Mahindra FINANCE

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

Tel: +91 22 66526000
Fax: +91 22 24984170
+91 22 24984171

25th October, 2016

The General Manager-Department of Corporate Services,
BSE Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400 001.

Scrip Code : 532720

The Manager-Listing Department,
National Stock Exchange of India Limited,
"Exchange Plaza", 5th Floor,
Plot No.C/1, G Block,
Bandra-Kurla Complex,
Bandra (East), Mumbai – 400 051.

Scrip Code : M&MFIN

Dear Sir,

Sub: Investors / Analysts' Presentation

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["the Listing Regulations"], we are enclosing herewith the presentation to be made to the Investors/Analysts on the Audited Financial Results of the Company for the second quarter and half year ended 30th September, 2016.

The presentation is also being uploaded on the website of the Company at the URL http://www.mahindrafinance.com/analyst-presentations.aspx in accordance with Regulation 46 of the Listing Regulations.

Kindly take the same on record.

Thanking you,

Yours Faithfully,
Mahindra & Mahindra Financial Services Limited

Arnavaz

Arnavaz M. Pardiwalla
Company Secretary & Compliance Officer

Mahindra & Mahindra Financial Services Limited Mumbai

Encl: a/a

Mahindra & Mahindra Financial Services Limited

Quarter Result Update

September - 2016

Corporate Office:
Mahindra Towers, 4th Floor,
Dr. G. M. Bhosale Marg, Worli,
Mumbai 400 018 India

Tel: +91 22 66526000
Fax: +91 22 24953608
Email: Investorhelpline_mmfsl@mahindra.com

Regd. Office:
Gateway Building, Apollo Bunder,
Mumbai 400 001 India

Tel: +91 22 2289 5500
Fax: +91 22 2287 5485
www.mahindrafinance.com
CIN - L65921MH1991PLC059642

- Company Overview
- Industry Overview
- Business Strategy
- Financial Information
- Key Subsidiaries
- Awards & Accolades
- Risk Management Policies

Transforming rural lives across the country

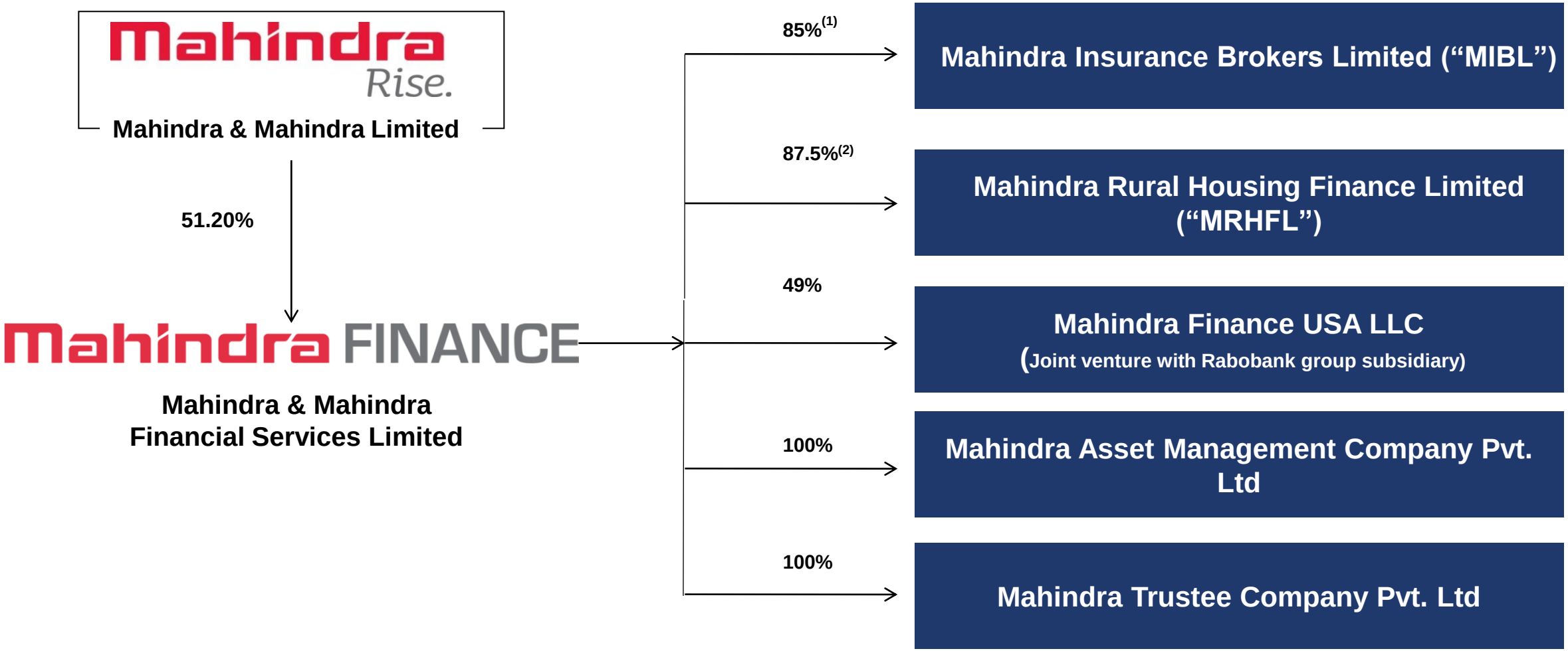
Company Background

Parentage:	Mahindra & Mahindra Financial Services Limited ("MMFSL") is a subsidiary of Mahindra and Mahindra Limited *(Mcap: Rs 832 billion)**, India's largest tractor and utility vehicle manufacturer
About MMFSL:	MMFSL (*Mcap: Rs 203 billion*)*, one of India's leading non-banking finance companies focused in the rural and semi-urban sector is the largest Indian tractor financier
Key Business Area:	Primarily in the business of financing purchase of new and pre-owned auto and utility vehicles, tractors, cars, commercial vehicles, construction equipments and SME Financing
Vision:	MMFSL's vision is to be a leading provider of financial services in the rural and semi-urban areas of India
Reach:	Has 1180 offices covering 27 states and 4 union territories in India, with over 4.41 million vehicle finance customer contracts since inception
Credit Ratings:	India Ratings has assigned AAA(ind)/Stable, CARE Ratings has assigned AAA, Brickwork has assigned AAA/Stable and CRISIL has assigned AA+/Stable rating to the Company's long term and subordinated debt

***Source:** Market capitalisation as of Oct 24, 2016 from BSE website*

3

MMFSL Group structure



Note:

1. *Balance 15% with Inclusion Resources Pvt. Ltd.,a subsidiary of Leapfrog Financial Inclusion Fund, incorporated in Singapore.*
2. *Balance 12.5% with National Housing Bank (NHB)*

Our Journey

FY 06
- Completed IPO, Subscribed ~ 27 times

FY 08
- Commenced housing finance business through MRHFL
- Raised Rs. 4.14 Bn through Private Equity

FY 09
- Equity participation of 12.5%by NHB in MRHFL
- Recommenced Fixed Deposit Program

FY 10
- Crossed 1 million cumulative customer contracts

FY 11
- Maiden QIP Issue of Rs. 4.26 Bn
- JV with Rabobank subsidiary for tractor financing in USA

FY 13
- Stake sale in MIBL to Inclusion Resources Pvt. Ltd.
- QIP Issue of Rs. 8.67 Bn

FY 15
- Long term debt rating upgraded to AAA by India Ratings and Brickwork.
- CARE Ratings assigned AAA rating to long term debt
- Reach extended to over 1100 offices

