ACCELERATING COMMERCE

SHAPING THE INDUSTRY



ANNUAL REPORT 2018-19

Mahindra LOGISTICS

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To read the Annual Report online, visit: http://www.mahindralogistics.com



COMPANY OVERVIEW

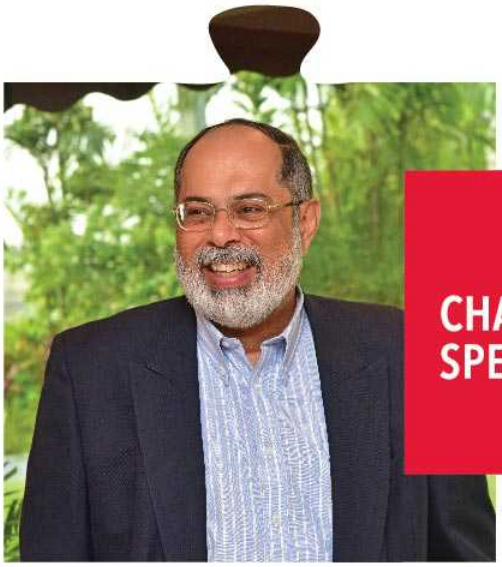
Mahindra Logistics Limited is a leading 3PL solutions provider in India with a strong presence across the country. The Company operates in two distinct business segments - Supply Chain Management (SCM) and People Transport Solutions (PTS).

Mahindra Logistics has more than 400 customers from diverse industry verticals such as Automotive, Engineering, Consumer Goods, Pharmaceuticals, E-commerce, Bulk for its SCM business. And has customers from IT, ITeS, Manufacturing, Banking, Financial services and Insurance and Consulting businesses for its PTS business.

The Company has an asset-light business model with a focus on technology and emphasis on customer-centricity. The Company's competitive advantage is in developing and implementing customised, technology-enabled logistics solutions that offer scalability and flexibility. The Company works closely with its customers to understand their requirements and provide solutions accordingly, thereby becoming their true partners.

VISION

RISE to be a ₹6000 crore logistics service provider by 2021, delivering consistent customer experience in defined industry verticals through customised, technology-driven solutions.



CHAIRMAN'S SPEECH

Dear Shareholders,

This is the 2nd Annual report of the Company as a listed entity. I am happy to see that as a leading 3PL company in the country, we are constantly raising the bar. We have successfully expanded our activities into new sectors by leveraging the trust we have earned from our customers as well as our business partners, and we thank all our valued stakeholders for their continued support.

FINANCIAL HIGHLIGHTS

During the financial year, Mahindra Logistics continued its growth trajectory. Consolidated revenues have risen to ₹ 3851 crores, a growth of 13%. And the Profit Before Tax increased to ₹ 133 crores, a growth of 31%.

OUR PURPOSE

While looking into the future of logistics in India, we cannot divorce oneself from the awareness of the Company's role in society, and the many lives it touches daily while servicing customers.

Only those companies that share a common PURPOSE alongside an understanding of their obligations to the communities they operate in, will consistently prosper and enhance their anti-fragile capabilities. During this year, The Company has articulated its PURPOSE - **'Accelerating Commerce, Empowering Communities to RISE'**.

Our PURPOSE is based on five principles as stated below:

- Reimagining Solutions
- Shaping the Industry
- Earning Trust
- Transforming Lives
- Sustaining the Environment

REIMAGINING SOLUTIONS

Technology plays a vital role in logistics, both in terms of operations as well as the interface with the customers and business partners. The Company is focusing on technology-enabled solutions alongside value-added services and this will be the key focus area going forward as well.

The Company continues its active investments in technology, both internally developed as well as through external partnerships. In October 2018, we acquired a strategic stake in Transtech Logistics, also known as ShipX. ShipX is a SaaS (Software as a Service) based Transport Management Solution (TMS) platform that serves the supply chain automation needs for 3PLs, shippers and transporters. This acquisition will strengthen Mahindra Logistics' strategy of being a technology-driven company.

As part of Mahindra Logistics' post-GST strategy of launching modern facilities, a new built-to-suit model warehouse space of 2,70,000 sq. feet has been launched in Chakan, Pune. This state-of-the-art warehouse is a multi-product, multi-user warehouse with the possibility of flexible capacities and tenure. Mahindra Logistics continues to evaluate more such opportunities to add to its warehousing footprint.

