

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

Date: 22nd December, 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: Establishment of Rs. 50,000,000,000 Medium Term Note Programme (the "MTN Programme") and submission of financial data

Pursuant to the applicable provisions of Regulation 30 read with Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to submit certain information in 'Annexure A' as disclosed in the Offering Circular of the MTN Programme for your information.

We request you to take this information on record for dissemination to public.

Thanking you,

Yours Faithfully,
Mahindra & Mahindra Financial Services Limited

Arnavaz

Arnavaz M. Pardiwalla
Company Secretary & Compliance Officer



Encl.: Annexure A



Annexure A

We are affected by volatility in interest rates for both our lending and treasury operations, which could cause our net interest income to decline and adversely affect our return on assets and profitability.

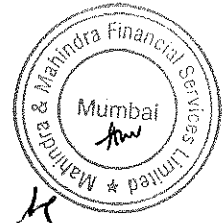
A significant component of our consolidated income is the interest income which we receive from the loans we disburse, which comprised Rs.27,769.3 million and Rs.30,314.6 million (U.S.\$454.8 million) of our total income of Rs.31,000.0 million and Rs.33,198.1 million (U.S.\$498.0 million) for the six months ended 30 September 2015 and 2016, respectively.

The risk of non-payment or default by borrowers may adversely affect our financial condition and results of operations.

We have advanced unsecured loans to customers, which aggregated Rs.29,502.9 million (U.S.\$442.6 million) as of 30 September 2016.

Legal and Regulatory Proceedings

The Department of Sales Tax in the State of Maharashtra has initiated an investigation proceeding on 1 December 2016 against our Company under Section 64 of the Maharashtra Value Added Tax Act, 2002, in relation to the taxability of sale of repossessed vehicles on behalf of our Company's customers from fiscal year 2011 to 30 October 2016. It has assessed the tentative tax payable, for which our Company has made payment of Rs.261.5 million under protest. Our Company further anticipates a notice to be issued by The Department of Sales Tax in the State of Maharashtra, and other fines and penalties in relation to this proceeding to be imposed, which are not forming part of our Company's contingent liabilities as of the date of the Offering Circular and this intimation.



Key Operational and Financial Parameters (on a consolidated basis)

The table below summarises the key operational and financial parameters for the six months period ended 30 September 2015 and 30 September 2016 on a consolidated basis.

As of 30 September/Six months ended 30 September

Parameters	2015	2016	2016
	Rs. million for %	Rs. million for %	U.S.\$ million ⁽¹⁾ , except for %
Net worth	62,228.1	66,728.5	1,001.0
Total Debt	315,640.7	376,928.5	5,654.5
of which - Non Current Maturities of Long Term			
Borrowing	200,234.1	224,618.3	3,369.6
- Short Term Borrowing	52,582.9	56,043.2	840.7
- Current Maturities of Long Term Borrowing	62,823.8	96,267.0	1,444.2
Net Fixed Assets	1,183.5	1,316.0	19.7
Non-Current Assets	220,792.3	255,414.9	3,831.6
Cash and Cash Equivalents	4,142.8	5,379.3	80.7
Current Investments	1,916.7	4,252.0	63.8
Current Assets	187,190.6	224,126.6	3,362.3
Current Liabilities	16,685.5	20,162.7	302.5
Assets Under Management	429,403.0	502,510.4	7,538.5
Interest Income	27,769.3	30,314.6	454.8
Interest Expense	13,904.2	15,411.4	231.2
Provisioning & Write-offs	6,294.1	5,691.3	85.4
PAT	2,645.3	2,216.9	33.3
Gross NPA (%)*	9.4	11.0	11.0
Net NPA (%)*	4.6	5.6	5.6
Tier I Capital Adequacy Ratio (%)*	15.5	13.8	13.8
Tier II Capital Adequacy Ratio (%)*	2.8	4.9	4.9

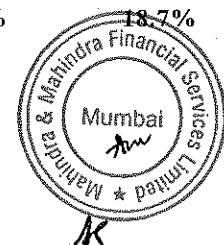
(1) The U.S. dollar translations are provided for indicative purposes only and are unaudited. These translations were calculated based on an exchange rate as of 30 September 2016, which was Rs.66.6596 = U.S.\$1.00.