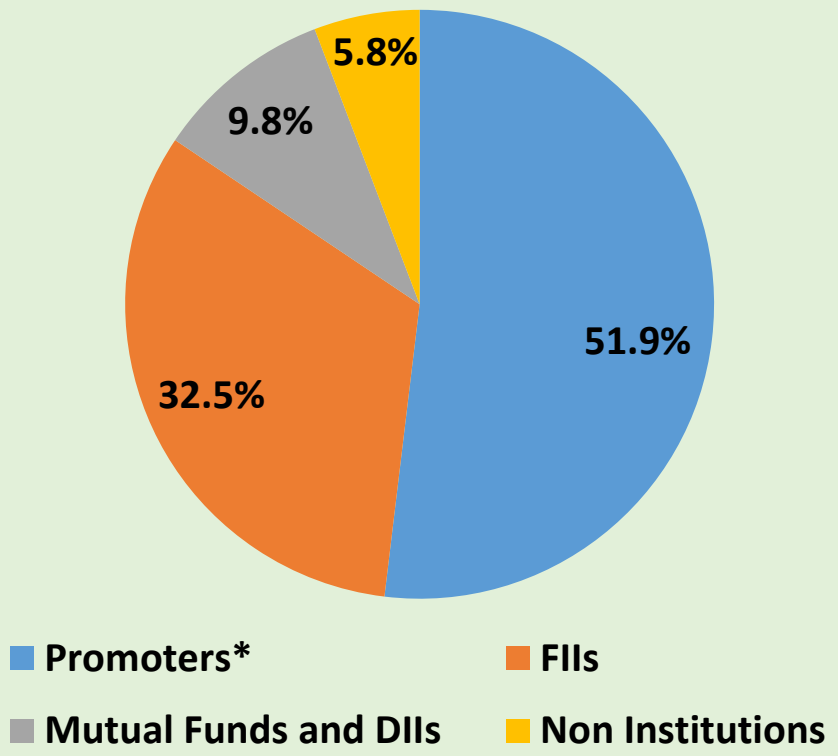
FY 16
- Crossed 4 million cumulative customer contracts
- Certificate of Registration received from SEBI by Mahindra Mutual Fund

FY 17
- Maiden Retail NCD Issue of Rs. 1000 crores. Oversubscribed over 7 times over base issue size of Rs. 250 crores

Mahindra FINANCE

Shareholding Pattern (as on 30th September 2016)

Shareholding Pattern Chart



Top 10 Public Shareholders

- Aranda Investments (Mauritius) Pte Ltd
- Franklin Templeton Investment Funds
- Amansa Holdings Private Limited
- Stichting Depositary APG Emerging Markets Equity
- Life Insurance Corporation Of India
- Government Of Singapore
- Bank Muscat India Fund
- Goldman Sachs India Limited
- Vanguard Emerging Markets Stock Index Fund
- SBI Blue Chip Fund

*** Mahindra & Mahindra Limited holds a stake of 51.2% in the Company. ESOP trust holds the balance 0.7%**

Company Overview

Industry Overview

Business Strategy

Financial Information

Key Subsidiaries

Awards & Accolades

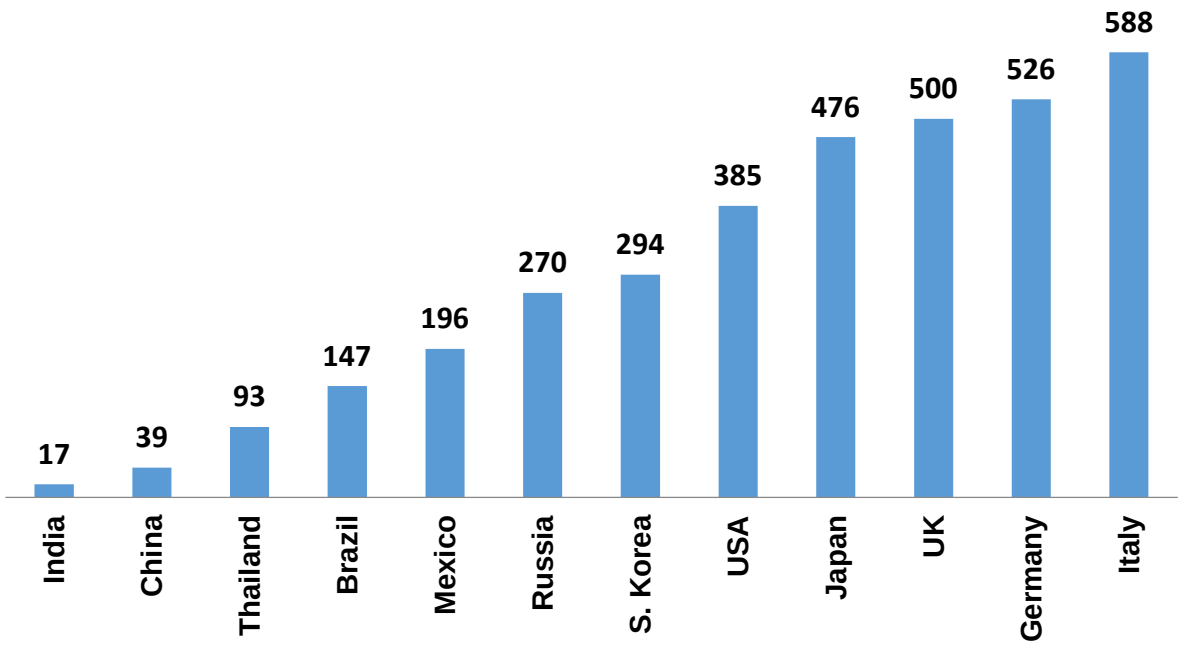
Risk Management Policies

Transforming rural lives across the country

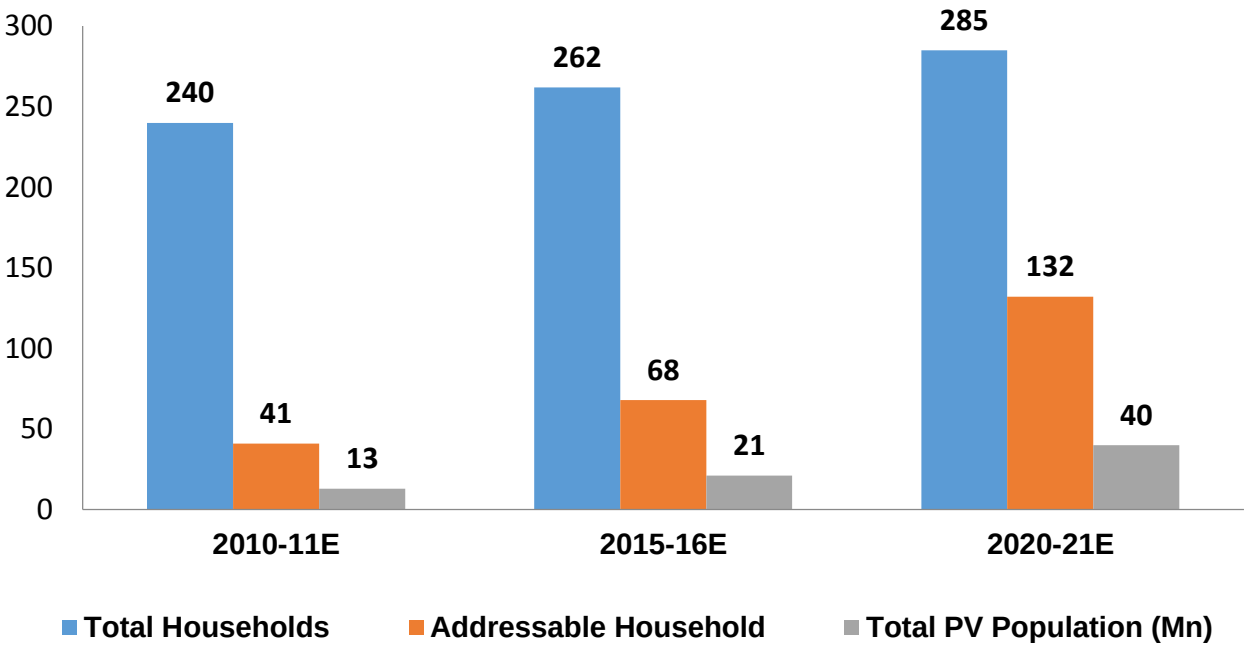
7

Auto Industry: Long term growth potential

Global Comparison in terms of PV per thousand people [1]



Addressable HHs to increase over the next 5 years



- With 18 cars per 1000 people (FY 2014), on account of strong long term growth prospects penetration is expected to increase to 27 cars per 1000 people (FY 2020)
- Growth to be driven by increase in income of households and higher passenger vehicle penetration, rising rural penetration to increase small car sales

Source: **CRISIL Research*
Note : (1) All numbers except India are for CY 2012. India's figures are for 2013-14.

