



“Mahindra & Mahindra Limited Q4 FY26 Analyst
Meet”

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Ms. Divya Gulati:

Welcome to the Quarter 4 analyst meet of Mahindra and Mahindra Limited. For the main presentation today, we have with us:

- Dr. Anish Shah – Group CEO & MD
- Mr. Rajesh Jejurikar - ED and CEO, Auto and Farm Business,
- Mr. Amarjyoti Barua – Group CFO.

We will take your questions after the presentation concludes. For the purpose of completeness, I do wish to read this out. Certain statements in this meeting with regard to our future growth projects are forward-looking statements, which involve a number of risks and uncertainties that could cause the actual results to differ materially from those in these forward-looking statements. With that, I now hand over to Dr. Shah for his opening remarks.

Dr. Anish Shah:

Good afternoon. It's a pleasure having everyone here. Normally, I follow the principle that the better the results, the shorter the presentation, and you've seen that in the past. This time, we're actually going to go away from that principle. The results are, what I would at least consider as among the best that we've delivered, and we will leave you to judge them. But we felt it was important to talk a little more about some of the drivers and how we see the future as well. How we also see the current situation. How does the India story play out? What role does AI have in our journey? And we'll cover multiple topics today as we go through this presentation.

Let's start with our usual chart around numbers for the quarter and for the year. Profit after tax for Q4 is up 42%. And profit after tax for this fiscal year is up 35%. I will say that these are numbers far higher than what we had expected going into the year as well. And it has really been a very strong contribution from all of our businesses. All our businesses have really come together well to be able to deliver these numbers. And if at some point in time I would have mentioned to you that if Auto profit growth is 33% and Farm profit growth is 13% for the year, what number would you say for the Mahindra Group? I don't think any of us would have said 35% at that point in time. But with Auto at 33 and Farm at 13, Mahindra Group is still at 35% for the year.

Very strong performance from both Auto and Farm, both in terms of volume and margins. Auto volume up 19%, margin up 80 basis points. Farm even better, volume up 24%, margins up 150 basis points. But yes, Farm was dragged down by the international subsidiaries and we exited three of them. So the impairments for that is what reflects in the 13% number that I mentioned for Farm with regard to profit after tax growth.

But beyond Auto and Farm, this has been a breakthrough year or a transformational year for multiple businesses. Mahindra Finance has been on a very strong trajectory. A 60% profit growth year-over-year, if we exclude the provision release they had in the prior year. But beyond the numbers, asset quality has been achieved in terms of what we have talked about. And even with uncertainty in the 4th Quarter, we closed the 4th Quarter at GS3 of 3.41%.

Beyond asset quality, we have been talking about technology and data for some time. A large project called Udaan was not just completed but fully adopted in this fiscal year. A lot of focus on controls, a lot of focus on ensuring that every part of the business is working together to ensure it's stable. And now that we've got stability, we are pivoting to growth. And that's going to be the path forward for Mahindra Finance while maintaining stability.

Our Growth Gems collectively have increased profit by 50% year-over-year. And these are not small numbers now. They have to be larger. So if you look at the average of 35 with Auto at 33 and Farm at 13, others have to contribute in a meaningful way. TechM on a solid path, up 14% year-over-year. And multiple Growth Gems have shown huge momentum that goes beyond profits because profits is not the only metric for Growth Gems. It's really about how they start becoming much larger businesses.

And that's where aero structures, close to a billion dollars of orders in a little over a year. Our logistics business, very strong turnaround, very strong execution. I've stood up here in the past and said not very good execution in logistics. That has changed now. And that is putting the business on a very good trajectory to create value for our shareholders. Advanced technologies on a very solid path again. With the spend that the Indian Armed Forces has and the strengths that we have, we're starting to see that strength translate into numbers and meaningful numbers for us. And trucks and buses, with the SML acquisition completed, integrations going very well right now, we've gained market share marginally also at this point and very well poised for the future. So these are some examples. Other Growth Gems also have done well. If collectively

we are at 50% profit growth, we have to do well across multiple businesses. But these are ones that have really stood out in terms of transforming themselves this year.

So our standard charts for the quarter, revenue up 29%, profit up 42%. For the year, revenue up 25%, profit up 35%. And here are the key drivers. We talked about Growth Gems up 50%, Auto up 33%, Mahindra Finance 60%, TechM 14%, Farm 13%. And we had some sale of investments and that was a little higher this year and that's contributed to our profit growth as well. So that's the overall view across businesses right now.

Auto and Farm, while Rajesh will cover in detail, the key highlights are beyond volume and margin growth, EV penetration of 9.6% and it actually hit more than 10% for the last two months of the year. So we started to get into double digit EV penetration, a question I know that many of you have had over the past few quarters. Revenue market shares up 260 basis points. And some of you or all of you may have seen recent press that we were number one for the year in market share from a revenue standpoint for EVs, which again is something that I don't think anyone would have believed 3 years ago, possibly even a year ago. And that's something that our team has been able to accomplish and has driven off the back of some very strong products. LCV market share up 60 basis points, an area we don't talk about that much, but clearly a very important area from a profitability standpoint and a growth and execution standpoint.

On the Farm side, again, volume up, exports up, margins up, all of that's very good. You see the big number around impairments of 1,400 crores. Actually, you'll see that in one of our details that we will send out to you. But that impairment number is what's dragging Farm down. It's 36% growth year-over-year without impairments, and with impairments is up 13% year-over-year. Market share up again, Farm machinery up 32%. So very solid performance. We had to take action on businesses that were not performing. We have, but that's behind us now, and that will be a tailwind for the Farm businesses as we go forward.

Mahindra Finance: I'm just going to focus on one number here because we talked about everything else, and that is AUM growth. AUM growth is 12%. In a year where we started pivoting to growth late in the year, and we now hope to be able to drive that further, diversify further into mortgage, into SME, have fee income play a bigger role, and really create a stronger business where in rural and semi-urban we want to be the financial provider of choice. And that is a position that Mahindra Finance can occupy very well, is well poised to do, and that will put us on the map of having a very strong financial services business there.

TechM on track with what is promised for F27, and as we complete that, we'll outline the plan for the next few years. But at this point, all I will say on TechM is we're delivering what was promised.

And therefore, as we look at the chart that you've been very used to seeing, ROE is at 20%. Not for the first time, I think we hit that in one of the quarters in between, but this time it's for the full year, we're at 20%. But I'll make the same comments I've always made on this, which is our target is 18. We will fluctuate a little higher and lower than 18. Thankfully, we'll be on the higher side right now. We might be lower at some point as well as we invest more. But our focus is to maintain 18% ROE while driving growth. Growth is our key driver in addition to ROE.

And on the EPS growth side, we had promised 15 to 20% EPS growth in fiscal 21. And what we have achieved in the last five years is a 57% annualized EPS growth. Don't expect 57% for the next five years annualized EPS growth, but it's been a good path that we've had so far.

So looking ahead, and these are the pages we've sort of added to the presentation to just give a better picture of where we are and what you could expect going forward. I'll talk about the Indian economy. It is on a very strong footing. And this is a tailwind that I don't think has been fully understood as yet, and we'll talk about why we are very bullish on the Indian economy.

At the Mahindra Group, we have built resilience to deal with shocks. You've seen that over the last many years, you've seen that over the last few quarters. And even this quarter, where despite multiple challenges, despite supply chain problems, we managed to deliver a 42% profit growth year-over-year. And it wasn't as if last year's Q4 was a weak one, last year's Q4 was a strong one as well. But that's thanks to the resilience that we've built across the group. And we'll talk by business with some detail as to what are specific actions that have been taken from a resilience standpoint.

AI has started to deliver meaningful impact. We have deliberately stayed silent on this up to this point. We've done a lot of work on AI. And today we'll share some of the work that we've done and the results we are seeing and the kind of impact that we can see AI making for us. And we'll also share why our businesses are well-positioned to continue on their growth trajectory. And while I will joke that you shouldn't expect a 57% year-over-year growth, you should expect a strong year-over-year growth as we get into the next 5 years or the next decade as well.

So our theme is going to be Accelerate in Uncertainty. There is uncertainty. We don't expect that to go away. Hopefully it won't be as crazy as it has been over the past few months. But we're not expecting a scenario where things get back to where it was maybe a decade ago. I will digress for a minute to share some work we did to look at global shocks over the last 126 years.

The entire 20th century from 1900s to 2000, on average we saw a global shock every 10 or 11 years. You go from 2000 to 2020, on average we saw a global shock every 4 years or so. You go from 2020 to 2026, we had trouble fitting all of that on a chart that we did for a board because there were so many of them, every four months. So we don't expect uncertainty to go away, but we are best poised to take advantage of uncertainty. With the talent we have, and to me that's our biggest strength, our teams, with the foundation we have, with the strength of businesses we have, and yes, of course, the cash that we have, combination of all of those, and cash generation, puts us in a very strong position to take advantage of uncertainty and to be able to grow our businesses very meaningfully as we go forward. And that's the reason why our focus is not hunker down, but accelerate and go through the uncertainty with opportunities we see around us.

