

Farm vertical helps M&M post 41% revenue jump

Auto segment, too, posted the highest ever volumes of 176,000 units in Q3

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Mumbai, 10 February

Auto major Mahindra and Mahindra (M&M) posted strong revenue growth for the third quarter of the financial year. This buoyant growth was owing to robust sales for the farm vertical as well as SUVs and three wheelers.

Revenues for the quarter under review grew by 41 per cent year-on-year (YoY) while earnings before interest, taxes, depreciation and amortisation (EBITDA) jumped 56 per cent. However, profit after tax (PAT) after exceptional items came in at ₹1,528 crore, up 14 per cent. PAT before exceptional items (net of tax) was up 52 per cent to ₹2,029 crore.

Manoj Bhat, group chief financial officer, M&M, said the company took a one-time correction on the fair valuation of its trucks and buses business. This constituted the bulk of its exceptional items.

In terms of volume growth, Q3 of FY23 was positive for M&M across segments. The farm segment posted the highest-ever Q3 volumes at 104,900 units, up 14 per cent YoY. The auto segment, too, posted the highest-ever Q3 volumes of 176,000 units, up 45 per cent. Also, the three-wheelers unit posted the highest-ever volumes of 11,800 units during the quarter.

Rajesh Jejurikar, executive director, M&M, said that in the farm sector it has garnered a market share of 41 per cent, while it ranked number 1 in terms of value

ON A ROLL

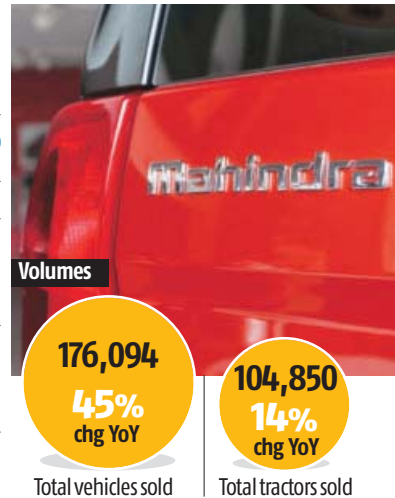
(in cr)	Q3FY23	% change YoY
Revenue	21,654	41
PAT before EI (net of tax)	2,029	52
PAT after EI	1,528	14

Group consolidated results

Revenue	30,620	30
PAT** before EI (net of tax)	2,044	14
PAT** after EI	2,677	35

EI - Exceptional Items

**PAT is profit after tax after NCI - Non-Controlling Interest
Source: Company



market share in SUVs at 20.6 per cent.

“We believe the farm machinery segment will be our strong growth story,” Jejurikar told the media on Friday.

He added that globally, the farm machinery segment is much larger than the tractors segment, but in India it is the other way round. As of FY22, if tractors were a \$60-billion market, farm machinery was a \$100-billion market. In comparison, in India, tractors are a ₹47,000-crore market versus a ₹9,300-crore market in the case of farm machinery.

“Thus, this poses a huge opportunity for us in the next five years. We will target

10-times more revenues from farm machinery that will also include revenues from exports,” he added.

Year till date, the farm machinery segment has seen a 40 per cent growth for M&M. The company did not disclose segment-wise break-up for the farm vertical.

Jejurikar added that the company plans to launch 15 new products in the segment. It now has an in-house manufacturing facility for farm machines at Pithampur, apart from its rapid channel expansion and focus on exports.

M&M’s SUV volumes have grown during the quarter to 90,797 units.