

Our Ref: MLLSEC/149/2019

Date: 1 August 2019

To,
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Toll Free : 1800 258 6787
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CIN : L63000MH2007PLC173466

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: Earnings Presentation for the 1st quarter ended 30 June 2019 - Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 ("Listing Regulations")

In compliance with Regulation 30 and other applicable provisions of the Listing Regulations, please find enclosed herewith the Earnings Presentation encompassing an overview of the Unaudited Consolidated Financial Results of Mahindra Logistics Limited ("the Company") for the 1st quarter ended 30 June 2019, subjected to Limited Review, the Company's business and operations and industry updates.

The enclosed earnings presentation is also being uploaded on the Company's website viz. <http://www.mahindralogistics.com/investor/financial-information> in compliance with Regulation 46 of the Listing Regulations.

Kindly take the above on record and acknowledge receipt of the same.

Thanking you,

Yours Faithfully,
For **Mahindra Logistics Limited**



Brijbala Batwal
Company Secretary

Enclosure: as above



Mahindra
LOGISTICS

Mahindra Logistics Ltd

Q1 FY20 Earnings Presentation

August 1, 2019

Disclaimer

Certain statements and opinions with respect to the anticipated future performance of Mahindra Logistics in the presentation (“forward-looking statements”), which reflect various assumptions concerning the strategies, objectives and anticipated results may or may not prove to be correct. Such statements generally are identified by forward-looking words such as “believe,” “plan,” “anticipate,” “continue,” “estimate,” “expect,” “may,” “will” or other similar words. They involve a number of risks, uncertainties and assumptions which could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements. These include, among other factors, changes in economic, political, regulatory, business or other market conditions. Such forward-looking statements only speak as of the date the presentation is provided to the recipient and Mahindra Logistics is not under any obligation to update or revise such forward-looking statements to reflect new events or circumstances. No representation or warranty (whether express or implied) is given in respect of any information in this presentation.





Q1 FY20 Results Overview

Key Highlights – Q1 FY20¹



Revenue from Operations

INR 899 cr



Revenue from Non-M&M
SCM

INR 312 cr



Revenue PTS segment

INR 98 cr



EBITDA
(Adjusted EBIDTA²)

INR 47 cr
(Adj. INR 50 cr)



Ware house space under
management

15.7 Mn Sq. Ft



Profit After Tax
(Adjusted Profit After Tax²)

INR 19 cr
(Adj. INR 20 cr)

Consolidated P&L Statement¹

Particulars (Rs in Crs)	Q1FY20	Q1FY19	% Change	FY19
Revenue from Operations	899.0	928.2	-3.1%	3851.3
Other Income	7.0	2.9	143.4%	7.6
Total Income	906.0	931.1	-2.7%	3859.0
Gross Margin	87.3	80.8	8.1%	323.1
EBITDA	47.2	43.5	8.4%	158.9
Adjusted EBITDA	49.9	43.9	13.6%	164.5
Depreciation	14.9	5.1	193.9%	22.0
EBIT	32.2	38.3	-16.0%	136.9
Interest	3.6	0.8	361.0%	3.5
Profit Before Tax	28.7	37.6	-23.7%	133.4
Profit After Tax (after share of JV)	18.6	24.3	-23.7%	86.4
Adjusted PAT	20.4	24.6	-17.3%	90.1
Adjusted PAT %	2.3%	2.7%	-38 bps	2.3%
Diluted EPS (in INR)	2.60	3.36	-22.62%	11.97

Highlights

- Growth in verticals focused on auto industry impacted due to unprecedented slowdown in the automotive sector.
- Growth momentum continued in Consumer & Pharma and E-Commerce verticals.
- Bulk vertical revenue impacted due to shrinkage in business from a large customer.
- Higher Other Income as a result of interest received on Income Tax refund of Rs 36 cr.
- Revenue from Top 20 Non M&M SCM customers contributes 64% of total Non M&M SCM Revenue
- Adopted Ind AS 116 "Leases" with effect from April 1, 2019

Note: 1. All figures in INR crore, unless stated otherwise

Note: 2 Adjusted EBITDA and Adjusted PAT are before ESOP/RSU charge. (Q1FY20 - Rs. 2.8 Crs, Q1FY19 – Rs. 0.5 Crs)

