

24th October, 2011

The Secretary
National Stock Exchange of India Limited
"Exchange Plaza", 5th Floor,
Plot No.C/1, G Block,
Bandra-Kurla Complex,
Bandra (East), Mumbai 400051.

Tel. No. 2659 8235/26598346
Fax No: 26598237/26598238/26598347/26598348

Dear Sir,

**Sub: Audited Financial Results for the Second Quarter
and Half Year ended 30th September, 2011.**

As required under Clause 41 of the Listing Agreement, we are enclosing a copy of the Standalone and Consolidated Audited Financial Results of our Company for the Second Quarter and Half Year ended 30th September, 2011, together with a copy of the Press Release. Also enclosed is the Auditor's Report for the Second Quarter and half year ended 30th September, 2011 by our Statutory Auditors, M/s. B. K. Khare & Co.

Kindly take the same on record.

Thanking you,

Yours faithfully,
Mahindra & Mahindra Financial Services Limited

Arnavaz

 **Arnavaz M. Pardiwalla**
Company Secretary & Compliance Officer

Encl: a/a

Mahindra & Mahindra Financial Services Limited
Registered Office: Gateway Building, Apollo Bunder, Mumbai 400 001.

AUDITED STANDALONE FINANCIAL RESULTS FOR THE HALF YEAR & QUARTER ENDED 30TH SEPTEMBER, 2011

(₹ in Lacs)

Particulars	Quarter ended 30th September		Half year ended 30th September		Year ended 31st March
	2011	2010	2011	2010	2011
Income from Operations	64911.35	46956.39	119681.24	86196.63	197393.35
Total	64911.35	46956.39	119681.24	86196.63	197393.35
Financial Expenses	25893.87	15180.06	47490.93	28330.33	66020.97
Staff Cost	5101.59	3692.65	10295.09	7347.05	15150.49
Other Expenses	9617.59	7907.35	18042.21	14429.43	32592.69
Provisions and Write Off	5232.28	3349.42	10846.04	8779.35	15670.57
Depreciation & Amortisation	493.59	340.67	933.75	623.69	1578.80
Total	46338.92	30470.15	87608.02	59509.85	131013.52
Profit from Operations before Other Income	18572.43	16486.24	32073.22	26686.78	66379.83
Other Income	1588.24	933.17	3214.69	1834.59	3864.96
Profit from Ordinary Activities Before Tax	20160.67	17419.41	35287.91	28521.37	70244.82
Tax Expense	6608.00	5771.00	11515.00	9453.00	23933.90
Net Profit for the period / year	13552.67	11648.41	23772.91	19068.37	46310.92
Paid-up Equity Share Capital (Face Value of Rs.10/- each)			10254.15	9614.18	10245.21
Reserves					238556.00
Earnings Per Share #					
Basic (Rs.)	13.22	12.13	23.19	19.86	47.80
Diluted (Rs.)	13.03	12.02	22.86	19.68	44.50
Total Public Shareholding					
Number of shares	44300037	37900253	44300037	37900253	4421143
Percentage of holdings	42.60%	39.11%	42.60%	39.11%	42.51%
Promoters and Promoter Group Shareholding :					
a) Pledged / Encumbered					
Number of shares	0	0	0	0	0
Percentage of shares (as a % of the total shareholding of Promoter and Promoter Group)	0.00%	0.00%	0.00%	0.00%	0.00%
Percentage of shares (as a % of the total share capital of the company)	0.00%	0.00%	0.00%	0.00%	0.00%
b) Non-encumbered					
Number of shares	59702698	59000272	59702698	59000272	5979130
Percentage of shares (as a % of the total shareholding of Promoter and Promoter Group)	100.00%	100.00%	100.00%	100.00%	100.00%
Percentage of shares (as a % of the total share capital of the company)	57.40%	60.89%	57.40%	60.89%	57.49%

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(₹ in Lacs)

