

Our Ref: MLLSEC/173/2022

Date: 11 November 2022

To,
BSE Limited,
(Security Code: 540768)
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai - 400 001

National Stock Exchange of India Ltd.,
(Symbol: MAHLOG)
Exchange Plaza, 5th Floor, Plot No. C/1,
"G" Block, Bandra-Kurla Complex, Bandra
(East), Mumbai – 400 051

Dear Sirs,

Sub: Transcript of Earnings Conference Call - Regulations 30 & 46 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations")

Ref: Intimation of earnings conference call vide letter dated 20 October 2022; and Outcome and audio recording of earnings conference call dated 7 November 2022

We refer our intimation dated 20 October 2022 informing the schedule of the earnings conference call with several Analysts/Institutional Investors/Funds on the Financial Results of the Company for the quarter and half year ended 30 September 2022 held on Monday, 7 November 2022 ("Q2 & H1 FY23 earnings call").

The earnings presentation, outcome and audio recording of the Q2 & H1 FY23 earnings call was submitted by the Company vide letters dated 4 November 2022 and 7 November 2022, respectively, and uploaded on the website of the Company at the weblinks given below.

Further to the above referred letters and in compliance with Regulation 30(6) read with Para A(15)(b) of Part A of Schedule III and other applicable provisions of the SEBI Listing Regulations, please find enclosed the transcript of the Q2 & H1 FY23 earnings call of the Company held on Monday, 7 November 2022.

The transcript includes list of management attendees and the dialogues including but not limited to the presentation, the Q&As', any assents /dissents and open points and is also uploaded on the website of the Company at the weblink given below.

Weblinks:

| | |
|-----------------------|---|
| Earnings Presentation | https://mahindralogistics.com/wp-content/uploads/2022/11/f5f1d5b9-9d4b-4e99-9711-355b70f7aa09.pdf |
| Audio Transcript | https://mahindralogistics.com/wp-content/uploads/2022/11/SGP7620221107143594.mp3 |
| Transcript | https://mahindralogistics.com/wp-content/uploads/2022/11/6.-TranscriptQ2FY23Earningscall.pdf |

No Unpublished Price Sensitive Information was shared/discussed by the Company during the earnings conference call.

In compliance with Regulations 30 and 46 of the SEBI Listing Regulations, this intimation will also be uploaded on the website of the Company at <https://mahindralogistics.com/investor-information>

Kindly take the same on record.

Thanking you,
For **Mahindra Logistics Limited**

Ruchie Khanna
Company Secretary



“Mahindra Logistics Limited
Q2 FY ‘23 Earnings Conference Call”
November 07, 2022

Disclaimer: E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchanges — BSE Limited and National Stock Exchange of India Limited and the Company website on 7th November 2022 will prevail



List of Management attendees:

- 1. MR. RAMPRAVEEN SWAMINATHAN – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – MAHINDRA LOGISTICS LIMITED**
- 2. MR. YOGESH PATEL – CHIEF FINANCIAL OFFICER – MAHINDRA LOGISTICS LIMITED**
- 3. MR. SHOGUN JAIN – STRATEGIC GROWTH ADVISORS**

**Moderator:**

Ladies and gentlemen, good day, and welcome to the Mahindra Logistics Limited Q2 and H1 FY '23 Earnings Conference Call. We have with us from the management, Mr. Rampraveen Swaminathan, Managing Director and CEO; Mr. Yogesh Patel, Chief Financial Officer; and Mr. Shogun Jain, Strategic Growth Advisors. 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 conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Shogun Jain. Thank you, and over to you, sir.

Shogun Jain:

Good morning, everyone, and thank you for joining us on the Mahindra Logistics Limited Q2 FY '23 Earnings Conference Call. We have with us Mr. Rampraveen Swaminathan, MD and CEO, and Mr. Yogesh Patel, CFO of the company. I hope everyone has had a chance to view our financial results and investor presentation, which were recently posted on the company's website and stock exchanges. We will begin the call with opening remarks from management, followed by an open forum for Q&A.

Before we begin, I'd like to point out that some of the statements made during today's call may be forward-looking in nature, and a disclaimer to that effect has been included in the earnings presentation that was shared with you earlier.

I now invite Ram, MD and CEO of Mahindra Logistics Limited to make preliminary remarks.

Rampraveen S:

Thank you, Shogun, and good morning, everyone. I hope you and your loved ones are being well and safe. I trust you all have had a chance to view our presentation and financial results, which is available on the stock exchange and our company's website. Pursuant to queries in past earnings calls, we have expanded the information provided around our three business segments, the 3PL business, network services and mobility, as well as details around MLL standalone and subsidiary company performance.

Before I share any specific comments in our operations, order intake and key corporate developments during the quarter, just share a quick update on the external environment and the trends in our end markets and businesses. We'll then discuss our financial performance in Q2 and H1 and FY '23, and our focus areas for the remainder of the year.

Let me just quickly begin with the external environment in our end market. Leading economic indicators just transportation, warehousing and inventory ideally indicate potential performance of the overall economy. Q2 FY '23 marked a cool off in key commodity prices, including those of base metals and crude oil as against the Q1 FY '23 period, which had a witnessed elevation in commodity prices. To curb prevailing inflation, the RBI has adopted a part of aggressive policy tightening. In addition, the demand situation has broadly been stable compared to the previous quarter, while rural demand remained muted due to inflation's impact on disposable income.

Input costs, especially those connected to the price of crude oil and palm oil have stabilized after a period of increase. Due to the stronger monsoon, the going ahead rural demand is being viewed with optimism. We entered Q2 of FY '23 with an optimistic outlook on demand with the advent of the festive season and some sector level sales, but demand has remained muted across many categories, especially e-commerce. While the sector has seen higher value growths gaining momentum in terms of demand, the underlying volume growth has been lower than anticipated or forecasted by our enterprise customers.

The operating environment remained challenging in Q2 FY '23 from multiple factors. During the quarter, as auto demand went up, we witnessed significant shortages in car carriers' supply in some parts of the country, which resulted in a tightening of the purchase price and an inflationary trend there. Vehicle and driver shortages were also there in some other segments. During the quarter, we saw increasing costs related to our frontline workforce and outsourcing manpower, which specifically impacted our 3PL contract logistics business. International cross-border movement continued to see downward pricing corrections, especially for ocean cargo on the Asian and European lanes. These factors have an impact on revenue and margin of our forwarding business.