Ind AS 116 – Overview, Scope & Coverage

Overview

- The Ministry of Corporate Affairs notified Ind AS 116 – Leases which is applicable from 1st April 2019
- Changes in the **Balance Sheet**
 - Ind AS 116 introduces a single lessee accounting model and **requires lessee to recognize assets (Right of Use) and liabilities for all leases with non-cancellable period of more than twelve months** except for low value assets
- Changes in the **Profit & Loss Account**
 - **Amortization of Right of Use asset and Finance cost on the lease rent payments** substitutes the Lease rental costs which per the earlier accounting standard would get accounted as direct costs above EBIDTA line

Coverage & Scope

Coverage under Ind AS 116	Outside the Scope of Ind As 116
Lessee have control of the assets	<u>Service Contract</u> : In case an arrangement has component of service and rent, then service component is excluded and rent component is included
Fixed commitment / Non cancellable commitment	<u>Where there is no fixed commitment</u> : Any commitment based on usage per unit is considered as a variable payment and not a liability
No exit clause	Short-Term Leases (up to 12 months) / Cancellable arrangement / Period beyond the exit clause

Ind AS 116: Impact on Profit & Loss Account

Particulars (Rs in Crs)	Ind AS 116	AS 17	Change
Revenue from Operations	899.03	899.16	-0.13
Other Income	7.01	6.97	0.04
Total Income	906.04	906.13	-0.09
Total Expenses	858.97	859.13	-0.16
Lease Expenses	0	10.67	-10.67
Gross Margins	87.33	77.36	9.97
EBITDA	47.07	36.33	10.74
Adjusted EBITDA	49.87	39.13	10.74
Depreciation	14.87	5.41	9.46
EBIT	32.20	30.92	1.28
Interest	3.55	0.92	2.63
Profit Before Tax	28.65	30.00	-1.35
Profit After Tax (after share of JV)	18.56	19.49	-0.93
Adjusted PAT²	20.38	20.47	-0.09
Adjusted PAT %	2.27%	2.28%	-1 bps

- Lease expenses are not recognized as direct cost and are bifurcated between Amortization for Right to use of the asset & Finance Cost of Lease rent payable
- EBIDTA margins increase by 120 bps & EBIDTA increases by Rs. 10.7 cr. due to regrouping of expenses as Amortization & Finance Cost
- In the initial phase of the lease the interest cost is high and gets tapered down during the end of the lease which impacts the PAT by Rs 0.9 cr and decrease the PAT margin by 10 bps

Note: 1. All figures in INR crore, unless stated otherwise

Note: 2 Adjusted EBITDA and Adjusted PAT are before ESOP/RSU charge. (Q1FY20 - Rs. 2.8 Crs)

Ind AS 116: Impact on Balance Sheet

Particulars	Impact
Balance Sheet Asset Side	Right to use Asset created as a separate line item under Fixed Asset up to the tune of Rs. 114 cr for the long-term lease commitments as on June 30 2019. Overall balance sheet will increase by the amount of this asset created for Leases.
Balance Sheet Liability Side	Lease rent payable of Rs. 124 cr to lessor recognized against the right to use asset created. This will be written of over the period of lease tenure Retained earnings impact of 10.5 cr (incl deferred tax).
Cash Flow Impact	There would be no change in the cash flow of the company due to changes in accounting standards.

Management Comment



Commenting on the performance, Mr. Pirojshaw Sarkari (Phil), CEO at Mahindra Logistics Ltd. said:

“This quarter saw a mixed performance from the end use sectors. Auto industry is facing its worst slowdown in a long time. This impacted our SCM business – M&M and Non M&M. On the other hand, Consumer & Pharma, Ecommerce verticals continued to do well. I am confident about long-term growth prospects of the organized 3PL industry in the country. Keeping that in mind, we have continued to invest in our digital and transformation projects.”

Change in Leadership



Mr. Rampraveen Swaminathan to succeed Mr. Pirojshaw Sarkari (Phil) as CEO of Mahindra Logistics Ltd (MLL) effective October 1st, 2019

Mr. Rampraveen Swaminathan (Ram) joined MLL as CEO-Designate and is working closely with Phil to ensure a smooth transition. Ram will take over as CEO from 1st October, 2019.

