

RESEARCH REPORT

MAHESHWARI LOGISTICS LIMITED

Buying Range : Rs. 101 - Rs. 103

NSE : MAHESHWARI

Target : Rs. 250

Market Cap : Rs. 311 Cr.

Stop loss : Rs. 85

Introduction

Maheshwari Logistics is engaged in the Business of Carriers, Transporters, dealing in papers, Board M.G Kraft Paper , Waste Paper, Kraft Paper , writing Papers and all other Papers and Dealing in coal and Lignite etc. Company handled 13.87MT of logistics for FY21. Also, for FY21 it collected 1 Lakh tonne of waste papers through its 5 centres. We are highly bullish on this counter due to following reasons –

One of largest logistics player in western India

Maheshwari Logistics Ltd is among the largest organized player in western India and also among the largest aggregator of fleet owners in western India. Company uses owned trucks as well as 3rd party transportation services for their entire logistics operations. Company has more than 60+ trucks and are in affiliation with 7,000+ trucks.

Manufacturer of Kraft paper with 100% recycling waste paper

Company manufactures Kraft paper from 100% recycling of waste paper with capacity of 90,000 MT p.a. Kraft paper are used in packaging operations for packing, wrapping individual items. Company has recently executed an export order of 650.567 MT and further received order of 1040 MT which has been executed in 1st week of May 2021. Company has obtained necessary approvals from GPCB and finalized order for purchase of boiler which will be in operation by approx. March 22. It will help company to reduce its cost and further this alternates source of energy will prove to be a game changer for company as it helps generating energy from plastic which is a waste.

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Financials

P/L Summary (Rs in Cr)

Particulars	FY19	FY20	FY21	9MFY21
Revenue	1,035	756	678	754
EBITDA	49	53	45	43
PAT	15	15	9	16

Balance sheet (Rs in Cr)

Particulars	FY19	FY20	FY21	6MFY21
Share Capital	15	15	30	30
Reserves	102	115	109	120
Borrowings	142	147	141	145
Other Liabilities	116	86	88	94
Total	374	363	368	389
Fixed Assets	73	117	109	110
CWIP	38	1	5	3
Investments	3	2	2	2
Other Assets	260	243	252	273
Total	374	363	368	389

Fundamentals

Company has ROCE of 11.6% & ROE of 6.85%. Its PAT has grown at CAGR of 22% over last 10 years. It has been consistently generating positive operating cash flows. At present company trades at PE of just 14.3x against industry PE of 30.4x. Promoters are majority share holders holding 57.40% stake in company.

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Investment Rational

All the global paper majors has been increasing the price of papers and the demand for papers is also on up-trend with opening of Schools and Colleges which is very good for company. Also, Company has received final eligibility of Subsidy worth Rs 25Cr under Scheme of Incentive to Industry with Government of Gujarat. Company has already received first instalment as Net SGST reimbursement from the Government. Considering the market-cap of company the Subsidy amount is very substantial. Keeping in mind the above factors, we initiate **BUY** call on Maheshwari Logistics Ltd with target price of Rs 250.

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