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

24th January, 2017

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 the provisions of 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 Unaudited Financial Results of the Company for the third quarter and nine months ended 31st December, 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 M. Pardiwalla
Company Secretary & Compliance Officer

Encl: a/a

Mahindra & Mahindra Financial Services Limited Mumbai

Mahindra & Mahindra Financial Services Limited

Quarter Result Update

December - 2016

Corporate Office:
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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 738 billion)**, India's largest tractor and utility vehicle manufacturer
About MMFSL:	MMFSL (*Mcap: Rs 156 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 1181 offices covering 27 states and 4 union territories in India, with over 4.57 million vehicle finance customer contracts since inception
Credit Ratings:	India Ratings has assigned AAA(ind)/Stable, CARE Ratings has assigned AAA/Stable, 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 Jan 23, 2017 from BSE website*

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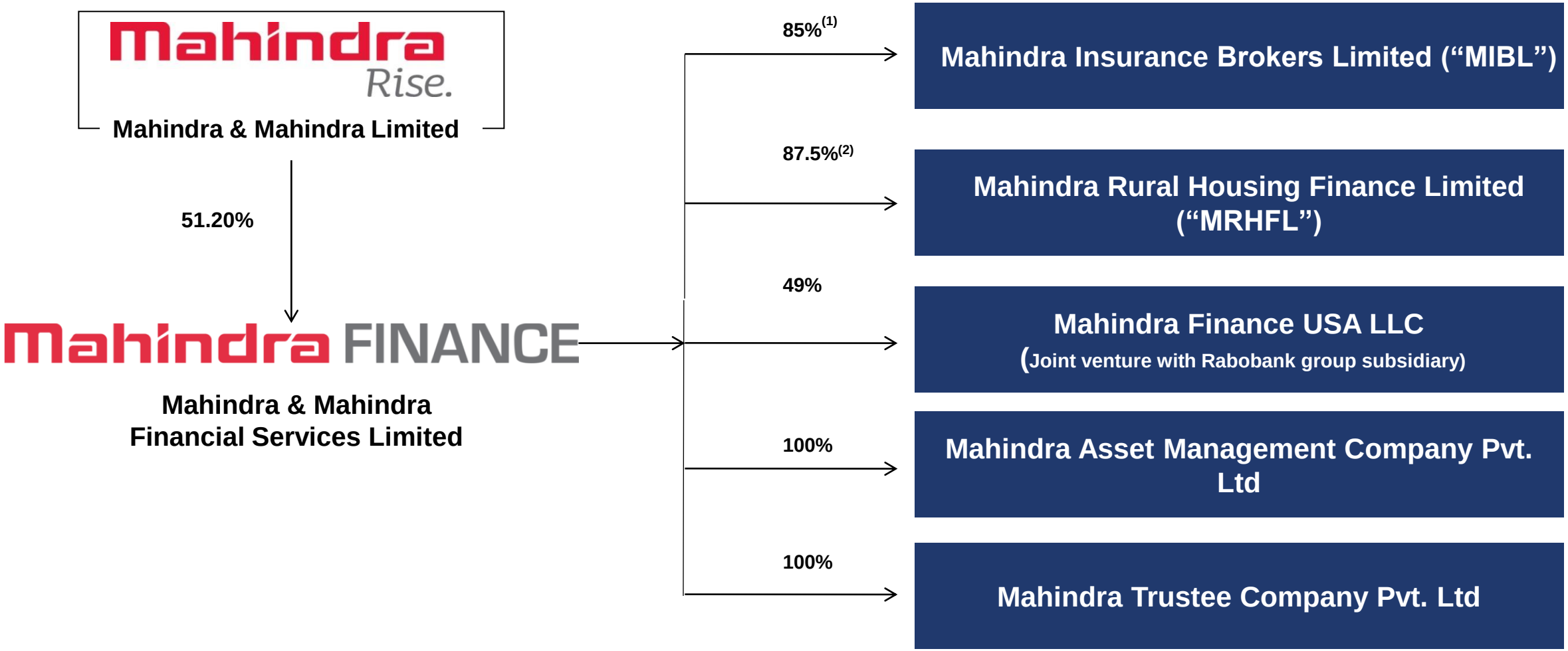
MMFSL Group structure



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

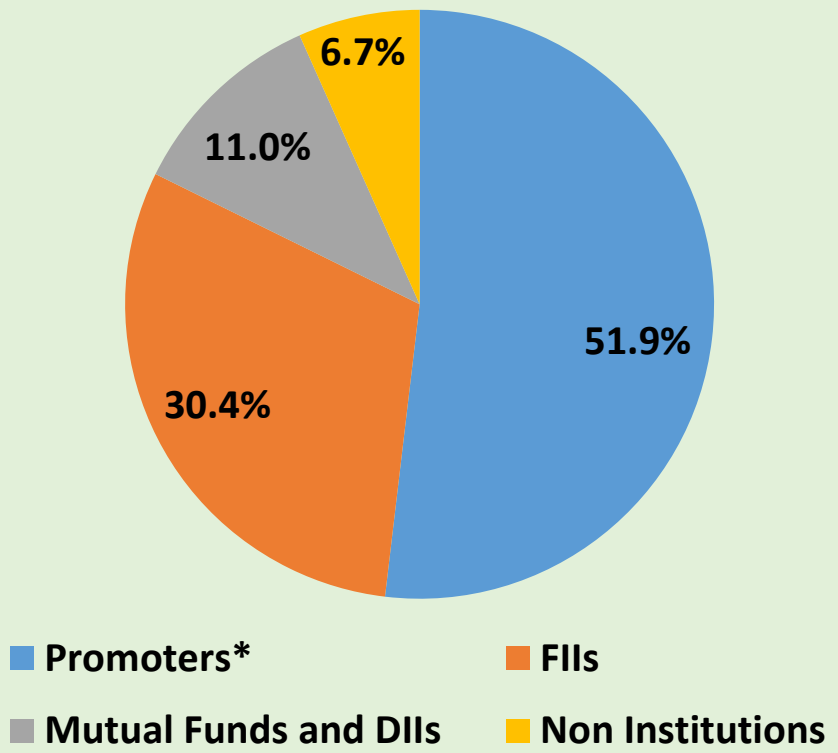
FY 16
- Crossed 4 million cumulative customer contracts
- Certificate of Registration received from SEBI by Mahindra Mutual Fund

