



# “Mahindra & Mahindra Limited Conference Call On Implications of Union Budget Proposals”

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**Moderator:** Ladies and gentlemen good evening and welcome to the Mahindra & Mahindra Ltd's Conference Call to discuss the implications of Union Budget Proposals. We have with us M&M Management Team today. We have Dr. Pawan Goenka – Executive Director & Group President for the Automotive & Farm Equipment Sectors; we have Mr. V S Parthasarathy – Group Chief Financial Officer, Group CIO and President Group Finance and M&A; Mr. S. Durgashankar – President (Group M&A, Corporate Accounts and Group Secretarial); we have Mr. K. Chandrasekar – EVP (Corporate Finance and Investor Relations) and then we have other Senior Management and the Investor Relations team as well. As a reminder all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference, 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. K. Chandrasekar to commence the proceedings. Thank you and over to you.

**K. Chandrasekar:** Good evening. Arising out of the budget announcements yesterday there were lot of interested calls from analysts and investors about the implications for M&M, the industry, tractor other things so we thought we will quickly have a word with you and this call is going to be brief therefore for 30 minutes focused on some of the proposals contained in the budget on UV and on the impact on tractor and therefore we are going to have opening remarks by Dr. Pawan Goenka who is Group President and Executive Director Mahindra & Mahindra Ltd followed by Mr. Parthasarathy who is the Group CFO and CIO. So after their statements we can take questions and we hope to close within 30 minutes. Thank you very much for attending this and we invite Dr. Pawan Goenka to make his remarks.

**Pawan Goenka:** Thank you Chandra, good afternoon. This call was set up yesterday because many of you had contacted Chandra and team to get some clarifications probably between yesterday and today lot of clarifications already happened, so what I have to probably is very well known to everybody now, of course there was some confusion in the afternoon yesterday not everybody knowing what really was intended in the budget. So just let me for completeness sake repeat what the situation is with respect to the CESS that has been applied to automotive products and also this whole business of TDS that is there, I will also talk little about other things in the budget that might have an impact on the auto industry, we are focusing right now today only on auto side we are not talking about tractor, if you have any specific questions on tractors I will be happy to answer those.

So, basically as far as the CESS is concerned first of all most of it is applicable to everybody in equal measures, so above 4 metres vehicles the CESS is 4% and there is no difference between the petrol or diesel or SUV or luxury car or sedan or anything, everybody is 4% so therefore there is no competitive disadvantage to one company versus other and therefore the effect that will be felt by all will be based on what might happen to the industry volume because of that and that I will come to that in a minute. When it comes to sub 4 metres there is a distinction between petrol and diesel, petrol being 1% and diesel being 2.5% and therefore there will be a relative disadvantage that diesel driven vehicles will have for sub 4 metres, again I will come to that in seconds. As far as this TDS is concerned in a sense it has no implication because it is only tax

being collected at source which will clearly be substituting tax paid somewhere else but it's certainly does increase the hassle for the dealer and dealers will not like this extra paperwork but I do not think that this will have any meaningful impact except for requiring extra cash flow when a vehicle is being purchased and most people stretch when they purchase a vehicle for down payment that they had to make and therefore needing 1% more is a stretch on the cash flow. I personally do not think it is going to make much of a difference but we will have to wait and see what happens because basically what it means is somebody buying a 10 lakh vehicle normally let us say would like to pay 2 lakhs down payment now he will also need 10,000 more for the TDS that he has to pay along with the 10 lakh vehicle. So let me start from this first and go backwards, for Mahindra the vehicles that are affected which sell for more than 10 lakhs and this is the 10 lakh ex-showroom price which means before the road tax, so all of the XUV models will come under that and some of the Scorpio models will come under that. All the other models of Mahindra are not affected by this 10 lakh TDS tax collection.

Now coming to the rest of the vehicles Bolero, Scorpio, XUV 500 and Xylo they all fall in the 4% bracket, the KUV 100 which is both gasoline and diesel will have 1% and 2.5% and TUV300 which is only diesel will have the 2.5%. So in terms of which product get affected relatively speaking for Mahindra, Bolero, Scorpio, XUV, Xylo is in the same boat as anybody else so there is no relative impact. KUV since we have both gasoline and diesel it has no relative effect, the only thing that might change is the ratio of petrol and diesel which is right now 45% roughly petrol 55% diesel may swing little more towards petrol those were sitting on the edge will probably prefer to now buy petrol to the petrol will be 1.5% cheaper relatively speaking compared to what it is today. The only vehicle where we do not have petrol option where there is diesel impact is that 2.5% on TUV300 again I do not expect to see a relative volume impact on TUV300 because it's a vehicle which is very different than hatchback or that will be under sub 4 meter so those who buy TUV300 I do not think will switch to a different vehicle because TUV300 has become little more expensive because of this extra CESS. So my conclusion from this is that on relative basis the impact on Mahindra products will be marginal.