India, three primary growth drivers. Consumption: We are the youngest large economy, median age of 28.8 years. The US and China are around 39, Japan is around 49. We are going to add people to the workforce for the next 20 years. Per capita income is rising, consumption is growing. If you look at the number of households we have that are affluent and elite, as defined in certain income brackets, that is more than many large countries around the world, many large developed countries around the world.

Infrastructure: There's been a lot of effort on physical infrastructure. We've been building one airport a month for the last five years. We're putting 40 kilometers of roads every day for the last 5 to 7 years. We've doubled our highway capacity. We've tripled electrification of railways. And beyond the physical infrastructure, ports, of course, many, many other things there, our digital infrastructure is starting to really create huge efficiency for our businesses, and you've probably seen that across many businesses that you cover. And it's not just Aadhaar and UPI, there's a whole host of digital infrastructure that's come up that makes it much easier for us to do business. That's the strength that we have. We haven't fully tapped into that strength as yet.

And then economic reforms. We operate in 70% of India's GDP. And we're seeing the benefit of reforms, benefit of making it easier to do business across many of our companies. Again, not completely where we need to be, hopefully there will be more as we go forward. But it's making us more competitive and making us stand up to the world and say we can compete with you, not just in India but outside India as well.

You add to that the impact of FTAs. Nine major FTAs covering 38 countries. Two parts to it. One, a lot more competition for many industries in India. We've talked about that before as well. From the Auto standpoint, it doesn't matter. We've been competing with everyone in the world for the last 20 years. Some have gone away as well. We will continue to have more competition. For Auto, it was more about FTAs encouraging foreign makers to make in India as well, not just shut plants in India and send everything from outside. And we think the government did a very nice job in balancing that.

But the flip side of that is the opportunity. For us to be able to export to the UK, to EU, to many other countries around the world, and that's a huge opportunity that we have. For that our products need to be world class. Today they are. And with those products, we need to ensure we understand those markets very well and we have a solid plan to be able to go into those markets and really be able to add value. That's not just for us. That's for many companies around India. That is going to be the opportunity for India to be able to leverage the FTAs, for many of our companies to invest more in R&D, create more competitive products and go out to the world and compete there.

Therefore, with consumption infrastructure and reforms, with some impediment from inflation, which we will see over the next year at least, we are seeing a short-term greater increase in

commodity prices, which we think will settle down. But even as it settles down, we do expect there to be some inflation impact over the next year. At this point, at least in the numbers, India is one of the least impacted countries from an inflation standpoint. It's probably still early. We will start seeing some of that pick up. But accelerated by urgency for more reforms and the FTAs that I just talked about.

With that, if you look at India growing at... if you just take the low end of the range, which I would say is 6.4%, India will add 50% to its GDP in the next 5 years. It will go from 4.2 trillion to 6.6 trillion, more than 50%. And if India grows at 8%, which is what I would expect, India will go from 4.2 trillion to 7.1 trillion from a GDP standpoint. It will add 70 to 75% of its GDP in the next 5 years. That doesn't mean you come back and tell me you grew 57%. But that's the India story, and that's a very powerful story for companies in India.

We talked about resilience. And there have been lots of shocks in supply chain. And I know you read them every day and you keep looking at companies and saying, how are you managing your supply chain? Something else has happened here. We've learned a lot through COVID, and we've taken many of those lessons and gotten much better at being resilient in terms of something coming up someday. To the extent where... you know, for many days we were looking at 400 suppliers and monitoring the LPG stock every morning, which we never thought we'd be doing.

But our teams have looked at everything we buy. 1,06,000 crores of purchases. 1,00,000 parts, 40 commodities. We put that through multiple risks that we see, whether it's geopolitical, whether it's raw material risk, whether it's single supplier, tech disruption, logistics, regulatory, and came up with 82-part families and 9 commodities at a high risk. And for that, took multiple actions. Increasing inventory in many cases, localizing alternate suppliers, designed to reduce, creating an intelligence desk so we can act quicker on something that happens. And that has put us in a stronger place. I wouldn't say it's perfect. It never is going to be perfect in the world around us. But it puts us in a much stronger place to be able to react quickly to things. And you've seen us go through the year with the rare earths' disruption, with the semiconductor disruption, memory chips not available and close the year at such record levels. And that's thanks to our teams that have driven the resilience in supply chains.

A lot of words on the next three slides and our next four slides. And I won't cover all the words here. We will have this uploaded so you can look through it. But what we've basically done is outline what are the actions that every business has taken to fortify and what are the actions it's taken to grow in the uncertainty. And I will just highlight a couple of these over the next few pages.

The supply chain that you saw in Auto and Farm, in Farms exiting our international businesses, that's really one way for us to fortify as well and ensure that all our drags are taken away.

On Mahindra Finance, I do want to highlight that we're 99% secured. And that provides a lot of stability in addition to our actions on reducing GS3, improving asset quality. We've got a low exposure to CV and SME. We have secured buffer financing in case of any further shocks that we see. We've got a much tighter risk screen. We've cut out some parts of lending even now, despite a very strong GS3 number that we have today, and strengthened tech and controls.

Moving to the next page. Here across the businesses, it's just a set of actions that each business has taken to both fortify and drive growth. So again, we'll leave you to read them. I won't go through these in detail. But we just wanted to put this out here to say that every business is driving a very high level of resilience and positions itself to grow in uncertain times as well.

Let's talk about AI. There's been a lot of conversation on AI. And over the last 2 years, initially, we struggled on seeing what is the real benefit of AI. Yes, everyone talks about this is going to be the greatest thing ever and it's going to transform everything. But my question always was, so what does it really do? How does it improve revenue for us? How does it improve cost for us? How does it improve customer experience for us? Can we get it down to that level? Unless we can get it to that level, it's not real. And that's what our teams have done a lot of work on. This is the framework we've put in place.

The first thing is the aspiration and our aspiration for every business is to be a tech leader in that industry. If you're not a tech leader in the industry, you will not be a leader in the industry. And therefore, that is one aspiration that each of our business leaders have. For that, you have to understand AI and other aspects of technology; it's not just AI.

You need a strong foundation because it's very easy to say here are agents. Please go and

deploy the agents and you don't need to do anything else anymore. But agents need rules. It needs a foundation. It needs data in a certain way to be able to work. You can't just go and say here are 20 agents and I'm going to let them loose. It will create a lot more havoc than create value. And therefore, a foundation is essential and we spent a lot of time in many of our businesses creating that foundation from a system standpoint, a data standpoint that's required for AI. We're not complete as yet. So I don't want to leave you with the impression that our foundation is perfect across all businesses. That's still being done. In some places, it's very good. In some places, it requires more work.

And we've got three levels we look at in terms of using AI. First is what we call deploy. These are smaller things that have meaningful impact, but minor impact. Things that can be done by leaders in businesses, by process leaders. Things that potentially could be done in a week or two or three weeks. Not create a lot of change management issues. It's something that people who understand this can really go and deploy and use it.

The simplest example I share with each of our folks is it's like using Excel. Imagine a world without Excel. Let's say we took Excel away from everyone. What would your world look like? Productivity would go down dramatically. A lot of things that you do, effectively you do because of Excel. Your quality of work would go down dramatically. That's what AI is. In the simplest of terms, it's really not something super fancy. It is like a tool like Excel, maybe 10x of Excel. But as you use Excel, we tell our leaders and our process owners, use AI tools. They can do something better for you.

Second is transform. These are large projects. And these are projects that require a lot of change management. These are projects that have an impact on the customer., because if you have an interaction with the customer, that has to be perfect. You can't have an interaction with the customer where AI hallucinates or does something else. So that has to be tested well. That has to be bound in many ways. And a lot of work has to go into change management to make sure that everyone understands what that is and everything comes together to deliver the impact that it should.

At the same time, these can't be long duration projects. What we tell people is an AI project should be deployed in four weeks. You don't need more time to deploy an AI project. Change management and testing can go on longer. That depends on what the scope of that project is. If it's customer facing, it may take a few months. If it's not customer facing, we should get the pilot to deploy it completely in a much faster pace. And even then, it's a matter of months. It's not a matter of years for these transform projects.

Third is invent i.e. start with AI. Our life insurance business, for example, is looking at setting up all its processes AI first, before it even goes and hires a lot of people. What processes can we just do with AI and then have the entire business set up in that manner? There are other areas we're looking at also where we can look at inventing with AI. This is something we haven't done as yet. Just to be transparent on it, this is something that we've started work on, but we haven't achieved any results on 'Invent with AI' so far.