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 31st December 2016)

Shareholding Pattern Chart



Top 10 Public Shareholders

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

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

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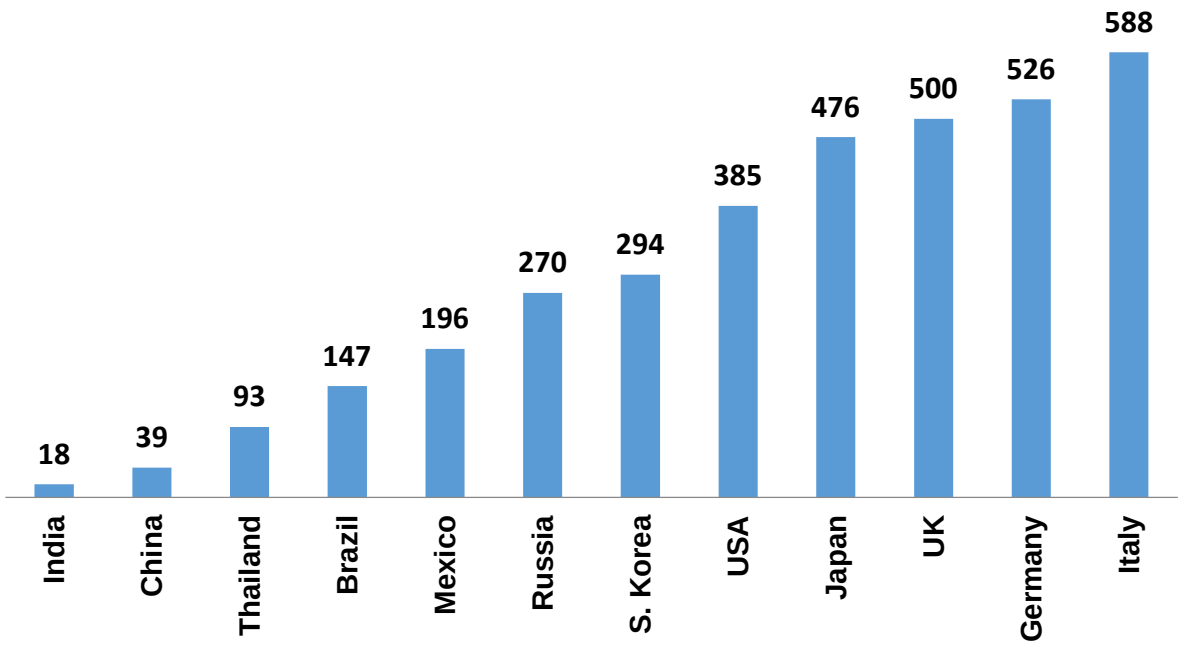
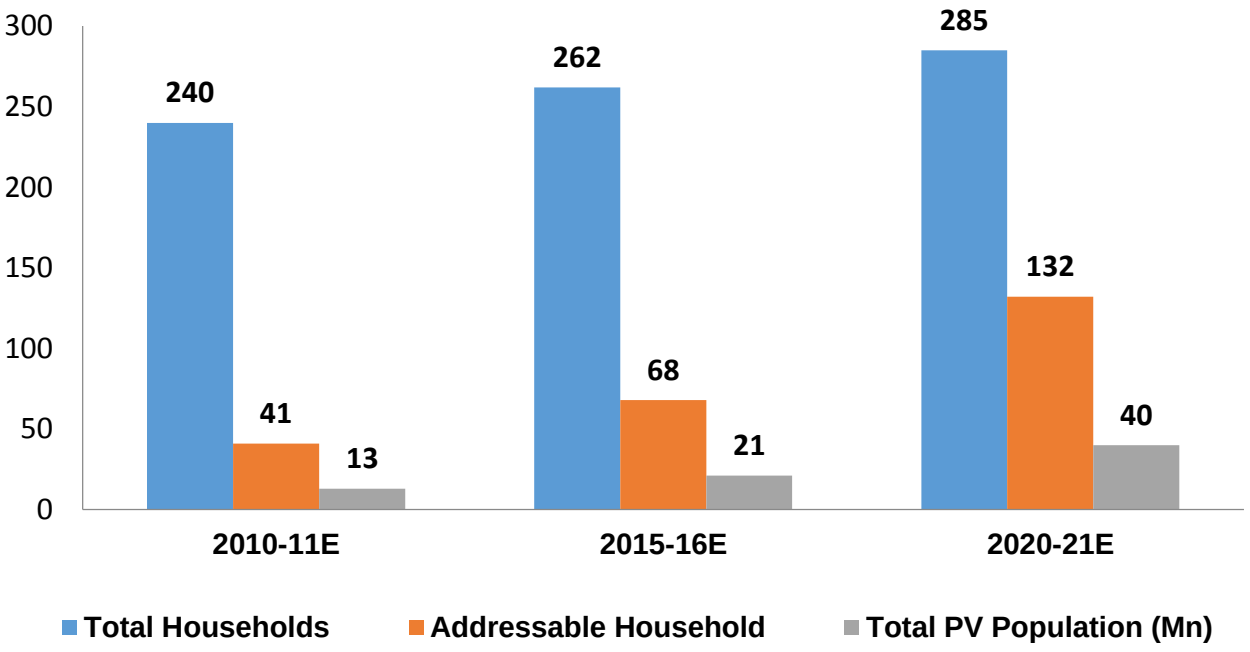
Auto Industry: Long term growth potential

Global Comparison in terms of PV per thousand people



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 disposable income of households and stable cost of ownership.

