of high-margin business from non-Amazon/Flipkart clients.
- **Mobility services** recorded revenue of INR790m (+1% YoY). Gross margins declined 13% YoY but improved 2% sequentially. Challenges in this segment included client churn and low offtake, although airport passenger volumes grew by 9% YoY and 3% QoQ.
- **Warehousing** revenue grew 15% YoY, with significant progress in expansions in Kolkata, Guwahati, and Pune. MLL continued to expand its footprint with new facilities in Maharashtra, West Bengal, Guwahati, and Tripura. The company

reported strong progress, with half of the Agartala and Kolkata facilities already sold out. Volume recovery was also encouraging, as two-thirds of volumes that were lost in the previous quarter had returned.

**Guidance:**

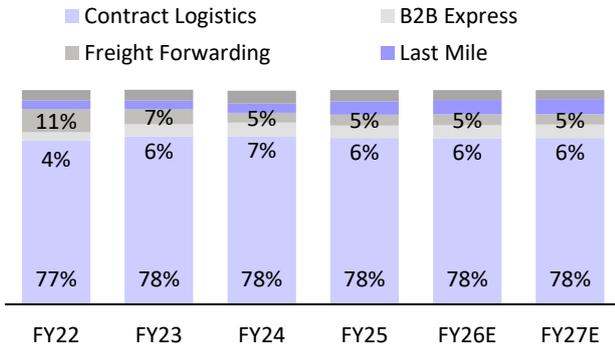
- Subsidiaries, such as 2x2 and Lords Logistics, had a standout year, delivering a strong performance in FY25. The company reiterated its strategic focus on margin expansion through cost control, operational efficiency, and turnaround efforts in the express business.
- MLL aims to leverage its acquisitions to unlock future growth and remains committed to building integrated logistics capabilities, enhancing technology and automation to serve as key differentiators.
- MLL is targeting revenue growth in mid-to-high teens and RoE of 18% by FY26.
- The long-term target is to transform into an INR100b logistics service provider.
- MLL remains optimistic about reducing losses as volumes pick up in express vertical.

**Exhibit 7: Summary to revised estimates**

(INR m)	FY26E			FY27E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Net Sales	76,412	77,346	-1	93,162	94,279	-1
EBITDA	4,099	3,993	3	5,327	5,214	2
<b>EBITDA Margin (%)</b>	<b>5.4</b>	<b>5.2</b>	<b>+20bps</b>	<b>5.7</b>	<b>5.5</b>	<b>+19bps</b>
PAT	1,020	1,079	-5	1,914	2,045	-6
<b>EPS (INR)</b>	<b>14.2</b>	<b>15.1</b>	<b>-5</b>	<b>26.7</b>	<b>28.6</b>	<b>-6</b>

