

REF:NS:SEC:

11<sup>th</sup> February, 2025

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

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Mumbai 400001.

**The Luxembourg Stock Exchange**  
35A Boulevard Joseph II,  
L-1840 Luxembourg.

**London Stock Exchange Plc**  
10 Paternoster Square  
London EC4M 7LS.

**Sub: Disclosure of Transcript of the Analyst/ Institutional Investor Meeting**

This is further to our letter dated 31<sup>st</sup> January, 2025, wherein we had given an advance intimation of the Analyst/ Institutional Investor Meeting in terms of Regulation 30(6) read with Para A 15 (a) of Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company had conducted M&M Q3 FY25 Earnings Con-Call with Several Funds/Investors/Analysts on 7<sup>th</sup> February, 2025 with respect to the Unaudited Standalone and Consolidated Financial Results of the Company for the Third Quarter and Nine Months ended 31<sup>st</sup> December, 2024 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 7<sup>th</sup> February, 2025.

The Transcript of the aforesaid M&M Q3 FY25 Earnings Call with Several Funds/Investors/Analysts is enclosed and is also available on the Company's website and can be accessed at the following Link:  
<https://www.mahindra.com/sites/default/files/2025-02/Transcript-M%26M-Q3F25-Analyst-Meet-7-Feb-2025-Final.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Please note that no unpublished price sensitive information was shared/discussed in the aforesaid Earnings Call.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 Limited Q3 FY25 Analyst  
Meet”**

**February 7, 2025**



**MANAGEMENT: DR. ANISH SHAH – GROUP CEO & MD, MAHINDRA &  
MAHINDRA LIMITED  
MR. RAJESH JEJURIKAR - ED AND CEO, AUTO AND  
FARM SECTOR, MAHINDRA & MAHINDRA LIMITED  
MR. AMARJYOTI BARUA - GROUP CFO, MAHINDRA &  
MAHINDRA LIMITED**

**Divya Gulati:**

Welcome to the Quarter 3 Analyst Meet of .Mahindra & Mahindra Limited. For the main presentation today, we have with us our Group CEO and MD - Dr. Anish Shah, ED and CEO of our Auto and Farm business - Mr. Rajesh Jejurikar, and our Group CFO - Mr. Amarjyoti Barua.

We will take your questions at the end of the presentation. As a reminder, this meeting is being recorded. For the purpose of completeness, I do wish to read this out. Certain statements in this meeting with regard to our future growth projects are forward-looking statements which involve a number of risks and uncertainties that can cause the actual results to differ materially from those in such forward-looking statements.

With that, I now hand over to Dr. Anish Shah for his opening remarks. Thank you.

**Anish Shah:**

Thank you, Divya. And good afternoon, everyone. It's a pleasure to be back again with all of you. And what you will see today is, in many ways, consistent performance. As we look at our auto and farm business to start with, both from a growth and a margin standpoint, Auto volume up 16%, SUV market share up 200 basis points to 23% from a revenue standpoint. Farm volume up 20%, market share up 240 basis points at 44.2% right now. Just what I call very strong operating performance. Operating excellence is what we have been focused on, and the team has really driven that well, including in margins, something we have been discussing over a while, Auto margin up at 9.7, Farm margin at 18.1.

But not just auto and farm. As we look across Mahindra Finance and TechM, as well as our growth gems, they are all performing at a very good level. TechM turnaround on track, EBITs on the margin recovery path, the continued focus on margin expansion that we have outlined. Mahindra Finance PAT is up 47%, assets under management up 19%, and GS3 still under the 4% threshold, even in a tough economic environment. So overall, these businesses have all done very well, resulting in a net number of 20% growth in profit after tax on a consolidated basis. And coincidentally, we get 20-20 this time with year-to-date growth also being up 20% for profit after tax.

Quick snapshot. Revenue up 17% for the quarter, 13% year-to-date, profit up 20% and 20%. Key drivers, Auto and Farm up 16%, TechM and Mahindra Finance up 1.9 times and 47% respectively, and growth gems up 33%. We will talk more about them in the Question & Answer session, and Rajesh will talk more about Auto and Farm. But the key things I want to highlight here in addition to what I said is, the LCV market share, which is at 51.9%, again, up significantly at 230 basis points. And on the Farm side, some challenges in the international businesses driven by some of the macro factors there, and Farm Machinery revenue up 12% lower than what we'd like, but still on a positive trajectory.

We're going to stop talking about turnaround now. We're now moving towards achieving full potential. Both businesses, Tech M and Mahindra Finance are on a good track. And for Mahindra Finance, the key I want to highlight here, in addition to what I've said is, profit after tax for the quarter is 918 crores. There was a release of provision that has helped this number. That release of provision was based on the model approach that has followed, because the last part of the COVID years got out of the model. And as that happened, you got a provision release, which again is consistent with what we said earlier, is in Mahindra Finance, we've seen higher GS3 numbers at times. But all of it is recovered back and credit costs have stayed stable over time. So that's something that is reflected here again, as we take out the effect of the COVID years, and the model gives us a provision release as a result.

Tech Mahindra has seen a key new deal win in telecom and green shoots in BFSI and healthcare, as we look at expansion beyond telecom, and a good margin recovery path. So good performance on that account.

And then growth gem - logistics, a large quick commerce partnership. Yes, we still have some challenges in express that we're addressing, but a lot of focus there on service and cost improvement. Hospitality sees an 84% occupancy rate, average unit realization at an increase of 37%. And we're starting to expand and therefore, have a greater momentum on new inventory. Real estate, I will highlight the land acquisition in Bhandup, which is about a 37 acre plot, a 12,000 crore GDV. And this is something, in addition to other wins that the business has had, has put the business very much on a very strong momentum, and one that is looking at significant growth in the coming years. And that's something that we will see, Lifespaces really taking on a new trajectory.

