

Mahindra FINANCE

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Mahindra & Mahindra
Financial Services Ltd.
Mahindra Towers, 4th Floor,
Dr. G. M. Bhosale Marg, Worli,
Mumbai 400 018 India

24th June, 2013

The Manager-Listing Department,
National Stock Exchange of India Limited,
"Exchange Plaza", 5th Floor,
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Name of the Scrip: Mahindra & Mahindra Financial Services Limited
Scrip Code : M&MFIN

Dear Sir,

Sub : Outcome of the Board Meeting

With reference to the captioned subject, we enclose herewith a copy of the Press Release being issued today by the Company.

This is for your information and records.

Kindly acknowledge receipt of the same.

Thanking you.

Yours faithfully,

For Mahindra & Mahindra Financial Services Limited

Arnavaz

Arnavaz M. Pardiwalla
Company Secretary & Compliance Officer

Encl : a/a



Press Release**For Immediate Dissemination****Mahindra Finance Not To Apply for Bank License****Present Guidelines do not address Transitional Issues adequately****Disadvantageous for Large, Successful NBFC's**

Mumbai, June 24, 2013: The Board of Directors of Mahindra & Mahindra Financial Services Limited (Mahindra Finance) has decided not to proceed with the application for a Banking License, after reviewing the implications of the present guidelines issued by the Reserve Bank of India (RBI) for such an application, alongwith the clarifications issued by RBI on 3rd June 2013. The Board expressed full confidence in Mahindra Finance's plans and prospects for growth as an independent NBFC. Mahindra Finance is a pioneer NBFC in India, and has been successfully serving 2.5 million customers for over two decades helping to achieve financial inclusion in around 1,70,000 villages.

The RBI guidelines provide for the conversion of Non-Banking Financial Companies (NBFCs) into a Bank, but do not provide any flexibility for a NBFC and a Bank to co-exist for a reasonable period of time. The Regulations provide that CRR and SLR will be applicable from inception, even though building of CASA will take some time for a newly converted bank. This anomaly, unfortunately, will impose an undue penalty on large, successful asset finance NBFCs with a pan-India network, that wish to convert into a Bank, as compared to small NBFCs with a limited network. The current set of guidelines, as clarified, has an adverse economic and operational impact on the business of larger NBFCs. A time bound co-existence of a NBFC and a Bank in the same group would help set up a sustainable model and address the concerns of all stake holders, including the customer base both current and future. Such an approach is also consistent with the current structure in place in the Indian Banking system.

The Board of Mahindra Finance at its Board Meeting today, therefore decided not to apply for a Bank License under the current set of guidelines read with clarifications and to intimate RBI accordingly alongwith the reasons for its decision. Should the guidelines be amended, to permit co-existence of NBFC and a Bank in the same group, or should these concerns be addressed in any other manner, the Company will be happy to apply for a Banking License.

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About Mahindra & Mahindra Financial Services Limited

Mahindra & Mahindra Financial Services Limited (Mahindra Finance), part of the US \$16.2 billion Mahindra Group, is one of India's leading non-banking finance companies with a pan India presence. Focused on the rural and semi-urban sector, it provides finance for vehicles and tractors and has the largest network of branches amongst NBFC's operating in these areas.

Mahindra Insurance Brokers Limited (MIBL) a subsidiary of MMFSL is a licensed Composite Broker providing Direct and Reinsurance broking services.

Mahindra Rural Housing Finance Limited (MRHFL) a subsidiary of MMFSL provides loans for purchase, renovation, construction of houses to individuals in the rural areas of the country.

About Mahindra

The Mahindra Group focuses on enabling people to rise through solutions that power mobility, drive rural prosperity, enhance urban lifestyles and increase business efficiency.

A USD 16.2 billion multinational group based in Mumbai, India, Mahindra employs more than 155,000 people in over 100 countries. Mahindra operates in the key industries that drive economic growth; enjoying a leadership position in tractors, utility vehicles, after-market, information technology and vacation ownership. In addition, Mahindra enjoys a strong presence in the agribusiness, aerospace, components, consulting services, defence, energy, financial services, industrial equipment, logistics, real estate, retail, steel, commercial vehicles and two wheeler industries.

In 2012, Mahindra featured on the Forbes Global 2000 list, a listing of the biggest and most powerful listed companies in the world. In 2013, the Mahindra Group received the Financial Times 'Boldness in Business' Award in the 'Emerging Markets' category.

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