

SML Mahindra

20 April 2026

Amarjyoti Barua – Mahindra Group CFO: Good evening. First of all, thank you to all of you for making the time to join this call. This is the first call for SML Mahindra since the acquisition. It has been 8 months. We thought it would be a good time to introduce you to all the things that have happened since then. On my right is Vinod Sahay, who is the Executive Chairman for SML and is also the President for Aero, Advanced Technologies and Trucks and Buses within the Mahindra Group. Also on his right is Manasmani Goel, who is the CFO. As you know, I am Amarjyoti Barua, the Mahindra Group CFO. The idea today is to walk you through all that has happened in the last 8 months and also the performance of the company. We will start with a presentation. Hopefully all of you can see it, and I will turn it over to Vinod. The three of us will attempt to answer all your questions once we are done with the presentation.

Vinod Sahay – Executive Chairman, SML Mahindra: Good evening friends. We will quickly take you through a brief presentation on the key highlights for FY26 and Q4. Next slide, please.

To recap, on April 26, 2025, we announced the deal regarding Mahindra taking over the earlier promoter's stake from Sumitomo and Isuzu. On August 1, we completed the transaction and acquired a 58.96% controlling stake in SML Isuzu. The same day, the Board of Directors and the key leadership of SML was reconstituted. We immediately kicked off synergy and integration projects, which I will discuss briefly and update you on the key developments. On October 8, which was one of the SPA conditions, we renamed the company from SML Isuzu to SML Mahindra.

We have just completed 8 months since this transaction came into effect. In a record 8 months after the takeover, we have already managed to integrate the business. SML Mahindra is operating like any other Mahindra Group company as we speak, and we have also completed the SPA conditions and kicked off several synergy and integration projects from a long-term perspective to take SML to its true potential.

During the Global Investor Day in November 2025, we announced our aspiration that for the Mahindra trucks and buses businesses, with both brands combined, we aspire to be a top 3 player in India's ILCV (Intermediate and Light Commercial Vehicle) trucks and buses segment, with a focused play in HCVs.

Coming to the key highlights of the year we just closed, we have outgrown the industry. We grew at 17% compared to the industry growth of 13%. Our revenue was up 18%. Our PAT was up 31% for the year, and our rating moved two notches up from AA- to AA+. Our experience since August 2025 reconfirms our rationale for the acquisition. The company is in good shape and poised for future growth. The integration is going as per plan. Product launches are on track. We are well in control of the supply chain and managing even the current crisis quite well. Regarding the organization, we have already set up joint leadership for both businesses at the senior-most level.

I will spend some time on this next slide. Some of you would recall that we presented this during the Global Investor Day, and here is a brief update. We are working on 6 key pillars of our integration strategy. Starting with products, we have completed the roadmap for the integrated product and aggregate strategy plan, and work has commenced. We are targeting the best uptime and the lowest TCO (Total Cost of Ownership) in the industry. Many of our products already have that, and

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going forward, we will continue to be the leader in these segments.

Connected vehicles are another big part. Mahindra iMAXX is well-proven. SML also has an in-house technology, i-Lynx, and we are going to adopt both and integrate them to harness the best of both. Both technology vehicles are capable of digital prognosis and analytics, through which we are driving lower maintenance costs and higher uptime. We are also looking at proactive efforts to reach out to customers faster, overcoming network challenges associated with a challenger brand.

Integrated DMS (Dealer Management System) is another area where we have kicked off. Both teams already have their own DMS working well, but going forward, we are integrating them and incorporating AI and ML-based capabilities for proactive pipeline management and guidance for the sales team. These are marked in green because we are ahead of our plan in these areas.

Regarding brand strategy, we have marked this yellow because anything facing customers, partners, or employees requires more time and thought. Both brands have their own strengths and stand for different things in the market; they mostly do not cannibalize each other. They have independent networks and are continuing as such. Going forward, we will evaluate which brand can play a larger role in specific segments, but we will move very slowly on that. Currently, the strategy is that customers will continue to choose between two brands that stand independently for their own strengths.

