

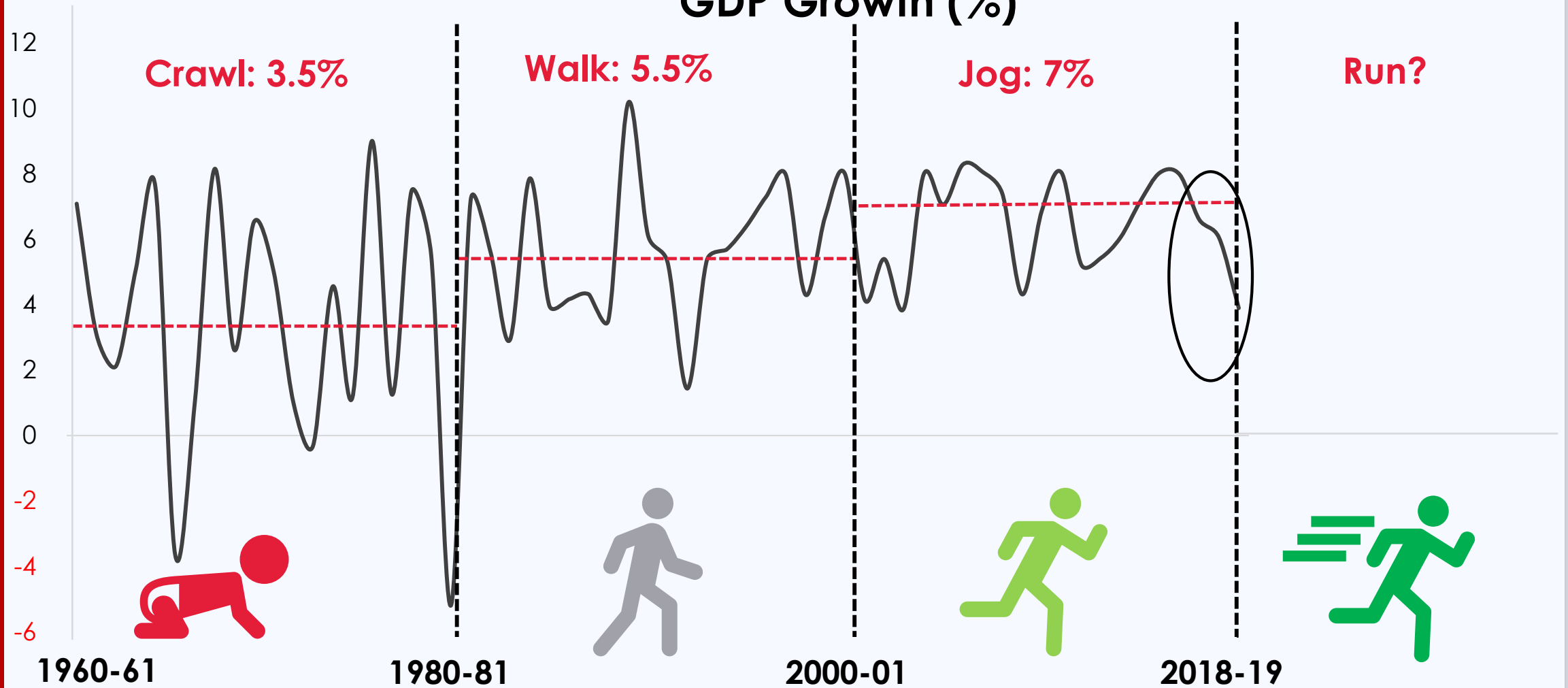
Mahindra & Mahindra Reigniting Value Creation

