

Press Release
For Immediate Publication

Combined Mahindra Group Turnover for F05 Crosses \$ 2.5 Billion

Total Vehicle and Tractor sales cross 200,000 units

Mumbai, 30th May 2005: The Board of Directors of Mahindra and Mahindra Limited today announced the results for the quarter ended 31st March 2005 and the audited results for the year ended 31st March 2005.

The combined Gross sales & other income for the year ended 31st March 2005 of the **Mahindra Group** (including Associates) is **US \$ 2.59 billion** (Rs. 11364.0 crores) as against US \$ 1.96 billion (Rs. 8646.1 crores) for the previous year – **a growth of 32%**. The combined group Profit after tax (including Associates) for F2005 is **US \$ 165 million** (Rs. 724.1 crores) as against US \$ 102 million (Rs.451.1 crores) earned last year – **a growth of 61%**.

The Gross sales and Income from Operations of **Mahindra & Mahindra Ltd.** for the year ended 31st March 2005 is Rs.7695.6 crores as compared to Rs.5914.5 crores in F2004. The net sales and operating income during F2005 at Rs. 6660.6 crores represents **a growth of 34%** over Rs.4970.8 crores in the previous year. Profit before exceptional items and taxation for the year is Rs. 700.6 crores – **an increase of 71%** over Rs.408.7 crores last year. The improvement in profits is due to strong sales performance by both Automotive and Farm Equipment Sectors and continued cost control measures. The company's Profit After Tax for the year is Rs. 512.7 crores - **an increase of 47%** over Rs 348.5 crores in F2004.

: 2 :

The net sales and income from operations during Q4 F05 is Rs.1910.7 crores as against Rs.1500.7 crores during the corresponding period last year. Profit before exceptional items and tax is Rs. 199.8 crores as compared to Rs.143.5 crores in Q4 last year – **an increase of 39%**. The Profit after tax for the quarter is Rs. 152.7 crores as against 145.6 crores in Q4 previous year.

The Board of Directors of the company has recommended a dividend of 100% and a special dividend of 30 per cent aggregating Rs.13 per share which will absorb a sum of Rs.171.97 crores inclusive of tax (previous year Rs. 117.79 crores) 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: In F2005, the Company's utility vehicle sales crossed the 100,000 landmark and touched an all time high of 111,138 vehicles - a growth of 22% over the F2004 volumes. This growth came on top of a 34% growth witnessed in F2004.

In Q4 F2005, while UV industry volumes grew 16%, the Company's UV volumes increased by 17%. The company sold 32,183 utility vehicles in the domestic market against 27,474 in Q4 last year. The growth was primarily due to the continued good performance of Scorpio, Bolero and Maxx variants. The Scorpio story received international attention and has been developed into a case study by the Harvard Business School.

In LCVs segment (load carrying capacity up to 4 MT), the industry witnessed a decline of 1% during Q4 F05. The Company sold 1910 LCVs in the current Q4 as against 2023 LCVs sold in the corresponding period last year. For the year F2005 as a whole, the sales at 7887 LCVs registered a growth of 13% over 7002 sold in the previous year.

...3

: 3 :

In the large three wheeler segment, the Company continued its strong performance. It sold 6,951 nos. during Q4 F2005 compared to 5,152 in the corresponding quarter last year - a growth of 35% as against the industry growth of 13% in the same period. For the year F2005, the Company sold 22,943 nos. against 17,343 nos. sold in F2004 - a 32% growth as compared to an industry decline of 3%. During the year the Company's market share increased sharply from 31% in the previous year to 42.2% in the current year.

Exports were a major thrust area during the year with the company commencing its international operations in South Africa, Uruguay, Malaysia and Middle-East. These initiatives resulted in a quantum jump in export volumes from 1607 vehicles last year to 3046 in the current year – a growth of 90%.

Farm Equipment Sector: The tractor industry witnessed a modest growth of 7.3% in the fourth quarter of F2005 with an industry sales of 65863 tractors as against 61401 tractors sold in the corresponding period previous year. The Company once again outperformed the industry with a 16.6% growth in its sales from 15066 tractors sold in Q4 last year to 17578 tractors sold during the current Q4. For the year as a whole, the company's tractor sales stood at 65,390 representing a growth of 32% over 49,576 sold in the previous year. The company continued to be the market leader for the 22nd consecutive year with a market share of 26.5%.

The thrust on the engine business continued during the current year with an Engine sales 6672 nos. as against 1813 nos. sold last year – a growth of 268%. Apart from the Genset segment the company has also made inroads into retail sale of engines and for non genset applications.

...4

FII Limit: The Foreign Institutional Investor's (FII) investment in Mahindra & Mahindra Ltd. has reached 31% against the present ceiling of 35% and hence the Board has approved the proposal to increase the limit of FII investment up to 49% of the paid up capital.

Outlook: The momentum of industrial growth witnessed during the current year is expected to continue in F2006. As per the latest IMD forecast, the monsoon is slated to be near normal during the year. These augur well for both the Automotive and Farm Equipment Sectors of the company. There is some uncertainty on the price front, especially that of steel and other key input materials. The company expects to meet the challenge with its continued focus on cost reduction initiatives and looks forward to the future with watchful confidence.