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

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Passenger Vehicles Industry: Overall Demand Drivers

	FY 06 – FY11	FY 11 – FY 16	FY 16 – FY 21
Small Cars	14%	2%	12% - 14%
Sedans	11%	(1%)	8% - 10%
UV + Vans	13%	6%	12% - 14%
Total (Cars + UVs)	**13%**	**2%**	**11% - 13%**

- Rising proportion of rural sales with increase in proportion of first time buyers will drive small cars and UV growth in long term

Volumes in '000	FY 2015		FY 2016		FY 2017 (E)
	Volume	**Growth**	**Volume**	**Growth**	**Growth**
Small Cars	1,620	8%	1,754	8%	6% - 8%
Sedans	256	(11%)	271	6%	(3%) – (5%)
UV + Vans	725	1%	763	5%	18% - 20%
Total (Cars + UVs)	**2,601**	**4%**	**2,788**	**7%**	**9% - 11%**

- 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. GST and 7th pay commission would also strengthen 2017-18 demand

Source: *CRISIL Research, Cars & UV – October 2016 & January 2017*

Commercial Vehicles Industry: Overall Demand Drivers

	FY 11 – FY 16	FY 16 – FY 21
MHCV (goods)	(1%)	9% - 11%
LCV (goods)	1%	11% - 14%
Buses	0%	8% - 10%

- Growth to be witnessed as industrial activity improves, agricultural output steadies and infrastructure projects receive focus
- 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**
MHCV	195,903	21%	258,510	32%	2% - 4%
LCV	337,653	(13%)	332,773	(1%)	9% - 11%
Buses	81,653	0%	92,845	14%	8% - 10%

- Under the MHCV segment, ICV and multi-axle vehicles to grow share at cost of ICVs
- LCV industry poised to see improved growth in FY 17 after 2 consecutive years of negative/ poor growth

Source: *CRISIL Research, Commercial Vehicles – November 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**	**(10%)**	**15% - 17%**	**9% - 11%**

- Normal rainfall after 2 years of below – average rainfall (+/- 4% considered normal)
- Demonetization led to reduction in Industry volumes in November after 10 months of consecutive growth
- Unavailability of cash led to reduction in Rabi sowing in the initial period with it showing improvement in December
- Total area sown under Rabi crop improved by 6% (on YoY basis) to 616.21 lakh hectares[1]
- 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; PIB*

[1]*SS: weather watch 13.01.2017*

Auto Industry Volume

Domestic Sales (Volume in '000)	9MFY17 (Nos.)	9MFY16 (Nos.)	*Y-o-Y Growth (%)*	FY16 (Nos.)	FY15 (Nos.)	*Y-o-Y Growth (%)*
Passenger Vehicles (PVs)						
Passenger Cars / Vans	1,554	1,517	*2.4%*	2,025	1,877	*7.9%*
UVs	690	549	*25.7%*	764	723	*5.7%*
Commercial Vehicles (CVs)						
M&HCVs	204	208	*(1.9%)*	302	232	*30.2%*
LCVs	295	274	*7.6%*	383	382	*0%*
Three Wheelers	**406**	**398**	***1.8%***	**538**	**532**	***1.1%***
Tractors	**464**	**389**	***19.4%***	**494**	**551**	***(10.5%)***

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%	17%	12%	15% - 17%
Utility Vehicles	16%	39%	(6%)	1%	16%	32%	20% - 22%
Commercial Vehicles	17%	(14%)	(24%)	9%	23%	9%	16% - 17%
Two Wheelers	27%	10%	16%	4%	7%	19% - 20%	17% - 19%

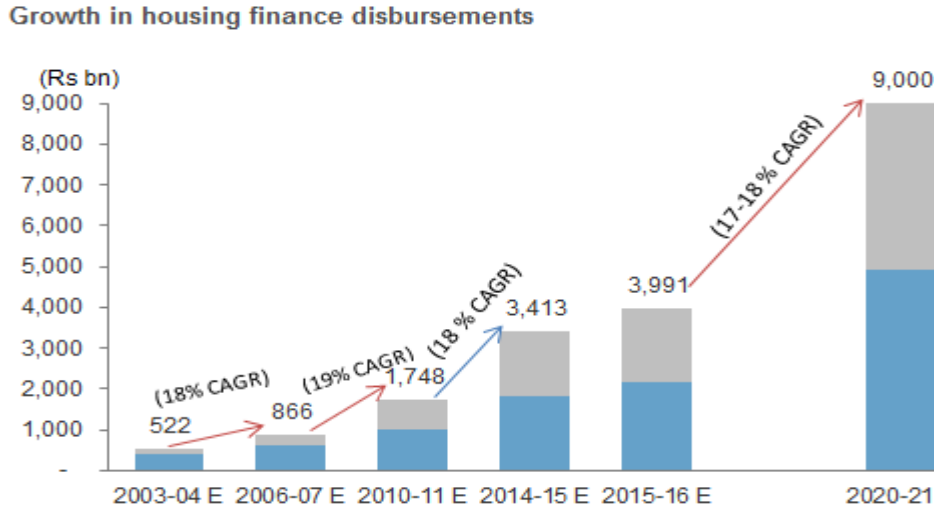
Car & UV Loan Portfolio	Top 20 Cities	Other Cities
Outstanding Loan Composition	55% - 60%	40% - 45%
Finance Penetration Ratio	80.0%	65.0%

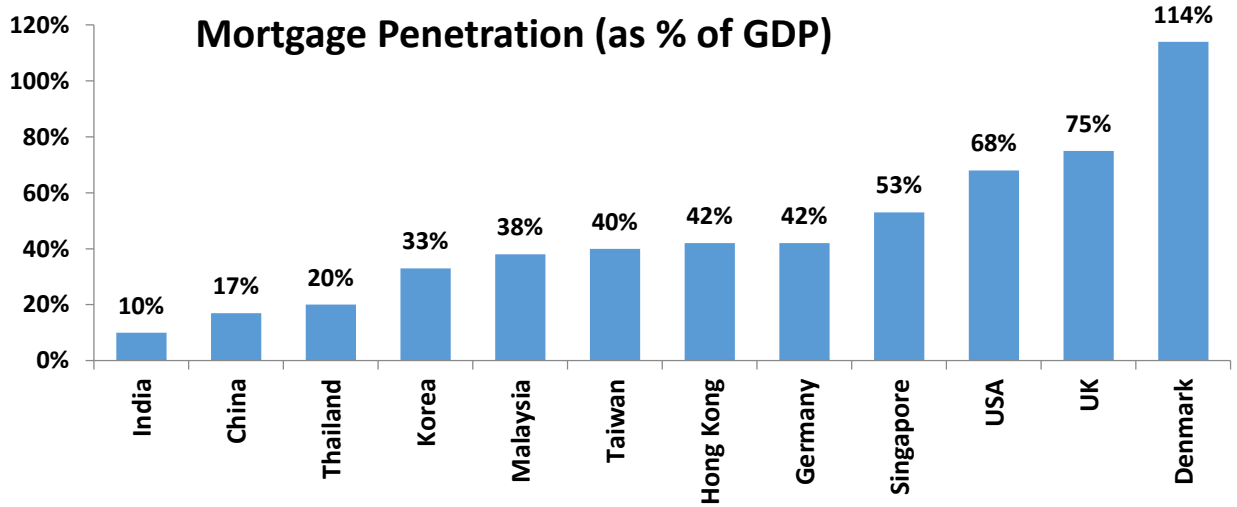
Source: *CRISIL Research, Retail Finance - Auto, Nov 2016*

