

October 23, 2024

## Q2FY25 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

### Change in Estimates

|                | Current |        | Previous |        |
|----------------|---------|--------|----------|--------|
|                | FY26E   | FY27E  | FY26E    | FY27E  |
| Rating         | HOLD    |        | HOLD     |        |
| Target Price   | 493     |        | 500      |        |
| Sales (Rs. m)  | 71,543  | 81,235 | 71,019   | 80,650 |
| % Chng.        | 0.7     | 0.7    |          |        |
| EBITDA (Rs. m) | 3,859   | 4,697  | 3,798    | 4,626  |
| % Chng.        | 1.6     | 1.5    |          |        |
| EPS (Rs.)      | 12.6    | 22.0   | 12.0     | 21.2   |
| % Chng.        | 5.5     | 3.6    |          |        |

### Key Financials - Consolidated

| Y/e Mar        | FY24   | FY25E  | FY26E  | FY27E  |
|----------------|--------|--------|--------|--------|
| Sales (Rs. m)  | 55,060 | 62,520 | 71,543 | 81,235 |
| EBITDA (Rs. m) | 2,290  | 3,025  | 3,859  | 4,697  |
| Margin (%)     | 4.2    | 4.8    | 5.4    | 5.8    |
| PAT (Rs. m)    | (623)  | 322    | 910    | 1,585  |
| EPS (Rs.)      | (8.6)  | 4.5    | 12.6   | 22.0   |
| Gr. (%)        | NA     | NA     | 182.6  | 74.2   |
| DPS (Rs.)      | 2.5    | 2.5    | 2.5    | 2.5    |
| Yield (%)      | 0.6    | 0.6    | 0.6    | 0.6    |
| RoE (%)        | NA     | 6.4    | 16.8   | 24.4   |
| RoCE (%)       | 2.2    | 9.4    | 18.4   | 27.2   |
| EV/Sales (x)   | 0.6    | 0.5    | 0.4    | 0.3    |
| EV/EBITDA (x)  | 15.1   | 10.9   | 7.8    | 5.8    |
| PE (x)         | NA     | 99.4   | 35.2   | 20.2   |
| P/BV (x)       | 6.5    | 6.3    | 5.5    | 4.4    |

### Key Data MALO.BO | MAHLOG IN

|                     |                  |
|---------------------|------------------|
| 52-W High / Low     | Rs.555 / Rs.347  |
| Sensex / Nifty      | 80,082 / 24,436  |
| Market Cap          | Rs.32bn/ \$ 381m |
| Shares Outstanding  | 72m              |
| 3M Avg. Daily Value | Rs.72.43m        |

### Shareholding Pattern (%)

|                         |       |
|-------------------------|-------|
| Promoter's              | 58.03 |
| Foreign                 | 5.51  |
| Domestic Institution    | 17.51 |
| Public & Others         | 18.95 |
| Promoter Pledge (Rs bn) | -     |

### Stock Performance (%)

|          | 1M     | 6M    | 12M   |
|----------|--------|-------|-------|
| Absolute | (12.3) | (1.5) | 20.4  |
| Relative | (7.0)  | (9.3) | (3.0) |

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## B2B challenges persist

### Quick Pointers:

- B2B express business volume from existing customers was down 7-8%
- 1.1mn of unabsorbed white space led to earnings deterioration

**Mahindra Logistics Ltd's (MLL) operating performance was lower than our estimate with an EBITDA margin of 4.4% (PLe 4.8%) led by 1) unabsorbed white space of 1.1mn sqft, 2) additional hit of Rs30-40mn coming from hiring 6,900 contractual employees due to seasonality, and 3) losses of Rs242mn in B2B express segment. While unabsorbed white space would come down as demand revives, delay in break-even timeline within the B2B express segment is a concern. Incremental volume of 35-40% is required to achieve break-even, which may be challenging in the near term. We broadly maintain our estimates and 'HOLD' rating with a TP of Rs493 (earlier Rs500) as we cut our target multiple to 39x (earlier 41x) given the challenges in B2B segment.**

