

# Mahindra & Mahindra Limited

## IR Flash – CIO’s Interaction with Mr. Anand Mahindra

Date & Time	March 12, 2019; 4:15 pm IST
Event	Mr. Anand Mahindra’s interaction with CIOs of Institutional Investors
Participants from M&M	<ul style="list-style-type: none"><li>➤ Mr. Anand Mahindra – Chairman, Mahindra Group</li><li>➤ Mr. V.S. Parthasarathy – Group CFO, Group CIO</li><li>➤ Mr. Sriram Ramachandran – Senior Vice-President, Corporate Finance &amp; Investor Relations</li></ul>

The Company had organised an interaction of CIOs/ senior personnel from various Institutional Investors with Mr. Anand Mahindra to discuss the strategic issues related to the company.

The key points emerged during the discussion are provided below:

- **Our Auto business is at an inflection point**
  - The launch of the three new products completes our product portfolio
    - The recently launched Marazzo, Alturas and XUV300 have made a promising start. These 3 products cumulatively are likely to add 9k units per month.
  - Commercial Vehicles – Building on our dominance in LCV, we have also launched ICV ‘Furio’, to complete our CV portfolio
  - Electric Vehicles – Our early investment in the sector is set to bear fruits;
    - FAME 2 augurs well for increasing EV adoption in the country
    - We are ready with EVs in all segments including 3 wheelers, passenger cars and commercial vehicles
  - Pininfarina – The limited edition all-electric supercar ‘Battista’ takes our brand global;
- While we are preparing for future, we protect our present also
  - BS6 has provided us an opportunity not only to upgrade our technology, but also to diversify into gasoline engines;
    - Have come up with cost competitive BSVI options for our diesel engines;
    - We are also ready with effective gasoline options, in case customers prefer gasoline over diesel for any reason
    - Already showcased our BSVI prowess at MRV day – ready for one more MRV day, if required by investors
- The company has benefited from SsangYong in the form of extending its product portfolio and sharing of gasoline technology;
- **Farm sector Story continues to be strong**
  - Domestic Tractor Industry – still a large headroom exists before industry reaches saturation level
    - Current Tractor population – 40% of peak requirement (6.5m v/s 16.2m)
  - Domestic Non- Tractor Farm Equipment Industry is at a nascent stage

- India's Farm Machinery Industry @ Rs 7000cr v/s Tractor Industry @ Rs 39000cr.
  - Rice Transplanter penetration levels in 2018 are same as Tractors in 1960 (0.2 units/1000 hectares of cultivation)
  - Harvester penetration levels in 2018 are same as Tractors in 1971 (0.5 units/1000 hectares of cultivation)
- Globalisation Story – Serving small farmers globally;
  - Mahindra America aspiration: \$1bn
  - Mahindra Japan aspiration: \$1bn
  - Mahindra Turkey aspiration: \$0.5bn
- **Value creation through subsidiaries has been strong**
  - Tech Mahindra – Riding on new technologies and the digital wave
  - Mahindra & Mahindra Financial Services Limited – Well placed to benefit from the growth of BHARAT
  - Mahindra Lifespaces and Mahindra Holidays – Benefiting from increase in tourism and real estate business
- **Capital allocation philosophy** – Clear demarcation between operating business and investment portfolio; Investment portfolio to be funded largely from cash flows generated from investment portfolio (e.g. dividends, sale of stakes)