

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

Arnavaz M. Pardiwalla
Company Secretary & Compliance Officer

Encl: a/a



Mahindra & Mahindra Financial Services Limited

Quarter Result Update
December - 2016

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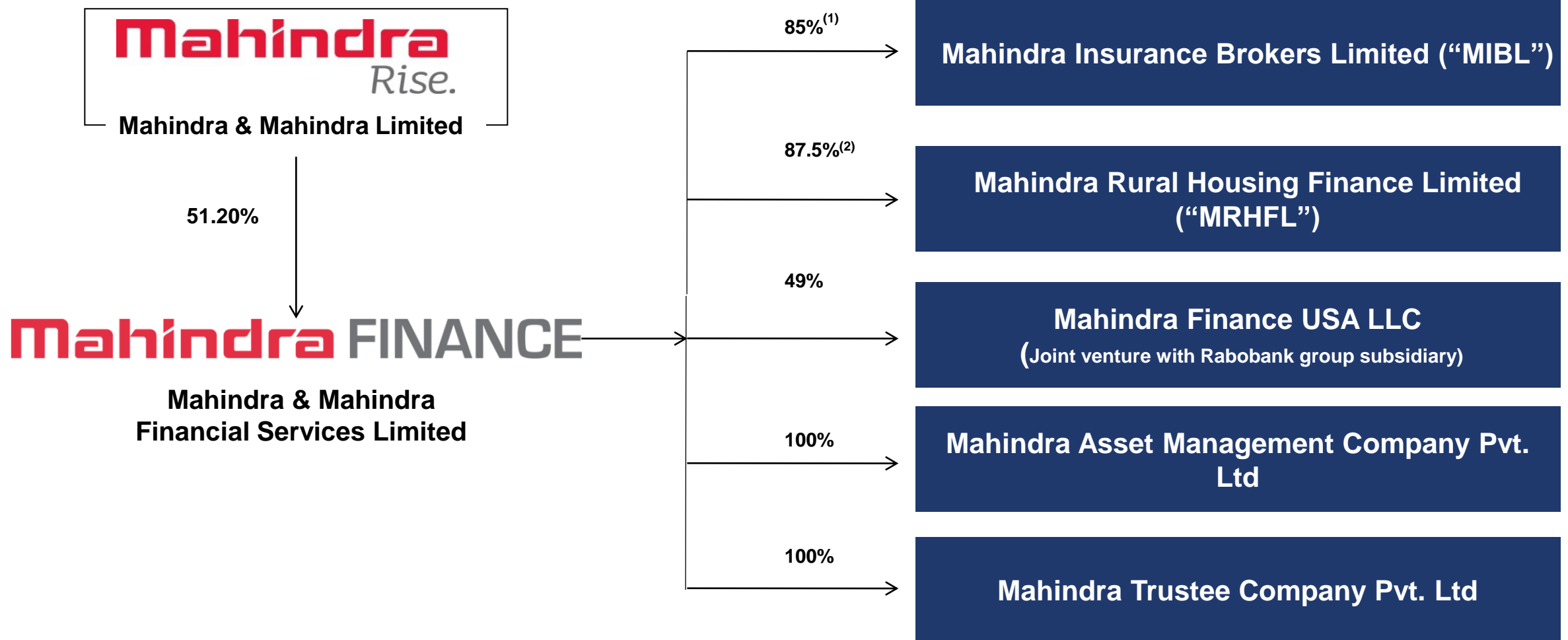
CIN - L65921MH1991PLC059642

