"Mahindra CIE Automotive Limited Q3 CY 2017 Earnings Conference Call"

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MANAGEMENT:	**MR. HEMANT LUTHRA -- CHAIRMAN, MAHINDRA CIE AUTOMOTIVE LIMITED** **MR. ANDER ARENAZA ÁLVAREZ -- CHIEF EXECUTIVE OFFICER, MAHINDRA CIE AUTOMOTIVE LIMITED** **MR. K. JAYAPRAKASH -- CHIEF FINANCIAL OFFICER, MAHINDRA CIE AUTOMOTIVE LIMITED** **MR. VIKAS SINHA -- SENIOR VICE PRESIDENT (STRATEGY), MAHINDRA CIE AUTOMOTIVE LIMITED**
MODERATOR:	**MR. VENIL SHAH -- ICICI SECURITIES LIMITED**

Moderator: Ladies and Gentlemen, Good Day and Welcome to the Mahindra CIE Q3 CY 2017 Earnings Conference Call hosted by ICICI Securities. 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 "*" then "0" on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Venil Shah from ICICI Securities. Thank you and over to you, sir!

Venil Shah: Yes, Hi. Good afternoon, everyone. Thanks for joining us today for the Mahindra CIE Automotive conference call.

From the management side, we are represented by Mr. Hemant Luthra -- the Chairman; Mr. Ander Álvarez -- the CEO; Mr. K. Jayaprakash -- the CFO; and Mr. Vikas Sinha -- Senior Vice President (Strategy).

Now, I would like to hand over the call to the management for initial remarks. Over to you, sir!

Vikas Sinha: Yes, thanks Venil. Good morning to all. And I welcome Mr. Ander Arenaza who is our CEO, we warmly welcome him. Also, present is Mr. Oroitz who works along with JP on the finance team. So, we welcome them very warmly on this call.

I will make a few comments on the MCIE performance in the third quarter of CY 2017. Please refer to pages #3 and #4 of the Investor Presentation, they provide an overview of MCIE plant locations and products in India and Europe. I am sure, most of you are familiar with this. But if anybody needs an explanation please circle back to us.

We will start with India results on pages #5 and #6. MCIE India had an excellent performance in 3Q C 2017 in both revenue and profitability terms. EBITDA increased by 87% when compared with the same period last year, leading to a 1.8% increase in EBITDA margins. The acquisition of Bill Forge in October last year has contributed a great deal to this. But even if we remove the positive impact of Bill Forge, the rest of divisions in India grew 21% versus 3Q 2016.

The sequential comparison of MCIE India including Bill Forge versus the previous quarter Q2 C 2017 also shows an improvement in profitability while the growth is in line with the market. The nine months C 2017 results also tells a similar story of increase of growth and improvement in profitability.

The nine months growth of MCIE India minus Bill Forge is a healthy 15%. The EBITDA margins of MCIE India without Bill Forge has also increased by approximately 1% in the nine months period though some part of the growth can be attributed to the steel price increase. The main drivers of our growth in India have been the positive market evolution across segments as well as the growth of our key customers. It should also be noted that MCIE India has grown higher than its key customer namely M&M, Maruti, and Tata Motors both in 3Q 2017 and over the first nine months in C 2017.

There is small note on the bottom right hand's corner of pages #5 and #6 will give you an idea of the weighted average growth for our key customers and how we have performed against them.

Now, a word about Bill Forge, while we do not show its result separately, its performance has been in line with expectations that had been set out at the time of the partnership. On a nine month basis it has achieved a growth of 20% and an EBITDA margin of approximately 20%.

Our European results are shown in pages #7 and #8. On a quarterly basis MCIE Europe has grown by 16% in 3Q 2017 which amounts to roughly 22.6% in Euro terms after adjusting for currency movement. The equivalent nine months figures are 6% in Rupee terms and 11% in Euro terms. The growth is driven by growth at CIE Forgings and Metalcastello. Profitability has improved on a year-on-year basis both in 3Q and nine-month results.

There has been a drop in EBITDA percentage between Q2 2017 and Q3 2017 largely due to stock consumption in August. EBITDA percentage over revenues that is if we add up both sales and stock variation which is the internal measure is 12.7% in both periods.

And now if we go to slides #9 and #10 we will see the consolidated results for Q3 C 2017 and 9 months 2017 which are a combination of the positive evolution in both India and Europe. Our overall net debt situation remains similar to what it was at the end of last calendar year. Please note that we have mentioned on page #10 that we have done a CAPEX of Rs. 2,371 million on a consolidated basis and a significant amount of this growth CAPEX is spread across many verticals, our Forgings business in Spain and Lithuania, Metalcastello, Bill Forge, both in India and Mexico, Gears and Stampings verticals in India.

I also refer to Annexure 3 of our Presentation which seeks to answer some frequently asked questions. Annexure 3 (A) provides an overview of MCIE business in terms of segments and customers in different geographies. Annexure 3 (B) seeks to answer MCIE dependence on Engine and Transmission parts in Passenger Vehicles that may be affected if Electric Vehicles become a larger part of the Auto industry.

A rough estimation suggests that roughly 10% of MCIE India business and 25% of MCIE Europe business could be affected by EVs. The overall number is roughly about 18%. If anybody has a question, we can always circle back later.

And now, I will hand over the call to Mr. Luthra for his final comments before the Q&A. And I am sure, you would be looking forward to interacting with our CEO for today's call. Mr. Hemant Luthra

Hemant Luthra: I do not think I should gild the lily. Vikas has done a good job of explaining it. I think today the most important person in the room who is available to you is not me, it is Ander. And Ander and I work closely together and the benefit of that close working I think, is available in the strong results of the quarter.

So, I would not take much more time. What I would suggest for you to do is identify yourselves when you ask the questions. Let us know whom you want to answer that question. I will distribute the questions and where necessary, I will step in myself.

Also, the offer remains on the table that there is many of you who have interacted with Vikas in the past want to have one-on-one interaction after these results have been announced, feel free to do so.

Also, in this room, we have Mr. Oroitz -- who is the CFO working with Ander in Europe, and we have got Jayaprakash -- who is the CFO working with us on India. So you have a whole team standing by to take credit for our good results of the quarter.

Ander Arenaza Álvarez: Okay. I am Ander Arenaza, I am the CEO of Mahindra CIE and first of all, I would like to say good morning to everybody. And just to make some comments that I was here in this call Presentation one year ago in a slightly different situation. During all this year, we have done I would say, a great job developing the company.

