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REF:NS:SEC:
1st June, 2023

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**Bourse de Luxembourg**
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**10 Paternoster Square**
**London EC4M 7LS.**

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

This is further to our letter bearing REF:NS:SEC dated 22nd May, 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 Q4FY23 Earnings Con-Call with Several Funds/Investors/Analysts on 26th May, 2023 in hybrid mode with respect to the Audited Standalone and Consolidated Financial Results of the Company for the Fourth Quarter and Year ended 31st March, 2023 in Mumbai and the Presentation(s) made thereat along with the weblink of the Presentation(s) and weblink of the AV Recording of the said Earnings Call was submitted vide our letter dated 26th May, 2023.

The Transcript of the aforesaid M&M Q4FY23 Earnings Call with Several Funds/Investors/Analysts is enclosed herein and is also available on the Company's website and can be accessed at: https://mahindra.com/sites/default/files/2023-06/TRANSCRIPT-MM-Analyst-Meet-26th-May-2023-FINAL.pdf

Please note that no unpublished price sensitive information was shared/discussed in the aforesaid Analyst Meet.

Kindly take the same on record and acknowledge receipt.

Yours faithfully,
**For MAHINDRA & MAHINDRA LIMITED**

NARAYAN SHANKAR

Digitally signed by NARAYAN SHANKAR
Date: 2023.06.01 14:08:24 +05'30'

**NARAYAN SHANKAR**
**COMPANY SECRETARY**
Encl: as above

# "Mahindra & Mahindra Limited Analyst Meet 2023"

**May 26, 2023**

**MANAGEMENT: DR. ANISH SHAH – MANAGING DIRECTOR & CEO.**
**MR. RAJESH JEJURIKAR – EXECUTIVE DIRECTOR & CEO, AUTO & FARM SECTORS**
**MR. MANOJ BHAT – GROUP CFO.**

**Sriram Ramachandran:** Good morning, good afternoon and good evening to all of you joining us today physically here in Mumbai or through WebEx from wherever you are. A warm welcome to the Q4 F23 Analyst and Investor Meet of Mahindra & Mahindra Limited.

Today we are joined by Dr. Anish Shah – MD and CEO of Mahindra & Mahindra Limited; Mr. Rajesh Jejurikar – Executive Director and CEO, Auto & Farm Sectors; and Mr. Manoj Bhat – Group CFO. We extend warm welcome to them, and also to other senior leaders from Auto Farm businesses and Group Corporate who have taken time to be here today. We'll follow the similar agenda as what we do in every analyst conference. We'll start with the presentation from the management, Anish, Rajesh, and Manoj, and then we will open it up for Q&A. To those who are attending virtually, please post your questions from your windows, and you could do it at any point of time. We will pick it up and try to cover as many of them as possible during the Q&A session. Brian, can we have the safe harbor statement. So, I'm not going to read the statement. I'll leave it for a second. And with that, I hand over the stage to Dr. Anish Shah, for the presentation and taking it forward.

**Anish Shah:** Good evening, good afternoon and good morning to everyone here. It's a pleasure to have you join us again. And we are delighted to announce results for the year. Beyond results, what we will also do is talk about our strategy. So, this is something that we will continue to do once a year. And it's something we've taken our Board through as well. And we'll give you a sense of where are we going from the foundation that we've built so far. So, let me start first with an overview of the key messages. Our consolidated profit after tax crosses 10,000 crores for the first time, and it's a quantum jump over where we've been before. So, if you look at this is three times the profit that we had in F21 and 1.6 times last year, or a 56% growth at the consolidated PAT level. We've consistently delivered on the commitments we have made. And that's something that we've been bold in making commitments at the same time, being careful in ensuring that we can actually meet them. And as you will see, exceed them in many cases as well. And most importantly, this really creates a foundation for us for future growth, and to be able to take the group and all its companies to a very different level than where we are today.

Standalone results first, what you see is a significant growth in revenue at 47%. Profit before EI is up 52%. And because we had to make some impairments, trucks and buses was a significant one. Profit after EI is slightly lower in terms of its percentage growth, but nevertheless a very healthy percentage growth over last year. At the consolidated level, revenues up 34%. PAT before EI is again up +40% and then after EI is up 56%. This is a result of some of our monetization actions that we've taken and that's something we'll continue to take because these are businesses that we're building for value creation. And we've really only started our value creation journey there's a long way we have to go in the value creation journey. Will request, Rajesh and Manoj to take you through some of the details. And then I'll come back to talk about our strategy and where we go from here.

**Rajesh Jejurikar:** Hi, everyone in here in Worli, Mumbai and those who are online. I am going to start with the Farm Equipment Sector first. So, as you can see here we had in Quarter 4 a volume of 89,000 which is a growth of 24% and 2.3 percentage points increase in market share. Through the year we did over 400,00 a15% growth in volume and we gained 1.2% share points. And over a two year period, we've had approximately a 3% gain in tractor market share taking us to 41.2. This is a chart which we normally show you all by way of a quarter wise movement, the interesting thing here is that Quarter 4 market share is the highest we've ever had in the last 12 years. Normally, for FES Quarter 4 is not a good market share quarter as you can see from the graph, but this is a good gain in market share even at Quarter 4.

We have introduced what we're calling internally as Naya Swaraj, which is right now in five markets, comes in with the new style as you can see from here, a lot of enhanced features and digital cluster, upgraded engine and lift capacity, launched in select horsepower at the moment in five states. Very good feedback and we'll be rolling out this with other horsepower categories over the next few months. This is a very important part of making Swaraj appeal to the young and new customers, while still retaining the loyalists, a lot of work went into the styling upgrade which gets the balance right between keeping loyalists comfortable and still being appealing to the new generation. On the 2nd of June, we are going to reveal the lightweight tractor platform of Swaraj. It's a new segment for Swaraj, Swaraj doesn't have a lightweight portfolio. The platform is going to be in 25 and 29 horsepower. We'll start by launching that in phases again, it's a segment for specialist spraying and interculture which as you know with the growth in horticulture is a very evolving segment and will certainly get the growth momentum for Swaraj.

On 15th August, as you know is an important day for Mahindra, we've done some significant events around that. And this year, we'll be launching OJA which was codenamed K2 up until now, it's a global launch. And with that we will start the launch in phases in India, and also around the world. We see significant upsides for us in both global markets and of course by way of gaining in India as well. We don't have a product portfolio, which is strong in these segments at the moment. And this will allow us to take on a new segment of the market. So, through a new product strategy in tractors, both Swaraj two initiatives and the very big launch of the Mahindra OJA, which we think will give us a very good upside on tractor market share, even from where we are now.

The farm machinery business is one where we want to scale up significantly, we've been talking about that, we had a 38% growth this year. Very good increase in rotavator, we are number two in the rotavator segment, and there are multiple other things that we are doing through F24 and beyond to scale this up significantly, and I'll talk about that a little later. You've seen most of these numbers, I'm going to skim through them very quickly. What you see on the slide here is our Farm growth in Quarter 4 financials in revenue, PBIT, both consolidated and standalone. And this is the data for F23, it's been a good year with very good growth in revenue and profit in both the segments.

What we are seeing here is data we are sharing for the first time, we've helped for you all to separate out what is our core tractor margin from the FES. Total the FES does have an effect right now of the farm machinery business. And we thought, while we are investing in the farm machinery business, it would be useful for all of you to be able to see, how we are doing on core tractor margin. Core tractor margin is domestic plus exports from India. That's now gone up to 18.3 you can see a substantial increase with time and not that far away from F19, which is when commodity prices were at their best, so directionally we're seeing a very good improvement in core tractor margins.

EL Nino much talked about, maybe if you've seen the IMD news a little earlier, we may have dropped the slide. So, IMD has today put out a forecast on a normal monsoon which is for all of you to understand, you may have done your own analytics or analysis around this. In 50 years, there was 17 years of EL Nino. Out of the 17 years of EL Nino, there was below LPA rainfall in five years, and tractor industry had a de-growth in only two of those five years in which the LPA was below normal. Out of which some of you have been tracking the sector for a while we know 2000- 2003 was a year in which industry did a major stock correction, which is why you see the de-growth. So, actually, the only conclusion you can make from this slide is, there is very little correlation between tractor industry demand and EL Nino. So, there would be a set of other factors which will enable whether the tractor market grows fast or doesn't grow fast, but EL Nino doesn't seem to be one of them.