Our accelerators are our governance. And I'll talk a little more about governance. Partnerships that we have. The Mahindra.AI Academy that we're setting up or we have set up now. And what we call SWOT pods. Teams that come in with expertise to handle a transform project and make that happen faster.

We're focusing on four areas: Quality, experience reach and efficiency. Everyone talks about efficiency for AI. Jobs will go. You will become a lot more efficient. A lot more productive. Yes. There is some aspect of becoming productive and becoming efficient. But jobs won't go if you have all the other areas happening very well. And that's part of what we're doing is helping reskill folks, put them into other areas, driving quality experience reach with AI, and therefore, creating a much better set of outcomes, and that's going to be a key growth driver for each of our businesses as we go forward. And closely monitor the outcomes from a revenue standpoint, a cost standpoint, a customer experience standpoint.

Let's talk about deploy. And, again, we'll leave you to read this at leisure. But there are multiple examples. There are two main areas in deploy. One is, it saves time and effort. It automates repetitive tasks and frees up capacity. Excel. Exactly Excel. You could do everything that's on an Excel manually as well. It will just take you a lot longer to do it, but you could replicate everything you do. It improves quality in many cases. It enhances accuracy. It enhances consistency and decision making as well. Because if it can give you the right data in the right form, it can enhance that. And there are multiple examples that we've shown here used in

businesses, used by some of our functions and by individuals as well. As I use AI, it makes life simpler for each individual.

As an aside, you should try this. You're getting news from various sources. Go to Claude or one of the LLMs and just say, "Build an agent for me that goes and gets information from all these sources I go to and summarizes it in this form, and here are things I want to see", and it will simplify life for you significantly. So that's an example of individual deployment. Something you could possibly do in 5 or 10 minutes. And make life much easier in terms of what you do every day.

Transform is in the four areas I talked about. And what we've shown here is examples of some of our transform projects in Auto, Finance and Farm. Auto and Finance, many of them are deployed. Farm is early stage. Many of them have been started, not deployed as yet. A couple possibly even in the concept phase, but not deployed at this point. But quality has really improved, the quality of product or service. Experiences enhance customer and employee experiences. Reach is being able to reach out to a lot more customers.

For XUV 7XO, we used AI for a number of customers where we weren't quite sure how serious they were, etc. and we couldn't reach every customer. So AI had conversations with customers on WhatsApp and resulted in 17,000 test drives being booked just by using AI. We wouldn't have touched those customers otherwise. And that's pure incremental revenue. That's a real use case that drives incremental revenue, and we're still scratching the surface on that.

And efficiency is, obviously do more with that.

So one, I'd touch upon here is our paint shop. In painting, in welding, it's application in manufacturing where we use AI in creating more uptime for our plants because you can resolve problems faster, in creating less service time when customers come in with their cars, creating a customer delight and also freeing up more capacity for our dealers to be able to service customers. So, these are examples of AI in manufacturing, which is still, I'd say, early in the world. We haven't seen a lot of companies be able to use AI in manufacturing as effectively, but that's where our strength lies and we want to be able to do a lot more on that front. So, our focus is a lot more on the first three. Yes, to some extent on efficiency, which we will drive as well, but we want to get to be much better in our businesses. And not just auto, farm, finance, through real estate, we're using AI to create a better experience for customers when they get their flat delivered to them because AI can look at every single wall, every single part of the ceiling, find the smallest set of things that customers will find later and tell you, I had a small crack here, but you give me the flat with this crack here and we can take action even before we deliver the flat to the customers. That creates delight for the customer. Using AI in holidays business, using AI in our real estate business. So, across businesses we're looking at multiple applications here.

Some examples of transform products in auto, but beyond the examples, actually one I did not talk about is efficiency to drive better simulations. This is taking our product development time down by 10% and that's literally saving a few months. We can get a product faster to market and that means a few months faster revenue. For F27, what we are tracking is a delivery of 4,100 crores in terms of revenue, 2 to 3% points in terms of customer satisfaction, which is off a high base already, and 10% reduction in time for a new product development. So, these are some of the key metrics we are tracking. As I said, this is just scratching the surface. This is not full potential of AI. This is based on projects that we have in the pipeline right now. And we are tracking it closely. We have our CFOs join some of our meetings on AI as well to say, do you agree with these numbers? Are these going into your plan? And if they are, then they're real. If they're not going into your plan, then they're not real numbers.

Similarly, Mahindra Finance, again, lots of examples here. I'm just going to focus on the last line. For this year, we expect to have 10,000 crore more of disbursements because of AI. 20% increase in thin file conversions, 80% Agentic operations. One example here is our central processing center, one of our transform projects. Typically, you got to verify every document the customer sends you. There can be sometimes 20, 30, 40 elements of data in those documents. If you've got land holdings that you need to verify in certain cases, Aadhaar number, PAN number, a whole host of data. Typically, it would take a person 40 minutes to go through all of them, and in many cases, you'd have some errors. You'd have certain reject rates, et cetera. We have AI doing that now in 7 minutes. It's a huge time-saving. We want to get to is AI doing that in less than a minute and delivering it directly on the phone where a salesperson's sitting with the customer and saying, yes, all your documents have been seen, everything's set, or I need this document more. I'll just upload it, yes, you're done now, and that changes the

game from a customer standpoint significantly. That improves risk from a Mahindra Finance standpoint where documents are verified, fraud is lower, and that enhances revenue as well because if you get this kind of a service, a customer's going to take the loan with you versus try to go somewhere else and do other things. So that's one example there, and then in servicing and collection, 60% do-it-yourself servicing, 75% assisted live contract collections. This is everything we're planning for F27 outcomes right now, and a number of projects are sort of underway to make this happen.

AI Invent, I talk about insurance. There are multiple things in auto, multiple in farm. I won't talk about that much right now because as I said, this is early stage for us. We haven't delivered results in this as yet. When we do deliver results, we'll come back and talk more about AI Invent.

Governance, I will talk about because this is very important for us. Ethical, responsible, and secure are the three main things we drive. We've got processes in place at the central level, at every business level to ensure that we maintain a very high level of governance for AI. That comes first. The rest of it is fine if it doesn't happen. Governance has to drive everything from our standpoint.

Mahindra.AI Academy, this is for helping all our leaders and associates get trained in AI, to be able to use AI the way you use Excel today, to use AI in the same way as someone would use Excel. To me, that's the simplest way of saying, if you can do that, then that's when you learn really how to use AI. A lot of people ask, and we had a session with the press, and everyone asked, what is the investment you're making in AI? The good part is, the people who are setting up data centers are making the investment. The people who are setting up LLMs have made the investment. We are using it. And we are paying for use. And as we pay for use, we're actually finding that every project is self-financing in that sense. So, we're not looking at large numbers for investment. In case any of you had questions, I'm just pre-empting that question. This is essentially using AI, and we have to be able to show results very quickly in using AI. If it's going to take a large investment and results will come 3 years later, that's not the right AI project for us. What this also does is help reskill folks whose jobs may have been redundant from AI. Because we would very much like to be in a position where we don't have to let anyone go because their job is redundant for AI. We can use them in other growth areas that we have. We can train them in other ways, and we can rehire them back in some other part of the group because of the skills they have or the training that they've got after that.

So, with that, let me then pivot to what we see over the next 5 years. And much of this you would have seen at Investor Day. So yes, it is a repetition, and which is why I'm going to just brief through these pages very quickly. In some cases, it's probably a slightly higher number than you've seen, but largely it's similar. We have taken F20 to F31 as the time window, which is 5 years from now, and F20 instead of '21 because '21 was a COVID year, and everything would look great in respect to the COVID year, so we've taken F20. So, auto revenue we expect up 8 times, farm revenue up 3 times, which I think is slightly higher than what we had at Investor Day. TechM revenue up 1.5 to 2X, Mahindra Finance asset under management up 5X in this time period, hospitality room inventory up 5X, logistics revenue up 4X, residential pre-sales is a key number for residential up 14X in this time period as that business has grown very well and very significantly. I'll take a minute to talk about this business. Profit declared for this year is Rs. 298 crores, which is in fact multiples of the average profit for the last 10 years. And more important than that is, the business is promising that it will continue to deliver such high numbers for the next 5 years as well. And it's not sort of a one flash in the pan, and it goes away after that. And that is really the strength we're seeing in a real estate business right now. Susten asset portfolio up 5X. We can grow this more. We can grow this 10X, even 15X, and the business is ready to do it. This requires capital, which we're not willing to put at this point in time. And that's the reason why we're keeping the growth at 5X right now for Susten. Last Mile Mobility, 10X, Truck and Bus, 4X. And that's the kind of growth we have planned for the next few years.

And with that, let me welcome Rajesh to talk about Auto and Farm.

