

For immediate release

MAHINDRA FORGINGS LIMITED ANNOUNCES AUDITED FINANCIAL RESULTS

Mumbai, July, 22, 2010: The Board of Directors of Mahindra Forgings Limited (MFL) announced the unaudited financial results for the quarter ended 30th June, 2010 at its meeting held today.

MFL Consolidated Highlights

Particulars (Rs crs)	Q1 (2010-11)	Q1 (2009-10)	2009-10
Revenue	405	302	1,327
EBIDTA	41	(26)	(9)
PAT	(13)	(79)	(184)

MFL Standalone Highlights

Particulars (Rs crs)	Q1 (2010-11)	Q1 (2009-10)	2009-10
Revenue	78	70	301
EBIDTA	8	9	47
PAT	0	(3)	(95)

Highlights - Apr- June '10

Europe

- European recovery has been stronger than anticipated and revenue has increased to Euro 56 mn in current quarter as compared to Euro 36 mn in Q1 F 10. This represents 55% increase over Q1 F 10 and 15% increase over Q4 F 10.
- EBITDA improved to 10.1% in current quarter as compared to -15% in Q1 F 10

India

- The Company's on stand alone performance in April & May was temporarily affected because of problems related to availability of steel at acceptable prices. The problem has been resolved from June 2010 onwards.

Consolidated

- Revenue increased by 34% in Q1 F11 as compared to Q1 F10. The growth in consolidated revenue would have been higher at 51% without considering the currency translation loss due to depreciation of the Euro.
 - EBITDA Margin in Q1 F11 is +10% as compared to -9% in Q1 F10
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Other Highlights

Europe:

- *Truck OEMs in Q4F11 reported increased working hours and their delivery schedules were above expected*
- *MFE received awards from two key OEM customers:*
 - *“2009 Quality Award” from Paccar for achieving less than 50 ppm*
 - *“Volvo Supplier Award” for being among the top 9 suppliers worldwide to Volvo/ Renault in 2009*

India:

- *29 dies made through the new die welding technology adopted in collaboration with European subsidiaries to enable substantial increase in die life leading to reduction in rejection and costs.*
- *MFL, Chakan received the award for outstanding new product development from Volvo-Eicher*

Ongoing Activities

India:

- *Reduction in rejections and increase in yields.*

Europe:

MFE continues to focus on optimizing costs. In this regard, the plant at Hunninghaus in Germany was closed down and its capacities shifted to other MFE plants.

OUTLOOK

India

- *The year F10 began as a difficult one for the Indian economy. The government responded quickly to the crisis with a large stimulus package. As a result, industrial growth made rapid strides registering a double digit increase in the second half of F10 as compared to nearly zero growth in the comparable period of F09. This justifies optimism for the Indian economy in the medium to long term.*
- *As a result of the stimulus the domestic demand increased and coupled with the emergence of India as hub for small car manufacturing, production of different types of vehicles grew sharply in FY10 over FY09.*
- *Passenger car and UV production grew by 28%, LCVs by 41% and M/HCVs by 30%. All segments are expected to grow further in FY11 by 10-15%. MFL which serves both the automotive and the non*

auto business benefited from having increased capacity in anticipation and standalone revenues grew by 26% in Fy10.

Europe

- *There have been signs of recovery in Europe too from the second half of F10. However, there still looms a sense of uncertainty with the current crisis in parts of the Euro zone but so far Germany has been insulated by its manufacturing competence and competitiveness.*
- *Production of heavy trucks in Germany declined by > 60% in FY 10 compared to FY 09. It started to pick up in the second half of FY10 with strong recovery in Q410. The commercial vehicle segment in Europe showed strong signs of recovery in Q4 F10 and the healthy trend continues in Q1 F11. This recovery is expected to sustain in FY11 and possibly accelerate post August.*

Overall

- *Our vision is to be one of the world's leading forging companies that leverages an 'art to part', or design to manufacturing competence. The key elements of our strategy are:*
 - *short term: REBOOT to reduce costs*
 - *medium term: REINVENT to move up the value chain*
 - *long term: REIGNITE to pursue growth*
- *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 is 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. Stokes, our UK subsidiary, has an expertise in flashless forgings.

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