Mahindra & Mahindra Limited
Q3 FY21 Earnings Conference Call

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MANAGEMENT: **DR. PAWAN GOENKA – MD & CEO, MAHINDRA & MAHINDRA LIMITED.**

DR. ANISH SHAH –DEPUTY MD & GROUP CFO, MAHINDRA & MAHINDRA LIMITED.

MR. RAJESH JEJURIKAR – EXECUTIVE DIRECTOR AUTOMOTIVE & FARM SECTORS, MAHINDRA & MAHINDRA LIMITED.

Sandesh Naik: Hello everyone. Welcome to Mahindra & Mahindra Q3 FY21 Earnings Conference Call. As a reminder, please use the raise hand option as there will be opportunity for you to ask questions after the presentation concludes.

Safe Harbor Statement: Certain statements on this conference call with regard to our future growth prospects are forward-looking statements, which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements.

I now welcome Mr. Amit Raje – EVP, Partnerships and Alliances, who heads the Group Mergers and Acquisitions and Investor Relations functions to start the proceedings. Over to you, Amit.

Amit Raje: Thank you Sandesh. Good afternoon, good evening, and good morning to all our participants from all over the world. It has been a very interesting and exciting quarter for us. And to elucidate the quarter first, we would be highlighting a presentation. But to make the initial remarks, Dr. Goenka, if you could make a few initial statements, and then I would hand over the presentation to Rajesh and Anish.

Pawan Goenka: Thanks, Amit. Welcome all to the third quarter earnings call. Before I get into the performance of Mahindra just a few sentences on the budget. All of you would have by now analyzed the budget left, right, center, up, down, inside, outside, and you'll all agree that India hasn't had such a growth budget in a long, long time. And uniformly, unanimously this budget has been hailed by the industry as the best growth budget that we have seen. In fact, yesterday and today, the Honorable Finance Minister had interacted with FICCI members and CII members. In fact, the positiveness is getting even reinforced with the kind of response that we are getting from the Honorable Finance Minister in the interaction as well as senior officers of the finance ministry.

Of course, not tinkling with the taxes also has been very welcome because that was one of the concerns that we had. The CAPEX spend that had been talked about is also something that we consider very positive for the long-term growth of the country. So, I think all of us today are very enthused with the budget that has come out. And hopefully, with the cooperation between the government and the industry, and that's one of the things that FM had asked for in her interaction, that the industry has to take the lead in the growth path. So, I won't say anything more on that. If there are any questions that you have on the budget, as we have Q&A, we can talk more about it.

Coming to our business, clearly the demand buoyancy in both the automotive and tractor sectors continued in the third quarter as it was in second quarter. There were some supply constraints, more or less, on the tractor side, we were able to manage it well. On the auto side, the problem continues a little bit, and Rajesh will go into more details of that. The turnaround of farm international subsidiaries, which had been one of the concerns that many of you had in the past years, is now more or less done. And again, Rajesh will go into that in more detail, and we are now on the growth path of the international subsidiaries. And the capital allocation effort, which is one of the big things that we had announced in April, is now more or less completed. And again, Anish will give you more details of where we are and what little things are remaining on that. The two big concerns for the business, one is of course, the semiconductor shortage, which is not a Mahindra concern, not a India concern, it's a global concern, I'm sure you're aware of that. And we don't know when this problem will be behind us, but Rajesh will give you some details.

And the second one is commodity prices, which are perhaps increasing more than what I have seen in a long, long time. And that will obviously have an impact on pricing that we will have to do and what impact it might have on financials. We can talk about that a little more. So with that, I invite Rajesh to take you through the operational performance and then Anish to take you through the financials.

Rajesh Jejurikar: Good morning, good afternoon, good evening, all of you. I'm happy to walk you through a short presentation on how this quarter has been for us.. This is a slide we've used over the last few quarters, and this is just a recap slide, there are no specific update. It talks about the walk-around phase and the different actions we had set out for ourselves during the course of this year. I would give you an update on some of these, specifically how we've done on cash, margins, our focus on domestic core and the direction towards building a stronger SUV brand differentiation and, of course the turnaround of the global companies.

The Farm Equipment business has had its highest-ever PBIT of Rs.1,236 crores, a PBIT margin of 23.4%, which was a 400 basis points improvement, the highest-ever quarterly ROCE of 242%. And this is the second quarter in a row and this is the first time that we've actually had negative working capital in Farm Equipment business, leading to very high cash generation.

The Automotive side, we've had a revenue growth of 12%, with a revenue of Rs.8,300 crores, a PBIT growth of 18.9%. This does include a couple of exceptional items, which are onetime specifically is the investment subsidy of Rs.90 crores and an insurance claim of Rs.30 crores, which is our re-discussion that happened over quarter two claim that was not accepted. We've worked very hard on our fixed expenses and have got the fixed expenses down. Specifically on the rural growth story, we believe that the story is very robust. Kharif procurement has been very strong, has grown by 27%, as you can see, till December. And the Rabi acreage is at its highest-ever level at 65 million hectares, which is 105% over the normal area sown.

A good indicator of rural growth is the use of agri credit and the rural deposits. Both of these have shown a very healthy growth and this indicates the kind of cash availability. Rural deposits, we believe, have grown because of Jan Dhan accounts and direct cash transfers that have happened with bank accounts.

I'll now focus a little bit on the Farm Equipment side. You can see that domestic sales have grown sequentially. But as they've grown, and we have been talking and Pawan just mentioned, that we continue to have supply issues. We wanted to build inventory in our network and with us through this quarter. But we actually now have lower system stock than what we had in and significantly lower than what we had at the end of quarter three last year. The index of 121.9

comes down to 85 and this is in spite of a very healthy rate of production through the quarter, but just a reflection of the very strong demand that we have been experiencing.

On the left side, you see our strong ability to manage margins irrespective of what happens to industry size and growth. The last two quarters, of course have shown very, very robust margins of over 24.4% and 23.4%. Our market share has been under pressure mainly on account of not having enough stocks to fill in. This has improved in January, where market share crossed 40%. And we hope that we will continue a strong momentum on market share. Our primary issue on the tractor side at this point of time is related to specific models. Example, 4-wheel drive, power steering, where we are having shortages and are not able to meet demands that have come in from specific state industries which have grown fast, very, very fast, example South.

We have been talking about farm machinery being a huge growth opportunity. Happy to report back that quarter three showed a very robust growth of 36% with a revenue of about Rs.150 crores and the 9 month revenue has been 48% up. We are starting to build an export market. Several key enablers around leveraging our tractor dealerships and bundling and financing are in place to enable this growth platform.