Also, overall seen all the different divisions in Europe, in India and you have seen that the results are with us and we are now showing a much better future for the company, okay? I would say that I am really delighted working with my team here in India. I think everybody is well aligned. And I would say also thank you to our Chairman -- Hemant Luthra that gives me all the facilities and all the support to succeed in this task, okay?

So yes, I am here to answer any questions that you could have. Thank you very much and I hand over the word to the moderator.

Moderator: Sure, Thank you very much. We will now begin with the Question-and-Answer Session. We have the first question from the line of Nitesh Sharma from PhillipCapital. Please go ahead.

Nitesh Sharma: Sir, wanted to check we have seen a very strong traction in the European division. So any key points you would like to highlight? Have we won any new orders, execution of any additional orders that we have done in Lithuania or at Metalcastello?

Hemant Luthra: Ander, I think that you are the best person to answer that.

Ander Arenaza Álvarez: Yes. Okay. It is true that in our Metalcastello plant we are now launching an important project that we were awarded by an American customer, Caterpillar. This is a huge project of €15 million turnover per year that we have already started supplying and this is giving us this growth in Metalcastello, for the following years we will continue growing as this project has already started but is not in the peak volumes yet, okay? So, we expect to be in the peak volumes in a couple of years that is regarding Metalcastello. And regarding Lithuania and you are right, we installed a new Crankshafts Line, Press Line, Complete Line in Lithuania last year. We are starting the supply of these Crankshafts to Volkswagen, and this is giving us important growth together with the other companies of the Forgings division in Europe, okay? So yes, the growth is driven by Metalcastello, is driven by Lithuania, and also our Galfor company in Galicia they supply Crankshafts for several customers and is doing great job in this moment. So those are the main contributors to the growth in Europe.

Nitesh Sharma: So, this is Volkswagen order is something new which we have won recently?

Ander Arenaza Álvarez: Yes, it is a new, we have started supply in the last month with this Crankshaft. Of course, the order was nominated, the contract was signed, I think, it is something like a couple of years ago and now we have started the production. We started SOP.

Nitesh Sharma: What would be the approximate size of this contract?

Ander Arenaza Álvarez: It is something like €5 million - €6 million.

Moderator: Thank you. We have the next question from the line of Ujwal Shah from Quest Investment Advisors. Please go ahead.

Ujwal Shah: First of all, on the Spain and Lithuania side, sir with EU pressing so much for Electric Vehicles and the impact that we have already shown in the slide. So what kind of impact do you think it can have on revenue and EBITDA on the Spain and Lithuania business for the next two years? And what alternate plans have the management charted out to tide over this issue?

Ander Arenaza Álvarez: Okay, this is a good question. Let us say, next two years the impact will be zero. Even though we think that we will continue growing in these two years. In the next five years, we expect to continue working and growing in this Crankshaft business. And then what we expect is to have let us say flat period and we do not expect to see a reduction, at least in ten years, okay? So, this is globally our view, okay? It is true that this environment is changing and okay, there are different opinions some of them are positive, some of them are more negative, let us say, more radical in their thinking but generally speaking, what we would say is that we are in contact with all our customers they are even now right now they are launching Engines, Internal Combustion Engines for the next seven to nine years. They are fulfilling all the new requirements for the Euro 6b, Euro 6c, all these new regulations that are now in the market with different measuring systems and so on and what we expect is that the Electric Battery Vehicles are not yet developed to give the range and even the infrastructure even in Europe is not there. I mean, you do not see plug-in infrastructures already deployed in the countries in Europe. So, our view is that this change will take time. What we see is that during this period, our customers are pushing us also to continue investing. The next step, at least for our customer let us say, the top automotive customers like BMW, Daimler, Audi, Volkswagen, they are explaining now that they will go to the hybrid as an intermediate step as Hybrid vehicles. You know that the Hybrid vehicles they have an Electric Motor and also an Internal Combustion Engine. That means that our business will remain or even increase with this impact. So, I would say that we see a very nice medium-term future, okay? And what is also true is that we are preparing ourselves also to look for additional components and to be ready to supply to the different components the shafts for the Electric Motors and all the housings for the Electric Motors we are working on that and okay, this change will happen and it is coming. It will come later than expected because there is nothing prepared yet to give this a step. So in my opinion, we are in front of a technological change but we will come gradually and I would say that not before ten years, okay? So, we do not see any impact at least in ten years that is the real view of our company. I mean, I am talking about Mahindra CIE but also in the name of CIE also.

Ujwal Shah: Right, sir. And sir, secondly, on Germany piece so now that we have already restructured the business consolidated operations over this last nine months what will drive the margins for the next two - three years that we are projecting from the Germany business? And what is it that the management is doing to go for that margin expansion?

Ander Arenaza Álvarez: Yes. Okay. You know that one year ago, we worked here in a very tough situation with a difficult management situation in the plants. We closed that JECO plant and I would say that in a not proper way. So we created on top of the difficulty of closing the company, we created some tensions with the customers in terms of delivery and those delivery tensions become quality problems also. So let us say that that was really a bad time for us. After, let us say, we start working with the new management approximately in July - August 2016 that means then more than one year ago the first two quarters were tough where we tried to recuperate and to balance, stabilize the company. After that period, we have already I can say to you that we have already stabilized the company in terms of deliveries and in terms of quality. So now we are in the normal situation, let us say, the company is running I would say, smoothly So, I am quite satisfied in that side and the customers are also relaxed and they rely on us. In fact, we are growing the business slightly in this month when we were expecting to lose some part of the business and that did not happen. I mean, in fact, we are getting new business, new orders, so that is the positive thing and there is also one very important thing. I mean, you know that our main customer is Daimler. Daimler and we end our supply contract with them last year and in the adjusting in the worst in the crisis situation but this year we have already re-negotiated the contract and we have extended the contract for three years, three additional years for Daimler for the whole portfolio of products that we have. So, let us say that we see a stable situation. This is regarding the market and our let us say business evolution and regarding profitability that is probably the most difficult question and where we are now fighting. I can say to you that we have already get the black numbers in the company. I mean that we have a positive EBT that was the first task that we had. Now, we have several challenges in front of us and we are still improving our operations, reducing slightly the manpower, the excess of manpower that we have, and we are trying to be more effective in our operations. On one side, we have the trust of the customers, on the other side, we have the team is already well aligned. So, I expect to go step-by-step in the next quarters improving. Overall, it is true that it is a very complex company in a very competitive situation where we are competing from Germany which is high costs against low-cost countries and then okay, for us it is a big challenge to remain there gaining businesses and at least with positive results. That is my overall view of the German business.