Moving on to the automotive business, a strong growth in Quarter 4 volumes and for the full year 50%, revenue market share at 19.6% in Quarter 4, which is a 1.7 share point improvement and for the full year a 3.7 share point improvement in revenue market share. That's a metric that we started tracking because our products are much higher priced than the industry average. But for the last several months, we have been even number two in volume market share. So, it's not that we are very far away on volume market share while we are tracking revenue market share as our delivery metric. This chart shows you the pace at which we've grown our volumes and our market share over the last few quarters. This is a chart on the open bookings. On the one hand, it seems like good news the open bookings have gone up it's not desirable from the standpoint of customer waiting period. We have seen very strong demand come in on the new Thar and all existing models are continuing to get a very good new booking rate. So, even though we have now ramped up to 33,000 odd a month for the last quarter, the open bookings has actually ended up going up. We are seeing cancellations less than 8%, which is in-line with what we've seen so there's no real change on that. And like I said, we are getting 57,000 new bookings every month against which we are today supplying about 33,000. As a context there's a question in the media meet on how much did we lose to semiconductors in the last quarter, roughly the number was about 10,000 about 3000 a month, mainly on Scorpio N and XUV700 and if you kind of had not lost that then we will be close to the 39,000 odd capacity that we now have ready.

Quite a few of you were there for the Hyderabad launch, you have seen these products, was a great event. We've subsequently also shown these products to our dealers more recently, last weekend, all 300 of them. We've also been showing this to consumers around and really the belief is that these products will open up the category and the category creating concepts of products because they will be very desirable and aspirational. Like what we're seeing with some of our launches on the ICE side today. LCV less than 3.5t is a very strong story. As market leader we've gained 5% share points thru the course of this year. Started with the launch of the Maxx CITY at beginning part of the year which has helped us strengthen our lead, the product's done very well. We've now last month launched the all-new Bolero Maxx Pik-Up which is really transformed the full pickup range to an upgraded product. We also introduced a two tonne product which was not there and is significantly helping the category to grow because there is a lot of demand for a two tonne payload segment. The iMAXX telematics has some very interesting features. And it's providing a very good interface for the drivers route mapping, as well as for fleet owners who are able to track movement of their entire fleet. So, very well received feature in this segment. Of course, this is there in trucks and buses, but in the LCV segment, this is a very good value addition.

Last mile mobility, you can see the light blue chart which highlights electric as a percentage now and becoming significant, we sold 14,700 electric three wheelers in the Quarter 4. We've retained our market leadership in electric three wheelers with 67% market share, you do know about the fact that this will be spun off into a separate company, the Last Mile Mobility company Mahindra Last Mile Mobility, which has a valuation of about 6000 crores, the 600 crores infusion that is expected from IFC. We will be making an investment in Zaheerabad on new production lines and battery assembly line there as well. We also opened a new Treo manufacturing line in our Haridwar plant.

I'm just going to skim through these quickly because you're familiar with these numbers, very strong growth in Auto Quarter 4 financials both on standalone and consolidated, as well as for the full year where we've ended up the year standalone at 3,780 crores. This is an interesting chart, we've seen a sequential improvement in margin and the margin in F23 now is not that far away from F19, which is the most benign commodity cost here. Since F19 as all of you know we've seen BS6, we've seen BS6.2, we've seen commodity inflation of the kind not seen before continuously for over two years. And to come back as a margin percentage to something which was close to F19 has been a result of a lot that we've done by way of driving cost, managing our model mix and multiple other initiatives. So, we know this is a question that you track and watch closely. And we just thought this chart will kind of bring alive the fact that margin as a percentage now is actually reasonably close to what it was at F19.

Just a quick snapshot of the three-year journey on the FES consolidated side, you can see that we grew revenues 1.5x, PBIT 1.9x and the consolidated ROCE went up by 28% points. On the Auto side, we grew revenue twice, we grew PBIT 2.8x, and ROCE went up from 11% to 31%. This is a chart we have put out in May 21,talking about commitments that we made for Auto Farm for the year 2025. So, I'm just going to give you a quick update on how we progressed. We said 15% to 20% revenue growth, over the last two years we are at 34% CAGR. We said leadership in the SUV segment by way of revenue we are there, leadership getting stronger in the LCV three and a half tonnes, we gained 4% share over F21. We grew our tractor market share 3% over two years. We are on the path to quantum growth in Farm Machinery, 38% is not something that excites us, but we think it's a good start. And we are on the top of SUV brand affinity scores. And we've set a 3% year-on-year reduction in cost as a percentage of revenue that's got done. And we've said ROCE of ++18% we are at ROCE of 42% in F22 between Farm and Auto together.

What next? Is strategic imperatives on the farm side is of course to strengthen ourselves in domestic tractors, we do believe we have upsides on market share with a very exciting new portfolio of products coming in both in Swaraj and farm they are new segment products, they are not just upgrades of current. So, they will give us market share upside because these are products in horsepower segments in which we are not currently very strong. So, there is a clear upside potential on market share with the launch of these products. We are talking about 10 times the farm machinery business by F26 and that's why I said 38% is not something we feel good about. F23 was a year which was very slow for harvesters, but we will see a lot of that opening up as we get into F24. We see International Business go 1.6 times, we are looking at bringing in many new technologies which we will get to see starting with OJA, IoT devices and so on. We're also working on electrification automation, and leverage partnerships in both farm machinery and for global growth.

On the Auto side, strengthen our position in the ICE SUVs. Strong product portfolio, we do think ICE is still going to be there for a while at least 70% of the volume even six, seven years from now. So, keeping a very exciting product portfolio is important on the ICE side. We, like I mentioned earlier, our Born Electric, we believe will create a new category of people who want exciting vehicles with a very different experience. And electric will be just part of that decision making process. We believe the products themselves are going to create a huge amount of affinity and desire. The whole new portfolio on pickups is going to gear us up for the next three to five years, to strengthen our position in the LCV three and a half tonnes. We are looking at starting to scale up international operations two and a half times by F26. We can talk more about that if you have questions. And of course, to strengthen our brand and customer obsession.

So, with that, I'll hand over to Manoj. Thanks Manoj.

**Manoj Bhat:** Thank you, Rajesh. Good evening everyone. So, I'm going to run through a few slides at the consolidated level, and then hand it over to Anish to give an update on how the future looks like for us. So, if you look at the numbers, if I look at 31% growth led by Auto, 35% growth in Auto, 29% growth in farm, if I look at the profit before EI, Auto leads the way more than 100%, 108% to be precise growth in profits, and Farm grew 39%. And finally, if I look at the EI impact, there is a negative EI of about 425 crores during the quarter. That's largely because of some of the actions we took during the course of the quarter. If I look at the consolidated numbers for the quarter 25% growth, Auto grew 34%, farm grew 30%. If I look at some of the group companies, real estate did really well, growth of 61%, if I look at holidays a growth of 31%. So, a lot of the group companies are contributing to the growth now. If I look at PAT contribution, PAT before EI, Auto grew about 137% compared to the same quarter last year, farm grew 26%, the others there was a mixed and I'll cover it towards the end in terms of contribution and EI impact was a minimal during the quarter about 37 crores only.

Coming to the full year standalone, Auto grew 63% while the overall revenue was 47% and farm grew 22%, so very strong numbers coming from both Auto and farm. And if I look at the profitability growth, Auto grew 185% so a significant increase in profitability and farm grew 15% more or less in line with the revenue growth. And if I look at EI about 1200 crores of negative EI during the course of the year and we have talked about some of them in the past, there was MTBD and there are some of the other actions which we took during the course of the year which are contributing to this EI which is pulling down the profits for the year in the standalone level. If I move to consolidated, a 34% overall increase, Auto grew 62%, Farm grew about 18%. Again, real estate and holidays have done well as I mentioned. And if I look at PAT before EI, Auto grew about 268%, arm grew 14%, Mahindra Finance was an exceptional contributor and I'll talk about that in one of the slides. And at the EI level, there's been a positive contribution of almost 1500 crores which was a combination of several actions which we took during the course of the year. So, at a consolidated level EI is positive for the year at the standalone level EI is negative for the year.