We have been talking a lot about the turnaround of the Farm Equipment global businesses. The tractor business in U.S. continues to show very strong, robust growth, and I have a slide on that in more detail, but retail grew 25%. The billings grew by 9% mainly on account of not having enough stocks, and that was impacted by the prioritization we did in India, where we had prioritized domestic demand until festival season here got over.

The Japan tractor volume grew by 41%, that's more an abnormality because of a consumption tax that had gone up in Japan starting on quarter three last year, which had preponed volumes to quarter one last year. So it's a base effect, but the business has done well overall. Tractors in Turkey, which is our Erkunt Traktors, had a very, very robust growth of 132%. The year has shown a very good uptick in the industry. And overall, Turkey is positive from profit point of view. Sampo continues to be positive, and profits have improved and the performance is robust. Both in Brazil and Mexico, we've gained market share of 380 basis points in Mexico and 50 basis points in quarter three in Brazil.

So, this is the sum update for you. This is indexed data on MAgNA retails and MAgNA billings and what's happened to plant and dealer stocks. You can see a very robust increase in the retails through this year, which is 15%, 42% and 25% across the three quarters. The billings have been lower than the retail by quite a significant part. And that reflects in the huge stock correction, more than what you would have wanted. But you can see the extent of stock correction starting quarter one 19 indexed at a level of 100 is down to 44. So there's a huge correction in both the dealer and plant stock. We have been talking about this over a period of time, that we are very focused on making our pipelines absolutely agile and lean, and that has been achieved. In fact, now there is an opportunity for us to bill back, we have a lot of pending orders and that we do have that upside as we've down stocked more than what want to.

This is a Farm Equipment standalone versus consolidated results the way you would see them. The standalone grew 49%, the consolidated PBIT grew 95%. The table at the bottom, shows the chart at the bottom shows you the movement of losses to profit over the three year quarter three data, which is a loss of Rs.284 crores reducing to a loss of Rs.197 crores. And we are happy to say that this is second quarter in a row where we have a positive profit, a positive performance in the PBIT level on the FES international subsidiaries.

Moving on to the automotive space, you can see sequentially our domestic sales have gone up quite significantly. We had said we will be able to build stock back in, but actually it's worsened quite significantly. Last year same time, on an index if we were at 49.5, we are half of that. We are lesser, again quite significantly than we were in quarter two, where and just to clarify for all of you, when we say system stock, it's stock with us, plus stock with our dealers. So there's a huge reduction if you look at the data from FY18 of 100 to 23.7. And it's not like the 100 in the auto business was ever overstocked. So there is a good opportunity for us to fill back these pipelines as the supply situation improves.

The UV volumes grew 11% in the quarter, total numbers went down, quite a significant part of the drop was on account of three wheelers but also prioritization between the portfolios. The revenues grew 12%, the PBIT grew close to 19% and the PBIT improved by 40 basis points.

I'll spend a couple of minutes on Thar. We're very happy with the way the Thar response has been. It's touched a sweet spot and created a high amount of passion and energy amongst people. We've crossed 39,000 bookings, 45% of which are automatic transmission, clearly indicating a completely new type of consumer coming into our fold. We have got the NCAP's 4 star rating, which makes it India's safest off roader. Very positive feedback from the customers who bought it, we have retailed now around 6,000 numbers. And we've got a reasonable number of awards and hopefully more are coming. The positive momentum on bookings continued even in January. We had last time indicated to you that we had crossed 6,000 bookings even in December. So we are seeing a continuing rate of about +200 bookings per day, which we think is a very positive sign when waiting periods are large and long and customers are still willing to come in and book while there are long waiting periods.

XUV300 has been a very strong performance. We've seen a robust booking through the last three months of over 6,000 a month. The retails grew by 41%, and feedback on the product is extremely good, and the dealer stock here is in just 3 digits. So there's very, very little dealer stock, in the system indicating that demand is very strong and we're on a reasonable amount of waiting period here as well.

If I have to summarize, we believe we've done well on managing cash. A lot of focus on core working capital and optimizing CAPEX, we managed our margins very well. Brought in a lot of focus on succeeding in our domestic core prioritized all the investments. We see a good growth opportunity in the way farm machinery business is ramping up now. And we think with the new launches in the pipeline, the SUV Core differentiation strategy will really play out over this year. And we are very optimistic of a very strong automotive performance as we go forward.

We have focused on turning around the global businesses. If I was to talk about one significant worry, Pawan spoke about that in his opening, it is around the shortages that are there out of the semiconductor crisis globally. It has impacted us, and we do expect the issue to be constrained over the next three to five months, till June or July. We are doing our best to manage the situation and be as agile and responsive because the outlooks are uncertain and we have to manage real time with what we get. So with that, Pawan, back to you.

Pawan Goenka: Thanks, Rajesh. Anish?

Anish Shah: Good afternoon, good evening, good morning everyone. We've talked about reigniting value creation and glad to present results today that are on track with what we promised in the past and in some cases a little earlier than the time lines we've given as well. So the key messages, if I were to start with that, are a strong performance for domestic farm. We've continued to maintain an industry leading OPM for both auto and farm. Capital allocation, which has been front and center for us for the last year or so, is almost complete. We'll share a lot more details about that and talk about what is that almost part that needs to be completed next quarter. And that essentially allows us to put that behind us and go forward. And as we do that, we are starting to pivot heavily to accelerating our growth focus and identifying different areas that can help us drive growth because, we need to give both returns and growth. So while the return story is in very good shape, the growth story is developing now and will be in very good shape as well.

So moving forward to the next page, just starting with the definition first just to make sure we are all on the same page here, is domestic farm includes its subsidiaries, same with domestic auto. International subsidiaries of both auto and farm, we kept as a separate group because we've seen higher losses in that area and, therefore it requires a greater focus. And then the rest are group companies, listed and unlisted entities which exclude auto and farm.

Looking at our stand-alone financials first. Revenue increase of 16% at Rs.14,000 crores. This does not include Ssangyong. Ssangyong is now in discontinued operations for us. And I'll spend some time explaining where we are on Ssangyong as we go further in this presentation. If you look at operating PAT, up 78% to Rs.1,745 crores and we've seen an OPM grow by 220 basis points from 14.8% to 17% and PAT after exceptional items is Rs.531 crores and the exceptional item there again, is largely leading to Ssangyong, but I'll come back to that point. First, before we go there, the key drivers of operating PAT are domestic farm, which show an increase of Rs.341 crores versus the same period last year; and our group companies, largely driven by dividend from Tech M for this quarter. And that results in a Rs.1,745 crores impact or Rs.1,745 crore net outcome for us for this quarter.