A key announcement or policy shift during the quarter was the announcement of the National Logistics Policy. The National Logistics policy aims to promote seamless goods movement, while also increasing the competitiveness of Indian industries through better logistics infrastructure. While Gati Shakti is focused on creating physical infrastructure, the NLP will concentrate on logistics across shipping, storage, inventory, and investments in digital systems and processes.

The NLP is all encompassing from a strategic view across the problems of high cost and low efficiency. And by focusing on building a broad interdisciplinary cross sector and multi-jurisdictional framework, it aims to improve the logistics ecosystem. The policy stated objectives are to increase the competitiveness of Indian manufacturing exports and accelerate the nation's economic growth by improving logistics infrastructure and reducing the overall cost of logistics. The goal then is to build a world-class infrastructure for logistics, which is on par with many other countries in the world.

The NLP thus will aim to cut logistics spending from approximately 14% to 16% of GDP today, gradually towards an worldwide average of around 8% of GDP by year 2030. In line with this, the value of the Indian logistics market is expected to rise significantly from its current value during the next two years. The new ONDC initiative holds exciting prospects for providing more open services and infrastructure, especially in the last mile, and we are looking forward to be part of the same.

Let me now move on and talk a little bit about our end markets and of course begin with the automotive industry. Since last year, the auto industry has been seeing an uptick in demand with more steadily showing encouraging traction. Since demand drivers are still functioning and channel filling was observed before the festival season, the longer-term outlook remains optimistic. As chip shortages reduce, the ability to fulfill demand has increased across the board.

And I think across the board inventory has increased leading up to the festival season. As a result of rising costs for raw materials, of course, many OEMs have raised their prices.

There is also a significant addition of new models which are creating a greater pattern of demand across the industry, both in terms of SUVs and other passenger vehicles and commercial vehicles. Demand in entry-level two-wheelers and PVs continue to remain weak, which has been offset by strong urban demand for SUVs. Commercial vehicle retail fell through the seasonality, but we expect that to be revived, especially driven by high infrastructure spending and revival in freight movement as EV-built movements actually show a very positive trend in terms of broad freight carriage.

The festive season and lower supply chain issues due to chips have resulted in broader availability and movement of products as OEMs increase their volumes to fulfill demand.

The consumer durable industry after robust summer, traditionally experiences some slowing of activity in this quarter due to seasonal factors, as well as demand moderation because of higher prices and a subsequent reallocation of spending towards other forms of recreation. Margin pressure has also been witnessed in the industry as a result of cost-led headwinds and increased competitive intensity. Our leading brands and distribution channels are still hopeful that the festive season will see a strong return to healthy demand, sales of durables on Amazon's Great Indian Festival and Flipkart's Big Billion Days have seen an uptick. However, demand for entry-level products has remained weak as inflation has had an impact. The demand for lighting products has not been significantly impacted and the industry continues to see robust off-take. The broad softness has persisted in the last few months and we estimate this to continue.

Moving on to the e-commerce industry. The e-commerce industry growth has been fueled by multiple factors, including better logistics, higher level of awareness, greater technology driven platforms, increased online shopping offers and a broader level of digital adoption post-COVID. During the last few years, online adoption has dramatically risen, and this trend is predicted to continue. The expansion of the industry directly impacts companies that specialize in providing logistics services for e-commerce.

Now, many of the e-commerce companies are turning towards increased outsourcing as a way to rapidly expand network and accelerate order fulfillment. While our broad long-term macros are positive, demand has been subdued in the festive peaks earlier in the quarter. And volume has only shown moderate growth with continuing pricing pressures. The significant expansions in the past few years have added a lot of network capacity, and now the emphasis has shifted more towards consolidation, especially among marketplaces.

Moving on to mobility, the enterprise mobility segment is showing its peak in demand due to increased work from office policy, and therefore we have seen a 20% to 30% uptick in trip levels. However, working from home remains the norm for night shift operations, which are a significant use case for enterprise transportation, and that has impacted the scale and the speed of the recovery. However, we remain committed to expanding in the segment to a focus on service quality, safety, and optimizing our journey towards electrification. The frequency of business travelers and personal travel in India has increased dramatically in the recent past as

we return to a post-COVID environment. Overall, we have seen this flow into a moderate growth in the enterprise part of our mobility business and a 40% to 45% growth in airport transportation-driven services by Meru.

If I sum this all up, I think across the quarter, we are in the midst of a strong auto recovery. The farm environment is stable and demand patterns across other markets are varying with the short-term signs which have been more muted. The operating environment and the supply of the cost has been impacted by inflationary trends in parts of the transportation sector and rising frontline and operating costs.

If you look at our business, our 3PL and network services businesses continue to see growth in volume in the first half of the year and the quarter just gone by. During the quarter, the 3PL business grew by 32% on a year-on-year basis and for the first half it grew by 35% driven by strong performance in auto and continued growth in our existing operating sites. We continue to see volume growth and demand for integrated solutions over the past few quarters. The farm sector continues to do well. Positive atmosphere prevails as the Kharif harvest approaches and commodity prices remain stable and we are optimistic about growing performance there.

Within the supply chain businesses, or the 3PL business specifically, the M&M business grew by 47%. The robust drivers especially in the auto side of the business. The non-M&M SCM business grew by 12% driven by continued growth in e-commerce, consumer, and other markets. In the second quarter, compared to last year, last year was an exceptionally strong second quarter driven by a recovery from the second wave of the pandemic. And this year it's been more muted, right? And therefore, if you look at H1 growth year-on-year, the non-M&M businesses for the first half of the year grew by approximately 20%.

The share of solutions and warehousing grew 15% year-on-year. Sequentially compared to Q1 of FY '23, we saw growth in 3PL volumes as well as growth in our network services businesses. Freight forwarding, last mile delivery and B2B express grew by 18% on consolidated revenues in the quarter. The freight-forwarding business growth has slowed down because of pricing correction, but underlying volume growth remains robust and positive.

Before I talk about consolidated financial performance, I'd like to spend a few minutes to also talk about recent corporate developments, and as well as the performance of our subsidiaries. So let me just begin with the acquisition of the part truck load or express business of Rivigo. We recently entered into a business transfer agreement with Rivigo Services Private Limited and its promoters on September 26th, 2022 to acquire the B2B express business of Rivigo including all rights, titles, beneficial ownership and interest thereof on a slump sale basis. The scope of the transaction also includes the complete technology stacks and the right to usage of the Rivigo brand.

