

**Q1FY25 Result Highlights**

- **Q1FY25 witnessed moderate demand in 3PL while Last Mile and Mobility business continued its recovery** – MAHLOG reported Q1FY25 revenue of ₹14.2bn, a growth of 9.8% YoY (and decline of 2.1% QoQ) on the back of moderate demand environment leading to 3PL business growth of 9% YoY to ₹10.93bn while Express logistics business grew 2.4% YoY (-10.3% QoQ) to ₹870mn. There was operating cost increase in 3PL mainly due to ~5% increase in contract labour cost. The Express business had volume decline of ~8% QoQ which impacted the ability to optimise the cost while maintained yield with better account management. The focus is shifted to cost optimisation and volume growth in express will be calibrated as short-term demand environment remain weak. Management expects business turn around by Q3FY25. The freight forwarding business witnessed sequential improvement of ~13% to ₹710mn as the cross-border business gained traction led by higher demand for inbound ocean cargo. The pricing environment was tight, presenting a challenge in improving yields. Last-mile delivery reported revenue of ₹890m (+85.4% YoY). The management focuses on growing the non-ecommerce business and optimising fleet utilisation.
- IN SCM the revenue grew 10.4% YoY to ₹13.4bn (with EBIT margin at -0.3% v/s 0.2% YoY and -0.8% QoQ) was driven by Warehousing revenue which grew by 30% YoY to ₹3.1bn while transportation grew ~6% YoY to ₹10.3bn. Weakness in farm sector impacted transport solution. Enterprise Mobility business grew 2.3% YoY and 3.7% QoQ to ₹813mn with EBIT margin at 2.1% v/s -2.1% YoY and 2.7% QoQ.
- EBITDA remained flat YoY at ₹663mn in Q1FY25 with EBITDA margins declined by 48bps YoY from 5.2% to 4.7% in Q1FY25. Operating expense increased by 11.4% YoY to ₹12.14bn, impacting profitability. Reported PBT reported loss of ₹25mn leading to net loss of ₹93mn, declined sequentially from loss of ₹130mn in Q4FY24. Excluding Rivigo B2B express acquisition, EBITDA declined by 12% YoY from ₹913mn in Q4FY24 to ₹800mn in Q1FY25. Profits in core business (standalone) declined from ₹215mn in Q1FY24 to ₹102mn in Q1FY25.
- There was demand environment took a hit in SCM with election and slower demand environment in some categories. Q1FY25 was affected by shorter cycle volume. Slower ramp up leading upto to Jun'24 with roll out of new sites in last mile and 3PL contract logistics business. SCM revenue had order win of ₹2.1bn in Q1FY25, growth is mainly from consumer durable, e-commerce, telecom and Auto. The synergy in SCM and express is expected to benefit in customer addition and cross selling. A-grade warehousing capacity increased from 13.3mn sq ft in Q1FY23 to 20mn sq ft in Q1FY25. Management expects significant recovery in warehousing with reduction in white space and planned addition of ~ 1.3mn sq ft in FY25.
- Significant reduction in EBIT loss in the Express business from 1.25bn to ₹60mn .
- Warehouse space under management in the 3PL business stood at over 20 million+ square feet. The company launched its state-of-the-art BTS warehouse at Guwahati during the quarter.
- Announced a joint venture with Seino Holdings Ltd. during the Quarter aiming to offer integrated logistics solutions to Japanese auto and auto-ancillary customers. This partnership will leverage Seino's global relationships with Japanese automotive customers to meet their logistics needs in India.
- The company is focused on replacing low yielding accounts with new ones.

