

**UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED 30TH SEPTEMBER, 2006**

(Rs. In lacs)

| Particulars   | Quarter ended<br>30th September |                 | Half year ended<br>30th September |                 | Year ended<br>31st March |
|---|---------------------------------|-----------------|-----------------------------------|-----------------|--------------------------|
|   | 2006                            | 2005            | 2006                              | 2005            | 2006                     |
| Income from Operations                                  | 19375.57                        | 14052.59        | 35320.79                          | 25086.01        | 58231.65                 |
| Other Income  | 276.60                          | 241.03          | 831.71                            | 614.59          | 1409.22                  |
| <b>Total Income</b>                                     | <b>19652.17</b>                 | <b>14293.62</b> | <b>36152.50</b>                   | <b>25700.60</b> | <b>59640.87</b>          |
| Financial Expenses                                      | 7509.27                         | 4849.17         | 14268.03                          | 9421.38         | 21944.16                 |
| Staff Cost  | 1526.70                         | 998.08          | 3193.20                           | 1793.90         | 4054.66                  |
| Other Expenses  | 2880.57                         | 1872.89         | 5218.49                           | 2982.60         | 8748.64                  |
| Depreciation & Amortisation                             | 153.27                          | 126.47          | 298.89                            | 228.38          | 517.33                   |
| Provisions and Write Off                                | 2707.82                         | 2146.73         | 5632.25                           | 4380.78         | 8160.64                  |
| <b>Total Expenditure</b>                                | <b>14777.63</b>                 | <b>9993.34</b>  | <b>28610.86</b>                   | <b>18807.04</b> | <b>43425.43</b>          |
| Profit Before Tax                                       | 4874.54                         | 4300.28         | 7541.64                           | 6893.56         | 16215.44                 |
| Provision for Current Tax including Fringe Benefit Tax  | 2163.00                         | 1837.04         | 3081.00                           | 2895.04         | 6426.94                  |
| Provision for Deferred Tax                              | (321.00)                        | (333.88)        | (495.00)                          | (498.00)        | (1038.74)                |
| Net Profit  | 3032.54                         | 2797.12         | 4955.64                           | 4496.52         | 10827.24                 |
| Paid-up Equity Share Capital (Face Value of Rs.10 each) | 8331.40                         | 7015.61         | 8331.40                           | 7015.61         | 8331.40                  |
| Reserves  |                                 |                 |                                   |                 | 59868.27                 |
| Earning Per Share **                                    |                                 |                 |                                   |                 |                          |
| Basic ( Refer Note no. 8 )                              | 3.60                            | 3.85            | 5.84                              | 6.13            | 14.59                    |
| Diluted   | 3.49                            | 3.85            | 5.65                              | 6.13            | 14.41                    |
| Total Public Shareholding                               |                                 |                 |                                   |                 |                          |
| Number of shares  | 25072443                        | *               | 25072443                          | *               | 25072443                 |
| Percentage of holdings                                  | 29.15%                          | *               | 29.15%                            | *               | 29.15%                   |

\* The Equity Shares of the Company were listed on the Stock Exchanges on 17th March, 2006. Hence, Public Shareholding for the quarter and half year ended 30th September, 2005 have not been given.

\*\* Earning per share for the interim period is not annualised

**Notes:**

- The above results have been approved by the Board of Directors of the Company at their Meeting held on 25th October, 2006.
- In compliance with Clause 41 of the Listing Agreement with the Stock Exchange, a limited review of the results for the quarter ended 30th September, 2006 has been carried out by the Statutory Auditors.
- The Company has during the quarter redeemed 25,00,000 Non Convertible Preference Shares of Rs. 100 each.
- The Board has declared an Interim Dividend @ 6.90% on Preference Shares i.e. Rs. 6.90 per share of Rs.100 each upto the date of redemption.
- The company has a single reportable segment namely financial services for the purpose of Accounting Standard 17 on Segment Reporting.
- The Company has complied with the prudential guidelines issued by the Reserve Bank of India in respect of Income Recognition and Provision for Non Performing Assets
- Income from Operations for the half year ended September 30, 2006 includes write back of provision on securitisation of Rs.556.17 lacs (Sep05: Rs.918.70 lacs, Mar06: Rs.918.70 lacs) no longer required.
- In the computation of earnings per share above, the Company has given effect to the Guidance Note on Accounting for Employee Share-based payments issued by the Institute of Chartered Accountants of India.
- Information on Investor Complaints pursuant to Clause 41 of the Listing Agreement for the quarter ended 30th September, 2006.

|                      | Opening Balance | Additions | Disposals | Closing Balance |
|----------------------|-----------------|-----------|-----------|-----------------|
| Number of Complaints | 0               | 266       | 266       | 0               |

- Previous period/year figures are regrouped, wherever found necessary.

For and on behalf of the Board of Directors  
Mahindra & Mahindra Financial Services Ltd.

sd/-  
Bharat Doshi  
Vice Chairman

Date : 25th October, 2006  
Place : Mumbai