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*

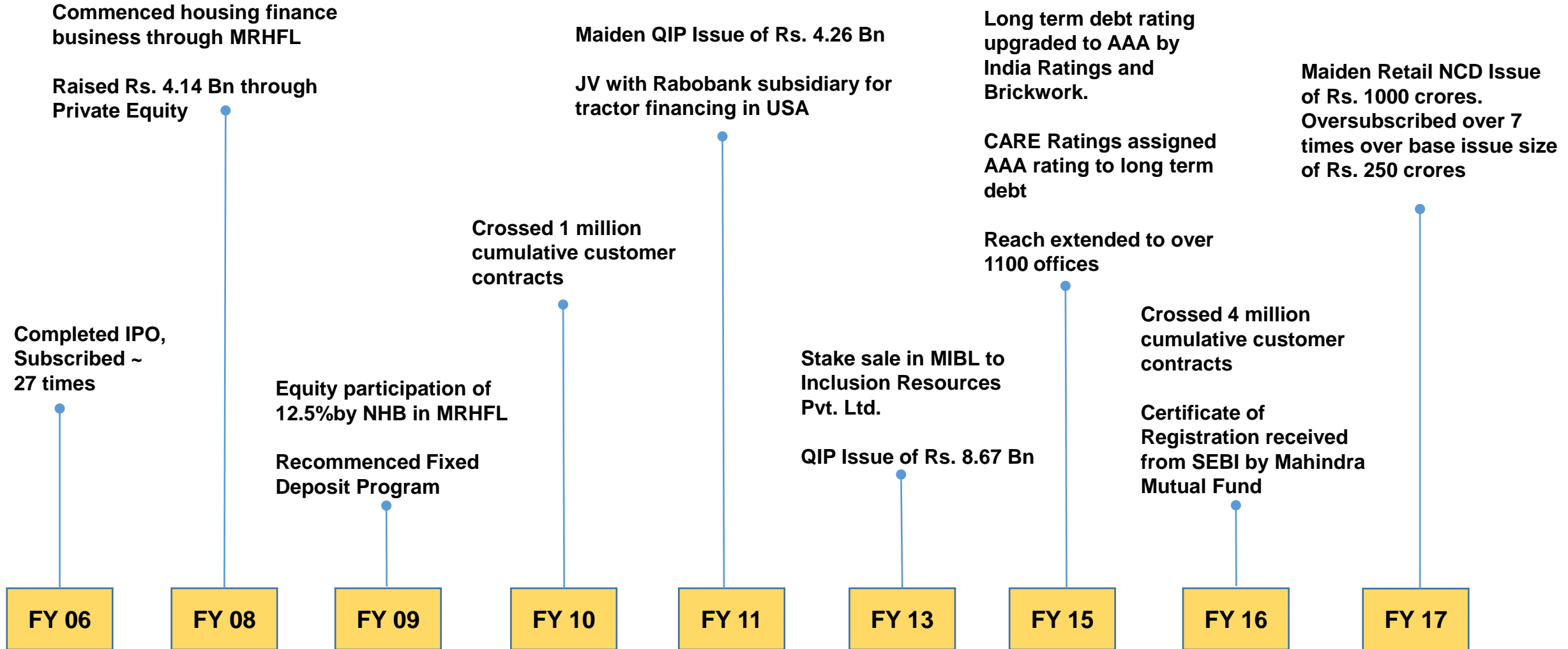
MMFSL Group structure



Note:

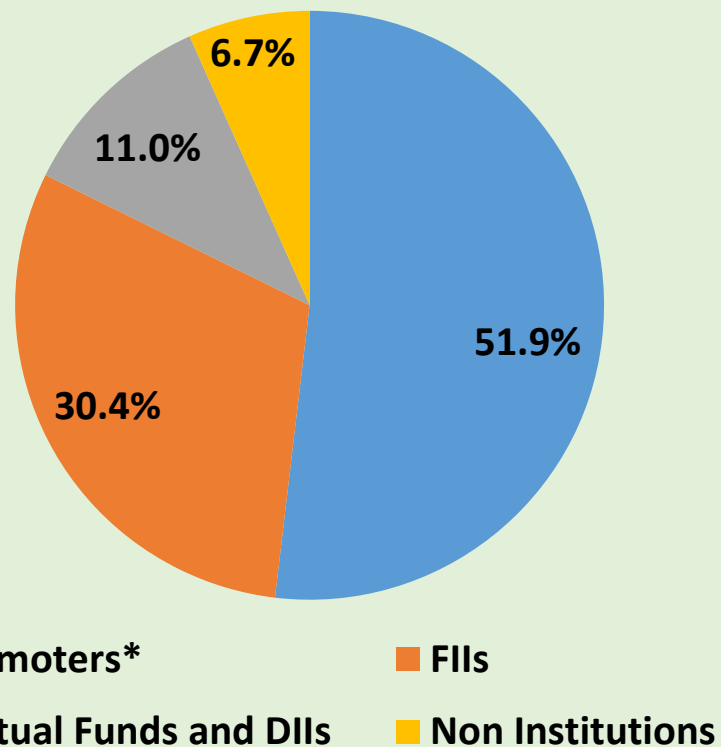
- 1. Balance 15% with Inclusion Resources Pvt. Ltd., a subsidiary of Leapfrog Financial Inclusion Fund, incorporated in Singapore.
- 2. Balance 12.5% with National Housing Bank (NHB)

