

Ref: MLLSEC/133/2023

Date: 28 September 2023

To,

**BSE Limited,**  
**(Security Code: 540768)**  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Fort,  
Mumbai - 400 001**National Stock Exchange of India Ltd.,**  
**(Symbol: MAHLOG)**  
Exchange Plaza, 5th Floor, Plot No. C/1,  
"G" Block, Bandra-Kurla Complex,  
Bandra (East), Mumbai – 400 051

Dear Sirs,

Sub: **Credit Rating by ICRA Limited – Intimation under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations")**Ref: **Intimation dated 22 September 2023 regarding reaffirmation of credit rating by assigned by ICRA Limited to Lines of Credit of Rs. 335 crores of the Company.**

With reference to our letter dated 22 September 2023 and pursuant to Regulation 30(6) read with Schedule III and other applicable provisions of the Listing Regulations, we hereby inform you that ICRA Limited ("ICRA") has today, vide letter dated 28 September 2023, assigned credit rating to additional Lines of Credit of Rs. 100 crores of the Company and reaffirmed the credit rating assigned to Line of credit of the Rs. 335 crore on 22 September 2023.

The credit rating reaffirmed and assigned to the enhanced Lines of Credit of Rs. 435 crores of the Company is summarised hereunder. The outlook on the long-term rating is Stable.

<b>Instrument Type</b>	<b>ICRA letter dated</b>	<b>Total Rated Amount (Rs. in crores)</b>	<b>Rating</b>	<b>Rating Action</b>	<b>Outlook on the Rating</b>
Long-term / Short-term, Fund-based / Non-fund Based Facilities	28 September 2023	435.00	ICRA]AA (Stable) / [ICRA]A1+	Reaffirmed; Assigned for enhanced amount of Rs. 100 crore	Stable
<b>Total</b>		<b>435.00</b>			

Please find enclosed the rating letter and rationale dated 28 September 2023 issued by ICRA in this regard, which was received by the Company today, 28 September 2023 at 12:47 p.m. (IST).

Thus intimation is also being uploaded on the website of the Company at <https://mahindralogistics.com/financial-results/credit-ratings/>.

Kindly take the same on record.

Thanking you,  
For **Mahindra Logistics Limited**

**Ruchie Khanna**  
**Company Secretary**  
Enclosure: As above



ICRA Limited

**Ref: ICRA/ Mahindra Logistics Limited /28092023/1**

**Date: September 28, 2023**

**Mr. Rampraveen Swaminathan**

MD & CEO

Mahindra Logistics Limited  
Arena Space, 10<sup>th</sup> & 11<sup>th</sup> Floor,  
Jogeshwari-Vikroli Link Road,  
Jogeshwari East, Mumbai – 400 060

**Dear Sir,**

**Re: Surveillance of ICRA-assigned Credit Rating for Rs. 335.00 crore Lines of Credit (LOC) and Enhancement of Rs. 100.00 crore Lines of Credit (LOC) of Mahindra Logistics Limited.**

Please refer the Rating Agreement dated June 12, 2020 between ICRA Limited (“ICRA”) and your company, whereby, ICRA is required to review the ratings assigned to your company on an annual basis or as and when the circumstances so warrant. Further, please refer to your Rating Agreement/ Statement of Work dated September 25, 2023 seeking an enhancement of the captioned limit(s) of Lines of Credit (LOC) of your company from Rs. 335.00 crore to Rs. 435.00 crore.

Please note that the Rating Committee of ICRA, after due consideration, has reaffirmed the long term rating of [ICRA]AA (pronounced ICRA double A) and a short-term rating of [ICRA]A1+ (pronounced ICRA A one plus) assigned earlier to the Rs 335.00 crore Lines of Credit of your Company and has assigned a long-term rating of [ICRA]AA (pronounced ICRA double A) and a short-term rating of [ICRA]A1+ (pronounced ICRA A one plus) to the captioned Lines of Credit (“Rating”) of Rs. 100.00 crore. The Outlook on the long-term rating is Stable. For Rating definition(s), please refer to ICRA website at [www.icra.in](http://www.icra.in).