- **3PL business impacted by unabsorbed white space:** MLL's standalone business witnessed a revenue growth of 8.8% YoY in 2QFY25, led by volume growth from newly acquired customers. However, EBITDA margins contracted by 90bps YoY due to lower demand from existing clients in the auto, e-commerce and FMCG space. Auto segment witnessed weak volume growth due to monsoon and shradh, leading to unabsorbed white space of 1.1mn sqft. The management is expecting a strong uptick in volumes in 3QFY25E due to Navratri and Diwali. There was an uptick of Rs2bn in order intake (from usual Rs1-1.5bn run rate), but it was marginally lower than previous quarter (Rs2.1bn).
- **B2B express business continues to make losses:** Revenue increased by 5.2% YoY to Rs917mn. EBITDA loss/Losses stood at Rs124mn/Rs242mn. Demand environment remains challenging amid high competitive intensity with 7-8% volume decline from existing customer base. The management expects to turn EBITDA positive by the end of FY25E. We, however, believe it may get delayed further as 35-40% of incremental volume is required to achieve break-even levels.
- **Others:** Freight forwarding grew 65.3% YoY to Rs868mn aided by growth from new customers and favorable freight rates. Revenue from MLL Mobility remained flat QoQ at Rs811mn. Total of 1mn sqft of warehousing space will be added in Guwahati, Kolkata and Agartala as part of MLL's regional expansion plan.

**Exhibit 1: Q2FY25 Overview**

| Y/e March (Rs mn)            | 2QFY25        | 2QFY24        | YoY (%)       | 1QFY25        | QoQ gr.     | 2QFY25E       | Var.           | H1FY25        | H1FY24        | YoY gr.      |
|------------------------------|---------------|---------------|---------------|---------------|-------------|---------------|----------------|---------------|---------------|--------------|
| <b>Net revenue</b>           | <b>15,211</b> | <b>13,648</b> | <b>11.5%</b>  | <b>14,200</b> | <b>7.1%</b> | <b>14,971</b> | <b>1.6%</b>    | <b>29,411</b> | <b>26,580</b> | <b>10.7%</b> |
| Variable cost of sales       | 13,069        | 11,644        | 12.2%         | 12,140        | 7.7%        | 12,800        | 2.1%           | 25,208        | 22,538        | 11.8%        |
| <i>% of net sales</i>        | <i>85.9%</i>  | <i>85.3%</i>  |               | <i>85.5%</i>  |             | <i>85.5%</i>  |                | <i>85.7%</i>  | <i>84.8%</i>  |              |
| Employee expense             | 1,047         | 1,040         | 0.7%          | 1,020         | 2.7%        | 1,048         | -0.1%          | 2,067         | 2,031         | 1.8%         |
| <i>% of net sales</i>        | <i>6.9%</i>   | <i>7.6%</i>   |               | <i>7.2%</i>   |             | <i>7.0%</i>   |                | <i>7.0%</i>   | <i>7.6%</i>   |              |