Quickly talking about Tech Mahindra and Mahindra Finance. Tech Mahindra from a revenue growth perspective grew 19%, if I look at metrics like total contract value one, about +2.9 billion so it's been a good year from that perspective, but there is a certain slowness in the market. And margins are under pressure so that's the next big initiative in margins. And we will take it up as we go forward. In terms of Mahindra Finance, which is the bottom box, a very sharp increase in disbursements about 80% up to about almost 50,000 crores. And if I look at PAT, it has doubled now, PAT has doubled one is a function of growth. The second is a function of focus on collections and reduction of NPA, both of them have helped PAT grow to about doubling of PAT during the course of the year.

If I look at some of our other listed growth gems Logistics, there's a 50% increase in PAT now, this is despite the losses we have absorbed because of the acquisition of Rivigo which happened in quarter three. And despite that the PAT has grown 50%. From a revenue perspective, very strong growth 24% growth in revenues and EBITDA margins were also up. And this is something where we are focusing on acquisitions and integrating them as we go along the path of scaling up this business. From a Hospitality perspective, good set of numbers, 71% growth in profits, the two drivers one is occupancy was 84%, which is a very high number. And that reflects the kind of demand we have seen in the segment. And towards the end of the year, we saw turnaround in our Finland property, which is HCRO, and that was not doing well during the whole year. But we are starting to see recovery in Q4. And finally, Real estate, this is a business which the numbers don't really reflect it because in F22 there were certain one times and in any case, the real reflection of the performance comes a few years later because of the accounting, but some of the key metrics, record sales, residential sales of +1800 crores. We also went into society redevelopment, we won two new deals, and finally the IC business is also starting to pick up so, all engines are firing and so this is poised for a good level of scale up as we go forward.

So, just a quick summary of how the profit adds up from last year. So, last year, we were about 6577 crores, Auto and Farm contributed to an increase of 2,3 32 crores, TechM and MMFSL was 286 crores now, most MMFSL actually was the most significant contributor, TechM actually drag the number, the growth gems put together was about 64 crores and EI was a big element and I did speak about it that on the consolidated level EI has been a positive in the course of the year.

Just a quick look at cash flow. So, we started the year with a opening cash balance of almost 12,100 crores. During the course of the year between inflows from group companies in the form of dividends and certain repayments as well as operating cash flows, we generated 12,677 crores. The CAPEX was about 3500 crores and then capital deployed now, the capital deployed here also includes our investment into the EVCo and also includes our investment in Swaraj. And some of the other investments we did during the course of the year. So, that number is about 3,100 inclusive of both those also. And debt repayment continues to remain a big focus in looking at the balance sheet and finding the right optimal capital structure. And so, we continue that journey about 2300 crores was repaid during the course of the year. And then finally, there was a dividend payout and the closing balance was 14,410. So, this is very, very healthy cash position from that perspective.

If I look at deployment and this is an update to the slide, we presented a few quarters back and if I look at the slide, we had told you that net of BII investment of 1925, we have an overall outlay including monetization and partnerships of 15,075 crores over F22-24. So, we are updating that, so first is from an ICE CAPEX excluding MEAL, we are looking at another 1600 crores now this is on account of some more capacity addition work which we are undertaking as well as regulatory change work which we are starting in advance. If I look at the EV side of things, we are upping that by about 1000 crores, this is based on certain changes we are seeing in the marketplace. And that’s something we are adding on and that brings the total investment net of BII at 3200 crores. Farm CAPEX remains the same, Auto and Farm investments, the main reason here is, we have already done some of these investments in F22. So, we’re just, from a F24 perspective there’s no change but this is something we did during the course of the year, especially PMTC. And then we looked at more external investor funding, which has happened during the course of the year. So, our investment for group companies is coming down from 2700 crores to 1600 crores from our side. And monetization and partnerships has gone very well as you know, we’ve sold off MCIE fully now. And so, we believe that, that number the target would be instead of 2500 crores that new number is 3800 crores. So, when you add all of this, the net number goes to 15,900 crores over a three-year period. With that, I hand it over to Anish for his section. Thank you.

**Anish Shah:** Thanks Manoj. So, before we look at the road ahead. It’s time to reflect on the past three years and what we’ve committed what we’ve done, what are some of the lessons from there. You heard me say before that M&M was the best performing stock in the nifty from 2002 till August 2018. And then we fell off a cliff. Well, happy to say that we are back up above the cliff now. And we are back at being the best performing stock in the nifty since 2002 for the last 20 years. A lot of this has been driven by results over the past two years. And obviously the resulting growth in market cap over the last year. You’ve seen some of this history before. And we’ve shown the period from 02 till 14, where we grew very well, this is PAT growth 43% annually. And then you've seen the part where we've been flat to negative as well, which is 14 to 21, where we actually had a negative 5% annual decline in PAT. But after that, we have seen a 75% annual growth for the last two years, which effectively is a 3x growth in profits over the last two years. And we're not taking the bottom point there, if we went to the bottom point of F20, we would actually see a much further growth. But there is a Ssangyong effect, which would have a COVID effect all those factors that come into play. So, we have a very, very strong trajectory right now, we're not promising for 75% growth every year, let me be very clear on that.

So, what drove this. The first year F21 we focused on capital allocation. And that time we had mentioned to everyone that we're not going to look at anything else, we are just going to clean up. We talked about category A, B, and C. And I'll provide a brief update on that as well. And then as we did most of that in that first year, we pivoted to growth. And we talked about transforming our core businesses, we talked about growth gems, and having them contribute to a much greater share of profits for M&M. We made commitments of 18% ROE, and 15% to 20% EPS growth. On EPS growth we have said F21 to 26 will be 15% to 20% annually. I think we've hit that already and as a Board very rightly said, you've done that, that's the past now go back to 15% to 20% from where you are today. So, sometimes you can't take full credit for what's happened setting the bar high means you got to keep delivering at a higher level as well. And as you've seen from the numbers, we've closed this year at 19.9% ROE. I'm actually glad it was less than 20 because we're not setting the expectation that it will be at 20 or higher. It will be at 18% we're going to drive growth now. And you will see it at 19% sometimes, 17% sometimes, but we're going to drive growth, but maintain the fiscal discipline around ensuring we hit ROE at 18%.

So, this is the update on a category A, B and C. Categories A and B on the left-hand side and they've largely been turned around except for two. That's MANA and Automobili Pininfarina and they are on a good track right now as well. So, we are expecting that to be completed, as a Battista sales has started now as MANA is on a much better track. And then you see a long list of companies that we exited. As we put this together, even we were little astounded that, that is quite a lot of exits. But that was important for getting us back on track and ensuring that we maintain very strong fiscal discipline. And that has helped us get rid of the drag of 3400 crores that we had on our profits from these loss-making entities, we are almost breakeven right now, as we turn around the other two we shall start getting into positive territory and beyond.

But more than capital allocation, the story is really about transforming our core. And you've seen that happen in the Auto business. With the new launches with the products that have come out, as Rajesh talked Thar recently had 50,000 bookings. How often do you see a model actually three years after its launch, to have 50,000 bookings in a short time period. That's the strength of the brand. And beyond that, you see bookings across every category be continually higher. And that's, again a testament to the transformation of the Auto business. You've seen the market share go up from 13% to 19% in a very short time period. And that's something that we expect will only go higher. The Farm business has performed exceedingly well even from a very high base at 40% market share we typically don't expect to grow significantly, but for the numbers that have been achieved that is significant. And beyond that the focus on Farm machinery and Farm machinery will depress the overall margins that you see. And that's something again, we've shared this time, we have said last time that we will break them out, we have done that now. It's a 160 basis point impact from Farm machinery. And that's something that we will take for the next three or four years till we build the scale, we want to go to 10x and then ideally 20x and that's when we will start showing results in terms of profits here as well. So, treat it as an investment that we're making right now for hyper growth in that space, which has huge opportunity.