Network is another big area. Both are challenger brands, and after-sales service is a critical milestone to reach the customer's consideration stage. Individually, both brands had roughly 300 touch points. Combined, they have 600. In the first phase, we identified 150 service networks from both brands that will provide additional service capability to the other brand. 70 of these are already operational, and another 80 will be operational by the end of this quarter. Independently, both brands' networks will increase to 450 from the 300 they had 8 months ago.

On sales, we are treading carefully because we have networks from both dealerships in many cities and districts, and we do not want to disturb that. Our partners have made investments. Instead, we are working toward a cross-badging strategy. Products that SML does not have but Mahindra does, or vice versa, can be addressed through cross-badging. That is part of the integrated product strategy.

Unlocking capital is another big benefit, whether through sourcing, aggregate synergy, or manufacturing footprint. For example, there is a new ADAS (Advanced Driver Assistance Systems) regulation. This is a combined project for both companies, which has led to significant savings in both component pricing and a substantial reduction in development costs for SML. Sourcing synergies have kicked in, and SML will see the benefit in coming years.

On the technology piece, while senior leadership was announced on day one—with myself as Executive Chairman and the CEO, CFO, and COO being common for both businesses—the rest of the teams are separate. However, SML now benefits from the larger talent pool and Center of Excellence at MRV (Mahindra Research Valley). For ADAS, we are using the same talent that developed systems for the XUV700 to guide the SML product development team. This allows us to develop products faster and more cost-effectively.

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In culture and policy, we have worked to align SML policies with Mahindra Group standards, providing additional benefits like differentiated talent management and variable base structures. Simple things like medical policies for SML employees have been brought in line with Mahindra's, which has been very well-received.

In terms of volume and market share for the full year, our volume for cargo vehicles increased by 28% and passenger vehicles by 12%. Regarding market share, we saw a 20 basis point increase year-over-year in cargo vehicles and 80 basis points in passenger vehicles.

Revenues increased by 18%, and we overperformed in terms of the bottom line with PAT growth of 31% for the year. For Q4, volume growth for cargo was 10% and passenger was 16%. There is a minor blip in market share, but that was because we executed a large number of institutional orders in Q3 to free up capacity for school bus season in Q4. For passenger vehicles in Q4, we outperformed the industry and gained 170 basis points of market share because we utilized that peak period to drive the bus business. Our Q4 revenue went up by 16%, while PAT increased by 2% due to inflationary pressures, some of which we mitigated with a price increase in Q1.

Operator: Thank you. We will now open the floor for questions. Please raise your hand on Teams or press star five on your phone to ask your question. We will take the first question from Kapil from Nomura.

Kapil – Nomura: Good evening. First of all, congratulations to the team. This has been significant value creation for shareholders. My first question is on volumes. Could you share the outlook for industry growth and how the market share situation is evolving? Second, what potential synergy benefits should we expect? Is it more in the back end or front end, and where are we in that journey?

Vinod Sahay – Executive Chairman, SML Mahindra: Kapil, the CV industry last financial year was a tale of two cities. In the first half, the industry was almost flat with only a 2% increase. In the second half, post the GST reform, it grew almost 22%. Growth was much higher in cargo compared to the passenger segment. We are currently in the peak selling season for school buses, which is a strong area for SML Mahindra. Despite current challenges, we do not see any major concerns regarding demand right now.

How the industry plays out after Q1 depends on multiple factors, especially the geopolitical situation and potential diesel price increases. CVs are very sensitive to diesel prices. Regarding cargo, the industry has huge pent-up demand from a replacement cycle and fleet expansion post-GST reform. We have clear action plans for various scenarios depending on how things evolve.

Regarding synergies, benefits are on both sides. We are seeing early benefits in sourcing and are working on value engineering ideas. There are opportunities for cost efficiency on SML products and manufacturing related synergies to bring down cost and capex outlays. Engineering synergies are huge because SML can now access Mahindra's capabilities in engine development and ADAS through MRV.