**Important Statistics**

<b>Nifty</b>	24,414
<b>Sensex</b>	80,149
<b>MCAP (₹bn)</b>	37.2
<b>52 Week H/L (₹)</b>	555/348
<b>NSE Code</b>	MAHLOG
<b>BSE Code</b>	540768
<b>Bloomberg Code</b>	MAHLOG:IN

<b>Shareholding Pattern (%)</b>		<b>Jun'24</b>
Promoter		58.0
DII		17.5
FII		5.5
Public & Others		19.0

**Financials**

(₹ mn)

Particulars	FY21	FY22	FY23
<b>Revenue</b>	<b>32,637</b>	<b>41,408</b>	<b>51,283</b>
<b>EBITDA</b>	<b>1,342</b>	<b>1,843</b>	<b>2,598</b>
<b>EBITDA Margin (%)</b>	<b>4.1</b>	<b>4.5</b>	<b>5.1</b>
<b>Net Profit</b>	<b>300</b>	<b>176</b>	<b>263</b>
EPS (₹)	4.2	2.4	3.6
DPS (₹)	2.5	2.0	2.5
P/E (x)	123.8	211.5	141.4
EV/EBITDA (x)	28.2	21.6	17.0
P/BV (x)	6.5	6.8	6.6
RoE (%)	5.8	3.0	4.7
RoCE (%)	5.8	5.0	6.2

Particulars	FY24	FY25E	FY26E
<b>Revenue</b>	<b>55,060</b>	<b>62,918</b>	<b>71,295</b>
<b>EBITDA</b>	<b>2,290</b>	<b>3,169</b>	<b>4,938</b>
<b>EBITDA Margin (%)</b>	<b>4.2</b>	<b>5.0</b>	<b>6.9</b>
<b>Net Profit</b>	<b>(547)</b>	<b>601</b>	<b>1,278</b>
EPS (₹)	(7.6)	8.3	17.7
DPS (₹)	2.5	3.0	3.5
P/E (x)	(67.9)	61.8	29.1
EV/EBITDA (x)	19.1	12.0	9.0
P/BV (x)	7.4	6.5	5.4
RoE (%)	(10.9)	11.2	20.1
RoCE (%)	8.4	8.9	13.4

Source: Company, Way2Wealth

**Relative Performance**

Return (%)	1 Yr	3Yr	5 Yr
<b>MAHLOG</b>	<b>37.4</b>	<b>(13.5)</b>	<b>25.9</b>
Nifty 50	23.6	53.7	116.2
Sensex	20.2	50.9	110.8

Source: Company, Way2Wealth

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25<sup>th</sup> July 2024

CMP – ₹515.7/-

View – **ACCUMULATE****View**

MAHLOG aims for a revenue of ₹100bn and RoE of 18% by FY26 with 3PL business growth guidance of 15% while the other services to grow at much faster pace on the expectation of express business reaching positive PAT sooner than later. Going forward, the Express business losses are likely to decline as volumes improve leading to become operating positive by Q2/Q3FY25, which should result in improvement in overall EBITDA likely by end-FY25. The management sounds confident on growth prospects enabled by strong order inflows and improving business levels in the express business for the rest of the year along with consolidated operations of networks and infrastructure. **Hence, we continue to maintain our ACCUMULATE stance with the stock trading at P/E 29.1xFY26E EPS of ₹17.7.**

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 View – **ACCUMULATE**
**FINANCIAL PERFORMANCE**

(₹ mn)