In any of your publicity material or other document wherever you are using the above Rating(s), it should be stated as **[ICRA]AA (Stable)/[ICRA]A1+**.

The aforesaid Rating(s) will be due for surveillance any time before September 27, 2024. However, ICRA reserves the right to review and/or, revise the above Rating(s) at any time on the basis of new information becoming available, or the required information not being available, or other circumstances that ICRA believes could have an impact on the Rating(s). Therefore, request the lenders and investors to visit ICRA website at [www.icra.in](http://www.icra.in) for latest Rating(s) of the Company.

The Rating(s) are specific to the terms and conditions of the LOC as indicated to us by you, and any change in the terms or size of the same would require a review of the Rating(s) by us. In case there is any change

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**RATING**

**RESEARCH**

**INFORMATION**



in the terms and conditions or the size of the rated LOC, the same must be brought to our notice before the LOC is used by you. In the event such changes occur after the Ratings have been assigned by us and their use has been confirmed by you, the Ratings would be subject to our review, following which there could be a change in the Ratings previously assigned. Notwithstanding the foregoing, any change in the over-all limit of the LOC from that specified in the first paragraph of this letter would constitute an enhancement that would not be covered by or under the said Rating Agreement.

ICRA reserves the right to review and/or, revise the above Rating(s) at any time on the basis of new information becoming available, or the required information not being available, or other circumstances that ICRA believes could have an impact on the Rating(s) assigned.

The Rating(s) assigned must be understood solely as an opinion and should not be treated, or cause to be treated, as recommendation to buy, sell, or hold the rated bank facilities availed/issued by your Company.

The Rating(s) assigned to the LOC of your Company shall require revalidation if there is any change in the size or structure of the rated LOC.

You are also requested to forthwith inform us about any default or delay in repayment of interest or principal amount of the instrument rated, as above, or any other debt instruments/ borrowing and keep us informed of any other developments which may have a direct or indirect impact on the debt servicing capability of the company including any proposal for re-schedulement or postponement of the repayment programmes of the dues/ debts of the Company with any lender(s) / investor(s). Further, you are requested to inform us immediately as and when the borrowing limit for the instrument rated, as above, or as prescribed by the regulatory authority(ies) is exceeded.

We look forward to your communication and assure you of our best services.

With kind regards,  
Yours sincerely,  
For ICRA Limited

**SRI KUMAR  
KRISHNAMURTHY**

Digitally signed by SRI KUMAR  
KRISHNAMURTHY  
Date: 2023.09.28 12:42:44 +05'30'

**(Srikumar Krishnamurthy)**  
**Senior Vice President & Co-Group Head – Corporate Ratings**  
ksrikumar@icraindia.com



## Appendix - A

### Instrument Details

Details of Bank Limits Rated by ICRA (Rated on Long/Short Term Scale)	Amount (Rs. crore)	Rating	Rating Assigned on
<b>Fund-based/ Non Fund-based</b>			
HDFC Bank	100.0	[ICRA]AA (Stable) / [ICRA]A1+	September 28, 2023
Axis Bank	100.0		
Kotak Bank	50.0		
ICICI Bank	50.0		
Unallocated	135.0		
<b>Total</b>	<b>435.00</b>		

September 28, 2023

## Mahindra Logistics Limited: Ratings reaffirmed; rated amount enhanced

### Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term/ Short-term, Fund-based/ Non-fund Based Facilities	335.00	435.00	[ICRA]AA (Stable) / [ICRA]A1+; reaffirmed; assigned for enhanced amount
<b>Total</b>	<b>335.00</b>	<b>435.00</b>	

\*Instrument details are provided in Annexure I

### Rationale

The reaffirmation of ratings reflects Mahindra Logistics Limited's (MLL/ the company) strong financial profile characterised by its low leverage and strong debt coverage indicators, as well as its position as a key intermediary in its parent, Mahindra & Mahindra Limited's (M&M; rated [ICRA]AAA (Stable) and [ICRA]A1+) automotive and farm equipment business by providing end-to-end supply chain solutions. The strong business linkage with the Mahindra Group, particularly M&M, in the supply chain management (SCM) segment, provides MLL with the requisite experience, visibility on volumes and a stable business avenue. Additionally, ICRA believes these business linkages also enhance its strategic importance for M&M, meeting a large part of the Group's logistics requirements. The rating also factors in the high likelihood of M&M extending financial support to MLL, should there be a need, because of close business linkages between them. As a subsidiary of M&M, MLL also enjoys access to the capital markets and healthy relationships with banks, which adds to its financial flexibility.

