



“Mahindra Logistics Limited
Q4 FY2021 Earnings Conference Call

April 30, 2021

MANAGEMENT:

**MR. RAMPRAVEEN SWAMINATHAN – MANAGING
DIRECTOR & CHIEF EXECUTIVE OFFICER –
MAHINDRA LOGISTICS LIMITED**

**MR. YOGESH PATEL – CHIEF FINANCIAL OFFICER -
MAHINDRA LOGISTICS LIMITED**

MR. SHOGUN JAIN – STRATEGIC GROWTH ADVISORS

Moderator: Ladies and gentlemen, good day and welcome to the Q4 and FY2021 earnings conference call of Mahindra Logistics Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the call, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Shogun Jain from SGA. Thank you and over to you Sir!

Shogun Jain: Thanks. Good evening everyone and thank you for joining us on the Mahindra Logistics Q4 FY2021 earnings conference call. We have with us Mr. Rampraveen Swaminathan, MD & CEO and Mr. Yogesh Patel, CFO of the company. I hope everyone got an opportunity to go through our financial results and investor presentation uploaded on company’s website and stock exchanges. We will begin the call with opening remarks from the management following which we will have the forum open for question and answers.

Before we start, I would like to point out that some statements made in today’s call maybe forward-looking in nature and a disclaimer to this effect has been included in the earnings presentation shared with you earlier. I would now like to invite Ram, CEO of Mahindra Logistics Limited to give his opening remarks. Over to you Sir!

Rampraveen S.: Thank you Shogun. Good evening everyone. Let me begin by sharing the message of hope. I trust all of you and your dear ones and colleagues are safe and keeping well. We are obviously in the midst of an unprecedented rise of the COVID pandemic across the nation and it is critical that all of us take responsibility for our safety and safety of those around us. I hope all of you and dear ones are doing well.

I hope all of you had a chance to look at our results and the presentation which has been uploaded in the stock exchanges and the Company’s website. As always, I will begin my remarks by giving a quick update on the industry, about how our end sector markets working or operating and our strategies. We will then provide some update on the operational and financial performance for Q4 FY2021 and then open up for questions.

The COVID-19 pandemic outbreak last year had a large impact in the country’s economy as well as businesses across the spectrum. The logistics sector with an estimated size of \$215 billion also suffered the brunt of these unprecedented circumstances; however, with the progression of the lockdown easing, people and businesses across the nation began adjusting to the new normal and the economy started its path back towards recovery with logistics being a driving force across.

Indicators such as rise in e-Way bill collections, increased rail freight activity and improving port volumes etc., continue to suggest a strong uptick in logistics activity and the gradual recovery of the economy and industry broadly. FY2021 was still a year of uncharted waters and on behalf all the sector members, we tried to play our part in this time.

As you look at FY22 I think it is another year of uncertainty and volatility especially in the wake of this sharp rise we have seen in positive cases right now and spreading across urban and rural India.

As we look at end markets, here we see several trends which are both opportunities and challenges in stock now. Let me begin with auto and then move on to the others.

On the auto side, there are plenty of concerns as well there are many leading optimism as well. The industry was facing significant headwind before the pandemic and in fact the COVID 19 has really accelerated many of those concerns. Apart from the recuperating that measures the industry will take to revive itself back, the times also demand macro reforms at the government level. The government has recently announced an outlay of about 75,000 Crores for the auto and components, (including batteries) sectors under the newly announced PLI scheme. Given that automobiles account for a large part of India's manufacturing GDP, the scheme aims to accelerate domestic manufacturing especially on the electric vehicle sector.

The PLI scheme could be a catalyst required to boost the OEM exports and also to deal with long-term by strengthening the industry across the board. The scrappage policy will also have a significant impact on the medium term. Across the board this will result in adoption of modern vehicles with better emissions, safety including fuel efficiency and the policy should give a much needed boost to the industry especially in terms of medium and heavy commercial vehicle.

We continue to see a strong improvement in the farm sector as well. The farm sector and rural India has largely seen lesser influence of the COVID 19 impact with the support of a strong and favorable monsoon and focused government policy support, the sector has done really well. It has shown continued momentum in the fourth quarter of the last year and we remain upbeat about its medium term prospects despite the short-term challenges we have around the pandemic.

The third sector, which we actively engaged is of course e-commerce. E-commerce has transformed the way the business is largely done in many consumption categories in India. In a country like India with over 25,000 pin codes, the e-commerce industry with market places as well as others has emerged as an important way of shopping compelling many businesses, working with traditional brick and mortar model to make a shift.

E-commerce sector in India has shown exceptional growth and evolved many folds over the last few years and this has accelerated with the recent pandemic. It is expected to continue its growth trajectory to become a market of over \$200 billion by FY2026. E-commerce continues to see really strong growth as all companies have been accelerating their focus towards digital channels. From Q2 onwards, we have seen rise in demand and continue to end of Q4 FY2021. We expect the uptrend to continue and persist in the coming fiscal.

With strong customer partnerships, deep solution capabilities and continuing with category expansion, we believe we will continue to add business in e-com showing growth in the near term.

The consumer and pharma space is another important sector for us covering a range of FMCG, durables, and pharma, and electric segments. FY2020 this segment formed a crisis into opportunity by really providing critical essentials in the challenging period. The food and personal care items segment has been clocking strong growth since Q2 and they are looking forward to carrying the same momentum while aligning to the future.

On the pharma side, FY2021 was an eye opening year for the industry as a whole and the pharma industry saw a strong headwind as well, from supply chain disruptions due to overdependence on China to fractured field work and other allied unfavorable changes, sector has seen several challenges and has been able to overcome that.

India's slowed imports from China resulting in ripple effect on global trade flows. Most companies across the globe have been working to make their supply chain leaner. The outbreak of COVID-19 comes with a wakeup call for pharma companies to diversify their supply chain geographically and develop their local sources and adopt alternative strategies for reducing dependency in a single supply source.

For us the consumer space has been very critical path of our long-term growth direction. In FY2021 we were able to grow and add significant wins there, leveraging our integrated solutions platform. Our focus on the sector has also helped drive accelerated growth, including freight forwarding services which have grown with a strong cliff in FY2021.

The last segment that I will talk about briefly is enterprise mobility. Our enterprise mobility segment continues to be severely impacted due to the company's following the work-from-home policy in the wake of COVID-19. As of Q4 we have a slight improvement in the segment; however, with the second wave of COVID-19 many states have imposed restrictions which have dampened the recovery in the segment. Now the government going to the third phase of vaccination we believe a significant amount of our population will be vaccinated in the coming quarters and of course we expect improvement in the enterprise mobility market.

