

REF:NS:SEC:
16th February, 2023

National Stock Exchange of India Limited
"Exchange Plaza", 5th Floor,
Plot No. C/1, G Block
Bandra-Kurla Complex
Bandra (East), Mumbai 400051.

BSE Limited
Phiroze Jeejeebhoy Towers,
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Bourse de Luxembourg
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London Stock Exchange Plc
10 Paternoster Square
London EC4M 7LS.

Sub: SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 - Disclosure of Transcript of the Analyst/ Institutional Investor Meeting

This is further to our letter bearing REF:NS:SEC dated 7th February, 2023, wherein we had given you an advance intimation of the upcoming Analyst or Institutional Investor Meeting in terms of Regulation 30 (6) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company had virtually conducted M&M Q3FY23 Earnings Con-Call with Several Funds/Investors/Analysts on 10th February, 2023 with respect to the Unaudited Standalone and Consolidated Financial Results of the Company for the Third Quarter and Nine months ended 31st December, 2022 in Hyderabad and the Presentation(s) made thereat along with the weblink of the Presentation(s) and weblink of the AV Recording of the said Earnings Call was submitted vide our letter dated 10th February, 2023.

The Transcript of the aforesaid M&M Q3FY23 Earnings Call with Several Funds/Investors/Analysts is enclosed and is also available on the Company's website and can be accessed at: <https://www.mahindra.com/sites/default/files/2023-02/TRANSCRIPT%20-%20M%26M%20Q3F23%20Analyst%20Meet%20-%2010th%20Feb%202023%20FINAL.pdf>

Please note that no unpublished price sensitive information was shared/ discussed in the aforesaid Earnings Call.

Kindly take the same on record and acknowledge receipt.

Yours faithfully,
For MAHINDRA & MAHINDRA LIMITED

NARAYAN SHANKAR
COMPANY SECRETARY

Encl: as above



“Mahindra & Mahindra Q3FY23 Analyst Meet”

February 10, 2023



MANAGEMENT: DR. ANISH SHAH – MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER, MAHINDRA & MAHINDRA LIMITED
MR. RAJESH JEJURIKAR –EXECUTIVE DIRECTOR, AUTO & FARM SECTORS
MR. MANOJ BHAT – GROUP CHIEF FINANCIAL OFFICER

Sriram Ramachandran: Good afternoon, everyone. Thank you for being here today. Also, all those who are joining through the webcast, a warm welcome to the Q3FY23 Presentation and Analyst Meet. Today, we have we have Dr. Anish Shah – M.D. and CEO; Mr. Rajesh Jejurikar -- Executive Director, Auto & Farm Sectors; Mr. Manoj Bhat -- Group CFO, joining us for the meet today. So, we have the entire senior leadership team of Auto and Farm joining us today for the meet.

With this, I hand over the podium to “Dr. Anish Shah for his Opening Remarks, and for the Presentation.”

Anish Shah: Thank You Sriram. Good afternoon, and welcome, everyone. It's great to have you here with us in-person again. After many quarters of these online meetings, I'm glad we are starting to get back to normal.

As you will see, we have had an excellent quarter once again. Key Messages: Strong operating performance at the standalone level, Q3 is up 52% before EI which is more operational. Year-to-date is 47%. At the consolidated level, continued strong performance there as well. Q3 up 35%, year-to-date up 76%. The gap will narrow a bit. This is driven by Mahindra Finance. As you know last year, Mahindra Finance had Rs.2,500 crores of provisions in the first quarter, all of it came back in the next three quarters. So, comparisons for the first quarter this year look excellent. For the next three quarters, they will look a little weaker. So, year-to-date is the number we look at, and we will expect a fourth quarter comparison that will be lower than last year. So, you'll see that 76% probably come down a bit. And finally, we made a number of commitments and we will give an update on that, but happy to say that we've delivered on all the commitments that we made so far.

So, on a standalone basis, revenue up 41% for the quarter, 54% year-to-date. We talked about PAT before EI, Auto and Farm, are both driving this very strong performance at the standalone level.

As we look at consolidated, Mahindra Finance actually has come in with strong results, and that has helped increase the gains at the consol level beyond what Auto and Farm has contributed. So, there as we see, both in terms of PAT before EI and after EI, strong numbers. There are some numbers here after EI that we will be relooking at our accounting policy. So for example, what we've done consistently is gains in our Growth Gems are counted as EI, Susten gain is Rs.1,400 crores, that's counted as EI for us today. But, that's really not EI, because that's what we plan for. We want our Growth Gems to continue creating value, that's what we're investing for. So, we will be looking at the accounting policy and then making the appropriate changes as we go forward on that front, so which is why you see a much greater number, sort of post-EI there was versus before EI.

Our Commitments: You've seen this slide before, at least on the left hand side, the right hand side is an update in terms of where we have been. We'd started with the path to ROE, at 18%. Happy to say that year-to-date this year, we are at 20.3%.

Second, on EPS growth, we talked about 15% to 20% EPS growth. And as you look at the numbers here, F21 to F22 is up 263%, and on (F)22 to (F)23 actually year-to-date is higher than the number shown here, this compares sort of three quarters versus four quarters, but, we've got a robust EPS growth from year-to-date basis this year as well.

From a scale standpoint, we committed to driving scale in our core businesses, as well as scaling up our Growth Gems, and you're seeing that across the businesses today.

We talked about Auto margins being up 300 basis points in the medium-term. We've actually achieved that faster than we had expected when we said that a year ago, and Rajesh will talk about margins being up 320 basis points.

We've delivered gains from the Susten deal. In addition to that, we sold some Kandivali land which will help our Lifespaces businesses grow. And our Logistics business has made a second acquisition in Rivigo and is positioning itself very well to really take advantage of the potential for logistics in India. So, lots of activities with regard to growth gems as well.

And finally, talk about leading ESG, something that's important for us, we've done a lot of things in this area, and happy to report the recognition that we've got, the first and only Indian Auto manufacturer to be in the Dow Jones Sustainable Index, and that's just one of the many global recognitions that we're getting now. But, more important than the recognition is the work that we're doing.

With that, let me hand it over to "Rajesh to talk about details on Auto and Farm."

Rajesh Jejurikar:

Hi, good afternoon, everyone, and like Anish said, we've had a good quarter, walk you through it, I'm sure you've gone through a lot of the numbers, I'm going to be quick on them.

For the Auto and Farm together, this was the highest ever revenue; 42% growth in the quarter. highest ever PBIT of over Rs.2,000 crores, again there is huge 64%. For the Farm, highest ever Q3 volumes, 14% growth 1.6 share Point gain in the quarter. Cumulative YTD is a 0.9 nine gain in tractor market share. On the Auto, highest ever Q3 volumes were 176,000, 45% growth and continue to be #1 in SUVs by revenue market share with the gain of 500 basis points from last quarter to 20.6%.

On three wheelers, highest ever volumes again, and a continued market leadership was 63.5% market share. So, very strong growth numbers as you can see both on revenue, volumes and profits. These are the numbers that you would have probably gone through earlier. You can see here, the revenue went up 42% for the quarter standalone, the PBIT went up 64%, a very good split now between Auto and Farm. If you look back the previous quarter, you can see, that was really Farm -led, but with Auto turning around, you can now see Auto and Farm, both contributing around the same number.