Now we come to industry itself, undoubtedly if I would look at in isolation any time there is a price increase there is a negative impact on volumes that goes without saying and 4% increase is not a small increase so I think 1% on petrol sub 4 meter probably will not mean anything and that customers will not even kind of notice it because it is an increase of let us say Rs. 5000 on a 5 lakh vehicle so it will probably not get noticed too much but the 4% and will get noticed, 4% on a 10 lakh vehicle is Rs. 40,000 will get noticed and 4% is more increase than we do in a given year on price normally the price will go up by maybe 2-2.5% in the whole year, so 4% is quite steep and looking in isolation there will be a volume impact because of that again for the industry not specific to Mahindra but to the industry, but at the same time the budget has many other things that will help to increase volume. So if I have to look at in totality my guess is that the negative impact of 4% increase in CESS will probably get more than offset by other things. Other things primarily are what might happen to rural economy because of the emphasis that has been put on agriculture, on farm and the rural economy on infrastructure and we do expect that they will create a good demand pull provided as I've said in the past interaction and I have said yesterday in all my interactions provided monsoons remain good, because monsoon good is the

precursor for rural economy to devise without that nothing in the budget that has been said would be sufficient to revive the rural economy. So my conclusion is that with good monsoon with the announcements made in the budget about rural economy minus the increase of CESS which is negative overall we probably will come out slightly ahead and not slightly behind, that is my conclusion but it remains to be seen it depends also on what else happens if there is for example interest rate reduction by RBI then that will certainly offset to some extent the 4% increase that to happen on the price. The question asked was also very well pass it on, yes we will pass it on, that always happens that goes without saying almost everybody would, I think some people have already announced they are passing on and some are still waiting. We are still waiting today we have ASAI meetings all CEOs are in that ASAI meetings tomorrow CEO will be back and in the next day or two we will decide when we will pass it on but eventually it will get passed on to the customers therefore it will not have the effect on margin because it will be passed in totality. But it could happen slight impact on volume if it all but not on margin otherwise. So that is pretty much the summary will go into any specific questions that you may have, Partha you wanted to add few more things.

**V S Parthasarathy:**

Thanks Pawan. Overall the thrust of this budget has been on rural and infrastructure of rural that which Pawan alluded to, over and above the infrastructure and the focus on infrastructure, the focus on housing and real estate which has been one of the big languishing and the impact on including the banking sector while you can argue something is low or something is high but the fact is they are trying to address that with a reasonable amount of money, you should only be positive from where we are currently and liquidity should also ease and keeping deficits means the interest rates which Pawan alluded to also augurs positive. So if I were to take mentioned somewhere that this budget is pregnant with possibilities now both the government and private sector have to kind of push and deliver on the ground level. So that is my assessment of the budget, the Finance Minister also made a point that they are now not looking at extending many exemptions and in the sense made positive pitch for removal of exemptions so there I must share one aspect which I was hoping for some benefit to arise out of the budget. Many of you may know it Haridwar which was tax exempt from excise point of view for the first three quarters of the year, so from first January that is no more available and any extension which could have been possible now we know for the fact that it is not. I am mentioning this so that anyone who has not caught that can take that into account. Also next part is that mentally what do I think will be the impact so I think the impact will be somewhat net-net looking at can be 100 bps impact we will see how this pans out over a period of time, what happens to commodity prices etc. but other things being equal the impact could be about 100 bps, without taking more time I would just say what Pawan said that please go ahead and ask your questions, as Chandra said this is a T-20 rather than a one-day.

**Moderator:**

Thank you very much Sir. Ladies and gentleman, we will now begin with the question and answer session. The first question is from the line of Kapil Singh of Nomura Securities. Please go ahead.

**Kapil Singh:**

One clarification before I ask the question, this 100 bps is the impact on overall M&M plus MVML margins?

