



February 9, 2018

To whom it may concern

Sanyo Special Steel Co., Ltd.

(TSE 1st section: 5481)

Shinya Higuchi, Representative Director and President

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Notification of change of the status of Mahindra Sanyo Special Steel Pvt. Ltd. from equity method affiliate to consolidated subsidiary

Sanyo Special Steel Co., Ltd. (“Sanyo”) passed a resolution at its Board of Directors meeting held on February 9, 2018 that it will further acquire shares of Mahindra Sanyo Special Steel Pvt. Ltd. (“Mahindra Sanyo”), an equity method affiliate of Sanyo, making Mahindra Sanyo a consolidated subsidiary of Sanyo. The details of the resolution are as described below.

1. The purpose of additional share acquisition

In order to develop our special steel business in India, where the market has been expanding, we invested in Mahindra Sanyo Special Steel Pvt. Ltd. in September, 2012, and started joint business. Since then we have provided support of quality improvement, cost reduction, and productivity improvement for Mahindra Sanyo.

The demand for special steel products in India is expected to grow significantly from the current annual level of approximately 4 million tons to around 10 million tons in 2030. Along with this, needs of customers, including Japanese clients, for local production and their quality requirements are also expected to increase. In order to strengthen our capabilities to respond to such market growth and customers’ requests, we decided to additionally acquire shares of our equity method affiliate Mahindra Sanyo to make it a consolidated subsidiary. As a result, Mahindra Sanyo will be our first subsidiary, both inside and outside Japan, that engages in integrated manufacturing and sales of special steel products. We will provide more management resources, including our technology, human resources, and funds, than before to promote further growth of Mahindra Sanyo and enhance the Sanyo group’s global business development.

2. Overview of Mahindra Sanyo Special Steel Pvt. Ltd.

(1)	Company Name	Mahindra Sanyo Special Steel Pvt. Ltd.
(2)	Head Office	74, Ganesh Apartment, 7th Floor, Opp. Sitaldevi Temple, Lady Jamshedji Road, Mahim, Mumbai, Maharashtra 400016, India

(3)	Representative	Uday Gupta, Managing Director
(4)	Business Activities	Production and sales of special steel products
(5)	C a p i t a l	INR119,836,560
(6)	Establishment	September 5, 2012 (joint business started)
(7)	Major Shareholders	Mahindra & Mahindra Ltd.: 51% Sanyo Special Steel Co., Ltd.: 29% Mitsui & Co. Ltd.: 20%

(8)	Relationship between Sanyo and Mahindra Sanyo	C a p i t a l Relationship	Sanyo's equity method affiliate, with Sanyo holding a 29% stake
		M a n a g e m e n t Relationship	Two directors of Sanyo concurrently assuming the position of the director of Mahindra Sanyo
		B u s i n e s s Relationship	Concluded a technical assistance agreement in relation to manufacturing of special steel products

(9) Financial results and financial standing of Mahindra Sanyo for the last three years			
Accounting Period	FY March, 2015	FY March, 2016	FY March, 2017
N e t A s s e t s	INR1,916 million (JPY3,257 million)	INR1,745 million (JPY2,967 million)	INR1,789 million (JPY3,041 million)
T o t a l A s s e t s	INR6,256 million (JPY10,635 million)	INR5,839 million (JPY9,926 million)	INR6,623 million (JPY11,259 million)
Book Value Per Share	INR191.6 (JPY325.7)	INR160.8 (JPY273.3)	INR149.2 (JPY253.7)
S a l e s	INR9,212 million (JPY15,661 million)	INR7,579 million (JPY12,885 million)	INR9,141 million (JPY15,539 million)
E B I T D A	-INR187 million (-JPY317 million)	-INR73 million (-JPY123 million)	INR100 million (JPY170 million)
Operating Profit	-INR469 million (-JPY797 million)	-INR329 million (-JPY559 million)	-INR232 million (-JPY394 million)
Ordinary Profit	-INR633 million (-JPY1,076 million)	-INR521 million (-JPY885 million)	-INR461 million (-JPY783 million)
N e t P r o f i t	-INR633 million (-JPY1,076 million)	-INR521 million (-JPY885 million)	-INR461 million (-JPY783 million)
Earnings Per Share	-INR63.3 (-JPY107.6)	-INR58.4 (-JPY81.6)	-INR38.4 (-JPY65.4)
Dividend Per Share	0	0	0

* JPY figures are for reference, calculated at the rate of INR1.00 = JPY1.7.

3. Overview of Mahindra & Mahindra Ltd., from which Sanyo will acquire shares of Mahindra Sanyo

(1)	Company Name	Mahindra & Mahindra Ltd.
(2)	Head Office	Gateway Building, Apollo Bunder, Mumbai, Maharashtra 400001, India
(3)	Representative	S.P. Shukla, Group President
(4)	Business Activities	Manufacturing and sales of tractors and cars
(5)	Capital	INR 2.97 billion (JPY 5 billion)
(6)	Establishment	1945
(7)	Net Assets	INR 256.7 billion (JPY 436.4 billion)
(8)	Total Assets	INR 393.38 billion (JPY 668.7 billion)
(9)	Sales	INR 470.96 billion (JPY 800.6 billion)
(10)	Major Shareholders	Founding family: 25.3% (listed on the Bombay Stock Exchange)
(11)	Relationship between Sanyo and Mahindra & Mahindra	NA

*1 The figures in the table are as of the end of March, 2017

*2 JPY figures are for reference, calculated at the rate of INR1.00 = JPY1.7

4. The number of shares to be acquired, acquisition value, and the number of shares owned after the acquisition

(1)	Number of shares owned by Sanyo before the acquisition	3,475,260 (Number of voting rights: 3,475,260) (Ratio of voting rights owned: 29.0%)
(2)	Number of shares to be acquired	2,636,401 (Number of voting rights: 2,636,401)
(3)	Acquisition value	Common Stock of Mahindra Sanyo Special Steel Pvt. Ltd. INR 1.46 billion (JPY 2.5 billion)
(4)	Number of shares owned by Sanyo after the acquisition	6,111,661 (Number of voting rights: 6,111,661) (Ratio of voting rights owned: 51.0%)

* JPY figures are for reference, calculated at the rate of INR1.00 = JPY1.7

5. Schedule

(1) Date of Board Resolution Passed	February 9, 2018
(2) Date of Contract Concluded	February 9, 2018
(3) Date of Share Acquisition	At any point from February to June, 2018 (planned)

6. Future prospect

We are verifying effects on financial results.