Rivigo founder in 2014 pioneered the relay trucking model that relies heavily on strong technology and technological capabilities. The acquisition builds strength in our company's B2B express business by leveraging and utilizing Rivigo's large network of 250 plus processing centers and branches, covering an area of more than 1.5 million square feet, and more importantly, actively leveraging the strong technology capability. We believe that there are

strong synergies across network team and customer service. The Rivigo's operations network covers more than 19,000 zip codes across India and it provides a significant opportunity for us to collectively grow the business.

Over the last few years, the Rivigo Part Truckload business has had challenges, And those especially got accelerated during COVID period. Despite the fluctuating revenue levels, we believe the quality of the services remain very strong and the underlying network and technology architecture is top quartile. The revenue generated by the Rivigo Express business in FY '22 was INR 371 crores. The Express business EBITDA is currently negative, largely driven by the operating cost structure. We have well-defined plans to drive synergy and combination of the businesses and focus around cost optimization in several areas. We are confident the company will begin to generate positive EBITDA in the next few quarters. And of course, we will share progress of that along the way.

During the quarter, we also incorporated wholly-owned subsidiaries. V-link Freight Services Private Limited in Mumbai, was established in September. The company has an authorized share capital of INR 5 crores, and INR 1 crore in paid-up capital. VFSPL will engage in cross-border logistics, supply chain management, freight forwarding, and air charter businesses, for our customers in India and across and outside.

Let me also quickly talk about some of the other important subsidiaries. Meru, the mobility business of Meru, as you all know, has been focused on B2C and airport movement across five major cities in India. While the segment was impacted by COVID and over the last few years by varying demand and supply patterns, since the acquisition, the operating rigor and the focus on cost control have started showing results with increased levels of synergy at an operating level between the medium and allied businesses.

Consequent to that, in the first half of the year, revenue was INR 44.6 crores as compared to INR 23.9 crores in H1 FY '22, a significant growth level. Profit after taxes, our losses at the PAT level have narrowed down to INR 4.2 crores in H1 FY '23 compared to a loss of INR 10.8 crores in the first half of FY '22. So significant reduction in our losses as we drive those synergies and cost optimizations.

Whizzard, which is a last mile delivery business which we invested in earlier this year, has been scaling up its operations as well. The revenue for H1 FY '23 was INR 62.4 crores as compared to INR 52 crores in H1 of FY '22. We continue to make investments or support investments in that business to expand the offerings around micro-fulfillment and B2C and also invest in expanding the network and the technology infrastructure of the company. As a result of those investments, the company continues to have an impact of that.

PAT losses for H1 FY '23 were up marginally from INR 1.9 crores in H1 FY '22 to a loss of INR 2.8 crores in H1 FY '23.

2x2 logistics, the assetised car business has been seeing disruptions for some time now. Over the last year, we have, due to retro fitment and rebuild reasons, had a substantial amount of the fleet off-road. We have started to complete retro fitment for several parts of the fleet and

operations have resumed. At the end of the quarter, more than two-thirds of the fleet had been redeployed in operations. We continue to make that investment to complete the retro fitment and redeployment of the assets. Overall, the car-carrying industry is seeing a rather positive outlook in terms of demand, and we believe on completion of the rebuild of the retro fitment, the business will be well positioned to show a strong recovery in revenue and earnings. For the quarter gone by, the business has made a loss of INR 1.1 crores in Q2 FY '23, which is marginally better than a loss of INR 1.2 crores in Q2 FY '22.

Let me now share consolidated financial performance for the quarter. Revenue for Q2 FY '23 increased by 28% on a year-on-year basis to INR 1,326 crores. Sequentially, compared to the first quarter of FY '20, revenue increased by 11%. Supply chain management, including our 3PL and Network Services businesses, contributed 95% of overall revenue and the mobility business has contributed 5% of overall revenue.

Gross margin at a fully consolidated basis stood at 9.7% in Q2 FY '23 compared to 9.8% in Q2 FY '22. Gross margin was impacted favorably by volumes and underlying cost movements. It was impacted unfavorably due to 2 x 2 operations, a drop in margins of the forwarding business and an increased shift in terms of production towards full truck load transportation in our 3PL business.

Our EBITDA for the quarter stood at INR 70.9 crores up INR 49.2 crores in Q2 of FY '22. PBT on a fully consolidated basis, is up 18% from INR 7.7 crores in the prior year's Q2 to INR 16.7 crores in Q2 FY '23.

Our PAT was up by 145% to INR 11.3 crores in the quarter. These are on a consolidated basis prior to consolidation of Meru and the share of Whizzard PAT grew by 15% year-on-year from INR 9.3 crores to INR 14 crores.

The proportion of revenue from the Mahindra Group comprised 53% in Q2 FY '23.

Let me share few more details around the segment level performance. Revenue from supply chain, increased from INR 978 crores to INR 1,263 crores, up by 29%.

The mobility segment grew by 15% to a quarterly revenue level of INR 62.8 crores. Our SCM revenue has seen an uptick growth across our 3PL business and continued growth in our network services businesses. Our revenue from the Mahindra Group Supply Chain businesses grew from INR 483 crores to INR 708 crores in Q2 FY '23.

Our non M&M SCM businesses, which include the 3PL and network services businesses grew from around INR 495 crores in Q2 FY '22 to INR 555 crores in Q2 FY '23. Our warehousing and value-added businesses for the non-M&M SCM business, grew from INR 201 crores to INR 223 crores, registering a growth of 11%. Share of warehousing and value-added services in non M&M SCM businesses has reached 40.2%. As we move forward, we remain committed to our long-term focus on growth that consistently laid out our vision for the business, which is a combination of strengthening and expanding our core 3PL business, our diversifying in service lines around freight forwarding, B2B Express and last mile delivery,

And remaining focused on that and diversify the market which across automotive e-commerce consumer durables, pharma and other segments. We do also remain focused on enhancing capital efficiency. The focus is on operating costs and increasing the productivity of our business. As we keep investing in some of our newer businesses, we see an impact of that from a margin perspective, but those businesses we remain confident will turn around in the coming quarters. As we see the increased scale the margin expansion should accelerate the earnings of the company. In the short term, we anticipate increased demand from our existing accounts despite softer demand and growth in our global forwarding business. And we remain focused on cost reductions and continue to invest in technology to drive differentiation for our customers and value for our customers. With this, I will open the floor for questions and answers

Moderator:

First question is from the line of Mukesh Saraf from Spark Capital. Please go ahead.

