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REF:NS:SEC:
16th November, 2023

National Stock Exchange of India Limited
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BSE Limited
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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: Disclosure of Transcript of the Analyst/ Institutional Investor Meeting

This is further to our letter dated 3rd November, 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 conducted M&M Q2 & H1 FY24 Earnings Con-Call with Several Funds/ Investors/Analysts on 10th November, 2023 with respect to the Unaudited Standalone and Consolidated Financial Results of the Company for the Second Quarter and Half year ended 30th September, 2023 in Mumbai and the Presentation(s) made there at 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 November, 2023.

The Transcript of the aforesaid M&M Q2 & H1 FY24 Earnings Call with Several Funds / Investors/Analysts is enclosed and is also available on the Company's website and can be accessed at: https://mahindra.com/sites/default/files/2023-11/Transcript%20-%20M%26M%20Q2F24%20Analyst%20Meet%20-%2010%20November%202023%20-%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Please note that no unpublished price sensitive information was shared/discussed in the aforesaid Earnings Call.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
Digitally signed by NARAYAN SHANKAR
Date: 2023.11.16 15:51:46 +05'30'

NARAYAN SHANKAR
COMPANY SECRETARY

Encl.: as above

"Mahindra & Mahindra Limited Q2 F24 Analyst Meet"

November 10, 2023

MANAGEMENT: **DR. ANISH SHAH - MANAGING DIRECTOR & CEO, MAHINDRA &MAHINDRA LIMITED**
MR. RAJESH JEJURIKAR - ED AND CEO, AUTO AND FARM SECTORS, MAHINDRA &MAHINDRA LIMITED
MR. MANOJ BHAT - GROUP CFO, MAHINDRA &MAHINDRA LIMITED

Amar Barua: Good day everyone and a very warm welcome to our Second Quarter Earnings Call for Mahindra & Mahindra.

First of all, very warm wishes to all of you on this festive season as well as your families. We are so glad you can be here in-person and also want to thank everybody who is online.

For the main presentation today, we have our Managing Director and CEO, Dr. Anish Shah; ED and CEO of our Auto and Farm business, Mr. Rajesh Jejurikar; and our Group CFO, Manoj Bhat.

We will take questions towards the end of the session, and for those who are attending online, you can post your questions on the web chat. As a reminder, this meeting is being recorded.

And just for the purpose of completeness, I do want to read out our safe harbor statement. Certain statements in this meeting with regard to our future growth prospects are forward-looking statements which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements.

Okay. With this, I would now like to hand over to Dr. Shah for his opening remarks.

Anish Shah: Thanks, Amar. Let me start by wishing everyone a very Happy Diwali, and thanks for making the time on Dhanteras. Hopefully, we won't go too late into the evening. So, everyone can get home well in time.

We have got an exciting set of results, this time strong operating performance across our businesses except for TechM, and we have seen the TechM details in their analyst call, but we can go through some details here as well.

Rapid growth in Auto. Profit up 2x, but beyond profit, it's also the continued demand for our models, the path to electric, a number of things that are not reflected in the profit numbers that are very positive in terms of how the Auto business is really going forward.

Farm has been resilient, despite a tough market, and you have seen the market being sort of flat, a little declining in this quarter, but we expect it to be flat for the year, and the business has gained 150 basis points of market share. Not easy to do when you have 40% plus, but that again has been a very strong operating performance for the business.

Mahindra Finance has done extremely well on its objective of asset quality, which was the number one objective that we had outlined, and we will talk more about that. We will also talk about the implications that it has had on profits for this year, because the sharp improvement in asset quality last year in the same quarter resulted in a lot of provision releases, which obviously are not replicable in future as you go on, and those provision releases last year led to higher profits last year which has resulted in a year-over-year variance that's negative, and that is really due to those writebacks or largely due to the writebacks. There are some other factors that we will talk about.

Growth gems are on track. A 2.5x increase in profit, but here again, the profit number, while it's there is not something we really focused on for growth gems. What we are looking at is the path to growing 5x in the next 5 to 7 years, and many of our businesses are solidly on that path. There are some that are finalizing developing the plans and starting implementation along that path. So, that's really the number that is more important. So, while 2.5 looks very good, I am just going to sort of put that aside and not focus as much on profit or current quarter profit for growth gems.

TechM has seen weak demand and more important, it has gone through a reduction in number of non-core activities, which has resulted in some one-offs from a profit standpoint. And as Mohit comes on board, there is a plan that is being developed to turn around or transform the business going forward similar to what we had done for Mahindra Finance a year and a half ago, and that's something we will allow Mohit to come on board and really talk about that. But we will give you some sense today.

So, the result of this is standalone PAT up 67% and consolidated PAT up 6% for the quarter, up 33% year-to-date. More importantly, meeting or continuing to meet our commitments from an ROE standpoint as well as an EPS growth standpoint. So, ROE is at 20%. EPS growth is at 18% for the first half of the year, and I will again reiterate that our ROE target continues to be at 18% only. We are not increasing that, but we will likely have some quarters where we are higher. Maybe some when we are slightly lower, but it should be really 18% as our target as we go forward.

So, from a standalone result standpoint, revenue up 17% for the quarter, 20% year-to-date. Profits as we talked about up 67% for the quarter, 79% year-to-date.

Consolidated, respective numbers are 15% and 17% on revenue, and you see the impact of SEL or Swaraj Engines Limited. We had bought shares from Kirloskar last year in this quarter, and that share purchase triggered an accounting change and a 564 crore gain as a result of, not an accounting change, but the accounting laws essentially had us take a gain here because we had to fair value that investment, and that 564 crore gain last year is really not operational, and that's something as we exclude gives us a 6% growth for the quarter and 33% year-to-date.

So, we had shared our approach in terms of our businesses, which is Auto and Farm capitalized on market leadership. TechM and Mahindra Finance unlock full potential and Growth gems with a 5x challenge. Auto and Farm continue to do very well to capitalize on market leadership, and you see that in the numbers, but as I have said earlier, more than numbers, in market share, and margin expansion, and cash generation and things that are happening for the future as well. And Rajesh will go through a lot of details on that front.

TechM and Mahindra Finance, we are not quite unlocking full potential as yet. Mahindra Finance, I would say, we are well on the path to doing that, a year-and-a-half into the recovery, and we feel good about where the business is today. TechM, we are initiating that path, and that's something that we should be able to deliver results on that in the next 3 years is what I would say at this point in time.

And Growth gems, I will talk about specific examples on three-wheelers, on real estate, on Susten, which really are on very strong track right now and a few others that are getting on that track.

So, with regard to Auto and Farm, again the headlines here are SUV revenue is up 28%. LCV market share is up 280 basis points, which again is a remarkable number when we are at 45% plus market share in that space, and with this 280, we go to 49.6. Margins are up 200 basis points, again, driven by operating leverage here.

Farm, resilient despite the industry decline we have seen. The launch of both OJA and Naya Swaraj is a big milestone. OJA, there is a whole range of tractors. Typically, you don't see so many launches in one point in time, and that's something the team has been able to achieve, and this really sets up for success, in fact, not just in the near future but over the next couple of decades, because this is a tractor that competes directly with one of our key competitors from Japan. This has been based on the Mitsubishi platform from Japan as well and has been received very well in the market and really will be a main stay for certain segments of the market.