- By FY 2020, penetration levels are expected to increase to 79% for cars and 76% for utility vehicles from 77% and 71% respectively (FY 2017 P) as a result of a moderation in interest rates and better availability of credit information
- 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

Housing Finance Growth

Growth in Housing Finance Disbursements (Rs.bn)





- 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.
- The increase was led by rising incomes, improving affordability, growing urbanisation, emergence of Tier-II and Tier-III cities, tax incentives

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

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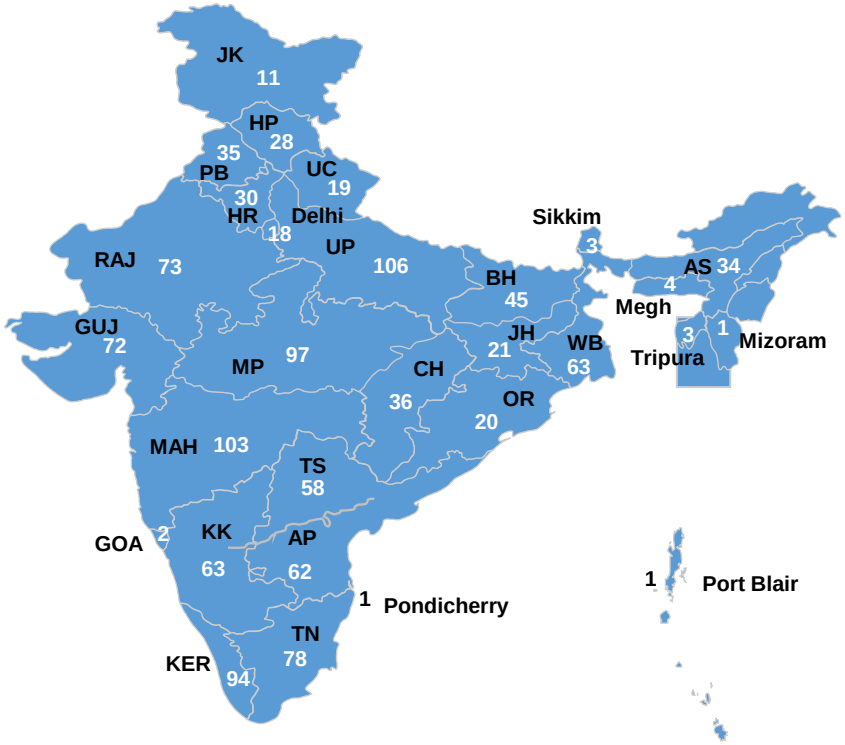
Business Strategy

- 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

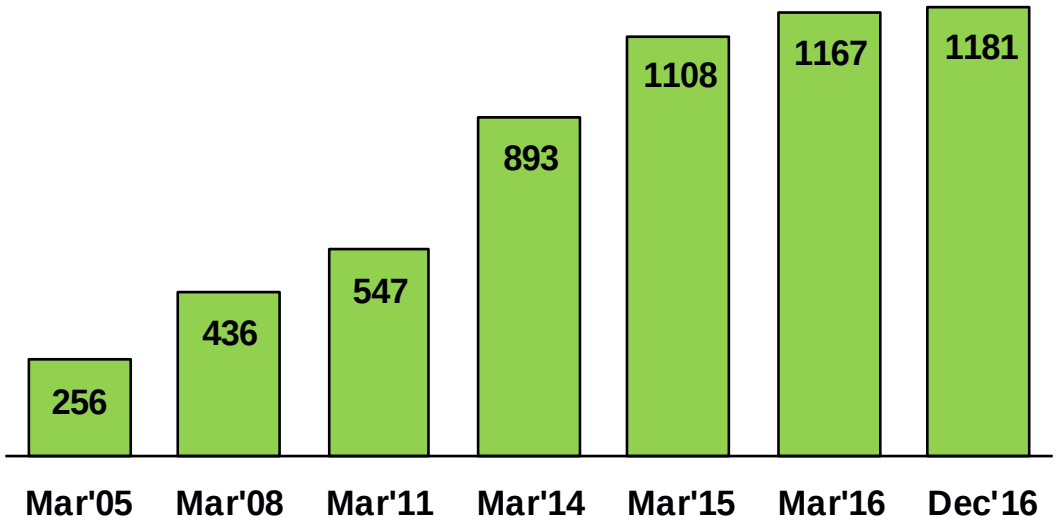
Extensive Branch Network

- Extensive branch network with presence in 27 states and 4 union territories in India through 1181 offices
- Branches have authority to approve loans within prescribed guidelines

Coverage



Branch Network as of



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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

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Break up of estimated value of Assets Financed

Asset Class	Nine months ended December – 16	Nine months ended December – 15	Year ended March – 16
Auto/ Utility vehicles	**28%**	31%	30%
Tractors	**20%**	16%	15%
Cars	**23%**	23%	22%
Commercial vehicles and Construction equipments	**11%**	10%	11%
Pre-owned vehicles	**12%**	16%	16%
Others	**6%**	4%	6%

** Others include SME assets*

*** Standalone**

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Break up of AUM

Asset Class	As on December – 16	As on December – 15	As on March – 16
Auto/ Utility vehicles	**31%**	31%	31%
Tractors	**18%**	17%	17%
Cars	**24%**	24%	24%
Commercial vehicles and Construction equipments	**13%**	12%	12%
Pre-owned vehicles	**9%**	10%	10%
Others*	**5%**	6%	6%

1. Approximate percentages
2. As on 31st Dec 16, ~50% of the AUM was from M&M assets
** Others include SME assets*

*** Standalone**

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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	Stable

	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 (Dec' 16)

Investor Type	Amount (INR mn.)	% Share
Mutual Fund	82,924	24%
Banks	148,965	43%
Insurance & Pension Funds	28,197	8%
FIIs & Corporates	39,541	11%
Others	44,948	13%
Total	**344,575**	**100%**