Our Journey



Shareholding Pattern (as on 31st December 2016)

Shareholding Pattern Chart



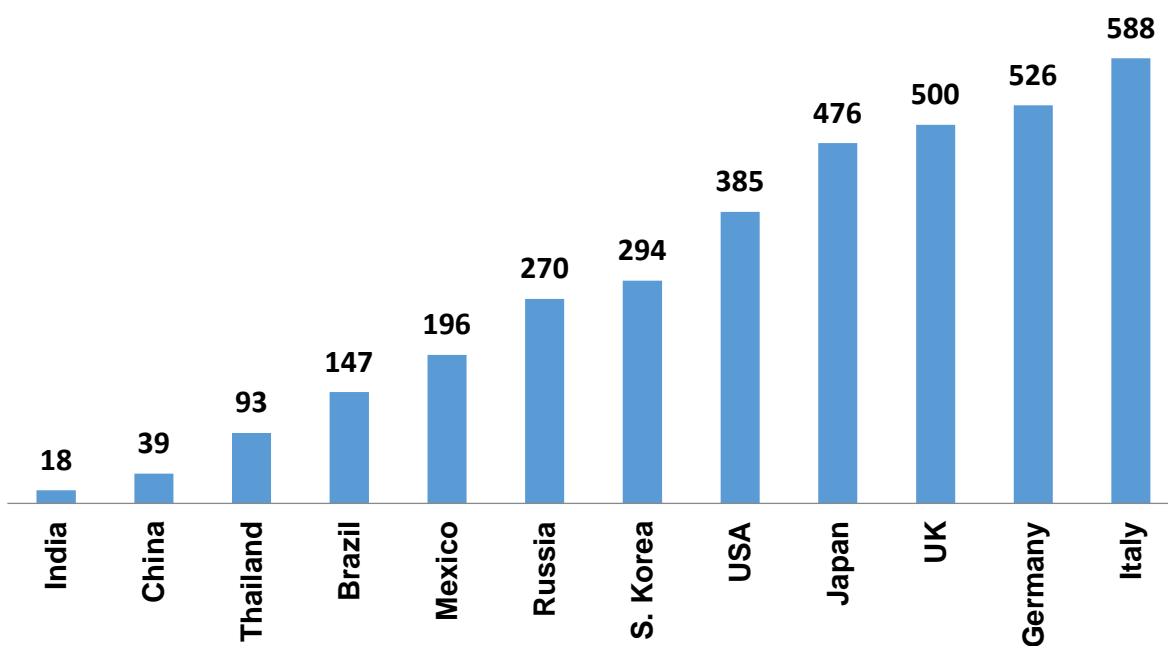
* Mahindra & Mahindra Limited holds a stake of 51.2% in the Company.
ESOP trust holds the balance 0.7%