Mukesh Saraf:

First question is on the Express business in our Network Services, you see that Y-o-Y, obviously, the gross margins have declined significantly. It was 0.8% positive last year same time, and now it's negative while revenue growth has been about 18%. Could you give some kind of sense on what has led to the margins declining? Because for peers, the B2B Express business, they're around the mid-teens margins.

While if our sale is still lower, could you give some kind of outlook there? Also in relation to this, in terms of the fleet, in terms of the shopping centers, do we have dedicated fleet separately for this business and sorting centers as well? Are we able to kind of utilize the existing fleet and sorting centers for this business?

Rampraveen S:

Mukesh, I think the Express business, from an operating model, we run a collection of hubs serving around 8,000 pin codes directly and a set of external pin codes across the country. From MLL perspective, those hubs are serviced through scheduled line hauls, which operate between them. So these are vehicles dedicated to that business,

We don't own the vehicles. This is a network that operates on a time-to-time basis, and therefore, we are dedicated to that end of the business. Obviously, what has changed on margins year-on-year is that we are in the process of expanding the network, and scaling that up. And therefore, through the quarter, we have added new locations and geographies to serve them. And just the scale up, typically in the Express business, we are investing in the network. We're investing in network ahead of the demand because customers come up after you have an operating offering.

And I think we, therefore, look at most of the express businesses through the scale-up period. They do have a reinvestment cycle. At the same time, I think it's certain to note that if you look at the Express business, at a quarterly level, while we have seen a swing in margins. If you compare H1 versus H2, we've seen the margins have improved. So that's just an additional data point. Of course, as we complete the Rivigo acquisition, we will drive the integration of our existing Express business and that business together.

As you know, that's more strategically driven by the drive to build scale and the back of strong operating systems and expanding network and create technology. And therefore, I think the combination of these businesses will obviously, I think, allow us to change the slope of not only

the expansion of the network, but also the movement of margins. We do expect that in the medium-term margins will be similar to comms from the market.

Mukesh Saraf: And this continues, I mean, we are at a INR 200 crore annual run rate here for the Express business. And Rivigo is about INR 370 crores business that we have acquired. So are we looking at the INR 600 crore kind of a number on an annual number sometime next year?

Rampraveen S: No. So Mukesh, we are actually at around last 12 months, we had INR 170 crores to INR 180 crore revenue. H1 is actually INR 97 crores.

Mukesh Saraf: So annual is INR 200 crores is what I was looking at.

Rampraveen S: So roughly INR 200 crores. So let me just deal with last year numbers, INR 180 plus INR 370 adding up to around INR 550 crores for the last financial year.
And we are looking at a fairly strong growth there. But the immediate and the short-term focus is to drive very strong service quality, ensure that we protect yield and optimise cost. Because I think if you look at this is -- I mean, there a integration cost, we can actually lose customers in this industry as well.

Mukesh Saraf: My second question, again on the network services, we've also kind of highlighted the Last Mile number there. And so just wondering, this Last Mile is a dedicated service that we provide, aside of the Last Mile we might be doing as a part of our SCM Integrated service. So this is just a dedicated Last Mile service that we provide?

Rampraveen S: Yes, so this part of the business the last mile gets sold as a service, right. So this is not anything we do an integrated solution level that normally will get rolled up under the 3PL part of the business. Delivery stations, delivery associates and electric EV cargo based delivery services. The network, is across all 120 cities in the country. This also, if I may add, excludes revenues of Whizzard.

Whizzard revenues are not consolidated, combining as you have seen Whizzard around INR 62 crores in the first half of the year. And so we combine both of those, the total last-mile delivery business would probably be around -- the total magnitude of that would be around INR 160 crores on an H1 basis, growing at roughly at 20%, 25% level. Our own Last Mile delivery business grew 55% last quarter as we penetrated some newer segments like groceries and so on.

Mukesh Saraf: We have given indicators -- I mean, the gross margins for various segments. Could you give an indicator of gross margin between say Mahindra and non-Mahindra and say, transportation is what value. And it would just be helpful to understand how the mix changes, because we're seeing a strong growth in automobile and Mahindra is doing very well. And I think transportation also is into that. So some things might help.

Rampraveen S: I think as we mentioned in prior earnings calls as well Mukesh, we don't differentiate from a Mahindra versus non-Mahindra account. The margin profiles are driven more by the kind of service on it. The Mahindra business is largely full truck load transportation and network, with

cross docks and all levels in the supply chain. As opposed to non-Mahindra businesses, which has a larger share of warehousing solutions, upto around 40% of business.

So it's a bit unfair to actually do them from a comparative perspective. What I can say, as we have said earlier on, is there are transportation businesses, and we have gross margin on the high single-digit level. And our warehousing and solutions business generally have something in the mid-teens. That's roughly what carries the weightage of the margins.

Now, a couple of things I do want to add here, which I think would be relevant is one, obviously, we've seen, as I mentioned in my opening comments, a fairly significant inflationary impact from a car carrier perspective. Our car carrier shortages have been significant. That has had a trailing impact on margins in the second quarter. And it will probably flow through a little bit in the third quarter. But we expect that to get rebalanced as our partners add new capacity in the coming months and so that's one thing. And of course, we do with the Mahindra business operate through a fair amount through a combination of management fees i.e service fee on basis of savings. That's the level of savings in the second quarter has been impacted, but that's something, again, which we believe will catch up to the rest of the year.

Moderator: Thank you. The next question is from the line of Damodaran from Acuitas Capital. Please go ahead.

Damodaran: Yes. Firstly, thanks for the better disclosures you have come out with this time. So a few questions around that. I mean, firstly, among between the network services business, on the 3PL business. So what is the customer overlap between the three businesses: 3PL, Freight Forwarding, Express and Last Mile? And a related question to that is, what is the internal management structure to sort of ensure that there is sufficient management bandwidth that can be given to all these different businesses, given that you have dedicated competitors in each segment and there will be different metrics, and you are a challenger. So I just want to hear your thoughts on that.

Rampraveen S: So it's a great question, Damodaran, and thank you for that.. So I think this is from a customer overlap perspective, I think from a customer count perspective, there's probably 25% to 30% overlap across customers., We do cross-sell upsell to our clients across the Board. What I think differentiates these businesses is that we are customers of these services and what drives value creation in use.