Mr. Rajesh Jejurikar:

Hi everyone, good to be with you and those online as well. So, I'll start with the farm business and look at Quarter 4. So, in the Quarter 4, you know, we grew our volumes by 36%, and we gained market share. The 43% for the year that you see, 43.6 is our highest ever tractor market share. And you'll see that on the next slide. So, this is the kind of market share gain we've made, including in the year F26. The farm machinery business has grown well over the last 2 or 3 years. We were struggling to get past 1,000 for a couple of years, but it's on a good track

now. And 1,354 is a good number, which is setting us up well for the future. The farm margins, you've already taken a look at this. So, this is Quarter 4.

Quarter 4 margins for core tractors were very strong at 20.4%. When you look at for the year, it was 20.8% core tractor margins. So again, as Anish said, very strong performance on margins on the tractor side. We show this chart to kind of say that our margins in tractors will operate within a band. There will be volatility on industry growth. And we do manage our margins within a band, typically of 18 to 21%, depending on what's happening to industry growth. So even when growths have been bad, we keep our margins at a level which is, you know, about 17.5, 18%. So, this is kind of giving you a historic view of that, and that's very relevant, I'm guessing, in the context of some of the questions or doubts you may have in your mind. We have two major product upgrades on the tractor side. You know, those of you who follow tractors closely, a transmission upgrade is a very... transmission is a very major part of the product. So, there's a completely new transmission that is coming out at Swaraj. It's called Pro Tek. So, this is really the start of the launch of Pro Tek. You see significant benefits here. Swaraj did not have an advanced transmission like this. The advantage with this transmission is it's modular. So, we are able to keep a basic base version in place, which hence does not need customers to pay extra money or what they have, but it modularly builds up features. So, we are able to kind of give a variety on the same base transmission.

The Mahindra tractor range is going through a major, it's literally an all-new platform now. We internally call it the H1 platform. It's been with us for a very long time. That plays in the 30 to 50 horsepower segment, which is really the bulk of the industry right now. Half of that is getting upgraded into the new product with significant additions. And backup torque has been a weakness of, if I may use that word, not the best product offering from a point of view of backup torque, which is very important as mechanization goes up in farming applications. So, this product range will now have the best in-class backup torque. It's, you know, any transition in tractors is not easy. Customers need time to get used to it. So, it's happening in a slow-phase manner. We've done 7 states so far, and we would, over the next 8 to 10 months, complete the remaining markets in this horsepower category. So, both the products, Swaraj and Mahindra, seeing a significant upgrade in the product offering.

We spoke, and Anish reinforced this. You know about it. We've taken action in areas which were not delivering the outcomes that we needed, or which were not going to derive strategic synergy as we were going forward. So, we have exited Sampo and Erkunt Foundry already in that stage of exit, and doing a voluntary liquidation for the Mitsubishi Ag Machinery business. So, 3 businesses which were, in a way, dragging the international business of farm, we've kind of taken the capital allocation calls and, you know, set in motion a process. And that, we believe, over the next 2 years, will again improve international business profitability.

The 3 markets that we will stay invested in, they're very strategic to us, which is the U.S. market, Brazil, and Turkey. They're all large markets from the segments in which we play. We have reasonable market share presence. All the 3 markets are seeing an industry slowdown, so which is impacting short-term profit. But hopefully, as the down cycle turns around, we will see volumes come back in these markets hopefully soon.

These are the, you've already seen these numbers, so I'm going to go fast through them. These are the consolidated numbers both for Quarter 4 and the full year. The tractors, we're talking about total new launches in F27 of 19, out of which 7 are all new and 12 are through new features. So, like I mentioned earlier, a significant upgrade in the overall portfolio on the tractor side.

Moving to auto, you saw the growth numbers. We finished the year at 19%. We had at the beginning of the year said it would be mid-to-high teens, and we've kind of delivered on that. We have done that by delivering growth in the revenue market share as well, and in the volume market share of LCVs. This captures what is in the previous slide, so I'm zipping through it.

We sold an average of 9,500 a month of 7XO, which was the maximum we were able to make at this point of time, and the response to the 7XO has been very, very strong, and of course, it's given us a significant growth over what we were doing on XUV700. So, it's been a very successful relaunch or refresh introduction. The Mahindra Electric operations, we believe, have been done very well. We've sold 55,000 vehicles since launch, going into the first full year of operations. Got several awards, you're aware of that. The 9S has sold 7,400 vehicles in the Quarter 4. The penetration, Anish spoke about that, was 9.6%, and you can see the volume market share at 31.4% in electric, which made us the number two player. The revenue market share, which really, the parameter that we use, we were number one through the year and in

Quarter 4, in spite of not being the largest volume player, and that, as you can see, in Quarter 4 was as high as 37.7%. In LCV, we've spoken, this is a trend, we've gained market share. A little bit of supply issues as a huge demand uptick happened post-GST drop. So, we've not seen the kind of share growth that we were seeing earlier. And that's something that we are fixing over the next couple of months.

We were the 5th largest exporter and only 37 units away from being number 4. That's not an area you typically associate with us, but many of the OEM 1, 2, 3, 4 that you see are all global brands. So, in a way, being close to number 4, we believe is a very, very strong sign of the opportunity that lies ahead for us to start building an international business.

The auto margin, this is standalone auto margin without the contract manufacturing of electric vehicles, was at 10.9%, which is a really strong margin performance. When you break this up, you see basically two subparts to it. The reported number is 9.5. What you see on the left is a 10.9 on the previous slide, which excludes the contract manufacturing. The contract manufacturing is a pass-through in a way, so we made only 19 crores on it, which is just 0.5% margin, which is what brings the 10.9 down to 9.5. We will continue to show this separately so you're able to appreciate the impact of electric as standalone from what we're doing on ICE.

Mahindra Electric as a company in Quarter 4 did PBIT of Rs. 227 crores. You add contract manufacturing, it's Rs. 245 crores, so a very strong performance, very strong EBITDA, but also a PBIT positive of a big number in the quarter. For the full year, the auto margin was at 10.4%. When you look at it broken up, it was 10.4 to 9.3. Similar chart as earlier, but for the full year. The EBITDA for the full year of EVs was 1,314 EBITDA, and was PBIT positive for the full year at Rs. 287 crores, including contract manufacturing.

We grew 15% on trucks and buses. Market share improved marginally. Lot of upsides. As you can see, we are the 3rd largest player in ILCV buses with 22.9% market share, and a narrowed gap with the number two.

Last Mile Mobility, we continued our number one position, doing very well, and a very successful launch of the UDO, which has got very good feedback, and we have built 7,500 vehicles within two months of launch.

Also, the auto consolidated financials, we grew PBIT of 50% in Quarter 4, PAT of 49, and for the full year, it was 33% PBIT, and 33% PAT.

This is a slide on which I'll spend a little bit of time, and we can come back again if you need in the Q&A. So, we exited F25 with a ICE capacity of 54,000, and EV capacity of 5,000. During the year, we went up to 56,500 of ICE, and EV of 8,000. That's what we announced when we launched the 9S. We've not been able to fully operationalize the 56,500 because of changes in mix, and which is basically constrained by the engines that we needed. So, though we had a 56,500, we were not able to fully get 56,500. So, that mix issue is being sorted out, and as we get to H1 exit, which is by September, October, 56,500 would have gone up to 60. 8 will remain at 8. As we come to the end of the year, this on top of the 60, we would have added 10,000, which is towards the launch of the NU_IQ, which will be for products that will get launched in F28. We will add another 4,000 of EV for the new EVs to get launched in F28. So, through F28 beginning, we would really have 60 plus 8 plus 14. So, that would be the total SUV capacity that we are building up during the course of this year.

The Nagpur plant is on track to get started in 2028 to middle. We're about completing the process of land acquisition, and we'll start preparing ourselves for a 2-year project execution.

A quick update on the product. So, LCVs we had last year, rather in May 2024, said we will launch 7 LCVs by 2030. We launched 4. 3 are remaining. We are updating that to additional 7 launches. So, basically, by F31, we are expecting 7 plus 3, 10 launches in LCVs. Some of them will come out of the NU platform on which we have Veero. Others will be updates and upgrades on the current pickup portfolio.

On the SUV side, we had said we will launch 9 and 7, 9 ICE and 7 BEVs. We've launched 5 and 4. Remaining are 4 and 3. Now, what we are saying is by F31, we'll have additional 6 and additional 3. So, by F31, we can expect 10 new ICE and 6 new BEVs. Few of them are going to come out of the NU_IQ platform, which you are already aware of and you've seen. There'll be ICE and EV versions of that. So, that's what makes it to 10 plus 6.

F27 Outlook, we are expecting tractor to be mid-single digit, around 5%. I'm sure you have a

lot of questions on that, which we'll take. On the SUV side, we are expecting mid-to-high teens. For us, that's not for the industry. And on the LCV, less than 3.5 ton, it's high single digits. So, that's broadly our outlook.