And moving to the next page then, is where we see the impairment I spoke about, which is Rs.1,214 crores. The impairment that we have taken for Ssangyong is Rs.1,210 crore. And this is a right opportunity for me to just spend a little more time on where we are. The deal that we've talked about with the potential investor is still moving forward. It is looking at a different process though, it is looking at the P plan, or the prepackaged bankruptcy process, as compared to ARS earlier. The economic implications for us from Mahindra's standpoint are largely the same. What we have done is taken the Rs.1,210 crore write down because the balance we believe we can recover, and we should be able to complete that in the next quarter or so. Where we also are in terms of Ssangyong is because it filed for bankruptcy, it is not consolidated on our books anymore. And it is shown as a discontinued operation for this quarter, and we will not be getting any further losses from Ssangyong from next quarter onwards.

Moving then to the next page. On a consol basis, revenue is up 11%. Operating PAT is up 57% to Rs.1,410 crores. The key number for us here is the PAT after EI, which goes up from Rs.200 to Rs.704 crores and that's one that we are seeing a significant jump in for a variety of reasons. As we see here, domestic farm again as a standalone, helps on the consol side. And the big factor here, though is international subsidiaries of auto and farm. Now this number does not include Ssangyong for the reasons I mentioned earlier. So if you look at the table on the left, last year same period, international subsidiaries had a Rs.465 crores loss. That has now been reduced to Rs.86 crores. So we see a significant turnaround in many of the entities. In some cases, a restructuring or a shutdown as well. And we have to take an offset from other group companies driven largely by Mahindra Finance's results, which has a negative Rs.251 crores. But besides that, a very strong story on all other fronts.

And as we look at impact on consolidated financials, there is an impact from Ssangyong as we've had to take a certain amount of consolidated loss for this quarter. As, I said earlier next quarter onwards it will not show up and there are some other asset impairments of Rs.142 crores, which also relate to international subsidiaries, and therefore that's been shown in the numbers here for a net number of PAT after EI of Rs.704 crores.

Now this is one that we have promised for a while. We've talked about three categories earlier. category A, entity with a clear path to 18% ROE, B is quantifiable strategic impact, and C is an unclear path to profitability and therefore an exit. Now we had said that we would come back with this at the end of the fourth quarter. We've done most of the work and therefore we thought we will share that slightly ahead of time. And we've categorized all our loss-making subsidiaries here with the exception of Erkunt and Hisarlar, which has some work that still needs to be completed, so we'll come back with that. That's the almost one component I talked about. But for the rest of the entities, we'll talk in a minute as to why MAgNA and Peugeot make it to the A category. Mitsubishi and Sampo are not on a path to 18% return, but they are on a path to profitability, and they have a quantifiable strategic impact. And then we've got Ssangyong, Gipps Aero, GenZe and MFCS in category C. The other part that's not there but in fact should be there is the MANA/USPS project, which we decided not to bid on. So it wasn't an exit from the standpoint of exiting something we are in already but from the standpoint of not doing a future investment. And what we also show there is a restructuring for MANA and for Automobili Pininfarina, both of which have been completed. With that, they will be on a path to profitability with a good strategic impact as well. Now they're not on a clear path to 18% as yet. We need a little more work before we can put it clearly in category A. So at this point, it sits between category A and B. And all of these are being monitored very closely with 6 month milestones, and we'll make sure that they're on track or we will have to look at corrective actions as we go forward.

Let's show why we believe MAgNA can get to an 18% ROE. What we've seen here is a very strong trajectory from the losses we've seen in F19 and F20. F21 will still be a Rs.130 crore loss, but we look at a breakeven in 22 and then back to a good level of profitability to get to an 18% ROE by about 25. There are various actions that have been taken from a turnaround standpoint with regard to its portfolio, margins, fixed cost reduction and managing inventory. There is a good right to win, there's a very good pull for these products from the dealers as well and a strong retail growth momentum.

On Peugeot, this is a business that we had looked at very closely over the past couple of years. What we see now is a business that has actually started doing very well. And again, you see this trajectory here from a loss standpoint, and we expect that to get into a profit segment very soon. A number of turnaround actions, but more importantly than the turnaround actions, EV is a huge driver for Peugeot. Peugeot has electric two wheelers now and a good portfolio that's been developed as well. The personal mobility demand in Europe has been very strong. And even in a tough year, Peugeot has been able to meet a lot of the commitments it's made. It's also seeing strong growth in China. And we are seeing a lot of strong investor interest in Peugeot. And at this point in time, the business is very well positioned, and we feel that this is one, with EV focus in particular, can really get on a different trajectory, and which is the reason why we put it in our category A business.

So what does this mean for us. The number that we have focused on very sharply through all our capital allocation efforts is losses from international subsidiaries. And we had seen losses of Rs.3,429 crores in fiscal 20. We will expect close to 3,000 crores this year, again largely driven by Ssangyong in the first three quarters and that changes substantially as we get into F 22. Our estimate right now for F 22 is Rs.300 crores. And that really is the function of all our capital allocation efforts, and which is where we feel good about, in a sense declaring victory on that front. Yes, a little more work to be done, and we need to continue to stay vigilant, but what we set out to do in terms of eliminating losses from international subsidiaries has largely been done here. And by F 23, we expect that in the positive category.

That allows us to really pivot towards accelerating our growth efforts, which will come from three key aspects. One is what we call our pillars for growth, which is the farm business, the auto business, our core SUVs as well as our listed entities. These are businesses that will be self-generating in terms of cash. There are growth gems, which are high-growth sectors and industries we've talked about that before. And we will give two specific examples today. And third is new age platforms, where, in effect we are leveraging other investors to get money in, but we've created something that was meaningful. We're leveraging entrepreneurs as well who want to create scalable ecosystems. And M&M often has started something, but then there will be a strategic investor and allow that company to grow. And we'll talk a little more about that as well.

So first, if you look at the pillars for growth. These are the seven core pillars, again self-funding. The key drivers of growth are tractors and implements for farm, for auto, its core SUV and our electric platform that we're looking to develop now. Tech M is CAPEX on 5G as well as next gen tech. Financial services, we're looking at setting up a Digital FinCo within Mahindra Finance and focus on semi-urban as well. Hospitality, real estate and logistics are all very well positioned in their industries, and those can be significant growth drivers for us.