The segment will also continuously shift towards electrification, we would have a stronger focus on sustainability and a comparatively attractive economies of electrification for large fleet operations. While the long-term dynamics of the segment still remain attractive and we remain so too and soundly believe the shared mobility market will bounce back. It will be critical for players to expand services and to innovate and launch differentiated offerings and at Mahindra Logistics we have been trying to expand our shared mobility business to multiple new verticals, which are manufacturing, e-commerce, and also have started with the launch of on-call services and some B2B, B2C offerings to try and expand in the right service innovation.

Let me share the financial performance for the quarter ended March 31, 2021. The revenue for Q4 increased to Rs. 974 Crores from Rs. 812 Crores for the same period last year, up by 20%. Revenues on quarter-on-quarter basis were down by 7% typically reflecting our trend line. Revenue from the supply chain segment contributed to about 96% of revenue while enterprise mobility contributed 4% of the revenues for Q4 FY2021.

Our gross margin for Q4 FY2021 stands at 9.7% compared to 10.4% last year and decrease of 61-basis points. As all of you have noted during the quarter we saw strong growth in transportation business as compared to last year where we had an impact of COVID affecting a lot of our transportation especially the second half of March, this year we saw a strong improvement in the transportation business with higher volume especially in the auto sector and we also saw growth pretty strong in terms of our freight forwarding business. The increased weightage of our transportation business resulted in mix impact it has, accounts a large part of the impact on our margins on a blended basis.

EBITDA for the quarter grew from Rs. 41 Crores in Q4 FY2020 to Rs. 51 Crores in Q4 FY2021, down 7% on a quarter-on-quarter basis. PBT was up 22% from Rs. 13.4 Crores in Q4 of FY2020 to Rs. 16.4 Crores in FY2021 and PAT was up by 29% on a reported basis to Rs. 12.5 Crores in Q4 FY2021. PAT margins on a reported basis for the quarter stood at 1.3%. It is important to know that during the quarter we recorded exceptional item. We recognized an aggregate impairment loss of Rs.2.75 Crores on account of investments in our joint venture Transtech Solutions which is a software company which provides us ShipX, which is a Transport Management Solution.

As some of you may recall earlier this year we had chosen to defer the investment in the company and in relation to an updated view of the business we have chosen to be prudent and write off the entire investment. That had a net impact of Rs.2.75 Crores in the quarter. Adjusted for the one-time exceptional impact, PAT is up by 47% on a year-on-year basis of FY2021.

Proportion of revenue from the Mahindra Group comprises 51.5% in Q4 FY2021 compared to 50% in Q4 FY2020. That was a reflection of continued spend in the farm business where the Mahindra & Mahindra Farm Sector is a large customer for us as well as in the auto business where we saw the full impact in the quarter compared to a COVID impact last period.

Let me also share segmental breakup of revenues for Q4 FY2021. Revenues from supply chain increased from Rs.730 Crores to Rs.938.4 Crores. The Enterprise Mobility Services revenue stood at 35.7 Crores for Q4 FY2021 as compared to Rs.81.3 Crores for the corresponding last year, a decline of 56%. The supply chain revenue has seen an uptick due to growing demand in E-commerce and consumer verticals and with continued recovery on the automotive side and the farm side. Our revenue from the Mahindra Group Supply Chain business increased from 392 Crores in FY2020 to 500 Crores in Q4 FY2021, a growth of 27%.

Our non-M&M SCM business which is a key lever for long-term value creation perspective grew from Rs.337.9 Crores in Q4 FY2020 to Rs.438 Crores in Q4 FY2021, registering 30% year-on-year growth. This was due to continued increases in revenues from e-commerce, consumer, pharma businesses and the recovery in our automotive business and a strong growth for our freight forwarding services. Our e-commerce, consumers, pharma verticals grew year-on-year by upwards of 40%.

Growth in e-commerce and consumer segments was due to increase in demand and deeper penetration with existing customers while also providing more integrated solution and services under Mahindra Logistics umbrella. Warehousing and value added services for the non-M&M SCM business which is a key part of our focus areas has grown from this 105 Crores in Q4 FY2020 to Rs.123 Crores in Q4 FY2021 registering a growth of 17%. While this was slightly slower growth than in previous quarter with respective of cyclical pattern, some of our projects have actually been new expansions, and new projects going live happening in Q1 of this year and we assume reflecting and overall adjustments in the order time. Our warehousing and value added services in non-M&M SCM space has reached 33% in FY2021 up from 32% in FY2020.

Cash and cash equivalents in the end of March FY2021 stood at Rs. 253 Crores. We remain focused on controlling cost and managing our cash flows in this period, which has resulted in improvement over our cash flows. The Board of Directors have recommended a final dividend of Rs.2.5 per share subject to approval of the annual general meeting of the shareholders.

Before I open up for comments, let me briefly cover our progress on strategy execution. During the year we remain focus on executing several of our key strategy platforms.

1. Our first platform has been on expanding our new services portfolio. During the year, we launched EDel and continued to accelerate our freight forwarding and Express businesses. EDel which is our Electric Vehicle based last mile distribution services now operates in 6 cities in India and we look forward to expanding to an aggregate of 20 cities. During the quarter we also announced our partnership with Flipkart to accelerate deployment of Electric Vehicle based last mile deliveries in conjunction with them. Electrification of the logistics suite was an important part of the sustainability goal and the key focus area for the company.
2. We continue to see strong growth in our freight forwarding business segment and Express B2B delivery businesses, which both grew by roughly 40% year-on-year on an annualized basis.
3. The third focus area for us has been on delivering and growing our Integrated Logistics Solutions portfolio. Our core focus as a company remains on providing customers integrated and customized solutions. During the last year our solutions portfolio continued to expand and we were able to add new solution category as well as grow our overall order intake solutions. All of you would have noticed that we have also announced our integrated logistics services partnership with Bajaj Electricals. This is more complete end to end redesign outsourcing of Bajaj's supply chain and logistics services which will now be managed by Mahindra Logistics. This will also be accompanied by a transition to a sustainable logistics between last mile and improved delivery using our EDel strength. This broader solution portfolio approach is something which we have increasingly seen at high level of engagement from our clients.

Warehousing during the year we added more than a million square feet of space to increase close to a million and a half in line with our guidance and we continue to remain focus on adding 1.5 million square feet to 2 million square feet of warehousing space every year.

4. Our technology implementation is our other strategic platform and we remain engaged and focused on that. During the year our technology stack which has three layers continue to see more enhancements and additions and we continue to expand and build on through the years with several, more enhancements and additions to that pack.