Ujwal Shah: Right, sir. Just to clarify on the Daimler part, so the re-negotiated contracts are with better pricing because we had extended some discounts I believe, during the tough time?

Ander Arenaza Álvarez: Okay. We have updated the prices in this contract and what we did was we corrected some of the prices for the low runners, very low runners, we increased the prices and the high runners where we had risk of losing because of the competition, we slightly reduced the prices. But overall, in the summary of all these pluses and minuses positive for us, so let us say that we understood the situation but also our customers understood that they want to have a very let us say near located supplier to supply them any component that they need in a very-very short time, okay? So in that time, we can compete perfectly against Turkish or against Polish or even Indian companies because we have very quick answer to them and they need sometimes very quick answers. So let us say that we got the balance with them and okay, we are quite satisfied with the pricing that we work in the agreement.

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

Puneet: I have a few questions. Number one, to start with, if you can give more color on whether potential breaking up of Daimler could have any impact on your business?

Hemant Luthra: Potential breaking up of Daimler?

Puneet: As in you are separating their three businesses.

Vikas Sinha: No, when you say separating the businesses into Cars, Trucks and so on.

Puneet: Yes.

Vikas Sinha: Anyway, we deal with the Truck Division as far as MFE is concerned. So, that is our main customer. I do not think we foresee much of a problem there but...

Hemant Luthra: Sorry, this is Hemant and then I will ask a macro question. Are you saying that I may have missed the story? Are you saying that because of problems of Volkswagen type of problem relating to Diesel Engines or cartelization in Germany, the break-up of Daimler or I am not sure, where this...

Participant: No, so they had announced this plan to split their businesses. So, I am just trying to understand whether this can have any positive or negative impact on the kind of agreements you would have made with them?

Ander Arenaza Álvarez: Okay. There is no impact on our side. I mean, we are working with Daimler in MFE for let us say, Trucks, let us say, Industrial Vehicles and we have these contracts closed. We are working in several other businesses in CIE and also in Mahindra CIE we are selling Crankshafts for the Passenger Cars of Daimler and in fact, right now, we have the different teams dealing with us and we do not expect any impact. I mean, we are working with both Passenger Cars and Industrial Vehicle Divisions perfectly. There is no issue. I think the main reason for this decision of Daimler is to reduce all the biggest structure that they have in Germany, okay? So, they are trying to do it for cost reductions mainly.

Puneet: Okay, that is great. Also, can you give some more color on how your various geographies within the European business have performed? How has Germany done, for example, versus Lithuania obviously has done well because of a new contract. But how would have Germany done in terms of organic revenue growth?

Ander Arenaza Álvarez: Okay. I will give you exact data right now. The organic revenue growth in Germany in MFE was 8%. So yes, so...

Puneet: Euro denominated?

Ander Arenaza Álvarez: Excuse me?

Puneet: Is it Euro denominated or Rupee?

Ander Arenaza Álvarez: This is in Euro. Yes, this is in Euro. So, what we see is we have recuperated. As you can see, with this 8% increase we have recuperated the part of the business that we lost in the 2015 - 2016 crisis and now, let us say, with a stable situation, we also expect to be in a slight growth, not very high growth, because our future in this business is that we want to keep this more or less stable but not to grow too much because it is not or at least it is a less profitable business that we have in our portfolio, okay? So, we will keep that business as it is and flat or slight growth 1% - 2% according to the market but that is our expectation for the future.

Puneet: Okay. And are you seeing any increased opportunity for your Passenger Car business in Europe because of more focus towards EV? Is there a trend that you are seeing? Or is it business as usual?

Ander Arenaza Álvarez: Okay. Right now, exactly we are in a business as usual situation, there are no changes. In fact, what we are now perceiving is that us let us say that all our customers, they are working and all the Tier-I's that are playing in Europe are spending a lot of resources development of the Electric Cars. We will have probably future opportunities to recuperate part of the programs that they are producing internally, okay? You know that our customers are sometimes our competitors also because they produce internally. Right now, they consider those technology as non-core technologies. So, in the short-term, medium-term, what we will see is an important growth. So for example, some of the customers, they are asking us to develop completely machine Crankshafts for them and this is something that okay, they are now asking us of course, with proper contracts and the proper securities on that.

Puneet: Okay. And would you look to take these contracts because they will have only finite life, right?

Ander Arenaza Álvarez: Excuse me?

Vikas Sinha: The question being asked is would you still take a contract of Crankshaft even though it is only for three or five years?

Ander Arenaza Álvarez: Yes. In fact, what we see right now is that our customers are saying to us and I cannot disclose any of the customers, but they are asking us to produce more Crankshafts because they expect they will continue growing in the Internal Combustion Engine in the next year they say, okay? I see ten years that we will continue growing with this kind of course, we are talking about Luxury Cars, the High-End Cars that are growing in Europe and all of them, they have one requirement that nobody buys a €100,000 car with a range of 300 kilometers, okay? Nobody wants that. So, this is something that they are playing with and what we expect is these contracts are profitable for us and we will go for them, okay? So we will still and we will try to fulfill all our capacity probably not making additional investments but fulfilling all the capacity.

Puneet: Okay, that is it. Just two more questions, one is, what was the CAPEX for the Volkswagen line? And what is the peak revenue you expect from there?

Vikas Sinha: CapEx for Volkswagen line in Lithuania?

Puneet: Yes.

Ander Arenaza Álvarez: Probably something like €4 million more or less comes in, yes.

Puneet: Okay. And peak revenue from that line?

Ander Arenaza Álvarez: Okay. Okay, this kind of line, they can work for several it is not exclusive for this program. But the revenue that one line of this can give us something like €8 million - €9 million per year.

Puneet: Okay. And did I hear it correct, you said some €560 million number, right?

Ander Arenaza Álvarez: Yes, this is Volkswagen. It is €5 million - €6 million.

Puneet: So, €560 million and €8 million per annum?

Ander Arenaza Álvarez: Per annum, yes, per annum.

Vikas Sinha: No, it is €5 million - €6 million per annum currently.

Puneet: Okay, I thought 560**.**

Management: So, currently it is at €5 million to €6 million and it can go up to €8 million - €8 million to €9 million.

Vikas Sinha: That is right.

Puneet: Okay, that is it. And lastly, what would be the peak revenue from Caterpillar business?

Management: €15 million.

