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Mahindra LOGISTICS

MAHINDRA LOGISTICS LIMITED

Mahindra Logistics Limited (“our Company” or the “Company” or the “Issuer”) was incorporated under its present name as a public limited company under the Companies Act, 1956 pursuant to the certificate of incorporation on August 24, 2007 granted by the Registrar of Companies, Mumbai. Our Company was granted the certificate for commencement of business on October 15, 2007 by the Registrar of Companies, Mumbai. For more information regarding our Company’s corporate history, see “History and Certain Corporate Matters” on page 167 of the Red Herring Prospectus dated October 16, 2017 (“RHP”).

Corporate Identity Number: U63000MH2007PLC173466

Registered Office: Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400018. Tel: +91 22 2490 1441, Fax: +91 22 2490 0833; Corporate Office: 1A & 1B, 4th Floor, Techniplex 1, Techniplex Complex, Veer Savarkar Flyover, Goregaon West, Mumbai – 400062, Tel: +91 22 2871 6800; Contact Person: Nikhil Nayak, Chief Financial Officer and Compliance Officer Tel: +91 22 2871 5500; E-mail: cfo.mil@mahindra.com; Website: www.mahindralogistics.com

OUR PROMOTER: MAHINDRA & MAHINDRA LIMITED

INITIAL PUBLIC OFFERING OF UP TO 19,332,346 EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH (THE “EQUITY SHARES”) OF OUR COMPANY FOR CASH AT A PRICE OF ₹ [•] PER EQUITY SHARE (THE “OFFER PRICE”) AGGREGATING UP TO ₹[•] MILLION THROUGH AN OFFER FOR SALE OF (I) UP TO 9,666,173 EQUITY SHARES AGGREGATING TO ₹[•] MILLION BY MAHINDRA & MAHINDRA LIMITED (OUR PROMOTER); (II) UP TO 9,271,180 EQUITY SHARES AGGREGATING TO ₹[•] MILLION BY NORMANDY HOLDINGS LIMITED; AND (III) UP TO 394,993 EQUITY SHARES AGGREGATING TO ₹[•] MILLION BY KEDAARA CAPITAL ALTERNATIVE INVESTMENT FUND – KEDAARA CAPITAL AIF 1, (THE “OFFER FOR SALE” OR THE “OFFER” AND SUCH SHAREHOLDERS OFFERING THEIR RESPECTIVE EQUITY SHARES IN THE OFFER FOR SALE ARE COLLECTIVELY HEREINAFTER REFERRED TO AS THE “SELLING SHAREHOLDERS” AND INDIVIDUALLY AS A “SELLING SHAREHOLDER”). THE OFFER INCLUDES A RESERVATION OF UP TO 125,000 EQUITY SHARES AGGREGATING UP TO ₹[•] MILLION, FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES (AS DEFINED IN THE DRHP) (THE “EMPLOYEE RESERVATION PORTION”). THE OFFER LESS THE EMPLOYEE RESERVATION PORTION IS HEREINAFTER REFERRED TO AS THE “NET OFFER” AND SUCH NET OFFER AGGREGATES UP TO 19,207,346 EQUITY SHARES. THE OFFER AND THE NET OFFER SHALL CONSTITUTE 27.17% AND 27.00%, RESPECTIVELY, OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY. THE OFFER INCLUDES A DISCOUNT OF ₹ 42 PER EQUITY SHARE ON THE OFFER PRICE TO ELIGIBLE EMPLOYEES (THE “EMPLOYEE DISCOUNT”).

Price Band: ₹ 425 to ₹ 429 per Equity Share of face value of ₹ 10 each
Employee Discount: ₹ 42 per Equity Share on Offer Price
The Floor Price is 42.5 times the face value and the Cap Price is 42.9 times the face value
Bids can be made for a minimum of 34 Equity Shares and in multiples of 34 Equity Shares thereafter

Risks to Investors:

1. The two Book Running Lead Managers associated with the Offer have handled 42 public issues in the past three financial years out of which 11 issues closed below the issue price on listing date.
2. None of the listed companies in India have a business model and asset structure similar to ours.
3. The Price/Earnings ratio based on diluted Earnings Per Share (EPS) on standalone basis for the Financial Year 2017, at the upper end of the Price Band, is as high as 66. The Price/Earnings ratio of NIFTY 50 for the Financial Year 2017 was 23.26.
4. The average cost of acquisition of Equity Shares for our Selling Shareholders is ₹ 10 per Equity Share for Mahindra and Mahindra Limited, and, ₹ 122.29 per Equity Share for Kedaara Capital Alternative Investment Fund – Kedaara Capital AIF 1 and Normandy Holdings Limited, and the Offer Price at upper end of the Price band is ₹ 429 per Equity Share.