MLL's SCM business has a large contribution from the automotive segment, in line with its business from the parent entity. However, MLL has diversified beyond the automotive business to a large extent by developing a strong client base outside the Group in other segments such as e-commerce, consumer durables, fast moving consumer goods (FMCG) and pharmaceutical verticals. MLL continues to primarily follow an asset-light business model, which supports its credit profile, even if there is a declining business environment. MLL, at a consolidated level, has a strong financial risk profile, reflected in its gearing of 0.7 times (excluding lease liabilities) and strong liquidity position with sizeable cash, bank balance and liquid investments aggregating to Rs. 193.5 crore as on March 31, 2023. Moreover, MLL had sanctioned working capital facilities of Rs. 300 crore as on March 31, 2023 at standalone level of which 50% was unutilised, providing it with an additional liquidity buffer.

The rating strengths are partially offset by the inherent cyclicity in the automotive industry towards which it has high exposure. Additionally, the B2B express logistics business that it had acquired from Rivigo Services Private Limited (Rivigo/ RSPL; housed under subsidiary – MLL Express Service Private Limited (MESPL)) last year is currently loss making and becoming a drag on its overall consolidated earnings. The company's ability to scale up volumes and turn it profitable as well as realise operational synergies, to drive sustainable earnings from this subsidiary, remains a monitorable. MLL's business also remains vulnerable to stiff competition from many unorganised players and technology driven start-ups in the logistics space.

The Stable outlook reflects ICRA's expectation that MLL will continue to enjoy strong financial flexibility as a part of the Mahindra Group and its strong linkages with the Group. ICRA believes that MLL will maintain its current comfortable capital structure and liquidity profile.

### Key rating drivers and their description

#### Credit strengths

**Strong financial flexibility as part of Mahindra Group; strong business linkages with Group in SCM segment provide requisite volume and stable business avenue** – MLL derived ~52% of its revenues from the Mahindra Group in FY2023. In addition to

the business linkages and strong business volumes, as a subsidiary of M&M, MLL enjoys access to the capital markets and healthy relationships with banks, which adds to its financial flexibility and supports the overall liquidity profile.

**Presence with established companies** – While the Mahindra Group accounted for ~52% and ~47% of MLL’s total revenues in FY2023 and FY2022, respectively, the concentration on the Group has reduced over the years from ~70% in FY2015. MLL has been focusing on strengthening its presence with other original equipment manufacturers (OEMs) in the automotive industry and diversifying into other industry verticals like pharmaceuticals, FMCG and e-commerce, among others, to diversify its revenue base, and has added several large reputed players to its clientele.

**Comfortable capital structure and liquidity** – At a consolidated level, excluding the impact of lease liabilities, MLL was net debt-free till FY2022. However, the company availed long-term debt of Rs. 220 crore through its subsidiary MESPL with regard to the acquisition of the Rivigo business, and the company also utilised working capital facilities in order to support its operations in FY2023. Despite the increase in debt levels, coverage indicators remain comfortable with net debt/OPBDITA at 0.8x and interest coverage of 5.0x in FY2023. The liquidity position of the MLL group remains strong, reflected in its sizeable cash, bank balance as well as liquid investments aggregating to Rs. 193.5 crore as on March 31, 2023. Additionally, MLL had sanctioned working capital facilities of Rs. 300 crore as on March 31, 2023 at a standalone level, of which 50% was unutilised.

### Credit challenges

**Concentration of SCM business on automotive industry exposes MLL to high industry cyclicality** – The company derives more than 50% of its SCM revenues from the automotive segment, exposing it to the cyclicality inherent in the industry. ICRA notes that with increasing business from non-automotive sectors, MLL’s concentration on the automotive segment has reduced over the years.

