



DALAL & BROACHA
STOCK BROKING PVT. LTD.

Analyst: Kunal Bhatia/ Nidhi Babaria

Q4FY19 Result update @ Dalal & Broacha

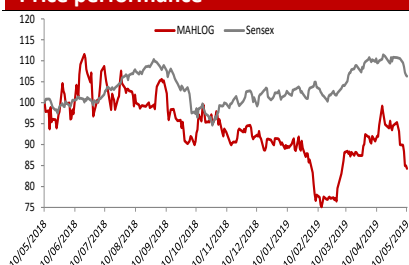
BUY

Current Price	480
52 Week Range	653/405
Target Price	611
Upside	27%

Key Share Data

Market Cap (Rs.bn)	34.08
Market Cap (US\$ mn)	486.91
No of o/s shares (mn)	71.49
Face Value	10
Monthly Avg. vol	7,509
(BSE+NSE) Nos	
BSE Code	540768
NSE Code	MAHLOG
Bloomberg	MAHLOG:IN

Price performance



% Shareholding	March-19	Dec-18
Promoters	58.59	58.59
Institutions	21.17	21.71
Others	19.24	19.70
Total	100	100

MLL Q4FY19 Result was in line with our estimates.

Q4FY19 Update: Revenue Increased by 13.7% Y-O-Y at Rs. 10146.8mn.

Freight cost: 87.24% v/s 87.14% Y-O-Y.

EBITDA & EBITDA Margins: up by 8.5% at Rs. 408.70mn & Margins at 4.03% v/s 4.22% y-o-y.

PAT (EXC. MI): Increased by 14.8% Y-O-Y to Rs. 235.30mn / **EPS** at Rs. 3.31 v/s 2.88 y-o-y.

SEGMENTS:

SCM business(~90% of Revenue): Overall SCM Revenues increased by 13.7% YoY to Rs 172.70mn / Gross Margins 9.70% v/s 9.67% YoY

a)Mahindra SCM (~54% of Revenues) Increased by 16% YoY to Rs 5,440mn

b)Non Mahindra SCM (~37% of Revenue) Increased by 11% YoY to Rs 3,740mn. Within which high margins Warehouse and value added business +30% YoY to Rs 960mn and transportation business was up by 5.5% YoY to Rs 2,780mn.

PTS business(~10% of Revenues): Increased by 13% YoY to Rs 974.1mn / Gross margins 10.35% v/s 10.30% YoY

FY19:

Revenues Increased by 13% YoY to Rs 38,513.4mn

EBITDA & EBITDA Margins: Increased by 26% YoY to Rs 1,512mn & Margins at 3.93% vs 3.50%

Freight cost 87.56% vs 87.85% YoY

PAT Increased by 43% YoY to Rs623.20mn / **EPS** RS. 12.20 V/S Rs 9.08

SEGMENTS

SCM: Revenues up by 12.69% YoY to Rs 34,658mn / Gross margins 9.32% v/s 8.91%

PTS: Revenues up by 13.22% YoY to Rs 3854.70mn / Gross margins 10.64% v/s 9.40%

MLL Concall KTA's:

-Industry: National council of logistics aim to reduce overall logistics costs / hybrid and electric vehicles to be incentivized for fleet users

-E-Commerce segment big push could come-in from Reliance 12-lac retailers, entering into big-time online and offline retail sales network

-Mahindra: Non Mahindra Q4FY19 56%:44% / FY19 (full year) 54.6%v/s45.4%

-SCM business

-Mahindra SCM business 54% of total revenues expected to grow at 10-12% as per management.

Apart from Auto in MNM, Solar business, Steel trading business unit and First-Cry also added. MLL has also bided for Mahindra defense and Aerospace business.

-Non-Mahindra SCM business ~35.5% in FY19 expected to grow above industry growth of 10-12%

-NON-Auto Non-Mahindra SCM crossed Rs 1000crs i.e. 27% of Revenues. E-commerce and FMCG would remain focus area.