Top 10 Public Shareholders

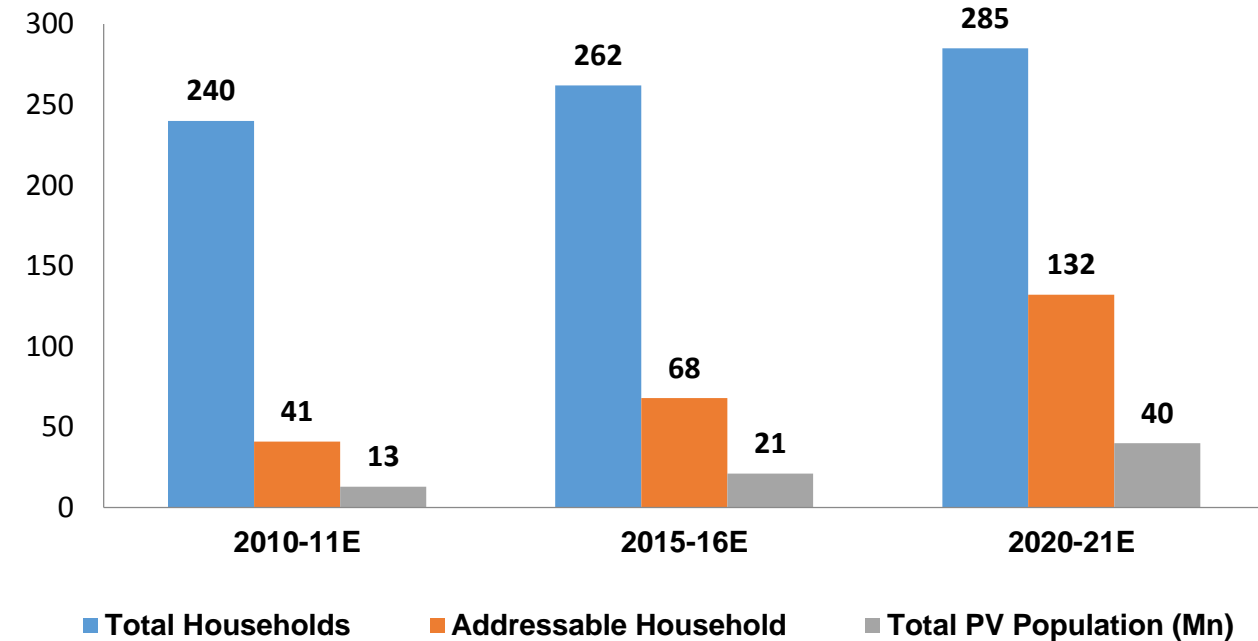
- Franklin Templeton Investment Funds
- Aranda Investments (Mauritius) Pte Ltd
- Amansa Holdings Private Limited
- Life Insurance Corporation Of India
- Bank Muscat India Fund
- Government Pension Fund Global
- Stichting Depository APG Emerging Markets Equity
- Goldman Sachs India Limited
- Vanguard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

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.

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

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

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 hectares¹
- Tractor Financing Market has improved significantly on the back of good monsoon and improvement in farmers sentiment

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% |

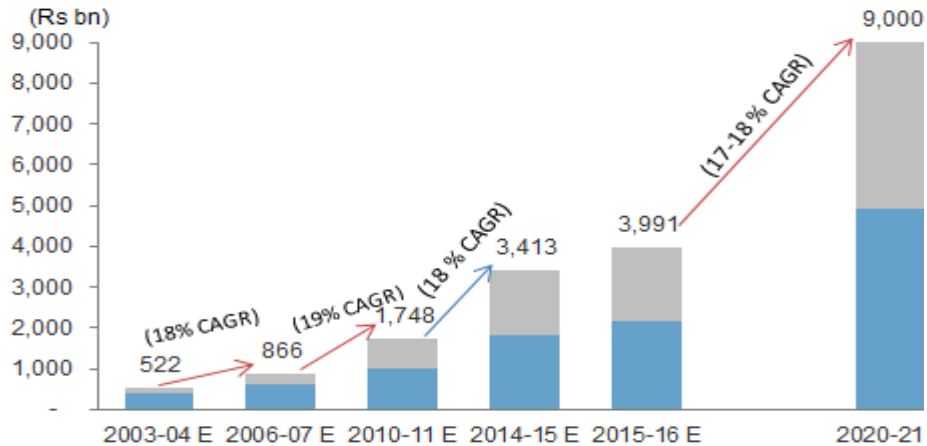
Source: CRISIL Research, Retail Finance - Auto, Nov 2016