So with all of this consistent delivery on our commitments, as a Group, ROE stays around 18%. I've always mentioned that it will be plus-minus. So that is something that we managed to stay at that level. Second is on EPS, we've talked about a 15 to 20% growth in EPS from F21 onwards. I think we are well ahead of that at this point in time, and we hope to stay consistent in terms of growth in EPS as well.

With that, let me invite Rajesh up for a deeper dive on Auto and Farm.

**Rajesh Jejurikar:**

Hi, good afternoon. Good morning to people around the world who are online. I'll run through this quickly so we have enough time for Q&A. Starting with the Farm business, we've grown our volumes by 20% in the quarter. Market share has gone up 2.4 share points, which takes us to a very high level of 44.2 in the quarter, which is our highest ever quarter market share. You see that in the trend line here, where market share has been continuously moving up to very healthy levels, very strong levels of around 44% right now. Of course, Quarter 3 market share was higher than the YTD average.

Farm machinery business has shown steady growth, reaching to a good absolute level of revenue at around 700 crores for the three-month... three-quarter period. We believe we have to do more in this business, but we've seen a growth of about 20% over the last couple of years.

The consolidated revenue has grown by 11%. The PBIT has grown by 29% consolidated. This is in spite, as Anish mentioned earlier, and Amar in the earlier meeting has also flagged out and he'll build on that a little bit, of seeing slowdown in some of our international subsidiaries, more out of the economic factors in the countries in which we play. The Farm margins and especially the co-tractor margin, which is domestic plus tractor exports from India, we've gone up to 19.5% margin, which is an improvement of 2.6 points over last year's same period. And the Farm, including powerol and farm machinery, is at 18.1%.

This is a chart we've often used in the past, which kind of captures the fact that irrespective of which way the industry is moving, we stay in a very narrow band of PBIT margin. And of course, we have got some benefit of the industry recovery and the volume upside leading to a 19.5% co-tractor margin.

We expect the industry in the Quarter 4 to grow by over 15%, which will take the full year growth to possibly over 7%. There are several reasons driving this optimism. One is, the reservoir levels, which are at a very good level, 16% above LPA, a good progress on the Rabi sowing, good growth on the Kharif crop. And the last two factors, the MSP and the overall terms of trade, in a manner of speaking, go together. So, improving MSP has led to an output inflation more than the input inflation, which improves the sentiment as well. So, overall, we are seeing strong signs of growth in the Quarter 4. Of course, Quarter 4 will get a couple of days of Navratri as well this time, which wasn't there last year in the same quarter.

Coming to Auto, the SUV volumes grew 20%. The LCV volumes grew 7%. We gained market share. The less than 3.5 ton category saw low single digit growth. We grew faster than that because of gaining market share. Anish already covered the revenue market share growth and the volume market share growth, but you see it in the chart here, where revenue market share has been going up steadily. And we continue to remain number two by way of volume market share as well, in spite of significantly higher price points than everyone else.

We got several Car of the Year awards. The ICOTY is a particularly prestigious one, Auto Car as well. ICOTY is, as you all know, a group of different auto journalists come together to decide the Indian Car of the Year. They don't have too many awards, they just have three or four categories. And it was very good to see the Roxx get the Indian Car of the Year in that forum.

We spoke about the LCV market share, which has shown a positive trend with time. The last mile mobility, we continue to remain number one. The important point here is, now the category penetration for electric to the total three-wheeler market is close to 25%. Just few quarters back, that was 9. I remember last quarter talking about 20. And the Quarter 3 is now 25. So, the point

that we were making earlier, that when competition comes in, it does help the category overall grow. And we've seen the category grow and we are seeing penetration of the category improve as well. So, for a nascent category, competition does help drive category growth.

The Auto consolidated revenues grew 21%, the PBIT grew 31%. And the Auto standalone margin grew to 9.7%, an increase of 1.2 share points.

I'll just take a couple of minutes to explain this in the next two slides. This is a question many of you have had, and I'm sure you'll have follow up questions on this as we get into the Q&A. So, we're going to see two things and we'll start bringing this out from Quarter 4, which will be populated numbers. The Auto standalone number will have two components to it and we'll show them to you separately. One is the effect of conversion cost. The conversion cost here is the manufacturing conversion cost plus the margin on the product development expenses that are incurred in M&M, which Mahindra Electric pays for. So, there are two transactions that are happening between M&M and Mahindra Electric, which is a different legal entity. The manufacturing part is a contract manufacturing arrangement, it's not a toll manufacturing arrangement. So, in a contract manufacturing arrangement, M&M is buying the material, converting the product and selling it to Mahindra Electric. The margin that is made, is only on the conversion cost and not on the total cost of product. So, we are going to see an impact of that because this is a high value transaction. So, we will see an impact of that on the standalone numbers by way of margin, and hence, we will show you the numbers separately. So, you will see the EV contract manufacturing quantum of money and the impact of that on percentage, and the standalone in a way that you are able to compare for continuity without the effect of EV manufacturing. So, this is one part of what we will start showing separately.

The second part of what we will start showing separately is the born electric end-to-end margin. There have been several questions in the past quarters on how you will see these numbers. So, this is how you will see the numbers. You will see the contract manufacturing charge, which we saw in the previous slide. So, that becomes... let us call it A on the left side. You will see the money that we make in Mahindra Electric at an EBITDA and a PBIT level. So, again, you can see both of these, and you will see the sum total of that, which is the end-to-end margin in the born electric business. So, if there are more questions on this, we can clarify. Amar will add on this a little bit too. But I think this would be an important change that you will start seeing from our Quarter 4 results. We are not populating this right now because it is not material. The transactions are really starting from Quarter 4, which is when the conversion charge and the revenue start kicking in. So, this is more to kind of prepare you all for how these numbers will come out.