Puneet: Okay. And lastly, I could not understand the EBITDA break-up you said was lower on account of some stock consumption. If you can give more color on that.

Vikas Sinha: Sure. I will ask JP and Oroitz to handle that.

K. Jayaprakash: Punit, it is like this. You have holidays in August in Europe, what we do is in the quarter of April to June we produce and in the subsequent quarter we sell. Now, when you produce, the inventory is valued and when we discuss impact, you get some benefit in the quarter when you produce and in the quarter you sell, it hits your consumption and to that extent, the EBITDA gets affected. So what we have said is, on average if you were to take revenues plus stock change in both the quarters, 12.7% would be our EBITDA in both the quarters. So, there is no impact other than this on the margins.

Puneet: Okay. So, it is largely fixed cost appropriation between the quarters because you produced lesser in this quarter?

K. Jayaprakash: Yes. That is almost the total cost, right? You value the inventory.

Puneet: Sorry, so basically, it is a fixed cost appropriation which resulted...

K. Jayaprakash: Yes.

Puneet: Just lastly, any CAPEX guidance for next year?

K. Jayaprakash: CAPEX guidance**.**

Ander Arenaza Álvarez: Yes. let us say, that our standard is about 5% of the sales that is the standard that we forecast always in the Automotive business. We need at least some maintenance CAPEX and growth CAPEX and we are doing between both of them we can be about 5% of the total sales.

Hemant Luthra: Yes, 5% of total sales and also you will notice that given how much the EBITDA has gone and the net financial debt keeps coming down this CAPEX is not going to be a stretch in any way on what the resources of the company are.

Moderator: Thank you. The next question is from the line of Mahesh Bendre from Karvy Institutional Research. Please go ahead.

Mahesh Bendre: Sir, I have question about the European subsidiary last three quarters, we have been making around €125 million per quarter and fully understand that the fourth quarter is a soft quarter for us because of the holidays and other seasons. So, since we are at the fag end of this calendar year looking at the next year do you think, we will be able to maintain this kind of run rate for the rest of the year and next year?

Ander Arenaza Álvarez: Yes. In fact, what we are planning is, we should continue growing and improving a little bit the evolution, especially in Europe. I mean, you know that the jump we have in the profitability was very important in India not only for the Bill Forge acquisition but also for the internal improvement and internal organic growth. But what we expect for the next year also is continue growing and continue improving the company. So, let us say that we are quite satisfied overall with the evolution of the company in 2017 and we expect to continue improving and growing for the next year for sure.

Mahesh Bendre: So, earlier we were talking about probably single-digit growth in the European business along with market. So, since we probably have completed the restructuring process are we expecting a double-digit growth next year?

Vikas Sinha: Double-digit growth in Europe?

Mahesh Bendre: Yes.

Management: No.

Ander Arenaza Álvarez: No, we do not expect that. I mean, our idea is we will have a growth of the market it could be something like 2% to 3% that will be the market growth. Our internal growth in Europe will be more than that for sure at least double than that but not double-digit. And as I told you before, the key point is that as you know that our German business is one important part of this European activity. We are not thinking on having I would say that not having a growth there in terms of revenues. I mean, we plan to have this flat business in Germany. So overall, we will have growth but based on CIE Forgings and Metalcastello of course, we will grow.

Mahesh Bendre: Sure. And on the operating margin front, last three quarters, we are reporting very good operating margins both at the India operations and the European operations. So, do you think I mean, the margins that we wanted to achieve whether margins have stabilized at this level? Or do you see an improvement in the next year, calendar year?

Ander Arenaza Álvarez: Okay. Let us say that we have achieved the margins that we had in our budget for this year that is for sure. But you know that we have our strategic plan, where we plan to continue increasing these margins. For the next year, our budget will be higher, slightly higher and let us say that we will improve the current margin that is our task, we need to continue improving this and we will need to go on with the current trend that we have going up until at least that was our plan to reach the margin levels that our CIE are getting in let us say, worldwide.

Mahesh Bendre: Sure. Sir, last question is, going by the last three quarters numbers we will be generating a healthy cash flow for the year. So, the cash we will generate, which will remain after the

CAPEX are we utilizing that for the paying a debt or is it that we will further lookout for the inorganic opportunity?

Ander Arenaza Álvarez: Okay. Yes...

Hemant Luthra I think we have answered this before that CIE and Mahindra CIE have always looked at growth both organic and inorganic. Yes, if you speak to Bill Forge, Anil Haridass and I invite you to do so half jokingly, he says that, "I wish I had not taken cash in the company and I had taken some stock" because he responded to the suggestion that very positively that instead of being a big fish in a small pond, could we together become big fish in a big pond. There are many other people who are as, let us say, professional and objective. We do not do auctions people come around and talk to us seeing the track record of the merger, seeing the track record of how the value has been created. So, at any given point of time, there are many things going on and I do not know I think the answer to your question is that whatever we do is going to be earnings accretive whether it is reduction of debt or whether it is organic growth or whether it is inorganic growth. It is going to be earnings accretive. Sorry, Ander, you wanted to say something.

Ander Arenaza Álvarez: No, you have already answered. So, thank you.

Moderator: Thank you. The next question is from the line of Amyn Pirani from Deutsche Bank. Please go ahead.

Amyn Pirani: First of all, I just wanted to mention that the table that you have given on the Electric Car and the potential impact on revenue is actually quite helpful because it just helps us understand and allay a lot of fear that people have regarding component manufacturers who are supplying to Internal Combustion Engines. Most of my questions have been answered. But just continuing on the previous discussion, looking at your revenue break-up right now, it is obviously quite diversified between India, Europe and among various different lines. Looking forward both organically and inorganically I mean, the opportunities that you will be seeking will be more on Passenger Vehicle or on the Non-Passenger Vehicle side or on some completely different kind of components? If you can give some sense as to how will the next five years look when you are looking at electrics and the potential inorganic opportunities?

Ander Arenaza Álvarez: Okay. I would say that our let us say targets our preferred targets are more related to the Passenger Cars, okay? So usually, what we think is that we are really a good company producing long-term series which are very efficient way, okay? And that is our fully automatized lines with fully automatized measuring systems and so on. So, that is the trend that we are now also applying even in India and we are making this transfer of technology to our plants here in India, okay? So, let us say that this is the trend. Also, we are now quoting and entering and because we are aware that, okay, this technology change in the world could happen moving part of the Internal Combustion Engine to the Electric Engine. So we are also now quoting and making some developments in some Electric components, okay? So this is of course, we need to be ready to be also there and to at least have something to start working. As you can imagine, our base will continue to be in the Internal Combustion Engine. I would say, 90% of our business will be Internal Combustion Engine in the next 10 - 15 years but we will prepare ourselves for that, okay? We have our R&D department in Spain working on that. We are already working with certain customers in these developments. So, let us say that we have not stopped, okay? We see the strength in the market and we are learning, and we are being prepared for that. But right now, let us say, that our focus is still let us say Passenger Car components where we think that we can have higher volumes and higher profits on that.