So in the network services businesses, a lot of times, the customers just buy the plain, the basic service itself. There is not -- it's not a multiservice integrated solution. It's normally a customer who wants to move across countries, right, wants to move packages across geographies by surface. Or wants to do Last Mile deliveries in a specific part of the city or in a specific state. So we tend to buy services on a service level basis and don't buy a bouquet of integrated offerings, right. So the same customer, therefore, buys it very differently at times, and that's why we keep them the way they are.

The second part is how we create value in the 3PL business through the integration, solution design, and domain level capability. In the network services business, it's really around having

the infrastructure and driving utilization and service quality. And therefore, these businesses are kept differently and measured differently because of that.

Your other question was about management structure. And obviously, the 3PL of each of these businesses has an independent or clear P&L owner. And each of those P&L owners is part of our company leadership team. And they have individual P&Ls that they have end-to-end accountability to drive.

We have programs inside the company which are enabled on driving synergy, both in terms of demand and supply. So for example, the vehicle procurement often happens for a central group, which supports all parts of the business. We do work on customer account management across multiple service lines. But individually, the businesses have specific P&L managers or leaders, and they manage the operations, the demand generation operations, and the service quality of the respective business. That answers your question.

Damodaran:

The other question that I had was your disclosures on Rivigo. So can you just give some more colour on the profitability metrics, I mean, what sort of EBITDA loss is it making right now? And what's the plan to sort of turn it profitable? I mean, where will you generate the cost savings are the same?

Rampraveen S:

I think from the past perspective obviously, Rivigo has always reported numbers on an integrated basis between FTL and PTL. And therefore, the blended numbers are not fully reflective, Damodaran of the business carve-out. The way we have done the BTAs, we have specifically carved out sections of the business or parts of business which constitute what we would like to cover in the transaction. Therefore, the blended earnings are not very reflective. That said, obviously today the business is probably at a minus 7% to 8% EBITDA level..

Now, what's going to drive that value creation in the business? On the combined business. So, first of all, I think Mukesh asked earlier, our combined business is around INR 500 crores, the combined expense business will be around INR 550 crores, INR 560 crores. And instead of operating two networks, we will synergize network.

So, increasing higher volume throughput through a combined network is one thing, which is going to drive, you know, obviously lower operating cost at a network operating level. The second thing is that route optimization and lane optimization across geographies and customer bands, our focus is to drive asset utilization or trip utilization across vehicles. And we expect that utilization of all the vehicles will improve and drive down cost.

The third thing of course is that we are looking obviously at higher purchasing leverage at MLL, we acquired and buy significantly higher level of FTL transport capacity. And that synergy will bring to bear, right, in the combined business and that should give it significant leverage.

And lastly, the management or the operating structure model, I think, you know, just building on what I already commented to Mukesh, Damodaran, is the operator shared services model. Individual businesses are responsible for demand, generation, operation, service quality but overheads are shared across multiple segments, offers for much larger revenue base. And that should allow us to optimize the overhead structures for the business.

So combined to these three or four broad levers, Damodaran is what, along with volume growth, right, as we combine go-to-markets, we expect to be able to get the combined business into and positive EBITDA in the coming quarter.

Damodaran: Just 1 last question from my side. We saw some working capital deterioration this time around. So I mean, could you comment on the level of sustainability of working capital and what's the reason for the deterioration?

Rampraveen S: So, Damodaran, Yogesh will take that.

Yogesh Patel: Damodaran our working capital days as of end of September was 13 days which is in fact a change of two days from what we were earlier when we started this financial year. The main reason, I mean, if this is the period of time, usually middle of the year, it kind of balloons up a bit given the customers usually, I mean, during the festival season, the payouts towards bonuses, etcetera, are higher.

And there is a little bit of stretch on the day sales outstanding or the receivables per se. So that's the primary reason for this two-day delta what you see in working capital deployed in the company, which by, you know, as we come towards end of Q3 and then, you know, Q4 is always an improving trend from that perspective. But usually this is kind of, I would say, a little bit of cyclicality and a middle of the year phenomenon.

Damodaran: Yeah, but if I, even if I look at September to September, it's deteriorated fairly, I mean, It's almost half. So even, I mean, these seasonal issues would have impacted last H1 result as well?

Yogesh Patel: No, Damodar, I think if you're looking at an absolute value perspective, absolute value would have gone up because of the size of business which has gone up itself, what I was trying to do is, you know, trying to explain to you saying that, you know, one is the absolute working capital deployed because, we are an asset-light company from that perspective, our predominant deployment, in terms of investment in the business is from a working capital perspective and as your business volume grows your commensurate deployment of working capital would be higher.

Damodaran: Yogesh, I'm just looking at the cash flow generated. I mean, that's INR 30 crores for this half year versus INR 97 crores for the last half. I mean, H122. So, I mean, There is a sharp jump in trade receivables of around INR 35 crores. If you are saying it is just seasonal, that impact should have been there last September. That is where the question is coming from?

Yogesh Patel: So that last September, with last September's quantum of business which we are doing this September and I think if you convert that back to days right so I mean I did come back in the beginning itself to say that how does this work you know with receivables and that's the real reason itself so I confirm to you that yes that has been a thing and the reason why this is you know cyclicality and be sure of that that this would you know rationalize I mean this is the peak season as well as you know, customer season both leads to this particular delta.

Damodaran: Sure, so you're saying that, I mean, working capital, you should not expect any sizable movement in terms of number of days on an annual basis, this is just even?

Yogesh Patel:

That's correct.

Moderator:

Thank you. We have the next question from the line of Pranay Chatterjee from BCMPL. Please go ahead.

Pranay Chatterjee:

I just had one quick question on the same working capital cash generation. So if I look at the free cash generation in H1, 2023, it has been negative and largely because of working capital outflow, which Yogesh mentioned, is because of elevated DSOs in the H1 of the year. Right, so if I compare versus last year, it's correct that the DSOs when you include accrued sales is elevated and then it sort of comes down as the year goes by. But what I also see that your DPOs are worsened.

You were able to leverage your DPOs to a large extent, you know, in the last two, three halves but that has normalized right now. Any comment on whether any vendor relationships have changed in terms of contractual DPO numbers? Anything that has happened on that front? And number two, any comment on free cash generation going ahead? Like should we be able to see a positive outflow or due to the new businesses normalizing, should we expect a negative flow for our big orders?