Mahindra FINANCE

Passenger Vehicles Industry: Overall Demand Drivers

	FY 06 – FY11	FY 11 – FY 16	FY 16 – FY 21
Small Cars	14%	2%	11% - 13%
Sedans	11%	-1%	9% - 11%
UV + Vans	13%	5%	10% - 13%
Total (Cars + UVs)	**13%**	**2%**	**11% - 13%**

- Small Cars to drive growth in the long term due to higher aspiration levels led by economy recovery and lower cost of ownership

	FY 2015		FY 2016		FY 2017 (E)
	Volume	**Growth**	**Volume**	**Growth**	**Growth**
Small Cars	1,854,882	5%	2,008,010	8%	9% - 10%
Sedans	22,279	5%	17,429	-22%	(8% - 10%)
UV + Vans	722,848	1%	764,208	6%	22% - 24%
Total (Cars + UVs)	**2,600,009**	**4%**	**2,789,969**	**7%**	**10% - 12%**

- Low single digit growth expected in larger vehicles - Impact of infrastructure cess and ban on diesel vehicles (over 2000 cc) in the Capital
- Implementation of 7th pay commission to support sale of small cars

Source: *CRISIL Research, Cars & UV – October 2016*

Commercial Vehicles Industry: Overall Demand Drivers

	FY 11 – FY 16	FY 16 – FY 21
LCV (goods)	6%	11% - 14%
MHCV (goods)	0%	9% - 11%
Buses	1%	8% - 10%
Total (CV)	**3%**	**9% - 11%**

- Growth to be supported by sustained improvement in infrastructure investment, mining activity and agricultural output
- Demand for LCVs fuelled by increase of hub-and-spoke model, growth of organised retail, rising consumption expenditure and improvement in rural road infrastructure

	FY 2015		FY 2016		FY 2017 (E)
	Volume	**Growth**	**Volume**	**Growth**	**Growth**
HCV	231,838	21%	302.371	32%	13% - 15%
LCV	382,265	-13%	383,333	0.9%	8% - 10%
Total (CV)	**614,103**	**-3%**	**685,704**	**12%**	**10% - 12%**

- MHCV goods vehicle sales growth to be moderate on account of slowdown in replacement demand.
- LCV industry poised to see improved growth in FY 17 after 2 consecutive years of negative/ poor growth

Source: *CRISIL Research, Commercial Vehicles – August 2016*

Tractors Industry: Overall Demand Drivers

Industry - Tractors	FY 2015		FY 2016		FY 2017 (E)	FY 16 – FY 21 (P)
	Volume	Growth	Volume	Growth	Growth	Growth
Tractors	**551,463**	**-13%**	**493,764**	**-11%**	**15% - 17%**	**9% - 11%**

Accumulated Rainfall	Period:	01-06-2016 - 28-09-2016	
MET Regions (Sub-divisions)	**Actual (mm)**	**Normal (mm)**	**% Dep.**
East & North East (7)	1265	1424	-11%
North West (9)	582	612	-5%
Central India (10)	1024	969	6%
South Peninsula (10)	654	704	-7%
India (36)	**854**	**880**	**-3%**

- Normal rainfall after 2 years of below – average rainfall (+/- 4% considered normal)
- Out of the total of 36 sub-divisions, no sub-division is suffering from scanty or no-rainfall (9 sub-divisions has deficient rainfall).

- Tractor Financing Market has improved significantly on the back of good monsoon and improvement in farmers sentiment

Source: *Tractor Industry: CRISIL Research, Tractors – August 2016; Rainfall Statistics: IMD (as of 28th Sep 2016)*

Auto Industry Volume

Domestic Sales (Volume in '000)	1HFY17 (Nos.)	1HFY16 (Nos.)	Y-o-Y Growth (%)	FY16 (Nos.)	FY15 (Nos.)	Y-o-Y Growth (%)
Passenger Vehicles (PVs)						
Passenger Cars / Vans	1,026	977	5.0%	2,025	1,877	7.9%
UVs	467	353	32.3%	764	723	5.7%
Commercial Vehicles (CVs)						
M&HCVs	138	139	(0.7%)	302	232	30.2%
LCVs	196	175	12.0%	382	382	0%
Three Wheelers	**288**	**254**	**13.4%**	**538**	**532**	**1.1%**
Tractors	**299**	**249**	**20.1%**	**494**	**551**	**(10.3%)**

Source: *Crisil*

Automobile Finance Market: 5 years Projected Growth @16-18%

Growth in New Vehicle Finance Disbursements							
(% growth YoY)	**FY12E**	**FY13E**	**FY14E**	**FY15E**	**FY16E**	**FY17E**	**5 year CAGR (FY21P)**
Cars	8%	-7%	-6%	3%	15%	15% - 17%	17% - 19%
Utility Vehicles	16%	39%	-6%	1%	16%	16% - 18%	20% - 22%
Commercial Vehicles	17%	-14%	-24%	10%	28%	20% - 22%	14% - 16%
Two Wheelers	27%	10%	16%	4%	7%	15% - 17%	17% - 19%

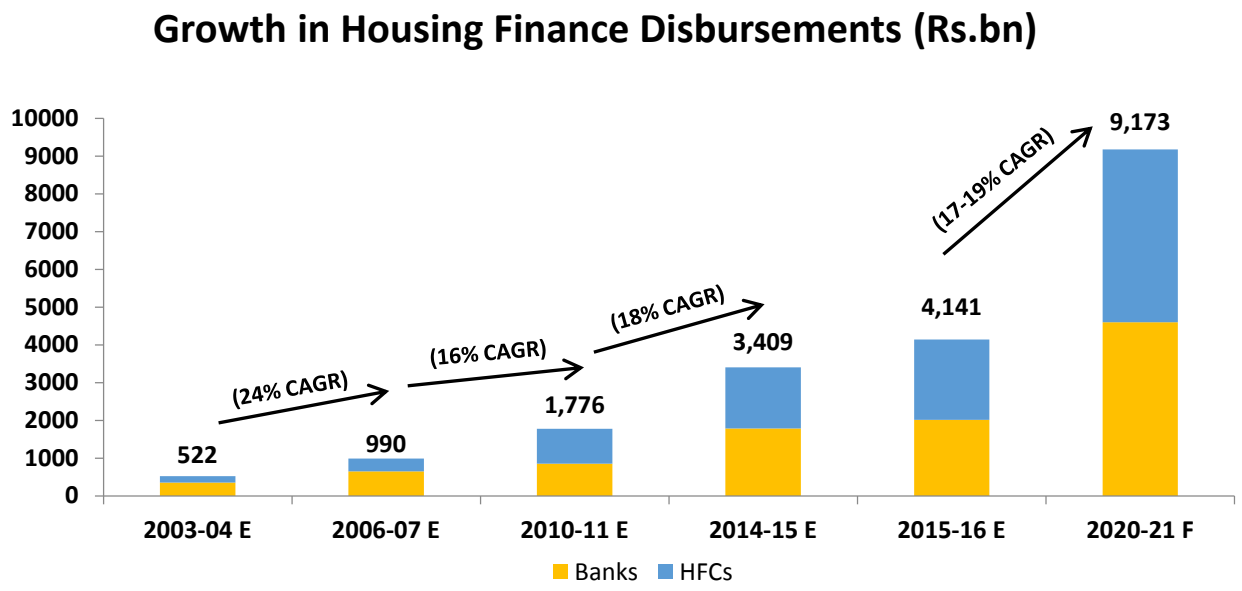
Source: *CRISIL Research, Retail Finance - Auto, July2016*

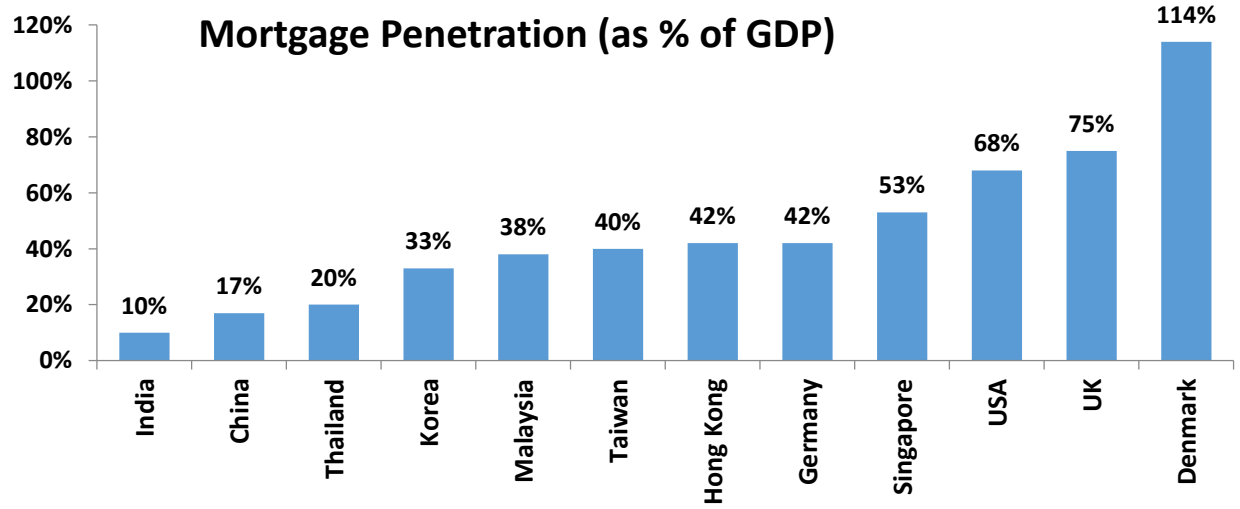
Car & UV Loan Portfolio	Top 20 Cities	Other Cities
Outstanding Loan Composition	55% - 60%	40% - 45%
Finance Penetration Ratio	80.0%	65.0%