- 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

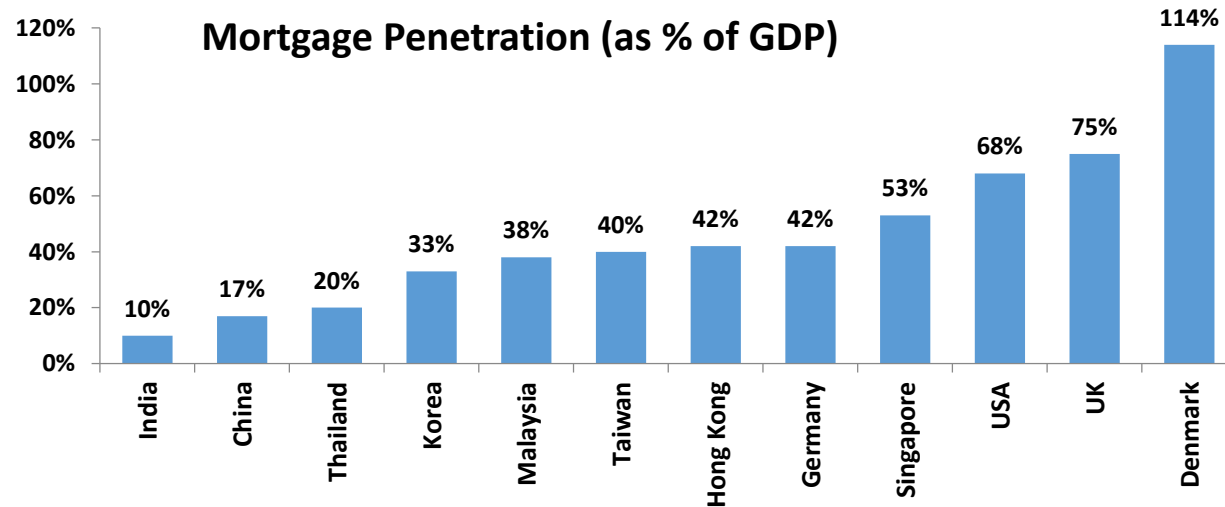
Growth in Housing Finance Disbursements (Rs.bn)

Growth in housing finance disbursements



- Growth in disbursements to be supported by rising focus of developers on the affordable housing segment
- Tier II and III cities to drive growth

Mortgage Penetration (as % of GDP)



- 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



Company Overview

Industry Overview

Business Strategy

Financial Information

Key Subsidiaries

Awards & Accolades

Risk Management Policies

Transforming rural lives across the country

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

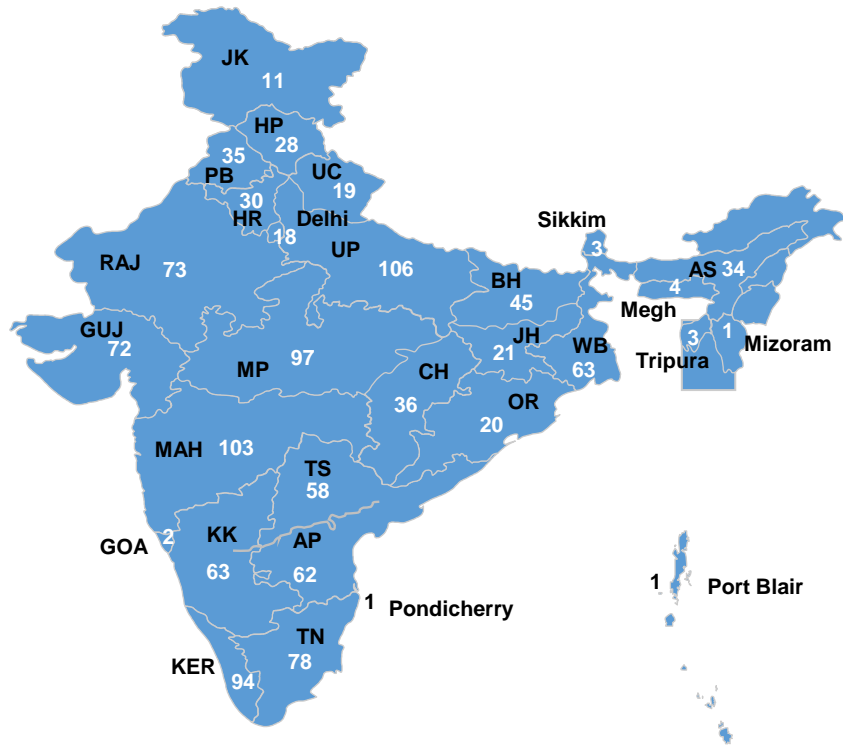
Effective use of technology to improve productivity