Particulars	Quarter ended 30th September		Half year ended 30th September		Year ended 31st March
	2011	2010	2011	2010	2011
Income from Operations	67728.86	48577.00	124951.75	89022.86	204351.71
Total	67728.86	48577.00	124951.75	89022.86	204351.71
Financial Expenses	26268.38	15307.70	48118.61	28592.57	66618.59
Staff Cost	7650.23	5404.04	15374.12	10413.46	22398.30
Other Expenses	8361.03	6413.07	15470.61	11665.01	26222.69
Provisions and Write Off	5426.88	3339.72	11127.59	8813.39	15812.95
Depreciation & Amortisation	508.71	350.68	961.13	640.16	1614.65
Total	48215.23	30815.21	91052.06	60124.59	132667.22
Profit from Operations before Other Income and Minority Interest	19513.63	17761.79	33899.69	28898.27	71634.48
Other Income	911.50	737.89	2145.92	1558.07	3086.91
Profit from Ordinary Activities Before Tax and Minority Interest	20425.13	18499.68	36045.61	30456.34	74771.40
Tax Expense	6752.05	6139.18	11804.72	10107.68	25395.07
Net Profit After Tax and before Minority Interest	13673.08	12360.50	24240.89	20348.66	49376.33
Short / (Excess) provision for Income Tax - Earlier Years (net)	14.62	10.14	14.62	10.14	10.14
Net Profit After Tax for the period / year before Minority Interest	13658.46	12350.36	24226.27	20338.52	49386.47
Minority Interest in Profit / (Loss)	25.73	31.26	46.98	45.14	89.00
Net Profit for the period / year after Minority Interest	13632.73	12319.10	24179.29	20293.38	49277.47
Paid-up Equity Share Capital (Face Value of Rs.10/- each)			10254.15	9614.18	10245.21
Reserves					244044.42
Earnings Per Share #					
Basic (Rs.)	13.30	12.82	23.59	21.13	50.91
Diluted (Rs.)	13.11	12.71	23.25	20.94	47.31
Total Public Shareholding					
Number of shares	44300037	37900253	44300037	37900253	44211431
Percentage of holdings	42.60%	39.11%	42.60%	39.11%	42.51%
Promoters and Promoter Group Shareholding :					
a) Pledged / Encumbered					
Number of shares	0	0	0	0	0
Percentage of shares (as a % of the total shareholding of Promoter and Promoter Group)	0.00%	0.00%	0.00%	0.00%	0.00%
Percentage of shares (as a % of the total share capital of the company)	0.00%	0.00%	0.00%	0.00%	0.00%
b) Non-encumbered					
Number of shares	59702698	59000272	59702698	59000272	5979130
Percentage of shares (as a % of the total shareholding of Promoter and Promoter Group)	100.00%	100.00%	100.00%	100.00%	100.00%
Percentage of shares (as a % of the total share capital of the company)	57.40%	60.89%	57.40%	60.89%	57.49%

Earnings per share for the interim period is not annualised.

STATEMENT OF ASSETS AND LIABILITIES AS ON 30TH SEPTEMBER, 2011

(₹ in Lacs)