International markets do remain muted. One aspect of that is the runaway inflation in Turkey where the business actually is still doing very well, but we have to apply accounting standards for inflation, and that does cause profit impact in the short term. In the longer term, we still see a very strong positivity around this business.

Market shares up. Farm machinery revenues up 35%. So, this is an area, again, I have talked about has a huge growth potential. And to be very honest, I think 35 should be higher. So, I am not standing here and saying it's a great number at 35%. It's one that we actually have to see grow even faster as we go forward.

And Farm profits are down, which I will highlight at 7%, because of the lower volumes and the operating leverage with it. Auto profit is greater than 1,000 crore for the quarter, up 2x, and then on a good track.

Let me spend some time on Mahindra Finance, and I start with the four commitments that have been made for Mahindra Finance: Asset quality, digital transformation, diversification, and partnerships.

Asset quality, as you can see here, has improved dramatically. Here we put GS2 and GS3 because both of them have a direct impact on provisions and losses. So, the combined GS2, GS3 was 21.9% not too long ago. It is 10% today. That translates to a GS3 number of 4.3%, which is in a sense the lowest ever and very, very strong number for the business to be at.

What we have highlighted here is, as we saw improvement through last year, that improvement resulted in provision writebacks, which increased profits. So, you see a number of 19.8 in the first quarter last year going to 16.4 in the second quarter, and that 3.4 percentage points or 340 basis points resulted in a 345 crore provision writeback last year.

As the curve is flatter now, those writebacks will not repeat, and this year we had a provision of 276 crore, part of it driven by seasonality as well the first half always tends to be a little more than the second half. And as a result, PAT is lower by 200 crores plus. 213 crores to be exact. So, that's one big driver of the change in profits.

There is another factor which is a smaller impact here, which is NIMs have been lower than what we expected, 30 basis points lower than what we had expected, a little more versus last year. And a combination of both of those two have impacted this quarter's earnings or more importantly, the variance between last year and this quarter's earnings.

Coming back to the rest of the points, strong progress in digital transformation. There are some milestones that have been reached already. The share of non-cash collections, for example, is 70% now. Number of initiatives around increased customer experience, digital for the customer in terms of lending, so all of those things have put the business on a good track.

Diversification is working well. The SME portfolio is growing nicely. We are again careful about growing it the right way making sure that it's the right credit risk that we are taking and not just growing rapidly, because that sometimes can cause problems from a credit standpoint.

Leasing has grown quite significantly as well, which is an important driver from a Mahindra Finance standpoint, because in many cases there, you would also have non-interest income, which can be a big positive for the company. The vehicle prime segment has grown nicely, and the partnerships have been put in place, and we see a lot of potential from co-lending with these partnerships.

So, that gives us a lot of confidence around where Mahindra Finance is today. I will go a little deeper on credit costs because we have seen a structural improvement in asset quality, and all of that does not flow into this quarter's numbers. In fact, it will not. It will take a little more time to flow into this quarter's numbers.

You see GS2 plus GS3 again coming down significantly. Provisions had gone down to a level where it was actually writeback. So, this is annual, not by quarter. So, last year, as a whole, we had 1.4% of the book being written back. From a provision standpoint, that obviously is not sustainable because you will have sort of flat to a certain level of provisions once the credit or once the GS2 and GS3 lines are flat.

End losses have been going down as well. The dotted line here is what is the expectation for the third and fourth quarter. We not putting specific numbers around that, but Mahindra Finance has put a number around an expectation of a credit cost of 1.5% to 1.7% to close the year as compared to 2.3% today, and 2.3 is also a function of first half versus second half, which the business has seen over the years. And that's the reason why we feel good about where asset quality is and the structural change, which will result in lower credit cost as we go forward and more stability as well as we go forward.

Tech Mahindra, I would highlight its strengths again. Very deep client relationships, I would say, among the best in the industry from a customer centricity standpoint, strong end-to-end offerings across multiple domains, leadership in telecom, deep expertise in manufacturing as well.

At the same time, we have got some challenges from a revenue mix both geography as well as verticals. Margins have been lower than its peers, and that's something that many of you have pointed out over time as well.

Acquisitions have not gone very well. Again, something that you have pointed out and you are right about. We have not been able to get all the synergy that we needed from those acquisitions, and some of that cleanup is now underway.

So, there are a number of actions we have listed here, some which have started already, some that will need to take place. But this will really get translated into a very detailed transformation plan that Mohit will present. It is not right for me to present that. So, it is something that Mohit is going to have to commit, and as he presents that, we will then follow up and make sure that we can deliver on that plan.

Growth gems, I give a quick preview, but if I go into numbers, Susten has plans to go from 1.5 Gigawatt to 7 Gigawatt in a 4-year time frame. Our Growth gem target is 5x. This is not 5x, but it's 5x over 5 to 7 years. So, in a 4-year time period, if you can go from 1.5 to 7, we are on track for the 5x in 5 to 7 years. The good news here is that Susten has won bids totaling to 1 Gigawatt already in the first half of this year and is therefore on a very good track not only to meet but even hopefully exceed some of the commitments that we have made in terms of our 7 Gigawatt target that we have outlined there.

Electric three-wheelers will reach 74,000 units this year in terms of volume. That's up from 5,000 3 years ago, and again an aggressive growth plan for Auto. We have not been giving forward-looking number. So, we haven't put a number on that, but it's again something that we do expect the business to continue to grow, obviously not at this pace. So, while we have grown 14x in the last 3 years, it's from a small base. So, I wouldn't expect, you know, multiples of growth in that sense. It's now getting to market leadership. We are at 61% market share and a very strong player in that electric space.

Real estate has seen a very good turnaround, and here we have gone 3x in terms of residential sales over the last 3 years, and again the business has publicly committed to a target of going up to 8,000 crores of residential sales in F28, which is again up almost 4x from here if you take 2 and ignore the plus. So, on a very strong track in terms of what a growth gem should be delivering.

There are three others that are, I would say, a little behind the first three, because they are now just finalizing the plans or have finalized the plans and are focusing on execution of those plans. They are Hospitality, Logistics, and Classic Legends, but for all three, the plans really are to grow 5x in the next 5 to 7 years. So, again, very stiff targets. These are not easy targets to achieve, but we feel good about where the businesses are today and how they are proceeding to be on that part.

So, I will end my section with my favorite page, which is again ROE and EPS growth. We continue to keep that consistent delivery. We were at 19.9 for last year. So, we have got that 0.1 to get to 20% for EPS or rather for ROE, but as I said, again, I will repeat, which is target for us there is not 20. It's 18. So, we will stay with that. And from an EPS growth standpoint, the first half gives us an 18% EPS growth.

With that, I will request Rajesh to take us through the auto and farm deep dive.

Rajesh Jejurikar: Hi. Good afternoon all of you and happy festival season. I believe some of you are at home for Dhanteras and others are heading onto a call at 5:30. Amar kind of warned us that we need to get done by 5:30. I don't know if you saw that, Anish. So, I will try to go fast on these slides so that we have enough time for Q&A.

The Auto total volumes were up 18% at 212,000 and the revenue market share was at 19.9%. We were number two in the quarter and we can talk a little about that. We see ourselves getting back in quarter 3 as our volumes have ramped up and very strong growth in the LCV market share.