BASIS FOR OFFER PRICE

The Offer Price will be determined by our Company and the Selling Shareholders, in consultation with the BRLMs, on the basis of assessment of market demand for the Equity Shares offered through the Book Building Process and on the basis of quantitative and qualitative factors as described below. The face value of the Equity Shares is ₹ 10 each and the Offer Price is 42.5 times the face value at the lower end of the Price Band and 42.9 times the face value at the higher end of the Price Band. Investors should also refer to “Our Business”, “Risk Factors”, “Financial Statements” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 142, 21, 232 and 233, respectively of the RHP, to have an informed view before making an investment decision.

Qualitative factors: Some of the qualitative factors which form the basis for computing the Offer Price are:

1. An “asset-light” business model which allows flexibility and scalability in operations and high capital efficiency; 2. Customized, technology driven logistics solutions; 3. Integrated, end-to-end logistics services and solutions; 4. The Mahindra brand and support from the Mahindra Group; 5. Presence across diverse industry verticals with long-standing client relationships; and 6. Experienced management team with strong domain expertise.

For further details, see “Our Business – Our Competitive Strengths” on page 143 of the RHP.

Quantitative factors : The information presented below relating to our Company is based on the Restated Financial Statements.

Subsequent to March 31, 2017, 1,581,273 partly paid-up Equity Shares of ₹ 1 each and 40,774 partly paid-up Equity Shares of ₹ 2 each were made fully paid-up on July 7, 2017. This led to an increase in Equity Share capital from ₹ 679.99 million as on March 31, 2017 to ₹ 694.55 million as on July 7, 2017 and in securities premium reserve from ₹ 926.68 million as on March 31, 2017 to ₹ 933.01 million as on July 7, 2017. Further, there have been some allotments pursuant to the MLL ESOP post June 30, 2017, the effect of which has been considered in calculating the ratios stated below. For further details, see “Capital Structure – Employee stock option scheme” on page 92 of the RHP.

For further details, see “Financial Statements” on page 232 of the RHP.

Some of the quantitative factors which may form the basis for calculating the Offer Price are as follows:

I. Basic and diluted earnings per share (“EPS”)

On a standalone basis:

Financial Year ended	Basic EPS (₹)	Diluted EPS (₹)	Weight
March 31, 2017	6.58	6.50	3
March 31, 2016	5.50	5.45	2
March 31, 2015	6.83	6.77	1
Weighted Average	6.26	6.20	
Three month period ended June 30, 2017*	2.12	2.08	

*Not Annualized

On a consolidated basis:

Financial Year ended	Basic EPS (₹)	Diluted EPS (₹)	Weight
March 31, 2017	6.70	6.62	3
March 31, 2016	5.37	5.32	2
March 31, 2015	6.64	6.58	1
Weighted Average	6.25	6.18	
Three month period ended June 30, 2017*	2.18	2.14	

*Not Annualized

Basic earnings per share (₹) = Profit/(loss) after tax, as restated / weighted average number of equity shares

Diluted earnings per share (₹) = Profit/(loss) after tax, as restated after adjustments for diluted / weighted average number of equity shares

Notes:

1. Basic and diluted earnings per Equity Share are computed in accordance with IND AS 33 ‘Earnings per Share’, notified accounting standard by the Companies (Indian Accounting Standards) Rules of 2015 (as amended). The above statement should be read with significant accounting policies and notes on Restated Financial Statements as appearing in the Financial Statements.

