



# **Mahindra & Mahindra Limited**

**14 November 2013**

# Tractor Industry & Agri Economy

## Expectation of 5% Agri Growth (CACP forecast)

- H1 tractor industry growth: 23.9%
  - Q1 growth of 26% and Q2 growth of 21%
  - All states except TN and Gujarat showing growth
- Full year now expected in 15% - 17% range
- Growth drivers
  - Rainfall 6% above LPA (70% districts normal or excess rainfall)
  - Overall positive sentiment
  - Water levels higher than 10 years average
- Kharif Harvest estimates (1<sup>st</sup> estimate)

– Rice	: - 0.5 %
– Pulses	: + 1.8 %
– Oil seeds	: + 14.9 %
– Cotton	: + 3.8 %

# Q2: M&M Performance Highlights

- Volume growth

Period	M&M	Industry
H1	24.4	23.9
Q1	26.2	26.2
Q2	22.3	21.2

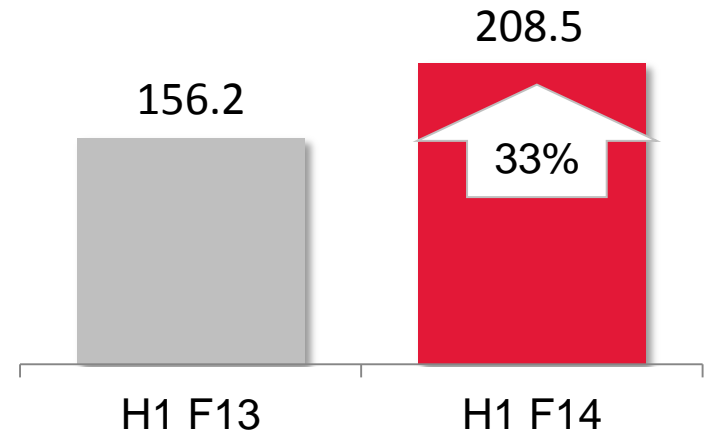
- Total Market share 41.0% a gain by 0.2%
- 5 new variant launches
- OPM Improvement
  - Product Mix, SP increase, Commodity prices
- Implements business growth about 90%
- Zaheerabad plant producing over 80 tractors per day
- Some challenges
  - Exports down 14% (Industry de-grew in Sri Lanka and Bangladesh)
  - Powerol

# Agri Business

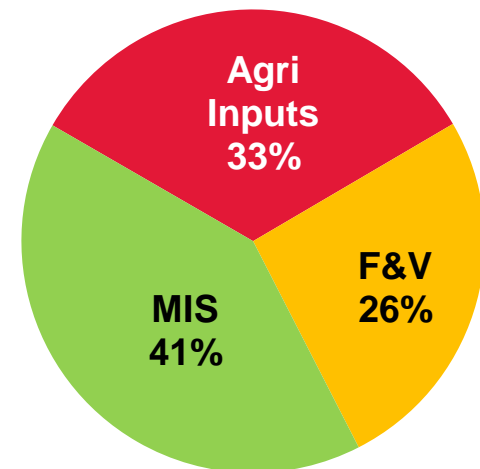
**33% Growth**

- Growth in F&V (49%) and Agri inputs (47%)
- Retained No. 1 position in Grapes
- Expanding current portfolio and exploring new segments of agri value chain

Agri Business Revenue (Rs. crs)



Agri Business Revenue Share



# Q2 F14: Auto Industry Overview

## Slowdown sets in

- PU & 2W : only segments with growth
- Industry down 7.4% (excl. 2W)
- MHCV : lowest in last 16 quarters
- UV : lowest in last 4 quarters
- Cars : lowest in last 3 quarters
- Heavy discounting

# Q2: M&M Performance Highlights

- Gain in Pik-Up mkt. share.
- Launch of New Bolero Pik-Up with Microhybrid
- OPM protection (Product Mix, Commodity prices)
- Smooth signing of wage agreements (Nasik, Igatpuri, Chakan, Haridwar)
- SYMC performance
  - Second consecutive profit making quarter
  - Increase in Domestic Market share
- Key Challenges
  - Industry slowdown + Impact of additional 3% excise duty
  - No incentives for EVs impacting E20 sales

# October 2013 Performance

## ■ Tractors

- M&M growth of 30%. In line with industry growth

## ■ Auto

- Scorpio: highest ever monthly sales: 5,230 No.
- XUV500 again crosses 3k vol. 3,226 No
- PU: highest ever monthly sales: 11,892 Nos
- Gain in PU market share
- Gain in MS for LCV < 2T and 3W

# Key Drivers: Q3 / H2 F14 outlook

## ■ Economy

- Economic scenario continues to be uncertain.
- RBI projects a modest growth in H2, on back of rebound in agriculture and an improvement in exports.
- WPI inflation is ruling above the Reserve Bank's comfort level and may remain around the current level during H2
- Fuel inflation could impart upside pressures on prices of other commodities

## ■ Interest Rates

- After the recent hike in policy rates by RBI, lenders like SBI, HDFC have also increased the lending rates.
- Interest rates will continue to maintain pressure on industry