Funding Mix by type of Instrument (Dec' 16)

Instrument Type	Amount (INR mn.)	% Share
NCDs	144,599	42%
Retail NCDs	10,000	3%
Bank Loans	89,982	26%
Fixed Deposits	45,419	13%
CP, ICD	44,210	13%
Securitisation/ Assignment	10,365	3%
Total	**344,575**	**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

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Key Financials

Figures on standalone basis

	Total Income	Profit after Tax	Value of Asset Financed
Q3 FY 17	Rs 15,035 mn	Rs -156 mn	Rs 91,755 mn
	7%	123%	15%
Q3 FY 16	Rs 14,087 mn	Rs 672 mn	Rs 79,728 mn
9M FY 17	Rs 43,948 mn	Rs 1,662 mn	Rs 232,828 mn
	4%	45%	17%
9M FY 16	Rs 42,154 mn	Rs 3,023 mn	Rs 198,956 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. 274 mn (including income de-recognition) as compared to quarter ended Dec 30th 2015 with a consequent impact on Profit before tax*

** Please refer to detailed note on Slide 44 on Provisioning Policy*

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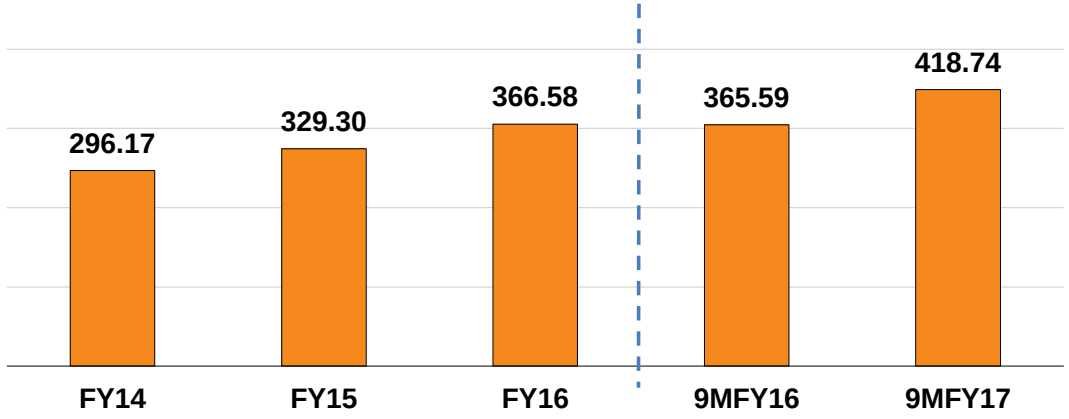
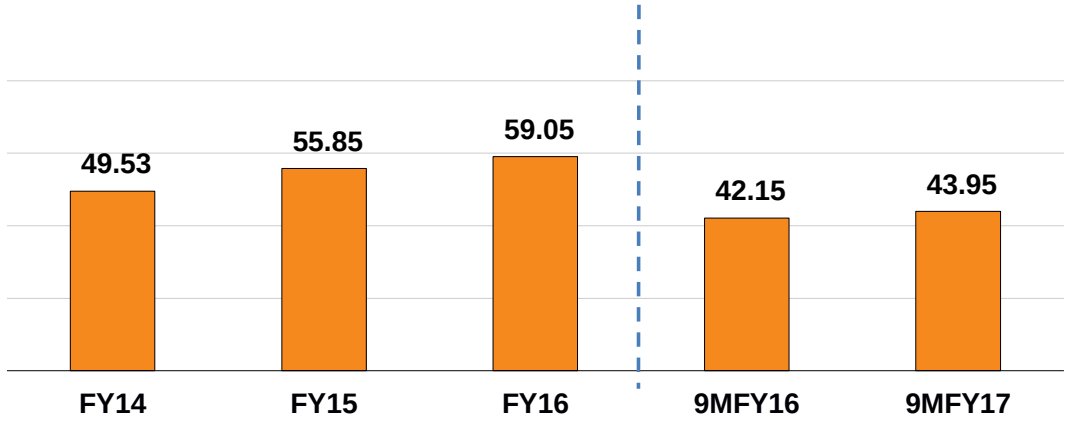
Growth Trajectory

Figures on standalone basis

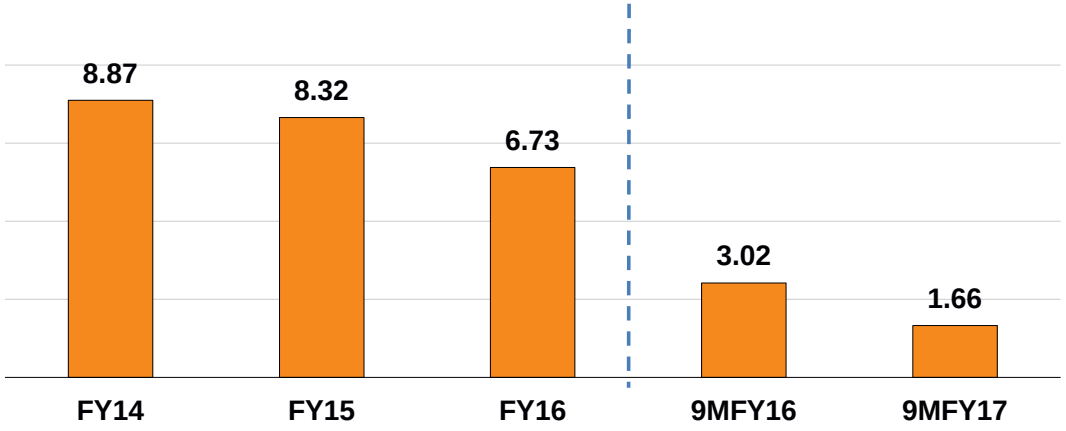
Loan Book (Rs. Bn)