-Warehouse addition +1mn in FY19, target another minimum 1mn in FY20 & 21/ some of the new-ones include Bhiwandi 300000 sqft, others target geographies include Bangalore + Chennai + Kolkata+ NCR

-Transportation 85% of overall business would get some boost from ware-house addition as some out-bound business will come to them

-NON-MNM top 25 clients contribute 65% of Non-Mahindra SCM revenues

-Out Standing TDS 77.3crs v/s 86.6crs

-IND-AS 116 would lead to bring-in all leases on Balance Sheet as per 'Right of Use' would make the Balance sheet a bit heavy, the company still evaluating the amounts

-Capex FY19 27crs and FY20 27-35crs

-Free Cash-flow from negative 32crs to positive 39crs

Valuations: At CMP 480 it trades at 34x FY20E at EPS Rs. 14.10 and 26x FY21E at EPS of Rs. 18.02. We continue to maintain **BUY** at current price

FINANCIALS

Year	Net Sales	%growth	EBIDTA	OPM%	PAT	%growth	EPS	PE(x)	RoE%	RoCE%
FY17	26,665.9	29.2	968.2	3.6	600.4	50.4	8.8	52.9	17	22
FY18	34,161.2	28.1	1,197.3	3.5%	705.0	17.4	9.9	47.1	17	22
FY19	38,513.7	12.7	1,512.7	3.9	859.2	21.9	12.0	38.8	17	25
FY20E	42,547.6	10.5	1,731.7	4.1	1,007.3	17.2	14.1	33.1	17	24
FY21E	48,567.6	14.1	2,139.9	4.4	1,287.2	27.8	18.0	25.9	19	25



P&L (Rs mn)	Q4FY18	Q4FY19	FY18	FY19
Operating Income	8926.6	10146.80	34161.20	38513.70
<i>Growth</i>		14%		13%
Freight Cost & other expense	7951.9	9024.30	30672.7	34363.30
<i>Growth</i>		13%		12%
%OP Income	89.1%	88.9%	89.8%	89.2%
Employee Cost	598	713.80	2291.2	2637.70
<i>Growth</i>		19%		15%
%OP Income	6.7%	7.0%	6.7%	6.8%
EBIDTA	376.70	408.70	1197.30	1512.70
<i>Growth</i>		8%		26%
EBIDTA Margins	4.22%	4.03%	3.50%	3.93%
Depreciation	52.5	60.50	197.3	219.50
PBIT	324.20	348.20	1000.00	1293.20
Other income	8.3	19.10	58.8	76.30
<i>Growth</i>		130%		30%
Interest	8.5	10.30	37.7	34.80
<i>Growth</i>		21%		-8%
PBT Before Exeptional	324.00	357.00	1021.10	1334.70
<i>Growth</i>		10%		31%
Provision for tax	115.2	117.90	368.4	467.90
PAT	208.80	239.10	552.70	866.80
Minority Interest & extraordinary item	3.9	3.80	12.6	7.60
Net Profit Reported	204.90	235.30	540.10	859.20
Adjusted Net Profit	204.90	235.30	540.10	859.20
<i>Growth</i>		15%		59%
NPM	2.3%	2.3%	1.6%	2.2%
Equity	714.5	714.5	714.5	714.5
EPS on Adjusted PAT	2.87	3.29	7.56	12.03



DALAL & BROACHA
STOCK BROKING PVT. LTD.

Analyst: Kunal Bhatia/ Nidhi Babaria

Q4FY19 Result update @ Dalal & Broacha

Disclaimer

Dalal & Broacha Stock Broking Pvt Ltd, hereinafter referred to as D&B (CIN U67120MH1997PTC111186) was established in 1997 and is an integrated financial services player offering an extensive range of financial solutions and services to a wide spectrum of customers with varied needs ranging from equities to mutual funds to depository services.