- By FY 2020, penetration levels are expected to increase to 78% for cars and 75% for utility vehicles from 76% and 70% respectively as a result of a moderation in interest rates and alleviation of credit risk
- Increase of finance penetration in cities (excluding top 20) are going to contribute in the overall growth
- Loan-to-value (LTVs) expected to increase marginally to 77% for cars and 74% for UVs from 76% and 72% respectively over the next 5 years

Mahindra FINANCE

Housing Finance Growth





- Growth in disbursements to be supported by rising focus of developers on the affordable housing segment
- Tier II and III cities to drive growth
- Though India's mortgage-to-GDP ratio is low, it has improved by 300-400 bps over the last six years.
- Growth in economic activity, disposable incomes, improving affordability

Source: *Crisil Retail Finance – Housing – August 2016*

Mahindra FINANCE

Company Overview

Industry Overview

Business Strategy

Financial Information

Key Subsidiaries

Awards & Accolades

Risk Management Policies

Transforming rural lives across the country

15

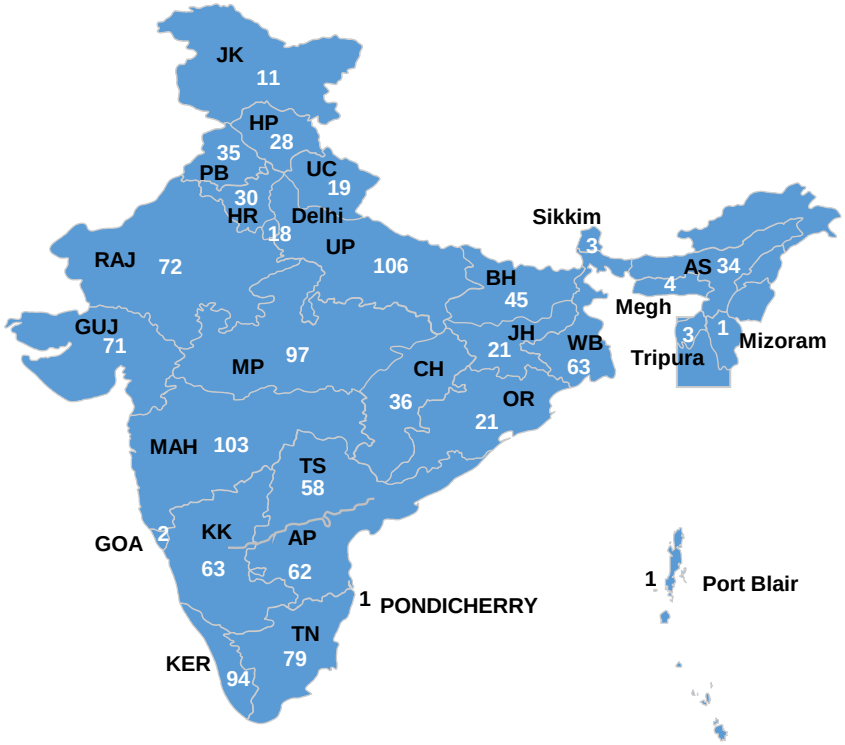
Business Strategy

- Grow in rural and semi urban markets for vehicle and automobile financing
- Expand Branch Network
- Leverage existing customers base through Direct Marketing Initiatives
- Diversify Product Portfolio
- Broad base Liability Mix
- Continuing to attract, train and retain talented employees
- Effective use of technology to improve productivity
- Leverage the “Mahindra” Ecosystem

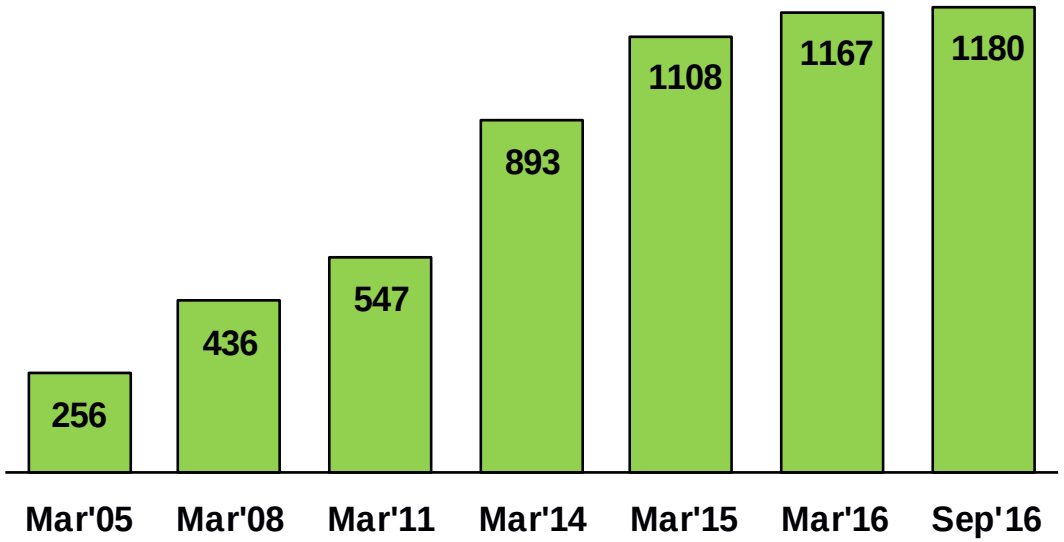
Extensive Branch Network

- Extensive branch network with presence in 27 states and 4 union territories in India through 1180 offices
- Branches have authority to approve loans within prescribed guidelines

Coverage



Branch Network as of



Mahindra FINANCE

Diversified Product Portfolio

Vehicle Financing	▪ Loans for auto and utility vehicles, tractors, cars, commercial vehicles and construction equipments
Pre-Owned Vehicles	▪ Loans for pre-owned cars, multi-utility vehicles, tractors and commercial vehicles
SME Financing	▪ Loans for varied purposes like project finance, equipment finance and working capital finance
Personal Loans	▪ Offers personal loans typically for weddings, children's education, medical treatment and working capital
Mutual Fund Distribution	▪ Advises clients on investing money through AMFI certified professionals under the brand "MAHINDRA FINANCE FINSMART"
Insurance Broking	▪ Insurance solutions to retail customers as well as corporations through our subsidiary MIBL
Housing Finance	▪ Loans for buying, renovating, extending and improving homes in rural and semi-urban India through our subsidiary MRHFL
Mutual Fund & AMC	▪ Asset Management Company/ Investment Manager to 'Mahindra Mutual Fund', which received certificate of registration from SEBI

Mahindra FINANCE

Break up of estimated value of Assets Financed

Asset Class	Half Year ended Sep – 16	Half Year ended Sep – 15	Year ended March – 16
Auto/ Utility vehicles	**28%**	31%	30%
Tractors	**17%**	15%	15%
Cars	**22%**	23%	22%
Commercial vehicles and Construction equipments	**12%**	11%	11%
Pre-owned vehicles	**14%**	17%	16%
Others	**7%**	3%	6%

** Others include SME assets*

*** Standalone**

Mahindra FINANCE

Break up of AUM

Asset Class	As on Sep – 16	As on Sep – 15	As on March – 16
Auto/ Utility vehicles	**30%**	31%	31%
Tractors	**17%**	18%	17%
Cars	**23%**	23%	24%
Commercial vehicles and Construction equipments	**13%**	12%	12%
Pre-owned vehicles	**9%**	10%	10%
Others*	**8%**	6%	6%

1. Approximate percentages
2. As on 30th Sep 16, ~47% of the AUM was from M&M assets
** Others include SME assets*

*** Standalone**

Mahindra FINANCE

Credit Rating

- MMFSL believes that its credit rating and strong brand equity enables it to borrow funds at competitive rates