From market perspective, obviously we remain focused on growing our fulfillment logistics business which covers e-commerce, consumer & pharma and this is critical to our growth of our non-M&M piece. We continue to register strong growth in that space as both in the back of market growth as well as our strategic focus.

Before I close, I will also make a comment on the enterprise mobility business. As this segment, continues to take headwinds, we have made aggressive efforts, around customer accounts and other industries. As mentioned earlier, we believe in long-term dynamics of shared mobility both from work-from-home and its business travel remains extremely positive. In the short-term we are focused on driving cost optimisation and kind of driving and launching several new services with our portfolio there and as I mentioned earlier we are hopeful that over the next two to three quarters, we will start seeing gradual recovery.

Thank you all for your support during FY2021. As I said earlier we are in an extremely challenging period right now with a lot of volatility but the management team and the company remains committed to continue to execute our strategies and continue to drive strong growth both in terms of revenue and earnings over the course of near and medium term. With that let me open up the floor for questions-and-answers.

Moderator: Thank you very much. We will now begin the question and answer session. Ladies and gentlemen we will wait for a moment while the question queue assembles. The first question is from the line of Mukesh Saraf from Spark Capital. Please go ahead.

Mukesh Saraf: Good evening. Thank you for the opportunity. Sir, my first question is on the non-Mahindra warehousing piece you did allude to some of the reasons there, but I just wanted some more clarification there. On a QoQ versus the December quarter from about 160 Crores the revenue is now at 120-odd Crores. So, could you give some more clarification on this?

Rampraveen S.: I think on the warehousing piece which is the business we obviously have a seasonal trend line to that because we are delivering, volume do vary, but the facilities are operated at a certain level. We do have the volume movement and during this the season peaks or the high season period we obviously are shipping out more volumes from the sites. So, typically what we will see is that that adjustments happen on a quarter-on-quarter basis. This year in Q4 we did see a softer January peak. As you know that January sales is one of the big piece for the year and we did obviously see a softer peak than we expected, but essentially it was largely a seasonal trend line. We have not seen any reduction in our warehousing space or drop in our service there and like I said earlier, in my view, we are in the process of launching several new sites and those should kick in the coming quarters. Obviously with some of the increase in COVID cases, the launches have got a bit impacted and slowed down, but we expect to see those start kicking in the coming

quarters, but that was the large part of the change quarter-on-quarter or sequential quarter revenues.

Mukesh Saraf: On this itself, because you have been focusing a lot more on these flex solutions, which probably helped you in the previous quarter, do you think this seasonality will in fact kind of go up because of that vis-à-vis the previous three years between Q3 and Q4 but the increase of seasonality?

R. Swaminathan: Well, I think, obviously there is a seasonal impact always in our business because as we get molded to the consultant side of the industry we will see the quarter-on-quarter movements, but if you combine this on and the underlying piece is also continuing to grow. As I mentioned, if you are comparing on quarter-on-quarter basis, year-on-year, we obviously saw 17% growth there. So the underlying piece is also growing, but you will obviously see some level of seasonality on a sequential quarter basis when you compare peak quarters from a festive season perspective compared to non-peak quarters.

Mukesh Saraf: Again, on the numbers itself, in the P&L other expenses seemed to be much higher this quarter. Usually it has been at the 17 Crores, 18 Crores runrate, this quarter it is just about touching 24 Crores, is there any one-off or any reason why this spike we saw in this quarter.

R. Swaminathan: I think, it is a good point that you raised and by and large the largest part of it was some underlying categorized, or reclassification but I will invite Yogesh to probably throw more light to your question. Yogesh, will you take this please?

Yogesh Patel: Sure. Mukesh this other expenses you have seen the classification of ours in the results. Usually the transportation cost you have seen in the operating expense line item there, and the employee or people related costs which are directly under the people cost and then the residuary cost is where the other expense line item usually is. I mean the finance cost and depreciation amortisation being specific to those types of treatment in the accounting made itself. So, this is in cases where expenses, where we have certain way of contracting would have differed or changed in terms of manpower and that is why you see a switch there. While you see the increase per se you will also see a decrease in the other two costs proportionately if you look at it that way.

Mukesh Saraf: So it is just a recategorization?

Yogesh Patel: Yes, it is a recategorization .

Mukesh Saraf: Just my last question, this is slightly more structural, we are hearing a lot about the newer e-commerce companies like Delhivery which are looking to pivot outside just e-commerce as their business, to B2B logistics and 3PL etc., so we are hearing a lot more on their plans. So, are you seeing some kind of increased competition on your B2B businesses, 3PL, Express transportation, how is it now?

Rampraveen S.: I think the competitive dynamics have always been strong in our sector and I think by and large it continues. I do not really think that there is a dramatic shift because of this. I think, what we mentioned even in earlier calls we started for example in Q1 this year we did say that we expect to continue to see more service line integration, more companies investing, trying to bundle services together, and we also expect the more industry players will enter this market. So, just as we are trying to expand our fulfillment logistics portfolio and expand outside, but the focus on our strength, where are trying to get more strength in the market, I would fully expect other industry players would also be doing that and therefore that said I do not see a dramatic change in the competitive intensity across the board. I think the competitive intensity was always high. It remains strong. We obviously are in an inflationary environment with a lot of volatility on fuel prices, so it is a challenging environment on cost, but I do not see a big change in competitive dynamics.

Moderator: Thank you. The next question is from the line of Depesh from Equirus. Please go ahead.

Depesh Kashyap: Thank you for taking my questions. Sir, the warehousing space addition for the last three four years have been in the range of 1 to 1.5 million square feet and you have talked about the similar addition going forward. Now when we read the industry reports there we see that the warehousing graded are going to double in two years. So are we underperforming in this industry in this segment just your thoughts on that? Secondly, what kind of warehouse space additions you have planned for Bajaj Electricals over the next two to three years? Thanks.