The volume numbers on SUV, as you see on this slide, have moved up from 49,000 in a quarter now to 115,000 in the quarter, and as we have spoken about earlier, our volumes now are at, production is at a rate of over 42,000. We said we will be at 49,000 by the end of the year. So, we are already now at in that range of 40,000 plus and well on track to get to 49,000 by the end of the year.

The bookings continues to be strong. Open bookings at 286,000 led mainly by the Scorpio family, the Thar family, if I may call it that, and the XUV700. We have also said in the past that, you know, the less than 10 lakh market is under some kind of strain, and you see some of that in the 300 and the Bolero numbers, but anything that is priced more than 12-13 lakhs continues to see very strong demand.

There have been questions in the past on, you know, how much of the billing numbers are translating into deliveries and off take and so on. So, just putting some data out, and if there are more questions, we can talk about it in the Q&A.

In quarter 2, our average dealer stock has been 30 days, which is in line, that's the average, not the month end, in line with the norm that we would expect given the variant portfolio.

As I mentioned last time, we are keeping the priority of customer sequence intact. That means if we are billing something unexpectedly at the end of the month, the customer may need some time to, you know, either choose their date or arrange finance or whatever. We would give the customer that time and not say, if you don't have the money tomorrow, we are giving it to the next in line. So, that sometimes does keep a vehicle in stock while a customer may choose a date or some time to arrange, you know, their choice of financiers.

The last two months, as we have ramped up, we have seen a significant month-end skew. In September, we had a very major steel shortage, but it caught up towards the end of the month. So, there was a very big volume that happened at the end of the month. Because that happened, we opened October with a very low steel inventory. So, we lost production and again caught up towards the end of the month.

So, you basically see two months of very high month-end skew and, you know, when you see month end skew of this kind, by the time it gets to dealers because when we bill, that's, you know, ex-factory. By the time it gets to dealer, it gets converted into retail, and it actually reaches for registration, we expect that cycle to be about 40 days.

So, you know, for some of you who compare VAHAN data, it's not representative even for September because end September billing is really going to come in VAHAN only in November, not even in October, because that's the cycle that we are anticipating, which is 30 to 40, more like 40 days at the moment, but 30 to 40 days.

Many of you know that Telangana is 5% of the volume. So, that's not represented. So, for those of you are trying to do VAHAN, we are happy to do an offline on this. But basically, we just want to use this forum to reassure you that offtake is well in line, and we are not blindly and crazily building up dealer inventory. The booking numbers actually represent the booking to the best of our understanding. Cancellation rate is less than 8%.

The LCV volumes have ramped up very well. This is on the back of the success of the new Bolero Pik-Up or the Bolero Maxx Pik-Up portfolio that's done very well. It's gained market share for us and markets in States we were not strong in, particularly in some of the southern states, in the lower category of pickups, which is what is leading to this overall all-India market share gain because a lot of that gain has happened in markets in segments in which our market share was low. We have gained significant market share with the new launch there.

The Last Mile Mobility, Anish spoke on that, but I just want to, I think there were a few questions that Amar had got. So, I just put this out there, which is, how sustainable is this rate of growth? So, which is why we put the data out on the penetration of the category. The penetration of the category at this point of time is about 10%, which means that we see us continue to see a very big upside from here, and we have also put out the TCO number the way we see it, which is a 3 lakh cost of ownership benefit over CNG and a 5 lakh over diesel. Now this is what makes the electric three-wheeler proposition very compelling, and we are seeing a much faster penetration on the three-wheeler electric side than you are seeing in any other category of electrification.

These are the Auto consolidated financials. You have seen the numbers. So, I am going to flip through it. We can take questions on it. There was some question on this. So, I just want to kind of clarify on this slide. What is the 7.9 and the 9% gap, which some of you had. I think, Amar has answered most of you, but I will recap for those of you who didn't get the benefit of Amar's response.

Basically, in the 7.9, you know, we are trying to keep this as clear on operating performance. There was, as you see here, a 210 crore gain that we had on asset and business transfer of some of the assets, primarily Jeeto, from M&M to Last Mile Mobility. The gain of 210 crores is not counted in the 7.9%. So, the 7.9% represents a pure operating performance representation so that you get comparability. And of course, many of you have spoken about when will our margins go back to F19. We are waiting to see what the next question is, but at least for now, we are okay on the F19 as things stand right now.

On the FES side, the industry is down. We are down lesser because we have gained 1.5% market share. There are variety of reasons. One is the April sales of Navratri in this year got preponed to March. The festival season has moved from September to October. So, you know, these are reasons we knew and anticipated.

I think what has played out after our last meeting in August is the monsoon spread in South has not been very good. Maharashtra has been a little slow. So, these states have been a little slower than what we anticipated. The north markets are actually doing pretty good.

This share represents our share and our leadership and the quarter to market share is amongst our best ever.

Three significant launches that we have been talking about, one is, two products. One from Mahindra and one from Swaraj. In the lightweight segment, we have gained well in the market over the quarter two with these two launches. Depending on which application you look at, the size of that market is between 50,000 to 90,000. We have spoken about that. Our market share here has been way below our average market share, national market share for the brands. And hence, any gain that we are making here is actually pushing our national market share up.

We have done the Naya Swaraj launch. Most of you would have seen some communication around that which has Dhoni was actually a customer of the brand on his farm near Ranchi endorsing that, and in line with the overall new brand identity, we continue to upgrade our signages.

Anish spoke about farm machinery, the 35% growth quarter2, 223 is a good number, 35% growth. Some of you had asked last time, are we sure we will get to 40% growth? And I said that anything less than that we would be disappointed. That comment holds. We do hope that we will end the year at above 40% growth over the previous year.

Manoj is going to clarify on this, but I won't take too much time. The 564 is a gain that we made last year when we acquired in Swaraj engines, Kirloskar oil engines shareholding, which was around 17 odd percent. It moved from being an associate to being a subsidiary because we now have 51%, and as it became a subsidiary, we gained mark-to-market on that investment, and that was a 564 crore gain that we had shown in last year's numbers, and so we are showing you with and without that for comparability.

The core tractor margin, as you can see here, I am just focusing on that. The farm standalone now has a series of other things added to it. So, we show Powerol now in this, which we were not showing earlier. That's our Genset business. We have also added some numbers of Solarise, which was a separate company. Solaris is there, right? No, sorry, Solarise is not there. Powerol is there. Powerol is there. And of course, farm machinery sales are as part of the farm standalone.

So, the core tractor business in a way represents everything we sell in India plus what we export from India. So, it represents the total tractor business. We have dropped 1 percentage points, which could in a way can be explained on three counts. One is quarter 1 to quarter 2, there is a difference in operating leverage, which would be about 1%.

However, there have been three reasonably big onetime expenses, which is the launch of OJA, the launch of Naya Swaraj, and the launch of Swaraj Tractor. So, typically, as Anish said in the tractor industry you don't see so much launch happening together. So, that's all happened together. That contributes to about 0.9% as a one time. There is some mix impact of OJA whose margin is lower than the average margin of tractors. So, that's point two.

So, actually, we have offset the operating leverage in a manner of speaking from Q1 to Q2, and hence, we feel that given the volatility or given the industry being under pressure, the margin performance is actually at a good level. We are just flagging off here to kind of set expectations that in quarter 3, we have a big spend on both tractors and auto.

