

REF:NS:SEC:

7th August, 2019

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,
Dalal Street, Fort,
Mumbai 400001.

Bourse de Luxembourg
Societe de la Bourse de Luxembourg
Societe Anonyme/R.C.B. 6222,
B.P. 165, L-2011 Luxembourg.

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

Sub: Chairman's Statement at the 73rd Annual General Meeting

We are enclosing a copy of the Statement being made by the Executive Chairman at the 73rd Annual General Meeting today, i.e. 7th August, 2019.

Kindly take the same on record and acknowledge receipt.

Yours faithfully,
For MAHINDRA & MAHINDRA LIMITED



NARAYAN SHANKAR
COMPANY SECRETARY

Encl: a/a.

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Chairman's Speech

2018-19

73rd Annual General Meeting
of
Mahindra & Mahindra Limited
held on
7th August 2019 at Mumbai.



Dear Shareholders,

I warmly welcome you all to the 73rd Annual General Meeting of your Company. I thank you for being with us this afternoon.

As you are aware, this is the meeting when we have to bid farewell to our longest serving Directors on the Board, Mr. Ravi Kulkarni and Mr. Anupam Puri.

Mr. Kulkarni joined the Board in 1997. He was elected Chairman of the Stakeholders Relationship Committee in 2014 and has also served as a Member of various other Committees. Mr. Puri joined the Board in 2001. He has been a Member of the Strategic Investment Committee.

The Board has enjoyed the benefit of their financial acumen and their wise counsel. They have added tremendous value to your Company over the years and we owe them our deepest gratitude. I would like to place on record the Board's deep appreciation of the valuable services rendered by Mr. Kulkarni and Mr. Puri during their tenure as Directors of the Company, and on behalf of all of us, wish them all the very best.

As you all are aware, this year we are proposing re-appointment of Dr. Vishakha N. Desai and Mr. Vikram Singh Mehta as Independent Directors of your Company for a second term.

Dr. Desai and Mr. Mehta were appointed on the Board of your Company on 8th August, 2014 as Independent Directors. I have no doubt that their continuous efforts and support will bring glories to your Company in the coming future.

As you may know, Mr. Vijay Kumar Sharma was appointed to the Board of your Company on 14th November, 2018. Today, we are formally proposing his appointment as a Non-Executive Non-Independent Director representing Life Insurance Corporation of India. He has had a distinguished career and was earlier the Chairman of LIC.

We are also proposing the appointment, subject to your approval, of Mr. Haigreave Khaitan who is the Partner of Khaitan & Co. and Ms. Shikha Sharma who was the Managing Director & CEO of Axis Bank with effect from 8th August, 2019. I am sure that their knowledge and experience will be of immense benefit and value to your Company.

The Annual Report has reached all of you, and I hope that you have had the opportunity to read it. Let me dwell on the Q1 results approved by your Board earlier today.

Gross Revenues and Other Income of the Company together with Mahindra Vehicle Manufacturers Limited is Rs. 12,997 crores as against Rs. 13,550 crores during the corresponding period last year. The Net Profit before exceptional items of the quarter is Rs. 918 crores as against Rs.1,238 crores of the corresponding quarter last year, and the Net Profit after exceptional items of the quarter is Rs. 2,260 crores as against Rs. 1,257 crores.

It's worth mentioning that our performance has been better than the performance of the industry, across all the sectors in which we operate. And looking at it from a comparative



perspective, in the Three Wheeler segment, industry de-grew 7% and we only de-grew 2.4%; in Commercial Vehicles, we were slightly better than industry (9.4% vs 9.5% degrowth) and in Passenger Vehicles, while industry de-grew 18%, we de-grew less than 2%.

Let me now share my thoughts on the current market circumstances. I'll start with very brief comments on the Tractor industry. Although the industry has been facing challenges so far, we are now experiencing the full bounty of the monsoons (especially here in Mumbai). This teamed with the forecast of normalization of rain in August and September, makes me hopeful that there will be an uptick in the industry.

Beyond this very brief comment, I would like to focus the rest of my time on sharing my perspective on the auto industry where there has been a lot of talk about a slowdown.

There is a tectonic shift occurring in the industry and the time is ripe for that shift. Why should it come as a surprise that the government is putting all its weight behind the introduction of EVs? I was a speaker at the MOVE Summit in Delhi in September 2018, where the PM shared a bold, well thought out and holistic vision for the future of mobility and publicly committed to it. It was heartening for me to see a government that was not conducting "business as usual" but was propelling us towards an envisioned future that improves all our lives. It was fully in sync with our thinking in the Mahindra Group and I, for one, am fully on board with it. Who could quarrel with a vision for a mobility system that is gentler on the planet? Who could quarrel with a system that frees us from dependence on expensive, imported fossil fuels? Who could decry the move towards shared mobility – preferably shared electric mobility?