| Other expense                | 431           | 428           | 0.7%          | 378           | 14.0%       | 404           | 6.7%           | 810           | 809           | 0.1%         |
| <i>% of net sales</i>        | <i>2.8%</i>   | <i>3.1%</i>   |               | <i>2.7%</i>   |             | <i>2.7%</i>   |                | <i>2.8%</i>   | <i>3.0%</i>   |              |
| <b>Total expense</b>         | <b>14,547</b> | <b>13,112</b> | <b>10.9%</b>  | <b>13,537</b> | <b>7.5%</b> | <b>14,253</b> | <b>2.1%</b>    | <b>28,085</b> | <b>25,378</b> | <b>10.7%</b> |
| <b>EBITDA</b>                | <b>664</b>    | <b>536</b>    | <b>23.9%</b>  | <b>663</b>    | <b>0.2%</b> | <b>719</b>    | <b>-7.6%</b>   | <b>1,327</b>  | <b>1,202</b>  | <b>10.4%</b> |
| <i>EBITDA Margin (%)</i>     | <i>4.4%</i>   | <i>3.9%</i>   |               | <i>4.7%</i>   |             | <i>4.8%</i>   |                | <i>4.5%</i>   | <i>4.5%</i>   |              |
| Depreciation                 | 540           | 518           | 4.2%          | 550           | -1.8%       | 544           | -0.8%          | 1,089         | 1,063         | 2.5%         |
| <b>EBIT</b>                  | <b>124</b>    | <b>18</b>     | <b>597.8%</b> | <b>113</b>    | <b>NA</b>   | <b>174</b>    |                | <b>237</b>    | <b>140</b>    | <b>70.2%</b> |
| Interest expense             | 191           | 165           | 15.7%         | 195           | -1.9%       | 173           | 10.4%          | 386           | 343           | 12.5%        |
| Other income                 | 17            | 66            | -73.7%        | 57            | NA          | 60            | NA             | 74            | 128           | -42.0%       |
| Extraordinary income/expense | -             | -             | NA            | -             | NA          | -             | NA             | -             | -             | NA           |
| <b>PBT</b>                   | <b>(50)</b>   | <b>(82)</b>   | <b>NA</b>     | <b>(25)</b>   | <b>NA</b>   | <b>61</b>     | <b>-181.4%</b> | <b>(75)</b>   | <b>(76)</b>   | <b>NA</b>    |
| Total tax                    | 46            | 73            | NA            | 53            | NA          | 15            | 201.9%         | 100           | 162           | NA           |
| <b>PAT</b>                   | <b>(96)</b>   | <b>(155)</b>  | <b>NA</b>     | <b>(78)</b>   | <b>NA</b>   | <b>46</b>     | <b>-310.3%</b> | <b>(174)</b>  | <b>(238)</b>  | <b>NA</b>    |
| <i>PAT margin (%)</i>        | <i>-0.6%</i>  | <i>-1.1%</i>  |               | <i>-0.6%</i>  |             | <i>0.3%</i>   |                | <i>-0.6%</i>  | <i>-0.9%</i>  | <i>NA</i>    |