Credit Rating	India Ratings	Outlook
Long term and Subordinated debt	AAA (ind)	Stable
Short term debt	IND A1+	--

	CARE Ratings	Outlook
Long term and Subordinated debt	AAA	--

	Brickwork	Outlook
Long term and Subordinated debt	AAA	Stable

	CRISIL	Outlook
Fixed Deposit Programme	FAAA	Stable
Short term debt	A1+	--
Long term and Subordinated debt	AA+	Stable

Broad Based Liability Mix

Working Capital Consortium Facility enhanced to Rs. 20,000 mn. comprising several banks

Funding Mix by Investor profile (Sep' 16)

Investor Type	Amount (INR mn.)	% Share
Mutual Fund	69,372	21%
Banks	153,178	46%
Insurance & Pension Funds	27,997	8%
FIIs & Corporates	37,665	11%
Others	45,721	14%
Total	**333,933**	**100%**

Funding Mix by type of Instrument (Sep' 16)

Instrument Type	Amount (INR mn.)	% Share
NCDs	134,944	40%
Retail NCDs	10,000	3%
Bank Loans	101,071	30%
Fixed Deposits	46,831	14%
Securitisation/ Assignment	12,375	4%
CP, ICD	28,713	9%
Total	**333,933**	**100%**

Employee Management and Technology Initiatives

Employee engagement & training

- Training programs for employees on regular basis
- 5 days induction program on product knowledge, business processes and aptitude training
- Mahindra Finance Academy training programs for prospective and existing employees at 5 locations
- Assessment & Development Centre for promising employees
- Employee recognition programs such as – Dhruv Tara, Annual Convention Award and Achievement Box
- Participation in Mahindra Group's Talent Management and Retention program

Technology initiatives

- All our offices are connected to the centralised data centre in Mumbai through Lease line/HHD
- Through hand held devices connected by GPRS to the central server, we transfer data which provides
  - Prompt intimation by SMS to customers
  - Complete information to handle customer queries with transaction security
  - On-line collection of MIS on management's dashboard
  - Recording customer commitments
  - Enables better internal checks & controls

Company Overview

Industry Overview

Business Strategy

Financial Information

Key Subsidiaries

Awards & Accolades

Risk Management Policies

Transforming rural lives across the country

24

Key Financials

Figures on standalone basis

	Total Income	Profit after Tax	Value of Asset Financed
Q2 FY 17	Rs 15,157 mn	Rs 948 mn	Rs 75,434 mn
	5%	35%	29%
Q2 FY 16	Rs 14,383 mn	Rs 1,462 mn	Rs 58,659 mn
H1 FY 17	Rs 28,914 mn	Rs 1,818 mn	Rs 141,073 mn
	3%	23%	18%
H1 FY 16	Rs 28,067 mn	Rs 2,352 mn	Rs 119,228 mn

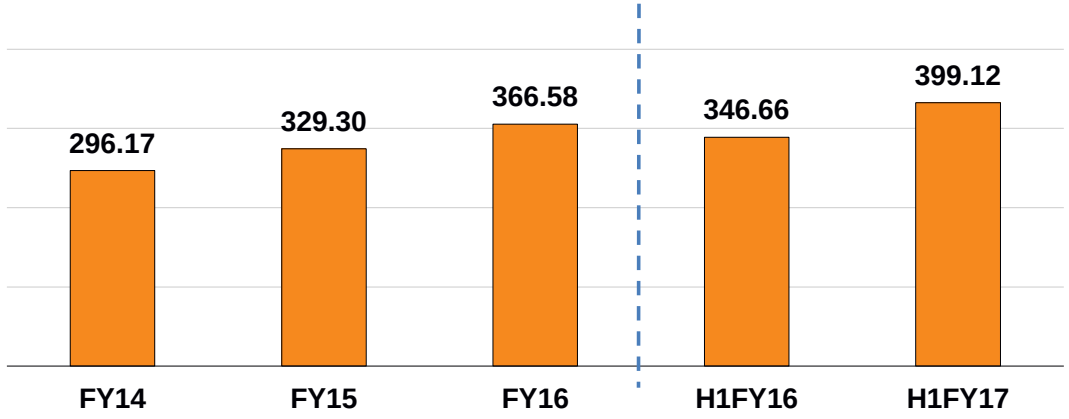
***Note :** *The Company is required to recognise NPA based on 4 months' overdue by end of FY 2017, which the company has been following w.e.f. financial year ended 31st March 2016. This has resulted in additional provision of Rs. 440 mn (including income de-recognition) as compared to quarter ended Sep 30th 2015 with a consequent impact on Profit before tax*

Mahindra FINANCE

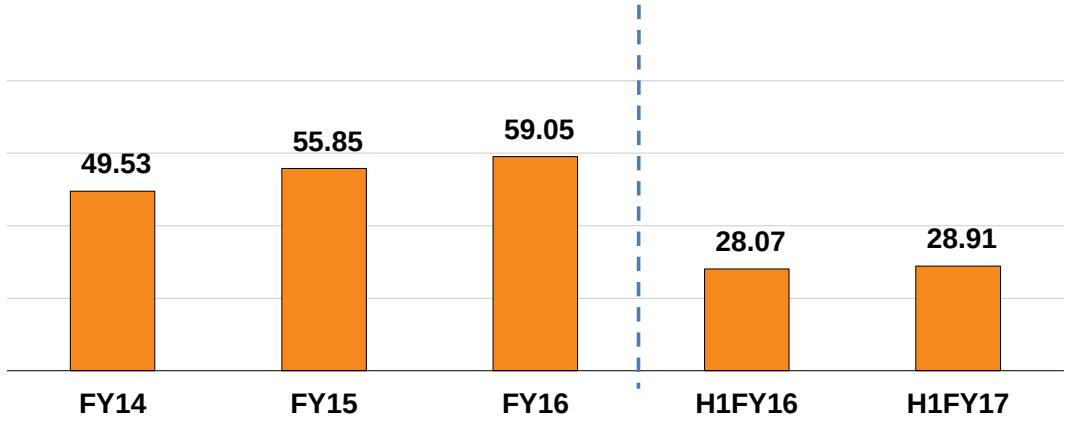
Growth Trajectory

Figures on standalone basis

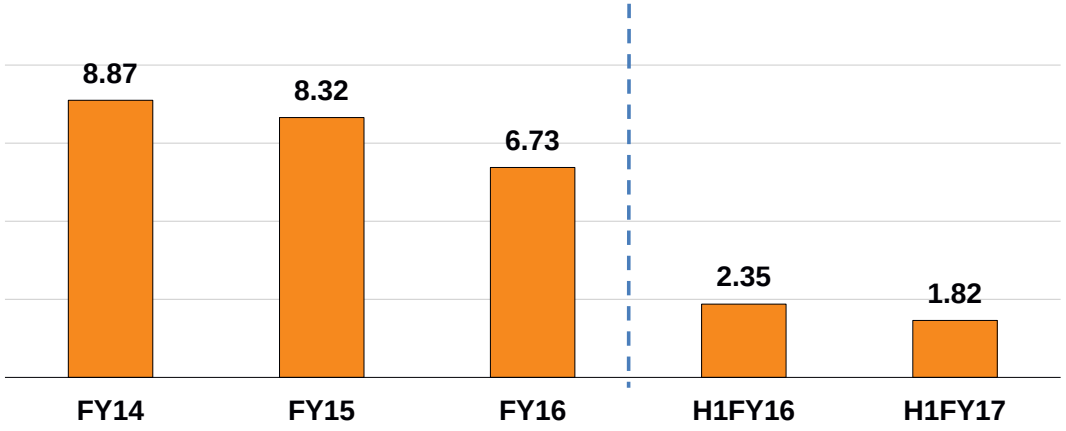
Loan Book (Rs. Bn)



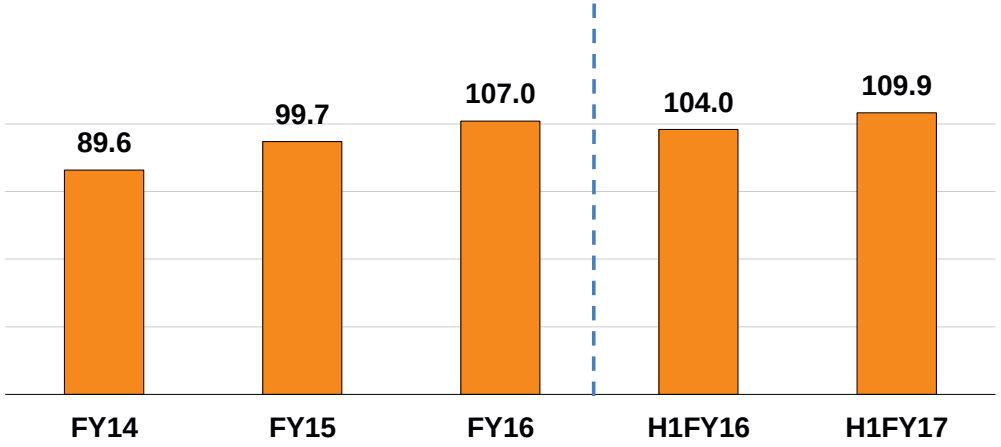
Revenues (Rs. Bn)



Profit after Tax [1] (Rs. Bn)



Book Value Per Share [2] (Rs.)