- V S Parthasarathy:** Yes.
- Kapil Singh:** Any tax rate implications are also there?
- V S Parthasarathy:** Why don't you ask the question fully because I'm not able to understand because of 100 basis points there is no tax implications, if the question is what is it earlier we used to get excise duty benefit, customer price being what it is our margins are beneficial to that extent and what I said is that if I estimate net-net the impact to be about 100 bps.
- Pawan Goenka:** I just want to add to it. Just for total clarity on this there used to be income tax benefit also but that has already expired, there is no difference on the tax rate.
- V S Parthasarathy:** Whatever tax rate you have currently, that is a good point Pawan, it is already taking into account that there is no tax benefits available from Haridwar this year.
- Kapil Singh:** That is what I was checking. My question regarding this budget was on this TDS this 1% you said is not incremental, this will not lead to a price increase but it adds to compliance cost so this will be funded by the customer and then the customer will need to take refund of this at the end of the assessment year when he files the returns, should we look at it that way and will in that case will there be customers who may choose to not buy cars more than 10 lakhs because of this?
- V S Parthasarathy:** Let me answer the first part the tougher one I will ask Pawan. The simple answer is your understanding is correct, it is an administrative one of deducting 1% TDS unless a form is given by the customer saying he is a farmer in which case nothing will be deducted so the dealer will have to do an additional administrative effort and in a sense that the deal because of complex.
- Pawan Goenka:** I do not think anybody is going to downgrade the vehicle that they want to buy because they have to deposit this 10,000 which comes back in income tax so it is not even comes back like if you're going to pay advance tax you will pay that much less advance tax so therefore I doubt, if somebody is about to buy 10,20,000 cars and they decide to buy 9,80,000 that might happen so what might happen just to be little more precise. Let us assume that there is a Scorpio variant that sells for 10,10,000 and a Scorpio that sells at 9,80,000 I do not know if there is such a number I am just saying that, it might happen that somebody might say that let me not go to 10,10,000 let me buy lower variant and avoid paying this but I do not think is going to anything major. Few people may do it but it is very-very marginal.
- Kapil Singh:** Company may also look at some opportunity to structure the selling price in the manner...?
- Pawan Goenka:** Look if it is 10,01,000 I might make it 9,99,999 but it is not that we're going to reduce price because the revenue loss of profit loss by reducing the price is too high, if you do anything like this it clearly comes out in the bottom line. So it is very unlikely that anything will happen but if I just Rs. 5 above may make it Rs. 5 below.

**Moderator:** Thank you. Our next question is from the line of Aryn Pirani of Deutsche Bank. Please go ahead.

**Aryn Pirani:** My first question is on the fact that in this budget after a very long time there has been a distinction made on the petrol and diesel while it is only 1% and 2.5%, on a small car it could still become slightly relevant also given the debate which is going on and the fact that the Supreme Court had ruled and you were going to make further representations do you think that the signals government intent that going forward this is a preferred view that petrol is better than diesel?

**Pawan Goenka:** I do not want to hazard a guess on the second part because I do not know what their intent is and why it was done, whether it is a statement or whatever, the first part it is not after a long time a distinction is made first time, in fact I did mention yesterday in some of my interactions that something that I'm concerned about because that gives one more tweak, as it is have so many different excise slabs which distorts the market, just pays one more slab one more variable and every year there may be some tweak happening here and there 2.5% becomes 3% becomes 0.5% who knows so that is the concern I have it is one more variable and the second concern that I have is we are just about to get into GST, to create one more disturbance in the excise rates just for one year again counts somewhat unnecessary complexity that we're adding. So I do not know where it is going to lead to, it's a standalone, standalone is not something that we are very pleased with but it is not the first time that we have had things like this happen to us, we will come out of it and not a problem.

**Aryn Pirani:** As a clarification the case which is going in the Supreme Court there is no final ruling yet?

**Pawan Goenka:** There is no final ruling but let me be a kind of be an optimist on this I'm also hoping with the Government of India having announced that BS-VI emission norms draft already which happened a week to 10 days ago and with this happening the Supreme Court may take a view that Government of India has done what had to be done and that there is no need for them to take any action. I don't know, they may decide that their job is done.

**Aryn Pirani:** One clarification question on excise exemption that you mentioned, in Haridwar do you make automotive vehicles or the tractors?

**Pawan Goenka:** We make automotive vehicles and vehicles that were made there is the 3-wheeler, Bolero some models of Bolero and some models of Scorpio.