Look at consolidated, I will do this quickly, PBIT grew 62%. I am now moving into the Farm equipment. We expect the industry to grow over 10%, we had said a little over five last time, we wanted to watch, seen a very good three months, better than what we had expected. We were being cautious and conservative when we put out saying, it will be in the region of 5% upwards, but we didn't expect it to be ending up where it is going right now. At this point of time, we feel comfortable that it will cross a 10% growth for the year. Many factors are enabling that, the two that we have seen change in the second half: one is an improved government spending in rural and agri. We were watching for that that we see as a key factor, that's enabled growth. The monsoon is not new. The terms of trade with farmers have improved quite significantly, especially we are seeing mandi prices of most crops, especially wheat, being much higher than the MSPs. And that's enabling a much better return to the farmers. The terms of trade are not back to the earlier levels, but they're much better than what we had anticipated, and we've seen that is a key enabling factor. We often talk about tractor market volatility. We always suggest not look at one year or a quarter at a time. When you look at, here it's 9.5% CAGR F20 to F23. You know about our market shares, but here on the quarter we gained 1.6% and YTD it is a 0.9% gain, we are at 41%, a strong recovery on a market share over the last few quarters.

Some key building blocks towards that. One key enabler has been the success of Yuvo Tech+. It's a significantly upgraded tractor launch at a very good price, contributes 15% of the total volumes right now. So, that's enabling a key enabler to growth. We've added 120 new dealer points YTD. Two key marketing campaigns have played out very well. And in 30 to 50 hp, which is 75%-80% of the market, we've gained 1.7 share points.

We've been talking about scaling up our Farm machinery business. We believe there's a big upside here. We've spoken about how large the Farm machinery market is globally compared to the tractor market and how India actually follows is the reverse in India. We've seen a 45% YTD growth in our Farm machines already in this year. That is in spite of harvesters seeing a slow year this year. We expect that to start changing, and we have a plan to move to 10 times where we are going to end up this year, by the year 2027. Multiple actions are in place, a new product pipeline, move in a lot of manufacturing in-house to a new plant in Pithampur, in Madhya Pradesh, rethinking our channel reach, channel access, and how we will do that across different types of products, and of course, when I say, global expansion, here it is exports from India. We've seen a good sequential improvement in Farm equipment margins. You can see, it's moved up from 15.7 to 16.6 over the last four quarters.

With that, I'll move on to the Automotive business. The chart on the left shows you domestic volume growth. The red graph is the SUVs and the LCV less than 3.5 tons, both have seen very strong growth. That's enabled us to drive revenue growth of 53% last quarter to this quarter.

This chart shows you market share. You heard a lot about the SUV market share, but we don't talk so much about our LCV less than 3.5 tons market share, seen a significant growth. We have to normalize that curve, it's a five-share point gain that we're seeing from the levels at which you were. It is a competitive segment and in this competitive segment, we've seen a very robust increase in our market share here.

Our strong booking pipeline in UVs continues. We, on 1st February, have open booking of 266,000. As we are reinforcing to every stakeholder, while we feel very good about the response that we get into every new launch, we do worry about the waiting time. It has come down somewhat, but it's not at a level at which either we are comfortable or our customers are comfortable.

I'm just flagging this off, because we think it's a very significant achievement to get on a body-on-frame product like Scorpio N a five star NCAP rating. We believe it is a very significant achievement by our product development teams. And it does, as you're seeing starting to influence brand choice, and the overall endeavor that we made in the area of safety is playing out now in India as customers are becoming more conscious about safety ratings.

We launched the Thar - Rear Wheel Drive recently, it's done extremely well. We went in with a very aggressive as one may call it, a price aimed to redefine the segment. The 9.99 lakhs was done with a view to take on the sub-compact segment of SUVs because you know this product can then get into mainstream, and that's really what is beginning to do, seen a very strong robust booking in the few weeks since we've launched it.

The XUV400 started off as well. We made bookings on 26th of January. We've got to 15,000 bookings in 13 days. We had put out in the original press release that we will aim to do about 20,000 in the course of the first year. So, we are at this point of time happy with the response of 15,000 bookings. We will, as some of you know, deliver the first auctioned 400 later this evening. And those of you who are in the room will be there I hope to witness it.

We have spoken about the trucks and buses portfolio. And I just want to reinforce that we have a very strong product portfolio. We've created a new platform in the ICV segment. We are seeing a very good traction in retail over the last few quarters and we will see ourselves building on this further, as you will have heard and read by now, taken a readjustment of the value of the assets of this business, and we believe that will set us up well for the future as well.

Quickly at the Auto financials, 196% growth over last year in Auto profits to 990. And what we have said medium term at least in my vocabulary was not four quarters, but we've been able to deliver that sooner than we thought we would and we are happy with that. Manoj asked the question, which I'm sure you will ask what's next? Not today. I've been able to convince Manoj that I'm not giving out new target so soon. But, you can see we have all the key enablers in place. A lot of work we are doing on efficiencies, cost, and all of that is playing out in improving our margins to what clearly is the best-in-class margin.

To summarize, this is the highest ever revenue, highest ever PBIT, sequential improvement in Farm margins, 320 basis points margin improvement in Auto over the previous year. Strong improvement in tractor market share. Auto SUV leadership continues. And a very strong momentum on electric three wheelers.

With that, I will hand over to Manoj. Thank you

Manoj Bhat:

Thank you, Rajesh. So, first of all, welcome, and I'm sure many of you are staying back for the event, so, we'll find some time to interact.

But I think many of the key points have been covered by Anish and Rajesh. So, if you look at the numbers, clearly, Auto is driving the growth. From an EBITDA perspective, we are at 13% OPM during the quarter, and that's an improvement of 160 bps. Again, both, I think, while Auto is a standout performer, but even Farm has had a very, very healthy quarter. I think that's one thing in all the highest ever, I think we are missing the strong performance of the Farm segment.

Other point on the EI element, I think, we covered briefly. So, during the quarter, we looked at MTBD business, it was always a Category-C item where we had to evaluate. So, we completed that evaluation and looked at the future valuation of the business and compared it with the carrying value. So, we have taken a hit in the financials, before tax is about Rs.680-odd crores and there is a tax benefit on that. So, what we have done for this representation is kind of equated it out, while in the numbers you might see something slightly different, because that tax benefit is also coming on account of this EI. I think the other thing to say is there are some compensating entries where the net impact is lower, which you see.

From a consolidated perspective, two things to highlight here. So, one is, I think Mahindra Finance had a very strong Q3 last year, because if you go back, I think Q1 was a big provision, and then we had strong reversals come through the year, and we are committed that those reversal will happen in that year, and we actually did better than what we committed. So, obviously that kind of reversal cannot be a normal situation, so we are seeing some impact of that on the group companies from a profit perspective. From a revenue perspective, I think it's a very steady growth in the group companies. I think, on this one, the only item I would like to point additionally is I think the exceptional item on account of the Susten transaction and on accounting treatment, there's a gain on the sale, plus a revaluation of our stake, that's flowing through the numbers. So, if you think of it, there's a positive on account of Susten and there's a negative on account of the Mahindra trucks and buses division. So, if you look at the number, it's a 35% growth, but that includes that benefit coming through from a Susten perspective.

Quick one on the group companies. So, one is Tech Mahindra. I think from a revenue perspective a 20% growth. Deal signings have been fairly steady at around 700 million. I think the key focus here is on margins. And the reason for that is clearly the manpower cost increases and inflation has impacted the cost structure. And the pass back to customers is going to probably take a longer time. And that's something which there's a lot of focus on.

If you look at Mahindra Finance, very healthy disbursement growth, and your GNPA's coming down to 5.9%. So, pretty much I think the focus on collections as well as focus on growing the business continues. And the PAT is down as I mentioned earlier.

From a Growth Gems perspective, three listed entities. If you look at Logistics, I think the revenue is up 17%, largely driven by the strength of the Auto sector. We had the Rivigo acquisition as Anish mentioned. I think the focus there is integrating that acquisition and making

it profitable, because while we bought it, I think it was obviously asset which was not profitable. And that's something we're turning around as we go along.