On the World Cup sponsorship, most of you would have seen the communication. Again, we would treat that as a one-time expense. We haven't really done anything big on our brands over the last two, three years, either tractors or auto. So, you know, we took the World Cup, India being the host country, as a very good opportunity to get viewership. We have got very, very good feedback out of the campaigns that we have done and whatever is the post track saliency that we are getting around the campaign that we have put out. So, there is going to be some more onetime in Q3 coming both for tractors and auto, and if needed, we will call that out.

This is a chart we have used in the past, you know, often while talking to all of you. We brought this back after a few quarters because, you know, we are seeing an industry degrowth after some time. So, you can kind of see that while the industry has moved up and down, we are able to maintain our margins in a very reasonable band of 17% to 19% except for few outliers, and even as we are seeing an industry degrowth right now, we are in the 17.5% to 18 odd percent margin range.

Thank you, and with that, I hand over to Manoj.

Manoj Bhat: Thank you, Rajesh, and Happy Diwali in advance to all of you. So, I think a lot of it has been covered by Anish and Rajesh. So, I will kind of flip through some of these slides pretty quickly. I think this has been covered. So, I won't spend too much time. I think the only thing I would like to add is the 67%, I think, includes what comes from core Auto and Farm, and also comes from the various other operating income from the segment.

So, I think from a Consolidated perspective, we have spoken about SEL. I think that's covered well. So, I won't dive deeper into it. Just a quick look at how this pans out from a perspective of Q2 F23, which is adjusted for SEL at 2,209, and then how does that build up.

So, clearly, auto has been contributing positively. So, 502 crores is additional. Farm has been a bit lower about 56 crores, and if you look at the services segment, which includes TechM and Mahindra Finance, I think those are the two large drags. I think TechM is about give or take 224 crores and Mahindra Finance is about 110 crores lower, and some of the reasons for that was spoken about. So, that's the journey from 2,209 to 2,348.

And this is my last slide because we want to throw it up for questions. Just a quick view of cash flow and where we are after the first half. So, what we have done here is because we had an LMM transaction and some investments into the electric company, we have clubbed all three so that those transactions do not really mix up the view in terms of what is actually the cash balance.

So, if you look at it, I think two, three points here. One is from a net cash generation perspective, almost 5,000 crores of net cash generated during this 6 months. And the second thing is that we have repaid debt of almost 3,400 crores. Our current gross debt is about 1,500 crores, which is the lowest it's been for a while, and that's something which I think is being enabled by the strong cash generation in the business.

Despite all this, we are ending with a cash balance of 16,000 crores across the three companies. This includes an inflow from the PE funds into both MEAL and LMM. That's about 900 crores. So, that's where we are in today, and this is something which gives a view of how the future growth can be funded, while we will cover some of the CapEx related items as we go towards the end of the year in terms of the next three years cycle. So, that's where a quick view of where we stand from a cash perspective.

With that, I think we can throw it open for questions. Thank you so much.

Kapil Singh: Thank you. Good evening to the management and congratulations. I agree with Anish. I think probably beyond the number, the performance that we see across segments, the company has been outperforming the respective segments. So, congratulations to the entire team for that.

Anish Shah: Thank you.

Kapil Singh: I first want to hear on demand environment, you know, what we are seeing here is, in the context of industry, pretty exciting numbers. Order book is still going up despite raising production by almost 15%, 20%, and some of the models like Thar, for example, I mean, 10,000 per month kind of bookings is surprising, considering we had competition and some of them are selling at a discount as well, but not able to compete. So, if you could just talk about the environment also last 20 days of festive season, what kind of growth you have seen?

Rajesh Jejurikar: So, on the auto side, I would think anything priced more than, let's say, 13- 14 lakhs, we see demand momentum continuing to be strong. Anything below 10-12 lakhs is a little stretched. So, you know, we don't see the same momentum in that segment, and I think that's a little because of the inflationary pressure that we have seen, and it will probably take a few months for that to pick up. Right now we have only two products which really come into that though some part of those products do cross 10 lakhs which is 300 and the Bolero, Bolero Neo range.

So, from a offtake point of view, we remain positive. To your comments on, you know, the booking Thar four-wheel drive continued to remain strong at its earlier level while rear-wheel-drive got a whole new lot of customers coming in, and that's what is keeping the booking pipeline going, and we are, I think, selling very good numbers now 6,000 odd and are fully maxed out on that capacity at the moment.

So, Thar is doing very well. 700 demand continues to be very strong on the higher end versions. So, we have been able to bring down waiting period on the lower end versions which is below the AX7, AX7L, but the demand is very strong on the high end. So, that as we ramp up, that's one of the challenges that we face because we are not getting the right mix necessarily from our supply standpoint of view.

The big surprise for us has been Scorpio Classic, which is really getting very healthy bookings, and maybe it's a combination of the refresh look and the aspirational value created by Scorpio-N, which, you know, has got the demand going. We had thought that once we start supplying Scorpio-N lower end versions which, as you know, we had not done in the first 5 months, it will affect Classic demand, but has not.

So, we are actually seeing two segments emerge. There is a Scorpio-N segment, and there is a Classic segment. They are different. They are not cannibalizing as much, and that's why we are seeing the Classic booking, because even in our mind, that's was a watch out that, you know, as we bring the Scorpio-N lower versions, what is going to happen to Classic and will people buy that? But they clearly are playing out differently for variety of reasons.

So, on the auto side, I think in a way that summarizes it. LCVs is strong though we have to watch because, you know, that's the commercial vehicle segment is always going to be very driven by what's happening overall in the economy. I think right now the economy is on a good track with inflation having smoothened out a fair amount. So, right now that's at a decent level, but that's something I would kind of for an industry standpoint to be watchful of.

On the tractor side, we spoke about it. The first few days of Navratri were in line with what we thought, by and large. We did get some growth. When we are right now saying that the tractor industry will be flat for the year, we are factoring in that March will see a degrowth because of last year Navratri happening in March and this year not. Obviously, November will be a growth month because last year everything got done in October. This year Diwali is in November. So, November we will see a growth. But on the balance, we think it will be flat also because the South states have been strained on the agriculture front.

So, broadly, that's if you have a follow-up, I am happy to take it.

Kapil Singh: If you could just comment on the festive season demand for the auto segment or SUVs for last 20 days, how much growth you have seen?

Rajesh Jejurikar: I don't think growth is a representative metric right now because, obviously, we will see good growth because, you know, we have significantly ramped up, and we are kind of completing our, in a way, fulfilling our order books. So, growth is a very healthy double digit, Veejay, if I may say so.

Veejay Nakra: Inflow of bookings that has been coming in, it’s been consistent through the festive season. Some, a lot of customers, given that this time the festive season is also spread into this month, today is Dhanteras, Diwali is coming up, lot of customers want deliveries during Dhanteras and Diwali. So, when you look at the total number, you should look at it at the end of the festive season, but the strong pipeline booking continuing with low cancellations is an indication that demand has been strong through the festive season. Of course, having said what Rajesh said that on 300 and Bolero, in those price points, you know, we have performed well, but compared to the festive season as compared to our other brands, we have seen a little bit of pressure on those brands.

