

Mahindra Finance income grows by 45% in the **1st Quarter of F-2007**

Mumbai, July 22, 2006: Mahindra & Mahindra Financial Services Ltd (MMFSL), part of the \$3.04 billion Mahindra group, reported an increase of 45% growth in revenue at Rs.165 Crores for the quarter ended June'06 as compared to Rs. 114 Crores in the first quarter of the last fiscal. MMFSL has increased its branch network from 305 to 356 in the first quarter of this year.

The increase in revenue has been attributed to twin factors of increase in volume and increase in lending rates. Approximately 30 per cent of the Company's assets comprises of non Mahindra products which is expected to get a further boost with its recent tie-up with Maruti Udyog.

By an efficient product mix, MMFSL has been able to maintain its cost of borrowing in spite of hardening of interest rates.

The profit after tax (PAT) stood at Rs. 19.23 Crores which grew at 13% as compared to the first quarter of the last fiscal. This was after providing for proactive measures taken by the Company like outsourcing certain activities involving a sum of Rs.5.46 Crores and special performance pay to all its employees amounting to Rs.3.42 Crores.

Mahindra Insurance Brokers Ltd (MIBL) a wholly owned subsidiary of MMFSL, which is into the business of direct insurance broking, has reported an increase of 124% in its income at Rs 2.66 Crores for the quarter ended June' 06 as compared to Rs 1.19 Crores in the first quarter of last fiscal. The PBT has increased to Rs 1.5 Crores from Rs 0.92 Crores during the same period, an increase of 63%.



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 moneylenders, offering customers competitive, flexible and speedy lending services. MMFSL has a network of 356 branches spread across India and has entered into a total of more than 500,000 customer contracts since inception. MMFSL was listed on National Stock Exchange and Bombay Stock Exchange on March 17, '06.

For further information please contact:

Ms. Roma Balwani

GM, Corporate Communication

Mahindra & Mahindra Ltd.

Phone: 2497 5176

Fax: 2490 0830

Email: balwani.roma@mahindra.com

Mr. Mufaddal Choonia

Manager - Marketing

Mahindra & Mahindra Financial Services Ltd.

Phone: 5642 3800

Fax: 2497 2741 / 2498 4166

Email: choonia.mufaddal@mahindra.com

Mr. Samrat Banerjee/ Satyanarayan D

Adfactors PR Pvt Ltd.

Tel: 2281 3565

Mobile: 98205 10065

Email: samrat@adfactorspr.com