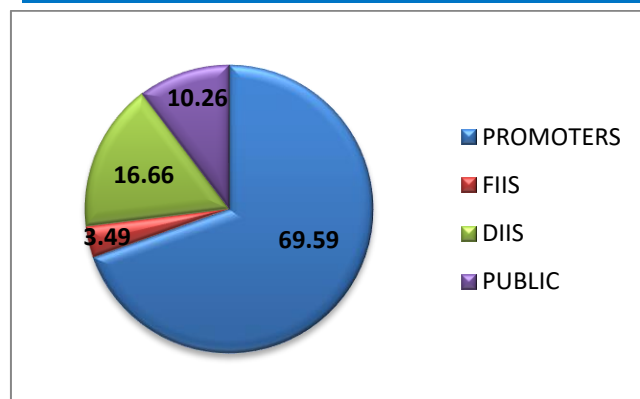


April 2022

VALUE PARAMETERS

Face Value (Rs.)	10.00
EPS (TTM)	16.0
52-Week High/Low	592/202
M.Cap (Rs. in Cr.)	4367
P/E Ratio (TTM)	30.4
Sector P/E	23.9
P/B Ratio (calc at CMP)	6.83
Dividend Yield (%)	1.63
Enterprise value	4777

SHAREHOLDING PATTERN



FINANCIAL PERFORMANCE

	ACTUAL	FORECAST	
	FY Mar-21	FY Mar-22	FY Mar-23
Sales (Rs. Cr)	1762.9	2401	2746
EBITDA (Rs. Cr)	247.5	403	450
EBITDA margin	14	17	16.4
PAT (Rs. Cr)	45.1	157.5	183
EPS (Rs)	5.1	18	20.5
ROE	7.42	24.6	24.4
ROCE	13.3	23.6	23.5
DPS	4	6	6
P/E	87.2	25	21.5

Price performance over 1-year



Our Recommendation: Given the present scenario of improved economic activity in logistics after COVID restrictions ease, expansion plans and aggressive Capex, we estimate growth potential in business in coming months. Thus, we recommend BUY in price range Rs. 470-490 with target price 580 (upside 20%).

Investment Rationale:

About Company: VRL Logistics deals in goods transportation and passenger transportation. The Company offers logistics services dealing in domestic transportation of goods. The company also engaged in bus operations, private air chartering service, Courier Service Business, Full Truckload Services, Travel Services, sale of power and sale of certified emission reductions units generated from operation of wind mills. The company is a leading provider of pan-India surface logistics and parcel delivery services. The company owns and operates the largest fleet of commercial vehicles in private sector in India, around 4700 trucks and 280 buses. The company has widespread transportation network in many States and Union Territories across India.

Q3FY22 results:

- Net Sales at Rs 678.39 crore in December 2021 up 20.41% from Rs. 563.42 crore in December 2020.
- Quarterly Net Profit at Rs. 60.49 crore in December 2021 up 52.22% from Rs. 39.74 crore in December 2020.
- EBITDA stands at Rs. 133.94 crore in December 2021 up 28.88% from Rs. 103.93 crore in December 2020.
- EPS has increased to Rs. 6.85 in December 2021 from Rs. 4.40 in December 2020.
- The company also announced dividend of Rs 8.00 per share in Feb 2022.

Key Highlights:

- Improved economic activity: After declining COVID cases and easing lockdown restrictions with improved economic activity, the company expects strong growth in Q4FY22 in all growth parameters.
- The company is planning to open more branches across India. The company will open 100 branches in FY22 and in FY23.
- Aggressive capital expenditure planned for FY23 for new fleet addition.
- Company is focusing on environment friendly Bio-Diesel - lower pressure on margins in the current scenario of rising fuel prices.

Risks:

- More than expected fuel prices.
- Intense competition from peers could affect margins.
- Govt restrictions on vehicles older than 15 years.

Financials and Valuations

Income Statement (Rs. Cr)

	FY18	FY19	FY20	FY21
Revenue	1922.3	2109.5	2118.5	1762.9
Change (%)	6.6	9.7	0.4	-16.8
Gross Margin (%)	31.4	30.1	33.4	33.0
Expenditure	1688.09	1865.55	1820.27	1515.44
EBITDA	234.2	244	298.3	247.5
Margin (%)	12.2	11.6	14.1	14.0
Depreciation	97.6	100.6	167.5	159.8
EBIT	136.6	143.4	130.7	87.7
Interest and Finance Charges	11.4	109	36.7	36.8
Other Income	14.2	79	10.3	12.9
PBT	139.4	140.5	104.3	63.7
Tax	46.8	48.6	14.2	18.7
Tax Rate (%)	33.6	34.6	13.6	29.3
PAT	92.6	91.9	90.1	45.1
Change (%)	31.3	-0.7	-2.0	-50.0
Margin (%)	4.8	4.4	4.3	2.6

Balance Sheet (Rs. Cr)

