

M&M Q1 gross revenues up by 26%

Auto

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

The Gross Revenues and Other Income of Mahindra & Mahindra Ltd. for the quarter ended 30th June 2008 is Rs.3749.2 crores as against Rs.2972.8 crores during the corresponding period last year – a growth of 26.1%. The Net Profit after tax for the quarter is Rs.159.3 crores as against Rs.191.2 crores last year. The lower profits are mainly on account of an exchange loss of Rs.77.9 crores (Rs.58.2 crores net of tax) suffered by the company due to Rupee depreciation. The exchange loss includes a loss of Rs 58.20 crores on account of the revaluation of USD 200 million FCCBs issued in Apr 2006 which is in fact a part reversal of the positive impact of such revaluation booked from the date of issue till end March 2008. Excluding the impact of the exchange loss, the profit after tax during the quarter grew by 11.1 % (see attached annexure). The profits were also affected by the sharp increase in input costs leading to pressure on operating margins, as well as by an increase in depreciation and finance costs.

Automotive Sector:

The Company's domestic MUV sales volumes grew 21.6%, against the industry sales growth of 17.4%. A total of 37,919 MUVs were sold by the company in Q1 F2009 as against the sale of 31,171 MUVs in Q1 previous year. The excellent performance of Bolero and Scorpio continued to drive the growth in volumes and the company strengthened its domination of the domestic MUV segment by increasing its market share to 51.8% as compared to 50.0% in Q1 F2008.

In the pick up segment, the Company's volumes registered a growth of 31% in Q1 F2009 while the industry growth was only 13%. The Company's market share stood at 82.9% in Q1 F2009 as against 71.9% in Q1 last year.

In the three wheeler (large and small) market, during the current quarter, the company's sales volumes at 11396 nos. grew by 55.3% from 7336 nos. in Q1 last year. The company's market share grew to 13.3% from 8.5% in Q1 F2008.

The Company continued its strong focus on exports. In Q1 F2009 the company's vehicles were launched in Turkey and Paraguay. Various initiatives taken in the previous years resulted in the company exporting 3,187 vehicles in Q1 F2009, which is a 31% growth over exports in Q1 last year.

Farm Equipment Sector:

During the quarter, domestic tractor industry sales grew by 13.1% to 85,289 nos. against 75,424 nos. in Q1 last year. The company sold 28161 tractors in the quarter – a growth of 11.5% over Q1 F2008. The company continued to be the market leader with a market share of 33.0% during the quarter. Exports during the quarter were 2103 tractors as compared to 2055 tractors exported in Q1 last year - a growth of 2.3%.

The company also continued to grow its Engine business, under the 'Mahindra Powerol' brand, by selling 14,227 engines/DG sets against 7028 nos. sold last year, registering a growth of 102.4%. Revenues for the Engine and DG set business for the quarter grew by 124.8% to Rs. 250 Crs. as against Rs. 111.2 Crs. for Q1 of last year.

Outlook:

Rising energy and commodity prices have resulted in inflation surging to 12% in early July 2008. In its wake it is expected that the monetary policy will remain tight and interest rates at current levels through the rest of the calendar year. The rupee may not weaken any further; but is likely to be subject to range bound short term volatility. While the progress of sowing in the current Rabi seasons provides room for optimism, the spatial skew in rainfall activity is a cause for concern. The company hopes to cope with these challenges with its continued focus on cost control, process efficiencies and product innovations that exceed customer expectations.

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.

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