

May 4, 2010

CARE REAFFIRMS RATINGS TO THE BANK FACILITIES OF MAHINDRA & MAHINDRA LIMITED

CARE has reaffirmed the **'CARE AA+' (Double A Plus)** rating assigned to the Long-term Bank Facilities of Mahindra & Mahindra Ltd (M&M) aggregating Rs.178.28 crore (including proposed facilities of Rs.25.87 crore). This rating is applicable to facilities having tenure of more than one year. Facilities with this rating are considered to offer high safety for timely servicing of debt obligations. Such facilities carry very low credit risk.

Also, CARE has reaffirmed the **'PR1+' (PR One Plus)** rating to the Short-term Bank Facilities of M&M aggregating Rs.71.72 crore. This rating is applicable for facilities having tenure up to one year. Facilities with this rating would have strong capacity for timely payment of short-term debt obligations and carry lowest credit risk.

CARE assigns '+' or '-' signs to be shown after the assigned rating (wherever necessary) to indicate the relative position within the band covered by the rating symbol.

Instrument	Amount (Rs. crore)	Rating
Long-term Bank Facilities	178.28	'CARE AA+'
Short-term Bank Facilities	71.72	'PR1+'
Total	250.00	

Rating Rationale

The ratings continue to reflect M&M's experienced and professional management, established brand portfolio, its dominant position in the Utility Vehicles & farm equipment segment, diversified product portfolio, strong dealer network and after-sales service network and thrust on new product development. The ratings also take into account M&M's healthy gearing levels and strong cash flows.

However, the ratings are constrained by the inherent cyclicity in the automobile industry. Ability of M&M to sustain its profitability at the times of downturn in the automobile industry coupled with ongoing support extended to its subsidiaries constitutes the key rating sensitivities.

Company Profile

M&M was originally incorporated on October 2, 1945 as a private limited company and was converted as Mahindra and Mahindra Limited on January 13, 1948. Besides manufacture and marketing of Utility Vehicles (UVs), Light Commercial Vehicles (LCVs), tractors, cars, 3-wheelers, M&M has forayed into 2-wheeler segment in FY09. M&M enjoys leadership position in the UV and tractor segments in India. Going forward, M&M has plans of making sizeable investments in product development to enhance its product portfolio and support its product launches in Auto, Farm Equipment Sector (FES) and LCV segment.

On a total income of Rs.12,964 crore, M&M earned a PAT of Rs.868.00 crore in FY09. Further, in 9MFY10, M&M reported a PAT of Rs.1517.49 crore on a total income of Rs.13,297.48 crore.

Analyst Contact

Name: Rajashree Murkute

Tel # 022- 6754 3459

Mobile # 9820607459

Email: Rajashree.Murkute@careratings.com

CARE classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries /regulators or others are welcome to write to care@careratings.com for any clarifications.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

CARE is headquartered in Mumbai, with Offices all over India. The office addresses and contact numbers are given below:

HEAD OFFICE: MUMBAI

Mr. D.R. Dogra

Managing Director

Cell : +91-98204 16002

E-mail : dr.dogra@careratings.com

Mr. Rajesh Mokashi

Dy. Managing Director

Cell : +91-98204 16001

E-mail: rajesh.mokashi@careratings.com

Mr. Ankur Sachdeva

Head - Business Development

Cell : +91-9819698985

E-mail: ankur.sachdeva@careratings.com

4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway,
Sion (East), **Mumbai 400 022** Tel.: (022) 67543456 Fax: (022) 67543457

Website: www.careratings.com

OFFICES

<p>Mr.Mehul Pandya Regional Manager 32 TITANIUM Pralhadnagar Corporate Road, Satellite, Ahmedabad - 380 015. Tel – 079 4026 5656 Mobile - 98242 56265 E-mail: mehul.pandya@careratings.com</p>	<p>Mr.Sundara Vathanan Regional Manager Unit No. 8, I floor, Commander's Place No. 6, Raja Ram Mohan Roy Road, Richmond Circle, Bangalore - 560 025. Tel – 080 2211 7140 Mobile – 98803 60878 E-mail: sundara.vathanan@careratings.com</p>
<p>Mr.Ashwini Jani Regional Manager Unit No. O-509/C, Spencer Plaza, 5th Floor, No. 769, Anna Salai, Chennai 600 002 Tel: 044 2849 7812/2849 0811 Mobile – 91766 47599 E-mail : ashwini.jani@careratings.com</p>	<p>Mr. Rahul Patni Regional Manager 401, Ashoka Scintilla 3-6-520, Himayat Nagar Hyderabad - 500 029 Tel – 040 _40102030 Mobile – 91600 04563 E-mail: rahul.patni@careratings.com</p>
<p>Mr. Sukanta Nag Regional Manager 3rd Floor, Prasad Chambers (Shagun Mall Building) 10A, Shakespeare Sarani Kolkata - 700 071. Tel – 033 2283 1800/1803 Mobile – 98311 70075 E- mail: sukanta.nag@careratings.com</p>	<p>Ms.Swati Agrawal Regional Manager 710 Surya Kiran, 19 K.G. Road, New Delhi - 110 001. Tel – 011 2331 8701/2371 6199 Mobile – 98117 45677 E-mail : swati.agrawal@careratings.com</p>