From a hospitality perspective, very strong occupancy numbers in India. And I think the customer additions have also come back to the pre-COVID levels. The one thing there is because they had FOREX impact, so that's why you see a loss number there, and I think there's one more impact I'll talk about from a FOREX perspective in our numbers.

From a real estate perspective, the company continues to do very well from residential launches as well as residential sales as well as institutional sales. I think all three segments continue to do well. I think that's something which will reflect in the numbers in the quarters going by and the years going by. But this quarter, there was an exceptional gain which has impacted profits positively, and after that we're showing a 33% gain.

So, in summary, I think, if you look at the waterfall, I think two or three things; one is Auto, and Farm is a big positive; TechM and Mahindra Finance, I think the bulk of this talk about Rs.156-odd crores is coming from Mahindra Finance.

I think I spoke a bit about the Growth Gems. On the investment side, it's largely FOREX-led again because we have a FOREX loan exposure in one of our subsidiaries. So, that's been marked. So, that's where you see that negative. And then the EI swing which I explained. So, that's the kind of build up from 1,987 to 2,677.

With that, I think we have a small video to show you. So, can we have the AV, please?

Anish Shah: With that, we open it up for questions

Kapil Singh: My first question is to Rajesh. If I look at the SUV order book, we're getting roughly about 50,000 a month kind of order inflow and the wholesales have been closer to 30,000 to 35,000 a month. We've also had the launch of 400 and the Rear Wheel Thar. So, I would have expected the order book to increase a bit more, right. So, just wanted some color on that from the point of view that we are going to 39,000 a month capacity and then 49,000 a month. So, how you're thinking about that?

Rajesh Jejurikar: Kapil, multiple ways to explain that. One is, we have improved the deliveries a lot in the current quarter. So, as you deliver and that's the benefit that we want and which is why we keep saying, we do want to bring down the order book. This kind of an order book is not good for market, it's not good for customers, not good for anybody. It's nice to say we have 260,000-plus orders, but that's not our desire, and I just want to put it out here today, we will be happy if we can come next quarter and tell you, we brought the order book down. There would be many customers who want to buy, who don't want to book a product now and say, okay, I'm going to wait 12 months or 15 months or whatever at that time. So, if we want to get demand momentum, it's going to happen as we bring the order book down. So, firstly, I won't think about the order book size going down as a cause of worry, I see it as a sign of positivity, which means hopefully, we

are doing better with deliveries, retail and so on. So, if you say two quarters down the line, we should be at 2,60,000, I would not be happy with that situation, we have to bring the order book down, this is not a good situation to be in. If we're saying we have 2,60,000 orders for a monthly sale of 35,000, not a good situation, whether it's 30,000 or 40,000 or 45,000, so, we have to bring the order book down. And customers are expecting that we're going to do that, right. There are many customers who come in and say no, this is not tenable anymore. You need to tell us it's going to take eight months, 10 months, whatever So, I am not too worried about that. We still see a very strong momentum. A lot of the order book does get consumed as we are delivering and we've delivered pretty well in the coming quarter. So, I wouldn't worry about that. You are right, if you do a very mathematical calculation, because you've launched two new products and there have been some orders. So, there's been some adjustment downward of fulfilling orders of existing products, while we've created some orders of new products, but that's also a cycle. So, every time you bring in something new that creates excitement that will enlarge the order book, but really for products, which are there, we really have to bring the order book down and bring down waiting period. I think we brought down, waiting period by a month and a half or so right now, but that's not good enough. Does that answer, Kapil?

Kapil Singh: To some extent, but basically what I'm trying to understand, is there also a cancellation factor here?

Rajesh Jejurikar: Yes, there is a there is a cancellation, as we've said between from product-to-product between 5% to 7%, that's the number that we've been talking about, and that number by and large holds out. We've said that earlier too and that holds out, in some products, it may be 10%, but on average we would say 7% to 8% cancellation.

Kapil Singh: And second, also wanted to know that now we are selling almost twice of what we were selling pre-COVID, right. The customers that we are having now are probably more premium customers as well, right. So, how you are preparing the network for higher volumes and more premium customers, and possibly the summer will increase another 30%, 40% if I look at the capacity plans. So, just some color on both these aspects?

Rajesh Jejurikar: And to your question, I would add a question, how are we preparing our network for selling electric which we're realizing needs very different selling scale because your selling category, I mean, we've been observing, I've been myself in the showrooms with the 400 process. The kind of questions customers are asking, while they're making a decision on EV, we do have to be much better prepared by way of our dealerships being able to handle those questions, what happens to battery end of life. The multiple things that customers want to know, repairability, so on and so forth, so I am just adding to your question to say yes, as our customers get more premium. I think the volume part, I'm not so concerned about dealers, when they see volume and they see money, then most of our dealers figure ways to bring capital in. So, I'm not really worried about the volume increase. We've also expanded our network in all the metros where a lot of the growth has come in from. So, I think from ability to handle volume point of view, we have filled in all the gaps, especially in metros, we've expanded network. The critical task ahead of us is really skill upgradation and how well we are able to play out sales story or the experience

story, especially our category of customers are extremely passionate. There's a lot we're doing around it, but I think we have a long way to go as well.

Kapil Singh: Any more details you can give like what exactly you're doing and also on network any numbers you have, how much it is, how much we want to expand?

Veejay Nakra: I think one important thing I would just want to say is that, as we are expanding the channel, we are very, very mindful and conscious that we don't want to over-invest the dealers in large infrastructure. Because the whole purchase model and the consumer journey is very fluid and it's changing, and we believe in the electric era it will change even more. So, what we've done is we've actually created a concept what we call the "Cube." And last year, or YTD, we have done about 130 Cubes across the country. I'll come to the rural, but on the urban side, we've done about 130 Cubes where high traffic locations, we set up 800 to 1200, square foot locations, one, maximum two vehicle parking, couple of test drive vehicles high on digital for customer engagement. And that's worked very, very well, because the ROI, or let's say, the ROCE from a dealer perspective, is very, very good on business case. As far as rural is concerned, we've opened about 220 touch points across the country. Doesn't sound like a very large number, but looking at penetration for now, I think 220 touch points is the kind of number we were gunning for, we'll probably get to about 350 touch points, by the end of the year.

Rajesh Jejurikar: Veejay, do you want to talk anything on skill upgradation, the boot camps that we do and customer experience.

Veejay Nakra: So, the whole idea of Cube is a very different customer experience. So, for example, we've done a lot by using sales force as a platform on which we are creating the omni-channel journey so that when the customer kind of walks into these places, the consultant already has a lot of information about the customer, in the sense which model, which variant, what has been the contact with the call center, what has been the last conversation of the consultant with the customer. A lot of it is in place, some of it is still WIP. But that's the whole approach towards consumer journey. Now, that's one side building capability. That is how do we get our consultants to be more friendly in terms of interacting with the customer from information availability. Second is, when the customers walk in these days, the kind of questions they ask is absolutely different. Nobody wants to know power, torque, dimension. That home works already done, comparisons are already done. So, they come in with very particular questions. So, what we've done this time around with the last three launches is, we actually do what we call a boot camp, which is live with the product. So, we get sales consultants from our dealerships to a mother location which, let's say, Chakan, or with some of our previous launches, or it could be Nasik. And we get them to stay there for like a week, 10 days. They immerse themselves in the product, we bring in subject matter experts on technology, because all our vehicles, these are very high on technology. So, that's again a different way in which we are building capability. A lot of that we've done with 400. As Rajesh also alluded to that, consumers want to know about battery. There was a very interesting question; one customer asked in the showroom. When you try and explain, this is an electric vehicle. So, the customer said, "Is this a toy car?" Who can imagine a customer walks into a showroom and asking a question like this. So, I think there's a

lot we're learning. And there's a lot that we're doing in terms of the way in which we are building our capabilities.