Source: Company, PL



**Exhibit 2: Standalone business witnesses margin contraction**

| Rs in bn                 | 2QFY25 | 1QFY25 | QoQ gr. | 2QFY24 | YoY gr. |
|--------------------------|--------|--------|---------|--------|---------|
| <b>MLL Standalone</b>    |        |        |         |        |         |
| Revenue                  | 12.4   | 11.6   | 6.8%    | 11.4   | 8.8%    |
| EBITDA                   | 0.7    | 0.7    | -3.5%   | 0.7    | -6.6%   |
| <i>EBITDA margin (%)</i> | 5.6%   | 6.2%   |         | 6.5%   |         |
| PAT                      | 0.1    | 0.1    | -16.7%  | 0.2    | -54.3%  |
| <i>PAT margin (%)</i>    | 0.7%   | 0.9%   |         | 1.6%   |         |
| <b>Lords freight</b>     |        |        |         |        |         |
| Revenue                  | 0.9    | 0.7    | 22.1%   | 0.5    | 65.3%   |
| EBITDA                   | 0.0    | 0.0    | 22.7%   | -1.0   | NA      |
| <i>EBITDA margin (%)</i> | 3.1%   | 3.1%   |         | NA     |         |
| PAT                      | 0.0    | 0.0    | 16.7%   | 0.0    | NA      |
| <i>PAT margin (%)</i>    | 2.4%   | 2.5%   |         | 0.2%   |         |
| <b>MLL mobility</b>      |        |        |         |        |         |
| Revenue                  | 0.8    | 0.8    | -0.2%   | 0.9    | -6.0%   |
| EBITDA                   | 0.0    | 0.0    | -9.5%   | 0.0    | NA      |
| <i>EBITDA margin (%)</i> | 2.3%   | 2.6%   |         | 3.0%   |         |
| PAT                      | 0.0    | 0.0    | -5.9%   | 0.0    | NA      |
| <i>PAT margin (%)</i>    | 2.0%   | 2.1%   |         | 1.0%   |         |
| <b>MLL Express</b>       |        |        |         |        |         |
| Revenue                  | 0.9    | 0.9    | 2.8%    | 0.9    | 5.2%    |
| EBITDA                   | -0.1   | -0.1   | NA      | -0.2   | NA      |
| <i>EBITDA margin (%)</i> | -13.6% | -15.4% |         | -28.0% |         |
| PAT                      | -0.2   | -0.2   | NA      | -0.4   | NA      |
| <i>PAT margin (%)</i>    | -26.4% | -27.6% |         | -40.6% |         |
| <b>2x2 Logistics</b>     |        |        |         |        |         |
| Revenue                  | 0.2    | 0.2    | 33.8%   | 0.1    | 48.5%   |
| EBITDA                   | 0.0    | 0.0    | 20.5%   | 0.0    | NA      |
| <i>EBITDA margin (%)</i> | 23.3%  | 25.8%  |         | 14.0%  |         |
| PAT                      | 0.0    | 0.0    | -29.4%  | 0.0    | NA      |
| <i>PAT margin (%)</i>    | 5.9%   | 11.3%  |         | 2.9%   |         |
| <b>V-Link</b>            |        |        |         |        |         |
| Revenue                  | -      | -      | NA      | 0.0    | NA      |
| EBITDA                   | (0.0)  | (0.0)  | NA      | (0.0)  | NA      |
| <i>EBITDA margin (%)</i> | NA     | NA     |         | NA     |         |
| PAT                      | (0.0)  | (0.0)  | NA      | (0.0)  | NA      |
| <i>PAT margin (%)</i>    | NA     | NA     |         | NA     |         |
| <b>Whizzard</b>          |        |        |         |        |         |
| Revenue                  | 0.5    | 0.4    | 35.3%   | -      | NA      |
| EBITDA                   | 0.0    | 0.0    | 50.0%   | -      | NA      |
| <i>EBITDA margin (%)</i> | 0.0%   | 1.1%   |         | NA     |         |
| PAT                      | 0.0    | 0.0    | 0.0%    | (0.0)  | NA      |
| <i>PAT margin (%)</i>    | 0.0%   | 0.5%   |         | NA     |         |

Source: Company, PL

## Conference Call Highlights:

- Demand from automotive segment remained subdued with demand from retail passenger vehicles declining by 3% YoY, while two-wheeler segment recorded the highest growth of 13% YoY.
- Overall volume in B2B express segment stood at ~66,000 tons (up 2% QoQ). However, 35-40% of incremental volume is required to achieve break-even levels.
- 6,900 additional contractual employees have been added to cater the seasonal demand, leading to incremental expense of Rs30-40mn, which will be offset during 3QFY25E.
- Line haul utilization for Q2FY25 stood at 85%.
- Of the total 1.1mn sqft of unutilized white space, 50% will be utilized for new orders.
- Growing demand for q-commerce will be met through provision of dark store fulfilment services.
- 75 new car carriers (2x2 fleet) were added in 2QFY25.