Particulars	Q1FY25	Q1FY24	YoY(%)	Q4FY24	QoQ(%)	FY24	FY23	YoY(%)
<b>Operating Income</b>	<b>14,200</b>	<b>12,932</b>	<b>9.8</b>	<b>14,508</b>	<b>(2.1)</b>	<b>55,060</b>	<b>51,283</b>	<b>7.4</b>
Staff Expenditure	1,020	992	2.8	938	8.7	4,047	3,546	14.1
Freight Expenditure	12,140	10,894	11.4	12,395	(2.1)	46,880	43,865	6.9
Other Expenses	378	381	(0.7)	608	(37.8)	1,842	1,275	44.5
<b>EBITDA</b>	<b>663</b>	<b>666</b>	<b>(0.5)</b>	<b>566</b>	<b>17.1</b>	<b>2,290</b>	<b>2,598</b>	<b>(11.8)</b>
Other Income	57	62	(8.3)	29	96.9	179	159	12.9
Depreciation	550	545	0.9	513	7.2	2,090	1,895	10.3
<b>EBIT</b>	<b>170</b>	<b>184</b>	<b>(7.4)</b>	<b>82</b>	<b>106.9</b>	<b>379</b>	<b>861</b>	<b>(55.9)</b>
Interest	195	178	9.6	174	11.8	682	516	32.2
<b>PBT</b>	<b>(25)</b>	<b>6</b>	<b>(538.6)</b>	<b>(92)</b>	<b>72.9</b>	<b>(264)</b>	<b>345</b>	<b>(176.4)</b>
Tax	53	89	(39.8)	27	(98.5)	257	71	260.7
Minority Interest & JV	15	3	(492.0)	9	57.4	27	11	(134.2)
<b>PAT</b>	<b>(93)</b>	<b>(86)</b>	<b>9.0</b>	<b>(128)</b>	<b>(27.5)</b>	<b>(547)</b>	<b>263</b>	<b>(308.3)</b>
EPS	(1.3)	(1.2)		(1.8)		(7.6)	3.7	
			<b>BPS</b>		<b>BPS</b>			<b>BPS</b>
Freight Cost (%)	85.5	84.2	125	85.4	5	85.1	85.5	(39)
Staff Cost (%)	2.7	2.9	(28)	4.2	(153)	3.3	2.5	86
EBITDA (%)	4.7	5.2	(48)	3.9	77	4.2	5.1	(91)
EBIT (%)	0.4	0.5	(8)	0.2	20	0.3	0.3	2
PBT (%)	3.9	4.2	(34)	3.5	34	3.8	3.7	10
NPM (%)	1.2	1.4	(22)	0.6	63	0.7	1.7	(99)
Gross Margin (%)	14.5	15.8	(125)	14.6	(5)	14.9	14.5	39

Source: Company, Way2Wealth

**SEGMENTAL BREAKUP**

(₹ mn)

Segmental	Q1FY25	Q1FY24	YoY(%)	Q4FY24	QoQ(%)	FY24	FY23	YoY(%)
<b>Revenue</b>								
Supply Chain Mgmt	13,400	12,138	10.4	13,723	(2.4)	51,779	48,677	6.4
Enterprise Mobility	813	795	2.3	784	3.7	3,281	2,606	25.9
<b>EBIT</b>			<b>YoY(%)</b>		<b>QoQ(%)</b>			<b>YoY(%)</b>
Supply Chain Mgmt	(42)	22	(288.3)	(114)	(63.1)	(282)	1,538	(118.3)
Enterprise Mobility	17	(17)	202.4	22	(20.9)	18	43	58.1
<b>EBIT Margin (%)</b>			<b>BPS</b>		<b>BPS</b>			<b>BPS</b>
Supply Chain Mgmt	(0.3)	0.2	(50)	(0.8)	52	(0.5)	3.2	(370)
Enterprise Mobility	2.1	(2.1)	418	2.7	(65)	0.5	1.6	(109)

Source: Company, Way2Wealth

25<sup>th</sup> July 2024

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 View – **ACCUMULATE**
**SCM BREAKUP**

Service type	Q1FY25	Q1FY24	YoY(%)	Q4FY24	QoQ(%)	FY24	FY23	YoY(%)
<b>Transportation</b>	10,313	9,760	5.7	10,823	(4.7)	40,878	38,250	6.9
<b>Warehousing</b>	3,087	2,380	29.7	2,901	6.4	10,901	10,430	4.5