Just a couple of slides on our strategy and reinforcing that on the electric SUV business. We have spoken over the last year and a half or two on how we were seeing our electric SUV strategy. We had said that we are not looking at selling this on economy or fuel saving and so on. We were selling this as a lifestyle SUV statement, what we may call 'objects of desire',

based on three primary bases of differentiation. One is the design, the second is the HMI or the intuitive human machine interface that you would see, and third is the high-tech features. Now, these are things that many of you have seen through November to January across the multiple events. We have strongly been able to establish the technology that has gone in. The design has been really appreciated and we have seen huge amount of buzz coming out of all the content that's put out starting from 26th, 27th November, some before that too as the teasers came out. We've had over 1.4 billion views of the video content that has come out from us and other people who have covered multiple parts of our event. So, there has been a huge amount of traction, and it gives us confidence that irrespective of the price points that we are at, we should be able to do a starting initial volume of about 5,000 a month for both the products together. We have also put out the full price list with the schedule of which variants will start when, with bookings opening on 14th Feb.

I'll now kind of close by showing you the TV commercial which has gone on air a couple of days back.

*(TV commercial plays)*

**Amarjyoti Barua:**

Just to round out this presentation, I wanted to talk about some highlights from what Anish and Rajesh talked about. On the consolidated revenue side, what I wanted to emphasize is Auto grew at 21%, Farm grew at 11%, and that 11% includes very strong growth in the domestic market and actually, degrowth in the international markets. So that 11% is a blend of that. Then on the services side, Mahindra Finance had 17% and the growth gems had double digit growth as well. What you see on the profit side is a reflection of that. So Auto profits did grow at 20%, Farm profits continue to grow at 11% and the services franchise actually grew 33%. Now when you look at the math of that and you look at the overall profitability, you're thinking why doesn't it translate to more than 20%?

The main reason for that is we had a mark-to-market impact this quarter from KG Mobility, the investment that we have in KG Mobility. As you're well aware of what is happening in Korea, there's a lot of movements there outside of anybody's control, and that caused the share price of KG Mobility to drop dramatically. So, we've seen a significant impact because of that in the quarter. So that's why the profits are a bit muted by that amount. But the core organic profit growth across all the segments was very, very strong.

You see that here, where you can see, I've been emphasizing this for a while, that the services franchise is contributing pretty significantly to the overall profitability of the group. And you can see somewhat the impact of the mark-to-market in the growth gems and investment line. So that investment is what is causing the significant shift from 94 crores of profit to -3. Now, bear in mind, our mark-to-markets are allocated across the segment. So, you're seeing some depression in the results of auto and farm as well, because of the overall mark-to-market impact.

On the standalone basis, you can see very strong results, 20% up in revenue and 19% up in profitability. And you can also see on a YTD basis, 15% up across both, revenue and profitability.

Rajesh talked about this, but I know all of you are going to ask a lot of questions about this in the coming quarter. So I want to again, emphasize what the change in reporting is going to be. Fundamentally, when you look at the 9.7% that you all track for PBIT for the Auto division, it will have an element of the e-SUV contract manufacturing going forward. That, we want to separate out so we can see the trajectory of the 9.7% as we go. That's the whole idea of this change. So what you will see on the left in the headline numbers is the consolidated number of the e-SUV manufacturing, as well as that 9.7% equivalent. And what we will be doing is, separating those two out for you. So that when you look at MEAL as a whole, you can add back the contract manufacturing part and get an idea of the profitability of the electric vehicles.

You'll recall what we have said before, that the MEAL business is going to carry a huge load of depreciation, etc. So it will be loss-making initially. But that's the intent that you will have full visibility to how that trajectory is over time through this change in the way we show you the numbers, and we'll happy to take more questions on this as we go.

The other thing that I did want to highlight, which is related to our Farm business, we mentioned to you last quarter that we are evaluating the international operations of our Farm business. We expect to complete that exercise in the 4<sup>th</sup> Quarter. The way we are looking at it is, we're looking at any market that has structural changes, where the market is in a perpetual decline versus temporary changes in the market, which could be driven by just what's happening around the world, and we are differentiating the way we look at actions across those two. So the sum total of that, you will see in the 4<sup>th</sup> Quarter come together in our financials, and we will at that time also very clearly demarcate any actions that we take on the Farm international side.

That's it. And we can take some questions.

**Anish Shah:**

On a lighter note, the time we take for presentations is inversely correlated with the level of performance of the business.

**Divya Gulati:**

We can start with a Q&A session now.

**Kapil Singh:**

Sir, congratulations, another strong result. We saw further improvement in margins for the Auto segment as well. I'll start with EVs because, you know, that's the big thing coming up. Rajesh, you've done quite a number of test drives now. So just one question is, what are the learnings? What are you seeing both, from a product perspective, customer profile perspective? And any things that you think the company needs to sort of course correct in terms of customer education or legal education, etc.? So this is one broad thing. I have some other questions on margins which I'll ask later.



**Rajesh Jejurikar:**

So, Kapil, I'm just going to walk through pre-26th November to where we are now. I'm just breaking this into two parts. I just in my slides recapped how we were thinking about the category. And we've been sharing that in this forum often, that we strongly believe that right products create categories and the EV market is not really going to take off without right products coming in. We had also spoken about the fact that we want to launch these as highly aspirational 'wow' offerings and electric by the way, which is really what we've done, right? So in a way when... Sorry, I'm taking two minutes just to recap the strategy, because I think, in a way, some of the feedback will connect back to what we had in mind and what are the things we feel are working for us, and we'll go to your point on education and what's the input or feedback that's coming in.