## Financials

### Income Statement (Rs m)

| Y/e Mar                       | FY24          | FY25E         | FY26E         | FY27E         |
|-------------------------------|---------------|---------------|---------------|---------------|
| <b>Net Revenues</b>           | <b>55,060</b> | <b>62,520</b> | <b>71,543</b> | <b>81,235</b> |
| YoY gr. (%)                   | 7.4           | 13.5          | 14.4          | 13.5          |
| Cost of Goods Sold            | 46,880        | 52,977        | 60,336        | 68,266        |
| Gross Profit                  | 8,180         | 9,543         | 11,207        | 12,969        |
| Margin (%)                    | 14.9          | 15.3          | 15.7          | 16.0          |
| Employee Cost                 | 4,047         | 4,702         | 5,340         | 6,058         |
| Other Expenses                | 1,842         | 1,817         | 2,008         | 2,215         |
| <b>EBITDA</b>                 | <b>2,290</b>  | <b>3,025</b>  | <b>3,859</b>  | <b>4,697</b>  |
| YoY gr. (%)                   | (11.8)        | 32.1          | 27.6          | 21.7          |
| Margin (%)                    | 4.2           | 4.8           | 5.4           | 5.8           |
| Depreciation and Amortization | 2,090         | 2,260         | 2,442         | 2,555         |
| <b>EBIT</b>                   | <b>201</b>    | <b>765</b>    | <b>1,417</b>  | <b>2,142</b>  |
| Margin (%)                    | 0.4           | 1.2           | 2.0           | 2.6           |
| Net Interest                  | 682           | 538           | 471           | 446           |
| Other Income                  | 179           | 240           | 305           | 423           |
| <b>Profit Before Tax</b>      | <b>(264)</b>  | <b>466</b>    | <b>1,252</b>  | <b>2,119</b>  |
| Margin (%)                    | (0.5)         | 0.7           | 1.7           | 2.6           |
| Total Tax                     | 257           | 117           | 315           | 533           |
| Effective tax rate (%)        | (97.3)        | 25.2          | 25.2          | 25.2          |
| <b>Profit after tax</b>       | <b>(521)</b>  | <b>349</b>    | <b>937</b>    | <b>1,585</b>  |
| Minority interest             | 17            | 17            | 17            | -             |
| Share Profit from Associate   | (10)          | (10)          | (10)          | -             |
| <b>Adjusted PAT</b>           | <b>(623)</b>  | <b>322</b>    | <b>910</b>    | <b>1,585</b>  |
| YoY gr. (%)                   | (337.0)       | (151.7)       | 182.6         | 74.2          |
| Margin (%)                    | (1.1)         | 0.5           | 1.3           | 2.0           |
| Extra Ord. Income / (Exp)     | 75            | -             | -             | -             |
| <b>Reported PAT</b>           | <b>(547)</b>  | <b>322</b>    | <b>910</b>    | <b>1,585</b>  |
| YoY gr. (%)                   | (308.3)       | (158.8)       | 182.6         | 74.2          |
| Margin (%)                    | (1.0)         | 0.5           | 1.3           | 2.0           |
| Other Comprehensive Income    | -             | -             | -             | -             |
| Total Comprehensive Income    | (547)         | 322           | 910           | 1,585         |
| <b>Equity Shares O/s (m)</b>  | <b>72</b>     | <b>72</b>     | <b>72</b>     | <b>72</b>     |
| <b>EPS (Rs)</b>               | <b>(8.6)</b>  | <b>4.5</b>    | <b>12.6</b>   | <b>22.0</b>   |

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs m)

