

MAHINDRA & MAHINDRA LIMITED

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Press Release

M&M + MVML Revenue Rs. 11826 crore

M&M + MVML PAT Rs. 801 crore

Mumbai, 10th February 2017: The Board of Directors of Mahindra and Mahindra Limited today announced the unaudited financial results of the company for the quarter ended 31st December 2016. The results are being published under the new Indian Accounting Standard (IND AS) which became applicable from 1st April 2016.

Q3 F2017 – M&M + MVML* Results

- Gross Revenues and Other Income Rs. 11826 crore.
- Profit from ordinary activities before tax Rs. 1124 crore
- Profit from ordinary activities after tax Rs. 801 crore

- 112852 vehicles sold in domestic market, a YoY decrease of 8.3%
- 51772 utility vehicles sold, a YoY decrease of 11.7%
- 72363 tractors sold in the domestic market, a YoY growth of 20.8%
- Domestic Tractor market share at 44% - Highest ever quarter market share since 2007
- Total exports of 12140 numbers (8017 vehicles & 4123 tractors), a YoY growth of 13.1%

The auto industry was adversely impacted in Q3 F2017 due to demonetization with all segments of the industry showing significant drop in demand in the months of November and December 2016. This was in contrast to the overall positive sentiment and demand that prevailed in the period April to October 2016. Industry growth for Cars + UVs dropped to just 1.1% in the months of November and December as against 11.4% for the period April to October. This sudden drop in demand had an adverse impact on the Q3 F2017 industry volumes which de-grew by 1.4%. The festive season in October helped in boosting demand for tractors but overall Q3 saw some pressure on volumes because of demonetization. The Rabi sowing this year has exceeded the overall sown area from previous year and there is also an increase of 10% and 14-16% respectively in MSP of oilseeds and pulses. This together with continued rural thrust in the union budget will bring some cheer to the farming community.

Q3 F2017 – M&M Standalone results

- Gross Revenues and Other Income Rs. 11888 crore
- Profit from ordinary activities after tax Rs. 1112 crore

* The combined results of M&M and MVML (manufacturing unit) provide a comprehensive view of the company's performance.

YTD F2017 – M&M + MVML Results

- Gross Revenues and Other Income Rs. 35836 crore, up 11% YoY
- Profit from ordinary activities before tax Rs. 4181 crore, up 16% YoY
- Profit from ordinary activities after tax Rs. 3015 crore, up 14% YoY

YTD F2017 – M&M Standalone results

- Gross Revenues and Other Income Rs. 36119 crore, up 11% YoY
- Profit from ordinary activities after tax Rs. 3230 crore, up 24% YoY

Outlook:

India's macro momentum suffered a dislocation in the form of withdrawal of high frequency notes by the government in November with discernible impact on consumption and investments. The official growth forecast was subsequently pared to 7.1% for F2017 from 7.6% earlier. Demonetisation has had short-term costs but holds the potential for long-term benefits. The government has embarked on follow-up actions to minimize the costs and maximise the benefits including remonetisation, a prudent budget with continued thrust on agriculture, rural and affordable housing segments, tax cuts for individuals as well as MSMEs and further lowering of the fiscal deficit that will pave the way for continued downward journey in cost of capital. Thus, growth is likely to return towards the trend in F2018 following a temporary decline in F2017.

The underlying India story essentially remains positive. India is not only among the world's fastest growing major economies, underpinned by a stable macro-economy with declining inflation and improving fiscal and external balances. It also remains one of the few economies enacting major structural reforms.