M&M Limited Financial Result Quarter Ended 30th Jun'2019 | Mahindra

Auto

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Q1* Revenue at Rs. 12,997crores

Q1* PAT (before EI) at Rs. 918 crore

Q1* PAT (after EI) at Rs. 2,260 crore

Mumbai, 7th August 2019: The Board of Directors of Mahindra & Mahindra Limited today announced the financial results of the Company for the quarter ended 30th June 2019 and for the consolidated Mahindra Group.

Q1 F2020 – M&M + MVML Results	Rs. crores		
	Q1 F2020	**Q1 F2019**	**Growth % YoY**
Revenues and Other Income	12,997	13,551	-4%
Profit from ordinary activities Before Tax (before EI)	918	1,238	-26%
Profit from ordinary activities After Tax (before EI)	2,260	1,257	80%
Operating margin (OPM)	14.0%	15.8%	
Vehicles sold (Nos)	1,23,690	1,30,484	-5%
Tractors sold (Nos)	82,013	96,527	-15%

Exports (vehicles and tractors) (Nos)	10,923	12,730	-14%

For Q1 F2020, the Indian auto industry de-grew 12.3%, with all segments of the industry reporting a decline. It is after six years, that all segments of the industry have posted a reduction in the same quarter. The auto industry excluding 2W fell 15.4% driven by drop of 18.4% in the Passenger Vehicle (PV) industry and the MHCV goods industry falling by 18.6%.

For the PV segment, Q1 F2020 is the fourth consecutive quarter of reduction, the worst ever de-growth since Q3 F2001. PV demand continues to be impacted by the slowing down of the overall economy, which along with tight credit conditions and delayed monsoon has impacted consumer sentiment in both urban and rural India. The stress in the agri sector and finance availability has impacted the demand for LCV 2-3.5T (Pik-UP segment). The HCV goods segment has posted a de-growth of 32.0%, the worst reduction in 23 quarters. The slowing down of economic activity coupled with the increase in freight capacity of existing fleet due to implementation of new axle loading norms has resulted in many transporters either reducing or temporarily suspending their fleet purchase plans.

Tractor demand in Q1 F2020 remained sluggish and was adversely impacted due to a weak sentiment in the agri economy resulting from the delay in SW monsoon, poor spatial distribution in June and weak agricultural incomes impacted by poor price realization. In Q1 F2020, the domestic tractor industry declined by 14.6% with sales of 1,91,305 tractors, against 2,23,937 tractors sold during Q1 F2019. In this period, in the domestic market, the Company sold 82,013 with a market share of 42.9%.

Q1 F2020 – M&M Standalone Results	Rs. crores	
	Q1 F2020	**Q1 F2019**
Revenues and Other Income	13,242	13,785
Profit from ordinary activities After Tax (before EI)	973	1200
Profit from ordinary activities After Tax (after EI)	2,314	1,221

Q1 F2020 – Group Consolidated Results	Rs. crores		
	Q1 F2020	**Q1 F2019**	**Growth % YoY**
Revenues and Other Income	26,289	26,261	0.1%
Profit after tax after Non-Controlling Interest (before EI)	777	1,358	-42.8%
Profit after tax after Non-Controlling Interest (after EI)	914	1,707	-46.5%

A full summation of Gross Revenue and other income of all the group companies taken together for the quarter ended 30th June 2019 is **Rs. 35,970 crores (USD 5.1 billion).**

Outlook:

The IMF has pared down its projections yet again for global as well India's growth in its latest July 2019 outlook. Domestically, data broadly paints a picture of subdued demand, notably in private consumption with firms and households continuing to hold back spending. The RBI has also scaled down the projection of GDP growth for 2019-20 to 7.0% from 7.2% earlier.

Monsoon, which is crucial for farm output and growth, has played catch up lately, thanks to copious July rainfall, after a delayed and patchy start. The India Meteorological Department (IMD) has forecast a zero-deficit monsoon in the second half of season, which bodes well for cumulative rainfall as well as Kharif acreage. The resultant precipitation and soil moisture could also turn out to be positive for Rabi crops.

The RBI has cut policy rates by 75bps thus far and is likely to remain accommodative. The lagged effect of interest rate cuts, liquidity infusion and targeted fiscal spending post budget, especially government actions on improving incomes for farmers, cash transfers and sops for affordable housing, could provide support to growth going forward. However, given the current challenging global and domestic growth environment, a concerted policy effort will be required to prop sentiment, put a floor under consumption and revive growth.

Note: Translation of rupee to dollar is a convenience translation at the average exchange rate for the twelve month period ended 30th June 2019.

About Mahindra

The Mahindra Group is a USD 20.7 billion federation of companies that enables people to rise through innovative mobility solutions, driving rural prosperity, enhancing urban living, nurturing new businesses and fostering communities. It enjoys a leadership position in utility vehicles, information technology, financial services and vacation ownership in India and is the world's largest tractor company, by volume. It also enjoys a strong presence in agribusiness, aerospace, commercial vehicles, components, defense, logistics, real estate, renewable energy, speedboats and steel, amongst other businesses. Headquartered in India, Mahindra employs over 2,40,000 people across 100 countries.

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