

VRL Logistics Ltd (VRL) : Good Issue

IPO Note: Largest fleet owner in private sector

Ranking:***

VRL LOGISTICS LTD

Issue details

Price band (Rs)	Rs.195-Rs.205
IPO Opening Date	15/04/15
IPO Closing Date	17/04/15
Issue Size	Rs. 450.76 - 473.88 Crore

Valuations & Recommendation

On overall performance front, the company posted turnover and net profits of Rs. 1135.28 cr./Rs. 41.06 cr., (2012), Rs. 1335.32 cr./Rs. 80.29 cr., (2013), Rs. 1503.78 cr./Rs. 57.18 cr.,(2014) and for the nine months period ended 31.12.14 it has earned net profit of Rs. 71.69 crore on a turnover of Rs. 1279.38 crore. If we annualized latest earnings then EPS stands around Rs. 10.44 and thus its asking price is at a P/E of around 19. Other logistic stocks trades at higher price to earning ratio hence **We recommend to invest in this IPO at current price for listing as well as medium to long term gain.**

Highlights

- VRL Logistics Ltd (VRL) is one of the leading pan-India surface logistics and parcel delivery service providers.
- It owns and operates the largest fleet of commercial vehicles in the private sector in India.
- Services spread across 27 states & 4 Union Territories
- Including 464 Tourist Buses and 3418 Goods Transport Vehicles
- Annualize EPS for nine month ended stood at 10.44 per shares
- The Company has total debt of Rs.505 Crore as on March 2014 and debt equity ratio stood at 1.65.

Company Introduction

Company Profile

VRL Logistics Ltd (VRL) is one of the leading pan-India surface logistics and parcel delivery service providers. It owns and operates the largest fleet of commercial vehicles in the private sector in India. VRL provides general parcel and priority parcel delivery (less than truckload services, "LTL"), courier and full-truckload ("FTL") services through its widespread transportation network in 28 States and four Union Territories across India. Company's operational infrastructure for the goods transportation business as of December 31, 2014 comprised 624 branches (comprising 604 leased branches

VRL LOGISTICS LTD

Financial Summary

Particulars	FY2014	FY2013	FY2012
Income	1503.78	1335.32	1135.28
Net Profit	57.01	80.29	41.06
EPS (Rs)	6.67	10.76	5.71

RANKING METHODOLOGY

WEAK	*
AVERAGE	**
GOOD	***
VERY GOOD	****
EXCELLENT	*****

and 20 owned branches) and 346 agencies across India, and of such 624 branches, 48 (41 leased branches and seven owned branches) served as strategic transshipment hubs for operations.

VRL's goods transportation service business serves a broad range of industries, including the fast moving consumer goods (FMCG) sector as well as other industries including food, textiles, apparel, furniture, appliances, pharmaceutical products, rubber, plastics, metal and metal products, wood, glass, automotive parts and machinery. The company operates through a hub-and-spoke operating model which enables us to transport various parcel sizes and provide its customers with access to multiple destinations for booking and delivery of goods. Its extensive network enables the company to provide "last mile" connectivity to even remote areas in India.

The objects of the issue are:

- Purchase of goods transportation Vehicles
- Repayment/pre-payment of certain borrowings.

Financial performance

On overall performance front, the company posted turnover and net profits of Rs. 1135.28 cr./Rs. 76.72 cr., (2012), Rs. 1335.32 cr./Rs. 45.70 cr., (2013), Rs. 1503.78 cr./Rs. 57.18 cr.,(2014) and for the nine months period ended 31.12.14 it has earned net profit of Rs. 71.69 crore on a turnover of Rs. 1279.38 crore. If we annualized latest earnings then EPS stands around Rs. 10.44 and thus its asking price is at a P/E of around 19 and at a P/BV of 4.3+ which looks aggressive. Lower profits for 2013 and 2014 fiscal is attributed to rising prices of fuel as well as natural calamities in the area of its operations.

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