Kapil Singh: And just one more question I had on the capacity planning that we have, you know, with this kind of order book. Do you need to rethink on the capacity plan because 49,000 may not be enough the way market is growing, right? Because SUVs anyways, organically, the market is growing, and we hear of, you know, some new models etc., which will come in both EV and ICE as well. So, if you could touch upon that? And also like how you are thinking about ICE model cycle? I know you can't talk about the products, but if you could just give your thoughts on ICE model cycle, because sometimes what we are seeing is EV demand is in some countries or some regions slowing down. So, you could be a little bit early, for example. So, how are you covering that risk in the ICE model cycle? Are there white spaces that you will still be filling in ICE, for example, in next 2, 3 years? And are there, you know, how many refreshes, for example, do you plan there?

Rajesh Jejurikar: So, the capacity that we put out is till March. It doesn't cover the capacity that will come in F25. So, what we have shared so far is what is going to be up and ready by the end of March which is 49,000. There will be new capacities that come as we bring Thar 5 door, and subsequently, for the EV. So, there is a capacity plan which goes higher than this. We will share that as we come towards closer to getting to 49,000, which hopefully will happen on the target date that we have. And that CapEx has been triggered already. So, those capacities are in line taking us beyond 49,000. So, I think we will have a reasonable, you know, capacity increase, and there will be some EV to ICE cannibalization.

And I think the second question really was, you know, what is our take on EV versus ICE? And are we doing enough on ICE? I think one of the things that we may put out at some stage as we get into the next cycle of investment is really to assure you that we are doing enough on ICE to make sure our product is robust.

You are absolutely right. Recycles or refreshes as you call them or, you know, complete new updates are things which are in the pipeline and are being worked on. So, there is adequate or more than adequate focus on ICE, because even at a 20%, 30% penetration if EV was to reach in 3 to 5 years, there is still 70% of a very large chunk which is going to be ICE. So, clearly, for us, that’s as important, and we have to fortify our position of strength.

A lot of the manufacturing capacities are going to be fungible, hopefully. So, we will be able to use. They are all coming in Chakan, some of that except very specific ones like body shop obviously won't be. But otherwise, we are thinking of creating fungibility to some extent even with EV.

So, I think, you know, in a way we are trying to do the best we can to anticipate EV, ICE, making sure we are focused enough on ICE as we bring out the whole new EV portfolio, which is on schedule. We don't think it's early because I think by the time we come to 2025, you know, with the products that we would bring out, then we think they are going to be aspirational lifestyle products, not bought because they are electric but bought because they are aspirational lifestyle products. So, I don't think we are really saying that these are going to be about if you want to buy an electric, buy this. It's really going to be, I want to buy this. It happens to be electric.

Anish Shah: I will just add to it. Kapil, what we are looking for first is, we will be ready to be leaders in electric, and if electric moves faster, we will be ready to produce as much as required for that. Maybe even get to a 50% penetration rate, which maybe 2030, which may be sooner if a number of things work in that favor. So, that's the first part.

Linked to that, we will also want to Make in India for the world, and the quality of electric cars that we are looking at is going to be outstanding similar to what we have seen with the XUV700 and the ICE vehicles that we have put out over the last few years. So, given that quality, we should be able to even export to the world and be able to do more on that front.

That said, coming to the second point, we do not want to give up leadership in ICE, and ICE will still have substantial volumes 5 years later, even if it was at 50% at that point in time. So, the benefit for us is that we have got the youngest ICE portfolio, and that allows us the ability to invest, but not invest huge numbers, but at the same time, we will invest.

And when we come out with our plan for the next 3 years, we will actually show, you know, the level of investment in ICE. So, we are not going to give up on the ICE leadership. We are going to maintain that, and for some reason, if we need to continue building more ICE, that's something that we will be ready for as well.

The big plus again is a lot of it is fungible. So, a lot of capacity doesn't need to be built exclusively for ICE or exclusively for EV. We can change it as the demand comes on.

Amarjyoti Barua: So, just take one online question, Anish. This is for you. It's actually a two-part question. While this is coming from Gautam, and what he is asking is, while he understands the provision and the credit cost, he still feels that Mahindra Finance is below peer group on ROA. And so when do you expect that to improve? And then the second question is on TechM, which is do you expect significant improvement in 25?

Anish Shah: So, on the first one, yes, Mahindra Finance, we have acknowledged has been below peers in the past or in the recent past, if I were to look at the last 5 years or so, and the transformation plan was really to address that. We are 1.5 years into the transformation plan. So, we are not there as yet.

We are on track for the 2.5% ROA that has been committed, and that is something that we should reach in 1.5 years or maybe slightly before that. And then what we want to do is, at least in the segments that we are in, really be the leader in that, not just at par with the peers but play a leadership role.

So, in response, 1.5 years is what I would say it will require to complete what we look at from a transformation perspective. And TechM, if you can just repeat the question?

Amarjyoti Barua: Whether fiscal year '25 is expected to be a big turnaround year for TechM?

Anish Shah: For TechM, there are going to be two phases. One is getting back to normal, which is what normal was before what you see in the last couple of three or four quarters. And then second is to get back to get to market parity or leadership beyond that. And what I mean by that is, if we were to look at what normal was before the last two or three quarters, we were below our peers in terms of margins. So, that's sort of the first phase of just getting back there.

And then the second is to grow beyond that. It will require time to grow beyond that. Getting there will obviously be easier. Beyond that requires a number of structural changes. It started already, a new organization in place. Delivery Head is coming to run delivery across the entire organization. That's been centralized now. That's essential for us to be able to drive the level of margins that we need to drive, and there are a number of other levers that will need to be pulled in order to be able to get to market parity and market leadership.

So, here again, I would not set the expectation that next year is a turnaround year and turnaround will be complete. I do feel it will take about 3 years. At the same time, it is up to Mohit to come in and present his plan, and that is what he will do after he takes over as CEO, and which is the reason why it's unfair of me to sort of present a specific plan here and say that Mohit has a magic wand and he's going to come in and turn it around in '25. That will not happen, but we are going to be on our track for a solid turnaround for that business and get it on market parity or market leadership after that.

Jay Kale: This is Jay Kale from Elara Securities. My first question is on your EV business. You know, you have had your XUV400 now for over 6 months. If you could just speak a little bit about your key learnings in this space, you know, and how you plan to incorporate those into bettering your experience once your Born Electric Vehicle platform comes in? Because we have seen globally, many of the legacy OEMs have given out statements that, you know, this space is a little more difficult than what was earlier thought of, both from demand as well as profitability specifically. So, how do you plan to address that in your EV space going forward with Born Electrics? And do you ascribe to this view that this is a little more difficult than what was earlier thought of?

Rajesh Jejurikar: So, first, I think three parts to the question. One is related to 400, what's happening there. The second is what's happening to our Born Electric portfolio, and third is a generic comment on what's happening around the world, and is EV penetration going to be hard to drive and what others are saying about it?

So, on 400, you know, we had said we want to backend our sales towards the end of this year. We had said that for a reason because we had wanted to make a set of upgrades to the product from the product we had launched earlier last year. That's on way, should start anytime now, and as that happens, we will start ramping up. There are other changes planned and upgrades planned as we go along. So, we will see an uptick from the volumes that you are seeing at the moment which are low, and they are intentionally low.

This segment is the segment we are playing in right now is not easy for a variety of reasons. I think, you know, an EV to ICE converted doesn't give you the cost structure that you want and the exact product that you want, and that in a way gives a segue to the next question which is around what happens to Born Electric?