Mahindra Finance has seen very strong turnaround. And that's evident in the numbers now. We have seen the GNPA go down from 8.5% or so to 4.5% and this was the normal GNPA, not COVID related this was pre-COVID, which is why taking the time period pre COVID. In COVID, it had gone up to 16%, we have committed to ensure that it stays low. And even in periods of future economic stress, it doesn't go up very significantly. And that's what the team is working on a very strong asset quality, while maintaining the strong asset quality where we had to weed out certain customers, disbursements have grown 80%, assets under management have grown 27%. So, very strong growth to the business, but more important than growth, it's technology, it's data, it's a very strong team that's come in and that's driving this business forward now. We are not done with the turnaround; I still expect another 12 to 18 months before we can declare victory on this. So, there's still more upside, our price to book is lower than many of our competitors'. And as we complete the turnaround, we expect to be back among the leaders because we've got a very strong model with rural and semi urban areas.

And then finally TechM, transformation hasn't started as yet. And it's something that will start now. And margins is a key factor where we are much lower in margins as compared to our competitors. And what you will see is a target first of 300 basis point increase. And then over time, we'll look at even a greater increase in margins as we look at transforming Tech Mahindra. So, that's really the big story. The second part to it is establishing our growth gems. And while I won't go through every single one on this page, what I will point out is the valuation that you see to the right hand side. Last Mile Mobility was less than $100 million in terms of valuation two or three years ago, it's 730 million at this point in time as based on an external investor coming in, not based on our view of valuation. Similarly, as you look at various other growth gems, many have increased in valuation. Susten you won't see a big increase because we had put it on pause for two years, but with a new investor coming in, it has a 5x growth plan over the next five years, and therefore Susten will have a very strong growth path going forward as well.

There is a little more work to be done in some of these, but they're off to a great start and that start now has to translate to a sprint as we go forward. So, we've delivered, but more importantly, we build a strong foundation for growth. And you see that in all our numbers, ROE, EPS, market cap, but what I really want to highlight is what's below these numbers. Because those are the elements of our foundation, our purpose, talent, technology and data, synergy, customer experience. And we spent a lot of time and effort building there. That's what's helped us transform our core, that's what's helped us with the growth gems. And that's what will help us as we go forward.

So, having looked at the past, we look at what is the opportunity today. And what we see is across the various macro trends that we've analyzed, India is actually very well positioned. More than that, India is also ready to deliver and not just India as a country but many of the companies including Mahindra are ready to deliver world class products. As I've always said, if we can beat our global competitors in India, hands down with our SUV portfolio, why can't we do that elsewhere in the world. And that's what we're ready to do now. And third, what you will see from the next couple of pages, is Mahindra is very well positioned to capitalize on the growth opportunities in India. Based on the sectors that we play in.

I'm going to show a page with lots of words. But I'm not going to go through this. This will be on the website, you can refer to this, at leisure you may in fact know most of this. But we've outlined the macro trends that we saw around the world. And what is the India advantage for each of these macro trends. India will add 4.2 trillion to its GDP by 2030, based on various global estimates. Where will this come from? This is an estimate based on some experts that we worked with, to look at the various sectors where this is going to come from. And more important than where this is going to come from if we look at how Mahindra is placed. We've got very strong businesses in all of these sectors, except for three. Healthcare, which we may or may not play in, infrastructure, which we're not going to play in. And the third one was telecom and a few other miscellaneous things, which again we're not going to play in. But where we are playing is where the bulk of the opportunity lies. And we've got four core businesses today, which are large in scale. And we've got a number of growth gems, which are good midsize businesses, but they offer a very strong foundation for rapid growth from here on. And therefore, as we think about our future, the next phase for us is to deliver scale, is to capitalize on the market leadership we have, number one in SUV, number one in tractors by a big margin, number one in LCVs 45% market share, number one in electric three wheelers. We've got a lot of businesses that are very, very well positioned, number one in rural finance, and TechM has to establish number one as well which we will at some point in time. Holidays, extremely well positioned, our solar business extremely well positioned, real estate. So, we've got a whole bunch of businesses here that are poised for significant growth. And that's where our value creation comes from as well. Plus being resilient in the face of the world that we live in, we want to make sure that we are well positioned to be able to address any issues that come up.

So, the question then is how do we deliver scale. Capitalize market leadership, which I talked about, unlock full potential in both Mahindra Finance and TechM. And what you see in the third bucket is the next challenge for our growth gems. We talked about growth gems being companies with a potential and plan to deliver 1 billion market cap in three to five years. What we are saying now is that's not enough. Our growth gems also must have a 5x potential and plan, to deliver a 5x growth in the next five to seven years. That's when it'll start becoming material for us and start becoming a significant part of the Mahindra portfolio. Because we don't want only 4 core businesses, we want other businesses to start becoming core for us as well. And if you were to look at it from that perspective, this portfolio, today, we would value at about $3.4 billion. That would get to $17 billion in the next five to seven years. That's the value creation story. Rajesh has talked a lot about Auto and Farm. So, I want to cover this at this point in time, we'll leave a little more time for questions. Unlock full potential. Mahindra Finance has to continue on a path of strong asset quality, technology and data. Getting into diversifying into new businesses, which will also help asset quality. And TechM, the primary focus is going to be transforming margins to get 300 basis points higher, and a number of other things to lead in technology. So, that's our plan for TechM and Mahindra Finance. And with the 5x growth challenge, again each of the businesses I won't go through this in detail either is well positioned to be able to deliver on that 5x challenge, there are clear plans that have been laid out, a couple of places is a little bit more work which we will complete. But by and large, we've got good plans laid out to be able to take on this challenge.

So, in summary, we've talked in the past about reigniting value creation, I would submit today that we have reignited it. We are very well positioned to tap into the opportunity in India. And therefore, our focus is to deliver scale and deliver scale by capitalizing on our market leadership. And by tapping into our growth gems, which have a very strong platform to start with and significant potential to go from here. And it's important for us to also address the fact that we are a leader today, and we will continue to be a leader in sustainable development. That's an important part as we drive purpose and values across the group. With that, we will open it up for questions. Thank you.

**Kapil Singh:** Good evening to the team and many congratulations for meeting all the commitments that we talked about, particularly happy to see the value creation that we have delivered. My first question is on capacities. What I want to understand is, in two phases one is more short term where how are we tracking on the commitment we talked about. We talked about 39,000 by March and 49,000 by March 24. So, from a supply point of view, how are we tracking on that, as you see things today. And also, you can contextualize a bit because you've launched some variants like 2x2 Thar and all. So, does it require any specific new lines or something where there could be bottlenecks. The second phase of the question is more longer term. What I'm trying to understand is that the market has changed it's a 4 million market, 50% of the volumes are coming from SUVs and suppose there are some whitespaces in ICE as well, that you may have looked to fill so do you need to think of much bigger scale in terms of capacities as you think of next lets say four, five years?.

**Rajesh Jejurikar:** Thanks. So, I will go in the sequence in which you asked the question. So, 39,000 we said capacity will be ready, it is, we're not able to convert to 39,000 because we are having roughly 10% to 12% semiconductor shortage mainly impacting Scorpio N and XUV700 both, which is leading to about 2000, 3000 vehicles loss totally per month, let's say 3000, about 1000 in each of these and a little bit +1000 in each of these a little bit in XUV300 and so on so. So, the capacity for 39,000 is complete, the capacity for 49,000 should be ready by Jan, Feb if not earlier so we'll be ready for that. As a part of that Scorpio N and XUV700 will be in the region of 10,000 each.

So, that's the main increases, also some capacity coming in for Thar to take care of growth and also the launch of the five door which we think will do very well. So, the 49,000 is on track as well. The way to interpret capacity is, capacity will be ready but there will be some short term supply chain issues which will not enable full utilization of setup capacity, our guess at the moment is that maybe 10% odd. So, like we are on 39,000 capacity, but at this point of time, we feel that we will be probably at 34,000, 35,000 because we are running short of something or the other every month. So, that's the way I would kind of think of the capacity utilization story. To your last point on how are we thinking about the future going beyond. We have the EV capacities coming up as well so we need to think about what's the total mix of capacities between ICE and EV. So, a substantial amount of investment will come up towards creating EV capacity which we believe will be in the next three to four years around 20% to 30% of our portfolio as we've said, so that's on top of the 49,000 that's not in the 49,000. So, that's being planned on top and appropriate time we will share more details around what that total capacity number would look like. So, 49,000 doesn't include the new capacity coming up for the BEVs, does include the 400 capacity.