Rampraveen S.: It is a good question. I think the way I would see this is when we look at we kind of saying we look at a bellwether addition from 1.5 to 2 million square feet of area and that can have roughly what we will do on a consistent and continuing basis. Now if you look at your market reports about how much of growth is there, a lot of that actually and there is strong growth in the warehousing space. A lot of that also typically goes into non-fulfillment logistic spaces, a lot of it just goes into plain storage facilities. A lot of times the storage facilities are not between logistics solution which you participate in. So, I think, one has to be able to fragment that into multiple further pieces and I think if you see the same reports and we can share some of those with you 3PL and logistic companies have roughly 40%, 45% of the capacity addition. So, if you are going to break it down from there, I think, you will find that our additions are definitely not below the industry runrate. What you will continuously see is that the expansion. What we are also focusing on is to actually try and get to more complex solutions and from those facilities and not just to storage-based services because storage based services are really low value-add play. What we will do is more processing out of those facilities which allows us to get more margin leverage, more stickiness and more solution, solution enablement to our customers. As far as Bajaj Electric is concerned, which I think was part of your question, For BEL we are deploying a dynamic network, so it is not a static network. What we will be developing to them is a network of fulfillment warehouses which are spread across the nation which are interlinked and will be supported by two national warehouses or national distribution centres. The entire network largely will be built out over the next 12 months and these include the two large central distribution locations are integrated with our build-to-suite network and then the 11 locations are spread across all geographies. I would say that an approximation is roughly probable in the 2 million

square feet range. I think somewhere over 24 months as the network gets fully built up, we probably be having 2 million square feet of warehousing to support the long-term fulfillment strategy there.

Depesh Kashyap: Second question is how many electric vehicles related to EDel's business, you have already purchased and how many more are we planning to buy over the next two, three years given the Flipkart and the Bajaj Electrical deal piece?

Rampraveen S.: Obviously first of all, EDel is a last mile delivery service, which is multi-customer. So obviously once it is announced, currently we have announced a partnership. We are doing a last mile delivery from multiple brands today. So, we have 12 logos or brands which we are providing last mile delivery services. We are right now in six cities and we have procured a fleet of 300 vehicles. Our long-term strategy remains a partnership model. So, I do not see necessarily adding a lot of company owned fleet going forward. It is really about taking up the platform and driving platform operations in a way to drive the strong utilization and network management which we are pretty much believe that we have got that model now, sought out and deployed in these six cities. So, we did see some, so overall fleet will probably go north of thousand vehicles over the next 12 to 18 months, but the majority of the stores will increasingly not be company owned up.

Depesh Kashyap: Thank you. All the best.

Moderator: Thank you. The next question is from the line of Manish Goel from Enam Holding. Please go ahead.

Manish Goel: Thank you so much. Very good evening Sir. Just to clarify on the earlier participant's question on the change in the cost and increase in other expense and I see a decline significant decline in employee cost. So, can you clarify is it pertaining to change in the contracts for both these items where it has got interchanged? Second related question is that does the ESOP reversal has been factored in Q4 for the employee cost to go down and what was the full year ESOP cost?

Rampraveen S.: Manish I hope you are doing well and safe, but for this I will request, Yogesh to answer both those questions. Yogesh could you please address both of them

Yogesh Patel: Manish, on your first question yes, the decrease what you see in employee cost obviously some part of it would be because of reclassification but the quantum of it also has a linkage to reduction in volume which you saw from a warehousing business perspective and hence people deployment becoming lesser from that perspective. So that blend of both these reasons would be the delta.

Manish Goel: Is there any reversal of provisions of ESOPs in this quarter and what is the number for full year?

Yogesh Patel: So the answer for ESOP, I would say Manish, we would have a reversal of ESOP cost in our current structure would happen only if there is a people exit. I mean if there is like an individual who would be a grantee and a person leaves the organization then probably I would have to

reverse the cost which we would have accounted for the share which would not vest or what the grants which will not vest. Other than that there is no reason for any other reversal on ESOP cost. ESOP cost which we would have taken for this year would have been in the range of Rs. 6.5 Crores.

Manish Goel: Just one more question on the margins front, what I see is that you have a change in revenue mix and I am referring to quarter-on-quarter that which warehousing revenues going down, but still your gross margin seems to be remaining steady. What I mean to say is that transportation revenues going up and warehousing coming down, typically warehousing has a higher margin, but what we see of gross margins percentage remaining steady when we look at the operating expenses removed from the revenues. So, just wanted to understand that part?

Rampraveen S.: Manish I think what you have seen obviously is within the transportation segment and the services we offer and not all of them have the same margins. So, what we have seen in the second half of this year is obviously stronger growth in our freight forwarding and distribution services. We scale to have higher margin within the transportation spectrum and therefore you will see that there has been on a sequential quarter-on-quarter basis which has been more stable view, however, year-on-year basis that growth in transportation obviously there is a fundamental lower margin on transportation, so on a year-on-year basis the blended effect has resulted in decline, but on a sequential basis there is some cost improvement work we have done plus the faster growth in better margin kind of profile transportation, services lines has helped maintain more or less steady gross margins.

Manish Goel: One last question just want to get a sense in terms of if you can share a number that with our non-M&M business growing, and with new client additions, any perspective if you can provide as to how is the revenue share going from the new customer acquisition over a period of say last one or two years. How do you see that momentum going because earlier you used to share the top revenue share from the top 20 clients, but just wanted to get a perspective as to how is this moving on the non-M&M service?

Rampraveen S.: Top 20 customers are still around 60% of our revenue. What is changing is of course that the way the accounts are changing with more customers who are from the e-commerce and consumer markets. For us as a business that we have three sources of growth. The first one is just existing customers giving us new areas of business. The second one is existing customers taking the niche services from us and the third is new, new customers and obviously the trust last year we had seen that there is a fairly strong growth in the engineering customer base, in the second half of 2019-2020 and the first half of 2020-2021 that as we were trying to get an increased focus on the e-commerce and consumer and pharma spaces, the second half of the year we have actually been trying to consolidate that growth and mining the customers a lot more. So, you will see he shifting pattern, but broadly I would say that I think this quarter my opening comments is not as covered new additions, we have done every quarter, we do have that and I am happy to respond to that offline Manish, so if you can write to Yogesh or our investor team, we will respond and provide you more detail on that.