Yogesh Patel:

Pranay you're right. So from a number perspective itself, cash generated from operating activities for first half has been negative close to INR 25 crore number. And on that, the payables piece, I mean I think what I mentioned probably from a, I mean there are two, three things happened from a macroeconomic factors, about detail in terms of our operational metrics. One is the whole inflationary effect, which has gone through, which has kind of from a vendor ecosystem perspective obviously there is a little bit more burn in cash from their perspective as they operate.

While there is no change in terms from our perspective, our, you know, again, you know, just either seasonality, so, you know, during this time, even our vendors would expect us to, you know, clear this off per se. Second is our share of business towards warehousing and value-added services has a larger deployment of manpower and rental fees, which again goes ahead of the cycle. Some manpower cost does get paid out every month from a calendarized perspective. So these couple of things, but from again, as I mentioned in an earlier question from Damodaran as well, that if you were to look at our asset-light business, , are the terms what we engage with our customers and vendors both combined is factored towards a particular number of days of working capital which we steer our business with and they should get back there. But the reasons I think are common here from the inflationary or availability aspect of supply, be it on the auto car carrier side, which Ram mentioned earlier, and the seasonality, not linked to the festival season where the payables also, I mean, does get paid out from that perspective. So these couple of things on the payable side

Pranay Chatterjee:

My second and last question is more strategic in nature. So over the last couple of years, Mahindra Logistics business has shown an increased focus on the network services side of things, which all of them are in the investment phase and have limited scale. So right now we have the express business which is at about 0% GM. Your last mile is also at 0% GM. Rivigo is going to get integrated and your Meru cap is also scaling up at this point of time.

When you discuss at a consolidated level, my question is, do you have a broad firstly revenue target and a broad PBT target in mind? So I understand it's going to be very difficult to predict bottom line profitability for the next let's say three, four quarters, but at a management level do you have targets in mind in terms of look this is what we would like to achieve out of all entities once they sort of normalize and especially in terms of cash generation. Do you have any internal targets of turning cash profitable, let say next year or two years time, if you could discuss high level management targets.

Rampraveen S:

So I wouldn't necessarily the cash metrics just seen in the first half or on a continuing metric that I think you have to just go and look at back in the recent and past. I think as Yogesh has already said, we don't expect the working capital metrics to fundamentally change through this year. Seasonal parameters happen, especially as demand patterns move across asset classes.

But broadly, those should be in play. That said, I think that's a working capital factor. I think there is a broader portfolio element here, of course. So as you know, we have been adding more detail around for all your benefit. The core 3PL business has also grown quite significantly over the last three years, especially in non-M&M share and in non-automotive share as we have built strong positions in consumer and e-commerce. And that business from a margin level is also at a pre-investment level in terms of margin, as we expanded the warehousing business and try to build a much stronger differentiation with technology.

So it's not like that business has not been a significant focus. Clearly the network services business is a very important focus for us. We are investing in it. And there is a scale point at which these businesses have an inflection point in terms of earnings. And if you look at our three network services businesses, the freight-forwarding business has already been there, right? It's either 9 or 10 percentage growth margin level.

Across quarters, it's been growing and now has achieved scale. And therefore, that's kind of what our businesses should look like at scale in the network services piece. The express business is an investment curve, and the last mile delivery business also investment curves both organically and inorganically. Scale is important in this business, so we do focus on driving that scale up.

And add it all up, we've always said that we believe that what is critical for us as a company and what we think makes us unique is our focus on being a multi-service business and a multi-market business. So in the last two years, an automotive was softer; our non-automotive businesses grew much faster. Today, as you've seen some impact of softness in some of our non-automotive markets, it's automotive which is driving growth, right? And it's this balance across sectors which we have continued to invest in, which we think is very important.

Similarly, balance across service lines is very important. So while we focus on 3PL, sometimes 3PL will grow faster, but at a mature level, as you get the right scale across these businesses, we think the combination of those businesses is what makes more us create value for our shareholders as well as for our customers because we can provide integrated solutions.

Now in terms of targets, I think each business has targets., the 3PL business is a more mature business. It has separate cash and profitability targets compared to a network service business.

But the overall portfolio is headed towards a broader direction, which we have said before as well, that we can hope to become a INR 10,000 crores company. That's the aspiration. We put it out there fairly in the public world. And we expect that secularly across segments, we should be able to continue to grow profit. It'll be to pre-COVID levels. Our pre-COVID level margins have been on 2% at a PAT level. And we aspire to be better than that as the portfolio matures over the next two years, three years. And most of the network services businesses should look like the freight-forward in business, right, at maturity and scale.

So that's kind of, as you know, we don't give guidance, Pranay, but that's the closest level of detail I could probably share with you.

Moderator: Thank you, Mr. Chatterjee. Request you to join the queue for any follow-up as we have several participants waiting for their turn. Thank you, the next question is from the line of Sachin Trivedi from UTI AMC. Please go ahead.

Sachin Trivedi: Just from one to three-year perspective, again, not looking for margin guidance per se, but the warehousing business or the supply chain business that we operate in, how should we think about, let's say, if I don't want to go into specific margin number, but what kind of potential that this business will have in terms of profitability? Just because we have scaled our non-Mahindra warehousing business substantially, but yet to see the results of that number in the numbers sense. So just if you can help us understand that side of it, because that's our core of the business and if you can help us with that?

Rampraveen S: Sure. So I think if you look at the business, I mean just divide this in to three parts, so if you look at the margin when you see them is a consolidation of all three, the drivers of the margins are quite different. So if you look at our gross 3PL business, and you see the results, we will see that we are a gross margin of around 11% in the second quarter, and that business historically, so that's being in that 10% to 11% now, it's probably in the high 10s. We expect to continue to focus on driving margin improvement at the 30 to 50 basis points at an annual level. Now we not that business because of the Ind AS 116, we have invested or expanding the warehousing network. And there has been a flow-through impact because of the AS 116 gets accounted. Most of warehousing network services that business.

If you look at the network services businesses, they are roughly now around 20% of our revenue. But those businesses at a segment level are at around 5% gross margin because they are an investment car. As I said earlier on, at peak, at scale, those businesses should also be at 10%-plus in terms of gross margin with lower capital intensity. Because we are not investing in the rental of warehouses, etcetera, which we would do in the warehousing part of our business. And therefore, that business should be at that level. And so as you look at the going forward margin profile, I think the ramp-ups in different segments are different.