* All ratios are on a standalone basis.

Capital Adequacy Ratio

Information related to our capital adequacy ratio on an unconsolidated basis, for the dates specified, are set out below:

	As of September 30, 2016	
	Rs. million, except for %	U.S.\$ million ⁽¹⁾ , except for %
Eligible Tier I Capital	53,752.5	806.4
Eligible Tier II Capital	19,333.2	290.0
Total Capital	73,085.7	1,096.4
Total Risk-weighted Assets	389,697.3	5,846.1
Tier I Capital Ratio	13.8%	13.8%
Capital Adequacy Ratio	18.7%	18.7%



Treasury Operations: Secured & Unsecured Loans

The principal components of our Company's Secured and Unsecured loans as of the dates indicated are set out below:

	As of 30 September	
	2016	
	Rs. million	U.S.\$ million ⁽¹⁾
Secured Loans		
<i>Long Term Borrowings</i>		
Non-convertible Debentures.....	123,103.0	1,846.7
Term Loans From Banks.....	79,289.3	1,189.5
Foreign Currency Loan.....	9,138.0	137.1
Total (a)	211,530.3	3,173.3
<i>Short Term Borrowings</i>		
Term Loans from Banks.....	2,540.0	38.1
Cash Credit.....	9,103.5	136.6
Total (b)	11,643.5	174.7
Total (a+b)	223,173.8	3,348.0

	As of 30 September	
	2016	
	Rs. million	U.S.\$ million ⁽¹⁾
Unsecured Loans		
<i>Long Term Borrowings</i>		
Fixed Deposits.....	44,265.1	664.0
Unsecured Bonds (Subordinate Debt).....	21,841.0	327.6
Term Loans from Banks.....	1,000.0	15.0
Loans and advances from related parties (ICDs).....	0.0	-
Total (a)	67,106.1	1,006.7
<i>Short Term Borrowings</i>		
Commercial Paper.....	28,600.0	429.0
Term Loans from Banks and Financial Institutions.....	0.0	-
Term Loans - Others		-
Fixed Deposits.....	2,565.8	38.5
Loans and advances from related parties (ICDs).....	112.5	1.7
Total (b)	31,278.3	469.2
Total (a+b)	98,384.4	1,475.9

The average cost of borrowings for the dates indicated is set out below:

	As of 30 September	
	2016	
Our Company (MMFSL).....		9.0%

During the six months ended 30 September 2015 and 2016, our Company entered into securitisation transactions amounting to Rs.3,580.6 million and Rs.3,377.2 million (U.S.\$50.7 million), respectively.



Liquidity Risk

We manage short-term mismatches between assets and liabilities by issuing commercial paper or obtaining funding from banks. A summary of our asset and liability maturity profile as of 30 September 2016 on a unconsolidated basis, which is based on certain estimates, assumptions and our prior experience of the performance of our assets, is set out below:

(Rs. in million)

	Up to One Month	Between One Month and One Year	Between One and Three Years	Between Three and Five Years	Over Five Years	Total
Liabilities / Outflow						
Equity Capital	-	-	-	-	1,129	1,129
Preference Shares						-
Reserves and Surplus	-	-	-	-	61,401	61,401
Borrowings	9,456	109,419	132,448	35,441	35,803	322,567
Current Liabilities and Provisions	5,730	6,929	5,349	3,067	2,527	23,602
Total	15,186	116,348	137,797	38,508	100,861	408,699
Assets / Inflow						
Owned Assets	0	-	-	-	1,061	1,061
Investment	1,000	1,850	331	837	9,445	13,462
Cash and Bank Balance	1,752	2,075	1,483	1	-	5,310
Inflow from Loans and Advances	39,053	130,801	152,868	31,702	23,571	377,995
Other Assets	265	1,019	2,864	1	6,722	10,871
Unutilised Bank Lines	15,820	-	(15,820)	-	-	-
Total	57,890	135,745	141,726	32,541	40,799	408,699
Surplus / (Deficit)	42,704	19,397	3,929	(5,967)	(60,062)	(0)
Cumulative Surplus (Deficit)		62,101	66,030	60,063	(0)	(0)