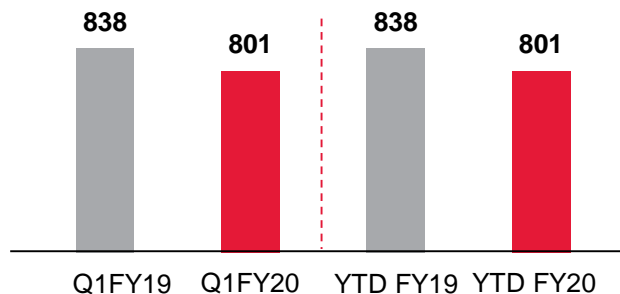
Ram has over two decades of diverse industry experience spanning automotive, paper and energy sectors. He has a strong track record of leading businesses including as CEO and MD of International Paper APPM, a publicly listed Company. He has done his MBA in Finance and Strategy from TA Pai Management Institute, India and holds a bachelor's degree in accounting from University of Bangalore. His other stints include positions with the Tata group, Cummins and Schneider Electric.

Phil will move into a significant leadership role within the Mahindra Group as part of Mahindra Group's leadership rotation and talent development process.

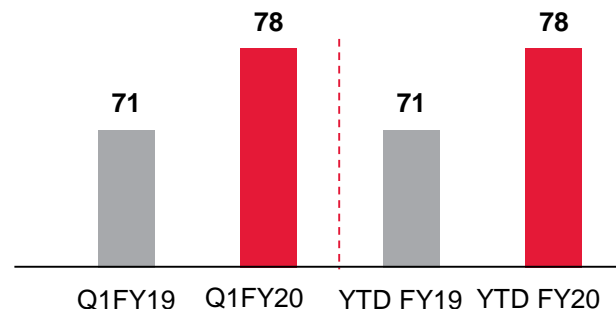
Financial Highlights - Segment Wise*

Supply Chain Management (SCM)

Revenue



Gross Margin (GM)



GM (%)

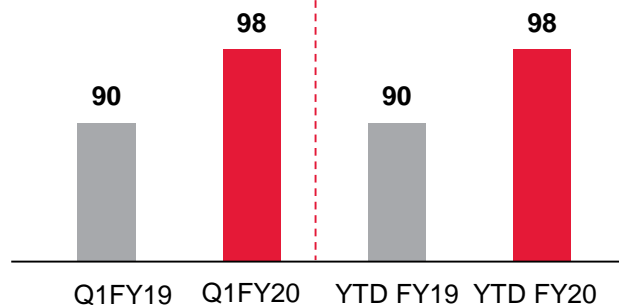
8.5%

9.7%

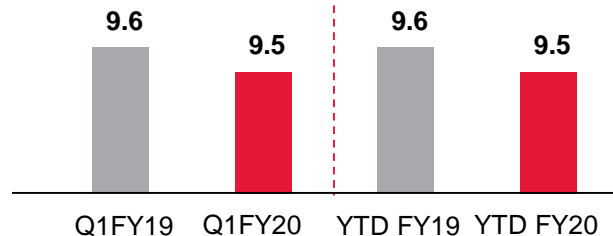
8.5%

9.7%

Revenue



Gross Margin (GM)



GM (%)