So the way we were looking at it is, we first have to get the customer emotionally connected to "Yeah, I need to own this" or "I really want to own this", and then start dealing with some of the barriers which come in the way. So when we think about the way we've been communicating and building the storyline starting from November, a lot of it was about the aspiration, the desire, world beating, technology, pride of India, all of that. But there were 2-3 very important building blocks to breaking the barrier.

One was a range of more than 500 kilometers in real world city. Now, that is a very big barrier breaker, because for most, most people in India, you don't need to charge more than a week, very often, not more than twice or thrice a month. Because, you know, 1,500 kms is a fairly large usage for most people in India. So suddenly, if that was a barrier that goes away... So this was one part of the barrier breaking.

The second part of the barrier breaking was the battery warranty, which also is a big question in people's mind, that what happens and so on and so forth. So, these are two very important barriers that we kind of started taking on upfront, starting from 26<sup>th</sup>-27<sup>th</sup> November. As we move through November, December coming into January, one of the big things that we realized is, the positive inclination to own this, overcame any question that most people around many parts of the country had on charging. Because at a range of 500 kms, if you had any kind of ability to charge in your building or in your office, which apart from some high rises in places like Mumbai, is actually a non-issue in many parts of the country. So actually, the markets around the country really came in with a lot of positivity saying, yeah, this is something that we want in Phase I. So we had a much more calibrated plan of how we wanted to roll this out, where we were going to do only 20 cities and then add a few more. And there were many who were in Phase I who were actually saying can we come in Phase III before November? And right after the launch, we had all the Phase III markets saying, no, we can't be in Phase III, we need to be in Phase I. And which is why, then by January, we took a call that in a phase, where 14th February, everything opens up. So basically, bookings are opening up in 250 plus dealership outlets on 14th February.

So this was one of the learnings that we got, that with the barrier broken and the hype on ownership of owning something which is international, there's a huge amount of desire and

excitement, and the charging barrier is not... I don't want to undermine the importance of charging, so don't get me wrong on that. As we move to the next phases of growth, charging infrastructure is going to become important.

And as we had said earlier, the first lot of people that will come in, will be multi car owners. That's the segment that we're going behind. So again, that's playing out. This is the first time we've launched two products together. So, there's a learning out of that as well. We are seeing customers anecdotally say, "Book two, book three", because, you know, whatever, two in the family, one wants XEV, one wants BE or a friend and whatever. So we are seeing this play out, which we haven't ever before, because we were basically launching one product at the time. The dynamics of launching two at the same time is actually leading to a multiplier effect. We may have had some doubts about whether that the right thing? Will customers get confused? But the two segments are so different, that we are actually seeing a positive multiplier effect out of that.

So overall, the experience has been positive and exciting so far. Of course, we have to see what that translates into when people actually go in on 14th and book. One of the things that we've started for all prospects is charging audit, because when you have to start delivering, people will need some kind of charger, unless they already have a charger. So for prospects, we are already through Charge.in, connecting with our prospects to finish the charging audit so that, by the time we come to delivery, we are able to get charging set up wherever they want, for those who need it. So, I don't know if that kind of covers everything that you had in mind, Kapil, or you want to probe anything else?

**Kapil Singh:**

Just on the profile, is it the same Mahindra customers? Is it different customers?

**Rajesh Jejurikar:**

Actually, I should have covered that. Again, what we are hearing right now is a very large proportion of people who never considered Mahindra. These are people who are in the 25 lakh, 30 lakh car bracket, looking at luxury brands or owning a luxury brand. So, it's a very different profile of customer than what we've handled or have been used to. I mean, it's not like we haven't had that profile of customer at all in the last 2 or 3 years. Many of them have bought Thar as a 2<sup>nd</sup> car or 3<sup>rd</sup> car or whatever but there's a very serious consideration of this as being a car they will use every day to work.

**Kapil Singh:**

Great and best wishes for the launch.

**Rajesh Jejurikar:**

Thank you.

**Kapil Singh:**

On the profitability, I just want to understand a few things. Firstly, on the pricing and costs, how should we expect them to evolve? Is this introductory pricing? Are you having projects here where more localization will take place and costs will keep falling through the next 1 or 2 years? Where will the PLI be booked? In which entity? And then what are your breakeven levels, revenue breakeven levels, or volume breakeven levels for EBIT or EBITDA?

**Rajesh Jejurikar:** Lots of questions. So, pricing and cost.

**Kapil Singh:** Should I repeat?

**Rajesh Jejurikar:** Yeah, go one by one.

**Kapil Singh:** Okay. So, firstly, pricing and cost.

**Rajesh Jejurikar:** Yeah, so like in all our new products, we do work very aggressively on cost after we launch because at the time of launch the focus is more on quality, stabilization, whatever and a desire to meet a timeline. So, we do work a lot on costs after we launch and we will do the same here. And, of course, we will work on localization more aggressively.

What we have said on pricing is pricing at time of delivery, which after learning over multiple launches, we find that that's the best way to handle it rather than try to put a volume or whatever because then we get locked into losing the flexibility of how we want to play it. So, right now it's basically price applicable at the time of delivery, which means that we have the flexibility to take a price up literally when we want. We don't want to do that in a way that's not customer centric but if there is any external event which forces costs up, we should not be locked into a situation of having committed a quantity. We did debate whether we should put quantity on some versions or whatever but we finally decided not to. So, price is applicable at the time of delivery.