They are incomparable because, you know, we have thought through the Born Electric strategy as a holistic strategy. It's an INGLO platform with very high commonality across everything that's going to come on it, almost 80% commonality of the platform. On that, we are creating a series of top hats. As Anish said, they are being designed as world-class products.

Some of you got a glimpse of them, and a lot of the media saw them, and I know many of you talk to media very closely, you know, media who had come to Cape Town. We had shown them design intent ready BO5 in a very close group, and they were actually awed by what they saw. They never expected what we had shown out as the initial proto which, you know, many people asked is this just a concept? And we had said, "No, the final product is going to be at least 95% of that." And it is. So, the products are coming out exceedingly well. We have been driving some of those on the road. We have run several thousand, 300,000 kilometers of these new products which are under validation.

So, we are on a very good path, and they are going to be wow products. So, I wouldn't compare them to 400. I think these products are a league apart, I mean, without trying to demean our own current product, but I think that's the leap that technology will take with every time you think about the future in a new emerging space. So, these products are going to be a leap ahead.

I am just going back to, you know, the response I had given to Kapil's question. The way we are marketing, going to be marketing this is around lifestyle. We are not thinking about this as this is an EV which has to penetrate ICE, and that's why, you know, at least from our own internal strategy point of view, what we really say is what is going to be EV as a mix as a part of our SUV mix. Because we know that many of our customers are the right profile from a point of view of EV purchase.

Example, they are multi-car household. So, range anxiety is a lesser of an issue. Psycho-graphically, they are a little more inclined to climate. They are the kind of people who want to stand out, be differentiated. So, the role of tech, the role of design is going to play a very key role. EV driving creates completely different experience because it's super quiet and super smooth, very peppy. So, you know, and our customers buy us for these reasons, and they should buy our electric for the same reason.

So, really, the way we are thinking about it is here is a new lifestyle experience which carries our brand and our brand DNA to electric. Electric is a form, is not the strategy. Let's put it that way, right? So, electric is enabling us to create products which are going to be very tech-savvy, super beautifully designed and they are standout designs some of you have seen them. And we think that is what will create the category as we have done with some of our more recent launches.

Even with the earlier launches going back to Scorpio 500, 700, these have all products which have come in and created a category where none existed. And really, we think our Born Electric strategy is going to be about that.

And I think, in a way, I have indirectly answered the question of what maybe global OEMs are thinking and feeling about their ICE versus EV strategy, because everyone thinks about their strategy differently.

Jay Kale: And just one more on your EBIT margins of the Auto business as well as your Farm. You know, we would have seen some bit of raw material benefit as well, especially on the Auto EBIT margins going from 7.5 to 7.9. How do you think about that going forward? Will that be an enabler of further margin expansion or you think now it's all about product mix and operating leverage that will drive these margins further upwards?

Rajesh Jejurikar: I think managing cost has always been a key thing in this whole margin management. So, you know, even though we talk a lot about commodity prices softening, they are nowhere near the earlier levels, but more importantly, we have added a whole new quantum of cost as we moved to BS6.2, right, just 2, 3 months back. So, all of that has been part of the cost structure, passing that off by way of pricing.

So, a lot of the pricing is to recover costs of regulation and so on, which we have had to be incurring, right. So, it's pricing is not at the moment giving a margin upside and neither is material cost softening to whatever extent, because we are adding costs because of regulation and BS6.2 being the latest one.

So, to answer your question, I think as commodity prices soften, assuming no more new regulatory requirements come in, there could still be some pricing upside. So, if not, we have to manage cost. So, like I said, you know, I am waiting to see what the next question is on where our margin should go. So, we are happy to take targets from you.

Amarjyoti Barua: Just a quick because you answered a few questions that were online from Hitesh from CLSA, for example. He did ask where do you see this going? So, maybe you might want to answer that, but before that, Anish, a question for you, online again. Lot of cash on the balance sheet. How do you see this being deployed for the Growth Gems?

Anish Shah: I was waiting for that question. I knew that was going to come in. I just was, you know, how soon is that going to come? So, again, the good news is there is a lot of cash in the balance sheet, and this is after repaying 3,500 crores of debt as well. So, we would have been close to 20,000 crores without debt repayment.

And the way we are thinking about it right now is we want to ensure that our Auto business, Farm business and our Services businesses have the capital that they will need to grow. For Auto and Farm, we are going to come back and for Services, we are going to come back in the next couple of quarters to talk about the next 3 years in terms of where that is headed.

The principles remain the same, and I will reiterate them, which is Auto and Farm cash will not be used for Services businesses. One. Second is we are going to keep a very high bar in anything we do in terms of deployment of capital. Third is we are going to keep an even higher bar which is extremely high to look at anything outside our current footprint because that's something we are not planning or we are not looking at things at this stage. So, those principles don't change.

And that will beg the question, okay, then what are you going to do with all this cash? I think some of it we will look at how do we return it to shareholders. Some of it we will look at what do we need to deploy to build our businesses out 5x? If you want to build businesses 5x, yes, that will require some capital and our Growth Gems will get some of that, again, from the

Services component of what we generate. And as you saw today as well, we are separating out again every quarter what we generate from Services. So, from the first half of the year, we have generated more than 2,000 crores in services. So, that's part of what will continue. We are higher than what we need at this point in time, but we want to wait for the next few quarters before we take any further action on what we do with it.

Amarjyoti Barua: Raghu, please go ahead.

Raghunandhan NL: Sir, firstly on the tractor side. Do you think the worst is over? Because when we take a flat growth for the industry, it means that the remaining months of the year, we will see a positive growth, and if I adjust for that 30,000, 40,000 base effect because of that Navratri timing of the festive season, then we should have actually seen a growth this year for the industry. So, even yesterday there was I think this IMD came out and said that next year 2024 will be a bountiful monsoon. So, would you say next year you will again start with 7%, 8% kind of growth expectation?

Rajesh Jejurikar: He was thinking five steps ahead of me honestly. So, let me answer the year, and now I honestly don't even have a point of view on what will happen next year at the moment. So, November will be a growth obviously, should be a decent growth because last year there was no festival in November. This year Diwali is happening. So, they're not comparable months.

The critical thing in March because you have to double edges last year's Navratra. So, first it affected April because it got preponed to March last year and now it will affect market growth rate because it is going to be compared against March last year. So, you see a double whammy on that and that is what is leading to this problem. So, basically on a very high base of March last year, you're not going to get Navratra this year.

So, that's a double whammy and you didn't get April, which you would have otherwise got. So, it's affecting twice in this year and that's the reason we are kind of saying that, yes, while there could be growth over the next few months, March will be the dampener and how much of a dampener it is, we will know only when March is over honestly.

So, right now our view is hence it will be a flattish year. That doesn't mean it can't be plus because a lot of the swings are actually going to come based on what will happen in March and of course next three days are very important to see how they play out and starting today. So, we will obviously be tracking what happens today, tomorrow, day after, that could significantly change the view.

And very often when you are into these three days, five days, two days our assumptions can go either way. So, in a way let's wait and watch. Next year we will get I think just to answer your question without getting into the monsoon effect, I think we'll get the benefit of this year having moderated the base somewhat plus the Navratra problem in a way moves to give a benefit next year on the base effect because you will get Navratra in April in F25. So, you'll get the benefit over this year.

