

MAHINDRA & MAHINDRA LIMITED

Registered Office: Gateway Building, Apollo Bunder, Mumbai 400 001.
Tel: +91 22 22021031, Fax: +91 22 22875485
Website: www.mahindra.com, Email: group.communications@mahindra.com
CIN L65990MH1945PLC004558

Press Release M&M + MVML**

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
Revenue and Other Income	12,997	13,551	-4%
Profit from ordinary activities After Tax (before EI)	918	1,238	-26%
Profit from ordinary activities After Tax (after EI)	2,260	1,257	80%
Operating margin (OPM)	14.0%	15.8%	
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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%.

* M&M+MVML Results

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

Q1 F2020 – M&M Standalone Results

Rs. crores

	Q1 F2020	Q1 F2019
Revenue 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
Revenue 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.

Additional information [not subjected to Limited Review and not under Regulation 33 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015]

THE UNAUDITED COMBINED FINANCIAL RESULTS OF MAHINDRA & MAHINDRA LIMITED AND MAHINDRA VEHICLE MANUFACTURERS LIMITED^

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Rs. in Crores

Particulars	Quarter ended 30th June			
	2019		2018	
	Amount	% to Net Revenue	Amount	% to Net Revenue
1. Net revenue from operations	12805.47	100.00	13357.66	100.00
2. Expenses :				
a. Material costs	8697.12	67.92	9003.56	67.40
b. Employee benefits expense	867.86	6.78	837.95	6.27
c. Depreciation, amortisation and impairment expense	583.88	4.56	429.47	3.22
d. Other expenses (net of amounts capitalised)	1446.94	11.30	1406.10	10.53
Total expenses (a+b+c+d)	11595.80	90.55	11677.08	87.42
3. Profit from operations before other income & finance costs (1 - 2)	1209.67	9.45	1680.58	12.58
4. Other income	191.89	1.50	192.96	1.44
5. Profit from ordinary activities before finance costs (3 + 4)	1401.56	10.95	1873.54	14.03
6. Finance costs	30.17	0.24	43.09	0.32
7. Profit from ordinary activities after finance costs but before exceptional items (5 - 6)	1371.39	10.71	1830.45	13.70
8. Exceptional items (net)	1367.05	10.68	24.52	0.18
9. Profit from ordinary activities before tax (7 + 8)	2738.44	21.38	1854.97	13.89
10. Tax expenses	478.70	3.74	597.75	4.47
11. Net Profit from ordinary activities after tax (9 - 10)	2259.74	17.65	1257.22	9.41
12. Other comprehensive income/(loss) after tax	(8.37)	(0.07)	11.64	0.09
13. Total comprehensive income after tax (11 + 12)	2251.37	17.58	1268.86	9.50

^Mahindra Vehicle Manufacturers Limited (MVML), a 100% subsidiary of the Company.

Previous year's figures have been regrouped/reclassified wherever necessary.

Additional information [not subjected to Limited Review and not under Regulation 33 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015]

THE UNAUDITED COMBINED FINANCIAL RESULTS OF MAHINDRA & MAHINDRA LIMITED AND MAHINDRA VEHICLE MANUFACTURERS LIMITED[^]

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Segment wise Revenues, Results and Capital Employed

Rs. in Crores

Particulars	Quarter ended 30th June	
	2019	2018
A. Segment revenue (net sales & operating income) :		
Automotive segment	7985.80	8032.56
Farm equipment segment	4382.17	5006.88
Other segments	522.89	405.49
Total	12890.86	13444.93
Less : Inter-segment revenue	85.39	87.27
Net sales & operating income	12805.47	13357.66
B. Segment results :		
Automotive segment	518.00	757.52
Farm equipment segment	844.74	1045.38
Other segments	28.51	13.38
Total segment results	1,391.25	1816.28
Finance costs	(30.17)	(43.09)
Other unallocable income (net) (including exceptional items)	1377.36	81.78
Total profit before tax	2738.44	1854.97
C. Capital employed (segment assets - segment liabilities) :		
Automotive segment	10651.69	9095.45
Farm equipment segment	4577.80	3496.70
Other segments	513.23	440.64
Total segment capital employed	15742.72	13032.79

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STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30TH JUNE, 2019

