

IR Flash

Investor Relations, March 01, 2016

Date & Time	March 01, 2016; 5.15 p.m.
Event	Investor/ Analyst Call on Implications of Union Budget proposals
Participants from M&M	Dr. Pawan Goenka, Executive Director & Group President – Auto and Farm Sectors Mr. V.S. Parthasarathy, Group CFO & Group CIO & President (Group Finance, M&A) Mr. S. Durgashankar – President - Group M&A, Corporate Accounts & Group Secretarial Mr. K. Chandrasekar, EVP – Corporate Finance & Investor Relations and Senior Management

The company, in response to requests received from investors/analysts, arranged a con-call with Dr. Pawan Goenka & Mr. V.S. Parthasarathy, to address queries on the Union Budget 2016 implications. Mr. K. Chandrasekar & the IR team also participated in the call.

Key Highlights of the call

- The impact of infrastructure cess on volume and margins of auto division:
 - The cess will impact the entire industry; it does not discriminate between petrol and diesel. Hence no competitive disadvantage to company per se.
 - The additional duty chargeable for our portfolio is as follows:
 - KUV100 gasoline – 1%
 - KUV100 diesel and TUV300 – 2.5%
 - Bolero, Scorpio, XUV 500, Xylo – 4%
 - It is general practice to pass on statutory levy increases to customers, wherever it is industry level increase. The company would also do so in due course of time, after SIAM's discussion.
 - There might be some impact on volumes, however it could be offset by factors such as increased rural demand and soft interest rates.

- Clarity on 1% Tax Collection at Source (TCS) for motor vehicles above Rs.10 lakhs
 - This would be applicable on XUV500 and some models of Scorpio.
 - The tax would be collected on ex-show room price.
 - The dealer will have to collect and pay it to the government. Since TCS can be set off against tax liability, it is a timing issue. It would require some additional upfront payment from the customer. Coupled with increasing administrative hassles, it could impact the ease of doing business.

- Impact of rural initiatives on Farm Equipment sector
 - The increase in allocations for various rural and farmer related activities is positive. Monsoon is a key factor; if that too is positive, the industry growth trajectory could be higher.

- Haridwar Plant Excise duty exemption:
 - The Excise duty exemption on products manufactured from Haridwar Plant expired from 01st Jan 2016.
 - As a result, the Q4FY16 margins could be impacted by around 100 bps.
 - The models being produced at the Haridwar plant are 3W and some models of Bolero, Scorpio; and the plant has an annual capacity of 100,000 vehicles.

The replay of the call is readily available at (+91 22 3065 2322) & (+91 22 6181 3322) till 15th March 2016.

Play Back Code: 78515. The transcript will be uploaded on our website soon.