**Moderator:** Thank you. Our next question is from the line of Chirag Shah of Edelweiss. Please go ahead.

**Chirag Shah:** Question on Haridwar what kind of capacities you have at Haridwar, the impact seems to be too big on M&M plus MVML including tractors if you have to just sum it up, what kind of numbers are coming from Haridwar?

**Pawan Goenka:** You would be surprised that Haridwar had a capacity of almost 1 lakh vehicles.

**Chirag Shah:** And it was fully utilized?

**Pawan Goenka:** It was fully utilized.

**Chirag Shah:** Second question in your assessment this excise duty hike how much time do you think that customer will take to come back to market and accept the increase in excise because unlike the previous incident is that there is no pre wind there was no indication that something of this sort would happen in the budget?

**Pawan Goenka:** In case of excise there was never any pre-indication, it happens and 4% is perhaps little steep but 3% has happened many times, for example there was a 3% excise put on this vehicle above 180 mm ground clearance so 3% has happened many times, 4% is perhaps a little steep.

**Chirag Shah:** So you do believe this impact could last for a reasonable longer period of time and it may not be 3-6 months' phenomena.

**Pawan Goenka:** These are all conjectures, last year given that commodity prices were low or in fact reducing, the vehicle price increase has been very marginal, in a way what this 4% does is just like on gasoline and diesel prices the Government of India has taken advantage of lower crude price by increasing the prices or the duties in a way think of it that way. Since the commodity prices were benign the Government of India has taken its advantage of that and said let me collect more excise duty.

**Chirag Shah:** If I can squeeze in one more question on tractor demand given the budget proposals do you believe road activity pick up will aid because in the past we have seen at times road construction on the rural side aiding tractor demand at times it has not been aiding tractor demand so in the current scenario where are we leaning in terms of your assessment?

**Pawan Goenka:** Let me again say what kind of alluded to early in the opening remarks that if the monsoon is good everything is right for a good year for tractor demand, two or three things are happening one is with the infrastructure picking up which is going to happen for sure with some opening of mining activities the demand for haulage which had probably suffered more than the demand for agriculture or tractors would come back and that will give a demand boost for the tractors, second there is a significant replacement demand that is pending right now with two years of industry de-growth there is significant demand that is pending right now and with a little bit of improvement and sentiment with monsoon that demand also will also come back, now tractor industry is known to grow sometimes very rapidly when time is right and with two years of negative growth just like what is happening right now for the truck industry with 2 to 2.5 years of negative growth truck industry has come back with a bang, the volume is going up 30-35% though there is no specific pickup in freight activity but there is a very high pickup in demand of trucks. I will not be surprised if something similar happens for tractors provided there is a good sign of monsoon, if the good sign of monsoon does not happen then I do not think pick up

will happen, good sign of monsoon with all the other enabling things that I just talked about we could see a very good demand growth.

**Chirag Shah:** On this Haridwar impact is around 1% you highlighted but given the sight that you were trying to raise prices are you looking at accommodating this 1% also in that?

**V S Parthasarathy:** We do not ever talk about what we do in these kind of trends the only reason why I kind of mentioned is that because of budget nothing came in, Haridwar you may have already considered but we should mention but we do not disclose how we strategies or otherwise but Haridwar on a stand-alone basis I said is about 100 bps impact.

**Moderator:** Thank you. Our next question is from the line of Ambrish Mishra of JM Financial. Please go ahead.

**Ambrish Mishra:** As has been stated and we know we do the highest spend on R&D we are going to see the deduction benefit really phasing out from 200 to 150 and to eventually 100 how do you see this having an implication?

**V S Parthasarathy:** I think I should have made this point earlier also, first and foremost for the next year which is FY17 the deduction is available at 200% so there is no change. The year after onwards it is going to be 150% up to FY20 so that is the R&D spend that is the way to look at so we had a benefit for some time and it was to anyway come to an end now this is the trajectory through which it is going through, for next year you should look as no change and there will be from taxability point of view it may increase but I would like you then to consider the overall statement that Finance Minister made that by then the topline of the overall tax, max tax should also come down this year he is not reduced it but maybe next year he would reduce so that this impact when it comes the topline will adjust for it, so I do not want to conjecture but these are two statements he has made I want both of them out in front of you.

**Ambrish Mishra:** Related to this if you can give us some sense as to how existing R&D spend, what kind of tax benefit that it will result in to a broader range if you can share with us?