Front-end synergies exist, but we must be mindful that dealership networks are independent. We are treading carefully there. In unrepresented territories where neither brand has a presence, we will

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appoint common dealers. In larger cities where both brands already have dealers, we do not intend to change much, but both will benefit from Mahindra's scale and efficiency.

Amarjyoti Barua – Mahindra Group CFO: I would like to add that the main thesis behind this acquisition was growth. We are two challenger brands that have come together to become a top 3 player. Maximum value creation will happen through growth. Profits will improve, but the main reason for bringing these companies together was growth.

Operator: Thank you, Kapil. The next question is from Raghu at Novama.

Raghu – Novama: Good evening. Congratulations on the strong FY26 performance. Is there any plan to merge both companies into one entity or to delist SML in the future? Secondly, you mentioned the supply chain crisis was being managed well. Could you elaborate on whether that relates to supply shortages or cost increases? Lastly, regarding the ADAS regulation, what is the cost impact?

Amarjyoti Barua – Mahindra Group CFO: Regarding the delisting of SML, the answer is no. This was clarified when we announced the deal. Regarding a potential merger, we are working on a long-term strategy and will share more at the right time.

Vinod Sahay – Executive Chairman, SML Mahindra: On the supply chain, while there are geopolitical disruptions, we have not lost any vehicle production through Q4. We have managed challenges related to the availability of gas and commodities like aluminum and polymers. Inflationary pressure is real; steel, aluminum, copper, and polymers have seen increases. We believe most of these are temporary and prices will cool off once things normalize. For ADAS, there is a significant development cost, and we will share exact details at the time of launch.

Operator: We will take the next question from Kriti at ET Auto.

Kriti – ET Auto: Good evening. You mentioned market share going down in the cargo segment for the quarter. How do you see the industry's growth in Q1 FY27 and in the long term? What are the possible challenges and targets for this fiscal year?

Vinod Sahay – Executive Chairman, SML Mahindra: Kriti, let me clarify that for the full year, we grew market share in both cargo and buses. The Q4 decline in cargo was simply because we executed institutional orders earlier in Q3 to prioritize the bus segment in Q4, where we gained 170 basis points of share. We are on track with our long-term aspiration announced in April 2025 to reach a combined market share of 10–12% by FY31, up from our current 6%.

The long-term outlook for the industry is very positive as it is directly linked to India's GDP growth. India is one of the four largest CV markets globally. The industry revenue pool for the 3.5-ton-plus segment where we play was 1.25 lakh crores last year. With our 6% to 7% share, the headroom for growth is significant. As mentioned on Global Investor Day, we are targeting 15,000 crores in revenue around FY31.

Kriti – ET Auto: Are you planning to apply for the ongoing electric bus tenders?

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Vinod Sahay – Executive Chairman, SML Mahindra: Our electric bus is under development, and we will be launching it this financial year. Post-launch, we will evaluate every tender on its commercial viability and return profile.

Kriti – ET Auto: My last question is about product pipeline. Could you share what is coming next?

Vinod Sahay – Executive Chairman, SML Mahindra: We do not share full product pipeline details ahead of time, but we are working to enhance the portfolio and increase market participation. In the last 8 months, we launched three products: an advanced life care support ambulance, a new 15-to-18 seat bus for segments like the Tamil Nadu MaxiCab application, and a front-overhang AC bus under the Hiroi brand.

The larger strategy is twofold: first, to expand SML Mahindra into segments where they currently have limited participation due to powertrain limitations, particularly in the ICV and LCV segments. Second, to refresh our current offerings with better capabilities, better operating economics, and improved TCO.

Amarjyoti Barua – Mahindra Group CFO: We are over time now. We expect to have a much longer format for our meeting in July close to the AGM, where we will talk more about the forward strategy. For now, we want to thank you all for joining us today.

Operator: Thank you, Amar, Vinod, and Manasmani. Thank you everyone for joining us today. This concludes the call. Have a great evening.

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