Source: Company, Way2Wealth

Particulars	Q1FY25	Q1FY24	YoY(%)	Q4FY24	QoQ(%)	FY24	FY23	YoY(%)
<b>Total SCM</b>	<b>13,400</b>	<b>12,140</b>	<b>10.4</b>	<b>13,723</b>	<b>(2.4)</b>	<b>51,779</b>	<b>48,677</b>	<b>6.4</b>
<b>3PL</b>	10,930	10,040	8.9	11,190	(2.3)	43,100	40,070	7.6
3PL Gross Margin	1,200	1,280	(6.3)	1,230	(2.4)	5,000	4,550	9.9
Gross Margin (%)	11.0	12.7	(177)	11.0	(1)	11.6	11.4	25
<b>Freight forwarding</b>	710	770	(7.8)	630	12.7	2,540	3,660	(30.6)
Freight forwarding gross margin	70	80	(12.5)	60	16.7	250	370	(32.4)
Gross Margin (%)	9.9	10.4	(53)	9.5	34	9.8	10.1	(27)
<b>Express logistics</b>	870	850	2.4	970	(10.3)	3,650	2,940	24.1
Express logistics gross margin	(60)	(1,250)	(95.2)	(60)	-	(480)	(120)	300.0
Gross Margin (%)	(6.9)	(147.1)	14,016	(6.2)	(71)	(13.2)	(4.1)	(907)
<b>Last mile</b>	890	480	85.4	880	1.1	2,450	2,010	21.9
Last mile gross margin	70	30	133.3	50	40.0	120	60	100.0
Gross Margin (%)	7.9	6.3	162	5.7	218	4.9	3.0	191

Source: Company, Way2Wealth

**FINANCIALS & VALUATIONS**

Particulars	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
<b>SCM Revenue</b>	34,659	31,035	31,446	39,387	48,677	51,779	59,201	67,004
<b>EM Revenue</b>	3,855	3,676	1,191	2,021	2,606	3,281	3,717	4,291
<b>Revenue</b>	<b>38,513</b>	<b>34,711</b>	<b>32,637</b>	<b>41,408</b>	<b>51,283</b>	<b>55,060</b>	<b>62,918</b>	<b>71,295</b>
<b>EBITDA</b>	<b>1,502</b>	<b>1,597</b>	<b>1,342</b>	<b>1,843</b>	<b>2,598</b>	<b>2,290</b>	<b>3,169</b>	<b>4,938</b>
<b>EBITDA Margin (%)</b>	3.9	4.6	4.1	4.5	5.1	4.2	5.0	6.9
<b>Net Profit</b>	<b>856</b>	<b>551</b>	<b>300</b>	<b>176</b>	<b>263</b>	<b>(547)</b>	<b>601</b>	<b>1,278</b>
<b>EPS (₹)</b>	11.9	7.7	4.2	2.4	3.7	(7.6)	8.3	17.7
<b>DPS (₹)</b>	1.8	1.5	2.5	2.0	2.5	2.5	3.0	3.5
<b>P/E (x)</b>	43.4	67.4	123.8	211.5	141.4	(67.9)	61.8	29.1
<b>EV/EBITDA (x)</b>	24.5	23.9	28.2	21.6	17.0	19.1	12.0	9.0
<b>P/BV (x)</b>	7.4	6.8	6.5	6.8	6.6	7.4	6.5	5.4
<b>RoE (%)</b>	18.7	10.1	5.8	3.0	4.7	(10.9)	11.2	20.1
<b>RoCE (%)</b>	24.2	12.5	5.8	5.0	6.2	8.4	8.9	13.4
<b>Net Debt/Equity (x)</b>	(0.1)	0.2	0.1	0.5	1.3	1.3	1.2	1.1
<b>Cash Balances</b>	700	995	1,978	1,343	1,262	711	1,107	1,985
<b>FCF</b>	609	236	2,249	1,085	(1,906)	1,559	1,973	2,134
<b>PEG</b>	1.4	(1.9)	(2.7)	(5.1)	2.8	0.2	0.3	0.3

Source: Company, Way2Wealth

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Name of the Security	Mahindra Logistics Ltd
Name of the analyst	Jayakanth Kasthuri
Analysts' ownership of any stock related to the information contained	
Financial Interest	
Analyst :	No
Analyst's Relative : Yes / No	No
Analyst's Associate/Firm : Yes/No	No
Conflict of Interest	No
Receipt of Compensation	No
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