Note : [1] PAT post exceptional items. *[2] Calculated as Shareholders funds/ Number of shares.*

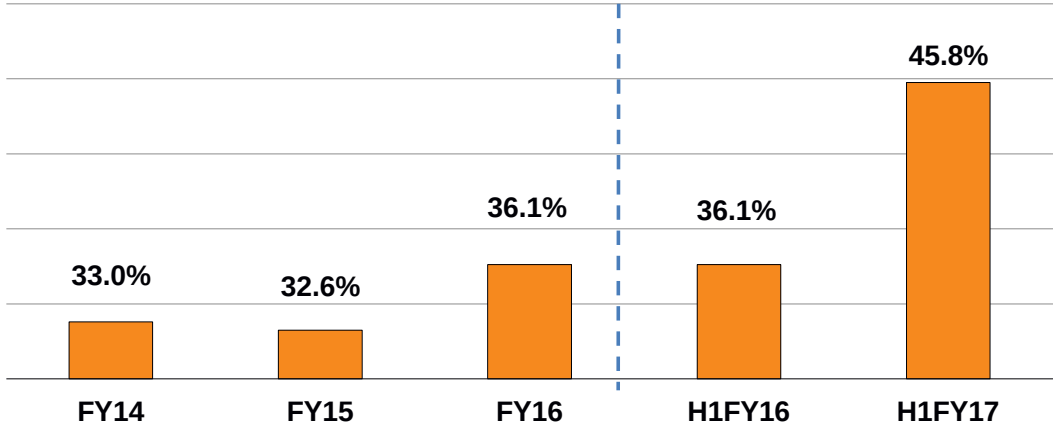
** All figures and ratios are post additional provision of Rs. 440 mn (including income de-recognition). Please refer to detailed note on Slide 25.*

Mahindra FINANCE

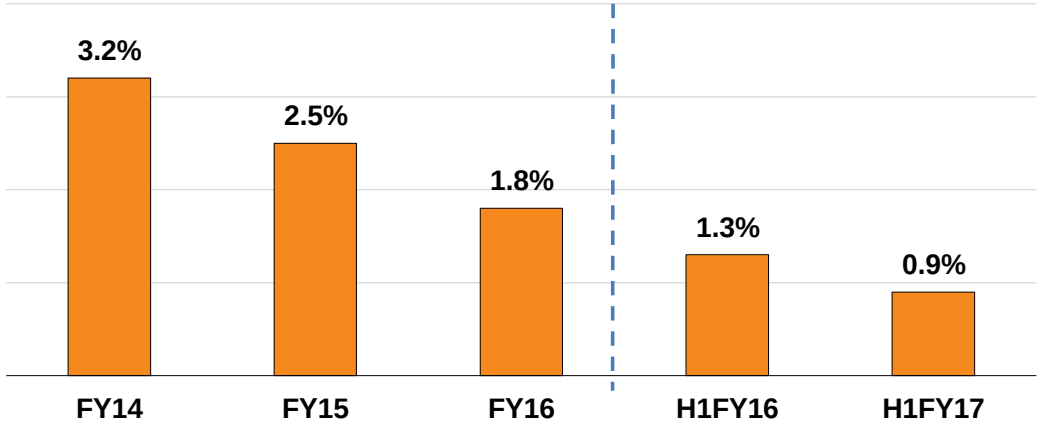
Financial Performance

Figures on standalone basis

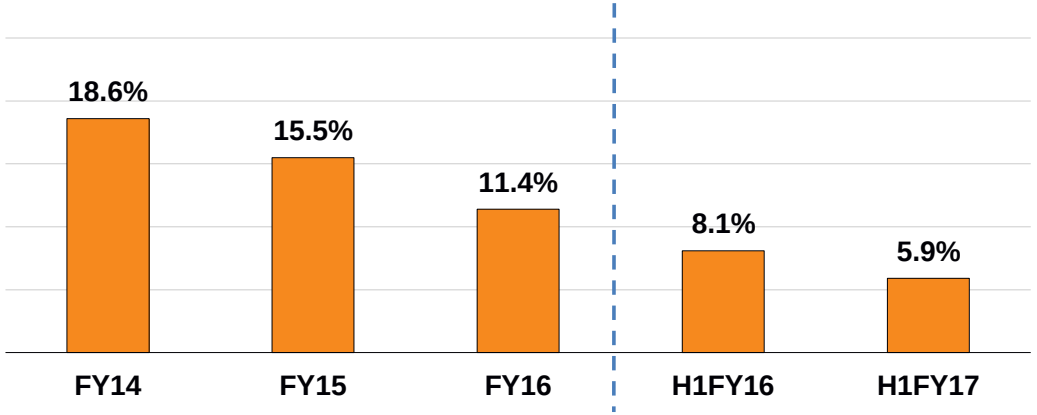
Cost to income ratio [1] (%)



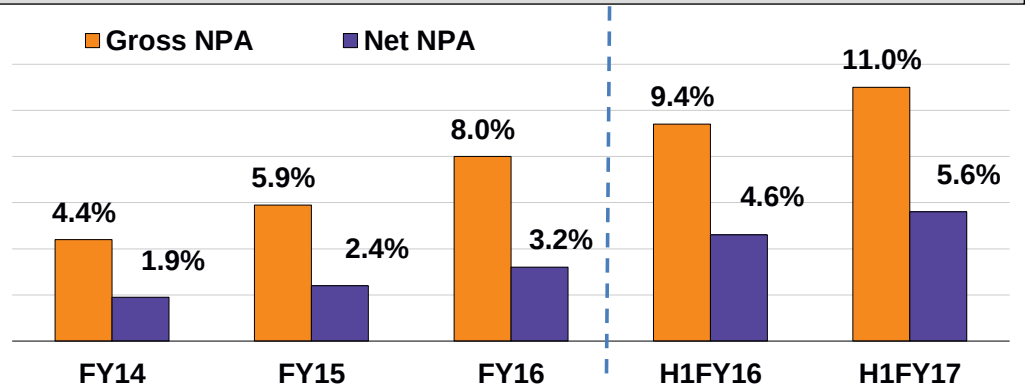
Return on Assets (ROA) [2] (%)



Return on Net Worth (RONW) [*] (%)



Asset Quality



Provision Coverage Ratio	FY14	FY15	FY16	H1FY16	H1FY17
	59.0 %	61.0%	61.7%	53.4%	51.9%

Note : [1] Cost to Income calculated as Operating Expenses (including depreciation)/(Net Interest Income + Other Income). [2] Calculated based on average total assets

** All figures and ratios are post additional provision of Rs. 440 mn (including income de-recognition). Please refer to detailed note on Slide 25.*

Mahindra FINANCE

Standalone Profit & Loss Account

Particulars (Rs. in Million)	Q2FY17	Q1FY17	*Q-o-Q*	Q2FY16	*Y-o-Y*	FY16
Revenue from operations	14,464	13,603	*6.3%*	13,432	*7.7%*	56,468
Securitisation Income (net)	452	61	*641.6%*	768	*(41.1%)*	2,064
Less: Finance cost	7,086	6,910	*2.5%*	6,542	*8.3%*	26,393
NII	**7,830**	**6,754**	***15.9%***	**7,658**	***2.3%***	**32,139**
Other Income	241	93	*158.9%*	183	*31.6%*	519
Total Income	**8,071**	**6,847**	***17.9%***	**7,841**	***2.9%***	**32,658**
Employee benefits expense	1,711	1,675	*2.1%*	1,384	*23.6%*	5,588
Provisions and write Offs	3,042	2,245	*35.5%*	2,772	*9.7%*	10,495
Other expenses	1,749	1,479	*18.3%*	1,323	*32.2%*	5,784
Depreciation and amortization	107	106	*1.3%*	101	*6.3%*	409
Total Expenses	**6,609**	**5,506**	***20.0%***	**5,580**	***18.4%***	**22,276**
Profit before tax	**1,462**	**1,341**	***9.0%***	**2,261**	***(35.3%)***	**10,382**
Tax expense	514	472	*8.9%*	799	*(35.7%)*	3,656
Net Profit after Taxes for the year	**948**	**870**	**9.0%**	**1,462**	**(35.1%)**	**6,726**

