

Issue Details	
Issue Opens	31-Oct-17
Issue Closes	02-Nov-17
Issue Size (Rs. Crore)	829.36
Face value (per equity share)	10
Price Band (Rs.)	425-429
Shares on Offer (Rs. Crore)	1.93
Lot Size (No of Share)	34
QIB (%)	50%
Non-Institutional (%)	15%
Retail (%)	35%
Commencement of Trading	10-Nov-17

Issue Date: 31st Oct – 02nd Nov 2017

Price Band (Rs.): 425- 429

Lot Size (No. of Share): 34

Company Background

Incorporated in 2008, Mahindra Logistics Limited is end-to-end logistics solution and service provider. It is part of Mahindra Group (M&M), one of India's leading corporate groups with operations across several industries and countries. The logistics solution of the company includes transportation and distribution, warehousing, in-factory logistics and value added services to its clients.

Financials

Particulars	For the year/period ended (in Rs. Million)		
	FY-17	FY-16	FY-15
Total Assets	8,167	5,915	5,188
Total Revenue	26,763	20,771	19,396
Profit After Tax	461	360	385

Concerns

- Significant dependence on automotive industry.
- Promoter group contributing significant portion.
- Client concentration i.e. 71% of the revenues from top-20 clients.
- Increased receivables.

Strengths

- Integrated solutions – Preferred 3PL player.
- Asset light business model - Flexibility and scalability.
- Technology embedded on “asset-light” strategy.
- GST – A major driver for future growth.

Our View

On the upper price band of Rs.429 and on consolidated FY17 EPS of Rs.6.7, P/E ratio works out to 64x. Even based on last 3years restated consolidated EPS of Rs6.24, P/E ratio works out to 68x. Similarly, based on standalone restated FY17 EPS the P/E ratio works out to 65x and 3 years restated EPS, the P/E ratio works out to be 68x. Means, company is asking higher price band of Rs429 in the P/E ratio of 64x to 68x. There is no listed peers to check whether the issue price is highly priced or under priced. However, the asking price at 64x to 68x is very high.

Company revenues grew at 17% CAGR in the last 3 years. However, it earns thin margins of 1.7% to 2.1% only. Though the number is expensive, it said the management is expecting a tax refund of Rs54 crore, resulting in a positive cash flow. Mahindra Logistics has a unique business model and strong growth metrics which will make them lucrative. We recommend the investors to invest for medium to long term perspective.

Shareholding pattern	Pre Issue (%)	Post Issue (%)
Promoters and Promoter Group	74.6	61.1
Public (incl institutions and employees)	25.4	39.0
Total	100.0	100.0

Objects of the Issue

The objects of the Offer are:

1. To achieve the benefits of listing the Equity Shares on the Stock Exchanges and
2. For the Offer for Sale.

Company will not receive any proceeds from the Offer as all the proceeds will be received by the Selling Shareholders.