



Press Release

For Immediate Publication

Mahindra Yueda Yancheng Tractor Company inaugurated in China



Left to Right: Mr. Hu Youlin, Chairman, Yueda Group and Mr. Anand Mahindra, Vice Chairman and Managing Director, Mahindra Group at the inauguration of the Mahindra Yueda Yancheng Tractor Company in China

April 6, 2009, Mumbai: Mr Anand Mahindra, Vice Chairman & Managing Director, Mahindra Group and Mr Hu Youlin, Chairman of Yueda Group, recently inaugurated the tractor Joint Venture formed between the two Groups. The JV ceremoniously rolled out its 125 HP tractor at a colourful ceremony at the JV's new 38,000 tractor capacity plant at Yancheng, China, which was attended by senior Government and Communist Party officials of Jiangsu Province and Yancheng City.

The new company, Mahindra Yueda Yancheng Tractor Company (MYYTCL), has been formed between Mahindra's Farm Equipment Sector, one of the world's top tractor brands and the market leader in India and Jiangsu Yueda Yancheng Tractor Manufacturing Co. Ltd., a leading Chinese tractor manufacturer. The registered capital of the JV is RMB 265 million. Mahindra holds 51 per cent share in the JV through its subsidiary, Mahindra Overseas Investment Company (Mauritius) Ltd.

This is the second tractor venture of Mahindra in China, in addition to Mahindra's current tractor business namely, Mahindra China Tractor Company Ltd. (MCTCL). With MCTCL's Feng Shou and MYYTCL's Jinma brands, Mahindra's tractor operations in China position it well to exploit the fast growing market.

Mr. Anand Mahindra, Vice Chairman and Managing Director, Mahindra Group, said, "I have always believed that India and China have unique and complementary strengths, which, when pooled together, can take on the world. We already have a successful Joint Venture with Jiangling Tractor Company. This JV between M&M and



Mahindra

Yueda Groups will further combine Indian entrepreneurial and managerial skills with Chinese competitiveness and efficiency. I am sure this formidable combination will contribute substantially towards realising our ambition to be the leading tractor manufacturer in the global market”.

Mr. Hu Youlin, Chairman of Yueda Group, said, "The Yueda Group has a history of successful Joint Ventures with leading international companies. This JV stands to gain by the operational excellence, international sales and distribution network and R&D capabilities of Mahindra and the distribution competence and manufacturing strength of Yueda and will eventually lead to the creation of China’s leading tractor company. We are delighted to inaugurate this JV with Mahindra.”

Mr. Anjanikumar Choudhari, President, Farm Equipment Sector, Mahindra & Mahindra Ltd. added, “The inauguration of this joint venture is a significant step in our plans for the China market. The Jinma brand is extremely strong in the domestic China market and the company is also one of the biggest exporters of tractors. Along with our current operation at Nanchang, we will have a much larger scale on which we plan to build up our business in China.

We will have a product range going up to 125HP. We will also have a large manufacturing base which will be used to not only produce for the domestic market but also for low cost manufacture for exports. The combined distribution network of both our operations will give us a much larger presence in the market. Overall, this is an extremely important development for our overseas tractor business operations”.

The tractor industry (domestic and export) in China has grown from about 56,000 tractors in calendar year 2003 to 2,22,000 tractors in 2008, a CAGR of 32 per cent. The new agriculture policy introduced by the government in 2004 has played a major role in this growth with a number of positive measures including abolition of tax on agriculture. The introduction of subsidy for tractor purchase to support farmers has gradually increased to RMB 10 billion in 2009 which will provide a major boost to the tractor industry.

The new JV is located in Yancheng city, Jiangsu Province. The JV’s product portfolio comprises tractors ranging from 16 HP to 125 HP. MYYTCL will have a strong distribution network covering over 25 provinces in China. It will also build on the existing exports operations with a footprint in more than 60 countries including the USA, South America, Russia, Europe and Africa.

Yueda Group is one of the top 100 business groups in the People’s Republic of China. The Group has a turnover of 7.3 Billion USD and has a presence in various sectors of the Chinese economy including automobiles and tractors, coal and mining, infrastructure and real estate, textiles and garments, hotels and supermarkets. Over the last 29 years, Yueda has established itself as an International Group with partnerships and joint ventures with reputed international companies like Kia Motors from Korea, French supermarket major Carrefour, Triumph from Germany, and Fuji, a heavy construction machinery giant from Japan. The group employs more than 30,000 people.

Mahindra’s Farm Equipment Sector is one of the world’s top tractor brands and has been the undisputed market leader in India for 25 years. It is also the only tractor company to win the Deming Application Prize and the Japan Quality Medal, two of the highest quality accolades that can be won by any organization.



The Sector has also found significant success in the international market. Mahindra (China) Tractor Co. Ltd. manufactures tractors for the growing Chinese market and exports tractors to the USA and other western nations. M&M has a 100% subsidiary, Mahindra USA, with 3 assembly plants catering to the American market. Today, the 'Mahindra' tractor has come to be recognised as a powerful symbol of productivity and performance.

In 2006, the Sector achieved a new milestone with the launch of the Shaan, India's first multi-utility tractor. In 2007, the company won the AE50 Outstanding Innovation Award 2007 from the American Society for Engineering in Agricultural, Food, and Biological Systems, for the Shaan.

In 2008, Mahindra USA was rated highest in Overall Satisfaction amongst tractor manufacturers in a survey conducted by the North American Equipment Dealers Association (NAEDA) – the apex dealer association in the USA.

Mahindra Tractors also recently featured in the top 10 list of most innovative Indian companies compiled by the Wall Street Journal as part of its survey to determine Asia's 200 most-admired and innovative companies.

About The Mahindra Group

The US \$6.7 billion Mahindra Group is among the top 10 industrial houses in India. Mahindra is the market leader in multi-utility vehicles in India. It made a milestone entry into the passenger car segment with the Logan. Mahindra & Mahindra is the only Indian company among the top tractor brands in the world.

The Group has a leading presence in key sectors of the Indian economy, including the financial services, trade, retail and logistics, automotive components, after-market, information technology and infrastructure development. Mahindra has made an entry in the two-wheeler segment which will see the company emerge as a full-range player with a presence in almost every segment of the automobile industry.

Mahindra's Farm Equipment Sector is the proud recipient of 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. The US based Reputation

Institute recently ranked Mahindra among the top 10 Indian companies in its Global 200: The World's Best Corporate Reputations list.

Mahindra is also one of the few Indian companies to receive an A+ GRI checked rating for its first Sustainability Report for the year 2007-08.

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