Particulars	Standalone			Consolidated		
	Half year ended 30th September		Year ended 31st March	Half year ended 30th September		Year ended 31st March
	2011	2010	2011	2011	2010	2011
SHAREHOLDERS' FUNDS :						
a) Capital	10254.15	9614.18	10245.29	10254.15	9614.18	10245.29
b) Employee Stock Options Outstanding	560.38	98.45	208.08	560.38	98.45	208.08
c) Reserves and Surplus	262379.19	182299.06	238556.05	268667.34	186143.76	244044.43
	273193.72	192011.69	249009.42	279481.87	195856.39	254497.80
Minority Interest	-	-	-	715.32	424.42	468.34
	1242262.30	822154.35	967501.44	1274744.31	829343.34	978462.57
LOAN FUNDS	1515456.02	1014166.04	1216510.86	1554941.50	1025624.15	1233428.71
TOTAL						
FIXED ASSETS	9466.86	6112.47	8177.23	9765.01	6293.01	8402.53
INVESTMENTS	25763.52	23998.59	67455.45	19425.49	21342.83	62517.42
DEFERRED TAX ASSET	22374.96	21925.87	21672.96	22493.08	21963.33	21755.97
CURRENT ASSETS, LOANS AND ADVANCES :						
a) Sundry Debtors	384.06	391.16	384.06	593.43	571.24	726.81
b) Cash and Bank balances	25402.35	27508.34	29761.99	26925.68	27732.85	32358.73
c) Other Current Assets	1668.15	681.02	1458.92	1684.49	636.13	1273.16
d) Loans and Advances	1585874.65	1062817.15	1239574.10	1635173.71	1078669.86	1259998.78
	1613329.21	1091397.67	1271179.07	1664377.31	1107810.08	1294357.48
Less : Current Liabilities and Provisions :						
a) Liabilities	84289.74	61516.04	71094.76	88936.82	63504.23	71832.56
b) Provisions	71188.79	67752.52	80879.09	72182.57	68280.87	81772.10
	155478.53	129268.56	151973.85	161119.39	131785.10	153604.66
NET CURRENT ASSETS	1457850.68	962129.11	1119205.22	1503257.92	976024.98	1140752.71
TOTAL	1515456.02	1014166.04	1216510.86	1554941.50	1025624.15	1233428.71

Notes:

- The above results have been reviewed by the audit committee and subsequently approved by the Board of Directors of the Company at its Meeting held on 24th October, 2011.
- The Consolidated results includes the audited Financial Results of the subsidiaries Mahindra Insurance Brokers Ltd. (100%), Mahindra Rural Housing Finance Ltd. (87.50%) Mahindra Business & Consulting Services Private Ltd. (100%) and financial results of a 49% Joint Venture company, Mahindra Finance USA LLC, in the United States which were neither audited nor reviewed.
- 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.
- During the quarter, the Company has made an investment of Rs.1400.00 lacs in Mahindra Rural Housing Finance Ltd., its subsidiary, by paying further amount of Rs.4/- per share (face value of Rs.10/- each) as final call money.
- Income from Operations for the quarter includes Income from fresh assignment transactions (net of upfront provision for loss/expenses) of Rs.Nil (Sept.'10 : Rs.1492.15 lacs).

Income from Operations for the half year includes Income from fresh assignment transactions (net of upfront provision for loss/expenses) of Rs.Nil (Sept '10 : Rs.2559.88 la March '11 : Rs.5322.14 lacs) and a write back of provision on earlier assignment transactions of Rs.731.40 lacs (Sept'10 : Rs.1578.25 lacs, March '11 : Rs.3648.00 lacs) no long required.

- In the standalone results, Other Expenses for the quarter includes Rs.2277.61 lacs (Sept '10 : Rs.1237.53 lacs) and for the half year includes Rs.4091.75 lacs (Sept '10 : Rs.2249.71 lacs, March '11 : Rs.5626.22 lacs) incurred towards professional fees for manpower services provided by Mahindra Business & Consulting Services Private Ltd., a wholly owned subsidiary company.
- Information on Investor Complaints pursuant to Clause 41 of the Listing Agreement for the quarter ended 30th September, 2011.

Particulars	Opening Balance	Additions	Disposals	Closing Balance
Number of Complaints	0	58	58	0

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

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

Ramesh
Managing Director

Date : 24th October, 2011
Place : Mumbai



Press Release

For Immediate Publication

Mahindra Finance

F-2012 H1 PAT up by 25%

F-2012 H1 Income up by 40%

F-2012 H1 Disbursement up by 33%

Mumbai, October 24, 2011 : The Board of Mahindra & Mahindra Financial Services Ltd (Mahindra Finance), a leading provider of financial services in the rural and semi-urban markets today, announced the financial results for the half year ended 30th September 2011.

F-2012 H1 Standalone Results

The **Total Income** increased by **40%** at **Rs.1229 crores** during the half year ended 30th September 2011 as against **Rs.880 crores** in the corresponding period last year. The **Profit After Tax (PAT)** was at **Rs.238 crores** during the half year ended 30th September 2011 registering a growth of **25%** as compared to **Rs. 191 crores** during the corresponding period last year.