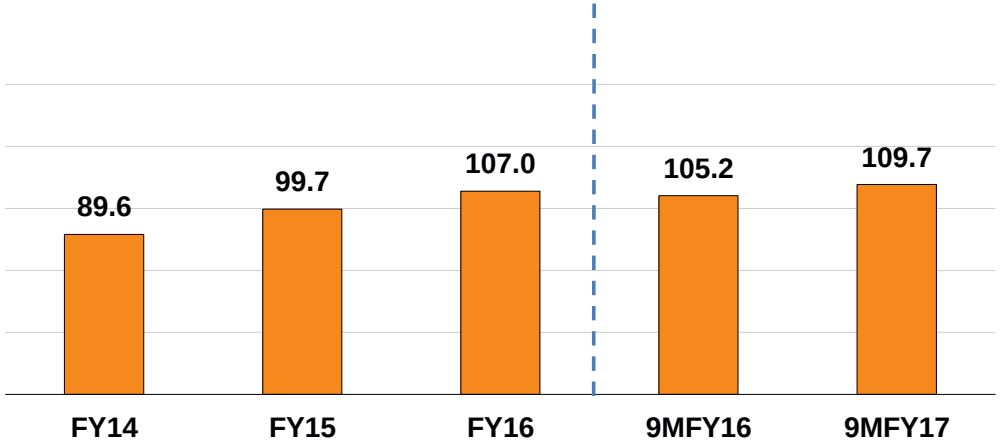
Revenues (Rs. Bn)



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.*

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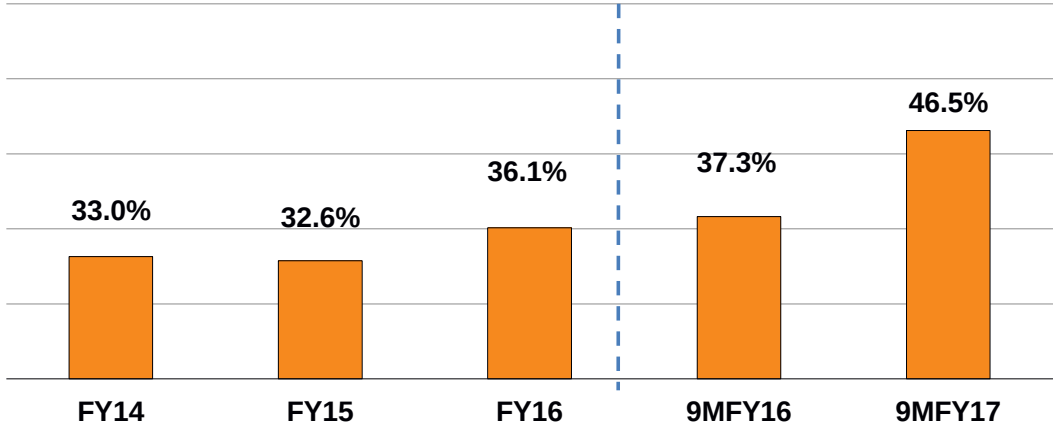
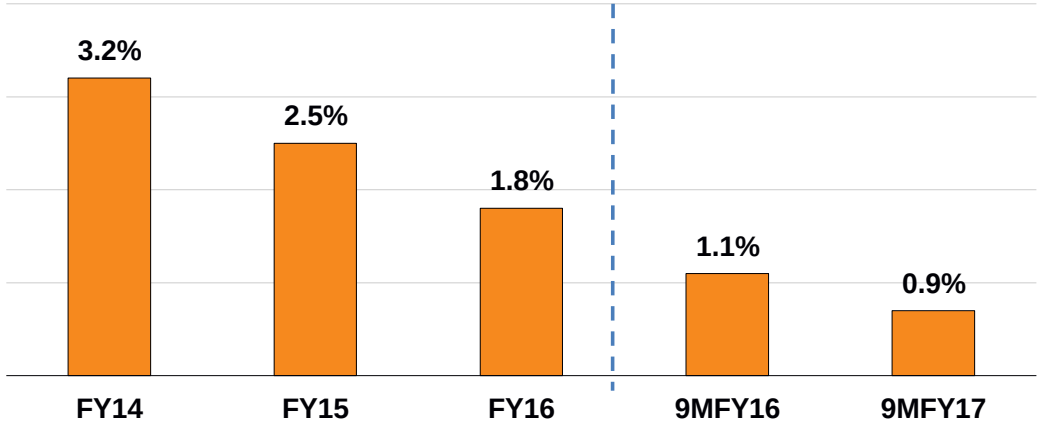
Financial Performance

Figures on standalone basis

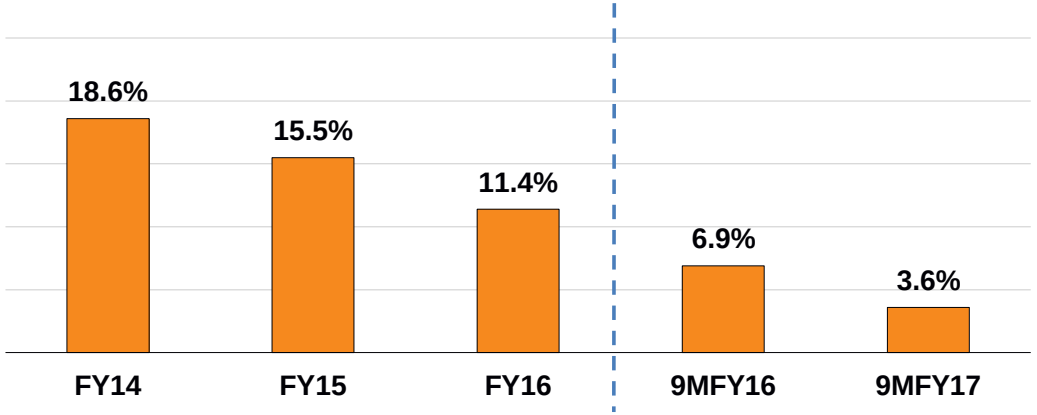
Cost to income ratio [1] (%)