With that over to you, Amar. Thank you.

Mr. Amarjyoti Barua:

Thank you, Rajesh. So, to sum up, for the 4th quarter, that was our revenue grew 29%. That was contributed, 32% of that came from auto, 32% growth in auto revenue. 26% in farm. We also had the Growth Gems grow 30%. And Mahindra Finance grew 14%. That translated to a PAT growth of, as you know, pretty strong PAT growth during the quarter. We've got a very large increase in PAT from auto of 49%. Farm grew 1%. That was basically weighed down by the exit of the foundry, where we have taken a 400-crore charge. So, that's a one-time charge that completes our exit of foundry. And that should be the last you'll hear of any foundry-related costs. We also had very strong performance from TechM, 20% up in PAT. And the Growth Gems were up 94% year-over-year in terms of PAT. So, all of that has contributed to the year looking like this, 25% up in revenue and 35% up in PAT.

And this is a chart that we've been talking about for a while. What is really heartening to see is how the services part of the portfolio continues to grow in the overall contribution to the growth of PAT. Even if you exclude the CIE gain, that's more than 1,100 crores that was contributed by the services part of the portfolio, as we looked at that increase from around 13,000 crores to 17,099.

This is for standalone, 25% up in revenue for the year and 34% up in PAT. This 34% is excluding the 200 crores of gain we took on the land sales last year, which has a 2% impact if you remove that from the overall earnings. All of this PAT performance has also translated in very strong cash performance. So, you can see here, during the year, the overall net cash generation from the business was 16,000 crores, has added to our cash balance. After dividend, it's at 41,000 crores for the year, which is also one of the reasons why we have declared a 30% increase in dividend this year, also in line with profit growth, of course. And really, really happy with that performance also and how it's contributing back to the shareholders.

Just again, standalone to give you a view for the quarter, 25% up in revenue and 53% up in terms of PAT. I will point out that 53% is weighed down by the impairments we took last year that you'll recall. So, you add that back, it was still 22% up.

We hit on a lot of highlights. I want to emphasize again the great performance of the auto business and very specifically of the EV portfolio. Coming in at PBIT positive for the 4th quarter without any one-offs was something really, it's actually much ahead of where we were expecting it to be. It's contributed by mix, it's contributed by great execution, but that's something that we'll keep bringing visibility to because that's a question many of you have asked, how is the EV margin going to look versus ICE as we go through the years, right? So that gives you a fair idea today. It's roughly at around PBIT of 5 odd %, which is half of where the auto-wise portfolio is.

Okay, that's it, and we'll start with some Q&A.

Ms. Divya Gulati:

Just wait a minute, we'll start. Yeah, Chandru, you want to go first?

Mr. Chandru:

Sure, thanks. Thanks for taking my question. I have 3 questions.

So, the first one is just around SUV growth guidance. So, this is the 3rd successive year that we are guiding to mid-to-high teens SUV growth. This is a different year. Back half of the year will be up against a pretty heavy base. Also, there could be the risk of fuel price increases. There could be the risk of further product price increases the way commodity prices are moving. So just want to understand what the building blocks are of the SUV growth guidance expectation for this year?

The second one is just specific to supply chain, more specific on gas supplies and DRAMs. So, I think last quarter you'd mentioned that DRAMs, there was 3 to 4 months of visibility. I just want to understand how that's progressed through the quarter. And also, on gas, given that it's also a critical part of manufacturing, paint shops and so on, how sourcing on gas looks like for you?

And the last bit just is around commodity price inflation. Even April and May to date, we've had quite a fair degree of commodity price inflation. So, does that potentially imply your

openness to possibly pass some of that on in future quarters? I'll just pause there, thanks.

Dr. Anish Shah:

Okay, so I'll just start with the first one at a higher level, and then Rajesh will take that and the other two as well. The confidence comes from the demand that we've seen for our products. The fact that our capacity also hasn't been at the level we wanted to, even in the last couple of years, there were times we could have actually grown a little faster. We have put capacity in place, as we've shared earlier, we're putting more capacity in place right now as well. And it's a combination of all of that that gives us a high degree of confidence around that same mid-to-high teen number. But I'll let Rajesh sort of go through some of the more detailed aspects of it.

Mr. Rajesh Jejurikar:

Yeah, let me try and bring this alive for you by talking a little bit more around product. So, I just mentioned that we are selling XUV7XO at around 7,000 a month. We're clearly seeing that supply constraint at 9.5, and it can go up further. The response from the product has been very, very good. We've added 9S, I'm now just flipping to the EV side, which has added a clear new volume of 3,000, 4,000 plus. So, in a way, if you kind of take just these 2 products and I'll talk a little more around the others, you have at least 4,000 addition on 7XO over 700, you have 3,000 addition on the BEVs, right? So that becomes 7,000. Bolero, Bolero Neo was tracking at around 7,000 a month before we introduced the refreshes. The refreshes were in only 3 months of last year. You now get a 12-month impact of the refreshes, which now are at around 9 to 10,000 a month. Again, they're limited by demand, I mean by the supply because again we're not expecting that Bolero, Bolero Neo will and that there are common engines which are running across many of these stream of products, our pickups, Bolero, Bolero Neo. So, when I said we are constrained by engines, there are multiple sub-elements of parts which we are not fully ramped up for both pickups and Boleros to take off at the same time. Plus, we got the Indonesia order, so I'm just parking that as one new thing which came in which we are supplying to.

Thar 3Door and ROXX is also very strong. Scorpio-N is huge demand, Scorpio Classic we are at the top end. So, when we look at our portfolio, we do believe that capacity is a bigger constraint than demand right now and as we start incrementally increasing capacity, 3XO we are fully maxed out because we are doing well in exports, so we are not able to do more than a certain number in domestic at this point of time. So, even 3XO is doing very well. So, we believe that if you know the demands and come to your question on what happens if fuel prices go up and so on, but based on this build-up of what's happening on each of the products, we believe that 15 to 18% is not out of the realm of possibility, right. It does not mean that it will be 18 and it's like we've said on the chart as well that of course it assumes that at least the war does not escalate and it stays at some reasonable level of ceasefire. We think it's a function of, it's a matter of time before fuel prices do go up in the pumps unless things dramatically transform which is not going to happen, we know immediately.

But as we've said earlier a lot of our customers are not as fuel cost sensitive or fuel efficiency sensitive and when customers are buying products and 12 to 15 lakh upward price point, let's say 1000 rupee more fuel cost per month is not a reason to defer a product. I mean they already have crossed a certain barrier of how much money they are going to put in by way of EMI and then to say that okay the fuel is going to cost me 1000 rupees a month so let me not buy today is very unlikely with a large part of our customer set. I'm not saying it's for 100% of our customer set, but a large part of our customer set on SUVs are unlikely to defer because of fuel price going up.

On product price going up which is linked to the question on inflation, basically the less sub-4 meters corrected downward by 10%, the more than 4 meter corrected downward by 8%. So far, we have taken 1 plus 1.5, 1.6, so 2.6. There's still headroom, I'm not saying we will exercise that headroom, but there's still headroom to get back to pre-September prices. So, if that had not happened and we were going to see then inflationary impact on demand would have been much greater, but there is a headroom that has come out of GST and that gives some headroom to be able to take inflation driven price increases. We don't want to take it because then you are stuck on a high price and if commodity prices suddenly come down, which could happen depending on what happens to West Asia, then you are stuck on high prices beyond what you want. So it's a bit of a wait and watch right now how much to take based on reading of what may happen in the overall commodity market, how much of the commodity inflation is because of West Asia, how much is commodity inflation just out of market, if markets globally start slowing down, will commodity deflate a little bit from where we are. So, there are multiple factors at force here and we need to be a little cautious about not widely taking price increases, which is why we are calibrating and we took 1.6. Some of our competitors didn't take anything at all. So that's on the commodity price.

On the supply side, gas has been very difficult but has not caused any disruption. So, we have been able to manage for us and our supplier's availability of gas so far. Things have stabilized a lot in the last 2-3 weeks. It's much better than it was through March and parts of April. So, we are not hearing gas as a big disruptor. The big disruptor for us was manpower, first because of gas and then because of elections. So, we are hoping that manpower starts coming back now that elections are over. This is not for us; this is for our suppliers.

The DRAMs, we were anticipating this 3, 4 months back and we have got aggressively into contracting and buying long, long quantity, whatever we could. There is a huge inflationary impact in doing that. But we have focused on fortifying our supply so far and we will continue to even if there is an inflationary impact there.