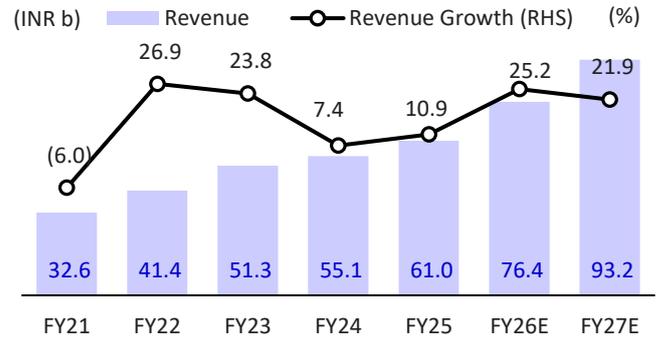
## Financial story in charts

**Exhibit 8: Segment-wise revenue breakup (%)**



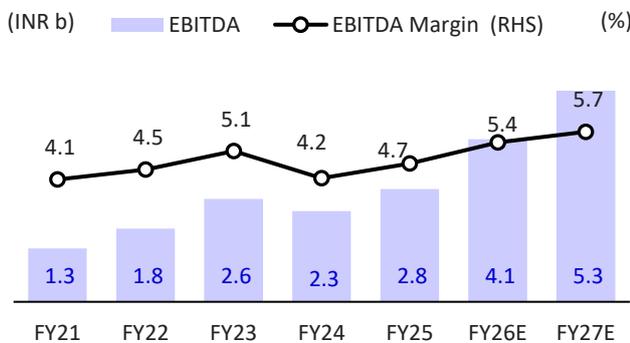
Source: Company, MOFSL

**Exhibit 9: Revenue growth to be driven by the SCM segment**



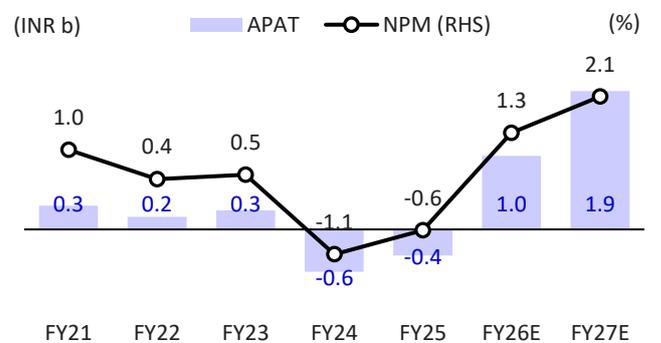
Source: Company, MOFSL

**Exhibit 10: Margin to improve as express business ramps up**



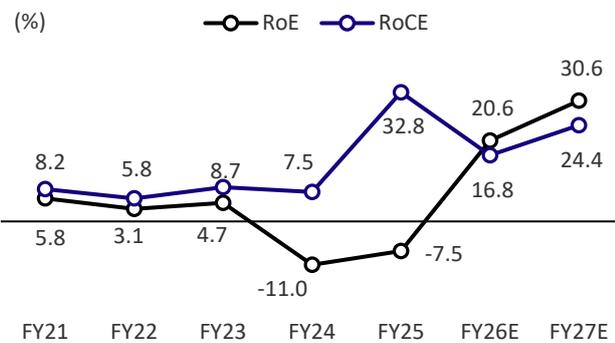
Source: Company, MOFSL

**Exhibit 11: PAT to improve with expanding margin**



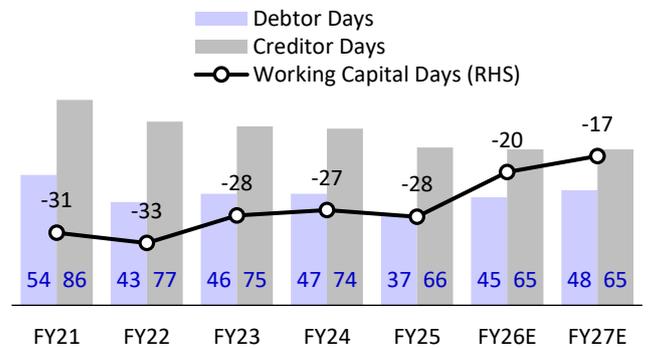
Source: Company, MOFSL

**Exhibit 12: Return ratios to improve as earnings pick up**



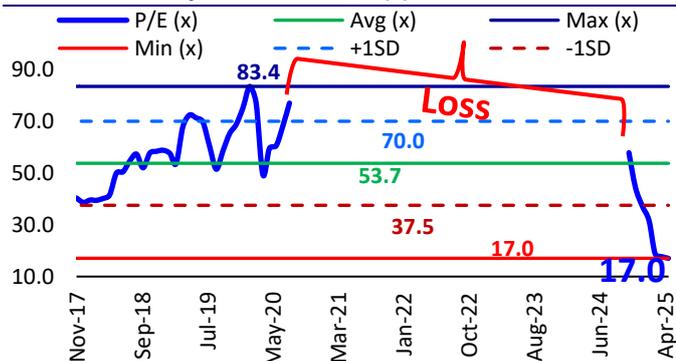
Source: Company, MOFSL

**Exhibit 13: Comfortable working capital position**



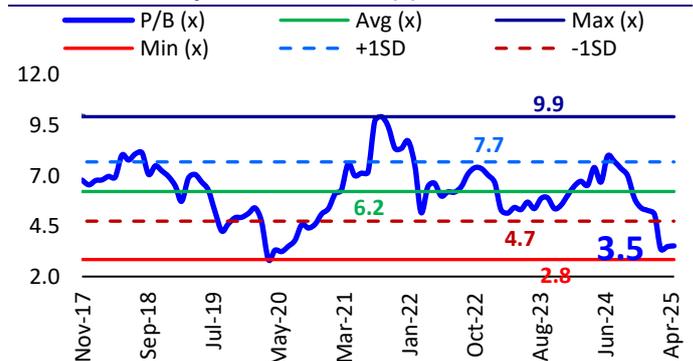
Source: Company, MOFSL

**Exhibit 14: One-year forward P/E (x)**



Source: Company, MOFSL

**Exhibit 15: One-year forward P/B (x)**



Source: Company, MOFSL

## Financials and valuations

### Consolidated – Income Statement

Y/E March (INR m)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
<b>Net Sales</b>	<b>32,637</b>	<b>41,408</b>	<b>51,283</b>	<b>55,060</b>	<b>61,048</b>	<b>76,412</b>	<b>93,162</b>
Change (%)	-6.0	26.9	23.8	7.4	10.9	25.2	21.9
Gross Margin (%)	15.3	14.3	14.5	14.9	13.8	13.8	13.3
<b>EBITDA</b>	<b>1,342</b>	<b>1,843</b>	<b>2,598</b>	<b>2,290</b>	<b>2,841</b>	<b>4,099</b>	<b>5,327</b>
Margin (%)	4.1	4.5	5.1	4.2	4.7	5.4	5.7
Depreciation	897	1,417	1,895	2,090	2,263	2,276	2,402
<b>EBIT</b>	<b>446</b>	<b>426</b>	<b>703</b>	<b>201</b>	<b>577</b>	<b>1,822</b>	<b>2,925</b>
Int. and Finance Charges	201	298	516	682	812	647	572
Other Income	175	136	159	179	158	174	191
<b>PBT</b>	<b>420</b>	<b>263</b>	<b>345</b>	<b>-302</b>	<b>-77</b>	<b>1,350</b>	<b>2,545</b>
Tax	100	113	71	257	223	340	641
Effective Tax Rate (%)	25.6	42.8	20.6	-85.0	-291.5	25.2	25.2
<b>PAT before MI, Associates, and EO Items</b>	<b>319</b>	<b>151</b>	<b>274</b>	<b>-559</b>	<b>-300</b>	<b>1,010</b>	<b>1,904</b>
Share of profit/(loss) of Associates and JVs	8	0	-28	-10	0	10	10
Extraordinary Items	28	0	0	38	0	0	0