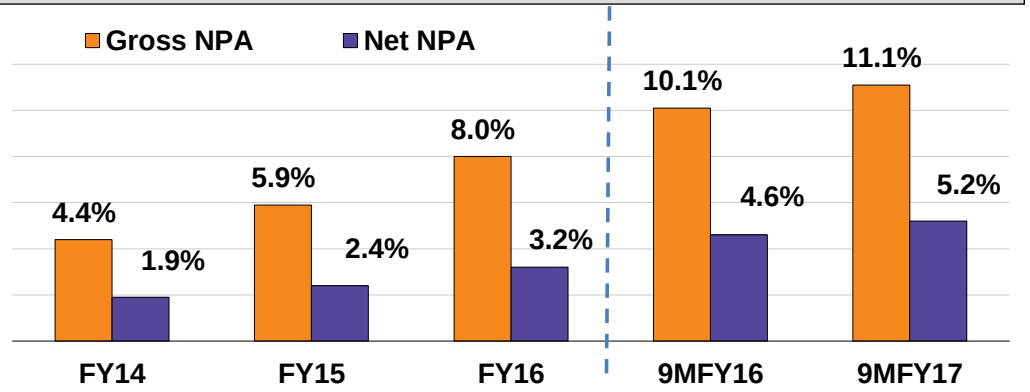
Return on Assets (ROA) [2] (%)



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



Asset Quality



Provision Coverage Ratio	FY14	FY15	FY16	9MFY16	9MFY17
	59.0 %	61.0%	61.7%	57.3%	56.4%

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

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Standalone Profit & Loss Account

Particulars (Rs. in Million)	Q3FY17	Q2FY17	*Q-o-Q*	Q3FY16	*Y-o-Y*	FY16
Revenue from operations	15,101	14,464	*4.4%*	13,879	*8.8%*	56,468
Securitisation Income (net)	(197)	452	*(143.5%)*	123	*(259.9%)*	2,064
Less: Finance cost	7,441	7,086	*5.0%*	6,696	*11.1%*	26,393
NII	**7,463**	**7,830**	***(4.7%)***	**7,306**	***2.1%***	**32,139**
Other Income	130	241	*(45.9%)*	85	*53.5%*	519
Total Income	**7,593**	**8,071**	***(5.9%)***	**7,391**	***2.7%***	**32,658**
Employee benefits expense	1,627	1,711	*(4.9%)*	1,354	*20.1%*	5,588
Provisions and write Offs	4,190	3,042	*37.7%*	3,406	*23.0%*	10,495
Other expenses	1,907	1,749	*9.0%*	1,488	*28.2%*	5,784
Depreciation and amortization	111	107	*3.8%*	104	*6.8%*	409
Total Expenses	**7,835**	**6,609**	***18.5%***	**6,352**	***23.3%***	**22,276**
Profit before tax	**(241)**	**1,462**	***(116.5%)***	**1,039**	***(123.2%)***	**10,382**
Tax expense	(85)	514	*(116.5%)*	367	*(123.1%)*	3,656
Net Profit after Taxes	**(156)**	**948**	**(116.5%)**	**672**	**(123.3%)**	**6,726**

** Please refer to detailed note on Slide 44 on Provisioning Policy*

Mahindra FINANCE

Standalone Profit & Loss Account

Particulars (Rs. in Million)	Nine months ended Dec – 16	Nine months ended Dec – 15	Year ended March - 16
Revenue from operations	43,485	41,811	58,532
Other income	464	343	519
Total Revenue	**43,948**	**42,154**	**59,051**
Expenses:			
Employee benefits expense	5,012	4,032	5,588
Finance costs	21,437	19,682	26,393
Depreciation and amortization expense	325	304	409
Provisions and write Offs	9,477	9,406	10,495
Other expenses	5,135	4,054	5,784
Total Expenses	**41,386**	**37,478**	**48,669**
Profit before tax	**2,562**	**4,676**	**10,382**
Tax expense	901	1,652	3,656
Profit after Tax	**1,662**	**3,023**	**6,726**

** Please refer to detailed note on Slide 44 on Provisioning Policy*

Standalone Balance Sheet

Particulars (Rs. in Million)	As on Dec 31, 2016	As on Dec 31, 2015	As on Mar 31, 2016
EQUITY AND LIABILITIES			
Shareholders' funds			
a) Share Capital	1,130	1,128	1,129
b) Reserves and Surplus	61,270	58,718	59,752
Shareholders' funds	**62,400**	**59,846**	**60,881**
Non-current liabilities			
a) Long-term borrowings	198,792	167,248	173,317
b) Other Long-term liabilities	5,076	4,075	4,326
c) Long term provisions	5,377	10,047	4,482
Non-current liabilities	**209,245**	**181,370**	**182,125**
Current liabilities			
a) Short Term Borrowings	59,584	56,197	43,469
b) Trade payables	6,871	5,701	4,789
c) Other current liabilities	91,654	77,389	89,462
d) Short term provisions	17,831	8,696	15,069
Current liabilities	**175,940**	**147,983**	**152,789**
Total Equities and Liabilities	**447,584**	**389,199**	**395,795**

Standalone Balance Sheet (Contd.)

Particulars (Rs. in Million)	As on Dec 31, 2016	As on Dec 31, 2015	As on Mar 31, 2016
ASSETS			
Non-current assets			
a) Fixed Assets	1,151	1,107	1,135
b) Non-current investments	11,291	9,396	9,923
c) Deferred tax assets (Net)	6,363	4,586	5,853
d) Long-term loans and advances	209,493	181,007	184,172
e) Other non-current assets	655	1652	518
Non-current assets	**228,953**	**197,748**	**201,601**
Current assets			
a) Current investments	3,101	1,327	4,910
b) Trade receivables	52	64	51
c) Cash and cash equivalents	5,474	4,624	5,890
d) Short-term loans and advances	209,249	184,579	182,406
e) Other current assets	755	857	937
Current assets	**218,632**	**191,451**	**194,194**
Total Assets	**447,584**	**389,199**	**395,795**

Consolidated Profit & Loss Account

Particulars (Rs. in Million)	Nine months ended Dec – 16	Nine months ended Dec – 15	Year ended March - 16
Revenue from operations	50,231	46,673	65,539
Other income	450	254	436
Total Revenue	**50,681**	**46,927**	**65,975**
Expenses:			
Employee benefits expense	6,458	5,022	7,041
Finance costs	23,838	21,324	28,683
Depreciation and amortization expense	379	336	457
Provisions and write Offs*	10,113	9,816	10,982
Other expenses	5,998	4,632	6,571
Total Expenses	**46,785**	**41,130**	**53,734**
Profit before tax	**3,896**	**5,797**	**12,241**
Tax expense	1,459	2,097	4,367
Profit after tax	**2,437**	**3,700**	**7,874**
Minority Interest	103	90	151
Net Profit after Taxes and Minority Interest	**2,334**	**3,610**	**7,723**