# Financials

# M&M + MVML

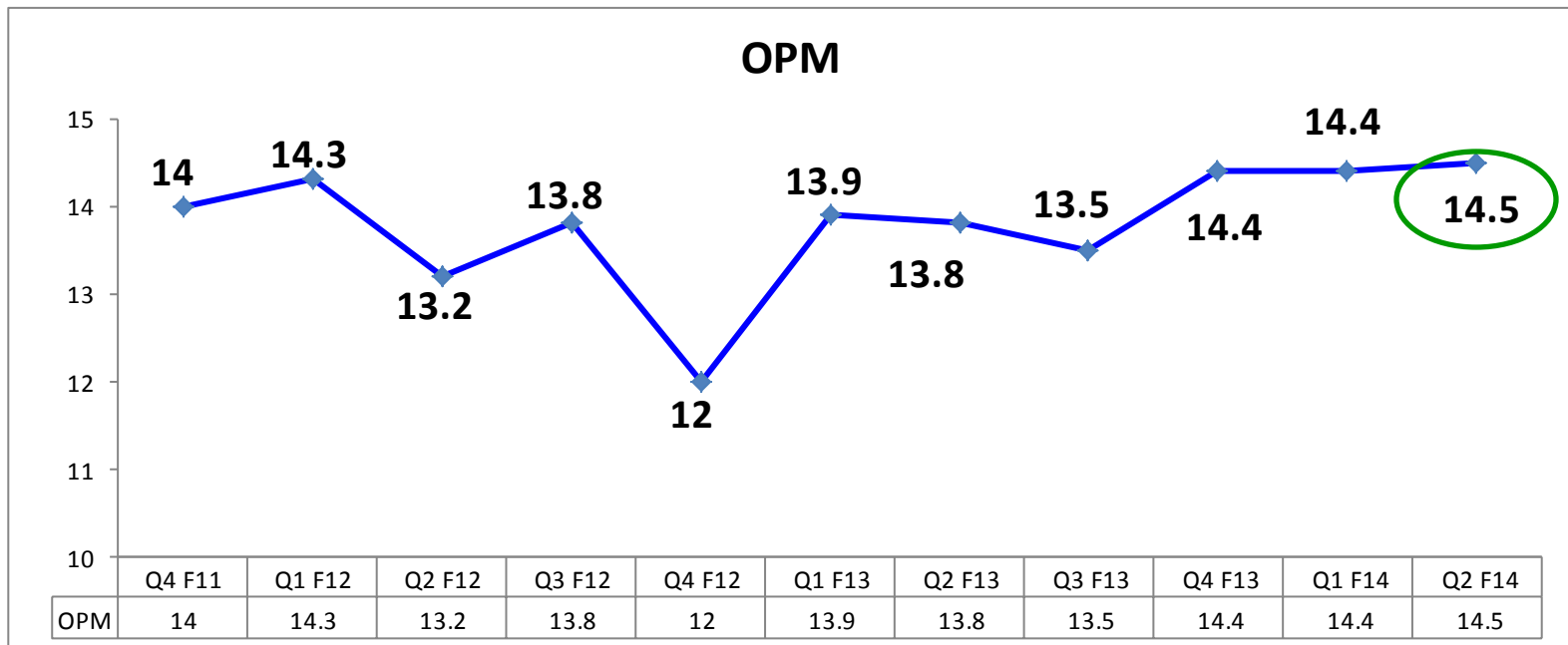
[₹ crores]

	Q2 F-14	Q2 F-13	Change
<b>Gross Revenue</b>	9,888	10,787	↓ 8%
<b>Net Revenue</b>	8,660	9,253	↓ 6%
<b>PAT</b>	1,028	978	↑ 5%

# M&M + MVML

## Operating Margin

	Q2-F14	Q2-F13
OPM with MVML	14.5%	13.8%



# Segment Report

[ ₹ crores]

Segment Revenue	Q2 F-14	Q2 F-13	Change	Volume
Auto Segment	5,555	6,626	↓ 16.2%	↓ 16%
Farm Segment	3,148	2,653	↑ 18.6%	↑ 19%

Segment Result	Q2 F-14	Q2 F-13	Change
Auto Segment	624	808	↓ 23%
Farm Segment	534	392	↑ 36%

# Mahindra & Mahindra Ltd. - Standalone

[ ₹ crores]

	Q2 F-14	Q2 F-13	Change
<b>Gross Revenue</b>	9,891	10,891	↓ 9%
<b>Net Revenue</b>	8,930	9,813	↓ 9%
<b>PAT</b>	989	902	↑ 10%

# Mahindra & Mahindra Ltd. - Consolidated

[ ₹ crores ]

	Q2 F-14	Q2 F-13	Change
<b>Gross Revenue</b>	18,676	17,973	↑ 4%
<b>Net Revenue</b>	17,548	16,496	↑ 6%
<b>PAT before MI</b>	927	787	↑ 18%
<b>PAT after MI</b>	836	799	↑ 5%

# Performance of Top 4 listed Companies

## MMFSL

### Power of 2 Million Relations

Mahindra Finance values the trust you have placed in us. Your support has helped us to transform rural India by providing finance to progressive farmers and aspiring entrepreneurs.



Q2 F14 – Rs.232 crs

Q2 F13 – Rs.193 crs

21%

## SYMC



Q2 F14 – Rs.7 crs

Q2 F13 –Rs. (39) crs

118%

## TML

CREATE THE NEXT WAVE

Q2 F14 – Rs. 718 crs

Q2 F13 – Rs. 456 crs

58%

## MHRIL



Q2 F14 – Rs 29 crs

Q2 F13 –Rs 27 crs

7%

**THANK YOU**