August 29, 2025

Mahindra Logistics Limited: Ratings reaffirmed

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	350.00	350.00	[ICRA]AA (Stable)/ [ICRA]A1+; reaffirmed
Commercial paper^	100.00	100.00	[ICRA]A1+; reaffirmed
Total	**450.00**	**450.00**	

**Instrument details are provided in Annexure I; ^Commercial Paper is carved out of working capital lines*

Rationale

The reaffirmation of ratings reflects Mahindra Logistics Limited's (MLL/ the company) strong financial profile, as well as its position as a key intermediary of its parent, Mahindra & Mahindra Limited's (M&M; rated [ICRA]AAA (Stable)/[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 that these business linkages also enhance its strategic importance for M&M, meeting a large part of the Group's logistics requirements. The ratings also factor in the high likelihood of M&M extending financial support to MLL, should there be a need, because of close business linkages between them. Further, MLL features as a growth gem for M&M. As a subsidiary of M&M, MLL enjoys access to the capital markets and healthy relationships with banks, which add to its financial flexibility and gives ICRA additional comfort on the Group's commitment in supporting the business of MLL, as and when required.

MLL's SCM business receives a large contribution from the automotive segment, in line with some of 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-right business model, which supports its credit profile, especially if there is a declining business environment.

MLL's consolidated revenues witnessed a YoY growth of 10.9% to Rs. 6,104.8 crore in FY2025 as revenue growth in the SCM business more than offset the revenue decline in the mobility business. While the volume decline in some sectors and inflationary challenges impacted the operating profit margins (OPM) on a standalone basis, the consolidated OPM improved led by the curtailment of losses in the B2B Express logistics business and improved performance from other subsidiaries. MLL's ability to scale up volumes as well as realise operational synergies, to drive sustainable earnings from this subsidiary and thus the overall profitability remains critical and is a key rating monitorable.

ICRA also notes the strengthening of the balance sheet profile of MLL following the recent rights issue of Rs. 749.3 crore. Of this, Rs. 556.3 crore will be utilised for prepayment of debt of the Company and its certain subsidiaries, leading to significant deleveraging. Nonetheless, the ability of the company to report a sustained healthy increase in profit margins, along with revenue growth, remains important from credit perspective.

The rating strengths are partially offset by the inherent cyclicality in the automotive industry, towards which MLL has high exposure. Additionally, the B2B express logistics business that it acquired from Rivigo Services Private Limited (Rivigo; housed under MLL's subsidiary, MLL Express Services Private Limited [MESPL]) during November 2022 remains loss-making, though on a QoQ basis the operating performance has improved. 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 around 56.2% of its consolidated revenues in SCM segment from the Mahindra Group in FY2025. In addition to the business linkages and strong 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. MLL also features as a growth gem for M&M, which gives ICRA additional comfort on the Group's commitment in supporting the business, as and when required.

Presence with established companies – While the Mahindra Group accounted for around 54.1% of MLL's total consolidated revenues in FY2025, the concentration on the Group has reduced over the years from around 70% in FY2015. MLL has been focusing on strengthening its relationships 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 spread its revenue base, and has added several large, reputed players to its clientele.

Strengthening of financial profile post rights issue of Rs. 749.3 crore in FY2026 - In August 2025, MLL concluded a rights issue aggregating to Rs. 749.3 crore. As on June 30, 2025, MLL had Rs. 604.1 crore of debt outstanding. Of Rs. 749.3 crore, Rs. 556.3 crore will be utilised for prepayment of this debt, leading to significant deleveraging and bolstering of the liquidity position. Moreover, MLL had sanctioned working capital facilities of Rs. 350.0 crore as on March 31, 2025, at the standalone level which remained largely unutilised, providing it with an additional liquidity buffer.

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. In FY2025, MLL's revenues witnessed a YoY growth of 10.9% to Rs. 6,104.8 crore. While the OPM declined to 5.9% in FY2025 from 6.5% in FY2024 on a standalone basis on account of a decline in volumes in some sectors and inflationary challenges, the consolidated OPM improved to 4.7% in FY2025 as against 4.2% in FY2024 led by the curtailment of losses in the B2B Express logistics business and improved performance from other subsidiaries. MLL's ability to scale up volumes as well as realise operational synergies, to drive sustainable earnings from this subsidiary and thus the overall profitability remains critical and is a key rating monitorable. The ability of the company to report a sustained healthy increase in profit margins, along with revenue growth remains important from credit perspective.

