

M&M inks a JV with International Truck & Engine Corporation,USA

Farm

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Mumbai: Mahindra & Mahindra, the US \$2.59 billion Indian automotive conglomerate, today signed a 51:49 joint venture with International Truck & Engine Corporation, USA, to manufacture trucks and buses in India. International Truck is the North American leader in medium and heavy trucks and buses and the world's largest manufacturer of medium duty diesel engines.

Mr. Keshub Mahindra, Chairman, Mahindra & Mahindra Ltd., signed the joint venture agreement today with Mr. Daniel Ustian, Chairman, President and CEO, Navistar International Corporation, the parent company of International Truck.

- New entity to be called Mahindra International
- Mahindra & Mahindra will hold majority stake
- Project investment to be US \$80 million
- Mr Anand Mahindra, M&M Vice-Chairman & MD, to be Chairman of Mahindra International
- Mr Arun Pande to be Managing Director of Mahindra International

On the joint venture, Mr. Anand Mahindra, VC & MD, Mahindra & Mahindra said, "This JV will help us strengthen our competencies across our core areas of product development, engineering and manufacturing. While enabling the widening of our participation in the auto sector in India, our relationship with International Truck will also support our aspirations to be a global player."

Mr. Daniel Ustian, CEO of Navistar International Corporation, said, 'The company's plan to enter the Indian market constitutes a major step in its global growth strategy.'

Mr Deepak Kapur, President Truck Group, International Truck and Engine Corporation, adds, 'This is a renewal of our previous association with M&M which led to the enormously successful introduction of International and

Mahindra in the Indian tractor market in the '60's. Our association in its current form will cause International Truck to use India as a significant supply base for sourcing components and materials. In addition, the joint venture, along with Mahindra group companies will provide engineering services to International and the venture for the design and development of truck and bus products.'

Commenting on the JV, Dr. Pawan Goenka, President of M&M's Automotive Sector, said: 'The JV with International Truck adds ballast to our expansion plans. The process of combining our core strengths has already begun. We have recently shifted our LCV operations to Mahindra International. Vehicles manufactured by the JV will be exported to markets where International Truck or M&M have their presence with the JV building its own distribution in new markets.'

Mahindra International will be the new entity of the joint venture. The project investment would be US \$ 80 million. M&M has recently transferred its light commercial vehicle business to Mahindra International. This will enable the company to start production from its inception pending the launch of the new range of medium and heavy commercial vehicles in 2007. The company aims to be in every segment of the commercial vehicle market from 6 tonne GVW to 35 tonne GVW with variants of passenger transport, cargo and specialised load applications.

The medium and heavy vehicle product range will be engineered to meet Indian requirements. The joint venture's product range and technology will also be focused on serving various export markets in Asia, Middle East, Africa, Russia and Central Europe as well as providing International with appropriate low-cost products and aggregate technologies for the Americas. Both International's Truck Development & Technology Centre, USA and M&M's Automotive Product Development group have for the past several months been working on a product development programme towards this purpose.

The company will use M&M's distribution network in India and has already appointed 140 dealers for the purpose. Mahindra International has commenced manufacturing light commercial vehicles under a contract manufacturing arrangement with Mahindra & Mahindra at the Zaheerabad plant. A similar contract manufacturing arrangement is proposed for the medium and heavy vehicle production, the choice of location will be determined shortly.

The Joint Venture Company will also provide sourcing services and engineering services to International Truck & Engine Corporation's North American operations. International aims to leverage India's competitive automotive parts supply base using M&M's Strategic Sourcing Business Unit and the joint venture company's

sourcing team. Buying volumes of International are targeted to cross \$100 million annually by 2007.

Mahindra Engineering Services, the engineering services arm of M&M, has begun the supply of engineering services to International's Truck Development & Technology Centre and is in the process of setting up a 300 person dedicated engineering centre for this purpose.

Mahindra & Mahindra Ltd. and International Truck & Engine Corporation will have five Directors each on the Board of Mahindra International. Mr. Anand Mahindra will be the Chairman of the Board. The company's management team will be led by Mr. Arun Pande, Managing Director, Mahindra International.

About Navistar International Corporation

Navistar International Corporation (NYSE: NAV) is the parent company of International Truck and Engine Corporation. The company through its affiliates produces InternationalÒ brand commercial trucks, mid-range diesel engines and IC brand school buses and is a private label designer and manufacturer of diesel engines for the pickup truck, van and SUV markets. A wholly owned subsidiary offers financing services. Additional information is available at www.nav-international.com.

About Mahindra & Mahindra

The US \$ 2.59 billion Mahindra Group is the market leader in multi-utility vehicles and tractors in India. With 60 years of manufacturing experience, the Mahindra group has built a strong base in technology, engineering, marketing and distribution. M&M employs around 11,500 people and has six state-of-the-art manufacturing facilities spread over 500,000 square meters. It also has a significant presence in key sectors of the Indian economy. These include trade and financial services (Mahindra Intertrade, Mahindra & Mahindra Financial Services Ltd.), automotive components, information technology & telecom (Mahindra British Telecom, Bristlecone), and infrastructure development (Mahindra GESCO, Mahindra Holidays & Resorts India Ltd.). M&M is celebrating its 60th anniversary in 2005. It has dedicated 1% of its PAT for CSR.

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