

Our Ref: MLLSEC/98/2020

4 June 2020

To,
BSE Limited, (Security Code: 540768)
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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: Disclosure of material impact on business and operations due to COVID-19 pandemic
Ref: Company letter dated 24 March 2020 on COVID-19 update

In furtherance to our letter dated 24 March 2020 with respect to intimation on disruption of operations in the wake of Coronavirus ("COVID-19") outbreak and pursuant to SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated 20 May 2020, read with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 ("Listing Regulations"), as amended from time to time, please find enclosed in Annexure A details relating to the impact of the COVID-19 pandemic and the resultant lockdown, on the operations of the Company.

The business of the Company has been significantly impacted over last few months and further deepening of the current crisis may adversely affect the operations of the Company and its subsidiaries across locations in India. The Company will continue to closely monitor the situation.

This intimation along with the Annexure is also being uploaded on the Company's website viz. www.mahindralogistics.com

Kindly take the same on record and acknowledge receipt.

Thanking you,
For **Mahindra Logistics Limited**

Brijbala Batwal
Company Secretary
Enclosure: As above

Disclosure of material impact of COVID–19 pandemic on the Company in terms of SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated 20 May 2020

Particulars	Information
Impact of the COVID -19 pandemic on the business	<p>a. Operations in India: The rampant spread of COVID-19 outbreak, followed by countrywide lockdown announced by the Government of India from 25 March 2020, resulted in the operations of the Company perform at a sub optimal level. While almost all of the operating sites were under lockdown mode during the national lockdown phase, the units catering to essential commodities across Fast Moving Consumer Goods (“FMCG”), Pharmaceutical and ECommerce sectors continued operations under the Essentials Commodities Act, 1955. Accordingly, the Company continued to service these.</p> <p>As permissions on resumption were granted gradually to different industries and geographies, we witnessed an uptick in demand from our customers across various segments.</p> <p>We have ensured all the safety and sanitisation measures across our service locations and are following increased protocols to ensure all involved are safe and secure. We are gradually ramping up capacities across business verticals, on a daily basis.</p> <p>b. Offices in India: Our head office in Mumbai and all other offices spread across the country remained closed following directives from the respective Governments. We had initiated Work from Home since mid-March and have ensured normalcy in daily operations with remote working.</p> <p>c. Customers: Due to lockdown situation in India, we were prohibited from full scale of services to end customers in March 2020 which continued till mid May 2020. The</p>
Ability to maintain operations including the factories/units/office spaces functioning and closed down	
Schedule, if any, for restarting the operations	
Steps taken to ensure smooth functioning of operations	

	<p>operations have resumed and gradually been increasing from end of April 2020.</p> <p>d. Labour availability: The Company has contractual arrangements with multiple fleet owners & warehouse owners to service its large and varied customer base. The issue of non-availability of manpower may pose a challenge in the near term including drivers & warehouse operators. We are therefore, pursuing remunerative businesses with faster payback in order to conserve our cash resources and balance our strength.</p>
<p>Estimation of the future impact of COVID-19 on its operations</p>	<p>Our strong business model spread across multiple customers and varied sectors is expected to withstand the weak demand outlook in short term.</p> <p>We expect value added and warehousing segment to continue to recover faster in the short to medium term as compared to transportation segment.</p> <p>Sector wise :</p> <ul style="list-style-type: none"> - Automotive- Automotive industry which was already facing reduced volumes due to upcoming transition from BS IV to BS VI is further impacted from COVID-19 related disruptions. - Farm sector – With positive outlook of monsoons the sector is expected to have much stronger and faster recovery relatively. - E-commerce – While the sector faced a challenging period through the lockdown since common supply chains are involved, it could accelerate post lockdown with 3PLs. - Consumer & Pharma – has had some impact on volumes as only essential goods were allowed mostly during the lockdown. Many sites have remained open though during the lockdown since providing essential services however these functioned at a lower level of utilization. Retail segment could have deeper impact with malls being shut down.
<p>Details of impact of COVID-19 on :</p>	
<p>1. Revenue and Profitability</p>	<p>As per our assessment, there could be significant impact on revenue and profitability for Q1 FY 2021 as our operations were partially shut in</p>

	<p>April 2020 and have been gradually ramping up in May 2020. The operations in end markets have also been disrupted on account of COVID-19 and therefore demand in end markets have been impacted as well.</p> <p>The revenue in Q1 FY 2021 could be lower by as much as 50% to 60% as compared to a normal quarter driven by above stated circumstances and the profitability would be impacted as well in line with reduction in revenue. It is difficult to estimate the impact of COVID- 19 on the operations of the Company beyond Q1 FY 2021 at this point of time given the uncertainties.</p>
2. Capital and financial resources	<p>The Company has comfortable liquidity position being a net surplus cash company with zero long term debt. There may be some impact on receivable cycle, however, the Company foresees no major risk given the high quality of its customers.</p> <p>Further, the Company has recently obtained its Board of Directors approval for augmenting additional borrowings upto an aggregate amount of up to Rs. 250 crores, to address any exigency if it may arise.</p>
3. Liquidity position	
4. Ability to service debt and other financing arrangements	
5. Assets	<p>As stated in note no. 5 of the Audited Financial Results for the 4th quarter and year ended 31 March 2020, which was announced on 20 May 2020, in compliance with Regulation 33 (1) (e) read with Part A of Schedule IV of Listing Regulations.</p>
6. Internal financial reporting and control	<p>The Internal Financial Controls (“IFC”) with reference to Financial statements for FY 2020 were tested by an independent firm and found to be adequate .</p>
7. Supply chain	<p>The supply chain was disrupted in view of lockdown in March 2020.</p> <p>As permissions on resumption was granted to industries from 20 April 2020, we witnessed an uptick in demand from our customers across various segments.</p>
8. Demand for its products/services	<p>There is a ramp-up of demand and services in essential services sectors viz. consumer and pharma and e-commerce. However, the discretionary non-essential sectors will slowly witness a recovery in demand.</p>

Existing contracts/agreements where non-fulfilment of the obligations by any party will have significant impact on the listed entity's business	The Company is well positioned to fulfil its obligations and existing contracts/arrangements.
Other relevant material updates about the listed entity's business	-

We would also like to draw your attention to Management's update on business and operations (including COVID- 19 impact) at the quarterly earnings call of the Company held on 21 May 2020, uploaded on the website of the Company, which can be accessed from the link given below:

<https://www.mahindralogistics.com/media/download-files/ml-earnin-b22b35a9a743b1d.mp3>

We re-iterate that the impact of the COVID-19 Pandemic on our business will depend on future developments that cannot be reliably predicted, including actions to contain or treat the disease and mitigate its impact on the economy.