| Y/e Mar                               | FY24          | FY25E         | FY26E         | FY27E         |
|---------------------------------------|---------------|---------------|---------------|---------------|
| <b>Non-Current Assets</b>             |               |               |               |               |
| <b>Gross Block</b>                    | <b>7,735</b>  | <b>8,585</b>  | <b>9,435</b>  | <b>10,335</b> |
| Tangibles                             | 4,826         | 5,676         | 6,526         | 7,426         |
| Intangibles                           | 2,909         | 2,909         | 2,909         | 2,909         |
| <b>Acc: Dep / Amortization</b>        | <b>3,463</b>  | <b>4,461</b>  | <b>5,578</b>  | <b>6,822</b>  |
| Tangibles                             | 2,807         | 3,602         | 4,516         | 5,555         |
| Intangibles                           | 656           | 859           | 1,063         | 1,267         |
| <b>Net fixed assets</b>               | <b>4,272</b>  | <b>4,124</b>  | <b>3,857</b>  | <b>3,514</b>  |
| Tangibles                             | 2,019         | 2,074         | 2,011         | 1,871         |
| Intangibles                           | 2,254         | 2,050         | 1,846         | 1,643         |
| Capital Work In Progress              | 162           | 162           | 162           | 162           |
| Goodwill                              | 588           | 588           | 588           | 588           |
| Non-Current Investments               | 872           | 915           | 961           | 1,009         |
| Net Deferred tax assets               | 453           | 453           | 453           | 453           |
| Other Non-Current Assets              | 5,022         | 4,425         | 3,687         | 3,330         |
| <b>Current Assets</b>                 |               |               |               |               |
| Investments                           | 59            | 1,059         | 2,059         | 3,059         |
| Inventories                           | -             | -             | -             | -             |
| Trade receivables                     | 7,019         | 7,708         | 8,820         | 10,015        |
| Cash & Bank Balance                   | 711           | 883           | 1,432         | 2,753         |
| Other Current Assets                  | -             | -             | -             | -             |
| <b>Total Assets</b>                   | <b>24,772</b> | <b>25,988</b> | <b>27,747</b> | <b>30,668</b> |
| <b>Equity</b>                         |               |               |               |               |
| Equity Share Capital                  | 721           | 721           | 721           | 721           |
| Other Equity                          | 4,204         | 4,346         | 5,076         | 6,481         |
| <b>Total Networth</b>                 | <b>4,925</b>  | <b>5,067</b>  | <b>5,796</b>  | <b>7,202</b>  |
| <b>Non-Current Liabilities</b>        |               |               |               |               |
| Long Term borrowings                  | 2,236         | 1,736         | 536           | 436           |
| Provisions                            | 336           | 343           | 350           | 357           |
| Other non current liabilities         | 4,007         | 4,762         | 4,996         | 5,241         |
| <b>Current Liabilities</b>            |               |               |               |               |
| ST Debt / Current of LT Debt          | 1,150         | 1,149         | 1,150         | 650           |
| Trade payables                        | 11,112        | 11,990        | 13,721        | 15,579        |
| Other current liabilities             | 889           | 955           | 1,081         | 1,217         |
| <b>Total Equity &amp; Liabilities</b> | <b>24,772</b> | <b>25,988</b> | <b>27,747</b> | <b>30,668</b> |

Source: Company Data, PL Research

**Cash Flow (Rs m)**

| Y/e Mar                              | FY24           | FY25E          | FY26E          | FY27E          |
|--------------------------------------|----------------|----------------|----------------|----------------|
| PBT                                  | (521)          | 349            | 937            | 1,585          |
| Add. Depreciation                    | 2,090          | 2,260          | 2,442          | 2,555          |
| Add. Interest                        | 682            | 538            | 471            | 446            |
| Less Financial Other Income          | 179            | 240            | 305            | 423            |
| Add. Other                           | (211)          | -              | -              | -              |
| Op. profit before WC changes         | 2,040          | 3,147          | 3,850          | 4,586          |
| Net Changes-WC                       | (5)            | 199            | 688            | 742            |
| Direct tax                           | -              | -              | -              | -              |
| <b>Net cash from Op. activities</b>  | <b>2,035</b>   | <b>3,346</b>   | <b>4,537</b>   | <b>5,329</b>   |
| Capital expenditures                 | (617)          | (850)          | (850)          | (900)          |
| Interest / Dividend Income           | -              | -              | -              | -              |
| Others                               | 206            | (1,533)        | (1,179)        | (1,465)        |
| <b>Net Cash from Inv. activities</b> | <b>(411)</b>   | <b>(2,383)</b> | <b>(2,029)</b> | <b>(2,365)</b> |
| Issue of share cap. / premium        | 0              | (1,349)        | -              | -              |
| Debt changes                         | (629)          | (500)          | (1,200)        | (600)          |
| Dividend paid                        | (180)          | 180            | 180            | 180            |
| Interest paid                        | (682)          | (538)          | (471)          | (446)          |
| Others                               | (908)          | 1,415          | (468)          | (778)          |
| <b>Net cash from Fin. activities</b> | <b>(2,398)</b> | <b>(792)</b>   | <b>(1,959)</b> | <b>(1,644)</b> |
| <b>Net change in cash</b>            | <b>(774)</b>   | <b>172</b>     | <b>549</b>     | <b>1,321</b>   |
| Free Cash Flow                       | 1,418          | 2,496          | 3,687          | 4,429          |