Anish Shah: Kapil, just to add to that, technology is going to change the game. Veejay, if we can just talk about Metaverse and how we're using that. You may not need dealers to do everything in this case.

Veejay Nakra: So, so far what we've done on the metaverse is just building blocks. Right now, the website is on, the whole 400 experience is a metaverse experience, which is on two dimensions on your laptop phone screen in front of you. What we are now moving to is an immersive experience at two levels. One is when the consumer will walk in, through VR gear, we will give a very, very different experience including a test drive, looking at simulators as an option, and even hologram, holography as an opportunity going forward in terms of the immersive experience. So, we are really leveraging on all the new age technologies in terms of the immersive experience we'll be able to give customers including test drives.

Gunjan Prithyani: Just keeping the discussion on the UVs, there is a lot of chat around the regulations, right, there are two RDE as well as CAFE, and I know RDE, you all had spoken about 9,000 to 15,000 sort of increase. So, maybe just refresh on that, is the numbers still the same as we're getting closer to the deadline? And also, are there any models, which could entail a higher cost increase, because some of the products didn't go through a launch recently, maybe RDE and also on CAFE norms again where we stand in terms of the target CO2 emission, and does it mean, we should be worrying about any penalties for F23?

Rajesh Jejurikar: We are by and large on that target, but there are some models that will go for 20,000, 22,000, that's the range. So, by and large in the region of the cost that we told you. On CAFE, we've done a lot on our ICE portfolio to be optimized, and we don't see any penalty at this point of time coming out of CAFE with the launch of the 400, which will bridge any gap that may be needed. So, we are comfortable in all scenarios.

Gunjan Prithyani: Including the XUV400 deliveries that you will do in February and March?

Rajesh Jejurikar: That's part of it. So, I'm just saying with whatever that's planned to be sold now, XUV400 between Feb and March, we are confident that in any scenario of regulation that the government may have, or any scenario of penalty, which they have not been able to finalize we will be okay.

Gunjan Prithyani: Just shifting the discussion to tractors now. Looking at the margins for this quarter, this was clearly a good quarter from an operating leverage perspective, we did see steel benefit also flowing through, but the margin expansion isn't as meaningful. So, just wondering, directionally Is it because we don't want to take significant price increases, so, we will relook the range from our next 12, 18 months perspective, how should we think about the margins there? And also from an outlook perspective, you yourself mentioned 9% CAGR and this tends to be cyclical industry. So, F24, does it mean from a demanding base, we could see industry sort of plateauing

out, and there's also El Nino risk, which potentially can be a risk to monsoons as well. So, some color on the tractor business?

Rajesh Jejurikar:

I take that has two questions. One is tractor margin and how does one read that and interpret that? The second is around next year. Typically, it's a little early to put out a tractor forecast for the next year. We also wait to see what happens in the last few months and then we wait to see what's the latest, that's coming out on the monsoon forecast. We've seen four years of normal monsoon, which has never happened before. So, you got to factor all of that in. So, we'll wait a little bit to see where this year ends up before deciding what's going to happen next year. But irrespective of the growth of next year, I think, what we have to keep in mind is, 900,000 plus is a very robust industry size. It's not a small size, you may on that size of industry, see, one or two years of low growth, and that's part of the cyclicality. So, we just need to factor that in mind. On the first question on tractor margins, we have passed on all the material cost now. And as we've been saying, in the past, the impact of not passing on the margin on material cost, has a big impact on margins... as a percentage, but we passed on all the material costs that have happened to the commodity cycle. The reductions that are happening in commodity prices, is having a decimal impact on margin right now. That's not large enough to offset the very big impact of margin not passed on, on material cost over almost a two-year period, right. We have taken price increases of Rs.80,000 in two years. It's a lot. And when you're taking that kind of an increase in material costs and not passing the margin in a high margin business, it has like, I think, 4%-odd impact just not passing on the margin. So, if we had passed on margin on the material cost increase, our margin would have been higher by 4%-odd, that's roughly our estimate. So, that's really the gap that you have to keep in mind, right. So, when we're saying, we're in the region of 16.5, 17, if we didn't have the effect of margin not passed on, that would have been 20%-plus. So, which is why you're seeing a robust profit impact, but it doesn't show as a percentage margin right now. I don't think that percentage margin will easily come back to that level till we see a significant decline in commodity because that's when you are not dropping prices as fast as the commodity prices are dropping, right. So, whether you see a lag when the commodity price is going up, that you're not able to pass on as quickly, here, you don't pass off as quickly as the commodity prices dropping. So, that's when you start getting the benefit of the margin. So, I think we'll have to wait a little bit to be able to recover the margin not passed on. But from a material cost, we passed on everything.

Gunjan Prithyani:

Bulk of the reset in these deal contracts is already reflected in this quarter. There's no tailwind that really flows through in Q4 from steel easing that we saw.

Rajesh Jejurikar:

Sorry, from what point –

Gunjan Prithyani:

Bulk of these steel easing is already reflected in this quarter. There's no tailwind that we should expect going into Q4, right, that we said is already reflected.

Rajesh Jejurikar:

Yes.

Hitesh Goel: This is Hitesh from CLSA. My question is just continue on this discussion on tractors. Actually, firstly, on the TREM-IV norms, we have seen a substantial price increase, which has happened on the 50 hp plus tractors because of the TREM-IV norms getting implemented on the 50 hp plus tractors. Your competitors talking about that the norms for less than 50 hp will get postponed to FY'25. So, any color you can give us on that, how the government is thinking on that?

Rajesh Jejurikar: Hemant, do you want to comment? Hemant is also the President of TMA, or maybe you want to just wear that hat, Hemant?

Hemant Sikka: The TREM-V currently applies to only 50 hp and above tractors. That has got implemented from 1st of January and we have made the switch on that. Coming to tractors which are between 50 and 25 hp, which will form the bulk of the industry and that was to happen 12-months from now, most likely, it would get delayed, because there has not been any instance where when the TREM-IV has got so much delayed, the TREM-V cannot hold its timeline. We need a minimum change over period of four years. So, TMA is talking to the ministry and we have put up our case and right now it is an active discussion. Mostly in our discussion, we have found them to be hearing, listening to our concerns, but right now no decision has been taken. So, as TMA, we are in continuous engagement with the government to see that they follow the norms what globally everybody has followed which is usually a four to five year time period between one TREM to another TREM. So, if you ask my personal view, even FY'25 seems to be very early.

Hitesh Goel: I just also had a question on the tractor margins. If Manoj can give us more granularity? Basically, I think steel contracts have got revised quite substantially, and we've seen that in commercial vehicles margins, but I think it's happening more at the panel and not at the component level. So, when do we see that coming down in the component level, because at some point in time, steel prices should come down there as well, right. So, what is happening if you can -?

Manoj Bhat: Hitesh, I don't think I'll add much to what has been said. But, from our perspective, I think the reasons are known. I think the commodity price cycle, we're watching closely, because China opening up, like it or not, is going to be a factor across the board. You also know that there's a lag effect. So, I think while it's our endeavor to be operating at the highest margins possible, and which we're trying to do, but I think some of these conditions, I will refrain from kind of giving a view on where the margins will head. Having said that, as we have demonstrated in the past, I think the goal is to improve margins. And there will be certain pulls and pressures sometimes for short-term. And as we said last time, 300 bps four quarters back, I think we have reached the numbers earlier than we thought. And that's something which will continue...but I don't want to go into the specifics of which quarter what will happen.