	FY18	FY19	FY20	FY21
Equity Share Capital	90.3	90.3	90.3	88.3
Total Reserves	502.9	555.6	526.5	508.8
Shareholder's Fund	593.2	645.9	616.9	597.1
Deferred Tax Liabilities	80.8	73.8	44.0	44.0
Total Loans	81.2	140.7	189.3	119.6
Total Source of Funds	755.2	860.4	850.2	760.7
Gross Block	904.4	1083.5	1510.5	158.5
Less: Accumulation/Depreciation	279.5	378.5	520.2	630.7
Net Fixed Assets	625	705.1	990.3	954.4
CWIP	7.6	41.6	4.4	6.1
Total Investments	0.1	0.1	0.1	0.1
Current Assets	229.6	231.1	230.4	238.1
Inventory	24.1	29.8	29.3	39.5
Account Receivables	80.7	79.5	85.6	63.9
Cash Bank Balance	19.3	13.1	13.4	18.4
Others	105.4	108.6	102.1	116.2
Current Liabilities and Provisions	107.1	117.4	375	437.9
Account Payables	6.8	6.1	3.5	13.6
Other Current Liabilities	80.0	84.9	336.8	391.1
Provisions	20.3	26.4	34.7	33.2
Net Current Assets	122.5	113.6	-144.5	-199.8
Total Application of Funds	755.2	860.4	850.2	760.7

Financials and Valuations

Ratios

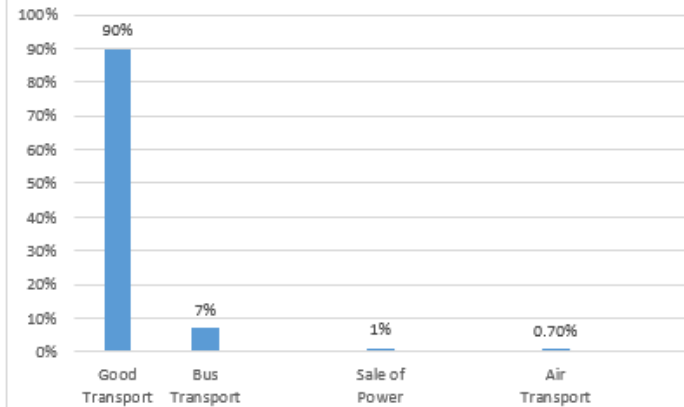
	FY18	FY19	FY20	FY21
Efficiency Ratios				
EPS	10.2	10.2	10.0	5.1
BV/Share	65.7	71.5	68.3	67.6
DPS	0.0	5.5	7.0	4.0
Dividend Payout Ratio (%)	0.0	65.2	84.6	78.4
EBITDA margin (%)	12.96	11.96	14.59	14.80
Valuation Ratios (x)				
P/E	43.4	43.7	44.6	87.2
EV/EBITDA	17.0	16.6	13.8	16.3
EV/Sales	2.1	1.9	1.9	2.3
P/BV	6.8	6.2	6.5	6.6
Dividend Yield (%)	0.0	1.2	1.6	0.9
Return Ratios (%)				
RoE	16.32	14.84	14.27	7.42
RoCE	12.63	20.78	17.78	13.28
Working Capital Ratios				
Fixed Asset Turnover (x)	2.2	2.1	1.6	1.1
Asset Turnover (x)	2.5	2.5	2.5	2.3
Inventory (Days)	5	5	5	8
Debtors (Days)	15	14	15	13
Creditors (Days)	1	1	1	3
Solvency Ratio (x)				
Debt/Equity ratio	0.14	0.22	0.31	0.20
Current ratio	1.07	1.39	0.72	0.68
Quick ratio	0.92	1.15	0.60	0.53

Cash Flow Statement (Rs. Cr)

	FY18	FY19	FY20	FY21
Profit before Tax	139.4	140.5	104.3	63.7
Depreciation	97.6	100.6	167.5	159.8
Direct Taxes Paid	-51.0	-52.3	-43.1	-14.8
(Inc.)/Dec. in WC	9.7	-6.4	-9.4	29.4
Other Items	9.8	9.8	38	33
Cash Flow from Operations	205.5	192.2	257.3	271.1
(Inc.)/Dec. in FA	-45.5	-210.9	-120	-33
Free Cash Flow	160	-18.7	137.3	238.1
Change in Investments	1.2	0.3	1.4	1.5
Others	0	1.5	0	0.1
Cash Flow from Investments	-44.2	-209.1	-118.5	-31.3
Inc./Dec. in net worth	-38.7	0	0	-63.2
Inc./Dec. in Debt	-103.6	59.6	48.5	-69.7
Dividends Paid	0	-38.1	-98	0
Others	-12	-10.4	-88.9	-101.4
Cash Flow from Financing activity	-154.3	11	-138.4	-234.4
Inc./Dec. in Cash	7.0	-5.9	3	5.4
Opening Balance	11.6	18.5	12.6	12.9
Closing Balance	18.5	12.6	12.9	18.3

