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MAHINDRA & MAHINDRA LIMITED

February 15, 2018

Current Price: ₹ 746.45

STOCK DATA

BSE Code	500520
NSE Symbol	M&M
Reuters	MAHM.BO
Bloomberg	MM IN

VALUE PARAMETERS

Price (Rs)	746.45
52 W H/L(Rs)	802.80/612.50
Mkt. Cap.(Rs Cr)	92798.11
Latest Equity(Subscribed)	621.60
Latest Reserve (cons.)	29156.30
Latest EPS (cons.) -Unit Curr.	27.45
Latest P/E Ratio -cons	27.20
Latest Bookvalue (cons.) -Unit Curr.	239.53
Latest P/BV - cons	3.12
Dividend Yield -%	0.76
Face Value	5.00

SHARE HOLDING PATTERN (%)

Description as on	% of Holding 31/12/2017
Foreign	37.99
Institutions	19.3
Govt Holding	0.16
Non Promoter Corp. Hold.	6.72
Promoters	20.47
Public & Others	15.37

M&M and MVML: Combined Results

In Cr.

Particulars	Qtr Ending Dec. 17	Qtr Ending Dec. 16	Var. (%)
Total Operating Income	11491.46	10420.36	10
OPM(%)	14.70	13.60	
OP	1692.60	1415.20	20
Other Income	101.09	93.00	9
PBIDT	1793.60	1508.20	19
Interest	43.45	60.30	-28
PBDT	1750.19	1447.94	21
Depreciation	405.21	387.80	4
PBT	1344.98	1060.14	27
EO	385.75	363.78	6
PBT after EO	1730.73	1423.92	22
Tax provision	425.01	307.12	38
PAT	1305.72	1116.80	17
Other comprehensive income	-3.29	0.77	-527
Net Profit	1302.43	1117.57	17
EPS	10.95	18.84	

Mahindra & Mahindra Ltd.'s profit beat estimates in the quarter ended December on higher tractor sales, indicating that rural demand is improving in Asia's third-largest economy.

Mahindra and Mahindra (M&M) posted a better than expected performance for the third quarter ended December 2017 with profit rising over 17%. The company posted a profit of Rs 1,302.43 crore against RS 1,117.57 crore it posted during the same quarter last year. Revenues were higher by 10% at Rs 11,491.46 crore against Rs 10,420.36 crore year on year.

Performance was supported by both automotive and tractor business. Total auto sales (passenger and commercial vehicles, inclusive of exports) during the quarter improved 8% to 1.21 lakh units while tractor sales increased 6% yoy to 76,943 units.

Mahindra Vehicle Manufacturers Limited (MVML), located at Chakan near Pune, 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 the company and MVML will provide a comprehensive view of company's performance.

Operating Margin for the combined entity in the quarter ended Dec2017 was 14.7% as compared to 13.6% in last Q3. Operating profit was 20% higher at Rs 1692.55 crore. Decrease in cost on all fronts helped margins improve. Raw material cost (as a % to sales, net of stock) fell by 190 bps at 66.1%. Employee expenses fell 43 bps to 7%. Other expenses (all as a % to sales, net of stock) rose 110 bps to 12%.

Other income was 9% higher at Rs 101.09 crore. Interest cost decreased by 28% to Rs43.45crore. The depreciation cost rose 4% at Rs405.21crore.

M&M and MVML: Combined Segment Results

In Cr.

	Qtr Ended Dec. 17	Qtr Ended Dec. 16	Var. (%)
Segment Revenue			
Automotive Segment	7097.29	6358.93	12
Farm Equipment Sector	4098.34	3758.05	9
Others	445.03	437.5	2
Total Segment Revenue	11640.66	10554.48	10
Less : Inter-Segment Revenue	149.2	134.12	11
Net Sales	11491.46	10420.36	10
Segment Results			
(after EO)			
Automotive Segment	605.33	452.17	34
Farm Equipment Sector	838.58	730.17	15
Others	-10.06	-29.93	-66
Total Segment Results	1433.85	1152.41	24
add/Less:			
Interest Expense (Net)	43.45	60.3	-28
Other Unallocable Income Net Off	-340.33	-331.95	3
Unallocable (Expenditure)			
Total PAT	1730.73	1424.06	22
Capital Employed			
(Segment Assets Less Segment Liabilities)			
Automotive Segment	9375.05	9081.25	3
Farm Equipment Sector	3202.52	2886.58	11
Others	456.24	499.49	-9
Total CE	13033.81	12467.32	5

Thereafter, PBT before EO rose 27% to Rs 1344.98 crore. EO income rose 6% to Rs 385.75 crore. PBT after EO rose 22% at Rs1730.73 crore. PAT settled 17% higher at Rs1735.72crore after 38% rise in tax provision at Rs425crore (300 bps rise in tax rate).

The PBIT margin of auto segment was at 8.5% (vis a vis 7.1%) thereby leading to 34% rise in PBIT at Rs 605.33 crore. Farm equipment segment's PBIT margin was higher at 20% (vis a vis 19%) leading to 15% rise in PBIT at Rs838.58crore. Revenues from auto and FES sector grew 12% and 9% respectively.

Auto Business: For Q3 F2018, the auto industry posted good growth on low base due to demonetization impact in Q3 F2017. Passenger vehicles reported a growth of 6.1% and positive rural sentiment along with ease of finance availability fuelled growth of 29.2% in the sub 3.5T CV segment. The company's domestic sales grew by 8% as compared to Q3 F2017 and the company sold 2735 trucks during the quarter as compared to 1302 trucks in 03 F2017.

To strengthen the UV portfolio, the company launched a new avatar of the Scorpio, its iconic SUV— the 'All Powerful Scorpio'. The new All Powerful Scorpio comes with higher power (140 bhp) and torque, new 6-speed transmission, enhanced performance, imposing styling and luxurious comfort.

Tractor Business: The domestic tractor industry witnessed a growth of 7.8% with sales of 1,77,441 tractors in Q3 F2018. The company's domestic sales grew by 6.3% as compared to Q3F2017 and its market share stood at 43.4%. In Q3 F2018, normal north-east monsoons and good reservoir levels helped in boosting the rural sentiment and demand for tractors. The healthy reservoir levels, good progress on rabi sowing and increase in MSP's of Rabi crops should help the growth momentum to continue in the coming months.

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