Rajesh Jejurikar: So, I think on the commercial vehicle, you're seeing a much greater operating leverage kick in compared to tractor. So, I don't think it's comparable right now because commercial vehicles have gone through a huge industry down cycles. You've seen and that's how the industry-driven with very high operating leverage like tractors. So, when you see a big volume upswing, you'll

suddenly see margins go up. So, that's what's happening in the CV market, that's not comparable to tractors right now because 10%, 12% growth is not giving that kind of operating leverage that you're seeing in CV. So, I really don't think you should compare what's happening to CV margin connecting that with steel contracts. My sense is it is more operating leverage right now.

Amyr Pirani:

This is Amyr from JP Morgan. Two questions from my side. First question is actually on the light commercial vehicles. You're seeing that in the sub-2 ton category, the volumes have already started to show some weakness, whereas the 2 to 3.5 ton, where you are more dominant, is still strong. So, my question was that, do you think that this weakness in the lower category is just a precursor of some issues in demand or is it specific to that category and you don't see this playing out in the whole segment?

Rajesh Jejurikar:

I think that's a fair observation, something we're watching closely. There are segments in the economy that are going to be more price sensitive-driven, and the less than 2 tons LCV, I would put in that category as same as small size passenger vehicles. So, these are segments which are seeing inflationary pressure, so on and so forth. I think it's too early to say that's a stress point. But, that's something that we would watch closely for. I think any segment right now, which is extremely price-sensitive you have to watch for. Fortunately, on the SUV side, we are not in that space too much. But the LCV less than 2 ton could be in that space. We're not seeing that last mile mobility electric. So, that's the dichotomy, because there we are seeing very good momentum, maybe because cost of ownership, e-commerce growth, all of that is enabling that, whereas the less than 2 ton LCV segment doesn't have that much e-commerce momentum. So, maybe that's one differentiating factor, that's more dependent on stands and open market, stand operators as they're called. But I think is a fair point and we are going to watch closely for.

Amyr Pirani:

And second question for Anish. So, we have met or surpassed most of the medium-term group targets that we're talking about, I think, even Mahindra Finance is now at 16% ROE, which I think among the large, listed names was in the B-category, maybe going towards A. So, as you look to the next one to two years, will it be more about consolidation or do you think it's time to up the targets?

Anish Shah:

Time to up the targets.

Amyr Pirani:

Any numbers would you like to share right now or -?

Anish Shah:

Let me give you a little more thoughts on that, I won't give you numbers right now, but I'll give you thoughts on it at least. We've made commitments, delivered, I'm hoping it's more than most, but close to almost everything we said. We talked about the four large businesses. And we said, they need to be on track and grow at a very significant pace and generate high growth from specific opportunities here. So, Farm machinery, you saw was a specific opportunity, generating high growth. In Auto, breaking out last mile mobility is a significant growth area for us. And you will see that as we go forward as well as to the level of aggressiveness that we have there. We really want to be #1 in that space despite the competitors and we will find ways to get that. Beyond that EV's a growth area, and in general, - Auto product has taken it to a great level.

Mahindra Finance, you are right, I would say halfway through turnaround right now, not completely there. We've talked about a two-year turnaround plan. We've gone through the first year. And we've talked about asset quality. Asset quality today, stage-III is less than 6%... 5.9%. Net NPS 2.5%. We want to be able to demonstrate that in any economic downturn, stage-III will not go more than 8%. Now, that number may change slightly based on what our final analysis shows, but the set of actions that we've talked about there, will enable that to happen. It's about changes in some policies, changes in bringing in diversification in products, going after the rural affluent. So, you're getting products where you have a much lower inherent NPA, which we didn't have, because if you look at our GNPA's and compare them with any of the NBFCs or banks in that segment we play in, we are better than them... and we have been better even in the downturn. But the problem is, you're only in that segment. So, we showed a 16% GNPA during a downturn, whereas others had enough things to buffer them, which we did not. So, that was one part of it. The second part was technology and data. A lot of work and progress gone on there. The third really bringing in a very strong team. And that's something that we have done. It's not just the new CEO that we have announced, but the next level of leadership team also has come in from various large banks in the country and technology houses and so on. So, that entire turnaround is on track, you're seeing the results, you will continue to see more results there. Tech M we need to do a little more. There's still a lot more to be done on margins in Tech_M. You will start seeing more of that, but we are sort of little behind on Tech_M as compared to Mahindra Finance. These are the four large plays. Growth Gems, we've talked about, we're on track there, and we're seeing good progress across Growth Gems.

The next thing we're going to look at is something much bigger. And it's going to be in an area where we can truly add value. We will be very selective about where we go there. It may be in an related industry out of what we do right now. It may be taking one of our businesses and scaling it up much further. So, we've started to think about that, because we've generated a lot of cash from our investments, as we call it from group companies. We are staying firm with saying Auto and Farm cash will not be used for investments. We said that before, we are saying that again, and we will stay with that. If we have excess Auto and Farm cash, we will give it back to the investors. But, where we've generated a lot of cash from investments, we feel we can put that in and where we can grow much faster than the market we will. So, that is our philosophy. As we have more numbers on that, we'll come up with it, but we are upping the game.

Yogesh Aggarwal:

This is Yogesh from HSBC. Anish, just wanted to follow up on your comment on Tech Mahindra. This is your largest associate and most contributing to SOTP from our perspective. The company has performed below par for few years now, and while it makes 20% ROE which is your threshold, the board seems to be very tolerant in the last few years. So, I am just wondering, is there a thought process to do some restructuring or are you happy with 20% ROE, because within the sector, that's the lowest ROE now and it's been quite volatile in the last few years.

Anish Shah:

So, 'tolerant' is not a word we're using too much, as you will see. There is room for growth. Let me also highlight some of the pluses that Tech Mahindra has achieved. In terms of new account

wins for large accounts, it's actually done very well. And you would compare it with its larger peers as well, it actually has done much better on that count, depending on how you see it. It has been able to penetrate new segments where telecom had been the mainstay in the past. Financial services, healthcare, there are many large accounts have come in and seen the value that TechM has to offer there. It continues to be one of the leaders from a customer standpoint with regard to being able to solve customer problems and be flexible and nimble and agile in doing that. So, there are many pluses there. There are areas where there is scope for improvement... and I won't go into detail right now, I will leave that to a sort of TechM analyst meet for that. But, there are areas of improvement there and I think some of them have been mentioned in that call as well. And the net result has to be a higher margin and therefore a higher ROE. The answer to, are we happy with the 20% ROE and the current margin, no, we're not. What is the plan to get there? We will talk more about it as we go on. We are in the middle of a CEO succession plan as well. And that's something that we want to make sure that is completed first before we go out with a detailed sort of plan, and that may also be a one or two year turnaround similar to what we've done with Mahindra Finance. All I can say about the succession is, it's been done in a very structured, very thoughtful manner. The board is leading that and we will make sure that it is done very smoothly as we've done when I came in, as we've done with Mahindra Finance, and we're ensuring that in Tech_M as well, we will have a very smooth succession as we go forward. So, as that happens, we will come back with more on Tech_M.

Pramod Amthe: This is a question to Rajesh. So, this is with regard to the competitive intensity on the EV pricing. So, definitely the competition is surprised by the price which you brought, and there is some pricing actions taken in the marketplace. So, wanted to understand your thoughts in terms of pricing your product, considering your brought superior battery technology. Isn't it much of a space available there to price your products, easily to get the market share which you require or you feel it's still a very nascent market and hence the aggression can still play out?