II. Price/Earning (“P/E”) ratio in relation to Price Band of ₹425 to ₹429 per Equity Share:

Particulars	P/E at the lower end of the Price Band (number of times)	P/E at the higher end of the Price Band (number of times)
Based on basic EPS for the year ended March 31, 2017 on a standalone basis	64.59	65.20
Based on basic EPS for the year ended March 31, 2017 on a consolidated basis	63.43	64.03
Based on diluted EPS for the year ended March 31, 2017 on a standalone basis	65.38	66.00
Based on diluted EPS for the year ended March 31, 2017 on a consolidated basis	64.20	64.80

III. Average Return on Net Worth (“RoNW”)

As per Restated Standalone Financial Statements:

Financial Year ended	RoNW (%)	Weight
March 31, 2017	12.84	3
March 31, 2016	12.31	2
March 31, 2015	15.19	1
Weighted Average	13.06	
Three month period ended June 30, 2017*	3.96	

*Not Annualized

As per Restated Consolidated Financial Statements:

Financial Year ended	RoNW (%)	Weight
March 31, 2017	13.11	3
March 31, 2016	12.11	2
March 31, 2015	14.84	1
Weighted Average	13.07	
Three month period ended June 30, 2017*	4.08	

*Not Annualized

Return on net worth (%) = Profit/(loss) after tax, as restated / net worth at the end of the periods

IV. Minimum return on total net worth after the Offer, required for maintaining pre-Offer EPS as at March 31, 2017:

There will be no change in the net worth post-offer, as the Offer is by way of pure offer for sale

V. Net asset value per Equity Share (face value of ₹ 10 each)

NAV per Equity Share	Restated Standalone Financial Statements	Restated Consolidated Financial Statements
As on March 31, 2017	51.29	51.13
As on June 30, 2017	53.45	53.35
At Floor Price	52.35	52.25
At Cap Price	52.35	52.25
At Issue Price	[•]	[•]

Net asset value per Equity Share = Net worth at the end of the periods / total number of Equity Shares outstanding at the end of the periods.

VI. Comparison with listed industry peers

Our Company believes that none of the listed companies in India have a business model and asset structure similar to ours.

VII. The Offer price is [•] times of the face value of the Equity Shares.

The Offer Price of ₹ [•] has been determined by our Company and the Selling Shareholders in consultation with the BRLMs, on the basis of demand from investors for Equity Shares through the Book Building Process and, is justified in view of the above qualitative and quantitative parameters.

Investors should read the above mentioned information along with “Risk Factors”, “Our Business”, “Management Discussion and Analysis of Financial Condition and Results of Operations” and “Financial Statements” on pages 21, 142, 233 and 232, respectively of the RHP, to have a more informed view. The trading price of the Equity Shares could decline due to the factors mentioned in the “Risk Factors” and you may lose all or part of your investments.

For further details, see “Basis for Offer Price” beginning on page 117 of the RHP

BID/OFFER PERIOD*

OPENS ON: TUESDAY, OCTOBER 31, 2017* CLOSSES ON: THURSDAY, NOVEMBER 2, 2017

* Our Company and the Selling Shareholders, in consultation with the BRLMs, may consider participation by Anchor Investors, in accordance with the SEBI ICDR Regulations. The Anchor Investor Bidding Date shall be one Working Day prior to the Bid/Offer Opening Date.

ASBA*

Simple, Safe, Smart way of Application

*Applications supported by blocked amount (ASBA) is a better way of applying to issues by simply blocking the fund in the bank account, For further details, check section on ASBA below. Mandatory in public issues from January 1, 2016. No cheque will be accepted.

In case of a revision to the Price Band, the Bid/Offer Period will be extended for at least three additional Working Days after revision of the Price Band, subject to the Bid/Offer Period not exceeding a total of 10 Working Days. Any revision in the Price Band and the revised Bid/Offer Period, if applicable, will be widely disseminated by notification to the BSE Limited and National Stock Exchange of India Limited (collectively “Stock Exchanges”), by issuing a press release, and also by indicating the change on the websites of the BRLMs, and at the terminals of the members of the Syndicate.

In terms of Rule 19(2)(b)(ii) of the Securities Contracts (Regulation) Rules, 1957, as amended (the “SCRR”), this is an Offer for at least such percentage of the post-Offer paid-up Equity Share capital of our Company which will be equivalent to ₹ 4,000 million calculated at the Offer Price and the post-Offer capital of our Company calculated at the Offer Price is more than ₹ 16,000 million but less than or equal to ₹ 40,000 million. The Offer is being made through the Book Building Process and in compliance with Regulation 26(1) of the SEBI ICDR Regulations, wherein not more than 50% of the Net Offer shall be available for allocation on a proportionate basis to Qualified Institutional Buyers (“QIBs”) (the “QIB Category”), provided that our Company and the Selling Shareholders, in consultation with the BRLMs, may allocate up to 60% of the QIB Category to Anchor Investors, on a discretionary basis (the “Anchor Investor Portion”), of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is made to Anchor Investors. Further, 5% of the QIB Category (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the QIB Category shall be available for allocation on a proportionate basis to QIBs, subject to valid Bids being received from them at or above the Offer Price. Further, not less than 15% of the Net Offer will be available for allocation on a proportionate basis to Non-Institutional Investors and not less than 35% of the Net Offer will be available for allocation to Retail Individual Investors, in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. All Bidders (except Anchor Investors) shall mandatorily participate in this Offer only through the Application Supported by Blocked Amount (“ASBA”) process, and shall provide details of their respective bank account in which the Bid amount will be blocked by the Self-Certified Syndicate Banks (“SCSBs”). Anchor Investors are not permitted to participate in the Anchor Investor Portion through the ASBA process. For details, see “Offer Procedure” on page 318 of the RHP.