SHAPING THE INDUSTRY

As per the Economic Survey 2017-18, the Indian logistics sector provides livelihood to over 22 million people. Improving the efficiency of this sector would facilitate a 10% decrease in indirect logistics cost, leading to a growth of 5-8% in exports.

To achieve this, the government has taken several decisions like establishing a new Logistics Department in the Ministry of Commerce, unveiling of Draft National Logistics Policy, inclusion of the logistics sector in the Harmonised Master List of Infrastructure Subsector, rapid work on dedicated freight corridors and emphasis on multi-modal logistics. The Draft National Logistics Policy mentions that the Integrated National Logistics Action Plan will serve as an optimised master plan to define logistics priorities across ministries including MoRTH, (Ministry of Shipping, Ministry of Railways), Ministry of Civil Aviation, Department of Posts and the user ministries (Ministry of Coal, Ministry of Steel, Ministry of Mines) and others.

In line with Mahindra Logistics' PURPOSE principle of Shaping the Industry, the Company constantly works with industry bodies and the government in supporting the above initiatives. If the efficiency of logistics movement in the country does not improve, India cannot be competitive in its manufacturing.

Today 75% of the country's goods are transported by road and driver welfare and training are fundamental levers in increasing the performance of this sector. These drivers literally drive our economy, and Mahindra Logistics has over the last many years recognised the value of their contributions. In the current year, Mahindra Logistics undertook the additional goal of up-skilling 10,000 drivers across the country under the Pradhan Mantri Kaushal Vikas Yojana (PMKVY) with a focus on sensitising, training and empowering them about safety, security and welfare aspects.

The training programme covered 229 locations pan India. While the primary focus of this programme was to train drivers who are associated with Mahindra Logistics, it was extended to many other drivers who work for the industry at large.

Mr. Anand Mahindra, Chairman of Mahindra & Mahindra Ltd., in his letter to the Prime Minister Mr. Narendra Modi says, "For me, this is a significant achievement as a responsible business group and I have no doubt that Mahindra Logistics will continue to support MAKE IN INDIA with their focus on MOVE IN INDIA while up-skilling drivers".

EARNING TRUST

During the year, the Company worked closely with its customers in managing and improving their supply chains. This involved redesigning supply chains in the post GST environment, supporting new product launches, handling peak volumes, using multimodal transportation, relocating facilities and seamless transition from earlier service providers including integrating technologies.

Mahindra Logistics has over the years gained the trust of its valuable business partners to strengthen its asset-light model and empowered them to grow along with the Company. A Business Partner Council has been formed to improve these partnerships through sharing business governance practices, upgrading their technology platforms, training in customer-centricity, basic etiquette amongst others.

TRANSFORMING LIVES

In continuation with its commitment towards society, the Company has adopted another village called Tembha in Thane District, with the objective of continuously improving the overall development of the villagers and their physical infrastructure. Mahindra Logistics also continues several other initiatives through its CSR outreach and employee contributions, which are outlined in greater detail in this report.

Zero Accident is a philosophy in itself, not just a numerical goal. This philosophy states that nobody should be injured due to an accident, and that all accidents are preventable. Therefore, Mahindra Logistics is working towards creating a 'Zero Accident Zone' on the Nashik – Bhiwandi Expressway,a major corridor where the Company operates.

SUSTAINING THE ENVIRONMENT

Mahindra Logistics continues to demonstrate leadership in aiming for growth with a sustainable footprint, across all its activities. Several initiatives are in progress towards achieving this goal, including the adoption of electric vehicles wherever feasible, redesigning warehouses and upgradation of older vehicles.

WAY AHEAD

Looking ahead, this industry will see innovative disruption through the impact of digitisation, creating unprecedented opportunities to redefine business models, dramatically improve sustainable operating efficiencies and enhance customer experiences.

Mahindra Logistics aims to retain a leadership position and drive this transformation agenda to achieve industry leading growth through:

- **Focus on customer-centricity:** Developing new business models and value-added solutions while simultaneously expanding the Company's geographic and service footprint across new customers and industry segments.
- **Technology enablement:** Catalysing innovation by embedding technology and analytics across every process and channel so as to deliver with speed, agility and predictability.
- **Purpose led growth:** Which recognises the Company's governance, social and sustainability obligations as the north star in daily activities.