<b>Reported PAT</b>	<b>300</b>	<b>176</b>	<b>263</b>	<b>-624</b>	<b>-359</b>	<b>1,020</b>	<b>1,914</b>
<b>Adjusted PAT</b>	<b>328</b>	<b>176</b>	<b>263</b>	<b>-586</b>	<b>-359</b>	<b>1,020</b>	<b>1,914</b>
Change (%)	-40.7	-46.4	49.7	-322.8	-38.8	-384.5	87.7
Margin (%)	1.0	0.4	0.5	-1.1	-0.6	1.3	2.1

### Consolidated – Balance Sheet

Y/E March (INR m)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Equity Share Capital	717	719	720	720	721	721	721
Total Reserves	4,964	4,746	4,897	4,204	3,658	4,498	6,234
<b>Net Worth</b>	<b>5,681</b>	<b>5,465</b>	<b>5,617</b>	<b>4,925</b>	<b>4,379</b>	<b>5,220</b>	<b>6,955</b>
Minority Interest	28	3	-14	118	164	164	164
Deferred Tax Liabilities	0	0	0	0	14	14	14
Total Loans	292	405	4,014	3,386	4,242	3,742	2,942
<b>Capital Employed</b>	<b>6,000</b>	<b>5,873</b>	<b>9,617</b>	<b>8,428</b>	<b>8,798</b>	<b>9,139</b>	<b>10,074</b>
Gross Block	5,520	8,252	12,704	14,856	16,872	17,472	18,472
Less: Accum. Deprn.	1,903	3,113	4,402	6,492	7,577	9,853	12,255
<b>Net Fixed Assets</b>	<b>3,617</b>	<b>5,139</b>	<b>8,302</b>	<b>8,364</b>	<b>9,296</b>	<b>7,619</b>	<b>6,217</b>
Capital WIP	21	4	33	161	458	458	458
<b>Total Investments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>20</b>	<b>0</b>	<b>0</b>
<b>Curr. Assets, Loans, and Adv.</b>	<b>13,149</b>	<b>14,611</b>	<b>17,195</b>	<b>16,248</b>	<b>16,028</b>	<b>22,165</b>	<b>29,109</b>
Inventory	0	14	4	0	0	0	0
Account Receivables	4,856	4,889	6,525	7,019	6,251	9,421	12,251
Cash and Bank Balances	1,978	1,343	1,262	711	760	1,303	2,142
Cash	1,978	1,343	1,262	227	633	1,177	2,016
Bank Balance	0	0	0	0	0	0	0
Loans and Advances	0	0	0	0	0	0	0
Others	6,315	8,364	9,404	8,518	9,018	11,441	14,715
<b>Current Liab. and Prov.</b>	<b>10,787</b>	<b>13,882</b>	<b>15,912</b>	<b>16,344</b>	<b>17,004</b>	<b>21,104</b>	<b>25,710</b>
Account Payables	7,661	8,684	10,481	11,112	10,997	13,608	16,591
Other Current Liabilities	3,065	5,126	5,363	5,144	5,916	7,405	9,028
Provisions	61	72	69	88	91	91	91
<b>Net Current Assets</b>	<b>2,362</b>	<b>729</b>	<b>1,282</b>	<b>-96</b>	<b>-975</b>	<b>1,062</b>	<b>3,399</b>
<b>Application of Funds</b>	<b>6,000</b>	<b>5,873</b>	<b>9,617</b>	<b>8,428</b>	<b>8,798</b>	<b>9,139</b>	<b>10,074</b>