Vikas Sinha: I want to add something here. So Amyn, just one point, is that when we say that we focus on Passenger Cars and we talk about Electric Vehicles the effect is largely in engines and transmissions. We have a lot of non-engine, non-transmission products in CIE and CIE is also well-diversified across technologies. So Forgings, Machining, Aluminum, Plastics, and one simple thumb rule in Electric Vehicles would be that you would move more from Forgings and Foundry to Aluminum and Stampings. So as a company, worldwide, CIE is well-prepared to handle the shift from Forgings and Foundry to Aluminum and Stampings. Of course, it can be argued that in India, we do not have Aluminum and Plastics. But then that is something we can always rely on CIE for knowhow and technology.

Hemant Luthra: I also have one additional input. Yes, this table is very useful and I am glad that I have compliment Vikas and others to help you guys get around it. But I also invite you to Google an article or several articles that are appearing in the press on the availability of Cobalt in the world and where it is buried and whether how Lithium-ion is going to move to Cobalt, we will need to move to Cobalt because you need larger range and longer range and more acceleration and so on, 50% or 60% of the reserves of Cobalt just now lie in Congo. The price of Cobalt has I think gone up by 3x already in the last two years. The total amount of Cobalt that needs to be mined by this if everybody has to meet the political targets in China and India of how many vehicles they will want, it exceeds the currently known reserves of Cobalt. So let us put some realistic stuff around us and also, temper it with the fact that if there is a CIE that has deliberately diversified its product base, it is deliberately diversified its geographic base, it is got Passenger Cars, it has got UVs, it has got now Two Wheelers, I think you might want to give some credit to management that they move fast and they are agile. I would not lose any sleep over what the politicians are saying just now.

Amyn Pirani: Fair enough. And just lastly, you mentioned something that with the Germany business which is mostly Non-Passenger Vehicle is a lower-margin business. So, is it because the Commercial Vehicle component segment is lower margin specifically or is it because of specific products or specific customers that you are dealing with? How does it look like?

Ander Arenaza Álvarez: Yes, okay. It is not specifically a lower margin business. The main reason on this is that you know that the Industrial Vehicle business is usually a low volume business. That means that there are several part numbers that you will have to produce in a very low series and you are continually changing the per number, okay. So, there is continuously change of the line to produce different per numbers because their volumes are low. So to that extent, the automatization is really complex and we have mainly more manual processes than automatized, okay? Let us say, Passenger Car production we have usually all the lines fully automatized. In this case, in the industrial vehicles, we cannot automatize due to the low volumes. It does not make sense, okay? So, as we are located in Germany with, let us say, high-cost manpower that means that our margins in those components are lower than in the Passenger Car market, okay? That is exactly what is happening with this company. So, let us say that we cannot expect a double-digit figure that we have in other technologies or in other divisions and in other let us say, sectors like Automotive but okay, we are playing, and we are trying to make this a profitable business, less profitable but profitable finally.

Moderator: Thank you. The next question is from the line of Jinesh Gandhi from Motilal Oswal Securities. Please go ahead.

Jinesh Gandhi: Just picking-up on what you indicated about Electric Vehicles a shift happening from Forgings and Foundries to Aluminum and Plastic. How would our European business cope with that shift considering that Aluminum and Plastics in Europe would be with the parent and not with the with Mahindra CIE listed subsidiaries?

Ander Arenaza Álvarez: Okay. Yes, you are right that our strategy I am now talking about the name of let us say parent company, CIE, okay? The strategy of CIE is to have all technologies in all the regions. So, that is the basic strategy that we have in CIE. And all the Asian activities that CIE has will be under Mahindra CIE. That means that if we do something and we are, of course, looking for doing something in Plastics and Aluminum in Asia, India or Korea or wherever it is, it will be done inside Mahindra CIE, okay? So, we are now already working, and we are visiting very actively and we are let us say with several target companies in our portfolio. This week visiting one of them and let us say, that you can imagine that we are very active on that and all these Aluminum or Plastic companies will be in Mahindra CIE as far as they are located in Asia.

Vikas Sinha: So Jinesh, so to your question whether we will be able to replace the Crankshaft business in Europe with the Aluminum or a Plastic company in Europe, the answer is no but we hope to compensate that with extra business in Asia.

Jinesh Gandhi: Okay.

Hemant Luthra: Also, I think one other thing that you need to recall is that in the interest of good governance, 100% transparency the businesses that competed with each other in the same geography that is the Forging business of Mahindra Forgings and the CIE that is why they were put together. But as Ander has said just now, there are opportunities in Aluminum in India, okay? There are opportunities for Plastics in India. There are opportunities with other stuff that we do in India. There is similar stuff that is possible in Asia and that is why Anders reassurance should give you comfort that whatever is happening in Asia continues to follow the demand of the customer where the technology wants to take us and will be done under Mahindra CIE.

Jinesh Gandhi: Okay. Alternatively, are we looking at any new product lines, product segments within Forgings in Europe, which should be relevant in the EV scenario?

Ander Arenaza Álvarez: We are developing a lot of CV joints I mean coming from a couple of customers let us say world leaders they are pushing us to continue expanding this technology and those are CV joints will continue also in the Electric Cars and we are there very actively and right now, we were delivering these components just as Forgings and they are requesting us to make full machine components, okay? And we are quoting this for inside Mahindra CIE in Mexico because you know we have a Bill Forge Mexico plant and we are now quoting to go to fully finished components. We are only Forging the components but we expect to go for fully finished components very-very soon and also, in India, they are requesting the same or similar programs in India and also in Europe. Let us say that for the Forging world, we are not with specific components for Electric Vehicles. We are with a specific vehicle in Aluminum and in Plastics and in Metal Stamping and we are producing already, in our Mexican plant, components for a Tesla battery pack. We are one of the let us say, the suppliers of the Tesla battery pack in the States supplying from Mexico, we are preparing also some covers for the Engine, Electric Engines in Aluminum in Europe for several customers, we are quoting them. So let us say, the world is moving right now, and we are very actively pursuing entering this kind of components.