Leverage the “Mahindra” Ecosystem

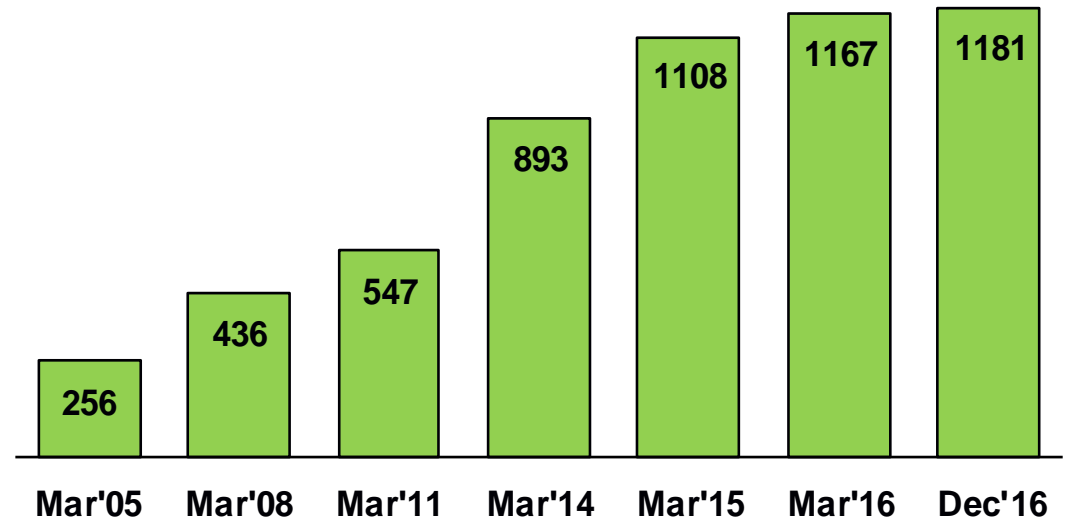
Extensive Branch Network

- 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



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



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

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

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% |
| FIs & 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

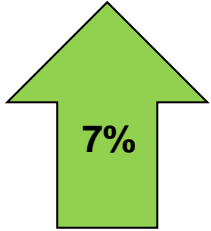
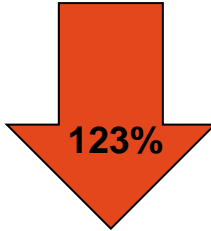
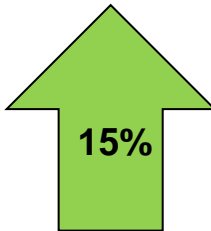
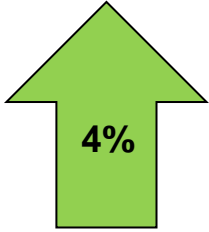
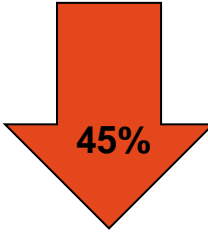
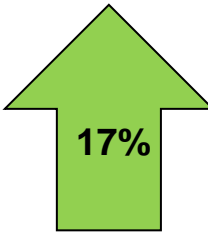
Technology initiatives