Let's talk about two of the growth gems this quarter. One is Susten, which is an EPC/IPP, andsolar tech player. The focus area for us for Susten really is around partnerships for EPC and IPP, where we don't need to put more capital or we don't need to take more debt and to be able to scale up solar tech, which is around distributor of solar and O&M services. Accelo is India's largest independent steel service network. It really focuses on specialty steel, a market leader in electrical steel processing and it's investing in higher technology driven products in both automotive and electrical steel segments.

The big bet for Accelo are Cero, which is recycling. Depending on how the scrappage policy finally comes out, that could be a huge growth momentum for this. And the second is electric vehicle motor Cores. So Accelo is again well positioned for significant growth. It's generating good cash today. Depending on the level of investment required, it may not require a lot more from M&M because of the cash generation that it has inherently.

And then finally, we talk about our new age platforms. FirstCry is a unicorn today. It started with Mom & Me in 2009, then an acquisition of Baby Oye. And at that point, soon after that, we saw a great entrepreneur who had set FirstCry. And rather than continue that business on our own, we decided to merge. We became a minority shareholder, the largest single minority shareholder. SoftBank, came in after that with a large investment, which diluted us further. And today, we are at a much smaller shareholding but of a company that has great value, and the value creation journey has been a strong one for us there.

Porter is in a much earlier stage than FirstCry is. We started with the launch of Smartshift, which became the second largest player in its industry, which then merged with the largest, which is Porter. And what we are seeing today is a business that is positioned very well for intra city load transport and can grow at a 10x pace, which is what the business is planning for in the next few years. And then finally, First Choice, which is our used car platform. We've got a lot of the key aspects of a used car transaction. With Car & Bike, we've got a customer interface now as well and now looking to scale that up. We will look for investors to come into that as well and really be able to build a much larger new age platform in that space. There will be more that come over time here which really would look at incubation from a Mahindra standpoint, and then bringing in external investors to be able to scale up those platforms.

So with that, we basically conclude by saying that, as we move to the next page, please by saying that Mahindra continues to be the gateway to the largest and fastest growing teams in India. We are very well-positioned and on track to reignite value creation. And we open it up now for questions.

Amit Raje: Thanks, Anish, and thanks, Rajesh. Multiple initiatives that the company has taken in these difficult macro times. We have dealt with the COVID impact well. We have walked our path well. And hopefully, over the next few quarters we start running a bit more and taking further initiatives. Overall, farm equipment and agri, we have shown decent amount of growth, and we have shown good amount of profitability. As far as capital allocation is concerned, again an area where we have sort of definitely done the bucketing. And now the focus is on the three vectors that Anish has identified of EPS, free cash flow and ROE. Opening the conversation for questions. The first question from Kapil Singh of Nomura.

Kapil Singh: Sir, firstly, I had a small clarification, you mentioned that there were some Rs.90 crores and Rs.30 crores one-off items. Can you just clarify where are those taken and what are those for?

Anish Shah: Rs.30 crore that you referred, Kapil is an insurance claim that came in regarding the auto business. And the Rs.90 crores, just give me the context of what, where are you getting the Rs.90 crore from?

Rajesh Jejurikar: Rs.90 crores is the investment subsidy that we get. So this is an accumulation over a period of time. We had one last quarter as well and so this is one, we do get investment subsidy all the time, but this was an accumulation. And we've just highlighted that separately. That comes into revenue and not in net variable margin. We're just, in the spirit of transparency, highlighting that as a onetime, but it doesn't come as an exceptional item. Pawan, do you want to add anything on these two, the insurance was basically an insurance claim that had got rejected previous quarter, and we had taken that as an exceptional cost at that time. And then that got settled and we brought it back as exceptional item.

Pawan Goenka: Yes. So this is fine, basically the IPS that we get on the Chakan plant from Maharashtra government, investment promotion subsidy. That was accumulated post the GST, they had not clarified the rules. And once the rules got clarified, then all of that accrues to us and got accounted for. And as Rajesh said, every month we get a certain amount. So this is not that amount. That amount is a recurring amount, this was addition to what we get every month.

Kapil Singh: Okay, thanks. Sir, firstly, on the business front, what we see is Rajesh, you've talked about UVs. But even on the LCVs front, we noticed that there is a substantial market share gain, at least directionally, I have seen retails which is not fully reflecting on the wholesales probably. So could you talk about what is the success story over there and also, in case of UVs, 6,000 per month bookings for Thar with more variants coming. Could this go on to become your largest selling model next year?

Rajesh Jejurikar: Thanks, Kapil for your questions. Just let me clarify your first question, when you're talking about LCV in this specific case, are you referring to pickups or which part of the LCV portfolio?

Kapil Singh: So as SIAM classifies, up to 7.5 tonnes category.

Rajesh Jejurikar: Okay. So the way we look at it is less than 3.5 tonnes and more. Clearly, on the pickups, is a key driver for us in the less than 3.5 tonnes. That's where you would have seen a very strong retail momentum. But there has been like you rightly said, we have not been able to convert that into wholesales at all. The system cost, if I have to just give you an indication as a reference, is probably system cost as are with us plus dealers. On the pickup portfolio is in a very, just about getting to 1,000 plus. So it's a very, very insignificant number of stock that we have right now in pickups. And that's the reason we're not able to convert that into wholesales. But the retail momentum is very, very strong on pickups. Maybe your question is why is that, and I can answer to that, is very strong goods movement in last-mile intra-city. And that's mainly an intra-city segment, which has been very strong. And of course, our brand and product is very strong in that segment.

Pawan Goenka: So, don't whether he was also questioning why our market share is down, and that is because we are not able to make enough vehicles. Even the pickup is also affected by the shortage. Was that your question?

Rajesh Jejurikar: Yes. So, he has picked up that the retail, there's a retail growth. He must have looked at the registration data for that. But the wholesales are impacted by a shortage. That's why I was just sharing the specific numbers, Kapil.

Pawan Goenka: But there is supply constraint on pickups also. And if you could make more pickups, we can sell more pickups.

Rajesh Jejurikar: Kapil, can you just repeat your second question?

Kapil Singh: Yes. On Thar, just, you are thinking of more variants also?

Rajesh Jejurikar: I don't want to get around to saying that 6,000 per month should be our largest selling product. So, I certainly don't want to say that. And I hope we will have many products which sell more than 6,000 a month. Certainly, Bolero right now is already one of them, Kapil. So we do a large number of Boleros, and we are sure that, that will stay robust. But we are also very confident of our two new launches that are coming. These products compete for the 6,000 plus slot.