**Kapil Singh:** Okay. And then on the PLI, where will it be booked?

**Rajesh Jejurikar:** It will be booked finally in MEAL books.

**Kapil Singh:** Okay. And the breakeven levels, what should we expect for EBIT or EBITDA as a combined entity? Any thoughts there?

**Rajesh Jejurikar:** So, I think, two statements, Amar. I don't know how much you want to talk on it but...

**Amarjyoti Barua:** Yes, that's a tough one because it will depend a lot on various factors and I think at this time it's best to avoid but as we get better insights, we'll get back.

**Rajesh Jejurikar:** I just want to reinforce the one point, Kapil though that we've been making. The percentage margin here is going to be lesser than ICE, which you know we've been repeating every time, because the denominator effect. Over a period of time we do expect the variable margin to be in absolute terms similar twice.

**Kapil Singh:** Yeah, the question is just coming because you know a lot of the OEMs in India as well as globally they have talked about losses and sometimes very large losses coming through once they start launching EVs. So, just from that perspective if you could give a qualitative comment.

- Amarjyoti Barua:** So, Kapil, we have said this before, none of our vehicles on a per unit basis are selling at a loss on the net variable margin basis. What you are going to see, like in any startup operations, is a heavy burden of depreciation and that at an EBIT level will drive certain losses but it's part of the business plan. I don't expect it to be outsized in any way. The investment that is going into this is quite substantial, as you can well imagine. But at a per unit basis, none of the vehicles have been priced or costed to lose money.
- Kapil Singh:** Sure. Thank you.
- Divya Gulati:** Rakesh, you want to go ahead?
- Kumar Rakesh:** Yeah, thanks. Kapil has covered the EV part quite extensively, so I will move to the tractor part. So, your tractor market share has been going up...
- Rajesh Jejuriar:** I think you all consolidate questions.
- Kumar Rakesh:** So, what is driving the tractor Market Share? Because it's quite unusual from a long term perspective that the tractor market share consistently goes up, so how's the inventory level? And is the new OJA platform helping in that?
- Rajesh Jejuriar:** Yeah, so one is, I think the whole refresh and the transformation that we did of Swaraj has gone through very well and very successfully. We also had in the past some specific product gaps in the Swaraj portfolio. So, the last 1.5 years, that's got filled up pretty well. We didn't have a good product in the less than 20-30 horsepower segment. Swaraj Target came in there. There were a few other horsepower gaps. So, there was work on the product strategy done over the last 4-5 years on Swaraj, so that's playing out well.
- On the farm division side, again, OJA. So, in the 20-30 horsepower segment between Target and OJA we've gained 5 share points and about 3.5% in the less than 30 horsepower category. So, that's one driver of share. The Yuvo Tech and some of the other initiatives on the farm division side have done well. We're also now beginning to see a positivity on the farm division side out of the South and West markets picking up, which had a very long run of negative growth. So, we're beginning to see that starting in Q3, a positive geographic skew towards farm division. So, I think it's a combination of both of those two.
- Your question on inventory, I had said that Mahindra brand tractors we needed to do some correction and we've been correcting our inventory over the last couple of quarters. We're by and large done, so there'll be almost no need to do any significant correction in Q4. We did some in Q3 as well. So, this shares in spite of that.
- Anish Shah:** And I will just add to that. That this is one area where we give a lot of credit to the team from an operating excellence standpoint. We specify various bold targets we want our teams to take but in tractor market here we actually tell the team 'We're not going to give you bold targets for

increasing market share. And that's one just if you can do it through operating excellence on the ground through products, through other things then, yes, please do it but otherwise do not go out of your way to increase market share' and the team has still been able to do very well on that front. So, kudos to the team.

**Kumar Rakesh:** Definitely. And on the growth side, so 3<sup>rd</sup> quarter had a very strong growth held by low base and for 4<sup>th</sup> quarter also you are expecting pretty solid growth, so you would be exiting this year on a strong growth. How much leg do you see this growth as going into next year? Or would you start getting concerned about the higher base?

**Rajesh Jejurikar:** We're not putting a number out yet for next year, we'll do that in May. But we see next year in a positive momentum. It is a little early to put out an exact number of where that will be and a lot of that depends on where you finally end up closing this year. As we know that in tractors there is that variability that happens even in the last two months of the year. So, the industry size does change and your numbers do change, especially since we will see the Navratri Festival come in in the last 3 days of March, so you may see a positivity or not so much positivity and that will have a final effect on what we close this year. So, it's a little premature to put out a growth for next year without actually closing this year. So, we think the right thing to do is to announce that in May.

But all the factors that I had outlined in my presentation on things which have enabled the industry to grow, we think are going to play out into next year as well.

**Kumar Rakesh:** One final question on the LCV side, especially the lower tonnage LCV, that hasn't seen a recovery. So, what's holding back the LCV segment when you already are seeing the tractor to do so well over the last quarter or so?

**Rajesh Jejurikar:** Yeah, Rakesh, honestly, I think we said this last time we're struggling with interpreting this. So, why is the tractor picking up and LCVs even in the 2-3.5 ton, it's a very small single digit growth. So, it's a little, I mean, we're struggling to deal with that. So, we kind of had looked at Mandi deliveries of fruits and vegetables. We spoke about that last time, that has improved. So, overall, Mandi deliveries are up. The fruits and vegetables, which is a big driver of LCV usage is now good. There was some loss of that during the monsoons but that had recovered by the time we came to September or October. So, right now all the economic reasons should have us seeing a much healthier growth. It's on a low base relative because it's been a while that we've seen a flattish industry. So, if you have any insight, we would love to hear it but we are struggling with understanding why we are not seeing more growth than what we are at the moment for the industry.

