

Press Release

For Immediate Publication

Mahindra and BAE Systems sign Joint Venture agreement

New Delhi, India, November 30, 2009: Mahindra & Mahindra Ltd. and BAE Systems have signed an agreement to create a land systems focused, joint venture defence company, based in India.

Approved by the Foreign Investment Promotion Board of the Government of India (GoI) earlier this year, the parent companies' initial investment will be US\$ 21.25 million over a three year period. The company's equity split will be 74% Mahindra and 26% BAE Systems, in accordance with the current defence sector Foreign Direct Investment regulations of the GoI.

Anand Mahindra, Vice Chairman and Managing Director, Mahindra Group, said: "BAE Systems is the global number one land systems defence company and we couldn't have a better partner for this venture. We are already working together and the benefits for all parties, including the Indian defence and security forces, are clear. We look forward to making a major contribution both to the security and economy of India."

Guy Griffiths, Group Managing Director International, BAE Systems, said: "As winner of the 2009 Frost and Sullivan Award for Customer Value Enhancement, which recognises excellence in customer service, customer retention and ultimately customer base expansion, Mahindra Defence Systems is a great choice to be our land systems partner in India."

"The skills and knowledge of the two companies are an excellent fit, and the values and vision which we share will allow this venture to prosper and innovate. India recently became BAE Systems' seventh home market; this new company is a central part of that strategy."

The joint venture company, whose name is currently going through the official certification process, will be headquartered in New Delhi with manufacturing at a purpose built facility South of Faridabad, just outside of Delhi.

Initially there will be about 100 employees and existing projects include the Axe high mobility vehicle as well as up-armoured and bulletproof Scorpions, Boleros, Rakshak, Rapid Intervention Vehicles and the Marksman light armoured vehicle.

In anticipation of the new company, the two shareholders have been progressing a major new project to develop a mine protected vehicle specifically designed to meet the needs of the Indian armed and paramilitary forces.

The companies have worked in partnership to produce a prototype vehicle using the proven mine defeating technologies of the BAE Systems South Africa RG series of vehicles and Mahindra's expert knowledge of Indian requirements and conditions.

This development process has resulted in a brand new mine protected vehicle currently named MPVI (Mine Protected Vehicle India). A prototype MPVI has been produced and will eventually be manufactured at the JV facility in Faridabad using indigenously produced materials.

It is also intended that the JV company will be involved in a number of future artillery programmes including the M777 light weight howitzer and the FH77B 155mm howitzer. It is envisaged that the JV will become a centre of excellence for Indian artillery programmes.

In due course there will be announcements of further details, such as when the company goes operational, as well as the company's name and its senior leadership.

About The Mahindra Group

The US \$6.3 billion Mahindra Group is among the top 10 industrial houses in India. Mahindra is the market leader in multi-utility vehicles in India. It made a milestone entry into the passenger car segment with the Logan. Mahindra & Mahindra is the only Indian company among the top tractor brands in the world.

The Group has a leading presence in key sectors of the Indian economy, including the financial services, trade, retail and logistics, automotive components, after-market, information technology and infrastructure development. Mahindra has made an entry in the two-wheeler segment which will see the company emerge as a full-range player with a presence in almost every segment of the automobile industry.

The Mahindra Group recently expanded its IT portfolio when Tech Mahindra acquired the leading global business and information technology services company, Satyam Computer Services. The company is now known as Mahindra Satyam.

Mahindra's Farm Equipment Sector is the proud recipient of the Japan Quality Medal, the only tractor company worldwide to be bestowed this honour. It also holds the distinction of being the only tractor company worldwide to win the Deming Prize. The US based Reputation Institute recently ranked Mahindra among the top 10 Indian companies in its Global 200: The World's Best Corporate Reputations list.

Mahindra is also one of the few Indian companies to receive an A+ GRI checked rating for its first Sustainability Report for the year 2007-08.

About BAE Systems

BAE Systems is the premier global defence, security and aerospace company delivering a full range of products and services for air, land and naval forces, as well as advanced electronics, security, information technology solutions and customer support services. With approximately 105,000 employees worldwide, BAE Systems' sales exceeded £18.5 billion (US \$34.4 billion) in 2008.

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