Nobody. Certainly not us in the Mahindra Group. We are the pioneers of EVs in India. People think that we got into EVs with the acquisition of Reva in 2010. Actually, M&M made the first electric three-wheeler christened "Bijlee" twenty years ago in 1999. It was a passion project for a small group of people and a product ahead of its times. We ultimately did not go in for large scale commercial production; but we did do several pilot projects and I hear that some Bijlees are still plying in Vaishnodevi. So, we in the Mahindra Group have a long engagement with EVs. We are fully future ready, and just waiting for the wave to rise.

The question therefore is not WHETHER we should move to EVs, but HOW? Because the auto sector is not just an industry - it is a living breathing ecosystem that has economic and social repercussions well beyond the number of vehicles sold or the profits of automakers. The auto sector in almost every country is a key driver of the economy, with a huge multiplier effect. India is no different. In India it constitutes 7.1% of the GDP, and 49 % of the manufacturing GDP. Inclusive of its value chain, it supports almost 37 million jobs. Its ecosystem runs wide and deep.

That eco system is changing and we are in the throes of that change. And when ecosystems change, there will be consequences during the transition. We could let these consequences derail us, or we can deal with them constructively. To my mind, the key to creating a win-

win situation is to handle the transition in a way that produces the least amount of collateral damage.

Can we do this? I believe it can be done, and done with relative ease. We are prone to look at the world in terms of contradictions or extremes: black or white, in or out, win or lose. The trick is to shift our mindset from “either/or” to “both/and”. I see no contradiction between keeping jobs, reviving the current industry and at the same time, moving quickly towards our aspirations and goals. What is required is a new era of collaboration and a joint road map with both government and industry understanding each other’s issues and cooperating in achieving a common goal. I was very happy to recently read that the CEO of Niti Aayog has said that while the targets are clear, the government will move in “partnership with the private sector”. That is exactly the way to go. As Henry Ford once said “If everyone is moving together, then success takes care of itself”.

If I may be permitted to give a few suggestions, I think there are a few things that can be done in order to move together to everyone’s benefit. On the resource side, we need support for both wholesale and retail financing. On this front, I think all the right steps are being taken. The rate cuts necessary for revival have been put in place and the future looks brighter for our stressed NBFCs. I am confident that these measures will bear fruit, creating greater liquidity for NBFCs which will ultimately make its way into the hands of the consumer. If I had one wish, I would appeal to lenders to take a more supportive approach to the suppliers and dealers, who are the backbone of the auto ecosystem.

Secondly, on the consumption side. During this transition, we need short term measures to catalyze consumption. I believe the government’s measures to push the auto industry towards change are sincere and far sighted. I can well understand the government’s hesitancy in looking at GST concessions. But there is a paradox here. The auto industry contributes revenues of upwards of Rs. 180,000 crores to government treasuries. The paradox is that while the government needs to be lauded for its fiscal responsibility, the current slowdown in the auto industry poses a greater threat to the financial arithmetic. Think about it: According to SIAM estimates, the slowdown has resulted in an 8% loss in GST collection in the first 6 months of 2019. Just to catch up with the FY19 GST collections, the auto industry will need to grow at a rate of at least 7% in the remaining 8 months of the FY20. I do believe that kick starting the auto industry with a few short-term measures will serve a greater national purpose.

So, let me suggest a bit of first aid – simple short-term measures that would remove the immediate barriers to making autos affordable. The most obvious and welcome first aid would be some temporary relief on the GST front, either by modifying the slabs, or, if that is not possible, by removing the cess. Another suggestion would be a re-look at the registration fees which have gone up very substantially and a roll back of the increases in road tax mandated by state governments after the introduction of GST. I’m hopeful that



these few actions along with the traditional post monsoon revival will set us back on track and positively impact the economy.

In fact, I am hopeful of more than that. I am hopeful that re-energizing the auto industry will have a benevolent ripple effect. As a wise old man once said “All things are connected like the blood that unites us all”. Revival of the auto industry would lead to the revival of freight; revival of freight would lead to the revival of trucks; all this revival would lead to the revival of jobs; revival of employment would lead to a revival of consumption. And so on, in a virtuous cycle that would get us closer to the 5 trillion economy that is our common goal.

To come back to the joint road-map, I can see a clear and achievable goal – to make India the global hub for EVs. India will be the greatest consumer of shared electric mobility. To become a global hub, we must also become the largest manufacturer and own the R&D and technology as well. The Niti Aayog CEO recognized this when he said recently that we would never become an importing nation in the field of electric vehicles. This implies setting up a robust R&D and supply chain infrastructure. So, I hear opportunity knocking. I see a onetime opportunity for government and industry to work together to invest in manufacturing, R&D and the supply chain and make India the undisputed global hub of the EV world.

It’s possible. It can be done. And we must do it. Let us join forces to consciously create the infrastructure and ecosystem that India needs to become a global EV hub. Let’s combine the skills of industry and the reach of government to bring about change. Let a healthy and flourishing industry be a part of the fuel that propels that change. Let’s have a joint transition plan that takes care of the economy, the environment and the people. Let’s talk. Let’s act. Let’s MOVE.

Anand G. Mahindra