Mr. Chandru: Thank you. And just one quick follow-up. So, I think over the past 5-6 years we've spoken about this target of 15%-20% EPS growth, 18% ROE. This year is possibly against a slightly higher base. So, just want to understand, depending on what all the volume drivers and factors are, does pricing represent a lever for us to sort of manage the business within this range irrespective of the base?

Dr. Anish Shah: So, I'll just clarify the range first is longer term view, not a view specifically for this year, so if I were to look at the next 5 years again, we'd be very comfortable in saying that we will grow 15%-20% a year for the next 5 years. It's possible one year may be slightly lower, one year may be slightly higher. It's also possible that all 5 years are higher, which we would hope as well. So, we're not looking at short term actions to meet that number. That's a number that's what we believe our underlying growth rate should be and what we feel good about in terms of underlying growth rate. But we would do not try to manage the quarterly number or the annual number to say 'it should, therefore, fall into this category'. And which is why price decisions are not for that short term period, price decisions are based on what we need to build that category long term. And which is where also I recall some of the early discussions we had starting with the XUV700 launch, which is why we're pricing at this level, when you make money at this level in terms of pricing. And then the response was we're pricing at that level because we want to build that category long term and we feel that's the right way to approach the market.

So, that's the same approach we're going to take. We're always going to take a longer term approach on what makes sense for the business. And the numbers will fall as they are.

Mr. Chandru: Thank you.

Ms. Divya Gulati: Thanks. Jay, you already have the mic.

Mr. Jay: Yeah. Thanks for taking my question. Congrats on a good set of results in such a challenging environment. My first question is, you know, if I just break down the BEV growth drivers into three aspects - one is, of course, that price differential between ICE and BEV, second is, of course, the operating cost led by fuel prices and, third is, of course, charging infrastructure. What according to you, from a consumer sentiment perspective, is the bigger driver of sustained demand? Because in the last 8 months we've seen one leg turning adverse, which is the differential between ICE and BEV prices, where now the expectation is that operating cost could turn positive. So, while you all have an added layer of an aspirational product driving demand but from a consumer sentiment, if you have to weight these categories, what is a bigger driver of demand for a sustainable growth?

Mr. Rajesh Jejurikar: Yeah, I just want to start, go back and pick the clock back to what we've spoken over the last 12-18 months before launching and after launching. And, of course, elements of what drives change and conversion evolve with time, you know. So, I'll tell you where we started, how we're seeing it now. So, just to reinforce what we said, EVs for us were not to be sold on economics but to be sold as lifestyle statements. That's where we started. While overcoming barriers, the barriers we had to overcome was range anxiety, the barriers we had to overcome was what happens to the life of the battery. These were two very big barriers. Part of the range anxiety got overcome because we were going into multi-car households and a 500-kilometre range was a big reassurance for a multi-car household, which is why we've seen demand skew significantly to 79 kilowatt hour over 59, which is where we often said that our assumption on how the market will play out and the weightage that customers give at that stage to 79 kilowatt hour because of the range was more than what we anticipated. So, I think that to us has been one of the very important factors for getting us early mover advantage.

What this has helped and which is why we didn't introduce the 59 for a while as well because

we wanted customers to experience the range and build word of mouth on the range. Today as we talk to customers and dealers, the one thing that they say is your range is established. Customers believe it when you say that it's 450-500. There's no dissonance on the number that you're putting out, which gives customers a lot of confidence. Now, we started talking about economics on the ground, not in advertising, but now our sales story has, 'this is the value that you save over a 3-year or a 5-year period', which would go for a heavy user as much as ₹7 lakhs. That's the kind of economic saving.

We ran a short ad, some of you may have seen around, T20 with Gul Panag, which was you can do Mumbai to Pune on the cost of a cup of coffee, which is actually true. I mean, that is in fact the cost of saving, right. So, the saving that customers are able to get, as we've seen usage situations across the country on multiple different routes. So, operating cost is playing out in now as customers are coming in and getting confidence in the rest of the story.

The barrier to charging, I think there are two parts to it. Within city usage, I don't think there is a worry about charging at all. For customers who are going out on longer trips in South, which is one of the big growth areas in the category, that barrier is almost gone. There are enough known apps, aggregators or knowledge that customers have on where to plan their charging stops. And we are setting up on key routes, our own fast chargers as well in very good areas where customers would stop. So, the charging infrastructure is coming up.

What's enabling the overall ecosystem is now there are multiple other EV products and every time there was a question around, 'what will competition do?', we've always said competition is actually going to help the category because it builds confidence, it builds word of mouth, it enables charging infrastructure to start becoming viable public charging infrastructure. So, competition is actually in the category growth, which was category penetration was 2% a year back, it's now 6%. We are at 9% plus or 10% plus now but the category penetration itself has grown from 2%-6.5%. And as that starts crossing 10% and 12%, you will see charging infrastructure come up much faster. Word of mouth, you know, helping.

So, I don't know if I fully answered your question, the price versus ICE for the products that we sell, which are all competing with more than 4-meter size products, primarily the ICE to EV parity still very, very strongly in favor of EV on road prices. So, it's actually an enabler. I don't know if you meant that as a dis-enabler because of GST but it's not affecting, the gap still is 40 to 5. So, you know, it's a very strong enabler still to be able to price EVs at a similar price to ICE. Did I answer your question?

Mr. Jay: No, it was just an intention to ask whether the expected fuel price increase could be an extremely strong tailwind for EV demand than earlier going forward?

Mr. Rajesh Jejurikar: Expected?

Mr. Jay: Fuel price increase.

Mr. Rajesh Jejurikar: Yeah, it will. So, I'm just coming back to the economic story, that story gets stronger. If the fuel prices were to go up further, so that story gets stronger.

Mr. Jay: And just an update on the memory chip issue. You know, are we behind that? Or is there anything that we could see in the coming months?

Mr. Rajesh Jejurikar: I don't think there is going to be a behind that on that, it just have to be stay ahead of that. That issue is not going to go away for a while because as we all know the memory chips are being driven into vast AI applications and that is not going to slow down for some point of time. So, it's really a question of building inventory or buying in the aftermarket. And we are aggressively buying in aftermarket to build inventory.

But I don't think the issue is going to get behind us for a while. It is like semiconductors who are 4 years back, where the huge demand because of COVID moving into certain applications. That's what's happening with memory chips right now. So, we just have to keep building inventory, even if it's at a higher cost.

Mr. Jai: Thanks.

Ms. Divya Gulati: Jay, just pass on to Nitij? Nitij, yeah. Binay, please proceed.

Mr. Binay: Okay. Just continuing on the EV side, could you share what was the PLI incentive you got this

quarter? And are you getting it now for all the three models because we were talking about phases last quarter.

Mr. Rajesh Jejurikar: Yeah, I'll take the first part and you take the second part. I'll just say which models have qualified and then you can answer the rest. So, we now have, of course, the full 9E was PLI compliant. 9S; all variants are now also PLI compliant. And B6 also, all variants are... Batman and B6, all variants are PLI compliant. So, basically, the whole portfolio is PLI compliant. Some of them were not ready in Q4, so we're not accrued in Q4. But we now have certification and approval for all the products from a PLI certification.

Amar, you want to take the question?

Mr. Amarjyoti Barua: Yeah, it's around ₹500 crores that we took as PLI for the quarter. Most of B6 will come in only in the first quarter.

Mr. Binay: The second question is on tractors. One is, the volume guidance that you've given, if you could share some underlying assumptions you have for the industry or so?

Secondly, do you think you'll gain market share in tractors with the transmission chain that you talked about, product upgrade?

Mr. Rajesh Jejurikar: Yeah, both are difficult questions. So, let me try and walk through the logic behind the industry growth and I have to qualify, as I've always done. So, at least you can give me credit for being consistent on my comments on tractor industry predictability. We will change it 3-4 times a year.

Dr. Anish Shah: And we'll have the most accurate prediction at the end of the year.

Mr. Rajesh Jejurikar: I mean, last year we got November wrong for Q4. So, let's be clear that we have a lot of econometric modeling but we have nothing which we are absolutely sure is going to give an accurate forecast of how because there is a sentiment play beyond the numbers. Why are we saying mid- single digit? Because the first half of last year was still on a relatively low base, right. So, when you break up the annual volumes, roughly 35%-40% of the annual volumes happen in the first season. That was still on a low base. So, there is a growth opportunity on the first 40%. And there is going to be, possibly on the second half, the base has gone up very high and it's not going to be very easy to get a growth on that rate. So, what we are factoring is an averaging of H1 and H2. So, that's point one.

And we already see that play out in April, where the industry, of course, that billing number but still there is enough positive momentum and sentiment to be able to bill for us for the season. Because last year was on a low base, relatively low base, compared to the rest of the year. Some of the states which didn't grow as well last year, example UP, was much lower than the average industry growth last year, which is 15% of the industry volume, is actually very strong on reservoirs and irrigation. So, they are going to be less affected by monsoon than what we think.

