

**AGM Chairman's Speech**  
**Annual General Meeting**  
**Aug 7, 2015**

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Welcome once again to the 69th Annual General Meeting of your Company.

This is the meeting when we have to bid farewell to one of our longest serving Directors on the Board, Bharat Doshi. Bharat joined the Board in 1992, and ever since then the Board has enjoyed the benefit of his financial and commercial acumen and his wise counsel. I would like to place on record the Board's appreciation of the contribution made by Bharat Doshi, and, on behalf of all of us, to wish him well.

The Annual Report has reached all of you, so I will not repeat what you have already read. Instead, let me take a few minutes to explain the theme of the cover of your Annual Report.

The year that has just gone by has been a particularly difficult and volatile one, both domestically and internationally. It was a year when growth and demand were weak across the globe, a year where 5 of the top 10 OEMs in the auto industry in India have registered a decline, and a year where, in the tractor industry, every state in India, except one, registered a drop in growth. In a situation like this, what characteristics must a company display, to survive and thrive? What must it do to keep its head above water and live to fight another day?

I believe the answer lies in the word you see on the cover of your annual report – Resilience. And while our results this year are not ideal, I do believe that they are, nevertheless commendable in a difficult year, and prove that your company has the resilience to ride out volatility and uncertainty.

What is resilience? In physics, resilience is the ability of an object or material to regain its original shape or position after bending, stretching, compression, or other deformation. In material science, it is the ability of a material to absorb energy when it is stressed and release that energy when the stress is lifted. In engineering it is the ability to absorb or avoid damage without suffering complete failure. In computer networking, resiliency is the ability to provide and maintain an acceptable level of service in the face of challenges to normal operation. In a word, resilience is the capacity to cope with adverse circumstances and come out on top.

My favourite example of resilience is the humble bamboo. When faced with high winds the bamboo will bend but will not break. It retains its power to spring back, and unleashes that power at the right time. It is flexible, and yet is firmly rooted. It survives arduous conditions and keeps growing. You could say it is committed to continuous growth.

I do believe that in this past year, your company has exhibited all the qualities that make the bamboo so resilient and long lasting.

**We have faced adverse winds in the last financial year – and I believe we have not even bent, let alone broken. Let me explain. In quarter 4 of FY 15, auto sales fell by 10% and tractor sales, which give us a much higher margin, fell by 30%. The last time we had faced such a difficult situation was in Q3 of 2009, when tractor sales had fallen by 15.7%. At that time, we generated a PAT of just about a crore for the quarter. This time around, in spite of double the volume drop for tractors - in fact, the largest volume drop in a decade -, we still generated a PAT for the quarter of 617 crores (after adjusting exceptional and one-time items) and an Operating Profit Margin of 11.8 percent. That’s resilience. Volumes fell, but we nevertheless took the right measures that ensured a creditable level of revenue and profit. We maintained our tradition of never missing a dividend. That too is Resilience. And we are confident that with the products we have in the pipeline, our power to spring back resiliently remains intact and you will see it being unleashed in the second half of this year.**

**Next, the bamboo is flexible and yet firmly rooted. That is what makes it resilient. And I must say I am truly proud of how firmly your company is rooted in the soil of financial prudence and good governance. On the aspect of governance, you will be happy to learn that your Board has been ranked as one of India’s best boards by the Economic Times and your company has been ranked 10<sup>th</sup> in the world as a Company for leaders in 2014 by the noted firm of Aon Hewitt.**

**Another indication of our firm roots that enable us to withstand temporary storms is the debt equity ratio. Over the last 10 years, we have brought down the net DE ratio to almost zero. In fact the DE ratio for M&M + MVML for F15 is 0.03. This again demonstrates that our focus on financial prudence is firmly rooted, irrespective of industry cycles and volatilities. Your company has received the highest credit ratings from all major agencies, again showing strong financials and resilience in earnings despite cyclical upturns and downturns. This combination of roots and flexibility has seen your company through storms, past and present.**

**Thirdly, unfavourable conditions never kill the bamboo. It tides over adversities and continues to grow. Your company too is committed to growth. During the last 11 years, the Sensex has returned a CAGR of 16%. The CAGR of gold has been 10 %. The M&M CAGR for this period has been 24%. Your company has shown growth, and outperformed the Sensex, despite the fact that the years since the crash of 2008 have not been easy ones for any business. The Market cap at Group level has gone up 26 times in 10 years, and all our long term share holders have participated in this growth. From a long term perspective I believe that, thanks to our resilience, our returns, like the bamboo, continue to grow, steadily and fairly consistently. One might almost say that difficult circumstances bring out the best in us.**

**So in conclusion, I would urge all our shareholders to look at your company’s performance from a wider perspective of resilience and long term growth. And I would ask you to always remember that in M&M and the Mahindra Group, our prime goal is value creation. If we create value, profits, growth and returns will follow. So we set**

ourselves high standards of annual performance, and build resilience into our systems to facilitate this. Additionally our thinking also has a healthy component of the long term. We see ourselves not as quick fix players, but as builders of business. We stand by our strategic convictions and follow through on execution. We have positioned ourselves in the mobility space, and we believe that the synergy and scale this generates, combined with our ability to respond quickly to volatility, will see us through the ups and downs of business. I am grateful to all our shareholders for your consistent support, and I can assure you that we in M&M will continue to strive very hard to be worthy of your trust.

Before I close, let me share the Q1 performance figures.

At the Board Meeting held earlier today, your Board approved and adopted the Accounts for the first quarter of the current year :

Gross Revenues and Other Income of the Company together with MVML is Rs. 10474 crores as against Rs.10640 crores during the corresponding period last year, a degrowth of 1.6 per cent. The Net Profit of the quarter is Rs.831 crores as against Rs.834 crores of the corresponding quarter last year a degrowth of 0.4 per cent.

Thank you all once again.