Dr. Anish Shah | 25th August 2020



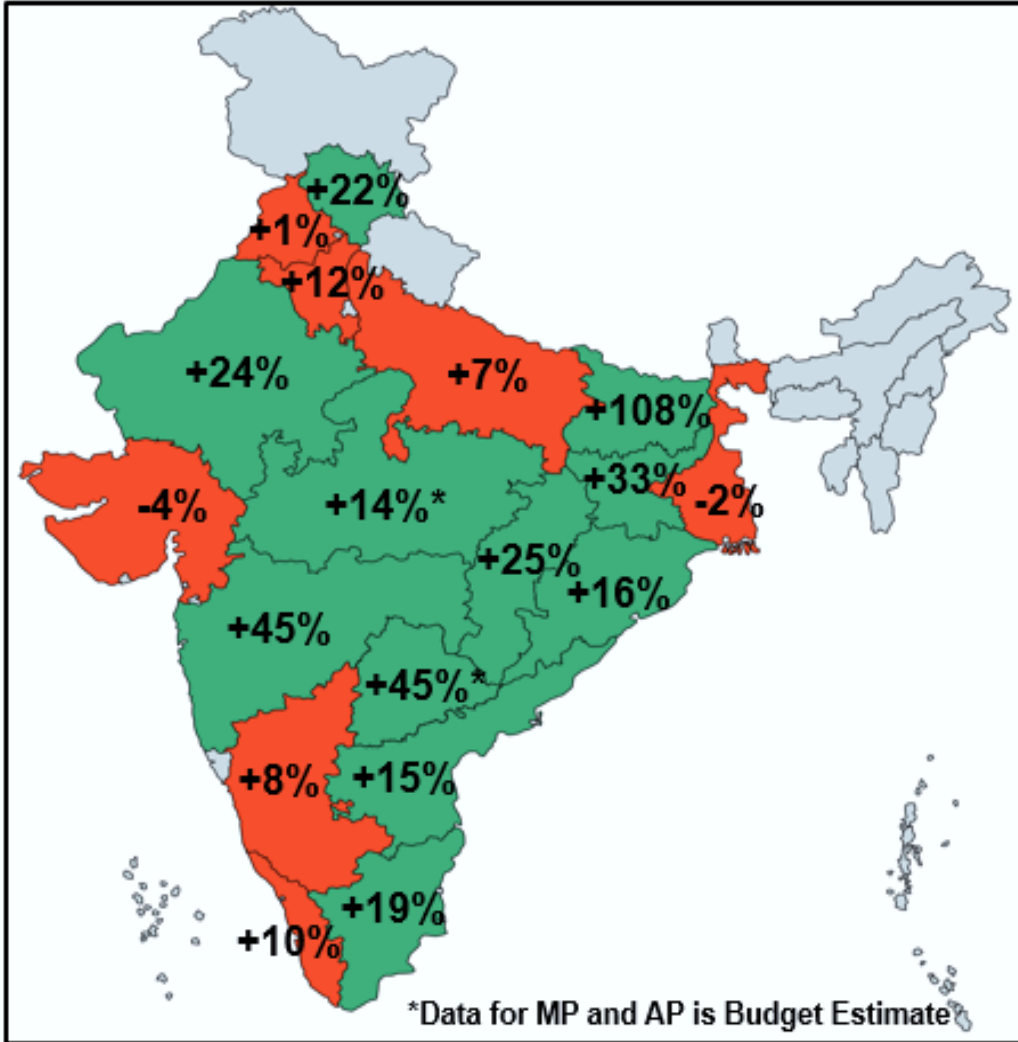
INDIA—THE GROWTH STORY

GDP Growth (%)



RURAL INDIA—GROWTH DRIVER

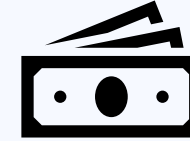
Rural Spending Support by Govt.



Government Announcements



Farmgate
infra fund of
₹1tn



Concessional
credit of ₹2tn



PMMSY* fisheries
scheme of ₹200bn



Animal
husbandry infra
fund of ₹150bn



Emergency working
capital fund of ₹300bn

Structural Changes



Contract
Farming



Agri-
Marketing
Reforms



Essential
Commodities
Act

Rural spending includes agriculture, rural development and irrigation

* Pradhan Mantri Matsya Sampada Yojana

MACRO TRENDS

Speculative trends – potentially longer term

Imminent trends



Rural consumption



Inclusion and infrastructure development



Domestic clean energy



Defence indigenization



Manufacturing for India



**Improved Health infrastructure beyond
'Sick Care'**



Circular economy



'20-minute neighborhoods'

BUSINESS TRENDS

Speculative trends – *potentially longer term*

Imminent trends



Remote/ Hybrid working



Data as a currency



Technology to build scale/ access
AI adoption fueled by AI-as-a-Service



Accelerating flux commerce



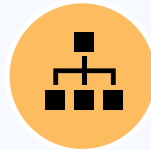
Everyone, everything, everywhere will be
connected



Disintermediation



Crowd economy



Org. structure will be dismantled (flat
customer-oriented teams)

CONSUMER TRENDS

Speculative trends – *potentially longer term*

Imminent trends



Contactless commerce



Health, wellness and hygiene



Affluent+ consumer pool to expand



Shift from ownership to access



Consumers will value experiences over products



Staying trendy



Sustainability as an additional purchase criterion



Consumers will increasingly seek convenience

M&M: A PLAY ON INDIA'S GROWTH STORY



**A gateway
to the largest
and fastest growing
themes in India**

On track to Reignite Value Creation

OUR EVOLUTION

Crawl

- Set up in 1945 by JC and KC Mahindra with Ghulam Mohammed.
- Focused on nation building with Tractors and Utility Vehicles.