10.6%

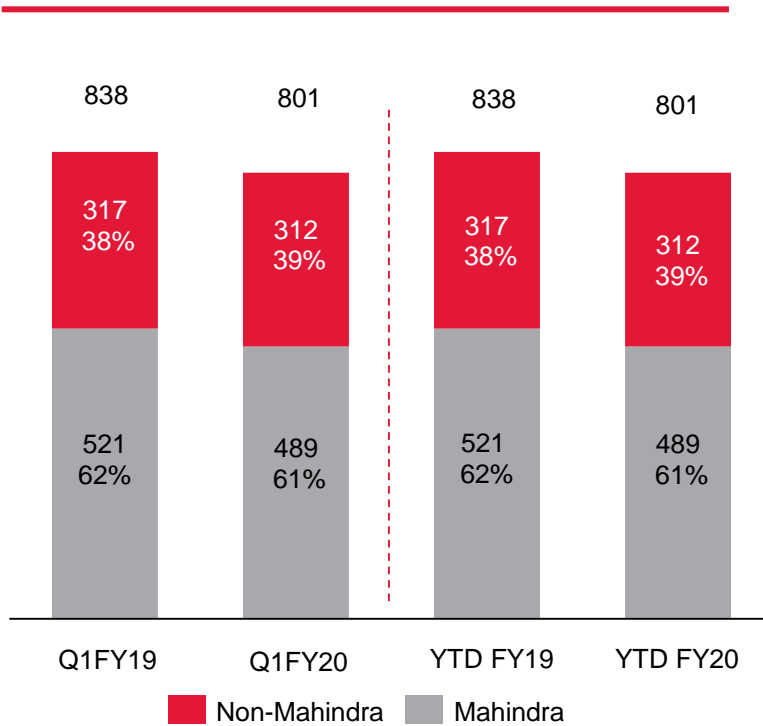
9.7%

10.6%

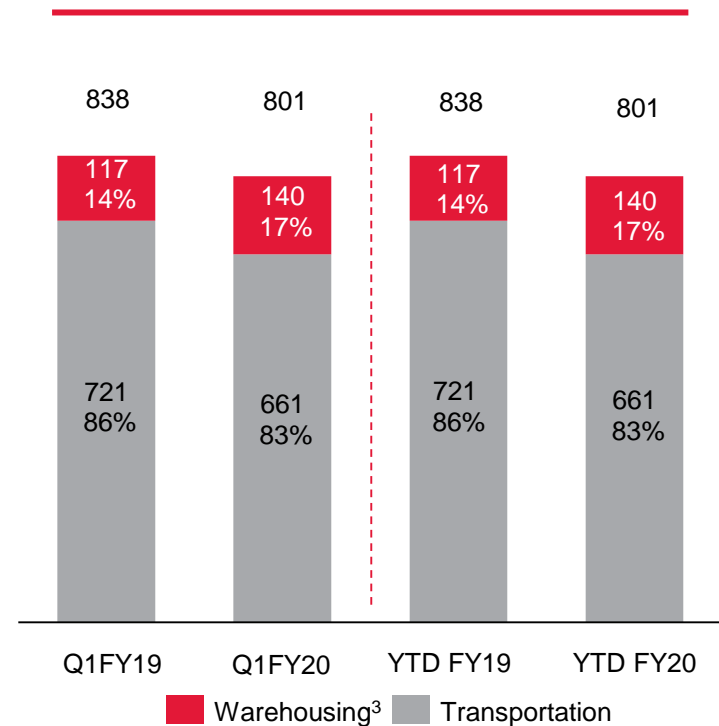
9.7%

SCM Revenue Break up

Mahindra / Non-Mahindra



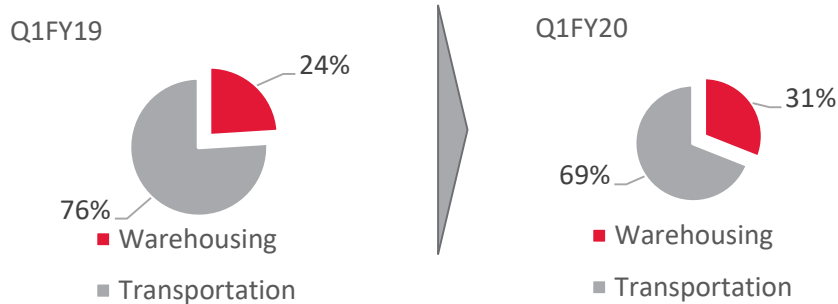
Business Mix



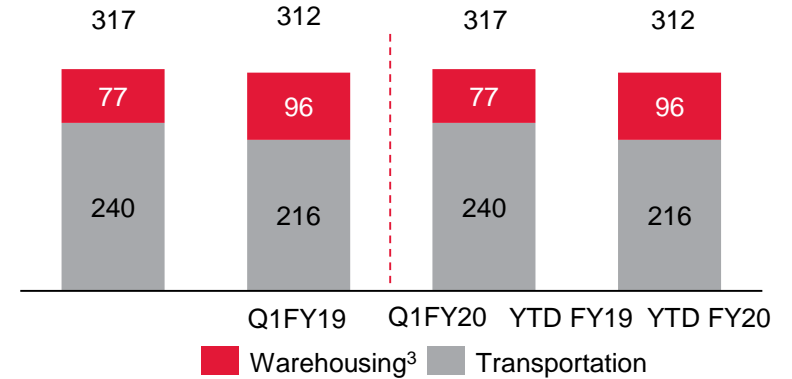
Note: 1. Consolidated financials 2. All figures in INR crore, unless stated otherwise 3. Warehousing includes revenue from Warehousing and other Value Added Services