Rs. in Crores

Particulars	Quarter Ended			Year Ended
	30th June 2019	31st Mar 2019	30th June 2018	31st Mar 2019
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
1. Income				
a. Revenue from operations	12,922.72	14,035.16	13,519.91	53,614.00
b. Other income (note 2)	319.11	236.76	264.98	1,688.97
Total income	13,241.83	14,271.92	13,784.89	55,302.97
2. Expenses				
a. Cost of materials consumed	6,459.92	7,413.26	6,724.69	27,095.07
b. Purchases of stock-in-trade	2,386.33	3,204.48	3,176.80	12,111.61
c. Changes in inventories of finished goods, stock-in-trade and work-in-progress	312.86	(580.91)	(344.87)	(950.19)
d. Employee benefits expense	784.12	709.35	751.55	2,980.22
e. Finance costs	27.12	28.09	32.73	113.39
f. Depreciation, amortisation and impairment expense	545.38	532.52	392.97	1,860.40
g. Other expenses	1,406.69	1,683.66	1,367.69	5,867.23
h. Amounts capitalised	(49.94)	(40.43)	(27.59)	(129.50)
Total expenses	11,872.48	12,950.02	12,073.97	48,948.23
3. Profit before exceptional items and tax (1-2)	1,369.35	1,321.90	1,710.92	6,354.74
4. Exceptional items (net) (note 3)	1,367.05	(104.73)	20.87	(29.73)
5. Profit before tax (3 + 4)	2,736.40	1,217.17	1,731.79	6,325.01
6. Tax expense				
a. Current tax	328.13	195.39	332.31	1,179.12
b. Deferred tax	94.45	172.97	178.52	349.85
7. Profit after tax (5 - 6)	2,313.82	848.81	1,220.96	4,796.04
8. Other comprehensive income/(loss)				
a. (i) Items that will not be reclassified to profit or loss	(3.72)	(23.34)	2.50	(14.33)
(ii) Income tax relating to items that will not be reclassified to profit or loss	1.19	8.01	(1.05)	4.75
b. (i) Items that will be reclassified to profit or loss	(9.33)	11.82	15.17	33.72
(ii) Income tax relating to items that will be reclassified to profit or loss	3.26	(4.14)	(5.30)	(11.79)
9. Total comprehensive income for the period (7 + 8)	2,305.22	841.16	1,232.28	4,808.39
10. Earnings per share (not annualised for the quarters):				
a. Basic earnings per share (Rs.)	19.42	7.13	10.26	40.29
b. Diluted earnings per share (Rs.)	19.35	7.12	10.22	40.13
11. Paid-up equity share capital (face value Rs. 5 per share)	595.97	595.80	595.08	595.80
12. Reserves and surplus				33,613.43

STANDALONE SEGMENT INFORMATION FOR THE QUARTER ENDED 30TH JUNE, 2019

Rs. in Crores

Particulars	Quarter Ended			Year Ended
	30th June 2019	31st Mar 2019	30th June 2018	31st Mar 2019
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
A. Segment revenue :				
Revenue from operations				
Automotive segment	8,100.71	10,441.99	8,188.13	35,352.92
Farm equipment segment	4,382.17	3,205.88	5,006.88	16,874.65
Other segments	522.89	469.63	405.49	1,725.11
Total	13,005.77	14,117.50	13,600.50	53,952.68
Less: Inter-segment revenue	83.05	82.34	80.59	338.68
Revenue from operations	12,922.72	14,035.16	13,519.91	53,614.00
B. Segment results:				
Automotive segment	384.08	713.21	553.79	2,027.45
Farm equipment segment	844.74	518.69	1,045.38	3,265.11
Other segments	28.51	7.58	13.38	50.77
Total segment results	1,257.33	1,239.48	1,612.55	5,343.33
Finance costs	(27.12)	(28.09)	(32.73)	(113.39)
Other unallocable income, net of unallocable expenditure (includes exceptional items)	1,506.19	5.78	151.97	1,095.07
Profit before tax	2,736.40	1,217.17	1,731.79	6,325.01
C. Segment assets:				
Automotive segment	16,632.96	17,557.28	15,869.81	17,557.28
Farm equipment segment	7,943.21	7,823.91	7,494.88	7,823.91
Other segments	986.17	916.67	812.51	916.67
Total segment assets	25,562.34	26,297.86	24,177.20	26,297.86
Unallocated corporate assets	28,024.72	26,399.20	24,940.26	26,399.20
Total assets	53,587.06	52,697.06	49,117.46	52,697.06
D. Segment liabilities:				
Automotive segment	8,608.27	10,518.19	8,781.52	10,518.19
Farm equipment segment	3,365.41	3,275.60	3,998.18	3,275.60
Other segments	472.94	402.24	371.87	402.24
Total segment liabilities	12,446.62	14,196.03	13,151.57	14,196.03
Unallocated corporate liabilities	4,589.23	4,291.80	4,424.44	4,291.80
Total liabilities	17,035.85	18,487.83	17,576.01	18,487.83

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STATEMENT OF CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30TH JUNE, 2019