Pre-1980



Walk

- Entry into new emerging opportunities—Financial Services, Holidays, Real Estate, Logistics, etc.,



Bolero

1981-2000



Jog

- Strengthening of core & other domestic businesses
- Entry into new age businesses—IT Services, EV, Aftermarket, etc.



Scorpio



XUV500



2001-2019



Run

- Strengthen the core
- Deliver Growth gems
- EPS, ROE, FCF



New Thar



Growth gems

2020 & beyond



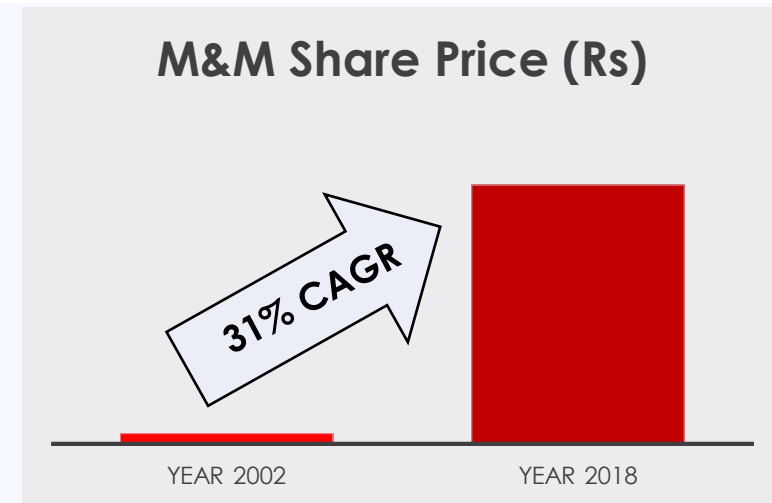
NOT LONG AGO...



anand mahindra  @anandmahindra · Aug 21

In 2002, we began our annual Group conference labelled "BlueChip" because we vowed we would lift our performance & make the stock price reflect our genuine potential. So forgive us for being emotional today. The Nifty hit a high & our stock proved to be the best performer since 2002..

***Aug 2018:** NIFTY scales new high and M&M leads the Year 2002 NIFTY pack with highest returns @ 31% CAGR



M&M highest performer in NIFTY since its inception...fill Aug 2018

LEGACY OF VALUE CREATION



F02-F18

F18-F20

Operating Cash Flow pre Capex (Rs Cr)*

2,433

5,210

EPS CAGR[^]

34%

(87%)

Avg RoE[^]