Source: Company Data, PL Research

**Key Financial Metrics**

| Y/e Mar                    | FY24  | FY25E | FY26E | FY27E |
|----------------------------|-------|-------|-------|-------|
| <b>Per Share(Rs)</b>       |       |       |       |       |
| EPS                        | (8.6) | 4.5   | 12.6  | 22.0  |
| CEPS                       | 20.4  | 35.8  | 46.5  | 57.5  |
| BVPS                       | 68.3  | 70.3  | 80.4  | 100.0 |
| FCF                        | 19.7  | 34.6  | 51.2  | 61.5  |
| DPS                        | 2.5   | 2.5   | 2.5   | 2.5   |
| <b>Return Ratio(%)</b>     |       |       |       |       |
| RoCE                       | 2.2   | 9.4   | 18.4  | 27.2  |
| ROIC                       | 4.8   | 9.2   | 25.1  | 77.3  |
| RoE                        | NA    | 6.4   | 16.8  | 24.4  |
| <b>Balance Sheet</b>       |       |       |       |       |
| Net Debt : Equity (x)      | 0.5   | 0.2   | (0.3) | (0.7) |
| Net Working Capital (Days) | (27)  | (25)  | (25)  | (25)  |
| <b>Valuation(x)</b>        |       |       |       |       |
| PER                        | NA    | 99.4  | 35.2  | 20.2  |
| P/B                        | 6.5   | 6.3   | 5.5   | 4.4   |
| P/CEPS                     | 21.8  | 12.4  | 9.5   | 7.7   |
| EV/EBITDA                  | 15.1  | 10.9  | 7.8   | 5.8   |
| EV/Sales                   | 0.6   | 0.5   | 0.4   | 0.3   |
| Dividend Yield (%)         | 0.6   | 0.6   | 0.6   | 0.6   |

Source: Company Data, PL Research

**Quarterly Financials (Rs m)**

| Y/e Mar                           | Q3FY24        | Q4FY24        | Q1FY25        | Q2FY25        |
|-----------------------------------|---------------|---------------|---------------|---------------|
| <b>Net Revenue</b>                | <b>13,972</b> | <b>14,508</b> | <b>14,200</b> | <b>15,211</b> |
| YoY gr. (%)                       | 5.1           | 14.0          | 9.8           | 11.5          |
| Raw Material Expenses             | 11,947        | 12,395        | 12,140        | 13,069        |
| Gross Profit                      | 2,025         | 2,112         | 2,061         | 2,143         |
| Margin (%)                        | 14.5          | 14.6          | 14.5          | 14.1          |
| <b>EBITDA</b>                     | <b>522</b>    | <b>566</b>    | <b>663</b>    | <b>664</b>    |
| YoY gr. (%)                       | (16.8)        | (11.2)        | (0.5)         | 23.9          |
| Margin (%)                        | 3.7           | 3.9           | 4.7           | 4.4           |
| Depreciation / Depletion          | 515           | 513           | 550           | 540           |
| <b>EBIT</b>                       | <b>8</b>      | <b>53</b>     | <b>113</b>    | <b>124</b>    |
| Margin (%)                        | 0.1           | 0.4           | 0.8           | 0.8           |
| Net Interest                      | 164           | 174           | 195           | 191           |
| Other Income                      | 23            | 29            | 57            | 17            |
| <b>Profit before Tax</b>          | <b>(172)</b>  | <b>(92)</b>   | <b>(25)</b>   | <b>(50)</b>   |
| Margin (%)                        | (1.2)         | (0.6)         | (0.2)         | (0.3)         |
| Total Tax                         | 68            | 27            | 53            | 46            |
| Effective tax rate (%)            | (39.7)        | (29.2)        | (213.6)       | (93.4)        |
| <b>Profit after Tax</b>           | <b>(240)</b>  | <b>(119)</b>  | <b>(78)</b>   | <b>(96)</b>   |
| Minority interest                 | 3             | 9             | 15            | 11            |
| Share Profit from Associates      | (7)           | -             | -             | -             |
| <b>Adjusted PAT</b>               | <b>(197)</b>  | <b>(128)</b>  | <b>(93)</b>   | <b>(107)</b>  |
| YoY gr. (%)                       | NA            | NA            | 9.0           | (32.5)        |
| Margin (%)                        | (1.4)         | (0.9)         | (0.7)         | (0.7)         |
| Extra Ord. Income / (Exp)         | (53)          | -             | -             | -             |
| <b>Reported PAT</b>               | <b>(251)</b>  | <b>(128)</b>  | <b>(93)</b>   | <b>(107)</b>  |
| YoY gr. (%)                       | NA            | NA            | 9.0           | (32.5)        |
| Margin (%)                        | (1.8)         | (0.9)         | (0.7)         | (0.7)         |
| Other Comprehensive Income        | -             | -             | -             | -             |
| <b>Total Comprehensive Income</b> | <b>(251)</b>  | <b>(128)</b>  | <b>(93)</b>   | <b>(107)</b>  |
| Avg. Shares O/s (m)               | 72            | 72            | 72            | 72            |
| <b>EPS (Rs)</b>                   | <b>(2.7)</b>  | <b>(1.8)</b>  | <b>(1.3)</b>  | <b>(1.5)</b>  |