- Manish Goel:** Thank you so much.
- Moderator:** Thank you. The next question is from the line of Ashwini Agarwal from Ashmore Investment Management. Please go ahead.
- Ashwini Agarwal:** Reasonable performance in a fairly difficult period. Just a couple of questions, starting off with the first question on this QoQ decline in the non-Mahindra & Mahindra SCM piece, you know we have not seen that seasonality from Q3 to Q4 in the past quarter specifically if I have to look at the financial year 2018 or financial year 2019, of course financial year 2020 was slightly different because March was closed out. So, has something fundamentally changed that we should expect this peak season because of e-commerce mix going up or is there something else that we have to understand.
- Rampraveen S.:** Actually if you look at Q3 versus Q4 FY2020 as you would have seen last year as well with the non-M&M SCM business declined from 393 Crores to 338 Crores. This year it has declined from 501 Crores to 438 Crores, so last year if you actually look at the seasonal impact delta I think in percentage terms they are probably sharper than this. Last year was 15%, 16% and this year it is around 14%. So, all I want to say is it is not a fundamental. The fundamental shift is 338 Crores it has gone up to 438 Crores on non-M&M SCM side. So that growth is an underlying growth which remains stable, but if you look at it on a year-on-year basis, I think, you will see the seasonality impact that has played out in the past as well.
- Ashwini Agarwal:** I see that Ram, the question in my mind was that I was under the impression that Q4 FY2020 March or at least three weeks in March were very difficult to starting to say around the March 15 pretty March a lot of things went into a shutdown mode and 24th onwards we had a complete lockdown. So, I was thinking that Q4 FY2020 was a number which was lower than what it could have been had the lockdown not happened and so I did not think about it as a seasonality.
- Rampraveen S.:** If you go back and look at our comments last year I think we see that we had reported a quantified impact of around 65 Crores to 70 Crores for COVID and there was split roughly two-thirds, one-third, two-thirds or 75% of that was on the supply chain side and 30% of them was on the enterprise mobility side and the supply chain side impact was largely on the M&M side of the business and on the M&M auto side, a lot of vehicle dispatches got stranded or stopped. Farm sector continued last year as well because they were essential services. So, tractor, shipments and movements did not get impacted, so that is where you are seeing an adjustment. On non-M&M side that was not a very, very big play because Janata lockdown was there, but this occurred last year as well. We saw the trading impact only pretty much at the end of the quarter on the non-M&M side. So, I would just say that is a call out as we go back, I am sure it is somewhere in our earning call notes for those periods as well. I will say that there is a Q3 to Q4 impact generally on our consumer and fulfillment based businesses because of seasonal impact whereas you will see even in the farm sector you will see a Q3 to Q4 impact generally because the second half of Q4 tends to be a bit softer unless there is stocking going on. There are stocks around Pongal, that is an active window of demand in that window, but then auto in generally you can see the end of your sales as well. So, seasons work a bit different segment, but on the non-M&M side, you will

find that Kharif can strengthen and I am sure our team can help you look at more data, Ashwini to kind of walk you through it.

Ashwini Agarwal: That is helpful. Second thing is could you provide some colour on what you are seeing on the ground through April, I think May continues to be very difficult. We are hearing several auto companies taking shutdowns, maintenance shutdowns or forced shutdowns, how are you seeing things pan out. On the other hand, other companies are saying that look transportation is not really effected, so things should be reasonably steady. What are you seeing?

Rampraveen S.: I wish I could give you a perfectly clear answer, but let me break this into three parts. The first one is the supply volatility, operations volatility and demand volatility. On the supply side, I think if we look at it there is a lot of volatility in terms of this local operations of our customers. If you look at a consumer and e-commerce side, almost many locations have declared shutdown of non-essentials. There are some policy confusion, so you will find that the supply chains across for many industry have remained volatile and factious position, which obviously makes it very difficult for us from an operational stability and cost perspective. So, it is very volatile out there and I think it remains a large challenge. From an operations volatility perspective, I would break into two parts. I think in our facilities we are seeing a lot of disruptions, and sharp increase in pandemic and COVID cases and a lot of our employees who are seeing this actually even from a work-from-home perspective. So that is creating a lot of operational inconsistency. There is some migration of labour which has started, there is higher challenges of absenteeism in different geographies, so operational warehousing, operations are seeing a lot of day-to-day volatility. On the transportation side, I think, we have still not seen on the line haul very significant impact because lockdowns are not national and the lockdowns have not happened across the board everywhere and therefore the vehicles are still on road even if you look at Maharashtra I think the manufacturing companies have largely been allowed to continue to operate basis some classifications so in that sense I think till we start seeing other eight states are showing or going to lockdown together and we start seeing widespread detention there will still not be a huge disruption. It has started adding. I think tensions etc., have been going up, but still a manageable window as things stand today. Demand volatility is very hard to predict right now. I think given some of the regulatory thing, non-essential cannot move, or cannot be fulfilled in channels, we are seeing a lot of movement in demand and some categories, which are discretionary categories like apparel or electronics, mobile phones, etc., we have seen sharp dips in those categories in terms of movement of what we are moving on the ground of those categories. Some like pharma of course remains to be pretty stable and even growing. So, it is a mixed bag, but I think the demand will take some weeks, I do not know and expect it to get it a little more clearer but volatility on the ground is there. Those are in transportation and line haul thus far. I hope that helps Ashwini.

Ashwini Agarwal: This colour really helps. Thank you so much for the future. Be safe.

Moderator: Thank you. The next question is from the line of Ankur Periwal from Axis Capital. Please go ahead.

Ankur Periwal: Thanks. Just continuing with the same, and I think as you alluded on this earlier as well in one of the questions that we are planning to ramp up that we have been having over the last couple of quarters and now given this disruption overall do you believe or are you seeing some pushback of some demand from these guys on whom and with whom maybe we have already started doing some business or maybe we were about to start and yet to start by a couple of months?

Rampraveen S.: Ankur I do not think there is a pushback. Obviously some of the new accounts we have added and within that we got a range of solutions, some of those are long-term solution, some of them are things like top up and flex solutions and I think disruptions are unfavourable to some and favorable to others. So, there is are situations where customers are taking a pause and for us because of this but what this also translates into demand for short-term solution the flex, top up solution and so on. So, it is a mixed bag, really Ankur on balance. On the orders we have already booked, we do not see a fundamental and any kind of relook or change in them. There must be some execution delays because of the high level of exposure which are there, right now and our own case for account. We are slowing down some construction because if we see high impact areas from a pandemic perspective, but fundamentally I think that is issue of week but not months. So, all the businesses we have ramped up on the accommodation we have got these things that there will be some delay probably but not going out split up by quarters for example. New account addition, yes some of that always gets slowed down in an environment like this because as I said earlier on, Ankur demand variability still is something which exists and every time the ground situation like this and sentiment with the problem where you will obviously see some impact of this and that colour will change, slows down some decision making of that line for sure.

Ankur Periwal: That is helpful. Second question there one on our capex plan going ahead. Will it be the similar run rate that you have seen last year and just one clarity on the subsidiary's margin? We are seeing slight decline and I am looking at more of the full financial year FY2021 over FY2020. The subsidiary's margins look like a decline. Is it more because of the subdued Q1 or something else is the reason?