**Kapil Singh:** So, basically on ICE, do you have more white spaces to fill and you have the five door Thar also coming. So, just in terms of existing facilities, I was trying to understand what is the potential here and when do you need to kick in fresh CAPEX for new capacity?

**Rajesh Jejurikar:** At this point of time, for ICE we think 49,000 will be a good number. At this point of time, don't think we need more than that. It will have a reasonable amount of capacity for Thar. Most of the aggregate capacities of engines and so on also being ramped up as a part of this overall move. There are some things which we were not prepared for which we are doing now. Like we didn't think Scorpio Classic would get the kind of demand that it's getting. So, that was capped at its earlier level. So, that's been triggered that will kick in now. There's new capacity coming up for pick-ups, we haven't spoken a lot about pick-ups that's built into the CAPEX number as well. So, we are seeing a big upside in pick-ups with the new portfolio. So, all of that is by and large factored in. Needless to say that if we see the need for another round of increase in capacities, we will not hold back from doing that clearly the return on incremental investment on capacity addition is like very quick payback. Manoj had flashed a number on what we have spent beyond, what we said last time by way of capacity. That's a very small number for the incremental volume that it gives. So, we will not hold back, but right now it will be good to watch us, get to a number of 40,000 odd per month SUV before we really think of another one because we have to think at the pace at which the EV ICE transition will happen. As I've been saying, our belief is that our products will create market because they are very, very desirable products. And when people see them, they will want to own them. They will overcome multiple barriers that may be there, it's an amazing drive experience very, very tech and feature loaded, software defined vehicles with a whole bunch of things going in them and that will change the way people buy. So, we have to get this balance right and we have to watch for that.

**Anish Shah:** Kapil just to add to that. The one factor here also is that we're looking at launching five new Born electric SUVs. And we're ensuring that there's a very strong focus on that, we are on track for that right now in fact probably slightly ahead but it's a very important part of our journey. If that were not the case, we would be more aggressive on ICE. Because you're right, we could do more than 49, we could do 59 or 69 there will be global demand for these products. So, from that perspective, yes we could have looked at more whitespaces, et cetera. But big reason why we are not doing more of that is to make sure that electric really kicks off at a very, very strong pace.

**Kapil Singh:** Understood, that's quite helpful. Second question is on margins, when we go from say 34,000, 35,000 a month to, let's say, 30%, higher or 40% depending on where it goes, how should we think of the margins for the Auto business, directionally are there any negative factors here to keep in mind or generally operating leverage should kick-in from where we are today?

**Rajesh Jejurikar:** Yes, so Kapil. First, the one thing to keep in mind is, margins as a percentage will not be comparable once EVs come in. Because EVs will have a very different percentage margin structure apart from the unit margin structure so the one thing that all of us have to keep in mind is, once EVs come in, the margins are not going to be comparable to the past. So, that's just one thing that I want to put out, because the numerator denominator effect apart from everything else, because the taxation structure is different, and hence you are going to have different net revenue numbers, so the denominator is going to be very different. So, that's one thing that we have to keep in mind, as EVs start coming  the portfolio and margins will not be comparable. We personally believe that commodity price movement is a bigger determinant on what's happening to margins than necessarily operating leverage, because, when commodities go up and we see a lot of inflation like we have, that kind of tends to overwhelm anything else that you may be doing, because the effect of that margin not passed on as you call it on the inflation has a very big effect on the overall margin structure. So, in spite of everything that we've done to bring down cost, we're still not able to get to F19 margin just because the numerator denominator effect of the inflation we have seen through BS6, BS6.2 and the huge commodity inflation. So, we've had literally three years of inflation of a kind not seen before and in such an inflationary environment, you are not able to pass margin on top of the cost, you're just struggling to get your cost covered. So, that does have a very big impact on percentage margin, not so much on unit level margin, but definitely on percentage margin. So, if commodity is benign, operating leverage is going to have a very big impact on margin, let's put it that way.

**Kapil Singh:** Okay, great. Manoj, just one small clarification for Q4, we had very high increase in other expenses for Q4, so almost 40%, Y-o-Y growth. So, anything to call out there any one time or some key numbers?

**Manoj Bhat:** So, if you look at that increase, about half of it is variable. So, that's linked to kind of volume, so you can take that out, out of the balance, again half of it is related to certain Q4 kinds of charges, which come through, and this is something which will continue. So, I don't think you should look at it from a quarter perspective, you should build it more from a year perspective that's the correct way to look at it.

**Pramod Kumar:** Hi, Pramod from UBS. Congratulations again to the team. My first question is on the electric vehicle side, if you can just help us get update on the demand for XUV400, where are we on the capacity ramp up side there, because you clearly want to accelerate your plans on EV and how should one look at the potential investments which you might have to do given what's happening on the private equity side. And on the side note, if you can help us get an update on the BII rescheduling of the payment, the money was supposed to come in. It's got rescheduled if you were to believe the media reports, so if you can help us understand that first?

**Anish Shah:** The BII let me just take that first, things are on track. There was a certain schedule that was laid out. When the first time the announcement was made that wasn't fully captured the way so there was just an update to the Stock Exchange on that. But there's no delay in any form and it stays on track as we had planned it.

**Pramod Kumar :** And then on the demand update on XUV400, the performance, the customer feedback, anything which you want to share there?

**Rajesh Jejurikar:** So, we had orders of more than 20,000, we have sold about +3000 so far since we started deliveries in March, our customers who bought it are very happy with the product, especially the drive feel is excellent. There is feedback on the need to improve infotainment screen and interiors which all of you know, we will do that as we go along. Right now, by way of ramp up, our focus is on going slow because it's the first time we are doing electric vehicle of this kind, we want to go slow, make sure we stabilize quality. So, we're going slow, we expect to back end the supplies to the second half of the year. So, at the moment we are producing but for the next two, three, four months we want to stay at about 1000 odd a month and not ramp up very fast.

**Pramod Kumar:** Rajesh, any color as to by when do you expect to hit the 5K number there or any milestone you have, not the next few months where you want to stabilize the product.

**Rajesh Jejurikar:** When we had kind of announced the pricing we said we are aiming to do about 18,000 vehicles this year. And directionally would be there except to be back ended to the second half like I said, but that's the number we have in mind for this year.

**Pramod Kumar:** And electric BEV SUV pipeline remains intact, or we are going to be accelerating some of them with the additional investments what we are making on the EV side any plan to do that because the reason why I asked that is diesel is increasingly coming under regulatory, it's already under the regulatory microscope. But there's more scrutiny and you would have seen that some panel recommendation that they should be a ban on diesel cars and all of that. So, there's a lot of confusion. So, I'm just trying to understand, is there a need for us to accelerate our BEV switchover because of our diesel heavy portfolio?

**Rajesh Jejurikar:** Yes. So, on the panel recommendation, there was a clarification from the ministry that there is no view that they have on it yet and hence, it was nothing more than a recommendation which many panels made at this point of time. So, I wouldn't personally overreact to that panel report. And if something was to happen, I'm sure there'll be a timeline. We don't see anything happening in the immediate short run along those lines. The electric launch plans are on schedule, and we would start producing our first lot of Born Electrics towards the last quarter of next calendar year, for launches in early 2025, which is along the schedule that we had announced. One of your questions was there any change in our product plan based on the additional investment. So, Manoj partly spoke about that Pramod. But basically, when we put those numbers out in 2021, we didn't have a clearly laid out product roadmap. It was okay, we need to invest this kind of money in electric. After that we got into a sharper definition of, we're going to create a Inglo platform, this is what's going to be specked at, these are the top hats that were going to come on it. All of that, now when all of that is costed we have a new number, and that new number over F22 to 24 is what Manoj shared.

**Anish Shah:** And just to add to that. There are a few new product ideas that are coming in as well. We'll finalize what the delivery time line that there is. One was revealed in Hyderabad, which was a rally, which was in addition to the five products that we talked about earlier, there are one or two more that are coming in as well, that are being looked at. So, some of those costs will go in into scoping them, but we will have the launch dates for that at some point in the future when we're ready with it.