22%

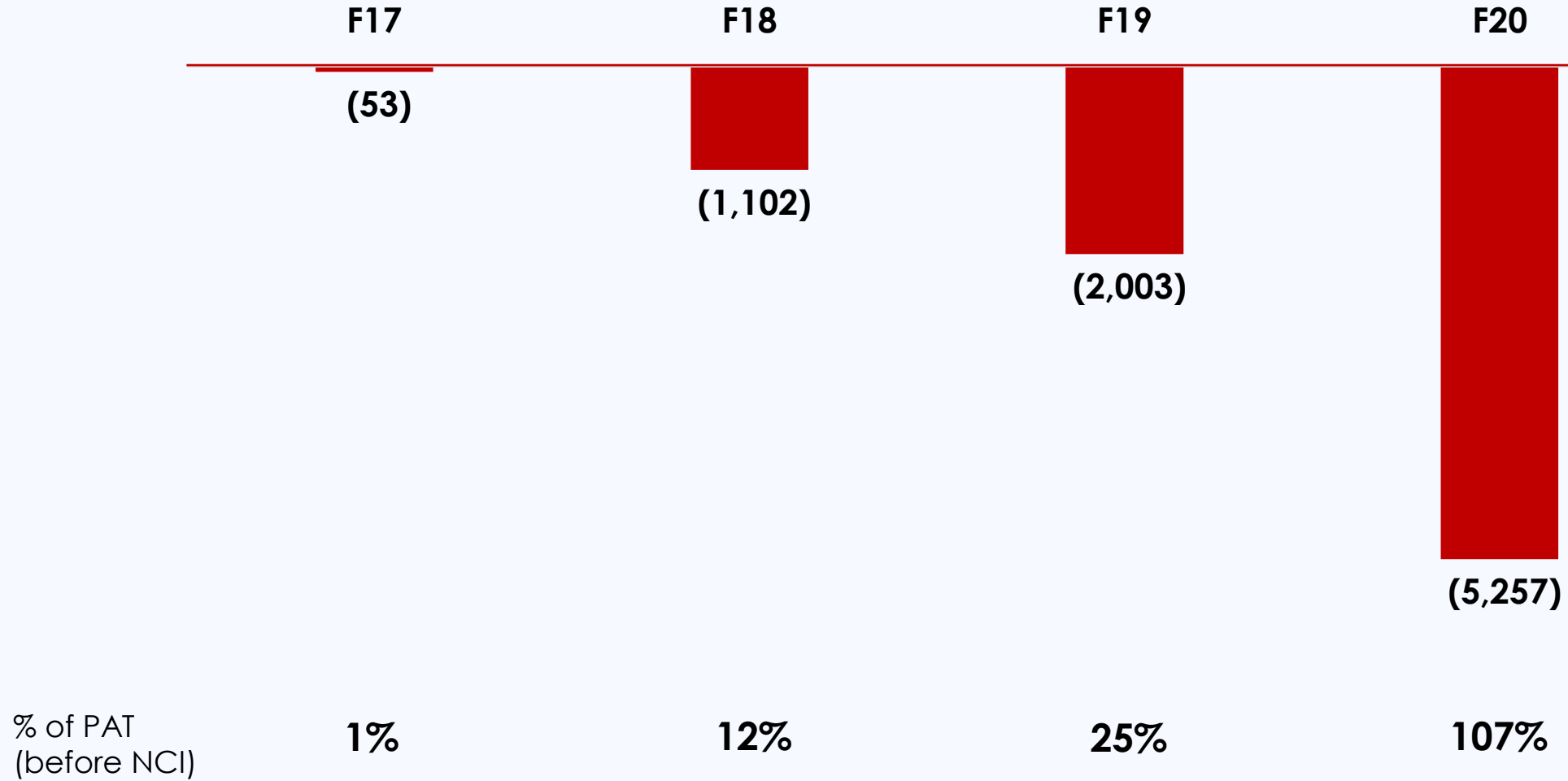
12%

[^]EPS and RoE on consolidated basis

*Cash Flow is Average per annum on standalone basis for M&M

LOSSES OF INTERNATIONAL SUBS

Rs Cr



ACTION ON LOSS-MAKING SUBS

Tighter Capital Allocation Norms

Loss-making businesses/entities to be closely scrutinized & put under 3 categories, viz. A, B and C

Category	A	B	C
Criteria	Entities with clear path to 18% RoE	<i>Delayed or unclear path to profitability but quantifiable strategic impact</i>	Unclear path to profitability
Action	Continue	Continue	Exit (Explore partnership, alliance or shut-down)



SYMC ...

No further investment



GENZE ...
(Mahindra Tractor Assembly)

Exit announced



MANA ...
(Mahindra Automotive NA)

No USPS Bid

We are analysing all loss-making businesses and will provide an update on each individual business by end of FY21.

AUTOMOTIVE AND FARM SECTORS

WALK

April - August

PROTECT THE BUSINESS TODAY

- Manage Cash
- Manage Margin
- Manage Safety

Conserve today for a secure tomorrow

RUN

Sept - March

RAMP UP WITH FOCUS

- Focus on Domestic Core
- Krish-e (FaaS)
- Simplify the business

Turnaround Global Businesses, Manage cash

FLY

FY22 & beyond...

DIFFERENTIATED & PROFITABLE GROWTH

- SUV Core brand differentiation
- Launch New Yuvo Star and K2
- Digital transformation
- Leverage Platform synergy

New Auto and Farm Launches



- W601
- Z101

We are building a unique and distinctive SUV brand representative of the Mahindra spirit.



Progress so far...

Agreements Signed

- Development of C-Segment SUV for Ford
- Joint development of connected vehicle solutions
- Supply of BS-VI compliant engines & powertrains for Ford

Potential benefits..