**Kumar Rakesh:** Do you worry there is some slippage in demand going to cargo segments of 3-wheelers or...?

- Rajesh Jejurikar:** There's very little interplay between...let's just take the two extreme ends, which is 2-3.5 and 3-wheelers, there's almost no interplay. That customer is a very different customer. There could be something in less than 2 tons and 3-wheelers but even that is not because a lot of the 3-wheeler is still not stand operator, it is captive. And a lot of the LCV less than 2 ton has a big MLO component. So, they're two totally different segments. So, we have no good reason why it's not going except to hope that it will. There's no reason why it shouldn't.
- Kumar Rakesh:** Got it. Thanks a lot.
- Divya Gulati:** Thanks. Thanks. Gunjan, I'll just come back to you. One question online. Anish, this is from Rohit Gandhi of ITI, AMC. Any major impact that we are expecting due to the tax savings in the middle class disposable income for our Group overall?
- Anish Shah:** That will benefit demand overall and we will see greater stimulus in demand. So, yes, we do see positivity across many of our businesses. In addition, the rate cut helps as well. So, I think, these are positive steps that address some of the short term blips that we were seeing.
- Divya Gulati:** Okay. Gunjan, please go ahead.
- Gunjan Prithyani:** Okay, just a couple of questions. I think while Kapil comprehensively covered the EV part, I just had two clarifications. One, when you say EBIT profitability per vehicle similar, is that factoring the PLI benefit or it's ex of that?
- Anish Shah:** That would tag to the PLI benefit because it is a PLI that's really enabling us to build competitive products here.
- Gunjan Prithyani:** And over time as the cost competitiveness where we should expect the margin profile? From a mid to long term sort of stay in terms of per vehicle similar to what it is in ICE, is it?
- Anish Shah:** That's right.
- Gunjan Prithyani:** Okay. And the other one, Rajesh...
- Rajesh Jejurikar:** Yeah, that is required from a Return on Investment standpoint. So, that's something that's important.
- Gunjan Prithyani:** And the other one that I had on the EV business was now that you have some sense of the customer profile and you indicated that a lot of it is non-M&M and people who have looked at luxury cars, how should we think about the balance between the ICE and the EV growth? While EVs are new, they're going to be additive on growth but is there some sense that you can give us how should we think about the growth on the ICE portfolio?

**Rajesh Jejurikar:**

Yeah, I think it's a little early, Gunjan, for that because you will have an evolution of different sets of customers with time, right. So, obviously, when you're launching two new products, it's a new category creation, you're going to get the early adopters and innovators who come into a category but after two quarters or 3 quarters we will have to have more mainstream, let's call it, ICE buyers who will have to buy an EV.

As we've shared earlier in the past, so we are not worried about the cannibalization because we don't want to second guess the customer. We want the customer to have a choice between whether they buy our ICE or our EV, which is why consciously we are keeping the showrooms, selling the EVs and the ICE the same. You know, if you're wanting to avoid cannibalization, the first thing you would say is, 'Let's not sell the EVs out of the same showroom' but we are actually comfortable doing that because we feel customer must have the choice at this stage of the evolution of the category. There will be customers who haven't yet decided whether they want ICE or EV. When they go to check out either one of them, they would want to check out the other at the same place rather than go to another place. So, in our mindset right now we don't want to second guess the customer, so we deal with the cannibalization as we go along. And today we have, I mean, we do have cannibalization as we've said vertically. So, there could be Scorpio end customer who may be looking at a Classic, sometimes there may be a Thar 3-door customer who look at the ROXX or the other way around. So, we do have potential cannibalization even within our portfolio given that we are a pure SUV player.

So, we have to be prepared for cannibalization. And as long as directionally we know that on a net unit basis it is not going to matter whether a customer buys a BEV or ICE, we don't want to try to second guess the customer. So, we don't want to overanalyze the cannibalization and we will learn with every quarter what's happening because the profile of customer will keep evolving. It's not like forever for the next 3 years only luxury car buyers are going to come into the segment, we will have mainstream ICE buyers coming in as well.

**Gunjan Prithyani:**

Okay. Just sticking with Auto again, I think two things on the non-EV business. One was on the margin side, we did have the unveil of the EVs in Q3. Just wanted to understand when I look at this 9.7% EBIT margin, there is a one-off that you want to call out on account of that unveil or an extra spend. And if you could also share sort of price hikes that we may have taken on the portfolio in Q3.

**Rajesh Jejurikar:**

Yeah. So, the 9.7 does not have it because it's not in the Auto consolidated. That's in the standalone. So, the marketing spend that we've incurred in Q3 is reflected in the Auto consolidated because that's done in MEAL.

**Rajeev Goyal:**

Which is 8.6.

**Rajesh Jejurikar:** Which is 8.6. So, that has the impact of little bit of depreciation and the marketing spend plus the manpower costs of the field team and all of that which was all costs in Q3. So, that's reflected in the Auto consolidated number, not in the 9.7% given that that's a separate company.

What was the next question?

**Gunjan Prithyani:** On price hikes.

**Management:** Pricing. Any price hikes.

**Rajesh Jejurikar:** Price hikes, basically, Auto YTD December, which was about 0.7, and then we have taken another 0.8 in January.

**Gunjan Prithyani:** Okay. Lastly, I think just wanted to understand the ICE capacity, the bottlenecking, particularly for 3XO and ROXX. Clearly if you can share, I think that slide which you used to share how the per month run rate for each of the models is going in terms of demand versus capacity, we don't have it anymore. It'll be good to know where the demand run rate for 3XO and ROXX is running and what are we doing to debottleneck capacity on those two models?