Vikas Sinha: Jinesh, so just the last two parts that Ander talked about of CIE is for CIE supplying those Aluminum and Plastics for Tesla, not MCIE. But having said that, I will request you to recall Anders comments at the start of this phone call in which he had said, that even in the Crankshaft business we are seeing a spurt in demand for at least the next 7 to 10 years. If you look at our Europe business, it largely consists of two product lines in Forgings. The CIE Forgings business is Crankshaft and CV joints. Now, CV joints will remain unaffected by EVs, So crankshaft is roughly €120 million, CV joints is roughly say, the rest of it. So CV joints will remain completely unaffected by EVs, and this is what Ander just told you that even there we are seeing some requests for value-add in terms of machining for the CV joints. On the Crankshaft front even though it will be affected by EVs, in the next few years at least seven to ten years we are at least seeing no effect on the Crankshaft business as it exists today. In fact, there could be some request for even more value addition on those Crankshafts.

Jinesh Gandhi: Understood. And similarly, for Aluminum and Plastic parts in India, what are the initiatives we are taking to get a head start there because again, it is a segment which is not currently relevant for Indian markets. But given that we have relatively weaker positioning with the market leaders, are we working with them to develop products for the future especially for BS-VI and beyond environment?

Vikas Sinha: No. Aluminum and plastics in India is what you are referring to?

Jinesh Gandhi: Right.

Vikas Sinha: Right now, we will probably not start with a Greenfield. We will probably start with looking at some M&A. But as I said, this is all part of the strategy, nothing is constant there. But as of now, we will think that we would want to look at some M&A activity before we start thinking in terms of Greenfield or Brownfield.

Hemant Luthra: And the other thing is that just like there are I am only saying this half in jest, I mentioned on a call that there are people like Anil who want to grow Bill Forge from being a small independent company that has limits on how fast it can grow in terms of access to cash and discomfort with debt, there are similar people who are around in the Aluminum and Plastic business they will come to us. There are not very many places where they will go, where they are assured of good governance, high technology, complete transparency and the thing that appeals to many of these people is the Mahindra CIE philosophy of saying come be the partner, do not walk away, stay with the business, grow it, take ownership of it and that is always tempting for somebody who says that what do I lose by partnering with CIE or Mahindra CIE? So, we like people who like to come to us and that why they do because this can become part of a larger growth story. You have seen us giving them stock and ownership so that they do not have problems of wondering whether the growth is only in their little business that they put on instead of Mahindra CIE and the reason why I said half in jest is that given the fact that Motilal Oswal is also an investment banker. So, if you have any of your friends who want to come to us, please bring him along, okay? Instead of just being an analyst, come on, be a part of the Mahindra CIE strategy story.

Jinesh Gandhi: Sure, that is a good way to put it. Lastly, in terms of CIE has stated margin targets for Asian business and Mahindra European business, the question to Ander is with respect to how do you see that journey being attained over next three years? Would it be largely cost-led or are we looking at firmly driven by revenue growth and in turn operating leverage-led?

Ander Arenaza Álvarez: Okay, we have very clear targets in our strategic plan and as usual in CIE and I hope that we will be able to do the same in Mahindra CIE we will meet these expectations probably before it is expected, okay? That is something that we say that by 2020 we would be at CIE standard margins and with the trend that we had in the last quarters and with the expectation that we have for the next couple of years we will probably be ahead of this 2020 let us say target. My view is that we are on one side, we see important growth in Asia, mainly organic growth. We are investing and we see big opportunities to grow our business. The market is also helping, and we expect that the market will continue at about 10% a year growth. That is the minimum so that will help us to increase also our margins. On the other hand, all our companies are now more consolidated. We have already implemented a continuous improvement philosophy. We have let us say started with the technology transfer ideas and we are making more efficient plants, clean, safe, efficient plants in India let us say and my idea is to have exactly the same standards in India as in Europe. This is the final task that we have, we should be best-in-class also in production. So, my expectation is that India will improve in the next year and also we will, let us say, get in our expected margins. In Europe, we will also continue improving and we will improve the margins and let us say, the only complex point that we have is to keep the German business in a profitable way. I mean, in profitable figures and that is probably the most difficult task that we will have. In the rest of the regions and the different plants either Asia or Europe I have a really good feeling that we will be able to achieve the expected targets one year ahead.

Jinesh Gandhi: Okay. So, from what I have understood, the key driver of margin expansion in India would be growth in internal operating leverage and for Europe would be cost control. That is right?

Ander Arenaza Álvarez: That is right.

Moderator: Thank you. We have the next question from the line of Bharat Sheth from Quest Investments. Please go ahead.

Bharat Sheth: I have one question for Ander. See, I mean about a year back we were talking about also bringing other plants of CIE other than Europe. I mean, Brazil, China, Mexico, in under the Mahindra CIE. So in that journey, where do we see when we are likely to...

Ander Arenaza Álvarez: Okay. Yes, this is one of our original plans, and we stick to that plan, okay? So, we plan to do it probably in the next future in the next operation that we set a target for QIP and then we do it at the same time probably. Our idea is that in the next year we should do this, okay? So then our view is that we need to find the proper moment or the proper situation to do this integration. But it is in our mind and we will continue with this idea.

Hemant Luthra: I have a little footnote to add to this, it is a technical footnote. Any merger process that we do and we are committed to doing it Brazil, Mexico, China, we want it to be fair to everybody to CIE shareholders and also to Mahindra CIE shareholders. So, you do it when you have the stability of earnings, and a history of how we are doing so that whoever does the independent valuation can do a fair job for both, okay? So, that is number one. Secondly, once that is done, that is not very difficult because we have absolute faith in each other is commitment to the highest level of corporate governance. If you initiate or trigger a merger process, the capital structure cannot be changed until the courts approve of the merger, which means that you would have to put any M&A on hold because you might not be able to change your capital structure. So, maybe the best time to do it is, (a) when all the operations have settled down and the numbers are predictable, and a valuation can be done, there is no change of intention. But the other thing also is that let us not tie our own hands down to being able to do some of the corporate M&A options that are presenting themselves. So, do not worry about it. It will happen, and it will happen in the best interest of the Mahindra CIE shareholder.

Bharat Sheth: Mr. Luthra, further to that question, you say that once the operations settle down, settle down of the other plants or we are talking about our own company?