Rajesh Jejurikar: I think the first part of your statement was a comment. So, I'll just take that as noted. And the second part, I think the question, which is how much room is there for growth, and what's the right price at which growth can come in. Reading that as a question, would that be about right?

Pramod Amthe: Yes, the market size or the opportunity? Or is it so small that you need to fight on the pricing?

Rajesh Jejurikar: My experience with pricing is you know whether it's right or wrong, only after it's done. So, before the event, you never know whether you got it right or not. It's only when you done it that you realize that, did you really mess it up or did you get it right. Our inclination is to make sure we get it right, and then there's enough room to recoup as you go along, even if you underpriced it. In the EV story, as we've spoken about in the earlier conversation around customer experience and so on, I don't think it's a pricing, pricing is the key factor here, it's more about selling the category and getting customers to understand the category benefit, and the barriers to change, including, how do you get charging set up in your society, will you get permission nod, there are multiple sets of questions people have. So, my sense right now is that for the category of customers coming in with penetration in the C-SUVs segment, as we said earlier, is like less than 1%, and in the B is 2.5%. That's the electric category penetration right now. So, there's

enough headroom, but it's going to need very good overcoming of entry barriers from a customer standpoint. And really that has to be the focus. The question is, could we have launched it at a slightly higher price? Maybe the answer is yes, it could have made much of a difference. But, as we had also announced that this entry price was for 5,000, 10,000 numbers for the two variants. So, we would be moving to a higher price point which we haven't announced yet.

Pramod Amthe:

And related to the EV business again, since it's almost like four or five months, the Born EVs have been displayed, what's the progress in terms of technology, what you want to bring there, or the supply chain what you want to change with the tie-ups globally, which you're trying to do there, that's one? Second, looking at your own journey through the acquisition of EV products and now launching XUV400 and the Born EV, where you're trying to experiment more outside world than the in-house capability being built. Is there anything like early mover advantage in EV business or it's more about how quickly you learn and learn the ecosystem?

Rajesh Jejurikar:

So, the first part of the question is how are we progressing on what we announced in August last year in Banbury. So, far, we are progressing well, we are on target dates, and, Velu had put out a set of things that we need to get done by this time, we are on track actually building one of the protos about now. So, we're at a very good stage by way of progressing on the dates that we put out. At this point of time, we don't see any risks to the timelines that we had put out for the three products that we had said. If you remember, we put out five products, we had said one was the concept, three have been kicked off and one was WIP from a kickoff place, three which were kicked off are on schedule. There is some work happening on closing out on the one which is a BEO7 and the BEO9 which was a concept car, we are again at some advanced stage and what to do around that. So, overall, we're directionally on the path to meet the timelines that we had put out. We feel one of the great values of partnership in this space is not just around technology, but vertically integrated supply chain, because in the next four to five years, supply chain of EVs is going to be one of the key success factors and the right cost. And that's where we feel will get the greatest value of the Volkswagen partnership, because they're investing a lot and they have a fully integrated supply chain all the way down to the mine. So, that's the part that we feel comfortable from fortification standpoint. There are multiple new technologies as you rightly pointed out that we had spoken about and we are actually on track to creating a very, very good, advanced tech product. Will an early mover advantage really play a huge role, I don't think so. Because technology is evolving so quickly, that if you come in too early and locked into the wrong technology, that's not going to help. I think we've conceptualized our new portfolio at a time when we were able to take in most of the new technologies that are coming in, we are really creating something future-ready, because we really believe the category explosion will happen around 2024-25. So, we don't think early mover advantage is a really critical thing in this game. I got many questions, I hope I've covered most of them.

Anish Shah:

I will just add to the early mover advantage. In this industry, there is no advantage in that sense. Even though we will come out with five new born electric products, very confident we will take leadership in there. But we will not be able to maintain that leadership if we don't keep coming up with a good set of products because this is just a power train, the consumer is going to look for design, it is going to look for other features in the car, it is going to look for pricing all of

those factors that come into play. If we look back at the history at one point we had a 55% market share in SUVs we lost that because we had others coming with much better products etcetera. We had to change our game coming with a much stronger set of products and we have gained back a good amount of market share over the last two or three years and we still have sort of some way to go on that. So, we have to stay on our toes in this pace, someone is going to come in with a better product or a better set of products and eat your lunch if you are not ready for it. So, we really do not see you have any scope for complacency or any advantage not just at the early mover, but even at the next level you got to continually be able to do that.

Sriram Ramachandran: So, there are couple of questions from there online there is one question from Chandramouli Muthiah of Goldman Sachs the question is your tractor peers have been calling out down trading and commodity cost pressures, but you seem to be managing this operational trends pretty well, your tractor industry volume guidance also seems to be heading higher over the past couple of quarters what are some of the things you are doing differently in this pace?

Rajesh Jejurikar: Would it have been possible Sriram to have asked this question earlier to some of the other questions on tractor margins. I am glad someone thinks we are managing tractor margins well. So, thanks Chandramouli for that. We have been taking aggressive price increases I think what we have to keep in mind is that we have gained market share while doing that when you are at the kind of market share where we are so gain 0.9 YTD market share or 1.6 in the quarter is a pretty substantial gain in market share. So, we always manage the tradeoff between margins and market share and that is the hardest part of the tractor game. It is very easier in our position to say okay let us just go and increase margins, but we know that is a very dangerous game to play and very easy to take 1% or 2% margin increase right now and then lose competitive advantage and get into a declining market share. So, that is not something we will do neither will we throw money away to get market share buy market share neither will we let the reverse happens, neither will we chase margins blindly to in a way that we are going to de road our market share or market position. So, that is the tradeoff Hemant and team have managed really well which is use products and technology, the Yuvotech is a great example. It was a derivative of the Yuvo product but brought cost down significantly by retaining what customers really valued and now the premium of Yuvotech over our traditional H1 platform as we call it is very affordable for customers to move up and that is why we are saying 15% of the volumes come from there. With that we have been able to bring in the several key technologies to customers at a much more affordable price than what we were able to do with the Yuvo that we had originally. So, I think that has been one key element which is the delivery of the product strategy. There are many new things that Hemant and team are doing around introducing newer digital technologies, IoT and you will hear more about that as we go along. So, we would want to lead the product curve in a manner we can try and de-commoditize the category thru product differentiation. So, Sriram I think that would be one area we are kind of focussed on saying what you have done well and we have taken price increases appropriately at the right time apart from everything else.

Anish Shah:: One thing I will add on tractor margin. I think it came up, but I will just emphasize it we have talked before that Farm machinery will have a negative impact on tractor margins. We've talked about Farm machinery going 10x by 27 and we want to do that aggressively, we will accept low

margins on Farm machinery for the next five years and as it grows at the margin it will have some impact on Farm/ FES margins and we will look at breaking it out soon as it becomes material enough so that we can start separating tractor margins versus Farm machinery margins to look at overall FES margins. So, what you see today is some negative impact coming from a growth in Farm machinery as well.

Sriram Ramachandran: Another question from Chandramouli was in terms of Scorpio number falling from 130 K to 119 K that is a backlog, is it only because of the production issues or any other factors involved?

Rajesh Jejurikar: I think we spoke about that earlier and yes there has been a 10% cancellation on that and some of the cancellation has been on models which we in the case unlike XUV 700 just to clarify this learning out of XUV 700 we got a very high percentage of high end which was completely what we were not prepared for. Since Scorpio-N we basically said let us prioritize the Z8L which is the highest version of Scorpio-N first so we have actually only produced that for the first 2.5 months, 3 months so we cleared a lot of that waiting period because we just produced the high end. In the process of that what happened is people who booked some of the lower end versions then their wait time has gone up beyond the comfort zone so we have had some cancellations around that, but as soon as we start the production of that which would be around now towards the end of Feb we would expect that momentum to come back. Also you have to keep in mind that we have a very strong demand for Scorpio Classic way beyond what we were selling earlier and that product is just going through the roof at the moment.