The 3PL business is a business which is more core to us. It's a more established business model. And there we expect to continue driven to drive improvement based margin, and accreditation. The network businesses are where we are building scale. The growth will also be faster there. So there will be two factors, revenue growth will be faster and the higher revenue growth will also be driven, will also drive better margin performance. But that's kind of how we drive our

two- to three-year view on these businesses in Sachin. And obviously we break those two years to three years, views into more specific targets which are there for the individual businesses in the short term perspective.

Moderator:

Thank you. The next question is from the line of Vikram Suryavanshi from Phillipcapital India Private Limited. Please go ahead.

Vikram Suryavanshi:

Yes, good afternoon, sir. So you talked about the network services and growth and our focus of being a multi-service business. Just trying to understand within that framework, getting an outlook on particularly non-Mahindra 3PL side of a business in terms of our focus on client addition and traction with existing customers in terms of get a slightly better growth outlook for that kind of a business, how are we looking at that?

Rampraveen S:

I think our growth outlook is, as we said earlier on, I think the goal is to grow the non-Mahindra businesses, especially the 3PL part of it by 15% to 20% every year, and to grow the overall non-Mahindra business, including network services, by north of 25%. If you look at this quarter, , it's been a bit lower. But if you look at H1 this year, I think combined, we've combined roughly at 20% year-on-year growth despite some of the slightly softer trends from the recent months around some of our markets. Why I say H1 is important is because last year Q1 was COVID impact and Q2 was COVID recovery.

And therefore, quarter-to-quarter is not as accurate as H1 to H2. So that growth is something which we are focused on sustaining. During the quarter, we have continued to add clients. This time, we added a little more detail around our segment performance. I did not cover acquisition of accounts in my opening comments. But I can share with you that we have continued to expand.

First we had, we continued to have strong retention rates at a client number level across our business. And during the quarter, we have added more accounts. I think given the nature of the economy right now and the macros, I think this quarter we saw more additions in the consumer and manufacturing business, where we have added work with both, with different manufacturing clients, but we've added some contracts in the e-commerce space. I think the space of that has come down, has been lower than the past.

Overall for the quarter, I think we had, you know, quarterly order intake on the non-Mahindra side, mostly 3PL of around INR 90 crores to INR 100 crores of newer contracts on an annual contract value basis. So that's kind of roughly the run rate we were on in the quarter in terms of order intake.

Vikram Suryavanshi:

Just to get feedback from the customers when you talk to the new segment, because we are seeing good response from consumer, e-commerce or manufacturing, but customers' ability to go to 3PL partners, is it becoming more and more aggressive or it is still a slow process and people are taking their own time to migrate? How is that response in terms of different verticals and to what kind of speed, is it like as anticipated or still we need to do a lot of work to bring them on the table. So I just wanted to get that sense and how fast we can see that migration in India as a broader opportunity for retail players?

Rampraveen S: So the auto industry, I think, has always been a higher outsourcing industry in terms of 3PL. I think since GST, so I think that's led it. I think e-commerce, has also, as it was scaling up networks and volumes, actually used a partner model quite aggressively to drive growth. And I think adoption in both those markets is very good. I think consumer durable, FMCG, FMCD, pharma and other categories there, I think there, historically obviously those markets have been served through CFA models.

Post GST, I think there has been a significant growth in traction in that space. But it's a very distributed network. So companies can continue to move that. They don't very few companies are doing a lift and shift of an entire network. In fact, over the last two years with all the variabilities of COVID, I think that has placed a challenge on companies in terms of redesigning their supply chain network because there are new considerations.

But I think the trend is fairly, is overall healthy. I mean, our estimates are in India right now, the 3PL is around 6% of the industry is our estimate. And we think that given the work, the trend around formalization, given customers drive towards more integrated solutions and recent policy shifts like NLP, we think 3PL will probably become around 10% over the next four years or five years. Vikram, I hope that answered your question.

Vikram Suryavanshi: Yes, that was helpful. Thank you.

Moderator: Thank you. The next question is on the line of Alok Deora from Motilal Oswal. Please go ahead.

Alok Deora: My question was more towards Rivigo. I just wanted to understand you had recently put up a press release on the delay in the closure of your transaction. So how are we, by when can we expect that coming in? And also some color on how much losses are there in that business and when we can see a turnaround there?

Rampraveen S: Yes, so I think the Alok, delay in terms of what you listed out was mostly on account of procedural delays and procedural factors. Obviously from a governance perspective, we listed them out right clearly. We had planned a certain schedule around it, but given there has also been a festive season and Diwali and other vacations are coming, there have just been procedural delays.

I think as we stand right now, we probably expect that next within the next couple of weeks we will be able to close the transaction subject to all conditions being met from all parties and in all various terms being adequately met. I think from a profitability perspective, I think I indicated earlier on that the numbers have always been blended. So we don't actually, are not really reflective of what we think, what we have estimated right now is that probably on a running rate, turn rate level, the business is probably at minus, at a negative 7% to 8% EBITDA.

And that's what we are hoping. And I think I already talked about the four levers which we are focused on to drive and keep a positive EBITDA level, combined both our export business which exists today and the business which we buy from the Rivigo Services Private Limited.

Alok Deora: Sure, so overall, when we see Rivigo financials, it's at around 45% to 50% loss. So express business, you are saying it's around 7% to 8%.

Rampraveen S: No, I think that's not unfortunately actually that's not what I'm saying. What I'm saying is that Rivigo RSPL operator on a certain blended model in terms of revenue market and cost structures. What we have done is we are essentially buying parts of that business. And the parts of the business we are buying right now, right, are at that kind of EBITDA level. As we buy the business, we have plans on kind of turns around and restructure.

Alok Deora: Yes. So actually, I was just trying to understand how much losses the express business as out of the total because I think they have two businesses. One is the FTL and one is the Express.

Rampraveen S: I think it's hard for me to comment on how very important their numbers are there. I think that's probably best for the RSPL management to respond to and kind of award I just would not like to answer that. But as I said, we have clarified what we are buying and roughly run rate which we will stick to.

Alok Deora: And also, sir, so we are going to pay around INR 225 crores for that business. So how do we see the debt moving because I think some bit of debt will also come up for this, right, because the operating cash flow might not be entirely sufficient to pay for this.

Rampraveen S: Yes. So I think at this point, obviously, the business will be funded through internal accruals and there will be a component of debt, which is there in the short term. At the same time, I think exactly how the overall debt table will work out, we are in the third quarter of the year. And we have sustained strong growth this year. So obviously, we have to look at forward view over the next 12 to 15 months in terms of working capital requirements, organic capital investments and investments in the Rivigo and we'll build a consolidated view of that. Right now, we don't have a specific sort of numbers to share. But what I would say a look is directionally yes, there will be debt on the table.