Rs. in Crores

Particulars	Quarter Ended			Year Ended
	30th June 2019	31st Mar 2019	30th June 2018	31st Mar 2019
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
1. Income				
a. Revenue from operations	26,041.02	27,158.77	26,061.51	1,04,720.68
b. Other income	248.46	25.43	199.13	1,085.61
Total income	26,289.48	27,184.20	26,260.64	1,05,806.29
2. Expenses				
a. Cost of materials consumed	13,150.73	15,205.34	14,056.07	56,120.20
b. Purchases of stock-in-trade	1,608.38	1,079.11	1,487.23	5,961.90
c. Changes in inventories of finished goods, stock-in-trade and work-in-progress	6.52	(710.39)	(427.90)	(1,730.48)
d. Employee benefits expense	3,047.84	2,766.19	2,868.58	11,563.89
e. Finance costs	1,424.79	1,436.64	1,094.22	5,021.35
f. Depreciation, amortisation and impairment expense	1,240.76	1,087.42	902.40	3,990.77
g. Other expenses	5,052.21	5,205.69	4,408.31	19,052.43
h. Amounts capitalised	(259.85)	(376.01)	(283.11)	(1,453.77)
Total expenses	25,271.38	25,693.99	24,105.80	98,526.29
3. Profit before Exceptional Items, Profit/(Loss) of Associates, Joint ventures and Tax (1-2)	1,018.10	1,490.21	2,154.84	7,280.00
4. Exceptional items (net) (note 3)	136.77	(27.95)	349.11	224.32
5. Profit before profit/(loss) of associates, joint ventures and tax (3 + 4)	1,154.87	1,462.26	2,503.95	7,504.32
6. Share of profit/(loss) of associates and joint ventures (net)	287.03	243.24	310.93	1,366.52
7. Profit before tax (5+6)	1,441.90	1,705.50	2,814.88	8,870.84
8. Tax expense				
a. Current tax	479.73	442.49	678.50	2,350.46
b. Deferred tax	68.06	347.75	251.72	503.53
9. Profit after tax (7 - 8)	894.11	915.26	1,884.66	6,016.85
10. Other comprehensive income/ (loss)				
a. (i) Items that will not be reclassified to profit or loss	(35.63)	(45.29)	6.79	(188.64)
(ii) Income tax relating to items that will not be reclassified to profit or loss	7.79	10.70	(0.19)	11.90
b. (i) Items that will be reclassified to profit or loss	(82.34)	(181.17)	(7.85)	(97.57)
(ii) Income tax relating to items that will be reclassified to profit or loss	19.97	(13.87)	(5.50)	(35.42)
11. Total comprehensive income for the period (9 + 10)	803.90	685.63	1,877.91	5,707.12
12. Profit for the period attributable to:				
a) Owners of the company	913.54	693.38	1,706.62	5,315.46
b) Non-controlling interest	(19.43)	221.88	178.04	701.39
13. Other comprehensive income/ (loss) for the period attributable to				
a) Owners of the company	(67.23)	(178.25)	(24.50)	(273.98)
b) Non-controlling interest	(22.98)	(51.38)	17.75	(35.75)
14. Total comprehensive income/(loss) for the period attributable to				
a) Owners of the company	846.31	515.13	1,682.12	5,041.48
b) Non-controlling interest	(42.41)	170.50	195.79	665.64
15. Earnings per share: (not annualised for the quarters):				
a. Basic earnings per share (Rs.)	8.25	6.38	15.71	48.91
b. Diluted earnings per share (Rs.)	8.22	6.37	15.64	48.70
16. Paid-up equity share capital (Face value Rs. 5 per share)	553.73	543.96	543.24	543.96
17. Reserves and surplus				39,439.45