Pawan Goenka: And I think Rajesh, you should probably clarify that we have no immediate plans to ramp up volume of Thar to 6,000.

Rajesh Jejurikar: Yes, yes, I should clarify that. So just right now we have started at around 2,000 a month, we are currently at 3,000, and we hope to ramp up to 4,000 a month by, I think, it will be April, May. But if there is anything going beyond that and if you see this booking momentum continue, we will then look at what we need to do to go beyond 4,000 a month. Right now the plan is for ramping up to 4,000 a month.

Amit Raje: Yes. Thank you. Shyam?

Shyam Sundar Sriram: Yes. This is Shyam Sundar Sriram from Sundaram Mutual Fund. Thanks for taking my question. The first question is on tractors. We are seeing southern markets growing much faster from an industry perspective given the weak base there. If you can share some perspective on the region-wise trends, the channel inventory that we have at the moment and your thoughts on our market share loss there and how can we recoup the loss. And how are you seeing FY 2022 tractor demand given the haulage demand for tractors may pick up with higher CAPEX spends happening? This is the first question, on tractors.

Rajesh Jejurikar: Okay. So you are right, the southern states have done very well, Shyam Sundar, especially Telangana, AP, which like you rightly said were on a low base. But Tamil Nadu also had a very good pick up through that season. Karnataka has done decently as well. These are all markets which need slightly higher horsepower. They use a greater level of mechanization and they also need a power steering. And we were a little short on power steering and we ran short on high horsepower in the mix. So we did get impacted by a specific model availability, especially in the South. The northern markets haven't been as buoyant, though overall as you can see, the market is on now on an extremely strong track. But southern states were, like you rightly pointed out, very strong.

We do believe that a lot of the market share we have lost is a billing-based market share, that's wholesale market share. We have not lost as much at retail levels, though our dealer stocks have come down, as I showed you on the slide, quite substantially. We did pick up market share in January, crossing 42%. And we do hope we will do reasonably okay going on from here, though the supply situation is not completely behind us and we have not been able to build in the stock that we would need. We are now also starting to export because we have started those markets for almost five, six, seven, eight months, so we do have to start prioritizing exports which we will start from this month.

Going into F 2022, I don't want to hazard a guess on the full year at this point of time like we normally go to see how the monsoons look like. Though the reservoir levels, as you know, are at record levels, which is a very positive sign. Looking at the rabi acreage and the positivity or the positive levels of the reservoirs, Shyam Sundar, we do see up to getting into quarter one definitely the demand will be robust. That's getting into the incoming season there will be May, June. After that we will wait for the monsoons to give our point of view. But whatever we do, we have to keep in mind that F 2022 is going to be on a very high base of F 2021.

Pawan Goenka: And I just want to add, Rajesh, that F 2021 is likely to end as the highest growth that we have seen in one decade.

Rajesh Jejurikar: Yes. So it is 20% odd is our current view and it could be higher. So Pawan, the last five years was, I think, 21.5% or 22%.

Pawan Goenka: Yes. So that's close to that.

Shyam Sundar Sriram: Sure, sir. No, I was more coming from the fact that haulage demand for tractors may also pick up next year. So I was just trying to get your thoughts on that. But hopefully, we will wait and see on that.

Rajesh Jejurikar: Yes, yes. And that's a segment in which Mahindra is very strong, and that has been relatively slower this year. This year's demand growth had been very strongly agriculture.

Shyam Sundar Sriram: Understood. One question on the profitability. We are seeing a very sharp increase in the commodity inflation. We have also taken price increases across various segments. So that is one point on that. And secondly, other expenses for us are down 300 basis points on a year-on-year, even on an absolute basis the other expenses are down 14%. How do we look at both the margins, both from these two perspectives, both from commodity inflation? Are we to worry over the fourth quarter? Are we to expect more pressures on the gross margins? And on the other expenses, how do you see that unwind, do we expect more normalization of the other expenses going forward?

Rajesh Jejurikar: Yes. So clearly, commodity price increases are at an unprecedented level. We don't remember seeing last when we saw this kind of a commodity price hike. So I mean, it would be absolutely inappropriate for me to say that's not a cause of concern, it is definitely a cause of concern. We have taken price increases and we will take more price increases in quarter one if we need to, if this trend continues. The best way to mitigate is a combination of levers. So clearly, all kinds of expenses are one. And we are trying to take all the right actions to ensure that we are able to capture all the gains that have come out of new ways of working around the last eight, nine months through the pandemic. And we would factor that kind of way of working as we go forward, because we think we have learned a lot out of it, and we must not lose the advantage of what we have learnt and executed.

We are also, of course, always looking at material cost, value engineering. So through a combination of management of fixed expenses and material cost and some price increases, we would mitigate some but maybe not all. And typically, Shyam Sundar, you would know that when there is a very high increase in commodity prices, you are not able to pass on the margin on the cost. And that creates an effect which depresses the margin just on a numerator/denominator effect, even though if you are able to protect the absolute unit margin. Is the last point clear?

Amit Raje: Thank you. Okay. Raghunandhan from Emkay.

Raghunandhan NL: Yes. Congratulations, sir, on strong numbers. First question, given the supply challenges, can you provide some color on expected production levels in auto segment in near-term? Secondly, can you provide an update on company's EV strategy and potential ahead? If you can also comment on born electric platforms, that will be useful.

Rajesh Jejurikar: Okay. So I wish I knew the answer, honestly, to the first question. The reality really, it's touch and go. We literally know only that week what we are getting, and I am not exaggerating to say that. We have been flagging off our worries about this through December, but as you can see, we have done reasonably well through December and January, and hopefully we will see through February and March as well. Very hard to give exact numbers because literally it is touch and go, we don't even have a 10-day outlook at a time. So we just take what we get and try and convert that. So the situation will be as it is, we expect till June, July. So that's on the first part.

On the EV strategy, Anish, and Pawan, I will make a start and then if you all want, please do come in. So we are seeing three legs, Raghu, to the EV strategy. The first is the last-mile mobility, we made very good progress on that through the launch of the Treo and Treo Zor through Mahindra Electric. We think that's the segment which will get the first significant traction because there is a clear return economics available there. Also, charging infrastructure will not be a constraining factor for that, we believe, because in that segment there will be greater charge-from-home capability or charge-around capability. And the running distances, given that it is last mile, will operate within a certain radius typically. So we think that segment will grow quickly, and that has been our priority so far.