Bidders/Applicants should note that on the basis of PAN, DP ID and Client ID as provided in the Bid cum Application Form, the Bidder/Applicant may be deemed to have authorised the Depositories to provide to the Registrar to the Offer, any requested Demographic Details of the Bidder/Applicant as available on the records of the depositories. These Demographic Details may be used, among other things, for unblocking of ASBA Account or for other correspondence(s) related to the Offer. Bidders/Applicants are advised to update any changes to their Demographic Details as available in the records of the Depository Participant to ensure accuracy of records. Any delay resulting from failure to update the Demographic Details would be at the Bidders/Applicants’ sole risk. Bidders/Applicants should ensure that PAN, DP ID and the Client ID are correctly filled in the Bid cum Application Form. The PAN, DP ID and Client ID provided in the Bid cum Application Form should match with the PAN, DP ID and Client ID available in the depository database, otherwise, the Bid cum Application Form is liable to be rejected. Bidders/Applicants should ensure that beneficiary account provided in the Bid cum Application form is active.

BOOK RUNNING LEAD MANAGERS	REGISTRAR TO THE OFFER	Chief Financial Officer and Compliance Officer
 Kotak Mahindra Capital Company Limited 1st Floor, 27 BKC, Plot No. 27, G Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051. Tel: +91 22 4336 0000; Fax: +91 22 6713 2447 E-mail: mli.ip@kotak.com; Investor grievance e-mail: kmccredressal@kotak.com Website: http://investmentbank.kotak.com Contact Person: Ganesh Rane SEBI Registration No.: INM000008704	 Axis Capital Limited 1st Floor, Axis House, C-2, Wadia International Centre, P.B. Marg, Worli, Mumbai 400 025. Tel: + 91 22 4325 2183; Fax: +91 22 4325 3000 E-mail: mli.ip@axiscap.in; Investor grievance e-mail: complaints@axiscap.in Website: www.axiscapital.co.in Contact person: Simran Gadh SEBI Registration No.: INM000012029	 Link Intime India Private Limited C-101, 1 st floor, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083 Tel: +91 22 4918 6200; Fax: +91 22 4918 6195 E-mail: mahindralogistics ipo@linkintime.co.in Investor grievance e-mail: mahindralogistics ipo@linkintime.co.in Website: www.linkintime.co.in; Contact Person: Shanti GopalKrishnan SEBI Registration No.: INR000004058

AVAILABILITY OF RHP: Investors are advised to refer to the RHP, and the Risk Factors, contained therein before applying in the Offer. Full copy of the RHP is available on website of SEBI at www.sebi.gov.in, the websites of the Book Running Lead Managers at http://investmentbank.kotak.com and www.axiscapital.co.in and websites of BSE and NSE i.e. www.bseindia.com and www.nseindia.com, respectively.

AVAILABILITY OF BID CUM APPLICATION FORMS: Bid cum Application Forms can be obtained from the Registered Office of **MAHINDRA LOGISTICS LIMITED**, Book Running Lead Managers: **Kotak Mahindra Capital Company Limited**, Tel: +91 22 4336 0000, Fax: +91 22 6713 2447 and **Axis Capital Limited**, Tel: +91 22 4325 2183, Fax: +91 22 4325 3000 and Syndicate Member: **Kotak Securities Limited**, Tel: +91 22 6218 5470, Fax: +91 22 6661 7041 and at the select locations of the Sub-syndicate Members (as given below), SCSBs, Registered Brokers, RTAs and CDPs participating in the Offer. Bid-cum-Application Forms will also be available on the websites of BSE and NSE and the Designated Branches of SCSBs, the list of which is available at websites of the Stock Exchanges and SEBI.

