Press Release

Q1 Net grows by 25.9%.

Mumbai, 8th Aug 2012: The Board of Directors of Mahindra and Mahindra Limited today approved the unaudited financial results for the quarter ended 30th June 2012 for the company.

Mahindra Vehicle Manufacturers Limited (MVML), located at Chakan near Pune, was set up as a 100% subsidiary of the company with a view to sourcing contemporary products for expanding the market offerings of the company. Hence it is a critical part of its business and only the combined results of the company and MVML can provide a comprehensive view of company's performance.

Q1 F2013 – M&M + MVML Results

The Gross Revenues and other income of Mahindra & Mahindra Ltd. and MVML (Entity) during the quarter ended 30th June 2012 is **Rs.10003.9 crore** as against Rs.7400.0 crore in the previous year – **a growth of 35.2%.** The Net Profit before tax for the current quarter is **Rs. 1049.8 crore** as against Rs.836.3 crore in Q1 previous year. After providing for tax the same is **Rs. 778.5 crore** against Rs. 618.3 crores in Q1 last year - **a growth of 25.9%**. The operating margin of the Entity for the current quarter is 13.9%.

The growth in the profit despite the relentless increase in material costs is due to good volume performance by Automotive Sector and tight control on expenses.

In the Passenger Utility Vehicle segment, the Entity sold 58615 vehicles in the current quarter - a growth of 32% over the numbers sold in Q1 last year. The Entity continued its strong position with a market share of 49.8%. In the Cars segment, the Entity sold 2888 Verito Cars. The Entity also exported 7841 Vehicles in Q1 F2013 registering a growth of 37.2% over 5717 vehicles exported in Q1 last year. South America & South African markets continued to extend healthy support to Entity's products.

After three years of strong growth, the domestic tractor industry witnessed a marginal volume growth of 2.3% in Q1 of the current financial year. In this period, the Entity sold 56861 tractors in the domestic market as compared to 57500 tractors in Q1 last year and its domestic market share for the quarter was 41.5%. The Entity's exports during the quarter at 3020 tractors, grew by 3.9% over 2908 tractors exported in Q1 F2012.

Q1 F2013 – M&M Standalone results

The Gross Revenues and Other Income of Mahindra & Mahindra Ltd. for the quarter ended 30th June 2012 is **Rs.10115.8 crore** as against Rs.7318.6 crore during the corresponding period last year – **a growth of 38.2%**. The Net Profit after tax for the quarter is **Rs. 725.6 crore** for the current Q1 as against Rs. 604.9 crore in the same period last year – **a growth of 20%.**

The figures of Q1 last year exclude that of the automotive business of Mahindra Automotive Distributor's Ltd which, as per the High Court order dated 30th March 2012, merged with the company from the appointed date 1st April, 2011. The growth percentages stated above are, however, not materially impacted by this exclusion.

Q1 F2013 – Group Consolidated Results

The Board meeting to approve the Q1 F2013 results of Tech Mahindra is being held later in the month. After the approval and announcement of its results, the company will separately release the information on Consolidated Group turnover and PAT.

During the current quarter, some of the major group companies like Mahindra Finance, Mahindra Satyam, Mahindra Lifespaces and Mahindra Holidays significantly improved their performance over Q1 previous year. The performance of Mahindra Finance with a 52% growth in consolidated revenues and a 64% increase in profits, Mahindra Satyam with a 31% growth in consolidated revenues and a 56% increase in profits and that of Mahindra Lifespaces with a 28% growth in revenue and a 72% profit growth were particularly noteworthy.

Outlook:

India's economic performance in the first quarter of the current fiscal has been weak. Industrial volumes were virtually flat; more worryingly, capital goods production witnessed a contraction for the fourth successive quarter, reflecting the weak investment sentiment prevailing in the economy. Inflation, at 7.25% in June 2012, was high and is likely to remain so in the near future, given the poor monsoons this season. Also, despite the 20% drop in the rupee's value against the US dollar, exports during this quarter were 2.5% lower than the levels registered in April-June 2011. The risks of a full fledged crisis in the euro zone are high and rising, the US economic recovery is looking increasingly more fragile, China is slowing and, given geopolitical tensions in the Middle East, oil markets remain in flux. The drought-like conditions prevailing in several states today has only added to the risks facing domestic companies. Our near term outlook on the economy is cautious and watchful.