Rampraveen S.: Let me just answer the subsidiary and I will ask Yogesh to also address the capex, Ankur. I think, obviously you are right. I think one peculiar impact on all the subsidiary is both Lords, 2x2 has actually been in Q1. Taken out I think we have difference in playing out in both the subsidiaries. Obviously on the 2x2 side, which is a joint venture we have, the challenge there has been just a broader challenge in the auto sector as a whole, but detentions continue to be a significant challenge for several periods, for the majority of the balance nine months as well barring two, three months and that has impacted us. We also chose not to choose moratorium etc. and continue to make out all the payouts because we thought it was more effective from a long-term perspective. So, that impacted 2x2 and Lords I think what you have seen is very, very strong revenue growth. That revenue growth has partially been through our efforts to expand markets and so on, but to some extent it has also been because of the underlying inflation in rates across the board, Ankur and therefore what happens is giving and I mentioned this probably last quarter that we continue to see significant volatility in international freight and what that has done obviously is an increase in the underlying cost basis for the industry. So, if you are costing

Rs.100 last year, last year's today costing is Rs.120 or Rs.115. Now Rs.10 and Rs.100 is 10% but Rs.10 from Rs.110 is 9%. While you are still making that Rs.10 margin but you are obviously or slightly more than that because you end up paying working capital cycle and so on but your customers do put you under pressure because it is a cost basis inflation as well and that is that is a big play which are seen on the Lords side. Overall, looking at freight forwarding business had a really strong year by the way, a 45% growth despite the impact of the pandemic on a full year basis with some strong expansion and we are optimistic, as you know we expanded our liquidity position in Lords last year and we are optimistic about the runway the business has.

Ankur Periwal: That is helpful. Thanks. Just on the capex point.

Yogesh Patel: Ankur, a comment on subsidiary margin was also on margin percentage right because in absolute terms obviously it has increased?

Ankur Periwal: Yes that is right.

Yogesh Patel: On the capex part, we have next year's plan is what you would look for so I think between given the warehouse space, management increase is in that uniform range, I think we would have our capex outlay also between Rs. 70 Crores and Rs. 90 Crores for the coming, for this new fiscal year.

Ankur Periwal: That is helpful. Congratulations on healthy working capital management. Should we expect this trend to continue going ahead or there could be some one-offs here?

Yogesh Patel: No. So, working capital management cannot be one-off. What would be one-off I mean you are aware Ankur historically is incomes tax refunds that we were collecting and on that piece we managed a good recovery out of that so those in theory becomes one time because once you collect there is no more left. The integral part of working capital management also has been our improvement in our DSO days. Honestly, with the improvement in DSO days we have also managed to reduce our DPO days to an extent as well. So that kind of goes towards more healthier business practices per se, but this improvement in DSO days has been driven. Obviously, it had to be and the improvement drive itself has to sustain and hence sustaining the new numbers definitely is integral. Also cash to EBITDA yields are very critical in terms of management focus. So while the absolute levers, the changeover based, one thing what you can get on tax, and funding and so on, in terms of management focus as you articulated 18 months ago that that is an important area where we are focusing on and that will continue to be, on a medium term basis

Ankur Periwal: That is helpful and all the best. Thanks.

Moderator: Thank you. The next question is from the line of Shyam Sundar Sriram from Sundaram Mutual Fund. Please go ahead.

Shyam Sundar Sriram: Good afternoon. Thank you for taking my question. Sir, my first question is if you can share some thoughts on how much capex would be the Bajaj Electricals deal, which is of 1,000 Crores order and on the Flipkart deal as well which you had announced for the last mile delivery, some understanding will help along here. Added part of that typically for a warehousing value added solution contract, what is the minimum threshold ROCE that we target per se? That is the part of the other question.

Rampraveen S.: Shyam you asked three questions in one question, but I hope you are doing well and safe. Let me answer the last one first. In terms of return on capital employed we have capital return targets which are driven by service type and solution offering, which have been indexed for two things, market segments which are operated and the strategic nature of the accounts. Therefore there is no one bellwether number. Obviously we are all adjusted to be above cost of capital. So, we have a very aggressive return expectations on the solutions and the warehousing based businesses in line with that. Just to add why I am not dealing with specific number because for example if we do a solutions, the top up or the flex for six months, the way you price that in terms of return expectation can be very different from what you do as a five-year transaction, on a five-year contract because your cost stability or return, invest risk profile are all different in each of them, but there is a juristic structure to driving that and the next phase of the risk adjusted basis is clearly ensured to be attractive. As far as the capital requirements for Bajaj is concerned, I think, the number which Yogesh laid of a capital just now to a question Ankur asked just before Shyam, I assume you heard that. That capital outlay pretty much includes our outlay for all our accounts including Bajaj. As I mentioned earlier to one of the questions which was asked on the Bajaj project, the large single distribution centre are actually collocated within our BTS system. So we are not making these was contractual positions not based only on a full consumption of that space by BEL and therefore it is a multi-user of facility in which BEL will be one account. The aggregate capital of that is what Yogesh has outlined in his comments a few minutes ago. On the EDel side, which I think, you asked a question I think I had addressed this earlier as well saying that we have now bought close to 300 vehicles of 30% of our project fleet we have targeted for the first 18 months and we launched this service we had said during the 12 to 18 months window, we want to build around 1000 vehicles. We are roughly around 30% of that and on an incremental basis a lot of our assets will actually partnered supplied fleet. It will not essentially mean it is a fleet which we acquired ourselves and therefore I expect that the vehicle or the fleet addition capital for that will continue to tail off, and it will not be a very significant part, but was the broad contours of the spend. I do not know Yogesh, if you want to add anything, which I have not covered, but I hope that answered your question, Shyam. Yogesh anything you want to add?

Shyam Sundar Sriram: Just one question on the balance sheet side, we have this other financial assets in the consolidated balance sheet which is around 354 Crores. I think from the annual report I saw this allocation of accrued sales, has been increasing over the last three years, I was just trying to understand what is the line item if you can throw some light on that. Secondly on the payable side, payable has increased at the end of the year? Is there any change in terms of it? Thank you.