F-2012 Q2 Standalone Results

The **Total Income** increased by **39%** at **Rs.665 crores** during the quarter ended 30th September 2011 as against **Rs.479 crores** in the corresponding period last year. The **Profit After Tax (PAT)** was at **Rs. 136 crores** during the quarter ended 30th September 2011 registering a growth of **17%** as compared to **Rs. 116 crores** during the corresponding period last year.

Operations

MMFSL was able to register a disbursement growth of **33%** by maintaining its leadership position as the largest retail financier for semi urban and rural markets. The Company has significantly improved its performance as a car financier and has increased its presence in Heavy Commercial Vehicles & Construction Equipment.

The borrowing cost of the company increased due to the increase in policy rates announced by Reserve Bank of India from time to time.

The company has not entered into any assignment transaction in the half year ended 30th September 2011, pending certain clarifications from the regulators on priority sector lending guidelines.

The company maintained growth in its profitability in spite of increased borrowing cost, absence of assignment transaction and additional standard asset provision, by its focus on NPA reduction and cost rationalisation.

M&MFSL currently has a network of **570 offices** and **total asset under management of Rs.17705 crores** as on 30th September 2011.

The Company was able to broad base its consortium by bringing in new banks.

SUBSIDIARIES

Mahindra Insurance Brokers Limited (MIBL)

During the half year ended September 30, 2011, MIBL registered income at Rs.16.19 crores as against Rs.23.35 crores in the same period previous year. The Profit After Tax (PAT) registered was Rs.2.62 crores as against Rs.9.41 crores registered for the same period previous year. The reduction is primarily on account of the impact of the regulatory clarification on Guidelines on Group Insurance Policies issued by the IRDA.

Mahindra Rural Housing Finance Limited (MRHFL)

MRHFL has disbursed Rs.121.46 crores during the half year ended 30th September 2011 as against Rs.84.77 crores disbursed during the same period previous year, registering a growth of 43.28 % over the same period previous year. The Profit After Tax (PAT) registered a growth of 4.16 % at Rs. 3.76 crores as against Rs. 3.61 crores registered for the same period previous year. During the period, NHB has issued notification on providing 0.40% provision on all standard assets and increased provisioning requirements on non- performing assets with immediate effect. The amount of Rs. 1.31 crores is debited to profit and loss account on account of above notification.

F-2012 H1 Consolidated Results

The Total Income increased by 40% at Rs.1271 crores during the half year ended 30th September 2011 as against Rs.906 crores in the corresponding period last year. The Profit After Tax (PAT) was at Rs.242 crores during the half year ended 30th September 2011 registering a growth of 19% as compared to Rs. 203 crores during the corresponding period last year.

FY-2012 Q2 Consolidated Results

The total income increased by 39% at Rs.686 crores during the quarter ended 30th September 2011 as against Rs.493 crores during the corresponding period last year. The PAT increased by 11% at Rs.136 crores for the quarter ended 30th September 2011 as compared to Rs.123 crores during the same period last year.

About Mahindra & Mahindra Financial Services Ltd

Mahindra & Mahindra Financial Services Ltd (M&MFSL), part of the US \$12.5 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 utility vehicles, tractors and cars and has the largest network of branches amongst NBFCs operating in these areas.

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For further information please contact:

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B. K. KHARE & Co.
CHARTERED ACCOUNTANTS

**Auditor's Report On Quarterly Financial Results and Year to Date Results of the
Company Pursuant to the Clause 41 of the Listing Agreement**

To
The Board of Directors
Mahindra & Mahindra Financial Services Limited

We have audited the quarterly financial results of Mahindra and Mahindra Financial Services Ltd. for the quarter ended 30 September 2011 and the year to date results for the period from 1 April 2011 to 30 September 2011, attached herewith, being submitted by the company pursuant to the requirement of clause 41 of the Listing Agreement except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have not been audited by us. These quarterly financial results as well as the year to date financial results have been prepared on the basis of the interim financial statements, which are the responsibility of the company's management. Our responsibility is to express an opinion on these financial results based on our audit of such interim financial statements, which have been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard (AS) 25, Interim Financial Reporting, issued pursuant to the Companies (Accounting Standards) Rules, 2006 as per Section 211 (3C) of the Companies Act, 1956 or by the Institute of Chartered Accountants of India and other accounting principles generally accepted in India.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement(s). An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.



