

MAHINDRA & MAHINDRA LIMITED

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Press Release

Q3 F2015 PAT grew by 5.7% to Rs. 967 Crore

Mumbai, 13th February 2015: The Board of Directors of Mahindra and Mahindra Limited (the Company or M&M) today announced the unaudited financial results for the quarter ended 31st December 2014 of the company and the consolidated Mahindra Group.

Mahindra Vehicle Manufacturers Limited (MVML), was set up as a 100% subsidiary of the company with a view to sourcing contemporary products for expanding the market offerings of the company. Hence it is a critical part of its business and only the combined results of M&M and MVML (Combined Entity) can provide a comprehensive view of the company's performance.

Q3 F2015 – M&M + MVML Results *

The Indian automotive industry continues to be sluggish with the Utility Vehicle industry degrowing by 6.1% in Q3 F2015. A delayed and deficient monsoon has also impacted the tractor industry leading to the tractor industry degrowth of 21.8% in Q3 F2015. In this market scenario the company is focused on product upgradation and aggressive field activities, in addition to delivering greater value through process efficiencies.

The Combined Entity has continued its leadership position in both the utility vehicle segment and the tractor segment. During the current quarter the Combined Entity sold 49724 utility vehicles (market share 37.4%) and 56471 tractors in the domestic market (market share 39.6%). Export of tractors grew by 50.4% with 3385 tractors being exported in the current quarter as compared to 2251 tractors in Q3 of the previous year.

The Gross Revenues and Other Income of the Combined Entity for the quarter ended 31st December 2014 is **Rs. 10087 crore** as against Rs. 11286 crore in Q3 of the previous year. The Profit before tax for the current quarter is **Rs. 1139 crore** as against Rs. 1188 crore in Q3 of the previous year. The **Net Profit after tax grew by 5.7%** from Rs. 914 crore in Q3 of the previous year to **Rs. 967 crore** for the current quarter.

The above results include a gain resulting from the merger of Mahindra Engineering Services Limited (MESL), a subsidiary of the company with Tech Mahindra Limited (TML). On account of the merger, the company received shares in TML in lieu of its holdings in MESL. As required by Accounting Standard 13 – Accounting for Investments, the company has recorded the shares of TML so received, at a fair value of Rs. 359 crores (as on the appointed date). The excess of the fair value over the cost of the Company's holdings in MESL amounting to **Rs. 299 crores** has been accounted for as an exceptional item. The market value of TML shares so received has since increased to Rs. 985 crores as on 12th February, 2015.

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Q3 F2015 – M&M Standalone Results

The Gross Revenues and Other Income of the Company for the quarter ended 31st December 2014 is **Rs. 10188 crore** as against Rs. 11295 crore in the corresponding quarter previous year. The Net Profit after exceptional item and tax for the current quarter is **Rs. 942 crore** as against Rs. 934 crore in the corresponding quarter of the previous year.

On a comparable basis the Gross Revenues and Other Income and Net Profit after tax of Q3 of the previous year were Rs. 11422 crore and Rs. 848 crore respectively.

YTD F2015 – M&M + MVML Results *

The Gross Revenues and Other Income of the Combined Entity for the YTD period ended 31st December 2014 is **Rs. 31310 crore** as against Rs. 32159 crore in the corresponding period previous year. The Net Profit after tax is **Rs. 2837 crore** for the current YTD period as against Rs. 2732 crore in the corresponding period previous year.

YTD F2015 – M&M Standalone Results

The Gross Revenues and Other Income of the Company for the YTD period ended 31st December 2014 is **Rs. 31660 crore** as against Rs. 32074 crore in the corresponding period previous year. The Net Profit after tax is **Rs. 2771 crore** for the current YTD period as against Rs. 2861 crore in the corresponding period previous year.

On a comparable basis the Gross Revenues and Other Income and Net Profit after tax for the YTD period of the previous year were Rs. 32594 crore and Rs. 2656 crore respectively.

Q3 F2015 – Group Consolidated Results

The consolidated Gross Revenues and Other Income of the Group for the Quarter ended 31st December 2014 is **Rs. 18372 crore (USD 3.0 billion)** as against Rs. 20680 crore (USD 3.4 billion) in the corresponding quarter of the previous year. The consolidated Net Profit after tax and after minority interest for the current quarter is **Rs. 930 crore (USD 152.5 million)** as compared to Rs. 1230 crore (USD 201.6 million) in the corresponding quarter of the previous year.

YTD F2015 – Group Consolidated Results

The Gross Revenues and Other Income of the Group for the YTD period ended 31st December 2014 is **Rs. 56760 crore (USD 9.3 billion)** as against Rs. 58699 crore (USD 9.6 billion) in the corresponding period of the previous year. The consolidated Net Profit after tax and after minority interest for the current YTD period is **Rs. 2686 crore (USD 440.2 million)** as compared to Rs. 3034 crore (USD 497.2 million) in the corresponding period of the previous year.

Consequent to the merger schemes given effect to in the current quarter, the results of Q3 and YTD F2015 are not strictly comparable with the corresponding periods of the previous year.

Update on alliance with CIE Automotive S.A. Spain (CIE):

The concluding phase of the alliance with CIE took place during the quarter and involved the merger of the Company's subsidiaries Mahindra UGINE Steel Company Limited (MUSCO), Mahindra Gears International Limited (MGIL) and Mahindra

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Investments (India) Private Limited (MIPL) with Mahindra CIE Automotive Limited (MCIE) an associate of the Company. As a result of the merger, the Company received equity shares of Mahindra CIE in lieu of its holding in those Companies. The investment in MCIE is being carried in the books of the Company at Rs. 526 crore. The market value as on 12th February, 2015 of these shares so received is Rs. 1465 crore. The Company also holds 13.5% stake in CIE, through its subsidiary Mahindra Overseas Investment Company (Mauritius) Limited which was acquired at a cost of Rs. 806 crore. The market value of this investment is Rs. 1355 crore as on 11th February, 2015.

The Group as on 31st December 2014 comprised of 110 Subsidiaries, 7 Joint Ventures and 16 Associates. A full summation of Gross Revenues and other income of all the group companies (including the Company) taken together for the YTD period ended 31st December 2014 is **Rs. 77300 crore (USD 12.7 billion)**.

The combined market capitalization of the listed entities within the Group (including the Company) is **Rs. 174768 crore (USD 28.6 billion)** as on 12th February, 2015.

Outlook:

India's macroeconomic situation today is far stronger than it was twelve months ago. Inflationary pressures have been tamed, the current account deficit remains well within comfort range and its fiscal position is steadily consolidating. Given the weak outlook for both oil and industrial commodities; prices through 2015, the country's macros are likely to strengthen further in the coming months. At the same time, the steady stream of regulatory reforms, initiated by the government in the past six months, are slowly but steadily improving the business climate in the country. New investment announcements have picked up tempo while stalled mining projects are now being revived. While domestic demand still remains relatively weak, both consumer sentiment and business sentiment today are significantly stronger than was the case six months ago, which bodes well for business performance in the next fiscal. The external economic environment, however, remains weak and riddled with risks. As a consequence, while our outlook on the economy is distinctly more positive than it was six months ago, we remain alert to the possibility of ripple effects emanating from a sudden and sharp deterioration in the extant global economic climate.

* During Q4 F2014, the trucks and buses business of Mahindra Trucks and Buses Limited (MTBL) was demerged into the Company. To make the figures comparable, the results of corresponding periods of the previous year include the effect of the demerger.

Note: Translation of rupee to dollar is a convenience translation at the average exchange rate for the twelve month period ended 31st December 2014.