**Raghunandhan NL:** Hello sir, Raghu here from Nuvama. Sir, three questions firstly, on the tractor outlook side. How are you seeing the triggers or the positive catalysts ahead, over the past few months terms of trade is turning a bit favorable compared to what it was six months ago and run up to the government elections how do you see the positive impact there, so that's one. Two questions to Anish sir. One on the growth gem side, good to see that there is a profit of 330 crores, what would be the ROE there and which of the growth gems you see the ROE ramp up happening first towards that 18% range. And lastly, standalone business, net cash position is pretty strong. And dividends are still, payout is still around 25% so how do you see the rewarding of shareholder part because that is also trigger to the ROE, so what is your thoughts on the dividend policy. Thank you, sir.

**Rajesh Jejurikar:** So, terms of trade for tractors, yes has improved. Positive enablers are good reservoir levels, good rabi crop, and terms of trade, we expect government spending to go up in rural India. Yes, all of these are positive. Right now, the mood on monsoon also seems to be positive and like I covered in my slide EL Nino doesn't really, is not really correlated to either rainfall deficit too much, or definitely not to tractor demands. All of these are positive, at this point of time, we still are saying that we would expect the industry to grow at low single digits for F24. As many of you track the industry know that you can't read too much right now into April and May number because last year had two Navratra's which is uncommon. So, basically, this year's Navratra, moved to March. So, last year actually had two Navratra's. So, you can't compare April of this year with April of last year, because last year, April had Navratra, this year April didn't. That is an industry size shift of 20,000, approximately. So, it's quite a large industry size shift that happens with a shift of Navratra, it's a very big buying season in a large part of North India. So, obviously we all know that tractor demand has to be watched closely, many, many positive enablers. But given the uncertainty and volatility of this market, we're still maintaining low single digit for the year, but we'll update that by the time we come to July.

**Anish Shah:** So, to answer the other questions, the way we're thinking about it is first, you want to be able to maintain an 18% ROE across the portfolio. And we've gotten there, in fact as I said earlier, much faster than we expected as well. Once we've gotten there, and that's a question we have for our investors, and we'd love your feedback as well, in various meetings we have is, what would our investors like beyond that, would they like a 21% or 25% ROE or would they rather have the growth that we can deliver, because we are in a position today to build some very strong businesses, look at Holidays for example. We've delivered the best family vacation experience that anyone else can deliver in India today. We've got a business which has 480,000 members and consistently has been able to deliver that across 100 resorts in India. How can we grow that business because what we are doing right now is addressing a miniscule part of the total demand that's out there. So, we've got a model that is based on delivering vacations for families, which not many others are doing today. Most of them are on business travel, or looking at hotels in cities. But this model that we have can grow multi fold. We talk about 5x and even in discussions at the Board, one of our Board members said, look it's good to have 5x here, but aren't you limiting the growth of this business if you put 5x. Why are we not thinking of 10x or higher. Similarly, if you look at Logistics, we have got a very strong business today. And there we can deliver, again 5 to 10x growth in the next decade, build much stronger one of India's leading logistics companies. In Real Estate leveraging the Mahindra brand, there's so much more we can do. We haven't done that right now. So, our focus right now is to take each of these growth gems and make them core businesses, all of them have to get to a 15% to 18% ROE I'm not saying 15 today to dilute the number we had, the group level is 18% what I've always maintained is if a business is growing at 35%, we will be very happy with a 12% to 15% ROE for that business in the short run right now. Once it grows, it will deliver ROE as well because once you have scale, much easier to deliver returns at that point in time. So, we're looking at it as a portfolio approach what we want to do is built very strong businesses across all the key sectors in India. And that's our primary focus and therefore, today the businesses will not be at 15% or 18% my question to them is not how fast are you going to reach 18%, my question to them is how fast are you going to get to 5x. And as you get to 5x then we start talking about getting to 18% after that.

**Raghunandhan NL:** Thank you, sir. On the dividend side, any thoughts?

**Anish Shah:** Yes. Dividends again, we debated that. And we've grown the dividend 40% right now. But our profits have grown higher than 40%, which is where the question comes in. And where we are today is we've got huge potential across a large number of businesses to invest in and drive scale. In both Auto and Farm, we will go global in a much bigger way, you got the ability to do that I spoke a little about that earlier as well. In farm, we got farm machinery as a major area of focus, where we will invest more, in some of our growth gems, we will invest more as well. So, we've got a business today with great opportunities to invest, we will maintain the fiscal discipline. So, there's a very, very high bar on investment. We keep getting lots of new ideas outside our core focus areas. And a quick answer to all of them is no, we're not interested in doing that. So, we are not going to use the cash to go and sort of get into five new areas and start looking at various different things that we're not going to do. And if we find something really compelling, maybe one more area, we'll do that. But that has to be really compelling. But the most important focus is on where we are today. And the opportunity we have today to scale our businesses. And that's what we want to invest in. So, a message I would actually send with that is, we have got great opportunities to invest in which is why we are not giving more dividend, we will actually create more value for our shareholders. And that's what we want to do.

**Kumar Rakesh:** I'm Kumar Rakesh from BNP Paribas. My first question was on the tractor business. So, it has been impressive that you have expanded your market share in that segment, which has been very difficult to increase historically. So, first part of my question is that, what is driving this market share what is helping you and typically we have seen when the tractor industry goes into a down cycle Mahindra loses market share, because there's higher demand for lower horsepower tractors where  market share for Mahindra is lower, but you are confident of further expanding market share going forward wherever the cycle be so, what is driving that confidence?

**Rajesh Jejurikar:** Rakesh, firstly thanks for acknowledging the tractor market share gain performance. Some key enablers to what happened so far and on the Mahindra tractor brand side, which is farm division as we call it, the Yuvo Tech is a product which has done very well and got a significant momentum and that's had helped add a lot of market share. On the Swaraj side, again no new, major new product launch but just a lot of work around channel and efficiency and throughput, which has got us share. So, the two drivers have been Yuvo Tech for the farm division and Swaraj is doing more of what they were doing. What gives us confidence that we will build share is, adding new products and segments in which we are not there. So, firstly Swaraj, the whole new upgrade is a very significant upgrade. We will back it up with significant marketing actions as well to support the whole transition to the new Swaraj. So, that becomes will give us upside we are very confident, very good product which will be aggressively marketed you'll see more of that after August, September. The entry into lightweight both in India for the Mahindra brand with OJA and the Swaraj light weight brand which we will share more on 2nd June, that market is roughly 50,000 to 60,000 tractors per year at the moment in that horsepower range. And our share in that is below our national average. So, we would see with these product launches an upside coming in, in that as well. So, that is something that will happen. I am not sure on your point on low price tractors necessarily gaining share in a downturn. Low price tractors are at a level at which they will by and large be they have made momentum up to a certain point. It's not that easy to manage channel, money, cash flows, credit periods, all of that for subscale brands if they want to go national. as you all know very difficult market you need consistency in channel, good through put, good service levels for products to establish. And farmers know that by now they don't want to buy one time cheap tractor which they are stuck with problems for a long period of time. There may be a little bit of variation around that but I don't think that market shares move significantly because of that. So, we believe that with right product and everything else that we're doing on building our brand and channel, we will gain market share as we go forward even from where we are now.

**Kumar Rakesh:** Thanks a lot for that. And the second question was for Anish, it has been an impressive work for all the group companies that you have turned around, but Tech Mahindra remains one of the company where you would agree that a lot of work is still left to be done. And you're targeting 300 basis point margin expansion, any timeline which you could give and also with the new CEO coming in. This is an industry where growth is the largest driver for margin expansion and Manoj also talked about that demand is challenged in that industry right now. So, what gives you the confidence on driving this margin expansion?

**Anish Shah:** First, on timeline, I will let the new CEO set the timeline for it, we set the target for the new CEO before the person's come in. So, it will be fair for us to sort of give him the time to set the time line, all I can say it's not going to be too long, because our patience wears out when it becomes too long. And what the second part of the question, I would actually first give a lot of credit to the business and the team that's built it because there are lots of pluses in this business. It has very high degree of customer centricity, a very high degree of agility. And we talk to various customers in the industry that's something that is appreciated. And the team also does acknowledge that what has got us here will not take us to the next phase. Therefore, as we go to the next phase, it does require a little more standardization. It does require, today we will customize everything for everyone. And that's what impacts margins. That's what drives growth, but that would impact margins as well. As we start standardizing more, we start improving margins and for our next phase, we need to be able to standardize it and be able to deliver at a high level. So, the entire team actually is in sync with that to say that we've done well to come to where we are today. But we need something else for the next phase. And that's going to be a direct impact on margins. And there is a very clear view on what needs to be done, that is very clear.