Sriram Ramachandran: There is one question from Kishor of Cholamandalam Finance. The question is the provided for Rs. 628 crores as impairment for certain long-term investment in Q3 and in Q2 this was 248 crore I think he has calculated for last 7 quarters it is about 1,126 crore or 11% of the last 7 quarter PAT when is this provision for impairment will stop?

Anish Shah: Answer to that is very soon and longer answer to that is we have been open about where it is coming from which is all the Category-C companies. PMTC glad to announce that the transaction is closed, last few times we talked about it has been signed 31st March it was close to PMTC out that is an impairment by 31st Jan. Will come as on 31st Jan so you will see that in the Q4 numbers that is the one factor that will come in. Trucks and buses was in Category-C as well and we talked about that briefly what is resulted in the impairment in this quarter, prior to that everything else in Category-C that we took care was to future impairments. So, the question is what is left now. Now we effectively have Automobile Pininfarina (APF) left as one that we have not got completely back on track. All the Farm businesses the global businesses are actually doing very well are on track, we have been reporting numbers for good profit numbers for them. On the Auto side the ones that we had to take care of we have taken care of. Outside the Auto side, we have taken care of everything else. So, I think it is APF, it is something else small after that, there is hardly anything left in Category-C at this point in time.

Manoj Bhat: One clarification is APF we are not having any carrying value today so from a P&L impact it is probably not going to be material impact I think from a business turnaround is what we are focused on is the quick clarification on APF.

Sriram Ramachandran: One last question from online this is from Jinesh Gandhi of Motilal Oswal. Is there any change in the SUV launch pipeline? There was some teaser from Mr. Bose on launching in CY23 so that is one question? The question is there any change in SUV launch pipeline there was some tweet from Mr. Bose on launch in CY23?

Rajesh Jejurikar: No, I have to check out what Pratap has tweeted.

Sriram Ramachandran: Can you talk about how many markets are you present with Treo what are the plans for launch in key markets and what is the plan to ramp up capacities in FY24?

Rajesh Jejurikar: How many markets I am guessing within India that is the question. We are well represented and it is well distributed product, all our key dealer have it, we have separate dealers as well for last mile mobility products. So, it is reasonably well distributed, Veejay do you have a number maybe like 400 dealer I think are selling it right now 330 or whatever dealer that we would maybe add another 100, 150 as we go along. We see like Anish said the last mile mobility business is one where we see a huge opportunity for growth as we go forward, very proven cost of ownership benefit of customers there and that is the reason we are seeing a very good penetration. So, that is the business in which we are investing towards growth, creating new product pipeline, some of you may have announced that we read that we announce the MoU with Telangana government yesterday to invest in a new expansion of our current Zaheerabad plant there to make electric vehicles. So, we are planning a good cycle of growth there and we see a lot of positive, as Anish said, we are number one, but we will do everything to stay a very strong number one in that category.

Anish Shah: Just to add there this is the newest addition to Growth Gems, it has a credible plan to get to a billion dollars market cap in the next three to five years so that is the newest addition to the Growth Gems.

Binay Singh: Hi team Binay from Morgan Stanley I know the electric order book is quite small, but any insights into the consumer, where is the consumer coming from for this 15,000 electric vehicle order book that we have and similarly if you go three years forward we will have slew of electric vehicle models in our dealerships, do you see the need to have a separate sort of distribution marketing channel because assumingly this will be higher ASP point, there will also be maybe some risk of cannibalization, so any comments on that?

Rajesh Jejurikar: I will answer the first question maybe Veejay can chip in little bit if he wants to on the profile of the 400 customer and on the second question as well. So, let me take the second question first on the second question I think I would say wait and these are very hard to, spinning of the channel is easier said than done, you add a lot of cost to the channel partners as Veejay mentioned earlier you know the whole selling process two to three years later maybe driven much more by technology than it is today and the whole paradigm of you need the big dealership whether it we are moving to cubes, but the whole buying may become much more digitally enabled especially for the EV kind of customers. So, I would not at this point of time jump and say that let us spin off the channel. We may create brand experience centers as you said for EV specific, but we

may not at this point of time we are not saying thinking we need to spin off EV into a separate network for SUVs, does not mean that we would not consider that, but I think it is premature to think about it. So, right now we are not working on the path of saying EV should sell out of a separate channel. For many of our customers they would want to compare ICE and EV before deciding and every time we talk about our EV SUV numbers we always say it is percentage of our SUV portfolio and we are mentally prepared for cannibalization hence it will be part of how we will sell. So, at this point of time at least I would think that there is more value in keeping it together in the same channel then spinning it off and then customer goes to buy EV doesn't like it has to go somewhere else to check out the ICE counterpart I think we will lose customers in the process. The orientation we have right now we should keep it together that does not mean that would not change as we learn more. On the first question I do not think we got around to getting all the data, but we can share some anecdote so on because I have not seen the quantitative profile data which you normally get yet on the 15,000 Veejay you want to come in and then I can add as well some anecdotes.

Veejay Nakra:

Rajesh not comprehensive all India data but I can give a feel of even a percentage, but on the data that I have seen almost close to 15% is a very new profile of buyer and it is very interesting to see there are lot of people in tech cities like Hyderabad, Bangalore like I was talking to all our Andhra, Telangana, Hyderabad dealers yesterday, Bangalore, Pune, Mumbai, Gurgaon, in lot of these places which are where the larger chunks of booking have come from, it is very interesting to see that a lot of the young people want to buy this as their only and first vehicle and that is also one of the reasons why we were talking about as a category when people are taking decisions to buy EVs, the process of buying is a little different, they want to drive the vehicle a couple of times, they want to be really convinced about the decision because they are looking at this as their primary vehicle. I think a fundamental shift where people bought EVs as a second or third vehicle in the family for local travel in short radiuses now people want to buy it as a mainstay product. So, this is a very interesting insight that we are picking up with the profile of people who are considering applications that are going to be different and a lot of them as I said because we have not had a similar kind of product in the portfolio there are lot of them are new people who are experiencing and considering Mahindra as a brand. If you want to add anything else.

Rajesh Jejurikar:

I would basically think there will be a two sets of people who will come in one is what Veejay described which is pre-determined movement primarily so you live in a tech city your office is not that far away, you hence have to charge a couple of times a week. So, it is a predetermined work to home usage I think doctors will fall in that category a lot of them because they know the hospitals they have to go to, where they visit, it is a very predetermined radius of movement so there is a lot of predictability. So, I think that will be one group of people. The second will be those who are multicar households hence not worried about range anxiety and then going to add one electric option which they can use flexibly and I think we are going to get both and I think we are getting both, but we will just wait to put the data together, but it will really be this or that and in the very very different customers.

Binay Singh:

And just lastly I will not ask you for the Auto margin guidance, but generally what are the margin tailwinds and headwinds that you will see from here on?