Stiff competition from large number of unorganised players and technology driven start-ups – The 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: MLL is primarily involved in logistics and transportation services, a highly competitive business and is thus sensitive to increases in costs, particularly that of fuel, and the cost of upgradation of fleet, in line with new emission technologies. As road freight transport accounts for a material proportion of emissions, the industry remains exposed to the impact of regulatory standards becoming more stringent.

Social considerations: Transportation players have a healthy dependence on human capital, particularly drivers. Hence, retaining human capital and maintaining healthy relationships with the driver community for disruption free operations remain critical.

Liquidity position: Strong

The liquidity position of MLL is Strong, supported by its sizeable cash/bank balance and liquid investments of Rs. 96.6 crore on a consolidated basis as on March 31, 2025. Moreover, MLL had sanctioned working capital facilities of Rs. 350.0 crore as on March 31, 2025, at the standalone level, which remained largely unutilised. Further, the company has completed a rights issue of Rs. 749.3 crore in August 2025 which provides a considerable boost to its liquidity. At the standalone level, MLL does not have any long-term debt repayment in the near term and has moderate capex plans for FY2026, which can be met from its available sources of liquidity. Moreover, MLL as part of Mahindra Group, enjoys access to capital markets and healthy relationships with banks, further aiding its financial flexibility and overall liquidity profile.

Rating sensitivities

Positive factors – The ratings can be upgraded if the company achieves sustained scale-up in revenues resulting in improved profitability with higher sector and client diversification.

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 large debt-funded capital expenditure (capex) / inorganic acquisition or investments in subsidiaries/joint ventures (JVs) undertaken by the company, which may adversely impact MLL's credit profile and liquidity position on a sustained basis will be a negative trigger.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Parent / Group Company: Mahindra & Mahindra Limited (M&M) The ratings assigned to MLL factor 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.
Consolidation/Standalone	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 59.60% subsidiary of M&M as on August 18, 2025, is a third-party logistics (3PL) provider, operating in the supply chain management (SCM) and enterprise mobility (EM) businesses. MLL's SCM business includes supply chain consultancy, warehousing, stores and line feeding, transportation and freight forwarding. The EM business 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.

Key financial indicators (audited)

MLL Consolidated	FY2024	FY2025
Operating income	5,506.0	6,104.8
PAT	-53.1	-30.0
OPBDIT/OI	4.2%	4.7%
PAT/OI	-0.9%	-0.5%
Total outside liabilities/Tangible net worth (times)	3.8	4.6
Total debt/OPBDIT (times)	3.2	3.1
Interest coverage (times)	3.4	3.5

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. Crore; PAT: Profit after tax (after share of profit/loss of associate/joint venture); OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Current rating (FY2026)			Chronology of rating history for the past 3 years					
	FY2026			FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs crore)	Aug 29, 2025	Date	Rating	Date	Rating	Date	Rating
Fund based/ Non fund based-Others	Long Term/ Short Term	350.00	[ICRA]AA (Stable)/ [ICRA]A1+	Aug 30, 2024	[ICRA]AA (Stable)/ [ICRA]A1+	Sep 28, 2023	[ICRA]AA (Stable)/ [ICRA]A1+	Jul 14, 2022	[ICRA]AA (Stable)/ [ICRA]A1+
				-	-	-	-	Oct 06, 2022	[ICRA]AA (Stable)/ [ICRA]A1+
Commercial paper	Short Term	100.00	[ICRA]A1+	Aug 30, 2024	[ICRA]A1+	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long Term/Short Term - Fund based/Non-fund based	Simple
Commercial Paper	Very 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	Fund-based / Non-fund Based Facilities	NA	NA	NA	350.00	[ICRA]AA (Stable)/ [ICRA]A1+
NA*	Commercial Paper*	NA	NA	NA	100.00	[ICRA]A1+

*Source: Company; * Yet to be placed, CP is carved out from working capital lines*

[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 Private Limited	100.00%	Full Consolidation
MLL Mobility Private Limited	100.00%	Full Consolidation
V-Link Freight Services Private Limited	100.00%	Full Consolidation
MLL Global Logistics Limited	100.00%	Full Consolidation
ZipZap Logistics Private Limited	64.10%	Full Consolidation
Seino MLL Logistics Private Limited	50.00%	Equity Method of Consolidation

Source: Integrated Annual Report 2024-25

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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

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