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Branch Office : Bangalore

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505, 8B Main, Koramangala, IVth Block,
Near Telephone Exchange, Bangalore - 560 034.

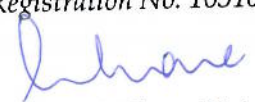
In our opinion and to the best of our information and according to the explanations given to us these quarterly financial results as well as the year to date results:

- (i) are presented in accordance with the requirements of clause 41 of the Listing Agreement in this regard; and
- (ii) give a true and fair view of the net profit and other financial information for the quarter ended 30 September 2011 as well as the year to date results for the period from 1 April 2011 to 30 September 2011

Further, we also report that we have, on the basis of the books of account and other records and information and explanations given to us by the management, also verified the number of shares as well as percentage of shareholdings in respect of aggregate amount of public shareholdings, as furnished by the company in terms of clause 35 of the Listing Agreement and found the same to be correct.



For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W


Padmini Khare Kaicker
Partner
M. No. 44784

Place: Mumbai
Date: 24th October 2011

Head Office : Mumbai

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B. K. KHARE & Co.
CHARTERED ACCOUNTANTS

Auditor's Report On Quarterly Consolidated Financial Results and Consolidated Year to Date Results of the Company Pursuant to the Clause 41 of the Listing Agreement

To

Board of Directors

Mahindra & Mahindra Financial Services Limited

We have audited the quarterly consolidated financial results of Mahindra & Mahindra Financial Services Limited for the quarter ended 30 September 2011 and the consolidated year to date results for the period 1 April 2011 to 30 September 2011, attached herewith, being submitted by the company pursuant to the requirement of clause 41 of the Listing Agreement except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have not been audited by us. These consolidated quarterly financial results as well as the consolidated year to date financial results have been prepared from consolidated interim financial statements, which are the responsibility of the company's management. Our responsibility is to express an opinion on these consolidated financial results based on our audit of such consolidated interim financial statements, which have been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard (AS) 25, Interim Financial Reporting, issued pursuant to the Companies (Accounting Standards) Rules, 2006 as per Section 211 (3C) of the Companies Act, 1956 or by the Institute of Chartered Accountants of India and other accounting principles generally accepted in India.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement(s). An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.



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We have relied on the unaudited financial statements of its joint venture included in the consolidated quarterly financial results and consolidated year to date results, whose consolidated interim financial statements reflect total assets of Rs. 23101 lacs as at 30 September, 2011; as well as the total revenue of Rs. 301 lacs for the period from 1 April 2011 to 30 September 2011 and Rs. 233 lacs as at the quarter ended 30 September, 2011. We have neither carried out an audit nor a review in respect of these financial statements.

In our opinion and to the best of our information and according to the explanations given to us these consolidated quarterly financial results as well as the consolidated year to date results:

- (i) include the quarterly financial results and year to date of the following entities:
 - a. Mahindra Insurance Brokers Limited.
 - b. Mahindra Rural Housing Finance Limited.
 - c. Mahindra Business & Consulting Services Private Limited.
 - d. Mahindra Finance USA, LLC.
- (ii) have been presented in accordance with the requirements of clause 41 of the Listing Agreement in this regard; and
- (iii) give a true and fair view of the consolidated net profit and other financial information for the quarter ended 30 September 2011 as well as the consolidated year to date results for the period from 1 April 2011 to 30 September 2011

Further, we also report that we have, on the basis of the books of account and other records and information and explanations given to us by the management, also verified the consolidated number of shares as well as percentage of shareholdings in respect of aggregate amount of consolidated public shareholdings, as furnished by the company in terms of clause 35 of the Listing Agreement and found the same to be correct.



For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

[Signature]
Padmini Khare Kaicker
Partner
M. No. 44784

Place: Mumbai
Date: 24 October 2011