

Mahindra Finance net profit rises 32% to Rs 108 Crores

Mumbai, April 27, '06 : Mahindra and Mahindra Financial Services Ltd. (Mahindra Finance), a leading player in the rural market, today announced 32% rise in its net profit to Rs 108 Crores in 2005-06 from Rs 82 Crores in 2004-05. Income from Operations grew 47% to Rs 582 Crores. Value of assets financed was up 34% to Rs 4478 Crores.

The Board has recommended a final equity dividend @ 20% i.e. Rs 2 per share. The dividend will absorb a sum of Rs 18.64 crores (including dividend distribution tax).

The Board has also approved, subject to the approval of the shareholders, raising of limits for holdings by Foreign Institutional Investors from 24% to 35% of the paid up equity share capital of the Company.

The number of customer contracts rose to 4,67,977 from 3,36,819 in 2005-06, an increase of 39%.

Mr. Ramesh Iyer, Managing Director, Mahindra Finance, said, "The results are proof of the strong customer loyalty Mahindra Finance enjoys. A deep penetration in the rural markets and designing customized products for individual customer requirements is the two pronged strategy that has resulted in this robust growth. With the government focusing more on the rural markets and, specifically, on the agriculture sector, we are confident of sustaining the momentum."

Mr. V Ravi, Chief Financial Officer, Mahindra Finance, said, "Despite the firming up of interest rates during the fiscal, Mahindra Finance could borrow more than Rs 2500 crores in long term funds at an attractive rate of interest, which has helped in increasing our disbursements. Other factors such as strong performance by agriculture sector and greater buying capacity of customers have influenced our performance."



Mahindra Finance, which is involved in providing finance for tractors, utility vehicles and cars both new and old, was recently listed on Indian bourses. To carve a niche for itself in these markets, the company has positioned itself between the organized banking sector and local money lenders, offering customers competitive, flexible and speedy lending services.

The company distributes its wide range of financial products and services through its nationwide distribution network. Mahindra Finance has a **branch network of 305 branches spread across 25 states** and two Union Territories across India and has entered into a total of 4,67,977 customer contracts since inception. More than 80% of the business is conducted through centrally connected branches.

Mahindra Finance, which has an early mover advantage in the rural and semi urban markets where it operates, has created its systems and processes to suit the largely cash oriented rural economy.

About MMFSL

Mahindra & Mahindra Financial Services Ltd (MMFSL) is one of India's leading non-banking finance companies focused on providing finance for utility vehicles, tractors and cars in the rural and semi-urban sector. MMFSL is a subsidiary of Mahindra & Mahindra, a leading tractor and utility vehicle manufacturer. The company has positioned itself between the organized banking sector and local money lenders, offering customers competitive, flexible and speedy lending services. MMFSL listed on National Stock Exchange and Bombay Stock Exchange on March 17, '06.

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