Alok Deora: Just last question. So we are having these new businesses coming, which are at losses or lower profitability. So for the next year or next couple of years, do we see the margins being at near above current levels or slightly lower than these numbers? Any ballpark range we can work with.

Rampraveen S: So, what I would say is I think it's every business is a slightly different frequency. So first, I think it's 3PL business. I think we cannot share the margins with you on that, and we expect kind of it's on a stable basis and have organic kind of margin improvement focus. If you look at within the network services businesses, there are three different businesses in three different stages.

The freight forwarding business Alok is actually at the 10% gross margin level, And just scaling that business up. The Express business has been where we are scaling it up now faster through the Rivigo acquisition of the business from Rivigo. And the last mile delivery business is a kind of breakeven business. And I think these businesses each, but we also have very different growth drivers to our portfolio, and they compete with different uses.

We completed last month in last mile delivery businesses in Express with express companies. So I think I won't call a specific number in terms of margin on a blended basis. I do believe that we will hold or improve at this stage, our 3PL freight forwarding margins. The other business is, as we build scale, we'll have a multiplier effect from a margin perspective.

- Moderator:** Thank you. The next question is from the line of Abhishek Ghosh from DSP. Please go ahead
- Abhishek Ghosh:** A few questions for the SCM part of the business, non-M&M, what will be the average tenure for a typical contract?
- Rampraveen S:** For the SCM part of the business, non-M&M, I think it's hard to tell from the numbers. I'd say that the warehousing and integrated solutions contracts would probably be three years on average, plus on average, if I had to take an average representative number. And I think the transportation contracts, depends on how much of network design we have on the FTL side and how integrated it is. But those contracts also range between, up to around three years, two to three years. If there is a standalone transportation contract, if it's integrated across the board, across transportation, warehousing, solutions, it will probably be around three years on average.
- Abhishek Ghosh:** I asked this question, Ram, because many of those contracts signed in that FY '19 levels or 2019 levels must be coming up for repricing now. So how do you look at the margin profile of those contracts, what you were getting in 2019? Are you able to kind of get the same kind of margins? Or has it improved, deteriorated because of the competitive scenario? I wanted to kind of get some understanding around that.
- Rampraveen S:** I think if you look at our past, at least on the warehouse and the solutions part, I think you would see that that business has grown significantly actually in the last three years. So the substantial part of it is not officially coming for re-contracting right now. But that said, I think as the net numbers you obviously show are net of any churn which might be there.
- And right now, I think on an apple to apple basis, we are able to by and large hold or even improve margins. And what I mean apple to apple is that if your customers do sometimes change the scope of the contract, they do change the number of plants covered, number of locations involved. So those kind of changes do happen. So it's a very hard thing to perfectly predict, but I would say that, if I had to do an apple to apple comparison, we are able to hold margins on renewals.
- Abhishek Ghosh:** Would it be fair to assume that you have productivity gains in the learning curve?
- Rampraveen S:** Yes, that's why I said we are able to hold or expand margins. How that gets shared, basis productivity benefits, how much we share with our clients, etcetra is a very case to case kind of issue. But by and large, I think directionally we are focused on maintaining or expanding those margins. In fact, I would say the margin discipline is something which on the 3PL part of the business we are actively holding, especially in the current environment. And therefore, so if you don't meet margin hurdles, we will not probably – sometimes we'll probably not do contracts if they're not able to meet margin hurdles, whether they're renewals or new contracts.
- Abhishek Ghosh:** The other thing is you've spoken about this aspiration of this INR 10,000 crores of top line. Is there an aspirational margin cash flow ROEs as well, or is it just a top line aspiration?
- Rampraveen S:** I think at this stage we do have aspiration. As you know, , Abhishek, we don't have an aspiration top line without an aspiration bottom line. But as a matter of policy, we don't essentially give guidance on that. I think we've shared the top line aspiration to help share with everyone not just

a number, but also a staircase to that aspiration and the shape of that revenue in terms of our vision of being not just a multi-service business and a multi-market business, which we think is very important to give long-term diversification.

Abhishek Ghosh:

The reason I ask this question is if I just look at your current quarters top line and broadly first half top line, and if I just compound it by about 20%, 25% even without Rivigo, you will be there at that revenue target. So that is fairly achievable and that is fairly visible when we kind of model it. But if I look at your profits from the last peak cycle, what you had seen in FY '19 of about INR 86 crores of PAT, the trajectory is still a lot weaker.

So I was just trying to understand from that perspective. Because if I could compound on its current level, you're there at that INR 10,000 crores of revenue and with Rivigo I think that should be quite easy. But how should we look at that on the PAT basis? So that was the whole thing.

Rampraveen S:

Abhishek, I think what, as you can see in our more detailed disclosures now, all our businesses are not exactly at the same level. Because they are investing in growth, the growth will come with the investment. So if we go back to the to our prior peak number. At that time, we were almost completely purely a 3PL and enterprise mobility business. There was no network services at that time.

And therefore, today the 3PL business is still in a pretty stable place. The network businesses within them it's a mix of businesses, some of which are getting to the right level of margin, like Freight-Forwarding, and others which are investing in it. So as an Asset-Light company, most of our investments are actually through the P&L. Because we're expanding networks and building networks and we're putting capacity ahead of demand.

And therefore, one has to, I think, look at the business in terms of peak level across the portfolio. And prior comparisons are probably more relevant from the portfolio at that time versus the portfolio today. I think two, three years ago, when we said INR 10,000 close and I think everyone is asking how we're going to get to our revenue level. So I'm actually appreciative of the fact that we will have greater confidence today given the earnings from the last year to do over the next three, four years. I think we have similar aspirations from a margin perspective and so on. And we believe we are confident in our view that we can deliver that as we build scale.

Moderator:

Thank you. Ladies and gentlemen, that would be our last question for today. I now hand the conference back to the management for their closing remarks. Thank you, and over to you.

Rampraveen S:

Thank you everyone. I hope we have been able to answer all your questions satisfactorily. However, if you need any further clarifications or would want to know more about the company, please contact our team or SGA Investor Relations Advisors. Thank you. Thank you once again for taking the time to join us for the call. I wish you and your family and colleagues the very best. Thank you.

Moderator:

Thank you very much. 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.