In conclusion, I would like to state that while we operate in a favourable economic environment, existing and emerging competitive forces of technology start-ups and the unorganised sector will continue to challenge the Company. As an industry leader, we shall aim to deliver consistent, purposeful growth in revenues and profits. I thank all the stakeholders for their trust and belief, and I look forward to their continued support.

Warm Regards,
Zhooben Bhiwandiwala

BOARD OF DIRECTORS



Zhooben Bhiwandiwala
Chairman, Non-Executive Director



S Durgashankar
Non-Executive Director
(w.e.f. 7th May 2019)



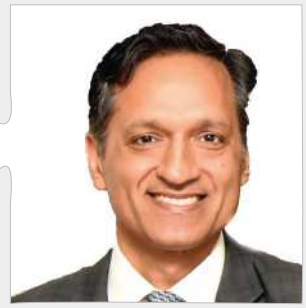
Parag Shah
Non-Executive Director



Darius Pandole
Non-Executive Independent Director



Avani Davda
Non-Executive Independent Director



Ranu Vohra
Non-Executive Independent Director



Ajay Mehta
Non-Executive Independent Director



Sunish Sharma
Non-Executive Nominee Director
(until 6th June 2019)

KEY MANAGEMENT TEAM

Yogesh Patel
Chief Financial Officer

Mehernosh Mehta
Vice President - Human Resource

Huafreed Nasarwanji
Chief Sales Officer

Kamal Kapoor
Vice President - Transportation

Prasanna Pahade
Chief Strategy Officer

Vibhu Manya
Chief Digital & Transformation Officer



Rama Malik
Vice President - People Transport Solutions

Pirojshaw Sarkari
Chief Executive Officer

Sushil Rathi
Chief Operating Officer

Brijbala Batwal
Company Secretary

OUR PURPOSE

ACCELERATING COMMERCE, EMPOWERING COMMUNITIES TO *Rise.*

Scan the QR code to watch our PURPOSE film

SHAPING THE INDUSTRY

Mahindra Logistics pioneered a collaboration model with one of its competitors in the Auto Logistics sector. The two companies collaborated on information-sharing and coordinating transport schedules to ensure guaranteed return loads, which in turn resulted in the willingness of transport providers to ensure 100% vehicle availability.

TRANSFORMING LIVES

Mahindra Logistics took up the goal of training 10,000 drivers across India by the end of FY 19 under the Pradhan Mantri Kaushal Vikas Yojana (PMKVY), irrespective of whether they work for Mahindra Logistics or not. As part of the driver welfare programme, timely help to one of their driver partner's daughter enabled her to finish her M. Pharm and also helped her go to the U.S.A. to pursue her Ph.D. Today, she wishes to contribute and help other deserving girls in pursuing their education.

EARNING TRUST

In the words of one of the business partners, "We have grown from owning just 10 vehicles to 90 vehicles, with guidance and support from Mahindra Logistics. Their senior management advised us on increasing digitisation in our operations e.g. cashless transactions, use of mobile apps etc. Association with Mahindra Logistics has also helped me personally. They nominated me to MPOWER, a 7-day executive management programme at IIM, Ahmedabad. This helped me in improving my business skills, enhanced my personality and increased my confidence".

SUSTAINING OUR ENVIRONMENT

Mahindra Logistics' Nashik team organised an initiative to avoid water pollution at Pazhar Lake, Mahiravani, during Ganapati festivities. The team advocated the donation of Ganapati idols for recycling instead of immersing them in the lake. During the last festival, 2500 Ganesh idols were collected and recycled through this initiative.