** All figures and ratios are post additional provision of Rs. 440 mn (including income de-recognition). Please refer to detailed note on Slide 25.*

Standalone Profit & Loss Account

Particulars (Rs. in Million)	Half year ended Sep – 16	Half year ended Sep - 15	Year ended March - 16
Revenue from operations	28,581	27,808	58,532
Other income	333	259	519
Total Revenue	**28,914**	**28,067**	**59,051**
Expenses:			
Employee benefits expense	3,386	2,678	5,588
Finance costs	13,995	12,987	26,393
Depreciation and amortization expense	214	199	409
Provisions and write Offs*	5,287	6,000	10,495
Other expenses	3,228	2,566	5,784
Total Expenses	**26,110**	**24,430**	**48,669**
Profit before tax	**2,804**	**3,637**	**10,382**
Tax expense	986	1,285	3,656
Profit for the year	**1,818**	**2,352**	**6,726**

** All figures and ratios are post additional provision of Rs. 440 mn (including income de-recognition). Please refer to detailed note on Slide 25.*

Standalone Balance Sheet

Particulars (Rs. in Million)	As on Sep 30, 2016	As on Sep 30, 2015	As on Mar 31, 2016
EQUITY AND LIABILITIES			
Shareholders' funds			
a) Share Capital	1,129	1,128	1,129
b) Reserves and Surplus	61,402	58,002	59,752
Shareholders' funds	**62,531**	**59,130**	**60,881**
Non-current liabilities			
a) Long-term borrowings	192,049	174,120	173,317
b) Other Long-term liabilities	4,585	3,688	4,326
c) Long term provisions	5,394	4,629	4,482
Non-current liabilities	**202,028**	**182,437**	**182,125**
Current liabilities			
a) Short Term Borrowings	42,922	46,254	43,469
b) Trade payables	5,443	4,649	4,789
c) Other current liabilities	99,024	66,640	89,462
d) Short term provisions	14,578	10,996	15,069
Current liabilities	**161,967**	**128,539**	**152,789**
Total Equities and Liabilities	**426,526**	**370,106**	**395,795**

Standalone Balance Sheet (Contd.)

Particulars (Rs. in Million)	As on Sep 30, 2016	As on Sep 30, 2015	As on Mar 31, 2016
ASSETS			
Non-current assets			
a) Fixed Assets	1,129	1,093	1,135
b) Non-current investments	10,089	8,996	9,923
c) Deferred tax assets (Net)	6,409	4,490	5,853
d) Long-term loans and advances	192,731	171,405	184,172
e) Other non-current assets	363	2857	518
Non-current assets	**210,721**	**188,841**	**201,601**
Current assets			
a) Current investments	3,374	1,417	4,910
b) Trade receivables	52	51	51
c) Cash and cash equivalents	5,204	3,788	5,890
d) Short-term loans and advances	206,388	175,256	182,406
e) Other current assets	787	753	937
Current assets	**215,805**	**181,265**	**194,194**
Total Assets	**426,526**	**370,106**	**395,795**

Consolidated Profit & Loss Account

Particulars (Rs. in Million)	Half year ended Sep – 16	Half year ended Sep - 15	Year ended March - 16
Revenue from operations	32,886	30,836	65,539
Other income	312	164	436
Total Revenue	**33,198**	**31,000**	**65,975**
Expenses:			
Employee benefits expense	4,328	3,293	7,041
Finance costs	15,533	14,023	28,683
Depreciation and amortization expense	247	220	457
Provisions and write Offs*	5,691	6,294	10,982
Other expenses	3,779	2,943	6,571
Total Expenses	**29,578**	**26,773**	**53,734**
Profit before tax	**3,620**	**4,227**	**12,241**
Tax expense	1,343	1,533	4,367
Profit for the year	**2,277**	**2,694**	**7,874**
Minority Interest	60	49	151
Net Profit after Taxes and Minority Interest	**2,217**	**2,645**	**7,723**

** All figures and ratios are post additional provision of Rs. 440 mn (including income de-recognition). Please refer to detailed note on Slide 25.*

Consolidated Balance Sheet

Particulars (Rs. in Million)	As on Sep 30, 2016	As on Sep 30, 2015	As on Mar 31, 2016
EQUITY AND LIABILITIES			
Shareholders' funds			
a) Share Capital	1,129	1,128	1,129
b) Reserves and Surplus	65,600	61,100	63,565
Shareholders' funds	**66,729**	**62,228**	**64,694**
Minority Interest	**715**	**523**	**675**
Non-current liabilities			
a) Long-term borrowings	224,618	200,234	203,412
b) Other Long-term liabilities	4,585	3,688	4,326
c) Long term provisions	6,025	5,026	4,919
Non-current liabilities	**235,228**	**208,948**	**212,657**
Current liabilities			
a) Short Term Borrowings	56,043	52,583	52,175
b) Trade payables	5,760	4,861	5,073
c) Other current liabilities	110,670	74,648	99,103
d) Short term provisions	15,344	11,435	15,691
Current liabilities	**187,817**	**143,527**	**172,042**
Total Equities and Liabilities	**490,489**	**415,226**	**450,068**

Consolidated Balance Sheet (Contd.)

Particulars (Rs. in Million)	As on Sep 30, 2016	As on Sep 30, 2015	As on Mar 31, 2016
ASSETS			
Non-current assets			
a) Fixed Assets	1,316	1,183	1,291
b) Non-current investments	5,750	6,203	6,522
c) Deferred tax assets (Net)	6,579	4,571	5,992
d) Long-term loans and advances	242,717	207,156	228,420
e) Other non current assets	369	2863	524
Non-current assets	**256,731**	**221,976**	**242,749**
Current assets			
a) Current investments	4,252	1,917	5,467
b) Trade receivables	158	101	200
c) Cash and cash equivalents	5,379	4,143	6,098
d) Short-term loans and advances	223,182	186,371	194,669
e) Other current assets	787	718	885
Current assets	**233,758**	**193,250**	**207,319**
Total Assets	**490,489**	**415,226**	**450,068**

Summary & Key Ratios

Figures on standalone basis

Particulars	**Half year ended Sep – 16**	Half year ended Sep – 15	Year ended March – 16
RONW (Avg. Net Worth)	**5.9%**	8.1%	11.4%
Debt / Equity	**5.14:1**	4.68:1	4.84:1
Capital Adequacy	**18.1%**	18.2%	17.3%
Tier I	13.2%	15.5%	14.6%
Tier II	4.9%	2.7%	2.7%
EPS (Basic) (Rs.)	**3.22**	4.17	11.92
Book Value (Rs.)	**109.9**	104.0	107.0
Dividend	**-**	-	200%
Assets Under Management (Rs. Mn)	**438,547**	384,283	409,333
New Contracts During the period (Nos)	**250,668**	245,522	522,256
No. of employees	**16,549**	14,889	15,821

***Note :** *The Company is required to recognise NPA based on 4 months' overdue by end of FY 2017, which the company has been following w.e.f. financial year ended 31st March 2016. This has resulted in additional provision of Rs. 440 mn (including income de-recognition) as compared to quarter ended Sep 30th 2015 with a consequent impact on Profit before tax*

Spread Analysis

Figures on standalone basis

	Half year ended Sep – 16	Half year ended Sep – 15	Year ended March – 16
Total Income / Average Assets	**14.7%**	16.1%	16.3%
Interest / Average Assets	**7.1%**	7.4%	7.3%
Gross Spread	**7.6%**	8.7%	9.0%
Overheads / Average Assets	**3.5%**	3.1%	3.2%
Write offs & NPA provisions / Average Assets	**2.7%**	3.4%	2.9%
Net Spread	**1.4%**	2.2%	2.9%
Net Spread after Tax	**0.9%**	1.3%	1.8%