**Sriram Ramachandran:** Thanks Rakesh. I'll take couple of questions from the participants online. This is from Jinesh Gandhi of Motilal Oswal, this is on tractors. What would be the size of market in India and the lightweight tractor segment where Swaraj and OJA products are going to be launched. And a couple of other clarificatory questions on what was the benefit of commodity cost depletion in FES in 4Q, do you expect any significant benefit from commodity prices going forward. And the last question was on the revenues of agri equipment business in FY23?

**Rajesh Jejurikar:** Sriram, Jinesh the first question we have just answered, which is 50 to 60,000 tractors per year in the lightweight segment. And our market share is below our national market share. So, that's the first question. On the second question, my understanding is Q3 to Q4 Rajeev just confirm that's the input I have is sequentially no change. We haven't got a commodity benefiting in Q4 over Q3. So, none of that is, the margin hasn't come out of commodity benefit from Q4 to Q3, especially on tractors. Mainly because rubber hasn't gone down in Q4, which is a key part, sheet metal is not such a big thing in tractors anyway. So, Q3 to Q4, has been flat commodity. At this point of time in Q1 we do see some inflation over Q4, it's not to us going down over Q4. And the third question was on?

**Sriram Ramachandran:** Farm machinery, revenue from farm machinery?

**Rajesh Jejurikar:** Farm machinery revenue in F23 was 600 crores in M&M and we have a subsidiary company called Mitra which is now fully ours. They make sprayers which is another 50 crores, 650 crore and we would look at least 40%, 50% growth from there.

**Sriram Ramachandran:** Okay. The next question is from Gunjan Prithyani of Bank of America. Can you give us more color on Auto CAPEX, capacity related CAPEX was announced earlier so what is Rs.16 billion increased pertain to?

**Manoj Bhat:** Rajesh you did answer the question in the course of one of the other answers basically that we are looking at even on the ICE side, which is regulatory changes and capacity increases as and when we see markets move. So, that's the short answer but if you want to add some color.

**Rajesh Jejurikar:** So, can you just clarify the question: So, what it was announced earlier, but what is that now?

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**Sriram Ramachandran:** Earlier last year, we said that capacity related to CAPEX was announced earlier. So, whatever increase last year we announced we said it is because of the capacity increases, now she is asking that 16 billion increase what does it pertain to?

**Rajesh Jejurikar:** See we are talking of the same cycle, we are talking about the F22 to F24 cycle. So, to my understanding, we are within what we had said earlier. So, we've said we are going to take a certain amount of capacity increase a year back, and we are within 'F22 to '24. Some of that has been spent and some of that will come in F24 broadly, that's my...

**Manoj Bhat:** No, Rajesh question is, we said 49,000 capacity increase, and maybe a month or two before we gave the 15,075 number. So, that incremental 1600 crores, which we are showing right now, one part of the question to interpret is, is this part of the 49,000 increase or is it something else?

**Rajesh Jejurikar:** It's part of the 49,000 increase, but also pick-ups and other products. So, it's not just the SUVs?

**Management:** And is there anything else apart from capacity, there are two parts.

**Rajesh Jejurikar:** The other thing that was the whole six airbag transition, and other regulatory things is all built in .

**Sriram Ramachandran:** Okay. So, the next question is, are all the investment in group companies related write offs now behind or anything pending?

**Anish Shah:** So, we've completed everything that we had to do from an exit standpoint, there are two turnarounds that are pending, which is Automobili Pininfarina and MANA. And related to that there may be some minor impairment that may come in as a result of it, but that's very minor at this point in time. And anything else that you want to add to that Manoj? Just to clarify MANA is ROXOR , which is Mahindra North America, that is not the tractor business.

**Manoj Bhat:** So, two things to clarify, the way we are taking we are taking a very conservative view, for example in APF whatever investment we are doing, we are carrying it at zero value. So, it does hit the bottom line from an EI perspective. And that's an accounting treatment, we have chosen till we see a real good clarity on where APF lands up. So, that might be part of EI, if that is the kind of question we have, or the second element is, as Anish said, we have looked at all the major entities and quite a few activities which have happened in the last two years. And at this point in time, of course we believe that most of them, there is a true reflection of value. So, we took the MTBD call in quarter three. So, a bulk of whatever we need to do is out of the balance sheet. Besides that, of course we have always said that there is going to be a continuous evaluation. So, that's something which will continue, if market conditions change, that's a different story. But at this point, that's where we are.

**Anish Shah:** So, the exits are all done, but the other clarification also is everything in the group company line is not an impairment, because there are investments for growth businesses as well. So, for example in this three-year cycle F22 to F24. That includes an investment for Susten, as we build a couple of plants, that investment is included there. Now, as OTPP comes in, money goes into Mahindra holdings at this point in time now, we may choose to bring some of it back as dividend, but that is reflected in the investment column right now. So, as we invest in some of our group companies to build our growth gems, you will see that number on that line.

**Amyn Pirani:** This is Amyn Pirani, from JP Morgan. Most of the questions have already been asked, but so some-one view on commodity inflation if you have a view as to how the next six to nine months are looking, and one slightly larger question is that, in the last three years we've seen favorable outcomes on all the capital allocation decisions, and we've seen a significant improvement on the operating metrics. On the next 12 to 18 month point of view, what are the risks in your view or what are the things that worry you, that may either slow down the progress what you have planned or what are the things that we should keep in mind when you think of the next 12 to 18 months.

**Anish Shah:** Amyn, great set of questions first and on commodity inflation, a lot depends on recession across the world. The US keeps talking about recession, maybe it's talking itself into a recession as well and if that does happen, then we will obviously see benign commodity prices. The China bounce back effect has not been very high so we have not seen a significant uptick in commodity as a result of that. So, at present while anyone's guess here is as good as ours, probably say that it's going to be more of the same. Unless we see a much greater recession coming in into the US and Europe, in which case will be lower, I don't see too many signs for it to go back up. But again, in the world that we live in today we never know, that goes back to the second part of your question. What worries us is what we don't know today. And what could happen tomorrow, if China attacks Taiwan, it is a worry. There may be other things that we may not have foreseen right now, what we've done is to try and build a very strong business that is resilient, we've gone through a number of issues around semiconductors and the team actually has, I would commend them for that has done a very good job in finding various solutions to it, ensuring there are backups to backups as well. And that has strengthened the business. What we also have done is put a very strong fiscal discipline in place, which is not going to go away. And that's something that we're very conscious of, it's easy sometimes to get complacent on great results, we've grown profits 3x now we can go and spend. Sorry, that's not happening. And the operating part is also driven by operating discipline. There was a question earlier on cost that Kapil had asked, at corporate, our costs are flat for the last four years. As a principle, they are going to be flat every year. For 10% productivity, this is despite a 10% increase in salaries for everyone. That's operating discipline and that's without laying off anyone. That's not what we plan to do, that's not what we're doing. That operating discipline comes into play and therefore we've kept cost flat at F20 levels, which makes budgeting very simple because everyone's budget is the same as last year. And if you spend less, it's okay, you still keep your same budget as last year, because you've spent less that's a plus, in which case you're allowed to spend more than what you spent last year. So, that's the approach we're using and that's where the operating discipline has come into the metrics that you've seen. And that's something across our businesses. So, that gives us confidence that we've got a strong set of businesses and therefore there isn't something that I would say that directly worries us that we're seeing right now. So, what worries us is what we don't see.

**Ashwani Kumar:** This is Ashwani from 3P Investments. My question was, what is the key to success in global expansion, in tractors and SUVs both, where is the edge, cost is one, but in terms of design software, particularly on the SUVs and second, can you elaborate on rural strategy on the SUV side, whatever we see looks like more of urban, can you help us understand the rural element of it, rural or second tier towns?