Source: Company Data, PL Research

**Price Chart**



**Recommendation History**

| No. | Date      | Rating     | TP (Rs.) | Share Price (Rs.) |
|-----|-----------|------------|----------|-------------------|
| 1   | 08-Oct-24 | Hold       | 500      | 480               |
| 2   | 05-Jul-24 | Accumulate | 508      | 520               |
| 3   | 23-Apr-24 | Accumulate | 500      | 452               |
| 4   | 12-Apr-24 | Accumulate | 500      | 467               |

**Analyst Coverage Universe**

| Sr. No. | Company Name                                    | Rating     | TP (Rs) | Share Price (Rs) |
|---------|---|------------|---------|------------------|
| 1       | Chalet Hotels                                   | Accumulate | 922     | 891              |
| 2       | Delhivery                                       | Accumulate | 430     | 417              |
| 3       | DOMS Industries                                 | BUY        | 3,349   | 2,924            |
| 4       | Imagicaaworld Entertainment                     | BUY        | 116     | 80               |
| 5       | Indian Railway Catering and Tourism Corporation | Reduce     | 822     | 880              |
| 6       | InterGlobe Aviation                             | Accumulate | 5,177   | 4,708            |
| 7       | Lemon Tree Hotels                               | BUY        | 159     | 121              |
| 8       | Mahindra Logistics                              | Hold       | 500     | 480              |
| 9       | Navneet Education                               | Hold       | 164     | 143              |
| 10      | Nazara Technologies                             | BUY        | 1,185   | 953              |
| 11      | PVR Inox  | Hold       | 1,598   | 1,621            |
| 12      | S Chand and Company                             | BUY        | 312     | 211              |
| 13      | Safari Industries (India)                       | BUY        | 3,005   | 2,608            |
| 14      | TCI Express                                     | Accumulate | 1,250   | 1,040            |
| 15      | V.I.P. Industries                               | Hold       | 547     | 551              |
| 16      | Zee Entertainment Enterprises                   | Hold       | 145     | 132              |

**PL's Recommendation Nomenclature (Absolute Performance)**

|                          |                                   |
|--------------------------|-----------------------------------|
| <b>Buy</b>               | : > 15%                           |
| <b>Accumulate</b>        | : 5% to 15%                       |
| <b>Hold</b>              | : +5% to -5%                      |
| <b>Reduce</b>            | : -5% to -15%                     |
| <b>Sell</b>              | : < -15%                          |
| <b>Not Rated (NR)</b>    | : No specific call on the stock   |
| <b>Under Review (UR)</b> | : Rating likely to change shortly |

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