

IPO-Note

Rs 425 – Rs 429 Per Equity Share

Mahindra Logistics Limited

Recommendation: Subscribe

Issue Details

Objects of the issue	<ul style="list-style-type: none"> To achieve the benefits of listing the Equity Shares on the Stock Exchanges, For the Offer for Sale
Issue Size	Rs. 829.36 Crore
Face value	Rs.10 Per Equity Share
Issue Price	Rs 425 - Rs 429 Per Equity Share
Bid Lot	34 Shares
Listing at	BSE, NSE
Issue Opens:	Oct 31, 2017 - Nov 2, 2017
QIB	50% of Net Issue Offer
Retail	35% of Net Issue Offer
NIB	15% of Net Issue Offer

Mahindra Logistics Limited (MLL) is one of India’s largest 3PL solutions providers in the Indian logistics industry which was estimated at ₹6.40 trillion in Fiscal 2017. They offer customized and end-to-end logistics solutions and services including transportation and distribution, warehousing, in-factory logistics and value added services to their clients. The company have a large network of over 1,000 business partners providing them, vehicles, warehouses and the other assets and services for their SCM business.

Strengths:

- An “asset-light” business model which allows flexibility and scalability in operations and high capital efficiency
- Customized, technology driven logistics solutions
- Integrated, end-to-end logistics services and solutions
- The Mahindra brand and support from the Mahindra Group

Key Highlights:

- The company has generated total revenue of Rs 2676.25 crore for March 2017 vs 2077.12 crore in March 2016, shows growth almost 29%.
- The company has reported PAT of Rs 46.06 Cr and 35.96 Cr for the year 2017 and 2016 respectively.
- Certain key clients for their SCM business include Volkswagen India Private Limited, Vodafone India Limited, Thermax Limited, JSW Steel Limited, Ashok Leyland Limited, Siemens Limited, Bosch Limited, BMW India Private Limited, 3M India Limited, and Mercedes-Benz India Private Limited.

Risk Factors:

- They depend significantly on clients in the automotive industry and are highly dependent on the performance of the automotive industry. A loss of, or a significant decrease in business from clients in the automotive industry could adversely affect their business and profitability.
- They operate in a highly fragmented and competitive industry and increased competition may lead to a reduction in their revenues, reduced profit margins or a loss of market share.
- Their business is highly dependent on technology and any disruption or failure of their technology systems may affect their operations.

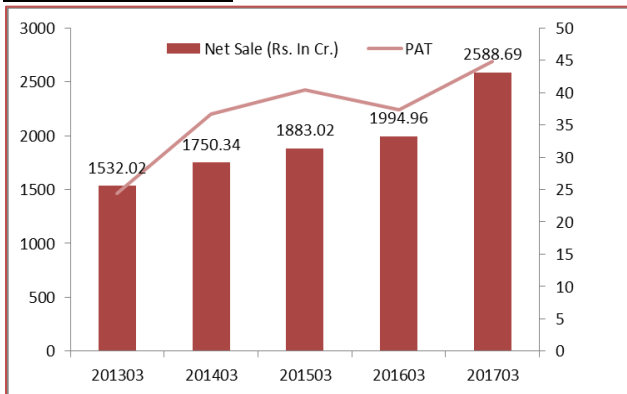
Outlook:

MLL is the largest third party logistics solutions providers in India. MLL operate their SCM business through a pan-India network comprising 24 city offices and over 350 client and operating locations as at August 31, 2017. They also offer their services through a fleet of vehicles provided by a large network of over 500 business partners. As at August 31, 2017, they operated their PTS business in 12 cities and over 120 client and operating locations across India.

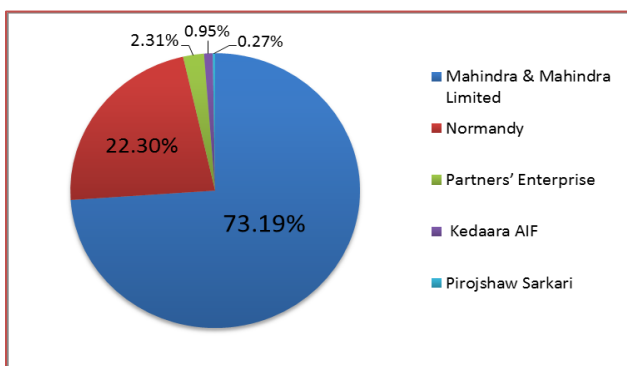
In the three month period ended June 30, 2017 and in Fiscals 2017, 2016 and 2015 their total revenue was ₹854.45 cr, ₹2676.25 cr, ₹2077.12 cr and ₹1939.55 cr, respectively. Company’s SCM and PTS businesses contributed 89.89% and 10.11%, respectively, to their total revenue from operations in the three month period ended June 30, 2017 and 88.94% and 11.06%, respectively, to their total revenue from operations in Fiscal 2017. The revenue from operations of their SCM business attributable to non-Mahindra Group clients increased by a CAGR of 64.45% to ₹9,527.75 million in Fiscal 2017 from ₹3,523.06 million in Fiscal 2015.

On the performance front, the company is available with PE multiple of 60x plus which makes it a pricey deal but considering the business growth consistency with renowned brand name in market long term investment can be done. Hence, aggressive investors with good risk appetite can subscribe the issue for medium to long term of investment purpose.

Financial Performance:



Shareholding Pattern:



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