**Rajesh Jejurikar:** Yeah, so 3XO we have a capacity of about 9000. Firstly, we are constrained by the mix of gasoline and diesel because we had estimated about 65%-70% to be gasoline and balance to be diesel. The demand for gasoline is higher, it is close to 80%-85%. So, we have some gasoline capacity constraint right now. So, that's something that we are working on and that we'll solve soon. We are working on increasing the total 9,000 by a couple of thousand because it's going to be within the same infrastructure. That will take another 3-4 months. So, that's some debottlenecking.

We are also seeing a very strong demand from South Africa. 3XO we have launched there a few months back. Right now the run rate is almost 700 a month. So, a part of what we're producing, we are also prioritizing because that's a new market, we're getting a very good response there. So, there is a constraint on total numbers. And South Africa is all gasoline, there's no diesel. So, that's kind of part of the thing. So, we are able to do maybe a couple of 1000 more in the next 3-4 months, above 9.

And on ROXX, when we launched we said we have about 9000 capacity with some level of fungibility between 3-door and 5-door. What we've just been able to achieve is we've got now complete fungibility. So, if we want we can make all the volume of ROXX and no volume of 3-door. I don't think we can do the other way around. But we are seeing a very good demand for 3-door as well. We had got into discounts just when we launched ROXX to protect the cannibalization but we almost pulled off all of those discounts and the demand still continues to be very, very good for 3-door. We will prioritize ROXX in a relative context because the waiting list is long. So, again, there we will try and increase a couple of thousand.



So, basically, we have a maximum upside of 1500-2000 on each of these within the current infrastructure.

**Gunjan Prithyani:** Within next 3-4 months on ROXX as well?

**Rajesh Jejurikar:** That's correct. Let's say by June, July. That's broadly what we're working towards.

**Gunjan Prithyani:** Got it. Thank you. Thank you so much.

**Divya Gulati:** Pramod, I'll just come to you. Couple of questions. Amar, this is on PLI. This is from Jinesh Gandhi at Ambit. 104 crores of PLI for LMM, was it accounted for in this quarter or in FY24? And whether it is in consol or standalone basis? That's the first question.

Second question is from Chandramouli at Goldman. What is a time frame that you think is realistic for MEAL to start getting PLI benefits or M&M to start getting PLI benefits for BE 6 and XEV 9E?

**Amarjyoti Barua:** So, on the LMM, it's actually the impact is seen in the consol books and it was not accrued in one quarter and received in one quarter. It was accrued and we've been talking about this because we have very specific milestones that need to be met before we can accrue the PLI. So, once the milestone was met, we were accruing the PLI.

**Rajeev Goyal:** This is 104 crores

**Rajesh Jejurikar:** Was all FY24.

**Amarjyoti Baura:** Yes, so that was going to be the second part of the response. So, most of it was accrued in F24 and we've received all of it. 100% of what we accrued has been received.

And as far as MEAL is concerned, again, we'll have to go through when we hit those milestones. That's when we'll start accruing. So, there's no firm timeline because it will depend on us being able to. And most of just to be sure it's not very vague, there is a specific audit that needs to happen for us to be able to feel good that the PLI benefit is accruable. So, that's why it's difficult to do and in the case of MEAL it's a bit more complicated than LMM because there are also supplier certifications that are required before we can get majority of the audit completed and the amount accrued.

**Divya Gulati:** Thanks. Pramod, please go ahead.

**Pramod Kumar:** Yeah, back from here. Rajesh, question on the EV bit because you really got a great thing going, very exciting design, dealers are raving about the feedback but how do we manage the ramp up along with the quality gates because we've seen some of the other players in the industry who had a great start but stumbled on quality and it's kind of been a big blowback in terms of customer

cancellation, market share loss? So, given the kind of exciting products and prospect you have, what are we doing on the quality ramp side or quality gate side to ensure that all the electronics, the understanding of the chemistry, the battery management system (BMS), everything it kind of adds up very nicely for a very good experience for the consumer? Just I'm sounding a bit cautious but I think delivering it, that is extremely critical for sustainable demand. So, just forgive me for that if I'm sounding a bit cautious but I just want to hear your thoughts on that.

**Rajesh Jejurikar:**

We totally echo your cautiousness and that's why we are being very mindful of not trying to ramp this up too fast. We started 9e in December, we started BE in January and last month we sold less than 2000, which is mainly for dealer displays and test drives and we're going to ramp up slowly. So, we're going much lesser than our capacity. So, we are very mindful of, Pramod. We know it's a very high tech product and new technology for us. So, it's a very, very good manufacturing facility that we have with very good automation and we spend a lot of effort on validation and robustness. That being said, a fast ramp up is detrimental and we will not do anything to trade that off. So, if we have a doubt and if we don't sell 5000 and we sell 3000, that's fine. We will not trade off the number for the quality.

**Pramod Kumar:**

That's great to hear, Rajesh. And the second is extending the EV R&D work because we have a reasonable amount of contribution from partners and third-party vendors. But in terms of when you look at the longer term, what is the kind of capability you want to have inhouse because hardware part is one of it we will ramp it up over time? Any thoughts on software because that's what is in a way globally playing out? The players who control the hardware and the software end to end are the ones who are really standing out, be it from China, be it from U.S., be it in even the 2-wheelers base in India on the electric side. So, what are your thoughts there on the longer term? And how do you plan to kind of drive that? As in, any thought? I know it's pretty...

**Rajesh Jejurikar:**

Just to make sure I understood, your question is more on where is the ownership of the software?