Rajesh Jejurikar: I explained to Manoj as well that anytime cost goes up is never good for margin for any reason because it becomes that much harder to pass margin on cost and when we are looking at margin as a percentage in an inflationary set of margins are never easy suddenly you start getting a huge operating leverage, but inflation are not good for margin, deflation is much better for margin because you never will pass on as quickly as the market is dropping, it is not even physically possible because then you will create a mess of all holding inventory so on and so forth. So, you will never pass on cost when they are dropping in pricing as quickly. So, your margins inflated that point of time. So, when you think about margin that is the reason I am not comfortable right now because we need to see what everybody else is doing on the BS 6.2. We need to see how much headroom there is, it seems that there will be headroom, but that does not mean we should jump in and milk the proverbial cow as they call it just because everybody is going to give us headroom should we lose our sweet spot or is it an opportunity to strengthen ourselves. These are calls that we will take in terms of growth momentum versus margin, but right now the reason we do not want to say anything because we want to see what everybody is doing on BS 6.2 few people have put out their cost, they had already said their costs were are going to be high and that is reflecting in the way they have taken the kind of price increase, but we need to see a couple of our mainstream competitors what they are going to do and what kind of cost they pass on over the next and nobody is doing it in one shot. So, people are going to take one increase now, one in April, one in maybe a little later, but I would just wait to settle to that to see how much headroom there is we should not forget that we have seen almost commodity inflation of 18%, 20%, we have seen the BS 6 transition not that long back two and half, three years so the BS 6 cost, the inflation in the commodity, other regulations have put a huge amount of inflationary pressure in the category, to add margin every time you got such a huge increase in cost is not going to be easy and that is that is what is impacting percentage margin. I would both for Tractors and Auto in my advice you look at per unit right now that is a much better representation of how the business is doing rather than percentage.

Anish Shah:: Just to add two tailwinds are operating leverage as the capacity goes up our sales go up and second very tight cost control and then the wild card whether it is a headwind or tailwind is commodities. We know all the different pressures of pluses and minuses in commodities we do not know which way it is going to head in right now, it depends on China, depends on inflationary pressure on the world, will there a recession or bigger recession around the world that is actually good for commodity prices. So in some ways the direct answer to your question is a strong global recession is great tailwind for margins for Auto business. So, those are some of the facts.

Raghunandan NL: Raghu here from Emkay and congratulations on very strong numbers both on the top line and as well as on the margins. Sir firstly on the Farm implement side the business has been running in a certain way over the last few decades with unorganized dominating the space and now you are seeing organized taking share and 40% growth is commendable, so if you can elaborate a bit on how you are achieving that in terms of adding new spaces which all segments or products you are covering and how that entire Farm implement space itself is evolving and how you see like making a better cost of ownership kind of making it attractive for the farmers to adopt the organized players.

Rajesh Jejurikar:

When you think about the Farm machinery space we get a first what we call tractor attachments or tractor implements so whatever it would be in that category and then what is called self-propelled so let us say Harvester, Rice transplanter or so and so forth, that is the first level of broad classification. Starting point of the problem definition for us is we do not have our representative market share even in tractor implements. So, even tractor implements like rotavators we have spoken about the fact that we have gained a fair amount of share, but if our tractor market share is 40% our rotavator market share is let us say 18%, 20%. There is a upside for us to make sure that we get all tractor implements at close to tractor market share that is something that we have to believe is a right to win. So, that is the first upside that is available in the business, rotavator is a big category and that is the first area of focus that is you do not need category growth there its pure market share play. The harvester category is not a tractor implement, it is a self-propelled category, we have less than 10% market share. We have done a lot with our product there, we play through Swaraj, here now we are going to be investing in strengthening with an exclusive team that Swaraj will have to sell Harvesters and multiple other action service capabilities so on and so forth. There is no reason why we should not significantly improve our market share in Harvester with a good product. So, there is one part of this which is really to say where we are suboptimal by way of market share even in the organized category today. So, if you look at let us say 450 YTD odd revenue and you do a annualized of that and so we are saying okay whatever 600 odd Cr, 600 plus Cr will be that is in an organized market of about 8,000 crore plus. So, we are way below on market share over and above the ability to grow the category. So, we believe the category will grow, but we have a big upside by way of market share. So, we are going to work on both the fronts. So, one is how do we grow category, we often spoken about products like rice transplanters I think the market size in India is still like maybe 4,000, 5,000 a year not even that less than that. China which is a smaller paddy growing country than India sells over 100,000 rice transplanters a year. So, many of these categories are going to have a big upside, there is very little Farm machines used in horticulture right now in India. Horticulture as you know now is bigger output than even the grain production, but there is not enough mechanization that has happened there. There are many of products that we are looking in the horticulture space which will help drive mechanization. So, there are multiple things that is why I did not elaborate that in the presentation, but we have got products which are looking at each of these, the way we do Category-Creating or pioneering products as we internally call them where we need a different channel approach then what we were doing for the mainstream tractor implement to products. So, I had all of these comments on the slide, but I did not build on it, but really each of those bullet points has a very deep action plan.

Anish Shah:

I am just going to add to that we do not look at 40% growth in this space as commendable. Going back to the comment on being tolerant, we are not very tolerant on this right now. Right now what we will commend the team for is that they have actually got a very strong vision now 10x by 27 is very clear. A lot of good actions have been taken to start growing this business, products was a key part, we started with a 6% market share in this space and we have got to go from 6 to 40 that should be first right to be able to do that, but it is not just products, it is the distribution, it is the ability to understand what the customer wants, its innovation in certain areas. So, it is a combination of all of those things. The team has actually done a very nice job of driving that and that is what will get us to the 10x, but ideally we want to see 60%, 70%

annual growth in this space and all these investments are essential right now and which is why I comment earlier that we are not focused on margins in this space at this point because if we can get to a 10x by 27 margins will come after that. All of these investments will cause us margins, but we will have such a strong space because this is not a space where you got many organized players, we have our dealer selling everyone else's Farm implement. Today we probably have three or four dealer selling other Farm implement and that too once where we know that we do not want to make those implements because they are very specific implements in certain categories which does not make sense for us to make. So, all of that work has been done as well so that is what will put us on the path for growth.

Raghunandan NL: My second question I mean we have been doing very well on the domestic side FY23 has been a very strong growth and 24 again should continue with growth though maybe slightly lower than 23, on the export side how are you looking at the opportunity, how things will start playing out there, currently things are on the weaker side I mean just your thoughts on the efforts and how you see that market?

Rajesh Jejurikar: Exports is the space we will watch for two three reasons firstly in the Auto side we have done the new launches of the Scorpio-N and 700 and in some of the countries South Africa they got a very good response. We started selling XUV 300 as well, we opened it up in few countries we weren't in earlier. So, that is a positive side to the Auto story. That being said we are seeing a down turn because of Sri Lanka some of our neighboring countries are going through really huge economic challenges as a country and we do have a strong presence in the neighboring countries both in tractors and Auto. So, when you look at exports you will have to break it up where are you in one part of the world versus the region South Africa where the two markets Sri Lanka and Bangladesh are badly impacted. We see Bangladesh coming back a little quicker than Sri Lanka. We right now not able to see when Sri Lanka will really revive that when we have strong presence in all our products both tractor and Auto in Sri Lanka and Bangladesh very big markets for us. So, I think till the neighboring open up it is going to have a base effect where the business in these countries is really low at the moment. So, you would see a growth percentage impact even though we are doing things in other parts of the world, but you are going to see the effects of what is happening in Sri Lanka and Bangladesh in the numbers.

Sriram Ramachandran: I think we have crossed the time limit already. Thanks a lot, I am sure you will have more opportunities to ask your questions. I like to thank all of you for being here and request you to join us for tea and XUV 400 test drives. Thank you Anish, Rajesh and Manoj and the entire leadership team for being here today.

Anish Shah: Thank you everyone and if we have not answered anyone's questions or if you have any follow-up questions please feel free to send them in we will make sure that we get back to you on that.

Rajesh Jejurikar: If you are test driving the 400 please be careful in the fearless mode, it really is super-fast.