

For immediate release

MAHINDRA FORGINGS LIMITED ANNOUNCES AUDITED FINANCIAL RESULTS

Mumbai, October, 21, 2010: The Board of Directors of Mahindra Forgings Limited (MFL) announced the unaudited financial results for the quarter ended 30th September, 2010 at its meeting held today.

MFL Consolidated Highlights

Particulars (Rs crs)	Q2 (2010-11)	Q2 (2009-10)	H1 (2010-11)	H1 (2009-10)	2009-10
Revenue	461	316	866	618	1,327
EBIDTA	42	25	83	(1)	(9)
PAT	13	(26)	0	(105)	(184)

MFL Standalone Highlights

Particulars (Rs crs)	Q2 (2010-11)	Q2 (2009-10)	H1 (2010-11)	H1 (2009-10)	2009-10
Revenue	91	74	169	144	301
EBIDTA	7	13	15	22	47
PAT	(2)	0	(2)	(3)	(95)

Highlights - July-Sept '10

Europe

European recovery has been stronger than anticipated and revenue has increased to Euro 62 mn in current quarter as compared to Euro 36 mn in Q2 F 10. This represents 72% increase over Q2 F 10 and 11% increase over Q1 F 11.

India

Revenue increased by 23% in Q2 F11 as compared to Q2 F10.

Consolidated

Revenue increased by 46% in Q2 F11 as compared to Q2 F10. The growth in consolidated revenue would have been higher at 62% without considering the currency translation loss due to depreciation of the Euro.

Highlights - Apr-Sept '10

Europe

- Revenue has increased to Euro 118 mn in current half as compared to Euro 72 mn in H1 F 10. This represents 64% increase over H1 F 10.
- EBITDA improved to 9% in current half as compared to -6% in H1 F 10.

India

- Revenue increased by 17% in H1 F11 as compared to H1 F10.
- EBITDA is lower at 9% in current half as compared to 15% in H1 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 40% in H1 F11 as compared to H1 F10. The growth in consolidated revenue would have been higher at 57% without considering the currency translation loss due to depreciation of the Euro.
- EBITDA Margin in H1 F11 is 9.6% as compared to -0.2% in H1 F10

OUTLOOK

India

Passenger car and UV production grew by 28%, LCVs by 41% and M/HCVs by 30% in FY10. The growth momentum was maintained in the first half of FY11 with passenger car production growing by 46% and CVs growing by 46% over the corresponding period last year

Europe

- The German economy grew robustly in this quarter and it is expected that this growth will sustain given 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 Q4. The commercial vehicle segment in Germany showed strong signs of recovery in Q4 F10 and the healthy trend continued in the first half of FY11 with production growing by over 100% compared to the same period last year. This trend has been driven by exports out of Germany
- 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 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.

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