

## **Mahindra Group Consolidated Net Profit up by 36.7%**

*Auto*

*Author : mahindraadmin Category : Auto Published : 8/1/2008*

**Mumbai:** Mahindra and Mahindra Limited today announced the unaudited financial results of the consolidated Mahindra Group for the first quarter ended 30th June 2008.

The Gross Revenues and Other Income for the quarter ended 30th June 2008 grew by 29.0% to Rs.7557.3 crores (USD 1.8 billion) from Rs.5858.2 crores (USD 1.4 billion) in Q1 last year. The profit before exceptional items and tax for the current year is Rs.663.4 crores (USD 154.7 million) as compared to Rs.535.1 crores (USD 131.18 million) in Q1 F2008. During the quarter there was also an exceptional profit of Rs.31.1 cores that accrued to the group out of the private placement of shares by a group subsidiary, Mahindra First choice Wheels Ltd. The Consolidated profit after tax for the quarter after deducting minority interests is Rs.409.5 crores (USD 95.5 million) as against Rs.299.6 crores (USD 73.4 million) earned in Q1 previous year – a growth of 36.7%.

An analysis of the performance of the different segments of the group, at PBIT level, is as follows:

### **Automotive:**

The segment revenues in the current Q1 at Rs 2190.0 crores registered a growth of 22.3% over Rs.1791.3 crores in Q1 last year. The parent

company's automotive division contributed most significantly to this growth in revenue. Significant appreciation in various foreign currencies has adversely impacted the input cost of products of JV companies during the quarter. This combined with rise in other input costs has adversely impacted the segment results in the current Q1 which dropped by 7.6% to 114.5 crores from Rs.124.0 crores in Q1 F2008.

### **Farm Equipment:**

The segment registered a significant improvement in both revenues and profits during the current quarter. While the revenues grew by 48.2% to Rs.1786.4 crores, Segment profits rose by 47.2% to Rs 188.9. Acquisition of majority stake in Punjab Tractors and significant growth in parent company's tractor and engines businesses contributed to this improvement.

### **IT Services:**

The Group's IT segment witnessed a significant improvement in revenues and profits. Revenues at Rs. 1159.7 crores for the current quarter registered a growth of 27.6% over Rs.908.9 crores in Q1 F2008. Segment profits grew by 57.0% to 275.0 crores in the current Q1 from Rs.175.2 crores in Q1 F2008. Tech Mahindra, the Group's telecom solutions company, continued to demonstrate leadership in the telecom space by registering an increase of 27.3% in consolidated revenues and 48.9% in results.

### **Financial Services:**

Despite the increase in inflation and interest costs, both of which have a direct bearing on the revenues of the segment, the financial services segment reported revenues of Rs.300.2 crores as compared to Rs.249.2 crores in Q1 last year – a growth of 20.5%. Interest rate optimization, through a diversified funding pattern, helped the segment in containing costs thereby resulting in improved segment results which were up from

Rs.32.8 crores to Rs. 43.2 crores – a growth of 31.7%.

### **Systech:**

The acquisitions made in F2007 followed by the consolidation initiatives undertaken thereafter have started yielding the synergy benefits to the segment. A strong Euro and better realizations have resulted in improved revenues and profits for the segment. While revenues have increased by 32.0%, up from Rs. 774.4 crores for Q1 F2008 to Rs.1022.4 crores in the current quarter, segment profits almost doubled from Rs 40.9 crores in last Q1 to Rs 81.5 crores.

### **Infrastructure Development:**

The Group had in the recent past initiated setting up of integrated business cities in Chennai and Jaipur. Both these have witnessed rapid development as also an improved clientele. These have resulted in improved segment income which for the current quarter at Rs.84.7 crores grew by 84.5% as compared to Rs.45.9 crores in Q1 F2008. Segment results at Rs 30.9 crores registered an increase of 89.4%. During the quarter the Group has received notification from the Ministry of Commerce for its proposed Biotech SEZ in Thane, Maharashtra.

### **Hospitality:**

The Hospitality segment reported higher revenues for the current quarter at Rs.105.9 crores - an increase of 34.3% over Q1 F2008. Segment profits at Rs. 30.3 crores for the current quarter registered an improvement of 22.7% over Q1 last year

### **Trading:**

Sales for the current quarter have remained in line with that of Q1-F08. However, profits have grown substantially to Rs.31.1crores, a growth of

19.1% on account of a volatile steel market which has led to higher margins.

### **About The Mahindra Group**

The US \$6 billion Mahindra Group is among the top 10 industrial houses in India. Mahindra & Mahindra is the only Indian company among the top tractor brands in the world. Mahindra's Farm Equipment Sector has recently won the Japan Quality Medal, the only tractor company worldwide to be bestowed this honour. It also holds the distinction of being the only tractor company worldwide to win the Deming Prize. Mahindra is the market leader in multi-utility vehicles in India. It made a milestone entry into the passenger car segment with the Logan.

The Group has a leading presence in key sectors of the Indian economy, including the financial services, trade and logistics, automotive components, information technology, and infrastructure development.

Mahindra's Farm Equipment Sector has recently won the Japan Quality Medal, the only tractor company worldwide to be bestowed this honour. It also holds the distinction of being the only tractor company worldwide to win the Deming Prize. The US based Reputation Institute recently ranked Mahindra among the top 10 Indian companies in its Global 200: The World's Best Corporate Reputation list.

Tags :

**Consolidated Net Profit**