Non-Mahindra SCM Revenue Break up

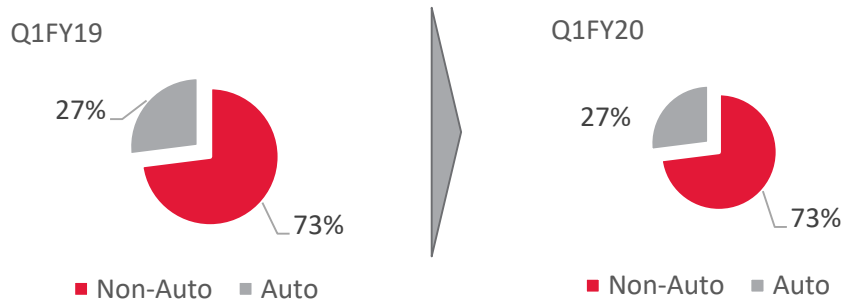
SCM Non-Mahindra Activity Wise Break-up



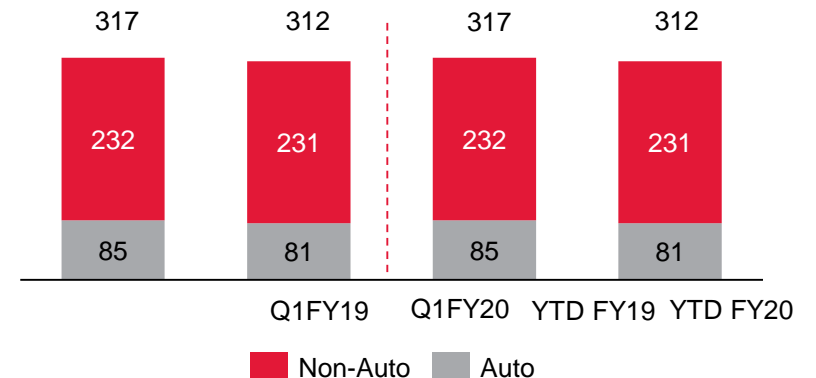
Business Mix



SCM Non-Mahindra Industry Wise Break-up



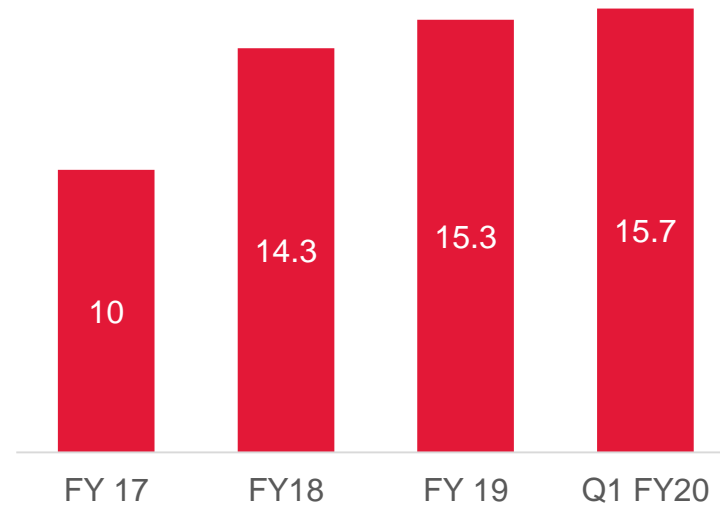
Auto / Non-Auto



Warehousing & Value-added service revenues in Non M&M SCM increased from Rs. 77 crore to Rs. 96 crore, registering a 25% growth.

Note: 1. Consolidated financials 2. All figures in INR crore, unless stated otherwise 3. Warehousing includes revenue from Warehousing and other Value Added Services

Warehouse space under management



All figures in Million Sq Feet

Key Media presence

LOGISTICS SPECIAL > INTERVIEW

'FOR MAKE-IN-INDIA TO BE A SUCCESS, MOVE-IN-INDIA HAS TO BE SUCCESSFUL'

It is action time for the Indian logistics industry with regulatory changes making operations easier for organised players. Third-party logistics companies such as Mahindra Logistics are riding the wave — it has grown at a CAGR of 15 per cent over the last three years. **Pirojshaw Sarkari**, CEO of the company, talks to **Goutam Das** on what is making the wheels of the industry move faster than before. Edited excerpts:

Mahindra Logistics to double its warehousing in 2yrs

Kolkata: Mahindra Logistics, the logistics arm of Mahindra Group, is planning to double its warehousing capacity in eastern region in the next couple of years. Now, it has 1.5 million sq ft warehousing in West Bengal, Assam, Bihar, Odisha and, Jharkhand. The total warehousing capacity of the firm is 15 million sq ft and east constitutes only 10% now.