CONSOLIDATED SEGMENT INFORMATION FOR THE QUARTER ENDED 30TH JUNE, 2019

Rs. in Crores

Particulars	Quarter Ended			Year Ended
	30th June 2019	31st Mar 2019	30th June 2018	31st Mar 2019
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
A. Segment revenue:				
Revenue from operations				
Automotive	13,547.84	16,128.19	14,054.21	59,172.58
Farm equipment	6,077.90	4,521.77	6,657.28	22,403.22
Financial services	2,822.03	2,808.38	2,444.77	10,345.08
Hospitality	612.49	655.68	487.08	2,240.59
Real estate	119.60	245.16	157.67	619.68
Others	3,505.10	3,537.28	2,993.62	12,745.40
Total	26,684.96	27,896.46	26,794.63	1,07,526.55
Less: Inter-segment revenue	643.94	737.69	733.12	2,805.87
Revenue from operations	26,041.02	27,158.77	26,061.51	1,04,720.68
B. Segment results:				
Automotive	112.08	675.42	682.40	2,141.06
Farm equipment	766.38	130.76	950.73	2,381.57
Financial services	130.25	1,015.24	496.34	2,703.04
Hospitality	21.49	40.10	(9.07)	96.84
Real estate	11.05	16.48	19.69	36.81
Others	106.15	(40.10)	55.06	(24.61)
Total Segment results	1,147.40	1,837.90	2,195.15	7,334.71
Finance Costs (excludes Financial services business)	(176.17)	(199.35)	(137.92)	(635.19)
Other unallocable Income, net of unallocable expenditure (includes exceptional items)	183.64	(176.29)	446.72	804.80
Profit before Profit/(Loss) of associates, joint ventures and tax	1,154.87	1,462.26	2,503.95	7,504.32
C. Segment assets:				
Automotive	36,125.67	37,023.23	33,175.96	37,023.23
Farm equipment	13,221.62	13,196.49	12,918.69	13,196.49
Financial services	73,013.50	71,554.25	60,733.54	71,554.25
Hospitality	6,526.55	5,099.58	4,952.69	5,099.58
Real estate	2,130.58	2,089.39	1,971.05	2,089.39
Others	12,914.50	12,144.39	11,524.71	12,144.39
Total segment assets	1,43,932.42	1,41,107.33	1,25,276.64	1,41,107.33
Unallocated corporate assets	24,269.65	22,284.24	19,871.77	22,284.24
Total assets	1,68,202.07	1,63,391.57	1,45,148.41	1,63,391.57
D. Segment liabilities:				
Automotive	18,600.74	20,468.72	16,891.12	20,468.72
Farm equipment	5,857.99	5,534.49	6,465.87	5,534.49
Financial services	64,316.88	61,872.15	51,117.99	61,872.15
Hospitality	7,465.10	5,882.15	5,818.56	5,882.15
Real estate	735.77	710.07	576.45	710.07
Others	4,141.61	3,903.36	3,218.28	3,903.36
Total segment liabilities	1,01,118.09	98,370.94	84,088.27	98,370.94
Unallocated corporate liabilities	16,864.27	16,676.65	15,443.08	16,676.65
Total liabilities	1,17,982.36	1,15,047.59	99,531.35	1,15,047.59

Notes:

- 1 These standalone and consolidated financial results have been prepared in accordance with the recognition and measurement principles under Ind AS as prescribed under Section 133 of the Companies Act, 2013 read with the relevant rules issued thereunder and the other accounting principles generally accepted in India.
- 2 Other income in the standalone financial results includes dividend received from Subsidiaries, Associates and Joint ventures as below:

	Quarter Ended		Rs. in Crores	
	Year Ended			
	30th June 2019	31st Mar 2019	30th June 2018	31st Mar 2019
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Dividend received from Subsidiaries, Associates and Joint ventures	150.39	-	107.16	888.99

- 3 Exceptional items in standalone financial results of Rs. 1367.05 crores for the quarter ended 30th June 2019 mainly represents: (a) gain on sale of shares by M&M benefit trust; and (b) gain on buy-back by an associate / transfer of certain long-term investments. Exceptional items in consolidated financial results of Rs. 136.77 crores for the quarter ended 30th June 2019 represents gain on disposal of interest in subsidiaries and change of status from subsidiary to joint venture.
- 4 The standalone and consolidated figures of the quarter ended 31st March, 2019 are the balancing figures between the audited figures in respect of the full financial year and the limited reviewed year to date figures upto the third quarter of the relevant financial year.
- 5 On April 1, 2019, the Group has adopted Ind AS 116, 'Leases', using modified retrospective approach. Accordingly, the comparatives have not been retrospectively adjusted. The adoption of Ind AS 116 did not have any material impact on the standalone and consolidated results for the quarter ended June 30, 2019.
- 6 The reportable segments (for all periods presented) are as follows:
- a) *Automotive*: This segment comprises of sale of automobiles, spares, mobility solutions, construction equipments and related services;
 - b) *Farm Equipment*: This segment comprises of sale of tractors, implements, spares and related services;
 - c) *Financial Services*: This segment comprises of offering financial products ranging from retail and other loans, SME finance, housing finance, mutual funds and life and non-life insurance broking services;
 - d) *Hospitality*: This segment comprises of sale of timeshare and vacation ownership;
 - e) *Real Estate*: This segment comprises of projects, project management & development and operating of commercial complexes;
 - f) *Others*: This segment mainly comprises of IT Services, after-market, defence, steel trading and processing, logistics, solar, powerol, agri business, two-wheelers, etc.
- 7 In compliance with Regulation 33 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, a limited review of the above results has been carried out by the Statutory Auditors.
- 8 Previous period's figures have been regrouped/reclassified wherever necessary.
- 9 The above standalone and consolidated financial results were approved by the Board of Directors of the Company at the Board Meeting held on 7th August, 2019.

For and on behalf of the Board of Directors

Date: 7th August, 2019
Place: Mumbai

Anand G. Mahindra
Executive Chairman