- Yogesh Patel:** On the accrued sales piece, the way our business gets conducted usually the performance of the business is done in a particular month and the invoicing is done in arrears in the sense when the performance of that service is over. So, usually you will see the services which you have delivered in the immediate month would have yet to be billed out and would stay as an accrued income. This amount would have increased because our business itself has grown -year-old.
- Shyam Sundar Sriram:** Once it is invoiced it will become receivable.
- Yogesh Patel:** Yes. It goes into it.
- Shyam Sundar Sriram:** On the payable Sir any change in terms of it?
- Yogesh Patel:** Payables is also linked to it. I mean in terms of 100% asset light business, so most of my direct cost, other than your own people comes as payables and that is again in relation to the business volume itself.
- Shyam Sundar Sriram:** Pooling the revenue will actually decline year-on-year, so I was just wondering why the payables at the end of the year are higher. Fair enough. Thank you.
- Moderator:** Thank you. The next question is from the line of Abhijit Mitra from ICICI Securities. Please go ahead.
- Abhijit Mitra:** Thanks for taking my call. I hope everyone is keeping safe at these times. My question is regarding for warehousing business revenues again. I think lot of participants have asked this question, but the thing which is surprising is that by the time nine months revenue came out, we were actually looking to significantly improve on the yields of the warehousing business. When I say yield I mean warehousing revenues per square feet per month, but with the Q4 revenues out, it tends to be almost flat on a YoY basis which has been surprising because we have seen all the stores line feeds increase as well as the stockyard space and the value addition also at least on a perception basis was improving. So, if you can just throw some light on it because this is almost 1.5 million square feet during the course of the year. So does this mean that there is significant under utilization and it will move up meaningfully next year or does this mean the competitive pressures have sort of flattened it on a YoY basis? How to look at it?
- Rampraveen S.:** Great question Abhijit. I hope you are safe as well. So, first I think if you look at it, let us just first address the capacity addition issue. You are right 16.2 going up to 17.7. I think if you look at a lot of these issues do not physically add warehousing, you do not go to pick revenue on day one. So, when we add a facility it roughly takes some month or so for to it to actually blend in for it to actually get fully observed. So you are seeing a point of time on March 31, we had 17.7 million square feet we will take that and divide the revenue by that. I think it is said to be a slightly funny number. I think if you actually look at the average of the four quarters, I think that will be more representing of the actual space which we have realized . The same thing, if you have services for the revenue side, we have to take Q2, Q3, Q4, cumulatively and you divide it what would be our average square feet and when you compare it to previous year I think, you

might see a slightly different trend line and the reason why that becomes relevant is because of two things. One is you are doing flex solution, so we do have seasonal solutions also which come in and go out. The second thing why it becomes relevant is because of the fact that there is seasonality in the business results obviously in the same warehouse we having a different level of utilization during peaks versus during rest. For example, in Q4 in February and March the e-com volumes are down or the consumer volumes prefer in food category are down you obviously would see that at a certain level of utilization, which is let us say at 100 units. Now during Q3 that is the sale might be churning out 200. So, if you take a point of time, and just take that as a factor and compute it I think you will find a very different pattern. So, it is important I thing is to not look at sequentially it's just looking year-on-year and say what was this year-on-year perspective or from a full year average perspective. Now we can share that with you Abhijit and we will find that the trends are favorable and I think are consistent with the perpetuality and we will be happy to do that offline with you.

Abhijit Mitra: Sure. I will take that sort of reworked numbers, but in terms of guidance or target, you sort of target any yield improvement or it is like, I mean of course it is a combination of contracts.

Rampraveen S.: See, I mentioned this earlier as well that clearly, I think from our perspective, we are trying to do lesser storage base warehousing solutions or warehousing services to providing more processing based solution from our warehousing facility. So, if you look at it in Q2, Q3 on a year-on-year basis, our warehousing space do not go up so much but our revenues will go up. There is a little bit of point of time perspective but our underlying trends say that as we do more of these solutions, I think we will see the improvements on these levels because we are doing more complex work. Now you must factor our work and we are also building out larger facilities. This year we built several large BTS, many of our facilities now are on average 3,50,000 to 4,00,000 square feet so the flexibility comes in at a point of time and takes some months or two to get fully filled up. And therefore while we declared that this space is live because they are implementing projects in that space, it does not mean that already will realize. There will be some delta in that but otherwise the underlying premise is of this. I do not give guidance and these are the expectation on which we are deploying ourselves.

Yogesh Patel: If I may come in here. What Ram also saying is absolutely right if you were to measure us on a very short window these aberrations would come and hence like we had done in the previous years also for these executions rather look at it on a YTD basis for us. And then that would be a proper reflection of the change in business volume versus yields.

Rampraveen S.: And also investment basis, if you look at delta of revenue and warehousing versus delta of space, I think, you will see that there is a different curve which is visible there.

Moderator: Thank you. The next question is from the line of Manish Bhandari from Vallum Capital. Please go ahead.

Manish Bhandari: Good evening Yogesh and Ram. My question is what is the cost saving for Bajaj Electricals in the next five years by moving the whole logistics arrangements to you?

- Rampraveen S.:** I would not speak on behalf of Bajaj but I would defer to Anuj's statement which he made, I spoke to CNBC together but I think he quoted that the project is 25% reduction from a cost perspective. I have to clarify there since then the debate, the contract is structured is on an output basis. So you have to look at costs both in terms of dollar spent but also in terms of the volume which is spent for this dollar, but that is the guidance, which they shared with CNBC and otherwise when we meet them personally.
- Manish Bhandari:** What kind of investment we need to do in the same?
- Rampraveen S.:** What kinds of investment?
- Manish Bhandari:** Do you need to do in this space? I need to say that Mahindra Logistics need to do?
- Rampraveen S.:** We are expecting to build out infrastructure which requires nearly 2 million square feet of warehousing space from a mid cycle perspective, so I think that is contracted warehousing. A large part of that is in multi-user facilities. Apart from that there will be investments in terms of racks, sortation system, warehouse storage systems and so on, which are intrinsic to us as these are designed for them. The last mile delivery which was done on electric or through our EDel services is a shared service. So it is basically leverages a pool fleet which we are creating and not a dedicated investment for Bajaj. Those are the big specific elements which are there. I do not give we have a number to call out right now, but if you want we can give a more specific answer.
- Manish Bhandari:** My second question is regarding this 10,000 Crores vision statement, you have, we have moved from 5,000 Crores vision statement now to 10,000 Crores. So what is the missing piece what you think you need to volt on to make this reality or may be closer to reality?
- Rampraveen S.:** I think we have commented on this a couple of times earlier in calls as well, so obviously I think we moved, we revisited our vision statement is of 6,000 Crores earlier, not 5,000 Crores, it is 6,000 Crores, we opted to 10,000 Crores for FY2025-26 and I think there are four underlying elements in that which we had discussed or four big elements there. Some of them are firm specific and some of them are broader. So let me talk about them in 30 seconds. First one obviously is we did see increase formalization across the logistics industry given more favorable policy and that is an important element which we think we will try the adoption of 3PL. I think we see that more actively over the last 12 to 18 months and that the industry get back to a low to mid teen kind to a growth level, which we have been talking about for some time. So, that is one. The second thing, which is from 2019-2020 perspective when we made the vision was that we expected correction in the automotive industry, so there was a significant downward correction and we expect a reset and normative growth in the industry. The third part of our growth hypothesis really is expanding our services portfolio and we have seen that we have coming in a earlier on as well, our Express business and our freight forwarding business, so we have launched several new services or expanded them, EDel, Express, freight forwarding, these are just service lines that we are historically under represented and we believe that there is an opportunity in those last mile delivery, freight forwarding, Express to significantly to expand our share of business there, but that is a strategy which is working out. We have seen 40% plus growth on