So, let's stay optimistic for F25, of course it's an election year and we want to see what happens in the first quarter, when the elections actually happen, what effect does that have on the ground? So, there are multiple things to watch for, but I think I'm focusing more on the answer on F24 rather than F25 at the moment.

Raghunandhan NL: And on the electric 3-wheeler last two years, three years like the thought process has been that the TCO is much favorable for electric compared to CNG and diesel, but despite that there has been some challenges for people to accept the electric vehicle over CNG. In terms of what challenges, you have encountered be it the range anxiety or the charging ecosystem and what is changing which is helping this kind of growth and how do you see your capacity and potential ahead?

Rajesh Jejurikar: I'm going to attempt this, but since Suman is in the room, I'm really going to take benefit of her being here to add more color to your question. I think, the advantage we have in this category is the charging infrastructure is not as important because firstly they operate in a very limited and the concept of last mile mobility is exactly that they're not going way too far away from where their base charging capability is.

So, in a way that's a barrier which gets overcome. Typically, in any new adoption process of a category you will always find the initial adoption curve in the commercial segment is a little slower. Once customers get the hang of the concept, then the inflection point starts picking up. because you get word of mouth and all of that starts kicking in, that we actually have used this for two years. I'm getting this kind of benefit.

In commercial vehicle segment if you go and tell somebody this is going to be your TCO, this is the calculation, this is a spread sheet 3 lakhs, 5 lakh there's zero believability honestly, there's more fear and so on, but as you break through that barrier and customers start using it and you start getting referrals and positive word of mouth, that's when the inflection point kicks in and you start seeing a big uplift and that's what starting to happen now.

So, as you add more customers who get a positive experience and start experiencing the benefit of okay this is a higher upfront cost, but wow, it's free after that literally. That's when we will see this curve move up and hopefully we will see a very big curve move up. So, we are very, very optimistic on the way this category could grow. Assuming all policies and all of that continue, which our current understanding is that they will.

Raghunandhan NL: On a related note including the PLI benefit would the margins be similar to ICE?

Rajesh Jejurikar: Do we want to answer that, maybe not.

Anish Shah: The way I think about it is in the long run, they have to be similar because that's really what will be required for auto companies to survive and compete as well. In the short run it will depend on a variety of factors at this point in time, so I'll just leave it at that, but on balance we would look at margins being similar in the long run.

Raghunandhan NL: Couple of numbers if you can share. One is in Q3 that World Cup related sponsorship, how big could be the impact? And the second what is the run rate for Powerol currently quarterly run rate?

Rajesh Jejurikar: So, the second question is Powerol.

Raghunandhan NL: Yeah.

Rajesh Jejurikar: When you say run rate, you mean ?

Raghunandhan NL: Revenue run rate.

Rajesh Jejurikar: It's roughly a 1,400 crore, 1,500 crore business per annum, 2000. We have Genset and we have also have something called tower manage infra management where we run,we service infrastructure towers for telecom networks, so that's also sits in the Powerol business. So, basically if you put it all together then about 2,000 crores roughly revenue.

Raghunandhan NL: Worldcup?

Rajesh Jejurikar: It is a 3 digit number, in rupees crores.

Amarjyoti Barua: Anish a question for you from online from Kripa Shankar, Choice Equity. M&M Aerospace, there is tremendous localization opportunity. How do you see that and do you do you consider it the next Growth Gem?

Anish Shah: So, Aerostructures for us is a Growth Gem. It's a business that has been built very well. It's a small business right now. We've got Boeing and Airbus as our customers and a number of other OEMs around the world as well. The business has been delivering very strongly and yes as there are more localization opportunities within India, Aerostructures is well positioned to take advantage of those opportunities.

I just want to clarify that this is not the aircraft manufacturing business that we have that aircraft manufacturing business is separate from this Aerostructures business. The Aerostructures business is really around manufacturing of components for Airbus, Boeing and other OEMs around the world, that is a strength that we have from our manufacturing skills, very high degree of precision is required for that and that is also what we can bring to the table, which is why this business has done very well.

And therefore it really is part of what I would call our core strengths. Yeah, and we have announced as of yesterday or day before that the aircraft business has been sold. It's something that we had sort of put on pause and we had talked about that in the past and we have a buyer and that sale was completed I think 24 or 48 hours ago.

Amarjyoti Barua: Manoj, there's a question for you from Chandramouli from Goldman Sachs. He's trying to understand how do we treat dividend income from Tech M in the new construct? Is there anything that they should know?

Manoj Bhat: So, first of all, let me back up to what was the construct so that I think there's some clarity. So, what we said is fundamentally while there are two divisions or maybe 3 including Powerol which is part of M&M as an operating business, that was what the conventional treatment was, but we also said that adding value and monetization is a core operating activity as a holding company, as an investor into most of these.

So, the fundamental premises that is also an operating activity. If that is an operating activity whether we make gains through dividends, whether we make through monetization. So, any income from JV's, subsidiaries and associates is categorized under a separate line called other operating income from JV, subsidiary.

So, in a way the revenue line now if you look at the revenue initially it was revenue line and other income. The revenue line also includes other operating revenue from activities which are pertaining to any of these events. So, dividends will be treated as other operating income and be part of revenues, what that does is from a like-to-like basis if I have to look at old versus new is it adds it to the EBITDA line and so on and so forth which was in the past coming much below.

It is now coming ahead and that is why I think you're seeing some of the difference and I'm open to suggestions if we can make it easier for you guys to reconcile the two, but I think that's the essential thing and the reason being that what we wanted to do is that as we look at standalone or consolidated, as we look at our segments and as we look at how businesses are owned and managed, they should also own through in terms of at their own investments and what happens in those investments because they were lying either in exceptional items or in other income in the past, that was the logic, but happy to get some suggestions on making it easier and Amar I think that kind of addresses the question I hope or are we looking for most.

Amarjyoti Barua: No, that's it.

Anish Shah: Yeah, I'll just add and rather highlight two parts here. One is direct ownership and accountability for each business. So, nothing can be sort of put out separately that they're not accountable for. And second is we're in Services business is to create more value for our shareholders and we believe that we can do that better than others in that industry and that is the reason why that is being classified as operating income because that's really the value that is being created for our shareholders and we will continue to monetize. We will continue to generate dividends from the services businesses. That's part of our model.

Amarjyoti Barua: Amyn, please go ahead. Sorry. We'll come to you.

Amyn Pirani: So, on the EV side, I don't know if you can comment on this, because if you read the news these days, it looks like a certain global OEM has entered India already five times. Now, so without getting specific what I wanted to understand was, has there any conversation with the government that they might be thinking of reducing duties and if that were to happen, does it change anything for the Indian ecosystem like you are investing, others are also investing and the competitiveness of the domestic ecosystem?

Anish Shah: So I'll take that. I mean, I answered that in the press conference as well and what I would say is a few things. One is in the vehicles we have today, we have shown the ability to build world class products that can beat everyone else and we are now Making in India for the world.

On the EV side, what happens from a duty standpoint, etcetera, I don't know. I can't comment on. All I can say is that we welcome competitors to come in and invest in India. We are happy to compete with them. We will beat them on fair terms and we will Make in India for the world. So, we would welcome them to come in and invest in India and compete with us.

Amyn Pirani: That's good to know. And lastly, I know you didn't talk too much about Classic Legends today. So this space has become very exciting of late because there has been a lot of launch activity, so which obviously creates opportunities as well as new challenges for the Classic Legends business in India. So, how does that change maybe in the near term, the right to win or the right to play in this category, if you can share some thoughts?