** Please refer to detailed note on Slide 44 on Provisioning Policy*

Consolidated Balance Sheet

Particulars (Rs. in Million)	As on Dec 31, 2016	As on Dec 31, 2015	As on Mar 31, 2016
EQUITY AND LIABILITIES			
Shareholders' funds			
a) Share Capital	1,130	1,129	1,129
b) Reserves and Surplus	65,791	62,126	63,565
Shareholders' funds	**66,921**	**63,255**	**64,694**
Minority Interest	**758**	**564**	**675**
Non-current liabilities			
a) Long-term borrowings	231,586	194,830	203,412
b) Other Long-term liabilities	5,076	4,075	4,326
c) Long term provisions	6,108	10,483	4,919
Non-current liabilities	**242,770**	**209,388**	**212,657**
Current liabilities			
a) Short Term Borrowings	75,086	64,191	52,175
b) Trade payables	7,253	5,934	5,073
c) Other current liabilities	105,129	85,825	99,103
d) Short term provisions	18,723	9,223	15,691
Current liabilities	**206,192**	**165,173**	**172,042**
Total Equities and Liabilities	**516,640**	**438,380**	**450,068**

Consolidated Balance Sheet (Contd.)

Particulars (Rs. in Million)	As on Dec 31, 2016	As on Dec 31, 2015	As on Mar 31, 2016
ASSETS			
Non-current assets			
a) Fixed Assets	1,359	1,227	1,291
b) Non-current investments	7,482	6,530	6,522
c) Deferred tax assets (Net)	6,540	4,688	5,992
d) Long-term loans and advances	263,930	220,546	228,420
e) Other non current assets	661	1658	524
Non-current assets	**279,972**	**234,649**	**242,749**
Current assets			
a) Current investments	3,183	1,833	5,467
b) Trade receivables	170	171	200
c) Cash and cash equivalents	5,760	4,875	6,098
d) Short-term loans and advances	226,805	196,045	194,669
e) Other current assets	750	807	885
Current assets	**236,668**	**203,731**	**207,319**
Total Assets	**516,640**	**438,380**	**450,068**

Summary & Key Ratios

Figures on standalone basis

Particulars (Rs. in Million)	**Nine months ended Dec – 16**	Nine months ended Dec – 15	Year ended March - 16
RONW (Avg. Net Worth)	**3.6%**	6.9%	11.4%
Debt / Equity	**5.36:1**	4.83:1	4.84:1
Capital Adequacy	**17.9%**	17.8%	17.3%
Tier I	13.3%	15.0%	14.6%
Tier II	4.6%	2.8%	2.7%
EPS (Basic) (Rs.)	**2.94**	5.36	11.92
Book Value (Rs.)	**109.7**	105.2	107.0
Dividend	--	--	200%
Assets Under Management (Rs. Mn)	**457,109**	402,823	409,333
New Contracts During the period (Nos)	**414,815**	400,615	522,256
No. of employees	**17,433**	15,580	15,821

** Please refer to detailed note on Slide 44 on Provisioning Policy*

Spread Analysis

Figures on standalone basis

Particulars (Rs. in Million)	**Nine months ended Dec – 16**	Nine months ended Dec – 15	Year ended March - 16
Total Income / Average Assets	**14.5%**	15.8%	16.3%
Interest / Average Assets	**7.1%**	7.4%	7.3%
Gross Spread	**7.4%**	8.4%	9.0%
Overheads / Average Assets	**3.5%**	3.1%	3.2%
Write offs & NPA provisions / Average Assets	**3.1%**	3.5%	2.9%
Net Spread	**0.8%**	1.8%	2.9%
Net Spread after Tax	**0.5%**	1.1%	1.8%

** Please refer to detailed note on Slide 44 on Provisioning Policy*

NPA Analysis

Figures on standalone basis

Particulars (Rs. in Million)	**As on Dec 31, 2016**	As on Dec 31, 2015	As on Mar 31, 2016
Gross Non - Performing Assets*	**50,589**	39,851	32,242
Less: NPA Provisions	**28,515**	22,836	19,891
Net Non – Performing Assets	**22,074**	17,016	12,351
Total Assets (Incl. NPA Provision)	**455,032**	395,003	400,764
Gross NPA to Total Assets(%)	**11.1%**	10.1%	8.0%
Net NPA to Total Assets(%)	**5.2%**	4.6%	3.2%
Coverage Ratio(%)	**56.4%**	57.3%	61.7%

Note: *includes additional assets of Rs. 3278 mn (as of Dec 2016); Rs. 2486 mn (as of Mar 2016); Rs. 2489 mn (as of Dec 2015) compared to 150 day provisioning norms

Above workings are excluding securitised/assigned portfolio

** Please refer to detailed note on Slide 44 on Provisioning Policy*

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Mahindra Rural Housing Finance Limited

Particulars (Rs. million)	Nine Month ended December – 16	Nine Month ended December – 15	Year ended March – 16
Loans disbursed	**13,212**	10,220	15,525
No. of Customer Contracts (Nos)	**99,851**	77,483	125,074
Outstanding loan book	**42,311**	28,584	32,645
Total income	**4,835**	3,404	4,954
PBT	**671**	515	967
PAT	**441**	328	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)	Nine Month ended December – 16	Nine Month ended December – 15	Year ended March – 16
Total income	**1,206**	1,033	1,492
Net premium	**8,858**	7,200	10,870
PBT	**521**	503	752
PAT	**337**	326	485
No. of Policies for the Period (nos.)	**1,120,878**	960,181	1,330,929
No. of employees (nos.)	**939**	788	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%

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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 was honored with the **IDF Award** for excellent participation in Resource Mobilization for Humanitarian Projects

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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 1:

The Company, wef. 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.1796 mn. for the nine months period ended 31st December, 2016 as against Rs.1693 mn. for the half year ended 30th September, 2016 with a consequent impact on the profit before tax.

Note 2: *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. 274 mn (including income de-recognition) as compared to quarter ended Dec 30th 2015 with a consequent impact on Profit before tax*

Note 3: *Pursuant to RBI circular, the Company has deferred the classification of borrower accounts which were standard assets as on November 1, 2016 to sub-standard category, involving a provision of Rs.1527 mn. (including income de-recognition) on a standalone basis and Rs.1782 mn. (including income de-recognition) on a consolidated basis.*

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

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