Hemant Luthra: I think we are talking a little bit more. Our company is always under improvement. The other plants, some of them are functioning for some time and I will ask Ander to answer the question. Some of them have been set up more recently and so the settling down is not that we have any doubt about the technology but when you take it to a valuer, the valuer has to be able to say what is the history of earning and what is the predictability of the earnings of everybody, that is my response. Ander, can talk to you about how those other plants are doing.

Ander Arenaza Álvarez: Yes. In fact, we are talking about let us say, three different Forgings in three different regions, okay? First one is we have the Chinese business and the Chinese business was after the joint venture with CIE we decided to reinforce our Crankshaft production in China in that factory. Then we invested heavily there, and we started the supply of the Crankshaft. I can tell you that now we are already supplying and let us say, that this company has improved the internal margins and now we would say that we are in a really stabilized and good shape. So now, in China, we are already ready, okay for this intervention in Mahindra CIE. Regarding Mexico, Mexico was a Greenfield launched something like three years ago and we started SOP last year, okay? So, we have been in the ramp-up and now we are this year, let say, that we are now more or less reaching the peak and probably we can consider that during 2018 this company will be already consolidated. But during this year, they were still in the ramp-up process. So, it was difficult to make a proper evaluation of this company and finally, we have Brazil and Brazil is a very consolidated company but as you know, last year, they were in a huge crisis in Brazil and okay, that was probably the worst moment of the Forging company due to this huge crisis that was involved in the country. Right now, let us say, it seems that the crisis is gone, and we are improving let us say, we have a growth this year of 25%. But we are still far from our figures in our Brazilian Forging company. Let us say that okay, it is still far from the best position but we are already recuperating ground in our Brazilian company. So, taking all this into account, I would say that probably next year, we will be in a position to be in a stable situation to go for this kind of operation. Until now, we were not, okay?

Bharat Sheth: So, just Ander further I mean taking this Chinese, Brazil and Mexico are in Passenger Car or it is in Commercial Vehicle?

Ander Arenaza Álvarez: They are in Passenger Car.

Bharat Sheth: They are in Passenger Car.

Ander Arenaza Álvarez: They have some Commercial Vehicle also but mainly the base of their business is Passenger Car, yes.

Vikas Sinha: In Brazil some Truck business is there but other than that China and Mexico are all Cars, yes, that is right.

Bharat Sheth: Okay. And taking the last question, this Metalcastello, I understand, we have capacity to produce around €70 million to €80 million kind of capacity we have and in CY 2016 turnover was around €50 million. Now, what we understood from the Caterpillar last commentary that they have done a I mean they want to grow very aggressively and because market is also improving. In that scenario, when do we expect that the ramp up could be much faster than what we have anticipate that is a very high-margin business also.

Ander Arenaza Álvarez: Yes, okay. Last year, in Metalcastello, we made €48 million; sales this year, in 2017, it will be something like €52 million. So there is a slight increase, next year we are forecasting -- an additional growth of 7% - 8%, additionally. And in a couple of years, we will have this increase of this new program already in the peak volumes, okay? So, the jump will come in two - three years. Now, we are growing every year. But the big jump will come in a couple of years and regarding the investments, we are investing in the state-of-the-art, the best heavy machinery with let us say, very fast heavy machines there increasing the speed of the cutting by three I mean, this is the best machinery in the market. So, we are adding this machinery in order to be prepared to give these additional volumes to our customers. So, let us say that everything is planned, everything is contracted, is signed, so we are now starting, and all the validations are done also and let us say, that we have been congratulated for the great job done so let us say our managing director is now flying to the States to be with them. I mean, let us say that everything is moving fast and is moving in the correct way.

Hemant Luthra: I also want to add, because Ander was not on the calls in between, so just a little footnote, you said that we have shrunk it from €70 million to €50 million, it was a shrinkage that was deliberate to weed out the products that were not profitable and even though the volume has shrunk deliberately the EBITDA has improved tremendously. So now that we have a strong stable profitable product mix, yes, we will continue to expand it.

Bharat Sheth: And if you permit me, one question for Vikas. Vikas, how do we see this Bill Forge Mexico plant ramp-up? And when do we expect earlier we were targeting in two years' time, so where are we I mean, in this state?

Vikas Sinha: Bill Forge Mexico is proceeding as per plan. And the same two years is a normal time you take for ramp-up at any new plant. Of course, the issue right now with this plant is the availability of steel as you are aware, given the Chinese companies have reduced their production, so there is a problem on steel procurement. But other than that, everything is going as per plan.

Moderator: Thank you. We have the next question from the line of Ronak Sarda from Axis Capital. Please go ahead.

Ronak Sarda: Couple of housekeeping points. Can you share, what is the gross debt and net debt on consol basis?

K. Jayaprakash: The net debt would be around Rs. 950 crores to Rs. 1,000 crores.

Ronak Sarda: Net debt?

K. Jayaprakash: Yes.

Ronak Sarda: Okay. Ander highlighted that the shift in EVs would be through Hybrids. So, how do the CIE plants get affected by the Hybrids? Is it content increase for us, or how does the content move if Hybrids are going to get a higher share in the interim?

Ander Arenaza Álvarez: In fact, today Hybrids are the best thing it could happen for us I mean, we will have our standard Internal Combustion Engine components and on top of that we will have the Electric Engine Components also. So the range of products will increase. So, the market for the component makers will increase. I mean, this is probably the transition period, but it will have a very positive impact for us because we will have both Electric components and Internal Combustion Engine components.

Ronak Sarda: Okay. So, when you say electric components, you mean to say from CIE global perspective, not Mahindra CIE as of now?

Ander Arenaza Álvarez: Yes. In fact, for Mahindra CIE, you know that in the Electric components there will be more Aluminum and Metal Stamping components and some Plastics. But from Mahindra CIE, we will also have chances to add some machining components in our gear business also. So, I think that we can have some options there. The other view that I mean, as you can imagine if you have two engines in the car, the cost of the car will be higher, okay? So, I would say that the markets where the cost is the main driver like Indian in the Indian market I think, that the Hybrid cars will not be the solution at least in the long-term, okay? So, I see those Hybrid cars more in Europe and in the States, let us say those mature markets with let us say, higher possibility income countries, yes.

Ronak Sarda: Right, sir. And last question is for the Bill Forge India plant if you can just highlight the capacity utilization levels?

Ander Arenaza Álvarez: In India?

Vikas Sinha: Bill Forge, they are running up to the neck, let us put it this way.