D&B is a corporate trading member of Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE). D&B along with its affiliates offers the most comprehensive avenues for investments and is engaged in the securities businesses including stock broking (Institutional and retail), depository participant, portfolio management and services rendered in connection with distribution of primary market issues and financial products like mutual funds, fixed deposits. Details of associates are available on our website i.e. www.dalal-broacha.com

D&B is registered as Research Analyst with SEBI bearing registration Number INH000001246 as per SEBI (Research Analysts) Regulations, 2014.

D&B hereby declares that it has not defaulted with any stock exchange nor its activities were suspended by any stock exchange with whom it is registered in any time in the past. It has not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has its certificate of registration been cancelled by SEBI at any point of time.

SEBI and Stock Exchanges have conducted the routine inspection and based on their observations have issued advice letters or levied minor penalty on D&B for certain operational deviations in routine course of business.

D&B offers research services to clients as well as prospects. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

Other disclosures by D&B (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report:-

D&B or its associates may have financial interest in the subject company.

D&B or its associates do not have any material conflict of interest in the subject company.

The Research Analyst or Research Entity (D&B) has not been engaged in market making activity for the subject company.

D&B or its associates may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report.

Disclosures in respect of Research Analyst:

Whether Research Analyst or his/her relatives have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report:	No
Whether the Research Analyst or his/her relative's financial interest in the subject company.	No
Whether the research Analyst has served as officer, director or employee of the subject company	No
Whether the Research Analyst has received any compensation from the subject company in the past twelve months	No
Whether the Research Analyst has managed or co-managed public offering of securities for the subject company in the past twelve months	No
Whether the Research Analyst has received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
Whether the Research Analyst has received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
Whether the Research Analyst has received any compensation or other benefits from the subject company or third party in connection with the research report	No

D&B and/or its affiliates may seek investment banking or other business from the company or companies that are the subject of this material. Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that may be inconsistent with the recommendations expressed herein.

In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest including but not limited to those stated herein. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein. This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject D&B or its group companies to any registration or licensing requirement within such jurisdiction. Specifically, this document does not constitute an offer to or solicitation to any U.S. person for the purchase or sale of any financial instrument or as an official confirmation of any transaction to any U.S. person. Unless otherwise stated, this message should not be construed as official confirmation of any transaction. No part of this

**DALAL & BROACHA**
STOCK BROKING PVT. LTD.

Analyst: Kunal Bhatia/ Nidhi Babaria

Q4FY19 Result update @ Dalal & Broacha

document may be distributed in Canada or used by private customers in United Kingdom. All material presented in this report, unless specifically indicated otherwise, is under copyright to D&B. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of D&B. All trademarks, service marks and logos used in this report are trademarks or registered trademarks of D&B or its Group Companies. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market. In so far as this report includes current or historic information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

Contact	Email ID	Contact No.	Sector
Mr. Kunal Bhatia	kunal.bhatia@dalal-broacha.com	022 67141442	Auto, Auto Ancillary, FMCG
Ms. CharulataGaidhani	charulata.gaidhani@dalal-broacha.com	022 67141446	Pharma /Healthcare
Ms. AbhilashaSatale	abhilasha.satale@dalal-broacha.com	022 67141135	Mid cap
Mr. Mayank Babla	mayank.babla@dalal-broacha.com	022 67141412	I.T/Telecom/Media
Mr. Avinash Tanawde	avinash.tanawde@dalal-broacha.com	022 67141149	BFSI
Ms. Nidhi Babaria	nidhi.babaria@dalal-broacha.com	022 67141450	Associate
Mr. Suraj Nandu	suraj.nandu@dalal-broacha.com	022 67141438	Associate
Mr. Tanush Mehta	tanush.mehta@dalal-broacha.com	022 67141441	Associate

Address: - 508, Maker Chambers V, 221 Nariman Point, Mumbai 400 021. Tel: 91-22- 2282 2992, 2287 6173, Fax: 91-22-2287 0092
E-mail: research@dalalbroachaindia.com, equity.research@dalal-broacha.com