Potential Benefits of Alliance

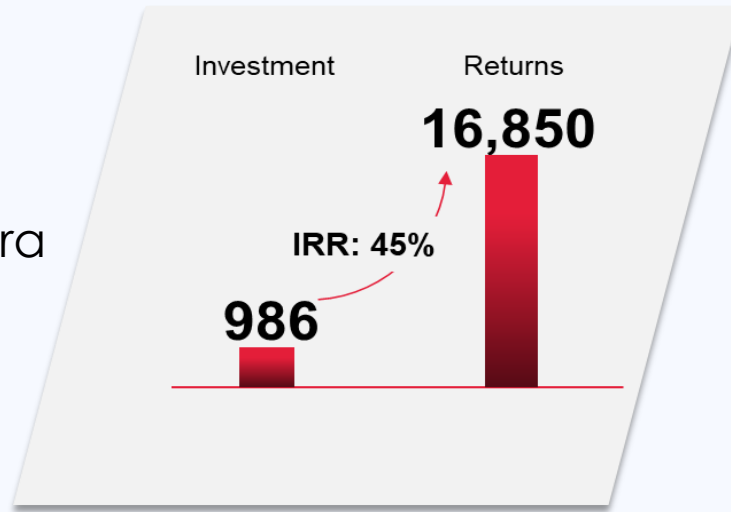
- Co-sharing of investments & technology
- Economies of Scale in Joint Sourcing
- Joint product development & capacity utilization
- Exports to Emerging Markets