Coming back to the base effect point, we know a state like Maharashtra grew about 50% last year because of subsidy. But many other states did not have that kind of growth rate. So, there was a skew of 4-5 states which had a very high growth and the balance 60% of the industry was sub 20%. So, there is a potential upside. So, the base effect doesn't play out everywhere.

The third is the government spending on rural and agriculture continues to be positive. We've seen in the past that one factor is the rains, the second factor is government spending. When government spending is very good, there is cashflow coming into the rural economy. In any household in rural, the role of agriculture income to services income is about 25% agricultural. So, there's still a lot of non-agricultural income coming into a rural household. So, when there's non-agricultural income coming into the rural household, tractor is a great asset to own because it depreciates the least out of the multiple other assets in which someone in that household may want to dispense cash. So, there is a tendency to say 'let's buy a tractor' because it will continue to give some kind of income and depreciate lesser than other assets like say cars, which depreciate fast and don't give that much income. So, there's no science to this but just putting all of this together we think 5% is not unreasonable.

The other factor that I'm putting out is, in the past all OEMs had very high inventory normally in an upcycle. This year, as we've discussed earlier, in the last 2-3 years most OEMs are reasonably disciplined, have not done a huge inventory build-up and hence don't have to do a

huge destocking. So, almost no one will have to destock even if retail is flat. Earlier what would happen is if you come out of a 20% year, the inventory has grown way beyond the retail. And then if you go into a low retail cycle, then everyone has to bring the dealer inventory down and that's what leads to a multiplier industry billing degrowth. We don't think that kind of degrowth is going to happen because the dealer inventory is not that high.

On the rainfall, no one knows. It's 65% probability that it will be below, which means it is 35% probability that it won't be. So, we wait and watch.

Mr. Binay: Market share?

Mr. Rajesh Jejurikar: We want it to go up.

Dr. Anish Shah: I'll jump in on market share. We do not push our tractor and LCV teams to grow market share. At 44% and 52%, that's not the right thing to do. If they grow it from an execution standpoint, we're very happy with that but we're not tracking them to say that you have to grow market share because, again, we look at long term, not short term as much. But over the last few years, we have grown it through execution.

Mr. Rajesh Jejurikar: And I think to your earlier question, addition of the two products does give us a very strong product upside. But we do know that in tractors it takes a lot of time for customers to experience, see value, get word of mouth and multiply into market share. Unlike Auto, you don't get the market share benefit on a new product introduction immediately. So, it will come but I don't think it's something which you'll instantly see in the quarter in which you bring it.

Ms. Divya Gulati: Thanks. Just pass on to Nitij. We'll come to you Kapil next and then Gunjan.

Mr. Nitij: Hi, good evening. Thanks for taking my question. First one is for Dr. Anish. Sir, when you look at the portfolio of companies outside of farm and autos today, if you have to pick one or two, where do you think is the highest incremental value creation potential in the next, say, 1-3 years?

And also in the group companies, aerospace, is that a large potential? So, we're seeing a lot of activity happening in that space in India, all are moving in here. So, something if you can talk about the aerospace as well? Thanks.

Dr. Anish Shah: Okay. So, Nitij, first is, our approach again is long term. I want to build value in this for the next 15 years, not 1-3 years. Take aerospace, for example, in 1 or 3 years you will not see much of a change. But what we have seen is in the last 12 months, little more than 12 months, we've got a billion dollars of orders as compared to 150 million dollars of orders in 15 years or 12 years, whatever the time period was. More than orders, we've got global OEMs looking at us saying, 'you deliver very high quality, can you scale up and can we rely on you as our supplier?' because they're facing challenges. They've got 10 years of confirmed orders to deliver planes and they are unable to do so because of supply chain challenges. And the supply chain challenges come from many smaller suppliers who have not been able to invest or have not been able to deliver the level of quality they want. So, they're looking for us as stability in the supply chain. They're telling us, 'Can you come in and acquire, we'll help you acquire?'. And my response to them is, our bar is fairly high in terms of returns we want and if we do acquire, you need to guarantee our returns for 5 years. They said, 'We will do that but we want you to come in'.

So, we are not looking at being a leader in India in that, we are looking at being among the leaders in the world in that. The aspiration for our aerospace business is to be among the Top5 aero structures companies in the world. That is the amount of value creation that is possible for us. And it's feasible that in the next 3-5 years we can actually get there as well. Again, not measured by revenue we earn today but based on orders and how we build the book.

So, there are multiple businesses. Frankly, if a business didn't have the opportunity to grow and create meaningful value, we wouldn't keep it because it doesn't make sense from that standpoint. So, each of our growth gems today are there because they have got the ability to create value. If you look at Holidays, Lifespaces, Logistics, all three are listed entities but all three have huge potential. We had the CEO of our Farm business, which is a very large business going and running logistics, because we felt the value creation for logistics was going to be higher than the value creation of a farm. Now, that's a statement. As you look at the numbers today, you'd look at, and he did remind me that, I think I've mentioned this before, the revenue of logistics is less than the profit of farm today. And we gave him a choice. We said,

look, 'It's your choice. If you don't want to take it, it's fine. You're doing very well in farm. You don't need to move to a business'. But he saw the value and said, 'Look, I'm happy to move there and I'm happy to create value there'. That's the value creation we see in the logistics business.

Real estate, we're seeing some of that value play out. Just look at the profit average for the last 10 years, look at it for the last 20 years, look at it for whatever period you want. And look at the profit today. If I remember my numbers correctly, I think the profit today is 5X the average of the last 10 years. I may be slightly off on the numbers, so please verify that particular one. But more important, the first question for the business was, are we going to maintain this level of profit every year going forward now? And, yes, we will see some ups and downs, which is always the case in real estate because it is based on the occupation certificate coming in when you actually book the profit, so you might see some rollover. But on balance the business says, yes, we feel confident we can project the profit growing from here for the next few years. So, that's also going to create significant value.

Holidays, similar. They need a little more work to be done. So, today I'd look at it as one step behind logistics and real estate in terms of being ready to say 'I can create so much value from that perspective'. We look at Accelo and Powerol. Both are generating significant amounts of profits. Powerol today is generating ₹276 crores of profit for the last year. And that is very well poised to reshape energy. So, we are calling it now the new energy business because the generators, we are going to start investing in solar cells for that and start looking at potential of renewable along with generators to create backup energy supplies and that's going to be a very powerful combination. That's a large business we are starting with today. We are the number one in generators last year. And with solar and backup coming in, that has potential to be a much larger business.

Our Accelo business, we haven't talked about that much because we still have to do more on that. But the profit for Accelo this year was ₹224 crores. These are not small businesses from a profit standpoint. It has roughly a 50% market share in organized recycling, auto recycling. And with the new norms coming into auto recycling, that sector is going to grow very significantly because you have meaningful targets for recycling and to buy recycled steel and everything else that comes with it.

Advanced technologies today, we are very well poised in a number of areas in advanced technology where we have focused really on security and surveillance from lasers, armored vehicles, which is part of our strength as well. Trucks and buses, we are seeing the strength that we have got there with SML now and the value creation that we are starting to see with SML coming in.

So, there are a few others. Classic Legends is doing very well today in terms of the products it has and the sales volume that it has been able to get, the success it has had, even in a couple of international countries in terms of the sales.

So, each of these are very well poised to create value and which is why we have been talking about them saying 'Here is what they can do'. We are now demonstrating that in many cases in terms of this is the real value that is created from there. And that's what you will see in numbers coming. And we have shown some of the numbers already, you will start seeing more of that. But I am less focused on profit as a metric for those businesses, I am more focused on value creation for those businesses.

We had shared at the Investor Meet that collectively those businesses had ₹8,000 crores of value 5 years prior or in March'2020 and in November'2025 the valuation of that was 55,000 or 56,000 is the number we had put up there. That's the valuation just in 5 years. And we expect that to grow significantly after that.

So, I am not directly answering your question as to which 3 I would pick but if I would pick 3 then the other 7 wouldn't be there.

Mr. Nitij:

Just one quick follow-up. How soon do you expect to see some listings from the unlisted?

Dr. Anish Shah:

One listing, Last Mile Mobility. And I didn't mention that one. That one has created the most amount of value for us. So, there we have gotten a business that outsiders have valued and put money in at that level. And as we put the listing in, we would see a significant value jump from a listing standpoint as well.