**Pramod Kumar:**

Yeah, where are we today and where do you expect to be over the next few years?

**Rajesh Jejurikar:**

No, all critical integrating software is owned by us. So, the BMS software is ours, all the zonal architecture, ECU software, all of that is owned by us. There may be specific software example, Auto park, which comes from the supplier. So, there'll be subsystems, feature-based software which is part of the supplier but all the integration software including BMS is our software. We own it.

**Pramod Kumar:**

And when you say yours, it's within Mahindra standalone, not within the Group? Like TechM has some capability there.

**Rajesh Jejurikar:**

It's within MEAL.

**Pramod Kumar:**

MEAL. That's very good to hear. Thanks a lot. Thank you.

- Divya Gulati:** Raghu.
- Raghunandhan NL:** Thank you and thank you very much for showcasing the contract manufacturing and the MEAL part. I'm sure it will help us a lot in understanding and appreciate the transparency. So, just a question to understand that. For instance, if conversion cost is say a million rupees per unit and you will be taking a margin on that and there will also be a margin which you will accrue on the product development expenditure. So, any thoughts on what could be the range? How would the transfer pricing be determined?
- Amarjyoti Barua:** There is an arm's length transfer pricing arrangement between the two. Specific percentage will become obvious as you look at the numbers but just bear in mind what happens is M&M buys the material, does not charge anything on top of the material because that's not where M&M is adding value. M&M will do the work and that's the conversion cost on which there is a margin. And, similarly, same with product development.
- So, as you see the numbers come through, it will become pretty clear because it's a very set arm's length transaction that we do.
- Rajesh Jejurikar:** I just want to clarify, Raghu, that the capital expenditure related to product is in MEAL books. That's not part of the transfer pricing. This is mainly the people and all the validation expenses related to that which comes in. It's not the product development, tooling, CapEx. All of that is in MEAL. That's not part of the RPT.
- Raghunandhan NL:** Yeah, got it. And, Rajesh, when you look at, the government so far I don't think has come out with a guideline on CAFE 3. Generally, there is a couple of years of time that needs to be given to industry whenever they need to finalize something, come out with norms. Do you see a case where the CAFE 3 can get delayed?
- Rajesh Jejurikar:** Theoretically, yes, because there's so much discussion yet and there is no consensus on what exactly it should be. There's a SIAM view and even within the government there are multiple views on what is the level of CO<sub>2</sub> reduction that's expected, which cycle of validation should be used. So, I think we are a while from closing in my understanding. There's a lot of debate on the current proposal.
- Raghunandhan NL:** And you touched upon the exports part, last 4 months Auto exports we have seen almost 80% growth and you touched upon South Africa and 3XO doing well there. If you can share some thoughts on how you see the drivers of growth because you have a great set of portfolio, how you can leverage that in various global markets?
- Rajesh Jejurikar:** Yeah. So, just to recap what we'd said, so we'd said that our first phase of growth will come out of markets we already have a presence. South Africa is one example, Australia and New Zealand is another, Chile it's the left-hand drive market is the third. So, our current portfolio products, for example 3XO, now 700 Scorpio N is what we are leveraging in markets where we already

have a brand and a presence. As we move into phase two, we've spoken about creating a global lifestyle pick up which we had also displayed in Cape Town a year and a half back. So, that will be one of the mainstays in ICE, in LHD (Left Hand Drive) and Right Hand Drive markets. We do have a strong presence in many markets with the pickup portfolio, which is a Scorpio pickup. We will now leverage this new pickup in single cab and double cab both. So, that would be one of the key drivers of exports.

And then, of course, what do we do with the Electric origin SUVs and where all should we go is something that we are working out on. There's, of course, the major traction visible from the neighboring countries but what should be the pace at which we should go to global markets with that, again, there, as we've said in the past, we want to go to Right Hand Drive markets first which would mean Australia and New Zealand kind of markets definitely could be one option. But whether we should open up U.K. is one of the things because that's a good Right Hand Drive market. And then in the next phase is to look at Left Hand Drive.

So, we would want to globalize but in a calibrated way. Right now, the phase we are in is leveraging existing markets with existing products.

**Raghunandhan NL:** Thanks for that. And just a last question. I mean, Tata Motors had called out about financing issues for the first time buyer category in SCVs. So, how big would be the share of first time buyers in SCV?

**Rajesh Jejurikar:** You mean what is the share of first time buyers?

**Raghunandhan NL:** Yes.

**Rajesh Jejurikar:** Vijay help me, but I think it's fairly large.

**Veejay Nakra:** So, you have captive buyers and you have regular buyers. Largely, the first time buyers

**Rajesh Jejurikar:** Vijay, just take the mic because then those online can hear you.

**Veejay Nakra:** First time buyers are typically market load operators because they are people who become self-employed entrepreneurs by buying a vehicle and putting it on a stand or attaching it to captive use. That even today in the market sits at about depending on the less than 2 ton and 2-3.5 ton, it is still in the region of 40%-60%. So, that's a very, very significant size.

**Raghunandhan NL:** And is there any stress in terms of financing issues for that category?

**Veejay Nakra:** Not really. For our portfolio we can see that with the kind of share that we are sitting with, we enjoy very, very favorable LTV and also the interest rates for the customers. So, we are not seeing stress on that front.

**Anish Shah:** And we don't have any captive financing.

**Veejay Nakra:** Yeah.

**Raghunandhan NL:** Thank you, Sir.

**Divya Gulati:** Great, thank you. I think with that we'll wind up this meeting. On behalf of M&M, thank you everyone for joining us today in person as well as online. Please join us for snacks and have a great evening. Thank you.