MLL chief executive officer Pirojshaw Sarkari said in the next couple of years, east could go up to 20% of its warehousing capacity. Now, west has 38% of its warehousing capacity followed by south at 32%. Mahindra & Mahindra (M&M), the flagship of the group, is setting up a state-of-the-art digital spare parts hub in Kharagpur with an investment of Rs 160 crore. **TNN**

CSR: Mahindra Logistics inaugurates Water Supply Project in Maharashtra

1 lakh liters of water will benefit more than 1500 villagers ~

by SHIVENDRA KUMAR — 2019/07/01 in CSR Leaders, News, Water & Sanitation



STACKING SMART

Warehouses are not dusty, forgotten spaces anymore — increasingly modern retail is moving up the automation curve

Decoding the E-Way Bill



Mahindra Logistics' Pirojshaw Sarkari: "With an E-Way Bill number, all transactions can now be tracked. The average waiting time has dropped."

CLOCKWISE FROM TOP LEFT:

- BUSINESS TODAY
- TIMES OF INDIA
- CSR INDIA
- OUTLOOK BUSINESS
- HINDU BUSINESS LINE
- AUTOCAR PRO

Mahindra Logistics awaits nod to use drones in warehouses

Mamuni Das | New Delhi | Updated on May 17, 2019 | Published on May 17, 2019



Pirojshaw Sarkari, CEO, Mahindra Logistics

Move to improve accuracy of stock, lower labour cost

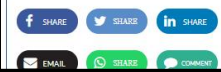
Mahindra Logistics, which has done trials using drones at one of its warehouses, is awaiting regulatory approvals before it starts using unmanned aerial vehicles

(UAVs) to improve the accuracy of the inventory and lower labour cost.



"Prior to the Goods and Services Tax, no one except the Food Corporation of India had a 100,000 sq ft warehouse

—PIROJSHAW SARKARI
CEO, Mahindra Logistics



Empowering Communities to Rise #RiseForGood

Helmet distribution



Water project



Road Safety awareness sessions



Providing Gas connection



Nashik
Bhiwandi
Highway

Zero Accident Zone

Village Adoption

Volunteering
activities

Driver Welfare

Blood Donation



Driver Trainings under PMKVY



Tree Plantations



Yoga sessions



About Us

About Mahindra Logistics

Mahindra Logistics Limited (MLL) is a portfolio company of Mahindra Partners, the USD 1 billion private equity division of the USD 20.7 billion Mahindra Group. MLL is an integrated third-party logistics (3PL) service provider, specializing in supply chain management and people transport solutions. Founded more than a decade ago, MLL serves over 300 corporate customers across various industries like Automobile, Engineering, Consumer Goods and E-commerce. The Company pursues an “asset-light” business model, providing customised and technology enabled solutions that span across the supply chain and people transport operations.

For more information, visit www.mahindralogistics.com

About Mahindra Partners

Mahindra Partners is the 1 billion USD Incubation, Private Equity & Venture Capital division of the Mahindra Group. Its mission is to accelerate value creation through a diversified global portfolio of emergent businesses. The portfolio spans across multiple industries like logistics, steel processing, renewable energy, conveyor systems, retail, infrastructure consulting and skill building, luxury boat manufacturing and media. It has recently expanded operations in U.S. by investing in the IoT and shared mobility space.

For more information, visit www.mahindrapartners.com

About Mahindra

The Mahindra Group is a USD 20.7 billion federation of companies that enables people to rise through innovative mobility solutions, driving rural prosperity, enhancing urban living, nurturing new businesses and fostering communities. It has a leadership position in utility vehicles, information technology, financial services and vacation ownership in India and is the world's largest tractor company, by volume. It also enjoys a strong presence in agribusiness, components, commercial vehicles, consulting services, energy, industrial equipment, logistics, real estate, steel, aerospace, defence and two wheelers. Headquartered in India, Mahindra employs over 200,000 people across 100 countries.

Learn more about Mahindra on www.mahindra.com / Twitter and Facebook: @MahindraRise

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Mahindra
LOGISTICS

ACCELERATING
COMMERCE,
EMPOWERING
COMMUNITIES
TO *Rise.*