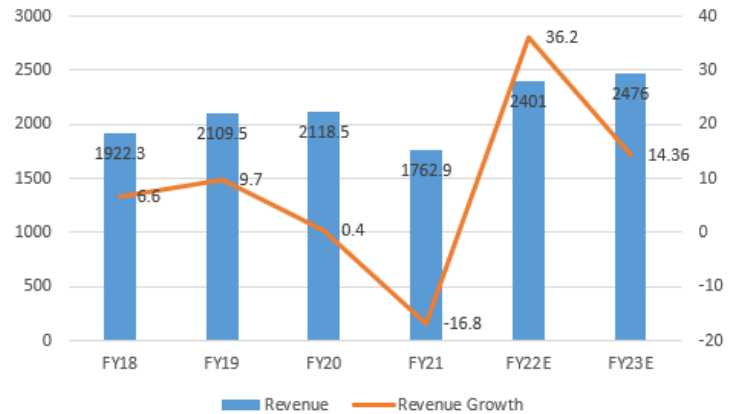
Financial Story in Charts

Business Segments FY21



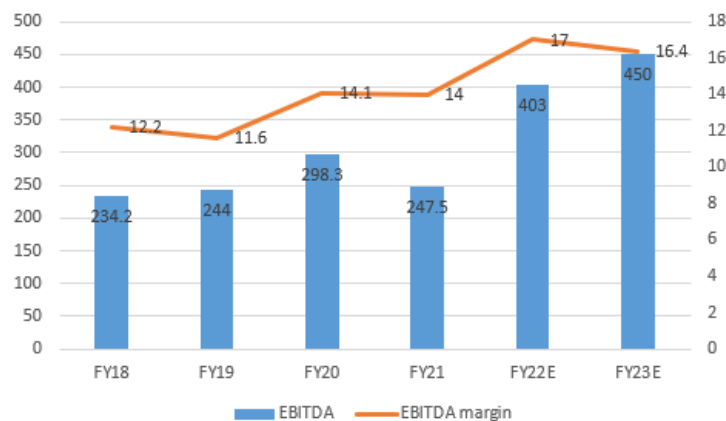
GT contributed 90% in revenue generation followed by Bus Transport and Sale of Power. Air transport contribution has been lower than 1%

Revenue & Revenue growth (%)

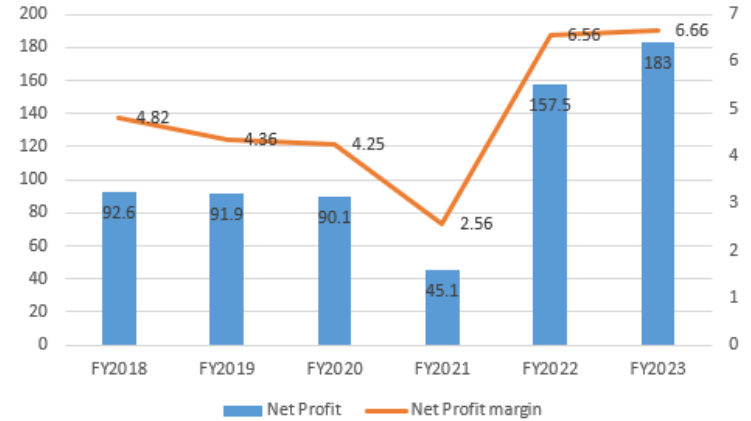


Revenue dipped post COVID lockdown. Good revenue forecasted post restrictions in FY22.

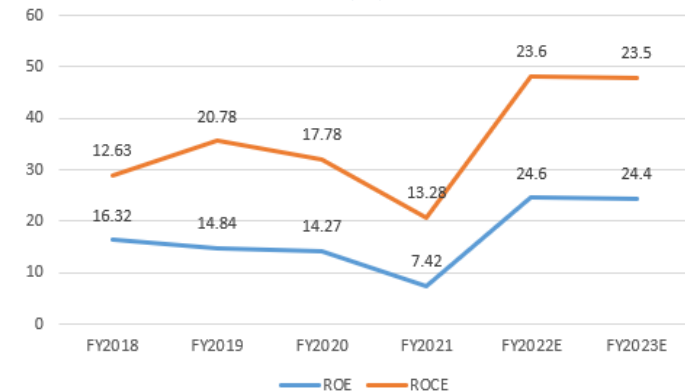
EBITDA & EBITDA margins (%)



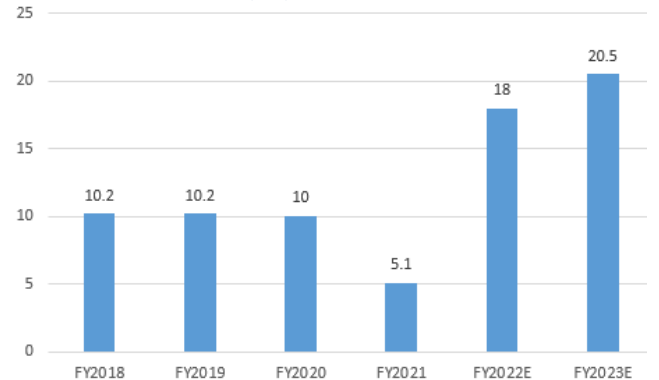
Net Profit & Net Profit Margin (%)



ROE & ROCE (%)



EPS (Rs)



Rising economic activity led by improved revenue and PAT will drive EPS up.

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Disclosure:

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