Assumptions:

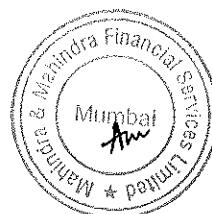
1. Bank borrowings which are repayable on demand assumed to mature in the one to three year bucket as the same is normally renewed on maturity.
2. If in case of any borrowing, if there is an option to extend the maturity for a further period, it is assumed that the option is exercised.
3. Interest accrued but not due on fixed deposits are based on maturity profile of the fixed deposits.
4. The maturity of contingent liabilities has not been estimated as they may or may not crystallise.
5. Non-NPA debtors are assumed to be recovered equally within a period of six months.
6. Debtors pertaining to NPA are assumed to be spread equally over 24 months.
7. NPAs, net of NPA provisions to mature after five years.
8. Deferred tax assets to mature after five years.
9. Un-utilised bank lines can be accessed as and when required as to bridge excess of outflow over inflow, if any.
10. The unutilised limit with the banks as of 30 September 2016 is estimated at Rs.15,820 million (U.S.\$237.3 million) after considering cash credit balance as per bank statement.



Loans and Advances

The following table sets forth certain information relating to our Company's loan and advances as of the dates indicated.

Particulars	As of 30 September	
	2016	
	Rs. million	% of total
Long-term loans and advances		
Capital advances.....	12.1	0.0%
Deposits for office premises / others	244.5	0.1%
Loans against assets (secured, including overdue loans)	191,332.6	99.3%
Retained interest in pass through certificates under securitisation transactions	8.5	0.0%
Retained interest under assignment transactions	14.6	0.0%
Interest only strip (I/O strip) under securitisation transactions	456.9	0.2%
Loans and advances (including overdue loans)	661.9	0.3%
Inter corporate deposits		0.0%
Total	192,731.3	100.0%
Short-term loans and advances		
Loans against assets (secured, including overdue loans)	173,414.2	84.0%
Retained interest in Pass Through Certificates (PTC) under securitisation transactions	18.9	0.0%
Retained interest under assignment transactions	5.6	0.0%
Interest Only Strip (I/O Strip) under securitisation transactions	2,103.8	1.0%
Loans and advances (including overdue loans)	2,567.9	1.2%
Bills of exchange.....	3,618.5	1.8%
Trade Advances ⁽⁴⁾	22,630.1	11.0%
Inventory funding (secured, including overdue loans)	258.8	0.1%
Inter corporate deposits to related parties	20.0	0.0%
Loans and advances to related parties (portfolio purchased from Mahindra Holidays & Resorts India Ltd.)		0.0%
Deposits for office premises/ others	37.6	0.0%
Advance payment of taxes (net of provisions)	1,614.7	0.8%
Other short term advances	97.4	0.0%
Total.....	206,387.5	100.0%



Contingent Liabilities

The following table sets forth the principal components of our Company's contingent liabilities as of 30 September 2016.

Particulars	As of 30 September 2016 (Rs. million)
Demand against our Company not acknowledged as debts -	
- Income tax	383.6
- Value Added Tax (VAT)	19.2
- Service tax	541.3
Corporate guarantees towards assignment transactions	1,201.2
Credit enhancement in terms of corporate guarantee for securitisation transactions	2,103.8
Legal suits filed by customers in consumer forums and civil courts claiming compensation from our Company	416.1
Total	4,665.2

As of 30 September 2016, there are no guarantees issued in a foreign currency.

