M&M Q2 F2008 Results

Auto

Author: mahindraadmin Category: Auto Published: 10/29/2007

Mumbai: The Board of Directors of Mahindra and Mahindra Limited today announced the results for the quarter and half-year ended 30th September 2007 for the company and for the consolidated Mahindra Group. The results of the company for the half-year ended 30th September 2007 are audited.

Q2 F08 – M&M Stand Alone Results:

The Gross Revenues and Other Income of Mahindra & Mahindra Ltd. for the second quarter ended 30th September 2007 at Rs.3239.5 crores registered a growth of 12.1% over Rs.2890.1 crores for the same period in the previous year. Profit before exceptional items and taxation for the current quarter is Rs.388.6 crores as compared to Rs.407.9 crores in Q2 last year. The Net Profit for the quarter after considering exceptional items and taxation is Rs.285.9 crores as against Rs.386.5 crores in Q2 last year. The normalised profit after tax (see attached table) for the current quarter is Rs.225.9 crores as compared to Rs.247.2 crores in Q2 last year

H1 F08 – M&M Stand Alone Results:

The Gross Revenues and Other Income of Mahindra & Mahindra Ltd. during the half-year ended 30th September 2007 is Rs.6212.4 crores as against Rs.5438.7 crores during the corresponding period last year – a growth of 14.2%. Profit before exceptional items and tax for the current half-year is Rs.645.3 crores as compared to Rs.691.9 crores in the same period last year. The Net Profit for the half-year after considering exceptional items and taxation is Rs.477.1 crores as against Rs.590.7 crores in H1 last year. The Company's normalised profit after tax (see attached table) for the current half-year at Rs.418.1 crores showed a marginal improvement over Rs.414.6 crores in H1 last year. Despite a growth of 19% 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 and in operating costs for

investing in facilities, product / market development and people to meet the growth plans of the company.

Q2 F08 – Group Consolidated Results:

The Gross Revenues and Other Income for the Second quarter ended 30th September 2007 of the Consolidated Mahindra Group at Rs.6481.6 crores (USD 1.6 billion) grew by 40.4% over Rs.4617.6 crores (USD 1.0 billion) for Q2 last year. The profit before exceptional items and tax for the current Q2 is Rs.696.4 crores (USD 175.0 million) as compared to Rs.617.2 crores (USD 134.3 million) in Q2 F2006 – a growth of 12.8%. The growth in profits of group companies has contributed to this performance. There was an exceptional profit of Rs 153.5 crores (Rs.124.4 crores post-tax) arising from the IPO of Tech Mahindra – a group subsidiary in Q2 last year. The consolidated group Profit for the current quarter after considering exceptional items, prior-period adjustment and tax and after deducting minority interests is Rs.392.6 crores (USD 98.6 million) as against Rs.510.3 crores (USD 111.0 million) earned in Q2 last year.

H1 F08 – Group Consolidated Results:

The Gross Revenues and Other Income for the half-year ended 30th September 2007 grew by 40.5% to Rs.12360.8 crores (USD 3.1 billion) from Rs.8797.2 crores (USD 1.9 billion) in H1 last year. The profit before exceptional items and tax for H1 current year is Rs.1232.1 crores (USD 309.6 million) as compared to Rs.1097.0 crores (USD 238.6 million) H1 last year – a growth of 12.3%. The consolidated group profit for the current half-year after exceptional items, prior-period adjustments and tax and after deducting minority interests is Rs.692.1 crores (USD 173.9 million) as against Rs.800.3 crores (USD 174.1 million) earned in the same period last year.

Automotive Sector:

In Q2 F08, the company out-performed the industry in its core UV business. Sale of company's Utility vehicles witnessed a growth of 19.9 % as compared to an industry growth of 4.1 %. The company sold 35,309 UV's in Q2 F08 against 29,449 in the same period previous year and thus strengthened its leadership position in the domestic UV market with a market share of 52.6% as compared to 45.7% in the same period previous year.

The All New Scorpio continued to excite the customer and its volumes increased by 8.3 % in Q2 F08 over Q2 last year. The Scorpio Getaway has been launched in selected metros for tapping certain profile of customers. The initial reactions of targeted customers are positive. The Tough New Bolero which was launched in March 2007 has been very well accepted as 'Entry level SUV'. The Bolero brand grew its volumes by 26.5 % in Q2

F08 as compared to Q2 F07.

In the large 3-wheeler segment, both Industry & company sale had declined by more than 30%. The company sold 2,745 vehicles with a market share of 27.1 %.

The company's exports at 2,760 vehicles in the Q2 F08 was same as that of Q2 F07.

Farm Equipment Sector:

The domestic tractor industry continued its declining trend in Q2 F08, with a sales 10.7% lower than that of Q2 last year. The company's domestic tractor sales however declined by only 5.4% in the same period. It sold 20633 tractors in Q2 F08 as against 21801 tractors in Q2 F07 and its market share improved to 30.6% in the current quarter as against 28.9% for Q2 F07.

Exports during the current quarter at 1639 tractors were slightly lower than 1764 tractors exported in Q2 last year.

The Engine business revenues grew by 27.1% to Rs.112.50 crores in Q2 F08 against Rs.88.5 crores in Q2 F 07.

Group Companies:

The Group comprised of 83 Subsidiaries, 4 Joint Ventures and 11 Associates as on 30th September 2007. In the current quarter the major group companies like Tech Mahindra, Mahindra Finance, Mahindra Holidays and Mahindra Gesco, had a significantly improved performance over the previous year. The performance of Tech Mahindra with a 28% growth in profit and of Mahindra Holidays with a 141% profit growth, deserve special mention.

Outlook:

The Indian Economy is performing reasonably well at present. Rainfall has been good, inflation is down to 3% and the GDP growth in Q1 F08 is estimated at around 9% by various agencies. However, worries due to moderation in bank finance to rural sector, sharply appreciating rupee, slowing world growth and fluid domestic and international financial conditions, are likely to persist. Interest rate cycle having peaked can be expected to move south in the near future and the industry is likely to gain momentum under its influence. On balance our 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 three tractor manufacturers in the world. Mahindra's Farm Equipment Sector has recently won the Japan quality Medal, the only manufacturing company worldwide to be bestowed this honour. It also holds the distinction of being the only manufacturing 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 Logan, a product of its JV with Renault SA. The Group has a leading presence in key sectors of the Indian economy, including the financial services (Mahindra & Mahindra Financial Services Ltd, Mahindra Insurance Brokers Ltd., Mahindra Rural Housing Ltd.), trade and logistics (Mahindra Intertrade Ltd., Mahindra Steel Service Ltd., Mahindra Middleeast Electrical Steel Service Centre FZE, Mahindra Logistics) automotive components, information technology (Tech Mahindra, Bristlecone), and infrastructure development (Mahindra GESCO, Mahindra Holidays & Resorts India Ltd., Mahindra World City. With over 62 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 and has recently announced the setting up its retail venture, Mahindra Retail. 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, three assembly plants in the United States and one at Brisbane, Australia. 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. 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. Mahindra has recently been honoured with the Bombay Chamber Good Corporate Citizen Award for 2006-07.

Tags:

F2008 Results