**V S Parthasarathy:** Let me take that advise on-board, we have not done it in the past but as a specific query.

**Pawan Goenka:** Can you repeat what the query is?

**V S Parthasarathy:** The question is what is the tax benefit on account of R&D 200%.

**Pawan Goenka:** Okay.

**Moderator:** Thank you. The next question is from the line of Karthik Chellappa of Buena Vista Fund Management. Please go ahead.

**Karthik Chellappa:** If you look at what has transpired in the last 4 to 5 months with the Delhi ban and now we have the differential tax rates on small petrol versus diesel putting all these together does this change



the way we are going to think about our product portfolio in future and specifically in the past I thought for models like XUV 500 we thought petrol option really does not justify the volumes but given what has transpired in the last six months do you think that it is feasible for us to have a petrol option at each price point?

**Pawan Goenka:**

Let me give somewhat the longest and perhaps technical answer to this may be more than what you wanted but there is no doubt that the portfolios of all vehicle manufacturers will have to have petrol option in almost all vehicles. We have announced very clearly that Mahindra is working towards petrol portfolio KUV 100 is already launched other two we have said and we will be launching in the mid-term which is XUV and Scorpio and with time all the other mainstream models at least will have petrol options available so there is no doubt about. The questions that you have is that will the customers accept petrol something like XUV or a Scorpio, what over SUVs have petrol options it is only few countries, US which is the largest market for SUVs hardly have any diesel SUVs mostly it is all petrol so world over petrol is an accepted vehicle for SUVs in India that is not so and the reason for that is that in India the SUVs heritage is more of rural commercial transport vehicle, their heritage is not of the passenger vehicle or personal vehicle and therefore India is more used to diesel when it comes to SUVs and also partly because of SUVs being driven many more miles than other vehicles and diesel fuel being cheaper though that gap also is reducing. Other things that are happening simultaneously is that the petrol engine technology is also changing and the benefits that diesel used to have of what we call low and prod and therefore very good pickup when you start the vehicle will also be possible with gasoline engine which was hitherto not possible. So the technology that you hear about the gasoline direct injection turbocharge petrol engine is something that will make up for that loss and therefore I think customers would not find something missing when they start seeing the new technology gasoline engine on SUVs. So I think there will be a change that will happen in customer's preference for diesel SUVs and it will slowly switch to gasoline with time. So today yes I agree with you it is hard to imagine an XUV petrol being driven by an Indian customer but I think that's a matter of change that will happen in the next 4-5 years.

**Karthik Chellappa:**

Just on that note philosophically can we say that the best days of diesel are behind us?

**Pawan Goenka:**

I cannot make that statement.

**V S Parthasarathy:**

One more point I wanted to make I am digressing from what was asked last time and going to the question which was asked prior to that I just wanted one more information that on tax you must be aware of while the tax rate and R&D deduction will be the way we stated, you need to recognize that M&M has been on MAT and will continue to be on MAT at least for the next two years which is up till FY18 and after that depending on what tax strategy we have may continue on MAT but at least for the next two years we know for a fact it is on MAT so if you're looking at cash flows you need to keep that into mind that it is only MAT which matters rest of it is important but cash flow wise it may not matter.

**Pawan Goenka:**

It is almost poetic Partha, it is only MAT that matters. I just want to go back to the last question that was asked where I gave a response that I cannot make that statement, let me elaborate on

that. Technology always pushes when it gets put in a corner, the reason diesel is on the back foot right now is only because of the perceived pollution problem that diesel has in terms of particulate matter and if that problem is solved then diesel has no reason or diesel engines or diesel vehicles have no reason to be on back foot. That is the only remaining problem that needs to be solved, that problem gets totally eliminated with BS-VI, with BS-VI the particulate matter emission from diesel vehicles is of the same order as petrol vehicle and the diesel will still have the advantage of fuel efficiency that it has today, therefore when we get to BS-VI the emission will become a nonissue the issue that will come up in BS-VI will be cost, because it will cost lot more to meet BS-VI on a diesel vehicle than it will take BS-VI on gasoline vehicle. So today for example diesel vehicle is about like to like a lakh more expensive than petrol and given the fuel price difference that lakh is justified if the vehicles are reasonably driven high mileage that gap of 1 lakh will probably become 1.6 lakh when it comes to BS-VI with current technology. So when I'm saying the technology when is pushed in a corner will react is that if we find a way of meeting BS-VI with lower cost of let us say Rs. 20000-30000 versus Rs. 60,000-70,000 then the problem is resolved, then diesel will be back with a bang then diesel does not have to be defensive saying this and that. So diesel with BS-VI at a cost which is not too much of a premium on current cost would make diesel as acceptable as it was 2 or 3 or 4 years ago in India. But again it depends on whether technology innovation will happen between now and four years from now whereby the cost of BS-VI is constrained and is not at the level that it is known to be today.