Anish Shah: Classic Legends has a set of products that are unique and if you look at the recent launches that they have done also, they have outstanding products and have been received very well by the market. So, it's a business that is playing in a area that is very lucrative from market standpoint. Yes, there is high competition there, but given the brands that classic legends has, we feel that it's very well positioned.

There have been some challenges in the past, but those are behind us now and I think the business is well positioned to be able to really take it forward and grow from here. It is one of our Growth Gems and the plans that the business has is for a very significant growth over the next few years.

Basudeb Banerjee: Sir one side your PV peer who separately mentions their EV business profitability selling around 4,000, 5000 units a month they are at negative 5% at EBITDA level. Similarly, two wheeler players the leaders are operating at negative 15%, 20% at EBITDA level. So, with born electric coming in on a serious note for you from next fiscal onwards and EBIT margin in Auto being almost at 8%. So, how do you look at the blended autos or specifically SUV profitability from a three year or four year perspective rather than current or FY25 and overall 80%, what you said from that perspective?

Rajesh Jejurikar: Yeah. So, born electrics are coming into a separate company which is called Mahindra Electric Automotive. So, we will have to show you as we go along the EV portfolio separately and we would do that. Basically I think right now the way we're thinking about it is not fully firmed up and you can add is that we would want to show you core auto as it is. We want to show EV portfolio separately and then show you blended so you can see altogether.

There is some EV margin that we would make in M&M through either manufacturing or other related party. We will take that and as we've done in the past, sometimes M&M and MVML kind of things. So, we may kind of give you a view of EV end-to-end, which is what we make in M&M and what we make in Mahindra Electric so that you can see the EV portfolio separately from the ICE, that's the current thinking. We are about a year away from that or a little more than a year away year and a half away, but broadly, when we have the born electric portfolio come in, that's really how at the moment we are thinking about it, at the moment.

Anish Shah: I think that's where I just want to go back up into your earlier question. I just want to expand on it in a sense, if global auto players believe in India, they should come and invest in India. We want to Make in India for the world. We should ask all auto players to come and Make in India for the world as well. So, if you believe in India, come and invest. That's all my message is.

Amarjyoti Barua: The questions from Pramod Kumar from UBS online. So, multiple questions I'll try to combine some of them. One is for you, Rajesh, do you see hybrids, re-think on hybrids coming up because of what is happening in the market

Rajesh Jejurikar: So, hybrid is basically a relatively expensive product and only one company has an hybrid which is already an expensive product. So, for segments in which the running or usage of the product is very high, specifically fleets, it may make sense because the fuel efficiency offsets the higher upfront investment.

So, there will be a segment in which it makes a lot of sense, because that's the usage pattern, allows you to get a return on it. For most customer usage situations where your product is not being used that many kilometers every day, the additional cost of hybrid may not give the return to the customer because they're not using the product enough to get a fuel efficiency benefit. So in a way, think about hybrid as not a part of sustainability, but more a part of how do you improve fuel efficiency of a product and if that's important in a given segment, there is a value to doing hybrid.

So, from a overall sustainability journey and a journey towards zero cost of usage on an ongoing basis we really think electric is the way the market will go because it fundamentally gives a totally different driving experience like I said earlier, it's quieter, peppier all of that. You don't get that with hybrid. So, we think hybrid may be a good option for some segments. At some stage we may decide to take on hybrid programs for products which may be playing in segments of that kind, but really at the moment we are betting on the electrification, which we think will work very well for our portfolio for all the reasons that I said earlier which is because our customer will want many of the things that our EV portfolios is going to give, customers who are inclined to buy our DNA.

So, we really think that that's the better path to go, but there are segments in which hybrid may make sense and an appropriate time we will take programs on. We are not doing a lot on that at the moment because we do want to get the first cut of our EVs out.

Amarjyoti Barua: Second question was how do you feel about our CO2 emissions compliance?

Rajesh Jejurikar: Yeah. So, firstly, there's been some articles in the media around that this morning and at least our interpretation of this is there are two different acts under the common governing law. One is an act which ended in December 22 and starts in January 23. We don't see any scenario based on our current understanding by which a retrospective calculation that can be done given that they are two different acts.

So, it's hard to comment on what one reads in media on in the press when we don't know the source of the data, but our understanding is that a new law has come in place from January for which the process is not yet defined. That process will have an element of carbon trading. The calculation of carbon trading is not yet defined and all of that has to happen now. Specifically, assuming that the act is applicable only from January onwards, from our standpoint we completely meet it because we did start selling our electric vehicles from January. So really we believe we are in compliance of the CAFÉ norms.

Amarjyoti Barua: Anish a question for you, you have talked earlier about charging infrastructure being critical, what is M&M doing in that space to promote the charging infrastructure?

Anish Shah: So, charging infrastructure is a key element of growth in EV. There are a number of players in that space already, a number of other global players want to come into India with that as well. So, we will partner with them. It is something that we don't need to invest in, the analogy to thatis we don't build petrol pumps, we leave that to specialists in that space and similarly there will be specialists in charging.

If others were not interested then we would obviously have gone on that path to build an ecosystem for our vehicles, but because there's a very high degree of interest from a number of players our best approach is to partner with them and by partner, I don't mean JV's or investments. It's just partnership as a customer, supplier relationship.

Amarjyoti Barua: I know many of you have to run, so any questions left in the room because I have couple.

Kapil Singh: Just operational questions, so we've seen some 10,000 vehicles for LMM being taken out from September. So, if you could just help us understand how much revenue or EBITDA impact that has and how to value that business? Will you be reporting on the LMM business performance going ahead?

Rajesh Jejurikar: I think you're referring to the formation of the new company from first September. So, Kapil, what exactly is the question I'm…

Kapil Singh: Yeah so because I think that from September onwards the revenue for that business is not in the reported financials right in the standalone. So, what is the impact of that and would you be sharing those numbers separately so that we can value it?

Manoj Bhat: So, Kapil I think right now what we were thinking of and this is a debate I think we will close it by the next quarter is in terms of how we were doing M&M plus MVML, you saw some of that on the cash flow slide because in effect I think there's a majority of the company is owned by us. So, I think maybe we'll come back with some clarity on how to split the revenues, how do you think about the joint company and I understand where you're coming from, so we'll figure that out by the next quarter.

Amarjyoti Barua: So, we'll just wrap up with one last question. This is coming again from Hitesh of CLSA- which is re PLI and Tata Motors has received PLI. No one else has received the PLI incentives. Does this mean a huge risk for M&M?

Rajesh Jejurikar: We have received PLI for our 3 wheeler business.

Amarjyoti Barua: Yes, I will just repeat what was said in the room that we have received for LMM, our certifications for PLI. The question was related to SUVs.

Rajesh Jejurikar: So, we have not yet applied for the final certification on 400 which we will do closer to the end of next quarter and we are hopeful that we'll receive it at that stage.

Amarjyoti Barua: OK. So we'd just like to wrap up by thanking you all again. You've come right in before the festive season, so we appreciate that. We wish all of you and your families very our best wishes for the festive season. As you are walking out, please be aware we do have some snacks for you that you can partake in and with that I'd like to close out today's call. Thank you, everybody online as well.