

Mahindra Q3 Net up by 68%

Auto

Author : mahindraadmin Category : Auto Published : 1/30/2008

Mumbai: The Board of Directors of Mahindra and Mahindra Limited today announced the unaudited results for the quarter and period ended 31st December 2007.

Q3 F08 – M&M Stand Alone Results:

The Gross Revenues and Other Income of Mahindra & Mahindra Ltd. for the third quarter ended 31st December 2007 at Rs.3371.1 crores registered a growth of 14.6% over Rs.2942.8 crores for the same period in the previous year. During the quarter the High Court of Bombay sanctioned the scheme of arrangement of three investment subsidiaries through whom the forging entities in UK & Germany were held by the company, with Mahindra Forgings Limited (MFL). Arising out of the scheme, the company is entitled to receive additional shares in MFL in exchange for its holdings in the three investments subsidiaries. In order to comply with Accounting Standard 13 – Accounting for Investments, the company is required to value the additional shares of MFL by referencing it to the fair value of the shares of the three investment subsidiaries. As a result there is a gain of Rs. 157.1 crores which has been accounted for as an exceptional item. The Net Profit for the quarter after considering exceptional items and taxation is Rs.405.2 crores as against Rs.241.7 crores in Q3 last year. The normalised profit after tax (see attached table) for the current quarter is Rs.249.5 crores as compared to Rs.242.0 crores in Q3 last year.

YTD F08 – M&M Stand Alone Results:

The Gross Revenues and Other Income of Mahindra & Mahindra Ltd. during the period ended 31st December 2007 is Rs.9583.5 crores as against Rs.8381.5 crores during the corresponding period last year – a growth of 14.3%. The Net Profit for the current nine month period after considering exceptional items and taxation is Rs.882.3 crores as against Rs.832.3 crores in the same period last year. The Company's normalised profit after tax (see attached table) for the current period at Rs.667.6 crores showed a marginal improvement over Rs.656.4 crores in the same period last year.

Despite a growth of 16% in Auto sector volumes, the sluggish growth in profits is because of a deceleration in tractor demand, adverse impact of Rupee appreciation on export profitability, increase in finance costs due to recent large acquisitions/ capital expenditure in investing in facilities, new products, and additional personnel to meet the future growth plans of the company.

Q3 F08 – Group Consolidated Results:

The Gross Revenues and Other Income for the third quarter ended 31st December 2007 of the Consolidated Mahindra Group at Rs.6774.1 crores (USD 1.7 billion) grew by 42.4% over Rs.4757.4 crores (USD 1.1 billion) for Q3 last year. The Group Profit after tax for Q3 current year before Exceptional items and prior period adjustments but after Minority interest at Rs. 400.1 crores (USD 101.5 million) grew by 24.4% over Rs. 321.6 crores (USD 72.8 million) in Q3 last year. The growth in profits of group companies has contributed to this performance. The consolidated group Profit for the current quarter after considering exceptional items, prior-period adjustment and tax and after deducting minority interests is Rs.402.9 crores (USD 102.2 million) as against Rs.530.6 crores (USD 120.1 million) earned in Q3 last year. In the Q3 of the previous year, there was an exceptional profit of Rs 209.0 crores arising mainly out of the Qualified Institutional Placement of shares by Mahindra Lifespace Developers Ltd.

YTD F08 – Group Consolidated Results:

The Gross Revenues and Other Income for the period 31st December 2007 grew by 41.1% to Rs.19134.9 crores (USD 4.9 billion) from Rs.13554.5 crores (USD 3.1 billion) in the same period last year. The Group profit after tax for the Cumulative period current year before Exceptional items and prior period adjustments but after Minority interest at Rs. 1090.0 crores (USD 276.5 million) grew by 12.9% over Rs. 965.60 crores (USD 218.6 million) in corresponding period of last year. The consolidated group profit for the period ending 31st December 2007 after exceptional items, prior-period adjustments and tax and after deducting minority interests is Rs.1095.1 crores (USD 277.8 million) as against Rs.1330.9 crores (USD 301.3 million) earned in the same period last year. In the cumulative period of the previous year there was an exceptional/extraordinary profit of Rs 365.32 crores arising mainly out the Qualified Institutional Placement of shares by Mahindra Lifespace Developers Ltd and Tech Mahindra IPO.

Automotive Sector :

In Q3 F08, the company out-performed the industry in its core UV business. Sale of company's Utility vehicles witnessed a growth of 17.9% as compared to an industry growth of 8.03 %. The company sold 39,282 UV's in Q3 F08 against 33,312 in the same period previous year. The company strengthened its leadership position in the domestic UV market with a market share of 52.8% compared to 48.4% in the same period previous year.

The Scorpio brand continues to excite the customer and its volumes increased by 6.3 % in Q3 F08 as compared to last year. The tech packed Scorpio V Series was launched in December 2007 with the new mHawk engine and a bundle of advanced & intelligent features. The initial reaction of target customers is very positive.

The Tough New Bolero which was launched in March 2007 continues to do well as 'Entry level SUV'. The Bolero brand grew its volumes by 44.3 % in Q3 F08 as compared to Q3 F07.

Maxi Truck which was launched at the beginning of Q3 of previous year was a hit with the customers and has helped the company to dominate the Pick-Up market. The company's share of the Pick-Up market was 77.2 % Vs the previous year share of 65.0 % in the same period.

In the large 3-wheeler segment, there was a decline in both Industry and company volumes. The company sold 2,658 vehicles with a market share of 38.8%.

The company exported during the current quarter 2,889 vehicles - a growth of 47.8% over Q3 F07.

Farm Equipment Sector :

The domestic tractor industry continued to decline in the third quarter of F08, registering a decline of 2.4% over Q3 of last year. M&M domestic tractor sales declined by 8.9% in the same period. The company sold 24266 tractors in Q3-F08 with a market share of 28.9%.

Exports during the current quarter at 2052 tractors registered a healthy growth of 38% over 1486 tractors exported in Q3 last year.

Engine business revenue grew by 72.9% to Rs. 124.9 crs in Q3 F08 against Rs. 72.2 crs for Q3 F07.

Group Companies :

The Group comprised of 84 Subsidiaries, 4 Joint Ventures and 11 Associates as on 31st December 2007. In the current quarter the major group companies like Mahindra Finance, Mahindra Holidays and Tech Mahindra, had a significantly improved performance over the previous year. The performance of Mahindra Holidays with a 90% growth in profit and, Mahindra Finance with a 66% profit growth deserve special mention.

Outlook :

India's economic performance in the first half of the current fiscal with a real GDP growth of around 9% has been impressive. Growth in the industry and services sectors has remained strong at 9.8% and 10.4% respectively. Normal monsoon and increase in the support prices announced by the Government should brighten the outlook for agriculture. While these macro economic signals remain strong, higher commodity prices will create pressure on pricing and margins. Consumer demand will remain below potential until interest rates soften. We are optimistic of meeting these challenges through innovative cost control, process efficiencies and designing products that exceed consumer expectations

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

Tags :

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