**Stiff competition from large number of unorganised players and technology driven start-ups** – MLL Group faces intense competition from the unorganised logistics service providers and technology driven start-ups in the SCM business. In the Enterprise Mobility (EM) business, it faces competition from local travel operators as well as from application-based transportation service providers.

### Environmental and Social Risks

**Environmental considerations:** Emission is the key risk for the entity as the company operates in the logistic sector. The Group has identified resource efficiency and greenhouse gas (GHG) emission reduction as key material issues and has accordingly set up processes to improve on the same. To give additional focus to these initiatives, the company targets to attain carbon neutrality by CY2039-CY2040 and achieve Science Based Targets Initiative (SBTi) certification by CY2032-CY2033. The company plans to get its built to suit (BTS) warehousing facilities certified by the Indian Green Building Council (IGBC). MLL is increasing the renewable energy component in its energy mix by installing solar panels at its warehouse facilities. The company is working towards making its facilities energy efficient and sustainable. Currently, over 4 million sq. ft. of MLL’s warehouses are energy-positive, owing to the utilisation of solar power. The company is also taking initiatives to target 70% of its line haul fleet to be on sustainable fuel and also increase its electric fleet in the last mile. ICRA expects the company to remain compliant with related emission norms, going forward, which in turn is expected to support business continuity and MLL’s credit profile with respect to any emission norms.

**Social considerations:** The company is exposed to social risks such as driver shortage and changing consumer preferences. The company has taken initiatives for employee empowerment, diversity in the workplace, and employee development and healthcare. MLL aims to provide a safe and transparent working environment to its employees, ensuring gender equality. It has also laid down policies on diversity and inclusion at the workplace for persons with diverse gender identities and sexual orientation, persons with disabilities (PwDs) and work-life balance.

## Liquidity position: Strong

The liquidity position of MLL Group is strong, supported by its sizeable cash/bank balance and liquid investments of Rs. 193.5 crore as on March 31, 2023. Moreover, MLL had sanctioned working capital facilities of Rs. 300 crore as on March 31, 2023; at a standalone level, 50% of the same was unutilised. Additionally, it has generated ~Rs. 130-190 crore of cash flows from operations in the last two financial years. The company does not have any long-term debt repayments in the near-term and has moderate capex plans for FY2024, which can be met from its available sources of liquidity. Moreover, MLL, as part of the Mahindra Group, enjoys access to capital markets and healthy relationships with banks, which add to its financial flexibility and support its overall liquidity profile.

## Rating sensitivities

**Positive factors** – The ratings can be upgraded if the company achieves further scale-up in revenues with higher sector and client diversification and further strengthening of its financial risk profile, on a sustained basis.

**Negative factors** – MLL’s ratings may be downgraded if there is significant weakening in the credit profile of M&M and/or weakening in the operating performance of MLL. Any debt-funded capex / inorganic acquisition or investments in subsidiaries/joint ventures (JVs) undertaken by the company, which may adversely impact MLL’s credit profile on a sustained basis will be a negative trigger.

## Analytical approach

Analytical Approach	Comments
<b>Applicable rating methodologies</b>	<a href="#">Corporate Credit Rating Methodology</a>
<b>Parent/Group support</b>	Parent / Group Company: Mahindra & Mahindra Limited (M&M) The ratings assigned to MLL factors in the high likelihood of its parent, M&M (rated [ICRA]AAA (Stable) / [ICRA]A1+) extending financial support to it because of close business linkages between them. ICRA also expects M&M to be willing to extend financial support to MLL to protect its reputation from the consequences of a Group entity’s distress.
<b>Consolidation/Standalone</b>	For arriving at the ratings, ICRA has considered the consolidated financials of MLL. The details are given in Annexure-II.

## About the company

MLL, a 58.04% subsidiary of M&M as on June 30, 2023, is a third-party logistics (3PL) provider, operating in the SCM and EM businesses. MLL’s SCM business includes supply chain consultancy, warehousing, stores and line feeding, transportation and freight forwarding. Its EM business, on the other hand, provides customisable and technology-enabled employee transportation services to corporate enterprises.