## Financials and valuations

### Ratios

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
<b>Basic (INR)</b>							
EPS	4.6	2.5	3.7	-8.2	-5.0	14.2	26.7
EPS growth (%)	-40.7	-46.4	49.7	-322.8	-38.8	-384.5	87.7
Cash EPS	17.1	22.3	30.1	21.0	26.6	46.1	60.3
BV/Share	79.4	76.4	78.5	68.8	61.2	72.9	97.2
DPS	2.5	2.0	2.5	2.5	2.5	2.5	2.5
Payout (incl. Div. Tax, %)	59.8	81.5	68.1	-28.7	-49.9	17.5	9.3
<b>Valuation (x)</b>							
P/E	67.1	125.1	83.6	-37.5	-61.3	21.5	11.5
Cash P/E	18.0	13.8	10.2	14.6	11.5	6.7	5.1
EV/EBITDA	15.1	11.4	9.5	10.8	9.0	6.0	4.3
EV/Sales	0.6	0.5	0.5	0.4	0.4	0.3	0.2
P/BV	3.9	4.0	3.9	4.5	5.0	4.2	3.2
Dividend Yield (%)	0.8	0.7	0.8	0.8	0.8	0.8	0.8
<b>Return Ratios (%)</b>							
RoE	5.8	3.1	4.7	-11.0	-7.5	20.6	30.6
RoCE	8.2	5.8	8.7	7.5	32.8	16.8	24.4
RoIC	7.8	5.7	8.7	4.7	29.9	18.3	29.5
<b>Working Capital Ratios</b>							
Fixed Asset Turnover (x)	7.2	6.0	4.9	4.2	4.0	4.4	5.2
Asset Turnover (x)	5.4	7.1	5.3	6.5	6.9	8.4	9.2
Inventory (Days)	0	0	0	0	0	0	0
Debtors (Days)	54	43	46	47	37	45	48
Creditors (Days)	86	77	75	74	66	65	65
<b>Leverage Ratio (x)</b>							
Net Debt/Equity	-0.3	-0.2	0.5	0.5	0.8	0.5	0.1

### Consolidated – Cash Flow Statement

Y/E March (INR m)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
OP/(Loss) before Tax	392	263	345	-264	-77	1,350	2,545
Depreciation	897	1,417	1,895	2,090	2,263	2,276	2,402
Direct Taxes Paid	515	-626	-738	-129	252	-340	-641
(Inc.)/Dec. in WC	838	507	-883	-312	95	-1,684	-1,075
Other Items	295	348	574	884	899	473	380
<b>CF from Operations</b>	<b>2,937</b>	<b>1,910</b>	<b>1,194</b>	<b>2,269</b>	<b>3,432</b>	<b>2,075</b>	<b>3,612</b>
(Inc.)/Dec. in FA	-690	-1,559	-195	-81	-1,886	-600	-1,000
<b>Free Cash Flow</b>	<b>2,247</b>	<b>351</b>	<b>999</b>	<b>2,188</b>	<b>1,546</b>	<b>1,475</b>	<b>2,612</b>
Change in Investments	-588	0	-3,043	-152	1,725	20	0
Others	198	161	138	-310	-1,387	-496	-1,171
<b>CF from Investments</b>	<b>-1,080</b>	<b>-1,399</b>	<b>-3,100</b>	<b>-543</b>	<b>-1,548</b>	<b>-1,076</b>	<b>-2,171</b>
Change in Equity	2	5	1	0	1	0	0
Inc./Dec. in Debt	-67	77	3,609	-655	856	-500	-800
Dividends Paid	-107	-179	-144	-180	-180	-179	-179
Others	-702	-1,073	-1,641	-1,926	-2,154	224	377
<b>CF from Fin. Activity</b>	<b>-875</b>	<b>-1,171</b>	<b>1,825</b>	<b>-2,761</b>	<b>-1,477</b>	<b>-455</b>	<b>-602</b>
<b>Inc./Dec. in Cash</b>	<b>982</b>	<b>-659</b>	<b>-81</b>	<b>-1,036</b>	<b>407</b>	<b>544</b>	<b>839</b>
Opening Balance	995	2,002	1,343	1,262	227	633	1,177
<b>Closing Balance</b>	<b>1,978</b>	<b>1,343</b>	<b>1,262</b>	<b>227</b>	<b>633</b>	<b>1,177</b>	<b>2,016</b>

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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