***Note :** *The Company is required to recognise NPA based on 4 months' overdue by end of FY 2017, which the company has been following w.e.f. financial year ended 31st March 2016. This has resulted in additional provision of Rs. 440 mn (including income de-recognition) as compared to quarter ended Sep 30th 2015 with a consequent impact on Profit before tax*

NPA Analysis

Figures on standalone basis

Particulars (Rs. in Million)	As on Sep 30, 2016	As on Sep 30, 2015	As on Mar 31, 2016
Gross Non - Performing Assets	**47,481***	35,283*	32,242*
Less: NPA Provisions	**24,619**	18,830	19,891
Net Non – Performing Assets	**22,862**	16,453	12,351
Total Assets (Incl. NPA Provision)	**433,319**	374,995	400,764
Gross NPA to Total Assets(%)	**11.0%**	9.4%	8.0%
Net NPA to Total Assets(%)	**5.6%**	4.6%	3.2%
Coverage Ratio(%)	**51.9%**	53.4%	61.7%

Note: *includes additional assets of Rs. 5527 mn (as of Sep 2016); Rs. 2486 mn (as of Mar 2016); Rs. 2941 mn (as of Sep 2015) compared to 150 day provisioning norms

***Note :** *The Company is required to recognise NPA based on 4 months' overdue by end of FY 2017, which the company has been following w.e.f. financial year ended 31st March 2016. This has resulted in additional provision of Rs. 440 mn (including income de-recognition) as compared to quarter ended Sep 30th 2015 with a consequent impact on Profit before tax*

Above workings are excluding securitised/assigned portfolio

Company Overview

Industry Overview

Business Strategy

Financial Information

Key Subsidiaries

Awards & Accolades

Risk Management Policies

Transforming rural lives across the country

38

Mahindra Rural Housing Finance Limited

Particulars (Rs. million)	Half year ended Sep – 16	Half year ended Sep – 15	Year ended March – 16
Loans disbursed	**8,585**	6,809	15,525
No. of Customer Contracts (Nos)	**63,082**	50,015	125,074
Outstanding loan book	**38,818**	26,224	32,645
Total income	**3,117**	2,131	4,954
PBT	**430**	256	967
PAT	**280**	167	627

- **Business Area:** Provide loans for home construction, extension, purchase and improvement to a wide base of customers in rural and semi-urban India
- **Shareholding pattern:** MMFSL- 87.5%; NHB- 12.5%
- **Reach:** Currently spread in 12 States

Mahindra FINANCE

Mahindra Insurance Brokers Limited

Particulars (Rs. million)	Half year ended Sep – 16	Half year ended Sep – 15	Year ended March – 16
Total income	**743**	626	1,492
Net premium	**5,477**	4,415	10,870
PBT	**286**	285	752
PAT	**186**	186	485
No. of Policies for the Period (nos.)	**699,966**	591,883	1,330,929
No. of employees (nos.)	**912**	766	802

- **Business Area:** Licensed by IRDA for undertaking insurance broking in Life, Non-Life and reinsurance businesses
- **Shareholding pattern**: MMFSL- 85%; Inclusion Resources Pvt. Ltd.- 15%

Company Overview

Industry Overview

Business Strategy

Financial Information

Key Subsidiaries

Awards & Accolades

Risk Management Policies

Transforming rural lives across the country

41

Awards and Accolades

- **Great Place to Work Institute** in association with **Economic Times** has recognized **Mahindra & Mahindra Financial Services Ltd.** as one of **INDIA'S BEST COMPANIES TO WORK FOR , 2016**
- Mahindra Finance has been appraised and rated at People CMM® Maturity Level 3
- Mahindra Finance included on **Dow Jones Sustainability Index (DJSI)** – Emerging Market Trends for 4th year in a row. We are the **only Indian Company** from Diversified Financial Services Sector to get selected
- Mahindra Finance made it to the list of **Carbon Disclosure Leadership Index (CDLI) for 2nd consecutive year in 2015**
- Mahindra Finance was honored for Best Overall Excellence in CSR in the organizational Category
- Mahindra Finance recognized in "Best Overall Excellence in CSR" by National Awards for excellence in CSR and Sustainability
- Mahindra Finance was honored with the **IDF Award** for excellent participation in Resource Mobilization for Humanitarian Projects

PCMM/3 SM
Exp. 2018-09-30 / Appraisal #25252

MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM

Mahindra FINANCE

Company Overview

Industry Overview

Business Strategy

Financial Information

Key Subsidiaries

Awards & Accolades

Risk Management Policies

Transforming rural lives across the country

43

Conservative Risk Management Policies

Provisioning Norms

Duration (months)	RBI Norms	Duration (months)	MMFSL
5 and <= 16	10%	> 4 and <= 11	10%
> 16 and <= 28	20%	> 11 and <= 24	50%
> 28 and <= 52	30%	> 24 months*	100%
> 52 months	50%		

***Note :** *The Company, with effect from quarter ended 30th June 2016, has started considering the estimated realisable value of underlying security (which conforms to the RBI norms) for loan assets to determine 100% provisioning for assets which were 24 months overdue which has resulted in lower provision of Rs.16934.32 lacs for the half year ended 30th September, 2016 as against Rs.19275.18 lacs for the quarter ended 30th June, 2016 with a consequent impact on the profit before tax.*

Key Risks & Management Strategies

Key Risks	Management Strategies
Volatility in interest rates	Matching of asset and liabilities
Rising competition	Increasing branch network
Raising funds at competitive rates	Maintaining credit rating & improving asset quality
Dependence on M&M	Increasing non-M&M Portfolio
Occurrence of natural disasters	Increasing geographical spread
Adhering to write-off standards	Diversify the product portfolio
Employee retention	Job rotation / ESOP/ Recovery based performance initiatives
Physical cash management	Insurance & effective internal control

At MMFSL, NPA provisioning norms are more stringent than RBI norms

***Note :** *The Company is required to recognise NPA based on 4 months' overdue by end of FY 2017, which the company has been following w.e.f. financial year ended 31st March 2016. This has resulted in additional provision of Rs. 440 mn (including income de-recognition) as compared to quarter ended Sep 30th 2015 with a consequent impact on Profit before tax*

Disclaimer

This presentation does not constitute or form part of any offer or invitation or inducement to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities of Mahindra & Mahindra Financial Services Limited (the "Company"), nor shall it or any part of it or the fact of its distribution form the basis of, or be relied on in connection with, any contract or commitment there for.

This presentation contains statements that constitute forward-looking statements. These statements include descriptions regarding the intent, belief or current expectations of the Company or its directors and officers with respect to the results of operations and financial condition of the Company. These statements can be recognized by the use of words such as "expects," "plans," "will," "estimates," "projects," or other words of similar meaning. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ from those in such forward-looking statements as a result of various factors and assumptions which the Company believes to be reasonable in light of its operating experience in recent years. The Company does not undertake to revise any forward-looking statement that may be made from time to time by or on behalf of the Company.

No representation, warranty, guarantee or undertaking, express or implied, is or will be made as to, and no reliance should be placed on, the accuracy, completeness or fairness of the information, estimates, projections and opinions contained in this presentation. Potential investors must make their own assessment of the relevance, accuracy and adequacy of the information contained in this presentation and must make such independent investigation as they may consider necessary or appropriate for such purpose. Any opinions expressed in this presentation are subject to change without notice. None of the Company, the placement agents, promoters or any other persons that may participate in the offering of any securities of the Company shall have any responsibility or liability whatsoever for any loss howsoever arising from this presentation or its contents or otherwise arising in connection therewith.

This presentation and its contents are confidential and should not be distributed, published or reproduced, in whole or part, or disclosed by recipients directly or indirectly to any other person. In particular, this presentation is not for publication or distribution or release in the United States, Australia, Canada or Japan or in any other country where such distribution may lead to a breach of any law or regulatory requirement. The information contained herein does not constitute or form part of an offer or solicitation of an offer to purchase or subscribe for securities for sale in the United States, Australia, Canada or Japan or any other jurisdiction. The securities referred to herein have not been and will not be registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States or to or for the benefit of US persons absent registration or an applicable exemption from registration.

CRISIL DISCLAIMER: CRISIL limited has used due care and caution in preparing this report. Information has been obtained by CRISIL from sources which it considers reliable. However, CRISIL does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. No part of this report may be published/reproduced in any form without CRISIL's prior written approval. CRISIL is not liable for investment decisions which may be based on the views expressed in this report. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL's Rating Division, which may, in its regular operations, obtain information of a confidential nature that is not available to CRISIL Research.

45

Thank You

Transforming rural lives across the country

46