those service lines annualized despite the pandemic impact. So, we expect that we can maintain that kind of strong growth there. The fourth one is the ability to create integrated solutions. So a combination of these we think are between faster growth in some service lines because a firm's specific focus on solutions and integration with some macro moves around sector changes in auto and just broader economic revival I guess are the four big elements of that 26%, 27% CAGR of growth. We will have to deliver to hit that 10,000 Crores. Now very much the 10,000 Crores number is a vision. It is not a guidance. I just want to caveat that.

Moderator: Thank you. We will take the last question from the line of Mayur Parkeria from Wealth Managers. Please go ahead.

Mayur Parkeria: Good evening. Thank you team, Ram and Yogesh for taking my questions. Decent performance in times like this. I had two questions; one on again the vision which we had set out, while you have laid down the elements which you will be focusing on to deliver this kind, does it also involve further addition of verticals apart from our current verticals and if you can throw some lights on that side towards your long-term goals?

Rampraveen S.: To be honest I do not think we will be adding more verticals. I think, we may be adding more service lines. Verticals we had already organised and market services lines, so the markets are pretty broad base right now and we got e-commerce, all our consumer markets are bucket together as a consumer vertical and then we have automotive and engineering verticals which covers automotive and manufacturing, so I think these are broad verticals remain the same. Those are our focused market in addition to the enterprise mobility. Within those we would obviously continue to bring the business as we are currently going but there, I think we see more expansions from different service lines. So I talked about this earlier as well that we have been focusing on accelerating freight forwarding and EDel and Express and so that kind of services and expansion will continue to happen as we try to build a bouquet of different services and integrate them to our customers.

Mayur Parkeria: So, when we see any 3PL player globally as well as in our domestic industry also, some of the players which are there, a strong anchor client has been a backbone of the ability to provide a large, ability to provide a successful 3PL services and even in your case, auto was and M&M being an anchor client and M&M and auto being an anchor sector, we were able to penetrate the sector, understand the sector, the domain expertise came. I was happy to hear Flipkart deal on that side, but it was more on the EDel side and electrification or electric vehicle side but where are we in terms of having contracts from an anchor perspective in e-commerce, pharma and consumers and if you can throw some qualitative light and maybe even some number of clients and when do we think we will be able to get on some of them because that was something which will be most important to understand the domain and you say service line expansions and all, they will help us to leverage that. So some comments there and how do you see that?

Rampraveen S.: It is a big question, I think, obviously it is good to have answers because it shapes the way we drive scalability in any end market. I am glad you asked the question, because that is what and why we have designed the market. We do not design ourselves the service line. As I said, I think,

it is a great question. If you look across our market even in the automotive side, we have three or four anchor clients, we have obviously at Mahindra and Mahindra on the auto side but we also have a very large commercial vehicle player, we have a couple of other logos in the luxury car space. So, I think by market, by vertical, we have some pretty strong players there. If I look at the e-commerce space, I am not going to name them, I think, we have very deep partnerships with the large market places in this space. Similarly now if you look at the consumer and pharma space, we have been adding anchors, Bajaj itself is an example where like Bajaj and durables we have been adding anchor clients in each of them. So, when we look at the top 20 clients are right now 60% of our volume that is just because those top 20 in any ways actually reflect the anchor positions in each of these end markets. I mentioned this earlier also while top 20 adds 60% of our revenue but the profile of this 20 has changed. It has moved from being 20 let us say heavily interim one segment toward being 20 now becoming more widely anchor clients in different end markets. So, we have now durables, we have clients in pharma, we have two, three big clients anchor clients in consumer and our relationship there are not just based on EDel. They are pretty much widespread. So, we have that now fairly covered. But we know as a policy name our clients without client's agreement because we sign customer relations in each of our clients, but we have deep anchor positions in most of our work place.

Mayur Parkeria: Can I just take one short-term question please, near term question. Does the current COVID related vaccination logistics issue now the cost is it since the vaccine itself is priced quite low, does it create any stress on the financial for FY2022. I understand from a moral side this is good, but just from, will that FY2022 bake in some of those numbers in a little lower margin side or how is it for us?

Rampraveen S.: Pandemic is affecting us and the vaccination perspective very honestly. I think we have modeled that out and M&M we had already announced that we will provide vaccinations for all our employees and their spouses. We might extend that to their families as well, but we will provide free of cost for all of them. That is something which we are confident as an organization we will do the productivity improvement to offset the costs.

Mayur Parkeria: In terms of the business of supply logistics that is not what we are saying?

Rampraveen S.: I think the business side of pandemic itself I think there has been a lot of noise around this, a lot of visibility around it, but if you really look at it right now every vaccine which we do there has been possibility as soon as possible to the localist to the first point of demand. We have said earlier on that there are three, four buckets of demand, warehousing and storage, delivery and distribution, freight forwarding and international movement and last mile delivery. Today given the pandemic which we are in, there is not too much of storage. All the vaccines which have been here are pretty much could shift across to last mile delivery locations for consumption and there is no freight forwarding or international movement which was already permitted in the large scale. At this stage, I do not think it is consistent with the view which we shared earlier that the COVID-19 vaccines are more of a medium-term business opportunity rather than a short term opportunity. I will kind of close my comments there on that.

Mayur Parkeria: Thank you and wish you all the best Sir.

Moderator: Thank you. Ladies and gentlemen, due to time constraint that was the last question. I now hand the conference over to the management for closing comments.

Rampraveen S.: Thank you every one. I hope we have been able to answer all your questions satisfactorily; however, should there be any further clarifications or would like to know more about the company please free to contact our Investor Relations team or SGA, who are our Investor Relations Advisors. Once again I want to thank you all for your support and engagements in a very challenging year, in a year we have continued to try and expand our strategic focus and make of the most of strength and presence from medium and long-term perspective. Thank you all again once again for taking your time to joining our call. We wish you all a health and safety in this very challenging environment. Thank you very much. Stay safe.

Moderator: Thank you. Ladies and gentlemen on behalf of Mahindra Logistics Limited that concludes this conference. Thank you all for joining us and you may now disconnect your lines.