Ander Arenaza Álvarez: Yes. In fact, we are working seven days, seven days per week and we are adding capacity, this particularly now I mean because we are having machines, presses, machine in lines we are let us say building making some new buildings for expansion and let us say, that the business is doing quite well and also, we are supporting them from our Chakan Forging plant to give some relief to the stress of the other plant. So, Bill Forge is doing extremely well, yes.

Moderator: Sure, actually due to time constraints we will take one last question. The last question is from the line of Priya Ranjan from Systematix Shares and Stocks. Please go ahead.

Priya Ranjan: Just on a couple of things. I mean, despite positive EBITDA of around say Rs. 600 crores for the nine-month period our net debt has not come down, why is it so? Because we have just done around Rs. 235 crores or so in terms of CAPEX, was there some negative aspect in terms of working capital?

K. Jayaprakash: Yes. On the supply side, I have mentioned this in the last calls also that we had stretched them a bit too much. So, I mean, on the paying to the vendors the terms have been changed and we are paying faster.

Priya Ranjan: But the other I mean the receivable parts, etc., is stretched or that is normal?

K. Jayaprakash: And some inventories would have gone up with more of export orders where we need to serve them closer to the plants.

Priya Ranjan: Okay. And the second part is on the since Europe is more moving towards Hybrid or Electric Vehicle, do we see some kind of consolidation happening in terms of vendors like, say VW are sourcing component or say Crankshaft from a much larger customer base or the vendor base. Now they are gradually shifting towards one or two vendors because their focus will be more on the development of Electrics or the development on Hybrid. And the second part is in the magnet business, do we see a significant jump in the magnet business because Electric motors will be a key component for the EV? So, can we see that that business can ramp-up significantly if the EV parts become...

Hemant Luthra: It is probably a hedge to make sure that the size of the business is not as big but yes, we want to wait and watch about the strategic importance going forward. So, the lighting business that also they do which is a new product that had been developed, okay, may not be as much of central to our plans and there will be enough people who might want to take the lighting business away from us. But yes, on the electronics, we are still keeping our options open.

Vikas Sinha: So, Priya Ranjan to answer whether vendor consolidation will happen, frankly, we do not know. And as we all know, this is an evolving thing. As Ander said, in the meantime, what is happening is OEMs are concentrating on Electric Vehicles. So on the current existing ICE Engines, they are willing to outsource more now. So, that is an opportunity that is awaiting us, and we will concentrate on that. You know things like machining of CV joints or machining of Crankshafts which was not done earlier in Europe may start happening in Europe. So, that is an opportunity for us that we will keep in mind. So, whether consolidation happens or not, we really do not know.

Priya Ranjan: And one more question on say, the magnet business any comment because the Electric Motors will be the crucial part. So, magnet will be mandatory in most of them because all the cars...

Vikas Sinha: We are hoping again, we are again hoping around that. But as I said, we will have to see because right now, there is not Electric Vehicle that sells at that scale where we understand what the costing is for all the electric parts. So, we will have to wait and watch as to what is happening. But yes, what you are saying is it could be possible but we do not know for sure.

Priya Ranjan: And earlier, we have also thought that probably we can do some kind of Crankshaft for Trucks in Europe and particularly German business. Is it possible given the profitability, etc.? And the second part of that is, from the low-cost countries from India or Turkey, what is the price differential between I mean, the cost differential between if I am manufacturing say, in Germany versus India or Turkey or Poland?

Ander Arenaza Álvarez: Okay, it is a difficult question but you can have something like 15% differential cost coming from the labor. But you need to deduct also the higher-logistic costs, okay? And higher logistic costs and of course, this quality and reliability cost behind. So, we are working with a big truck manufacturer, worldwide, one of the leaders and they are making a complete analysis over the world. And let us say that they decided that the big component parts that let us say weight above 10 kilos it does not make sense to move from let us say from 5,000 kilometers away, okay? That means that the local market will be protected due to the cost of the logistics and the risk of the supply. But let us say that the cost for the smaller components, the cost difference will affect also our business in Germany, yes. And the Crankshafts for Tractors this and also for the Industrial Vehicle those are one of the targets for our big press in our plant in Germany, yes. Those are suitable components for us and yes, we could produce them. And there is no big competition in these kinds of components for us. So, we expect to succeed in this market.

Priya Ranjan: So, when can we expect some kind of traction of that?

Ander Arenaza Álvarez: Okay, you know that this depends on the market. I mean, we are working actively at this moment. We are offering to the customers and we are let us say, pushing for that. I hope that in the next month we can have some success on that. But, okay, this is difficult to say as it depends on the customers.

Priya Ranjan: Okay, and then just one last question on the India business. Have we won any new orders from the new claims or new customer addition?

K. Jayaprakash: Okay, like we have been saying, we continue to look for more business. And in the recent past we have been at Tata Motors able to get new business for the Tigor. We were originally supplying them Diesel Engine Forgings. We have picked up the new Petrol Engine Crankshafts also. We have had some success at Maruti. Originally we have been again there more present in the diesel segment. We have picked up new orders for the Petrol Engines there and in Mahindra, some benefit out of the trouble Amtek is going through, so some business has been shifted from there. So, these are the new business wins we have had apart from the organic growth that comes from the market.

Priya Ranjan: Are we part of Tata Nexon?

K. Jayaprakash: Tata Nexon, no.

Moderator: Thank you very much. We will take that as the last question. I would like to hand the conference back to the management for any closing comments.

Hemant Luthra: I am always surrounded by my CFO, so I cannot make any forward-looking statements. I cannot say how optimistic I am, I cannot say, that we will continue the momentum, so anything more than these generic statements. But yes, we are pleased, and I hope you guys are pleased too, because you have always had some concerns about whether organic growth is taking place in addition to M&A. And yes, organic growth will take place. Yes, M&A will happen and yes, it will always, whatever we do will be earnings accretive and it will respect the highest standards of corporate governance and respect the value for Mahindra CIE shareholders. Not much more to add because it is just too many words are not good brevity is nice. Ander, you have anything to say?

Ander Arenaza Álvarez: No, just to say that on occasions as I told before, I am really satisfied on how the company is performing both in Europe and in India and I think, that we have properly organized the new structure, we have already started working with the transfer of technology, we have already defined and developed the projects properly, installed continuous improvement mentality and systems. I would say that we will continue improving the company and let us say, that we see a nice future at least in the next short-term or mid-term period.

Vikas Sinha: Thank you so much. Thank you for your time. Yes.

Moderator: Thank you very much. On behalf of ICICI Securities, that concludes this conference. Thank you for joining us and you may now disconnect your lines.

Note: This statement has been edited to ensure quality