As we prepare ourselves for the future, we have been talking about IC engine products converting to EV, and we have an XUV300 which is in the pipeline. And there are a couple of other projects that we will be kicking off to leverage that opportunity. And that will really be the medium-term strategy. But we need to also start thinking beyond the medium-term, and that's why we spoke about the Born EV approach. The Born EV approach is really going to prepare us for a future which will go beyond '25, '26. And we believe, by then, the market and the charging infrastructure will be certainly in place and we need to be ready with a full portfolio strategy, which is Born EV, in our core areas of business. So we will not be going outside our core strategy we have been talking about, but we will prepare our core business for a complete EV transition as and when it were to happen. Very hard to predict when that will happen, but we believe we should be ready and be able to leverage the opportunity as and when it arises. Anish, Pawan, please feel free to add.

Anish Shah: Yes. Thanks, Rajesh. What I will add to it is that we have a number of assets today which are very strong in electric. Mahindra Electric has the largest number of kilometers run in India on electric vehicles. There a lot of data that comes with that. Automobili Pininfarina, as we have aligned it more towards the strategic impact, really is focused on the Battista, which arguably will be the best electric vehicle when it's made. And at that point in time, how do we take the best from there into our Born Electric platform that we are looking to develop? APF as well as our PF business, Pininfarina business, are working with us to look at a strategy for an electric platform in India in conjunction with our technical center in the U.S. So these are assets we are bringing together. In terms of exact timelines, exact investment amount, that's something that will be developed over the next few months. But the key message I would leave is that EV is now a core area for us. We are going to look at larger investments in EV, as we spoke about in January when we met with all of you as well. We started talking about EV then. And in terms of the mechanics and details on how exactly that will happen, we will come back with specific thoughts on that over the next few months.

Pawan Goenka: So the only thing that I want to add to what Rajesh and Anish have already said is that the pull for the last-mile delivery product that we have has really surprised us, the Treo Zor. And we are right now, again, increasing capacity there. And we have pretty much the next three to four months of production spoken for. And that shows that India is ready to take the plunge into electric vehicle, at least on the commercial space of last-mile connectivity and last-mile delivery, both. And as I said in the past, primarily it is also because commercially these products are better per kilometer cost than it is for the IC engine or even CNG. So that's sort of done. I think we can put a check mark on that. And once we have the Atom product launched, which should happen in the next few months, then I think we will complete our portfolio of the last-mile connectivity and last-mile delivery. There are other products being talked about in that, but at least we have a full portfolio.

On the IC converted vehicle that Rajesh talked about, we have already showcased the XUV300, which will come, again, towards the end of this year or so. And that would be our entry comparing ourselves or competing with the current products that are available in India. But then the Born Electric is the next disruptive thing that we will be doing, where the platform development will be maybe more than one, covering a full range of SUVs. And there, we are looking at our technical centers in Detroit and in Europe to work with our MRV here and the Bangalore center to develop these platforms. We are also looking at a potential of licensing this platform. But right now, we think that we can develop these very effectively and at a very reasonable investment. So we will look at both. But right now, we are kind of developing this platform. So I think as both of them have said, in a way we are doubling down on electric. We have always been talking about it. We have invested more in electric vehicles in India than anybody else so far. But now, in fact, we are going beyond that and doubling down on electric vehicles, which we are convinced now that there is a future of electric vehicles in India.

Amit Raje: Thank you, Raghu. Next question is from Yogesh Aggarwal of HSBC.

Yogesh Aggarwal: Yes. First of all, my compliments on very improved superior disclosures. Thank you so much. Just a couple of questions. One on next year tractor outlook. Obviously, monsoons is a risk but in the budget, and Dr. Goenka talked about the budget as well, there are many schemes where outlay actually will come down quite significantly, for instance, NREGA. And there are many other schemes where versus FY 2021 the outlay will come down because last year probably government spent a lot more. So one, assuming monsoons are normal, will that be a headwind for tractor demand and overall rural earnings? And is there any kind of sensitivity outside that if monsoons are a bit weak, what can we expect just from a sensitivity perspective? That is question one.

And on number two, scrappage scheme. So what in your view could be the contribution from OEM or the government to make the scrappage lucrative for the existing holder of the older vehicles? So any help there would be very useful.

Pawan Goenka: Rajesh, you want to get started? Then I can comment.

Rajesh Jejurikar: Yes. So Pawan, let me take the tractor question, maybe you can take the scrappage. Yes. So, there are several factors which drive rural demand, Yogesh. And often we try to compartmentalize only agricultural investment led. But when you really look at the composition of a rural household, increasingly there are multiple sources of income in a household. And a part of that source of income is agriculture, but there are several other sources coming out of service sector, salaries of people, employees working in some government jobs somewhere and so on. As you would have studied, the share of agriculture in that economy is now only 30%, and a lot of the rural economy is non-agri based. So when we look at spends and investments in rural, we shouldn't only look at what is an agriculture, but the overall economic movement. And that's what we have seen in the last eight, nine months, the government spending money across various schemes, we think that trend will continue. And infrastructure spending is, in fact, a way by which a lot of money does go into rural economies, whether it's construction of roads or even work that they are doing on creating rural housing and so on. So, we do expect cash flows in rural to be strong and robust.

What happens when the monsoon is good as it creates a positive sentiment to buy farm equipment-based assets? And that's when there is a positive cash flow, and a positive sentiment and people start buying tractors. And then that's a good asset class to put your cash in. So it's a combination of cash and sentiment. And monsoon is still a driver of sentiment, and we yet have to see tractor demand really take off in a year when monsoon has not been very good. So it's a sentiment driver. So right now, the reservoir levels are so good in many states, even if you just look at a very left-brain approach, there is no reason to believe that demand will not be good because reservoir levels are good. Even if levels are not that good, we are good to go through one year. But we don't know if that's how the market will react. There is, of course, the point that we discussed a little earlier around haulage-based tractor usage, which may go up as infrastructure spending goes up. So it's a variety of factors which will drive what happens, but we just want to kind of say that it is a high-base year. And on a high-base year, we will have to see. At this point it's too early to say what will be the kind of growth. But the market has surprised us, and even quarter four demand continues to be very robust.

Pawan Goenka: On the lighter side though, Rajesh, quarter one next year will not be at a high base. High base starts from quarter two.

