

M&M Group Revenues touch USD 6.7 bln in F2008

Auto

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Editor's Synopsis:

F2008 M&M Group Consolidated:

- Revenues for at Rs 26600.1 crores (USD 6.7 bln) up by 37.0%
- Profit Before Exceptional items & Tax at Rs 2806.5 crores up by 21.0%
- Net Profit after Minority Interest at Rs 1571.1 crores up by 4.9%
- Consolidated Basic EPS Rs 65.84 (Rs 63.28 last year)

F2008 M&M Stand-alone:

- Revenues for at Rs 13238.0 crores up by 14.5%
- Net Profit at Rs 1103.4 crores up by 3.3%
- Operating Margin 11.6%
- Basic EPS Rs 46.24 (Rs 45.15 last year)

Mumbai: The Board of Directors of Mahindra and Mahindra Limited today announced the results for the quarter ended 31st March 2008 for the company and the audited results for the year ended 31st March 2008 for the company and for the consolidated Mahindra Group.

Year – Group Consolidated Results:

The Gross Revenues and Other Income for the year ended 31st March 2008 grew by 37.0% to Rs.26600.1 crores (USD 6.7 billion) from Rs.19417.5 crores (USD 4.5 billion) in last year. The profit before exceptional items and tax for the current year is Rs. 2806.5 crores (USD 704.7 million) as compared to Rs.2319.7 crores (USD 533.6 million) last year – a growth of 21.0%. The results for the year include a one time exceptional charge towards an exclusivity payment of Rs. 440.1 crores to a customer by Tech Mahindra Ltd. – a group subsidiary. The consolidated group profit for the year after exceptional items, prior-period adjustments and tax and after deducting minority interests is Rs.1571.1 crores (USD 394.5 million) as against Rs.1497.2 crores (USD 344.4 million) earned in the previous year.

Year – M&M Stand Alone Results:

The Gross Revenues and Other Income of Mahindra & Mahindra Ltd. during the year ended 31st March 2008 is Rs.13238.0 crores as against Rs.11558.0 crores during the corresponding period last year – a growth of 14.5%. The Net Profit for the year after considering exceptional items, prior-period adjustments and taxation is Rs.1103.4 crores as against Rs.1068.4 crores last year – an increase of 3.3%. The company maintained a double digit Operating Margin despite a very challenging economic environment in which tractor demand decelerated, sharp increases in input costs brought margins under pressure and an appreciating rupee eroded export profitability.

Q4 – M&M Stand Alone Results:

The Gross Revenues and Other Income of Mahindra & Mahindra Ltd. for the fourth quarter ended 31st March 2008 at Rs.3654.5 crores registered a growth of 15.1% over Rs.3176.5 crores for the fourth quarter of the previous year. There was an exceptional profit of Rs.13.9 crores during the quarter

arising mainly from a merger scheme approved by the High Court of Bombay. The Net Profit for the quarter after considering exceptional items, prior-period adjustments and taxation is Rs.221.1 crores as against Rs.236.0 crores in Q4 last year.

The Board of Directors has recommended a dividend of ___% (Rs.____ per share) which will absorb a sum of Rs. ____ crores inclusive of tax (previous year Rs. 324.7 crores comprising of a dividend of 100% and a special dividend of 15%) and will be paid to those shareholders whose names stand registered in the books of the company as on the book closure date.

Automotive Sector:

The Company's domestic UV sales volumes grew a very healthy 16.4%, against the industry UV sales growth of 5.1%. The company strengthened its domination of the domestic UV sub segment by increasing its market share to 51.5% over the previous year's market share of 46.6%.

The success of the refreshed Bolero and the new VLX variant of Scorpio helped the Company grow its volumes. Bolero brand sales crossed the milestone of 50,000+ vehicles sold in a year – the 1st vehicle ever to achieve this other than compact cars. Bolero also continued to be India's largest selling UV for the third year in a row.

The company's Pick ups volume registered a growth of 17% in spite of an industry decline of 4%. As a result, the Company's market share jumped to 76.9% from the previous year's share of 63.2%. This was mainly on account of the continued success of the small pick up - the Maxi Truck.

In the 0.5 T load segment of the three wheeler market, the company has now acquired a sizeable market share of 19.3% with the Alfa three wheeler selling 21,564 units. This is a growth of 10.3% over the previous year, in a scenario where the industry volumes declined by 18.6%.

In its overseas operations, the company launched its vehicles sales in Australia, Chile and Sudan during the year. The year also witnessed the launch of CKD operations abroad with the opening of CKD assembly plants in Egypt and Brazil. These initiatives resulted in export volumes, growing by 54% to 12,359 vehicles from 8,021 vehicles exported last year.

Farm Equipment Sector:

During the year, the domestic tractor industry sales were 302,241 tractors against 318,328 nos. sold last year - a decline of 5.1%. High interest rates & more stringent lending norms were the adverse factors which contributing to this performance. The company sold 90,509 tractors against 95,006 tractors sold last year - a decline of 4.7%. In the process, the company celebrated its 25th consecutive year of market leadership, by maintaining its full year domestic market share at 29.9%.

Exports, for the entire year registered a growth of 13.4%, with 8533 tractors exported as compared to 7525 tractors in the previous year.

The Engine business registered a growth of 32.2%, with Mahindra Powerol selling 31,922 engines against 24141 engines sold last year. Gross revenue for the Mahindra Powerol business was Rs. 553 Crs. against Rs. 321 Crs. for the previous year, a substantial growth of 72.2%.

Group Companies:

During the year, the Group acquired Punjab Tractors Ltd and increased its' stake in Mahindra Forgings, both of which thus became subsidiaries of the Company. As on 31st March, 2008 the Group comprised of 84 Subsidiaries, 4 Joint Ventures and 10 Associates. During the year, the major group companies like Tech Mahindra, Mahindra Finance, Mahindra Holidays and Mahindra Lifespaces have significantly improved performance over the previous year. The performance of Tech Mahindra Group with a 32% growth

in revenues and over 170% increase in profits, and that of Mahindra Holidays with a 56% revenue growth and a 93% profit growth, deserve special mention.

Outlook:

With domestic economic environment deteriorating significantly in recent months and the US and European economies slowing down, year F2009 is clearly going to be a challenging one. Inflation under the influence of galloping oil and steel prices is currently hovering close to 8% and is expected to remain high over the next several months. Monetary policy, as a consequence, is likely to remain restrictive and interest rates high. The weakening rupee will, undoubtedly, help shore up external demand but it will, at the same time, make the task of managing inflation and the current account deficit that much harder. The company hopes to cope with these challenges with its continued focus on cost control, process efficiencies and product innovations that exceed customer expectations.

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

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.

Tags :

Revenues