**Anish Shah:** So, I'll give you a higher level on keys to success globally and then will request Rajesh to go through some of the details on that. We've gone global in many areas, and some have worked and some have not. Maybe you could also say that many have not and therefore the key to global success is first focus. Because we can't go global without a very sharp focus in terms of where we are going. And therefore, even our approach to global is now a phase wise approach. We have to be local in those markets, we have to understand those markets very well. You got to be ready to be able to put in and build scale in those markets, it's no point playing in a market if you are going to get a 5% market share. So, our philosophy is everything we do, we will do very well otherwise, we will not do it. If you're going to play in markets, you got to target a 15%, 20% market share and be able to go and play. And therefore, focus is the most important factor. If you can do that well, we will win. Brazil is a classic example for tractors right now. We've gone to a 5% to 6% market share in a short period of time. And we've run out of capacity, we are building more capacity there but we are targeting a 15% to 20% market share there. We're focusing on that market; we're not going after ten different markets in tractors. So, that to me is the biggest factor, but the more granular parts Rajesh over to you.

**Rajesh Jejurikar:** So, just, Ashwani to break up your question into the separate Auto and FES. On the Auto side phase one is really to say existing markets where we already have a presence in South Africa, Australia, New Zealand, Chile, so on and so forth North Africa. The whole bunch of products that we've launched here we actually haven't, or just starting to introduce there so there's an automatic upside that is going to come in phase one out of introducing XUV700, Scorpio N and even XUV300 hasn't been introduced in many markets yet. So, left hand drive version of that is ready. So, all of that is getting phase one out which put existing new products into existing markets. So, that's the phase one, the phase two is around using the born electric portfolio that we are creating and like Anish said take one market say UK because we are right hand drive ready. We believe that, global category product, the global category tech. And we will take on our say right hand drive market like UK and some other advanced Western world, right hand drive markets in the next phase. And then the third phase, which may be like six, seven years later, or five, six years later, once we have gone through this process of phase one. and phase two is then to create electric left hand drive markets products as well for Western Europe and some of these other countries. So, it's a calibrated approach, we think with electric is far easier to build new brands, many electric brands are very new. And electric creates a new paradigm for you to go and succeed in areas where you know you haven't been there before. So, that's on the Auto side. On the FES side Anish already spoke about Brazil, so not elaborating on that. But if we kind of take a bunch of markets where we already have presence is Brazil, there's Africa, there is Turkey where we have a presence through Erkunt, there's an opportunity to grow in each of these, we think we're going to get a lot of growth in North America, with the we may not call it OJA in North America, but with the whole K2 platform. And ASEAN is a market we haven't had the right product for, so again K2 platform is a product for ASEAN markets. So, the new market that will create for tractors where we try and focus on is ASEAN, because K2 platform will give us that but like Anish said, it's going to be a very, very focused and calibrated approach to creating new markets. So, that's broadly how we're looking at international.

**Ashwani Kumar:** In terms of utility vehicles for Indian market, urban versus rural?

**Rajesh Jejurikar:** Yes, that was your second question. So, I'm just going to clarify your question. If you look at our 35,000 odd that we are selling, we still sell 9000 of Bolero and Neo, which is largely rural and semi urban. We still sell +4000 and demand is higher of Scorpio Classic, largely urban and semi urban, half of the 300 is in semi urban. So, that's another three, so if you take basically 9000 plus 4000 plus 3000 more than 40% of our product is very rural focused. 50% of our SUVs today are still the rural semi urban but I am just categorizing for you even Thar is not completely an urban product, there is at least 30%, 40% of Thar, which is in semi urban rural. I think we have to change our paradigm of who the rural customer is. And that's a very important thing to understand, the rural customer doesn't want to buy, there are enough rural customers who want to buy advanced technology, high end products, they have money power more than what we can imagine and they do want right products. So, there are those who want just rugged workhorse which is what the segment Bolero serves. But there are many who want the Scorpio Classic, the Scorpio N and all of these. So, we're doing a very good mix in our portfolio managing for rural customers and urban customers.

**Ashwani Kumar:** Just one more thing, in terms of electric vehicles, where is the differentiation going to come from for your kind of products for the utility vehicles. I don't mean to do because in mechanical products you can make out fuel efficiency, lower maintenance, it's easy to differentiate, what is the customer seeing, what is the feedback which you're receiving now, let's say if you have seen other products where are you going to differentiate and is it easy, it is easy for you but is it easy for the customer to differentiate those aspects?

**Rajesh Jejurikar:** It's a good question. I don't know if you've had a chance to see any of our products in person and if you at the Hyderabad event were you?

**Ashwani Kumar:** I was not there

**Rajesh Jejurikar:** Okay. So, you may see all the visuals but some of your colleagues here who were at Hyderabad and if you kind of talk to them, the presence of the products is very significant, they have a very strong road presence. So, we think combination of design, road presence, and the tech interface that we're creating is going to be what we've done in a way the formula for 700, which is super premium feature tech offering at affordable prices, is really what will be the strategy for born electric.

**Anish Shah:** Just to respect everyone's time, we will take two final questions.

**Harneel Desai:** Hi, my name is Harneel Desai and I'm coming from Care rating so recently around the world the next big thing after EV is the use of, or the invent of renewable fuel that is hydrogen based fuel or ethanol based fuel. So, I just wanted to understand if Mahindra is looking into that, or has any kind of R&D or some CAPEX plan into that?

**Rajesh Jejurikar:** I'll take that, so on hydrogen right now we're not doing anything, we think that's going to take a while for that technology to come into mainstream. And it'll probably first come in through trucks in that segment. So, at the moment, we're not doing any work on hydrogen. We're doing work on blended fuels, and ethanol blended and all of that. So, our vehicles will be ready for that whenever or as per the timeline that's laid out?

**Anish Shah:** And also hydrogen, beyond technology in the car, how do you get that to the consumer. EVs today is much simpler, because electricity transmission, electricity distribution, even generation is all set. And therefore, all you need is a plug and you can plug in the car, and then and it works. It's difficult for hydrogen, because all of those things need to be put in place. And that will take a very long time.

**Priya Ranjan:** Hi, this is Priya Ranjan from HDFC AMC. So, just two question one is on the overall CAPEX, how much you are spending on the R&D side. And if you can call out that number, and in terms of percentage or whatever. And the second is, after many quarters we have seen overseas subsidiaries, of farm equipment has made some losses it's very small loss, but still there is a loss so, is there something to worry about in near term. What I'm doing is actually consol minus standalone for farm equipment business it's a PBT loss.

**Manoj Bhat:** Let me take a shot at it. In Turkey,so what we did during the quarter, so there is something called hyperinflation accounting. So, Turkey has crossed that 100% inflation rate over three years. So, under IndAS, there is a provision that whenever that happens in a subsidiary, you actually have to the impact of what is called hyperinflation accounting, so there's a 120-crore charge, which has come through, which will be in the farm consol numbers. So, that's what probably you are referring to.

**Rajesh Jejurikar:** It's a full year charge taken now. So, it's not a quarter impact, it's a full year impact of F23 of 120 crores which we've had to take in Quarter 4, which is basically adjusting all costs to the current level of market price, and not the level at which you incurred the cost. So, we had to take that impact for the full year that is 120 crores. That's probably what is, what you're referring to. But Rajeev, you want to clarify, it's only that right?

**Rajeev Goyal:** Yes.

**Manoj Bhat:** And, just to add that is not an operational charge, it is like an accounting entry, which is coming in the numbers. So, if you look at the operational numbers of Turkey, it will be very different, it will be 120 crore better.

**Anish Shah:** There's an accounting standard around it, which is not generally used because we don't see hyperinflation situations usually. So, effectively, whatever the profits were of that business have been reduced by 120 crores is based on this accounting standard saying you got to revalue all of the raw materials for the last year at a certain level and so on. So, it's not a operations charge as Manoj said, it's just more an accounting thing right now, and it possibly may come back as well which will depend on sort of how the inflation numbers go.

**Priya Ranjan:** Just on the R&D part, overall investment what is the?

**Manoj Bhat:** We actually don't share the breakup of how much is our R&D centers spent so, but what we try and do is try to give you visibility at an overall level, through the CAPEX numbers, that's probably the best model for us instead of being very granular about it. And that's what we'll stay with.

**Anish Shah:** So, thank you, everyone. In conclusion, I would just say that, expect us to maintain the fiscal discipline that we've had. Expect us to look at growth in a significant way to build on the foundation that we built right now. And expect us to deliver on the commitments we've made. Thank you.

**Management:** Thank you.