- Mr. Nitij:** Sir, any timelines for listing?
- Dr. Anish Shah:** What we have said publicly is in the sort of F27 end, F28 range. Actually, F28 to be more realistic than F27. So, Calendar Year 2027 is what I would look at.
- Mr. Nitij:** Thanks. And one more question on SUVs, if that's okay.
- Ms. Divya Gulati:** I'll come back to you Nitij.
- Mr. Nitij:** Okay, sure. Thanks.
- Ms. Divya Gulati:** Kapil, go next.
- Mr. Kapil:** Yeah, thank you. Sir, the question is on the model cycle we have talked about. We have significantly stepped that up, you know, 10 ICE SUVs and 6 EVs. So, I would just like to hear your thoughts, how you have thought about increasing this? What does it mean in terms of CapEx, Powertrain?
- And also, since we are launching more ICE than EVs, how are we thinking about CAFE targets given the new draft that has come out?
- I would also like to hear some color on where you are seeing the white spaces, when you're talking of 16 new models?
- Mr. Rajesh Jejurikar:** Yeah. So, one of the clear white spaces is all the products that will come out of the NU_IQ platform. You remember we had shown and you saw it at the Investor Day as well, we think they are very disruptive products. Even though SUV as a percentage of EV is right now 67%-68%, as we have said in the past, not really all of them are what we would call core SUVs. And we really believe that the market in India for core SUVs is defined by a certain kind of ground clearance, seat height, etc., which are really SUV cores in the product DNA. That is roughly about 30%-35% of the total size of the PV pie. So, though SUVs are 68, core SUVs are in the 30s kind of number. So, that for us is a white space. So, anyone who wants an SUV should be able to buy a core SUV rather than a crossover SUV. So, to us, that's one clear white space and we have at least 3-4 products which will come out of the NU_IQ platform, which will cater to that need.
- We believe that there is an opportunity for more upgraded rural focused vehicles and we will talk about that at an appropriate time. So, there is a set of products that will come out there. There are products we are developing for global markets which will be relevant to Indian context as well, so there is a portfolio there. So, at an appropriate time we will bring a wider visibility to what the portfolio is and in July we will talk about the next CapEx cycle. We are still within the 3-year cycle that we have announced. And all the work that is happening on these is within the number that we have put out. A lot of these were anticipated. Many of these new products will come out from the Nagpur facility as well.
- Yeah, so, I think it's going to be a very, very exciting product portfolio, very disruptive, meeting all the guidelines that we need as a part of our brand DNA. So, it will be a very exciting portfolio, Kapil.
- Mr. Kapil:** Just on the EV targets and CAFE as well.
- Mr. Rajesh Jejurikar:** Sorry, I should have completed that part of the question. So, I mentioned that earlier, they are fungible because you get ICE and EV from the same NU_IQ platform. So, whatever we are doing on the NU_IQ platform is a common platform which enables us to do ICE and EV. So, we actually have a lot of fungibility. So, it is possible that the EV model of that product may do more than the ICE model. So, it is very fungible now. We are not doing more of the only EV because we found a way to now do Born EV or ground sub EV on the NU_IQ platform while still doing ICE on the same platform.
- Mr. Kapil:** And on the CAFE, how much EV penetration do you need?
- Mr. Rajesh Jejurikar:** Between 13 to 21.
- Mr. Kapil:** Over the 5-year block?
- Mr. Rajesh Jejurikar:** Yeah.

Mr. Kapil: Okay.

Mr. Rajesh Jejurikar: So, we feel very comfortable with that.

Mr. Kapil: Yeah. And one question to Anish. Sir, you talked a lot about AI, how are we practically implementing this in terms of how are the business leaders identifying opportunities? And then how do you see it through? Is it that we are getting some external vendors to see through the projects? Or we are developing internal capabilities within the teams to take the projects forward? Just some thoughts there.

Dr. Anish Shah: So, what we did about a year and a half ago is everyone working on AI across the group we put in one team. This is something unique we have done because normally we will have to each business on its own. And that team has been sharing information across all the businesses with regard to what's the best practice that someone has developed in one business that we can take to another business, who are the partners that have developed something in another business that we can take to a third business. And that team has helped tremendously. But this space, we believe it has to be leaders of a process or leaders of a business that need to really get into detail to understand how to change that. As I mentioned earlier, I look at it more as Excel. We can't get someone external to come in and implement Excel, you've got to, in some ways, teach everyone Excel, get them comfortable with it and have them start using it for what they do day to day. That's a big difference we see with AI versus elsewhere and which is why you've seen for the last year a lot of people struggling with. I hear AI is great but what's the real result for AI?

And we said that as well. So, for the first year, we were literally in that space saying that it's over the last 4-5 months that we're starting to see a much bigger impact of that. I'm now spending 1-hour a day on AI because you've got to really get in and learn and understand what that is and apply it. Every single thing we do in AI standalone, may not really mean much. We look at this and say, 'Okay, that's it'. But when you start putting all of that together, that's where you start seeing the impact.

And when we look at our transform projects, today we have only 15 transform projects we're running across the group. So, it's not as if we're running 500 transform projects but those projects will make an impact. Now, over time, we'll get more transform projects that we bring in but whatever we're doing, we're seeing meaningful impact coming in from there. And that's giving us a lot more comfort in terms of saying, yes, we're using this well, and we will be the leader in this space as we go forward. But it's not just about being a leader, it's about really delivering real value in what we do.

Mr. Kapil: Thank you.

Ms. Divya Gulati: Thank you. Gunjan.

Ms. Gunjan: Thank you. So, most of the questions are answered, I just have very quick two follow-ups. One on the tractor cycle. I mean, you did mention it's tough to guess how the cycle comes through. I'm just trying to just, you know, think through how do we think about the industry? Is it 6-9 months of downcycle and then we are back to normal? Or is it just the base effect that gets us a little bit worried about the growth in the second half? Just how do we think about industry - deep cyclical, is it just base effect? And in that sense, the 2-3 years growth outlook on the industry?

The second one is on the SUV launches that you spoke about. For F27, is the understanding right, it's more going to be about capacity debottlenecking and ramping up of 9S? And before NU_IQ, there isn't much for the rest of the calendar year.

Mr. Rajesh Jejurikar: Yeah, let me take the second question first. All new in the F27? There's nothing all new. But it is more than capacity ramp up, so wait and watch.

To the tractor question, so normally cyclicity is also linked to base effects, right. So, the reason you see cyclicity is after you get into base effect. So, there is a perceived saturation and then there's a downcycle that follows for a while. Sometimes it's triggered by economic reasons but sometimes it's just triggered by a base effect. We see that in CVs a lot as well, right. When customers are buying, they're buying like there is no tomorrow and then they kind of realize that they bought too much and then there's a tendency to say, 'Okay, now let's stop for a while'. I'm oversimplifying it.

I think the second half we have to be watchful of for two reasons because if there's a rainfall deficit, it's expected to happen to the later part of the year and not now. I mean, all the projections are talking about a rainfall deficit kicking in August, September. So, if rains are good in the current cycle or the current season, then it's probably not going to affect cycle 1. That's what we are counting on when we are doing this 5% and that's why I'm saying it will have to be kind of moderated.

Now if rains, if actually the 35% probability kicks in, and there isn't a rainfall deficit then the second half only has to worry about base effect. And, of course, there will be some part of base effect but it may not...even if it is flattish, the year will actually end up with a good growth. So, we have to wait and watch to see what are these variables play out.

Ms. Gunjan: Got it. And just lastly, on the April numbers, as I understand, had some supply-side challenges or labor challenges. Is that something we should assume is behind and, you know, we are okay with the guidance that we are giving out?

Mr. Rajesh Jejurikar: Yeah, I'll explain April in two parts. So, firstly when you look at last year quarter one, that is F26 quarter one over F25 quarter one, we grew 22%, the rest of the industry degrew 4.7%, okay. So, just keep that at the back of your mind when you look at the growth numbers of others, they're on an extremely low Q1 base. We grew 22% in Q1, so we are on a much higher Q1 base than anyone else is. So, when you are comparing X percent of anyone else, they were part of the -5. So, I'm just trying to set in context our number which, of course, was affected by primarily two suppliers, each of whom between PV and CV, fell short of our plan by 7,000-8,000. Of course, one is subsumed within the other somewhat. So, it was specific to suppliers, it wasn't an overall capacity issue. It was two suppliers on which we had major shortages. One is definitely out of it, the second we've created some options and is out of it.

So, we are hoping May will not be like April. April was a huge disappointment for us. But I do want to clarify that when you are comparing with others, just keep in mind that the rest of the industry without us in quarter one was -5.

Ms. Divya Gulati: We are ahead of time, okay. Should wind up?

Mr. Rajesh Jejurikar: Yeah.

Ms. Divya Gulati: Okay. Raghu, we'll take your question separately, we are quite ahead of time. Okay. So, just I think with that most of the online questions also we have answered but please write to us if anything is left. Thank you so much for joining us today and please join us in the adjoining room for some snacks. Thank you.

Dr. Anish Shah: Thank you.

Mr. Rajesh Jejurikar: Thank you.

Mr. Amarjyoti Barua: Thank you.

END OF TRANSCRIPT