

M&M to diversify semicon supply chain for new EV lineup

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Mumbai-based auto major Mahindra and Mahindra (M&M) has de-risked its semiconductor supply chain for its new electric vehicles (EVs) BE 6 and XEV 9e, which were unveiled in November last year and deliveries expected to commence in March, a

PAGE 3
3W EXPORTS
BACK ON
REVIVAL ROAD
IN 2024 AMID
GLOBAL
HEADWINDS

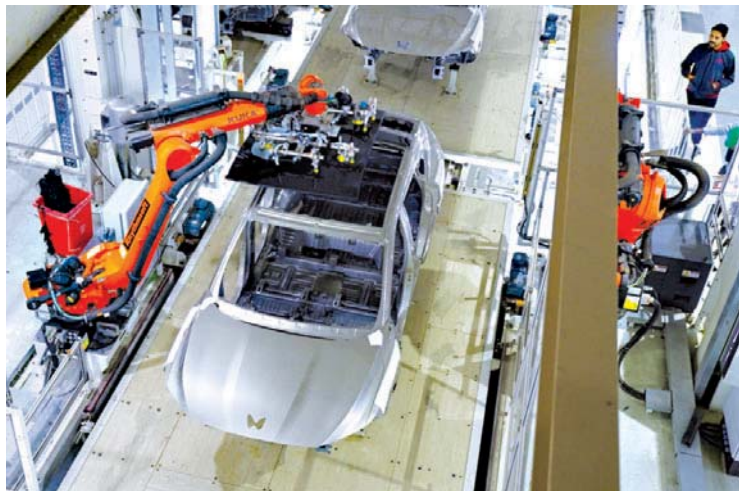
senior company executive said on Wednesday.

The move comes in the aftermath of the pandemic that exposed vulnerabilities in the global supply chains, including

India's semiconductor sector.

In an interaction with Business Standard, Rajesh Jejurikar, M&M executive director and CEO for auto and farm sectors said: "We have taken the learnings we had during Covid-19 to plan this time. For every semiconductor chip we have a back-up ready and validated."

"The vendors don't make the



M&M unveiled a dedicated EV manufacturing, battery assembly facility in Chakan, in Maharashtra

chips; they work with chip makers. Earlier a Tier-1 vendor would have only one chip maker or one chip supplier with whom they would work. If one Tier-2 chip maker runs into a supply chain issue, we have an

alternate chip maker. Every Tier-1 chip maker of ours has disclosed their source of chip and what are their alternate supplier plans. From the semiconductor chip side, we are in a much better position," he explained.

SCALING UP

- M&M corners a **21.9%** revenue market share in SUVs in Q2FY25
- Plans to sell **5,000** units of EVs BE 6 and XEV 9e per month in the initial phase
- Announced capex of **₹16,000 cr** for electric vehicle business in FY22-27 cycle

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Executive Director and CEO (Auto and Farm Sector), M&M



The first three quarters of 2021 saw global auto production dip by 26 per cent due to an acute chip shortage, while in India automakers were forced to cut output by up to 40 per cent.

M&M has built a capacity of 90,000 units per annum at its Chakan plant in Maharashtra to make the born EV range-based on the INGLO platform powered by in-house new electrical and electronic (E/E) architecture that debuted in the BE 6 and XEV 9e called MAIA (acronym for Mahindra AI Architecture). The company said it initially plans to sell 5,000 units for these two models per month.

"The reason we are saying the initial sales volumes will be around 5,000 is because we say capacity also includes the capacity of suppliers. When you want to have quality production then quality production at suppliers' end is also important. We would want to ramp up carefully and cautiously," Jejurikar elaborated.

He added that they also want the dealers to get used to it – in terms of customer sales and service experience. Customers also need time to set up charging infra (at home or office) only after which they can take deliveries.

"The products are also at the upper end of the market. So, realistically, it's a good volume," he said. **Turn to Page 6 ▶**

Mahindra SUV ASP will get a boost

Jejurikar said the new EV range would boost the company's average selling price (ASP) dramatically. Currently, the ASP for M&M is around ₹15-16 lakh. The ASP for these products ranging from ₹18 lakh to ₹30 lakh was around ₹26-27 lakh.

M&M's SUV revenue market share is 21.9 per cent (as of Q2FY25), and it remains on the top spot in terms of revenue market share. With a few billion views of videos on social media platforms for these vehicles, does the company think the demand would outpace capacity and the born EVs would also run into long waiting periods like the Thar Roxx?

"We will get a better idea when we start bookings in February. The manufacturing capacity would not be a constraint if we see demand. We will have to see what happens to specific component supplies," he noted.

"Also, at this moment, it's hard for us to get what will be the mix of BE 6 and

XEV 9e. The capacity can be expanded (in terms of having some buffer capacity) as well as by adding shifts," he clarified.

While the EV arm is aiming to get to Ebitda positive in the near term, it has invested around ₹4,500 crore on these two models.

Around ₹4,500 crore is the allocated investment of the total ₹16,000 crore investment in the F22-F27 cycle, which includes powertrain development and bolstering software, tech and manufacturing capacity.

This also includes the ₹12,000 crore investments in the EV business planned between FY25 and FY27.

On Wednesday, M&M unveiled its EV manufacturing plant in Chakan that would make these electric-origin SUVs using renewable energy.

The auto major is also applying for benefits under the government's production-linked incentive scheme.