The company commenced operations from December 2000 as a division of M&M to handle the captive logistics and supply chain requirements of the Group. Subsequently, the division began operating for external clients across the country. MLL was spun off as a 100% subsidiary of M&M, with effect from April 01, 2008. MLL concluded its initial public offering (IPO) in November 2017 and was listed on the Bombay Stock Exchange and the National Stock Exchange.

MLL has eight subsidiary companies namely– (i) Lords Freight (India) Private Limited (LORDS), (ii) 2X2 Logistics Private Limited (2X2 Logistics), (iii) MLL Express Services Private Limited (MESPL), (iv) MLL Mobility Private Limited (MMPL), (v) V-Link Automotive Services Private Limited (VASPL), (vi) V-Link Fleet Solutions Private Limited (VFSPL), (vii) V-Link Freight Services Private Limited (VFSPL), and (viii) MLL Global Logistics Limited (MGLL). Additionally, it has a 39.79% joint venture, Transtech Logistics Private Limited (Shipx), and a 36.00% (on fully diluted basis) associate, ZipZap Logistics Private Limited (Whizzard).

### Key financial indicators

MLL Consolidated	FY2022	FY2023
Operating income	4,140.8	5,128.3
PAT	15.1	27.4
OPBDIT/OI	4.5%	5.1%
PAT/OI	0.4%	0.5%
Total outside liabilities/Tangible net worth (times)	2.6	3.5
Total debt/OPBDIT (times)	2.2	3.2
Interest coverage (times)	6.2	5.0

*PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Amount in Rs crore*

**Status of non-cooperation with previous CRA: Not applicable**

**Any other information: None**



## Rating history for past three years

Instrument	Type	Current rating (FY2024)		Chronology of rating history for the past 3 years			
		Amount rated (Rs. crore)	Amount outstanding as on March 31, 2023 (Rs. crore)	Date & rating in FY2024	Date & rating in FY2023	Date & rating in FY2022	Date & rating in FY2021
				Sep 28, 2023	Oct 06, 2022 Jul 14, 2022	Jun 30, 2021	Jun 25, 2020
<b>1</b> Fund-based Working Capital Facilities	Long-term	-	-	-	-	[ICRA]AA (Stable)	[ICRA]AA (Stable)
<b>2</b> Non-fund Based Facilities	Short-term	-	-	-	-	[ICRA]A1+	[ICRA]A1+
<b>3</b> Fund-based / Non-fund Based Facilities	Long-term / Short-term	435.00	-	[ICRA]AA (Stable)/ [ICRA]A1+	[ICRA]AA (Stable)/ [ICRA]A1+	[ICRA]AA (Stable)/ [ICRA]A1+	[ICRA]AA (Stable)/ [ICRA]A1+
<b>4</b> Commercial Paper Programme	Short-term	-	-	-	-	[ICRA]A1+ withdrawn	[ICRA]A1+

## Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term / Short-term, Fund-based / Non-fund Based Facilities	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#).

**Annexure I: Instrument details**

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Long-term / Short-term, Fund-based / Non-fund Based Facilities	-	-	-	435.00	[ICRA]AA (Stable)/ [ICRA]A1+

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

**Annexure II: List of entities considered for consolidated analysis**

Company Name	Ownership	Consolidation Approach
LORDS Freight (India) Private Limited	99.05%	Full Consolidation
2X2 Logistics Private Limited	55.00%	Full Consolidation
MLL Express Services	100.00%	Full Consolidation
MLL Mobility Private Limited	100.00%	Full Consolidation
V-Link Fleet Solutions Private Limited	100.00%	Full Consolidation
V-Link Automotive Services Private Limited	100.00%	Full Consolidation
V-Link Freight Services Private Limited	100.00%	Full Consolidation
MLL Global Logistics Limited	100.00%	Full Consolidation
Transtech Logistics Private Limited	39.79%	Equity Method
ZipZap Logistics Private Limited	36.00%*	Equity Method

Source: Q1 FY2024 Results; \*On fully diluted basis

## ANALYST CONTACTS

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## About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit [www.icra.in](http://www.icra.in)

## ICRA Limited



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### Branches



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