**V S Parthasarathy:** I got a call from Chirag which says he could not hear the last part of the conversation, I think you can hear and I hope the last person who participated on the call could hear, just wanted to alert you for that.

**Moderator:** Sir I think all participants in the call if they were in the call they will be able to hear you.

**Moderator:** The question is from the line of Pramod Amte of CIMB. Please go ahead.

**Pramod Amte:** The infrastructure CESS if you add up and also if you are taking into account under the new government there have been two steep hikes one in January 2015 and one in February 2016 on the overall auto industry, how do you look SUV being placed in the GST taxation bracket where it will land?

**Pawan Goenka:** If you know you please tell us.

**Pramod Amte:** Because the way they are taxing it seems to be pretty steep.

**Pawan Goenka:** I have to only go by what we know today and nothing else. What has been recommended by the panel, this was the panel of CBT is that there will be 2 GST rates is what he has recommended and not multiple rates, there is a base rate and a high rate so my guess is that what will happen, less base rate and a higher rate and there will be some kind of cut off that will be decided most likely the same cut-off that they have today which is vehicles with 1.2 litre petrol engine and the less than 4 metres and 1.5 diesel and the less than 4 metres with all under the base rate and the other vehicles will fall in the higher rate. It remains to be seen whether they start adding more

wells and wishes to the higher rate, now there is 28% or 31% and 34% without CESS it is 34 and 31 and 28 hopefully, it will not remain with three different rates hopefully it will be one rate that whatever the higher rate is where all these vehicles should fall. Your guess will be as good as mine.

**V S Parthasarathy:** The thrust is that we have to get through the hump of getting it out through the legislation and then the empowered committee has to meet and decide many, there are many...

**Pawan Goenka:** Obviously Parliament does not have time to discuss these trivial issues there are so many important issues to be discussed in Parliament.

**Pramod Amte:** How do you look at you have been spending decent amount of R&D in last couple of years primarily to gear up new products do you see that in the context of which you announced almost like 1000 crores to be spent on petrol, do you see any time soon you will ease off on the R&D which you are spending almost like 3% of sales now you feel that we will continue for some more time considering that BS-VI has been forwarded by....?

**Pawan Goenka:** Easing off R&D I'm not sure, I did not understand?

**Pramod Amte:** The percentage of sales you are spending almost 3 to 3.5% of price on R&D which is if I have to look back it was during the time of Scorpio when you had spent such a big large amount and now it seems to be sustaining in last 2-3 years which was justified considering your expanding the portfolio but if you look at in the context of you want to do gasoline and also you want to do BS-VI advancement with much lower cost do you see this trend of higher R&D spend to be sustained for some more time to come?

**Pawan Goenka:** It has to, with everything that is going on right now in terms of BS-VI coming in whether it is gasoline or diesel that effort has to go on and there is never a time when we can say that we are done with new product development, this year we have launched nine products that doesn't mean the next five years we are going to take sort of retirement from launching new products that has to continue, in the current days there is no way you can continue to progress unless you launch new products that has to happen also as you can see there are so many different things happening in automotive space that one has to be participating in that whether it is connected cars, whether it is autonomous driving we have to do R&D on all of these things wherever we left behind so there is no question of R&D spend becoming lower. I think your T-20 is pretty soon becoming the one-day match.

**V S Parthasarathy:** No, that was the last question so we are off now. Thank you very much.

**Moderator:** Thank you that was the last question I now hand the floor back to Mr. K. Chandrasekar for closing comments.

**K. Chandrasekar:** Thank you very much gentleman. I thought we needed to address these questions which were arising since yesterday I hope we have been able to throw some color onto it, thank you Pawan, thank you Partha and thank you ladies and gentlemen for your presence till we meet again. Bye.

**Moderator:** Thank you. Ladies and gentleman, on behalf of Mahindra & Mahindra Ltd. that concludes this conference. Thank you for joining us and you may now disconnect your lines.