Sub-syndicate Members: Achievers Equities Limited, Acon Global Services Limited, Almond Global Securities Limited, Amit Jasani Financial Services Pvt Limited, Amrapali Capital & Finance Services Limited, Anand Rathi Share & Stock Brokers Limited, Anand Share Consultancy, Anil Dhulia, ANS Pvt Limited, Ashika Stock Broking Limited, Ashwani Dandia & Co, Axis Securities Limited, Centrum Broking Limited, Dalal & Broacha Stock Broking Private Limited, Edelweiss Broking Limited, Eureka Stock & Share Broking Services Limited, G Raj & Co. (Consultants) Limited, Guinness Securities Limited, India Infoline Limited, Indiabull Ventures Limited, Inventure Growth & Securities Limited, Jhaveri Securities, JM Financial Services Limited, Jobanputra Fiscal Services Private Limited, Just Trade Securities Limited, Kalpataru Multiplier Limited, Kamlesh D Joshi, Karys Stock Broking Limited, Keynote Capital Limited, KJM Capital Market Services Limited, Lakshmiresh Investment & Securities Pvt Limited, LKP Securities Limited, Marwadi Shares & Finance, Mehta Equities Limited, Motilal Oswal Securities Limited, MPSE Securities Limited, MSM Enterprise, Mudra Om Securities Pvt Limited, Mukesh D Joshi, Nirmit Bang Securities Pvt Limited, O J Financial Services Limited, Ohm Securities Limited, Patel Wealth Advisors Pvt Limited, Prabhudas Lilladher Pvt Limited, Pravin Ratilal Share & Stock Brokers Limited, PRL Stock & Share Brokers Pvt Limited, Reliance Securities Limited, Religare Securities Limited, RR Equity Brokers Pvt Limited, SAFAL Capital (INDIA) Limited, Sharekhan Limited, SMC Global Securities Ltd, SPA Securities Limited, Standard Chartered Securities (I) Limited, Tanna Financial Services, Tradebulls Securities (P) Limited, Way2wealth Brokers Pvt Limited

APPLICATIONS SUPPORTED BY BLOCKED AMOUNT (ASBA): Investors have to apply through the ASBA process. ASBA Forms / Bid-Cum Applications Form has to be availed by all the Investors except Anchor Investors. For details on the ASBA process, please refer to the details given in ASBA Form and Abridged Prospectus and also please refer to the section “Offer Procedure” beginning on page 318 of the RHP. ASBA Form can also be downloaded from the websites of BSE and NSE. ASBA form can be obtained from the list of banks that is available on the website of SEBI at www.sebi.gov.in. ASBA Form can be obtained from the SCSBs, the list of which is available on the website of SEBI.

Escrow Collection Bank, Refund Bank and Public Offer Account Bank: Kotak Mahindra Bank Limited

All capitalized terms used herein and not specifically defined shall have the same meaning as ascribed to them in the RHP.

Place : Mumbai

Date : October 23, 2017

MAHINDRA LOGISTICS LIMITED is proposing, subject to applicable statutory and regulatory requirements, receipt of requisite approvals, market conditions and other considerations, to make an initial public offer of its Equity Shares and has filed the RHP dated October 16, 2017 with Registrar of Companies, Mumbai (“RoC”) on October 16, 2017. The RHP will be available on the websites of SEBI, BSE, NSE at www.sebi.gov.in, www.bseindia.com and www.nseindia.com, respectively, and on the websites of the BRLMs at http://investmentbank.kotak.com and www.axiscapital.co.in, respectively. Potential investors should note that investment in Equity Shares involves a high degree of risk and for details relating to the same, see “Risk Factors” on page 21 of the RHP. Potential investors should not rely on the DRHP filed with SEBI for making any investment decision.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “U.S. Securities Act”) or any state securities laws in the United States, and unless so registered may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold within the United States only to “qualified institutional buyers” (as such term is defined in the Rule 144A under the U.S. Securities Act (“Rule 144A”)) in reliance on Rule 144A or another available exemption from registration under the U.S. Securities Act and outside of the United States in offshore transactions in compliance with Regulation S under the U.S. Securities Act and the applicable laws of the jurisdictions where those offers and sales are made. There will be no public offering of the Equity Shares in the United States.

For MAHINDRA LOGISTICS LIMITED
On behalf of the Board of Directors

Sd/-
Chief Financial Officer and Compliance Officer