

M&M Group Q1 Turnover up by 40.7%

Auto

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Mumbai: Mahindra and Mahindra Limited today announced the unaudited financial results for the first quarter ended 30th June 2007.

M&M Stand Alone Results:

The Gross Revenues and Other Income of Mahindra & Mahindra Ltd. for the quarter ended 30th June 2007 at Rs.2972.8 crores registered a growth of 16.6% over Rs.2548.6 crores for Q1 of the previous year. Profit before exceptional items and taxation for the current quarter is Rs.256.7 crores as compared to Rs.284.0 crores in Q1 last year. The Net Profit for the quarter after considering exceptional items, and taxation is Rs.191.2 crores as against Rs.204.2 crores in Q1 last year. The profit after tax excluding special and exceptional items (see attached table) for the current quarter is Rs.192.2 crores as compared to Rs.167.4 crores in Q1 last year – an increase of 14.8%. The sales performance of Automotive Sector of the company continued to be good and company's control on material costs tight. However the strengthening rupee and the consequent lower export realization affected the profit growth during the quarter.

Group Consolidated Results:

The Gross Revenues and Other Income for the quarter ended 30th June 2007 of the Consolidated Mahindra Group at Rs.5879.2 crores (USD 1.4

billion) grew by 40.7% over Rs.4179.5 crores (USD 905.8 million) for Q1 last year. The profit before exceptional items and tax for the current quarter is Rs. 535.7 crores (USD 131.3 million) as compared to Rs.479.7 crores (USD 104.0 million) in Q1 F2007 – a growth of 11.7%. This is due to a good performance by both the parent company and group companies. The consolidated group Profit for the current quarter after considering exceptional items, tax and after deducting minority interests is Rs.299.6 crores (USD 73.4 million) as against Rs.290.0 crores (USD 62.9 million) earned in Q1 last year.

Automotive Sector:

In Q1 F2008, the company out-performed the industry in its core UV business with a growth of 23.6% as compared to an industry growth of 8.2%. The company sold 31,171 UV's in Q1 F2008 against 25,216 in the same period previous year. The company further strengthened its leadership position in the domestic UV market with a market share of 50% as compared to 43.7% in the same period previous year.

The All New Scorpio continues to excite the customer and its volumes increased by 16% in Q1 F2008 as compared to last year. The Bolero brand grew its volumes by 35% in the current quarter as compared to Q1 F2007. The Tough New Bolero which was launched in March 2007 was very well accepted as an 'Entry level SUV'.

In the large 3-wheeler segment, industry sales volumes in Q1 F2008 declined 46%, while the Company arrested the decline in its own sales to 37% with a sale of 2,325 vehicles and a market share of 53%. In the small 3-wheeler cargo segment, the company sold 5,011 Champion Alfa's with a growth of 74% and a market share of 18% during Q1 F2008.

Scorpio and its variants continue to spearhead the company's overseas growth. The company exported 2,436 vehicles in Q1 F2008 registering a growth of 83% over the same period previous year.

Farm Equipment Sector:

During the current quarter, tractor industry sales declined by 4% to 75340 nos. against 78602 nos. sold during the same period last year. The company sales, however, grew by 1% to 25250 tractors from 25042 nos. sold in Q1 last year. The company continued to be a market leader with a market share of 33.5% as against 31.9% in Q1 last year.

Exports during the current quarter were 2067 nos. as compared to 2316 nos. in the same period last year.

The company continued to grow its Engine business by selling 7028 engines against 6232 nos. sold last year, registering a growth of 13%. Revenues for the Engine and DG set business for the quarter were at Rs.103 crores as against Rs.60 crores for the Q1 of last year - a substantial growth of 73%.

During the current quarter, in order to further consolidate its position in the tractor market, the company initiated steps which culminated in the acquisition of a 63.3% stake in Punjab Tractors Ltd. (PTL) a few days after the close of the quarter. PTL will be a strategic fit to the company's Farm Equipment Sector, as it comes with its strength of efficient design (strong R&D abilities) and the Brand Swaraj, which has a reputation of being a reliable product. The company now expects to be in a unique position to leverage upon these strengths coupled with other advantages such as economies of scale, sourcing benefits and vendor rationalization.

Group Companies:

The Group comprised of 79 Subsidiaries, 4 Joint Ventures and 10 Associates as on 30th June 2007. In the current quarter, the major group companies like Tech Mahindra, Mahindra Finance, Mahindra Gesco, and others had a significantly improved performance over the previous year. The performance of Tech Mahindra, with a 49% growth in Revenues and a 59% growth in profits and Mahindra Gesco with a 36% Revenue growth and a 261% profit growth, deserve a special mention.

Outlook:

The economy, after an excellent performance in the last four years, is poised to grow strongly in F 2008 as well. This however will depend on the monsoon being good as predicted. High interest rates, strengthening rupee and slowing credit growth are worrisome factors. However the company's outlook for the rest of the year remains positive

Note: Translation of rupee to dollar is a convenience translation at the respective period end exchange rate.

About The Mahindra Group

The US \$4.5 billion Mahindra Group is among the top 10 industrial houses in India. Mahindra & Mahindra is the only Indian company among the top four tractor manufacturers in the world and is the market leader in multi-utility vehicles in India. The Group has a leading presence in key sectors of the Indian economy, including trade and financial services (Mahindra Intertrade, Mahindra & Mahindra Financial Services Ltd.), automotive components, information technology & telecom (Tech Mahindra, Bristlecone), and infrastructure development (Mahindra GESCO, Mahindra Holidays & Resorts India Ltd., Mahindra World City). With over 60 years of manufacturing experience, the Mahindra Group has built a strong base in technology, engineering, marketing and distribution which are key in its evolution as a customer-centric organization. The Group employs over

40,000 people and has several state-of-the-art facilities in India and overseas. The Mahindra Group has ambitious global aspirations and has a presence in five continents. Mahindra products are today available in every continent except Antarctica. M&M has one tractor manufacturing plant in China and three assembly plants in the United States. It has made strategic acquisitions across the globe including Stokes Forgings (UK), Jeco Holding AG (Germany) and Schoneweiss & Co GmbH (Germany). Its global subsidiaries include Mahindra Europe Srl. based in Italy, Mahindra USA Inc. and Mahindra South Africa. M&M has entered into partnerships with international companies like Renault SA, France, and International Truck and Engine Corporation, USA. The Group recently made a milestone entry into the passenger car segment with Logan, a product of its JV with Renault SA. Forbes has ranked the Mahindra Group in its Top 200 list of the World's Most Reputable Companies and in the Top 10 list of Most Reputable Indian companies.

Tags :

Turnover