

For immediate release

## **MAHINDRA FORGINGS LIMITED ANNOUNCES AUDITED FINANCIAL RESULTS**

Mumbai, May, 20, 2011: The Board of Directors of Mahindra Forgings Limited (MFL) announced the unaudited financial results for the year ended 31<sup>st</sup> March, 2011 at its meeting held today.

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### **MFL Consolidated Highlights**

Particulars (Rs crs)	Q4 (2010-11)	Q4 (2009-10)	2010-11	2009-10
Revenue	567	385	1,926	1,328
EBIDTA	57	-	176	(9)
PAT	8	-	4	(184)

### **MFL Standalone Highlights**

Particulars (Rs crs)	Q4 (2010-11)	Q4 (2009-10)	2010-11	2009-10
Revenue	97	84	357	301
EBIDTA	7	13	32	47
PAT	(1)	-	(3)	(95)

### **Highlights - Jan-March '11**

#### **Europe**

European recovery has been stronger than anticipated and revenue has increased to Euro 77 mn in current quarter as compared to Euro 50 mn in Q4 F 10. This represents 54 % increase over Q4 F 10 and 15% increase over Q3 F 11.

#### **India**

Revenue increased by 15% in Q4 F11 as compared to Q4 F10.

#### **Consolidated**

Revenue increased by 47% in Q4 F11 as compared to Q4 F10. The growth in consolidated revenue would have been higher at 61% without considering the currency translation loss due to depreciation of the Euro.

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## Highlights - Apr 10 - March 11

### Europe

- Revenue has increased to Euro 262 mn in current year as compared to Euro 159 mn in last year F 10. This represents 65% increase over F 10.
- EBITDA improved to 9% in current year as compared to -2% in last year F 10.

### India

- Revenue increased by 19% in current year as compared to last year F10.
- EBITDA is lower at 9% in current year as compared to 16% in last year F 10 due to internal operational issues which are being corrected
- As part of integration between India and Europe, joint teams of Indian and European personnel have been identified to invest in and improve key operational parameters that will enable the transfer of identified parts from Europe to India.

### Consolidated

- Revenue increased by 45% in current year as compared to last year F10. The growth in consolidated revenue would have been higher at 58% without considering the currency translation loss due to depreciation of the Euro.
- EBITDA Margin in current year 9% as compared to -1% in last year F10.

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## OUTLOOK

### India

- *The growth trajectory in the Indian auto industry continued to follow an upward trend in FY11. Compared to FY10, passenger cars & UV production grew by 27%, LCVs by 29% and M/HCVs by 38%. This comes on top of similar growth rates seen last year. There was slight decrease in growth rates in Q411 with q-o-q growth rates of cars & UVs being 27% , LCVs 17% and M/HCVs 15%. The hike in fuel prices announced recently is also expected to contribute to slowing down of the growth rates. But all segments are still expected to grow further in FY12 by 10-15%.*

### Europe

- *Production of heavy trucks (relevant segment for MFL Europe) recovered in FY11 to ~60-65% of levels existing before the financial crisis experienced in FY09 and FY10. Data on heavy truck production for Jan-Mar'11 is yet not available but figures of new registrations suggest that the growth trajectory will be maintained in calendar year 2011 - heavy truck registrations in the first three months of 2011 increased by ~57% over the corresponding period in 2010.*
- *The strong growth has led to strong pressure price of inputs on like steel and on wage costs.*

**Overall**

- *Our vision is to be one of the world’s leading forging companies with an ‘art to part’, or design to delivery competence that leverages the strong engineering DNA of its parent Mahindra & Mahindra (M&M), benefits from the latter as an anchor customer while being free to offer products to M&M and its competitors. The key elements of our strategy remain unchanged to what we reported last year - “reboot” (reduce costs), “reinvent” (move up the value chain), and “reignite” (pursue growth). The company has made considerable progress towards implementation of the strategy.*
- *The company has adopted a strong and proactive strategy that is focused on exploiting the growth opportunity in India, consolidating profitability in Europe and exploiting synergies between India and Europe. Furthermore, MFL continually seeks synergies with other companies in the M&M Systech sector fold as well as M&M itself. Such an integrated approach gives us a unique edge in the market place.*

**ABOUT MAHINDRA FORGINGS LIMITED (MFL)**

We are one of the leading forging companies in the world. We manufacture and supply engine and chassis forged components for commercial and passenger vehicles and other non-automotive products..

We are a part of the Mahindra group referred to as ‘Mahindra Systech’.

We have a diversified and complementary product portfolio across geographies. In India, our Company is focused on design, development and machining of crankshafts and steering knuckles for cars and multi-utility vehicles. Schöneweiss, our German subsidiary, is one of the leading axle beam manufacturers in the world. Jeco-Jellinghaus GmbH ("Jeco"), Gesenkschmiede Schneider GmbH ("GSA") and Falkenroth Umformtechnik GmbH ("Falkenroth"), our other German subsidiaries, are providers of a diverse range of forging products, primarily for heavy commercial vehicles, and collectively manufacture more than 250 products.

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