Rajesh Jejurikar: Yes. That is correct. And I have been saying that quarter one demand will be very strong. We really need to see what happens post June, July. So the quarter one will be very strong because we will see the carryover of the current rabi sowing, which is very positive and the cash flows that will come out of that. It's really what happens post June, July that is uncertain at this point of time.

Pawan Goenka: Yes. I think Q1 is more or less in the bank because of high rabi revenue that farmers will have. On the scrappage policy, I won't take too long. I am on record to say that unless the scrappage policy is incentive-based, it will not take off. And the relevant departments, specifically Ministry of Road Transport & Highways (MORTH), is well aware of it and aligned with it to the best that I can determine. SIAM had been asked to give our input on what the industry can contribute, which we have given, will not be fair for me to share that. And now we are awaiting the ministry to come out with the policy. If it comes out with a good incentive for scrappers, I think it's a win-win-win, and the policy will really help in terms of demand driving as well as in terms of environment and crude oil import. So we just have to wait for a few more days and see what comes out. But without an incentive, it's a non-starter.

Amit Raje: Thank you, Yogesh. So we will have final two questions, probably 10 more minutes, because Dr. Goenka also wants to have a special mention on something. Next question from Chirag Shah.

Chirag Shah: Congrats for a good set of numbers as well as the disclosures. Sir, two questions. One is on supply chain and other is on capital allocation. First, supply chain. As a leader, generally a leader doesn't really go through supply chain issues, in tractors, in LCVs you are by far the leader. And when we look at the other players in the industry, the leaders generally have managed to do well. So what exactly is the supply chain issue, which product? And as a corollary, what is the base volume that we should expect from you till the issue is sorted out? Can you just throw some light, because the issue is seemingly across be it tractor, LCV, UV it's not a one-segment issue that you are highlighting.

Rajesh Jejurikar: Chirag, let me try and take that. Firstly, I completely empathize with your concern and we are as concerned about this, because clearly we have lost opportunity in this process. So your question is completely understood. Let me try and address these in the two or three buckets that you spoke about so that it gives a better understanding of the issue. So on the tractor side, the supply chain issue has not really affected our production. We, after July, have been crossing 100% of our output. The issue we had on the tractor side, and that's typically how we have been managing in an industry which is highly volatile and seasonal even in the course of a year, is to follow the process of pre-build. So we basically will build inventory in January, February, March and early parts of April to have enough inventory to manage the peak of May, June, July, or May and June, mainly. And then July, August, September, we build inventory to manage the next three months, right? That's how we have managed because there is, as you know, a significant seasonality within the period of a year.

This year, we have not been able to do that. So basically the inventory buildup that we would have done between March, April and May for the coming season was not possible because of the lockdown. And our plants being in Maharashtra were more affected because Maharashtra had a much, much lockdown and a much higher proportion of COVID than any other part of the country in the early phase. So we just couldn't build any inventory for the peak season. Whatever we had, we sold out. And whatever we were producing through July, August, September again got consumed because the demand stayed strong even post the typical peak season of August, July. And August and September stayed strong as well. So we just could not build inventory going into the season of October and November. I mean, we opened with few thousand tractors. So I mean, it's a business model that we had followed so far. And this business model never accounted for a time that we will be closed for a month and a half or two in a peak season or pre-peak season. So hopefully we will get out of that soon, and we will get the January, February, March period now to start building inventory because this is relatively the low season. Does that, Chirag, answer the tractor part?

Chirag Shah: Yes.

Rajesh Jejurikar: Okay. So it's not like we are not able to produce, we are producing very well, but we don't have the benefit of any carryover inventory to manage the huge increase in demand. It is a very similar story in pickups. So pickups as well, demand has turned out to be much, much higher. And we again produced at our peak capacity, but we were capacity constrained because the demand has crossed the peak capacity. And again, there was no opportunity to pre-build for almost three months, again Maharashtra-centric. So the pickup story and the tractor story are very similar. In the case of auto, it has been more driven in the initial months because of the BS-VI transition. So in February and March we were not able to make the transition because the lockdown started in other parts of the world before it started in India. And many components which were needed for BS-VI, even though a very small percentage of the sale, could not come in and we couldn't do the BS-VI transition.

We opened on 1st April with no BS-IV inventory because that was all to be liquidated. So the channel was completely empty and we have not started BS-VI production because it got stalled because of what happened in China in February and March. So the channel was completely dry. Our own pipeline was completely dry. And we were then shut for another six to eight weeks after that. So we have just not had any chance to build back inventory. Once we have overcome all the issues related to the BS-VI ramp-up and all, unfortunately a new issue has come which was totally unexpected, which is the semiconductor crisis, that took everybody in the world out of the blue. We have no other supplies issues right now. All our issues at the moment are related to semiconductor issue. All other supply constraints which were linked to ramping up were all behind us. And of course, there is another issue which is affecting everybody, which is overall steel shortage. So these are really the two key concerns. Does that answer the SUV piece, Chirag?

Chirag Shah: Yes, very helpful.

Rajesh Jejurikar: Yes. So it's very unfortunate and we ourselves realized what a golden opportunity we are missing because our brands are in very good traction. But unfortunately, this is what it is at this point of time.

Chirag Shah: Current volumes are manageable. So we can assume that the current volume run rate that we are seeing is what you can achieve sustainably, and then incrementally, we can look at how things play out. Is that the right way of looking at it?

Rajesh Jejurikar: Yes. I mean, except for the uncertainty around ECU, I mean, we are hoping that we should be able to manage with the level at which we are at this point of time. But clearly, we are, at this point, not able to capitalize on the upside.

Amit Raje: One final question from Gunjan.

Gunjan Prithyani: Really impressive presentation. So thanks for sharing all those details. I had two questions, firstly, given a large part of this capital allocation fix that we have been talking about is well executed, is there any assessment of the capital commitment that we will now see in the underlying subs, be it listed, unlisted? And also, if you can talk about the core CAPEX requirements?

Anish Shah: I will take that, Gunjan. And in terms of core CAPEX, we have talked about Rs. 9,000 crores for the next cycle which is down from Rs. 12,000, the next cycle for three years starting F 2022. And what we have also said earlier is, once we have finished the capital allocation actions, we will come back with a range that we expect for capital required for subsidiaries. I can say today that it will be a lot lower than what we have seen in the past because a lot of the capital that has gone for our loss-making international subsidiaries will not be required again. A number of them are starting to generate cash as well, but the specific range that you are looking for, that we will come back with once the capital allocation exercise is completed, because that will give us a sense of which entities are staying, what are the milestones, what capital they require.