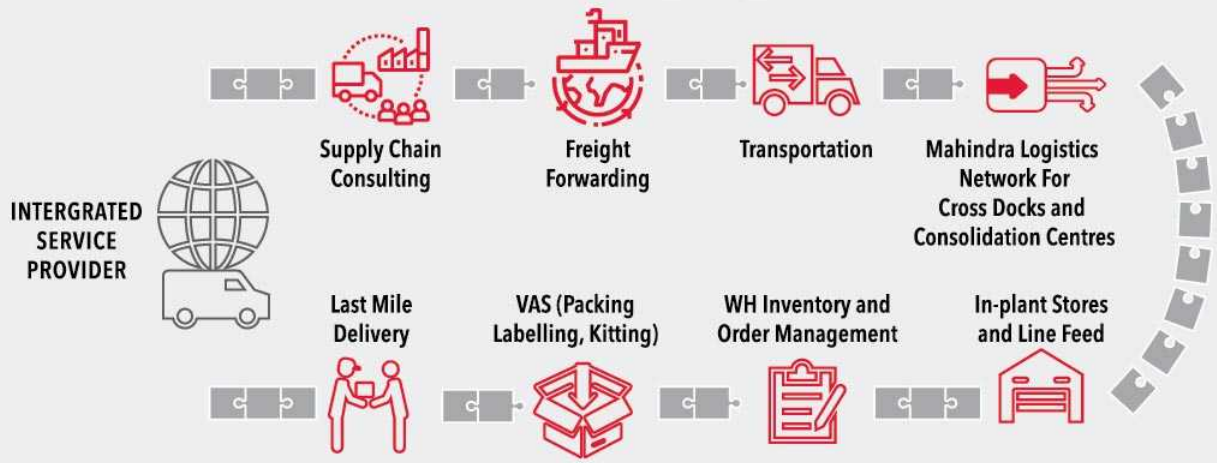
REIMAGINING SOLUTIONS

Mahindra Logistics' Business Excellence team reimagined solutions for dedicated vehicle unloading at the warehouse of a leading FMCG company and reduced GIGO time from 5 hours to a phenomenal 30 minutes! The change in the docking position of the vehicle enabled significant reduction in manpower requirement. This drastic improvement was brought about through dedicated dock allocation and simultaneous unloading and documentation. Last but not the least, the customer no longer needed to source market vehicles for meeting their requirements, thanks to the time saved.

OUR BUSINESS SEGMENTS

SUPPLY CHAIN MANAGEMENT (SCM)

Mahindra Logistics has been providing end-to-end solutions in SCM for more than a decade, across diverse industries. The Company's SCM solutions include Supply Chain Consultancy, Warehousing, Stores & Line Feed, Transportation and Freight Forwarding. The Company provides differentiated and customised services for operational efficiency at every stage of the Supply Chain for its customers.



OUR OFFERINGS

- Transportation
- Warehousing
- In-factory Logistics
- Freight Forwarding

SECTORS

- Automotive & Engineering
- Consumer & Pharmaceutical
- E-commerce
- Bulk

SCM PRESENCE

- 300+ Customers
- 500+ Client and Operating Locations
- 15+ Million sq. ft. warehouse space
- 75+ Stockyards
- 50+ In-factory Logistics

PEOPLE TRANSPORT SOLUTIONS (PTS)

India is one of the emerging markets for shared mobility, predominantly driven by increasing urbanisation, rise in living standards and technological advancements in the field of mobility. The advancements in technology have also contributed significantly towards market growth as the shared mobility services can now be easily accessed and availed.

With these changing dynamics of mobility, the PTS business of Mahindra Logistics focuses on providing customisable and technology-enabled employee transportation services to corporate enterprises. PTS subscribes to an asset-light business model, facilitating flexibility and scalability with a focus on its core competence of integrating resources and providing one-stop solutions to its customers.

OUR OFFERINGS

- Corporate People Transport
- On-Call Service
- Events Transportation

SECTORS

- IT & ITeS
- Manufacturing & Consulting
- Banking, Financial Services & Insurance

PTS PRESENCE

- 100+ Customers
- 150+ Client and Operating Locations
- 80,000+ People experience our services everyday

JOINT VENTURE & SUBSIDIARIES

TRANSTECH LOGISTICS PRIVATE LIMITED

Mahindra Logistics acquired a strategic stake in a technology start-up, Transtech Logistics (ShipX). This acquisition has helped Mahindra Logistics embed technology into its own ecosystem and for ShipX to enhance product features. ShipX is a Software as a Service (SaaS) based Transport Management Solution (TMS) platform that serves the supply chain automation needs for 3PLs, shippers and transporters. This will enable Mahindra Logistics to increase end-to-end digitisation and bring in operational efficiencies by offering technological solutions to its customers as well as business partners.





LORDS FREIGHT (INDIA) PRIVATE LIMITED

Mahindra Logistics has also enhanced its stake in LORDS. LORDS, which was founded in 2011, specialises in Freight Forwarding with capabilities in both air and ocean forwarding for exports and imports. LORDS is based out of Mumbai and has a presence in most Indian cities.



2X2 LOGISTICS PRIVATE LIMITED

Mahindra Logistics has a partnership with 2x2 Logistics, a subsidiary of Indian Vehicle Carriers Logistics Ltd. (IVC). 2x2 offers automotive outbound logistics solutions to the four-wheeler and two-wheeler industry.