JV start date delayed due to COVID

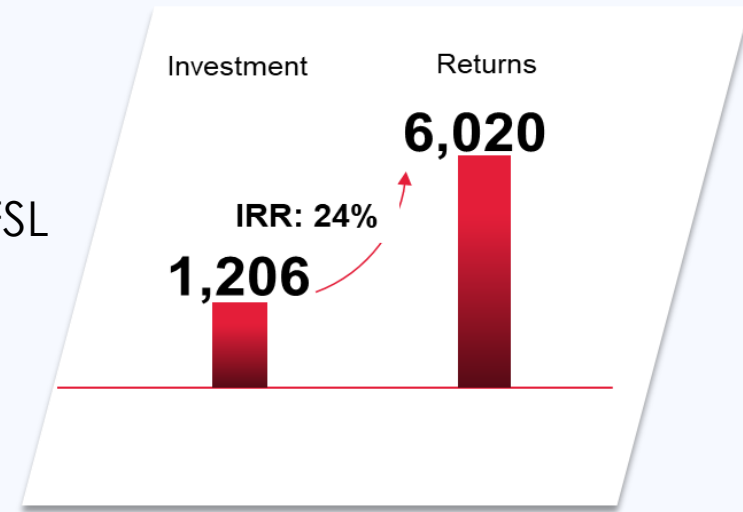
VALUE CREATION IN LISTED COMPANIES

Rs Cr

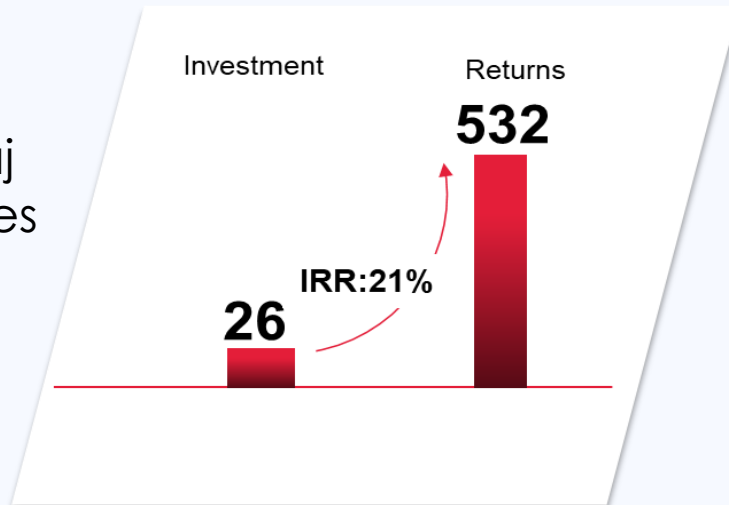
Tech
Mahindra



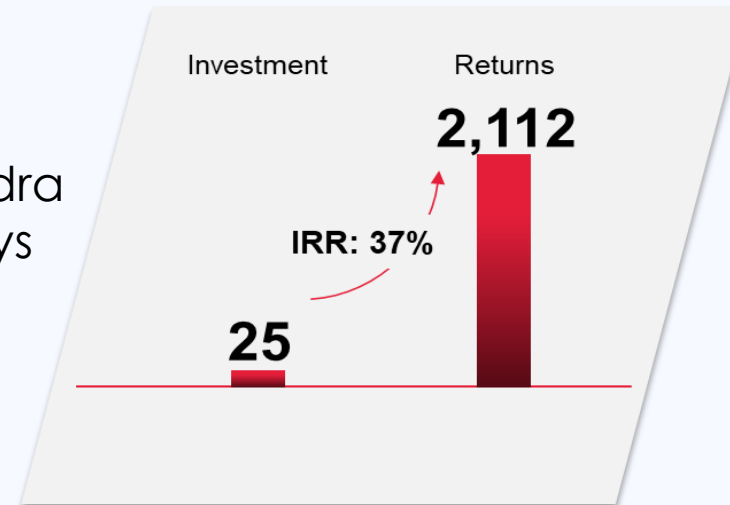
MMFSL



Swaraj
Engines



Mahindra
Holidays



Returns include dividends, sale & market value of the holding on 31st March 2020. Investment includes both original cost and subsequent investments.

GROWTH DRIVERS...OUR GEMS

We have identified certain unlisted businesses in our portfolio which could generate tremendous value. We would allocate the right resources to scale up these 'Gems'.



Susten

Technology led utility scale solar dev-co with intl EPC experience



Rural Housing Finance

Small ticket rural housing loans, large field force & customer-oriented products



Powerol

Telecom genset provider with strong distribution; Scaling up thro' high KVA gensets



Accelo

India's leading steel solution provider with foray into auto re-cycling through Cero



Agri

Trusted provider of Agri inputs (seeds, crop care, irrigation) and high-quality fruits



Aftermarket

Used car sales with strength in enterprise, large franchisee network & online presence



Classic Legends

Launched historic brands in premium motorcycle segment; Strong start in market



Electric

Making EVs since 2010, ME will build scale with EV technology for PVs and 3 wheelers.



Mobility

High quality service for corporate employees with focus on EVs



Bristlecone

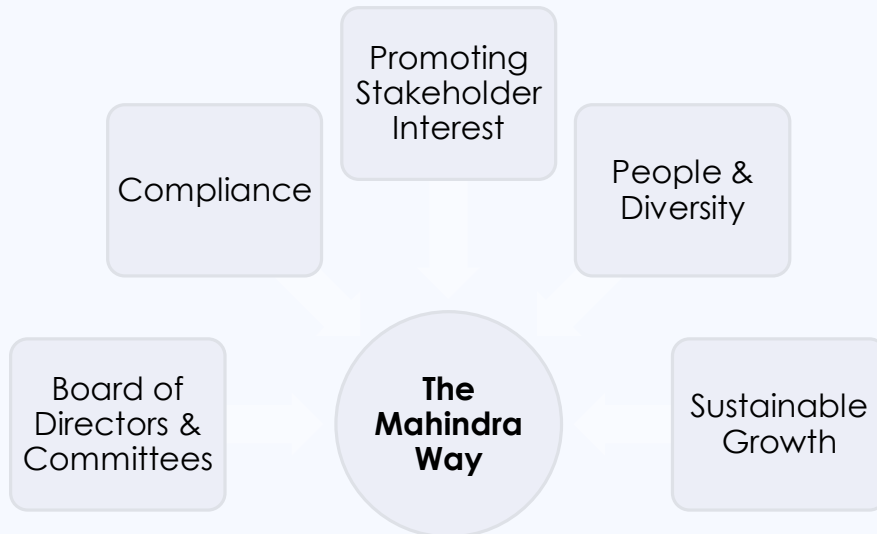
Specialist technology provider for supply chain, serving Fortune 500 customers

GROWTH DRIVERS...OUR GEMS



On track to Reignite Value Creation

GOVERNANCE IS OUR BEDROCK



Growth, Governance & Social Focus



M&M: Golden Peacock Global Award for 'Excellence in Corporate Governance for 2019'



M&M: 'Best Corporate Governance – India 2019' award from Business Vision



Award winner
India 2019

M&M: IR Magazine Award 2019 for 'Best financial reporting (large cap)'



M&M: ICSI 'National Award for Excellence in Corporate Governance in Listed Segment: Large Category' for 2019



Mahindra Annual Report 2019 wins Gold at the MARCOM Awards, USA

M&M: **AAA rating for 6 years** in a row, from four key Credit Rating Agencies



PATH FORWARD

- Tightened Capital Allocation norms...Path to 18% RoE
- Define clear narrative for Auto
- Maintain leadership in Farm
- Harness value from unlisted gems

#FUTURise