The one boundary that we have also created is that any cash generation from auto and farm will not be used for other investments. So capital required for other investments will be generated from those group companies, and we will therefore categorize that. It does not completely answer your question as yet because your question also is the cash needed by auto and farm, how much of that will be used for international subsidiaries of auto and farm, that, as I said, we will come back once the capital allocation is 100% complete.

Gunjan Prithyani: Okay. Got it. Just a second question I had was on the auto business. Is there any order book that you can share which you haven't been able to service? Because there is clearly a wait period on XUV300, there is wait period on Thar and some of the other models, so any order book number? Plus, how does it play out for the incremental launches, because we don't have really visibility on the semiconductor issue. Does it mean that some of those new launches also could get deferred out because you don't want to be launching them when we are not sure of the supply side?

Rajesh Jejurikar: Yes. Let me take the second question first, Gunjan. So frankly, if we are not adequately ready with quantities because of ECU shortage, we would push the launch in the quarter one, that's planned at this point of time. We may do a reveal, but we may not actually launch and start booking. So we will have to wait and watch and see the situation. So I don't want to kind of, at this point, say we will go ahead and launch irrespective of what dealer activity is. It would take away the impact unless we are able to at least supply some reasonable quantities. So we will have to wait and watch for that. For the W601 launch at quarter one, we are at a reasonable level of readiness, and we will have to wait and see what happens on the ECU front.

The order book is always very hard to estimate. Like you rightly said, we have a order book in Thar which runs into months at this point of time. We have a XUV300 order book which is at least two, two and a half months of current production. And as somebody pointed out in the media call a little earlier, we have hardly actually produced Marazzo and the TUVs and even XUV500 below because we have basically been prioritizing Thar, XUV300 and the Boleros Scorpio, which are our four key SUV models, followed by pick-ups. So basically, everything else has gotten to a low priority from a production standpoint. So let's just hope. I am sure you look at us as a long-term business and will take a positive message away that our SUV business and our auto business is very vibrant and thriving. And hopefully, we will get over this in a few months. And we have a long, strong future ahead for our business.

Gunjan Prithyani: This is helpful. Just out of curiosity, how come you don't have electric in the growth businesses that you've laid out, just Susten and Accelo, how come electric is not there given you are doing so much?

Rajesh Jejurikar: No. It was actually there. It was there under auto and it's also there under the gems. So it had already come twice, I think, that's why I didn't include it. I have already told that in too many places now.

Pawan Goenka: But Gunjan, the question had been asked that last time it was in the gems list, this time it has moved from the gems list to the core. Right, Anish?

Anish Shah: That's correct. It's the key growth driver.

Pawan Goenka: So actually, it has been promoted.

Amit Raje: Okay. I think we will stop the question-and-answer session here. Dr. Goenka, concluding remarks from you.

Pawan Goenka: Well, I just want to take a couple of minutes to say that this is my last formal interaction that I am having with the analyst group here. I just want to say that I have always enjoyed these interactions. And actually, your questions have always made me question many things and gone back and thought through as to what should be different. In fact, I will tell you something where your question has really had an impact on things going forward.

In the last 20, 25 years, those of you who have been following Mahindra, and this bunch is fairly young, so I don't think anybody would have been there 20 years ago. But those who have been following would agree with me that Mahindra really has come a long way. We are a confident, forward-looking organization, unquestionable, and this is what we are very proud of, unquestionable in our governance and core values. But clearly, there is a lot more for us to do and a lot of opportunities ahead for us. And the new leadership team that is in front of you, Anish and Rajesh, are well poised to take the company way beyond where we are today.

Now for the new leadership team, to walk into COVID crisis from almost the day one of transition, that is April 1st, was most challenging. But I hope that you will agree when you look at the performance and results with me that the team has managed the crisis admirably well. And the worst of COVID is now behind us, hopefully, and now we look forward to growth going forward, but for the semiconductor problem.

Changes in Mahindra are already visible. And what you are witnessing is, I would call it, Mahindra 3.0. The 2002 blue chip was perhaps Mahindra 2.0, and now it is Mahindra 3.0. Changes are partly due to strategic realignment and partly outcome of COVID. The outcome of COVID, I mean, by that is learning from COVID as well as what COVID made us introspect and say what we should and should not be doing.

The biggest visible change, and that's key to this group, analyst group, is of capital allocation. We talked about that first time, Anish talked about that in April. In fact, you are the people who had been criticizing us for a long time on us doing too many things. And finally, you should be happy that your voice was heard by the management leadership team. And you can clearly see that we are now more focused on the core and simplifying our business portfolio, and this is the important part because some may wondered whether we are lowering our ambitions, the answer is no, we are not at all lowering our aspirations. When you look at the list of the gems, when you look at the various platforms that we talked about, how we are looking at the core, we certainly are not lowering our aspirations at all as we simplify our business.

There are many other changes that are happening, work in progress, and Anish and Rajesh will communicate at the right time. But what I also want to point out today is that we are, in a way, defining the new normal, taking into account COVID learnings and many other things. And this new normal may not be visible from outside because this is how we do our business, how we conduct our business, but will majorly affect our business outcome and, I believe, all in a positive direction. And there are a lot of positive things that we have learned out of COVID which will really help the business in many different ways.

You can see it now that the company is very well funded, has a very robust strategy in our core business of auto and tractor and others also, a very strong product pipeline, Thar was just the beginning of it, and you will see more and more, both on the auto and tractor side, we have talked about it; significant focus coming now on electric vehicles, though we have been doing it for last 10 years but we are doubling down on electric vehicles; and digital transformation, again something that will redefine the business. And a team that I would like to say to the last person that is fully ready and charged to deliver on the vision that had been set forward.

So I hope that I am not violating any regulation, any rules of what can be said at an analyst meet, but I would like to conclude by saying that I am confident the best of Mahindra is ahead of us. Thank you very much for all the interaction and all the Gyan that I have picked up from all of you. I am sure that I will see you in different places, but this is my last formal interaction with the analysts as the Managing Director and CEO of Mahindra. Thank you.

Amit Raje: Thank you, Dr. Goenka. With this, we come to an end of the analyst presentation and the question-and-answer session.

Anish Shah: Yes. Amit, I just want to add just thank you, everyone, for your time. I know we couldn't answer all the questions you had today, but the IR team is there to help with all the questions. And if you need to have follow-up sessions with us, we would be happy to do that as well. So we are available to answer questions that you have, and let us know what you need. Thank you.