- 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



Key Financials

Figures on standalone basis

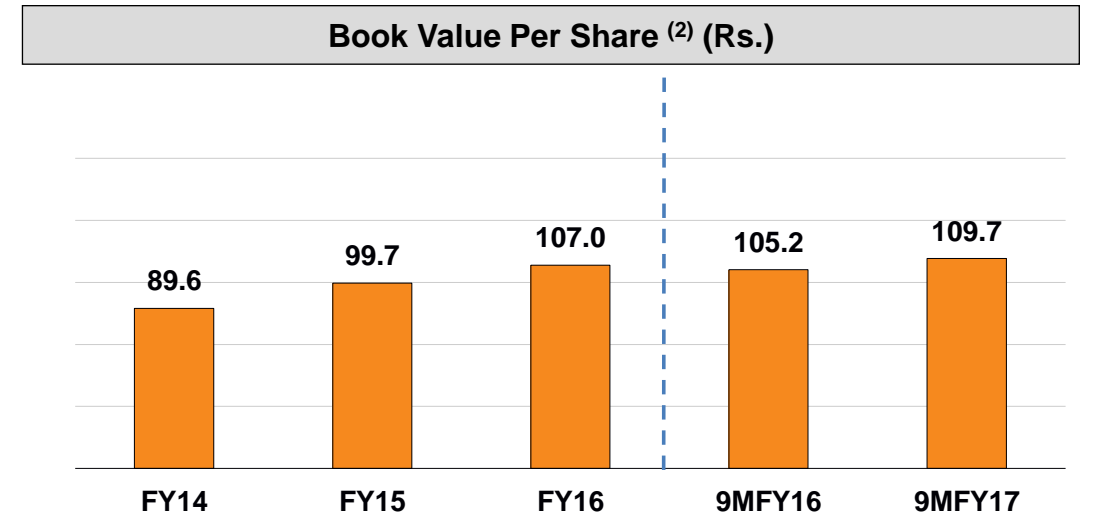
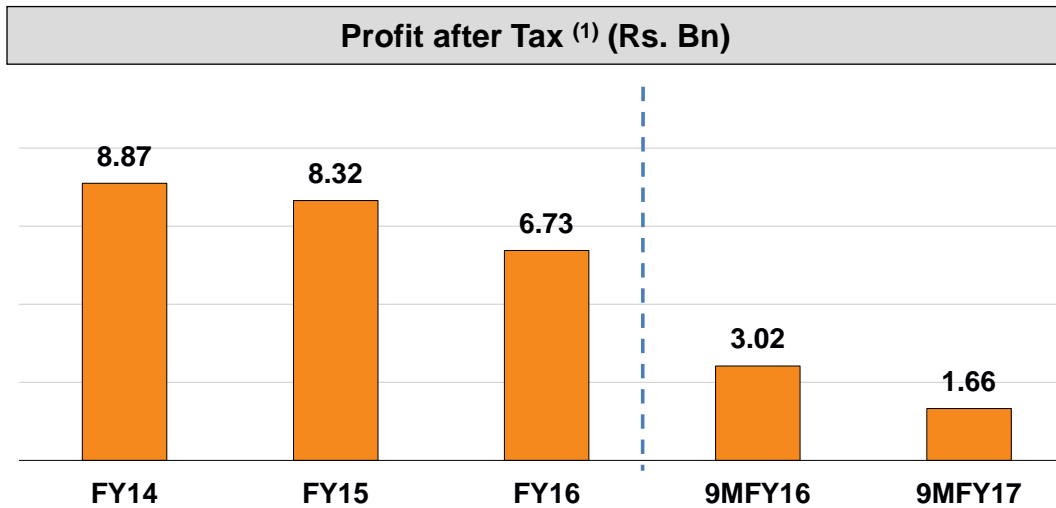
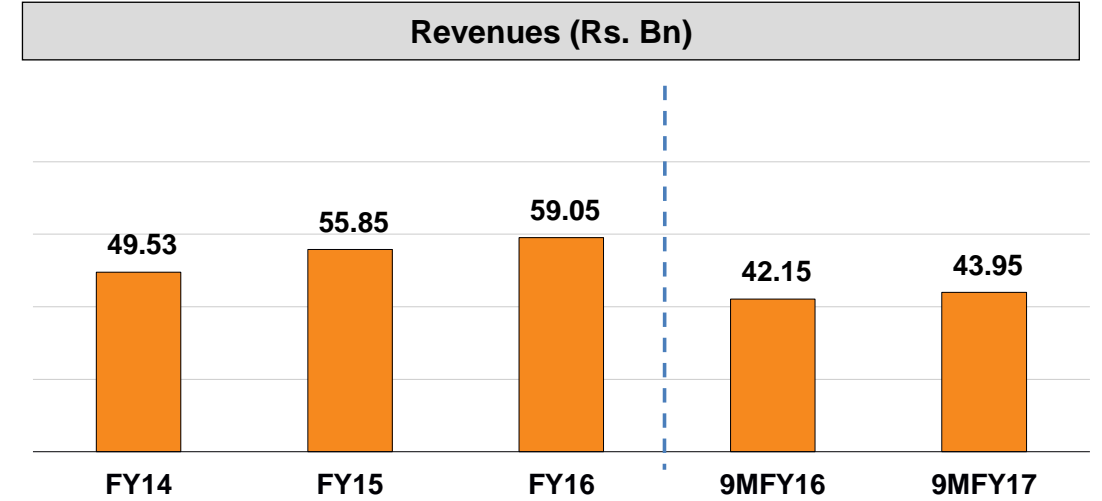
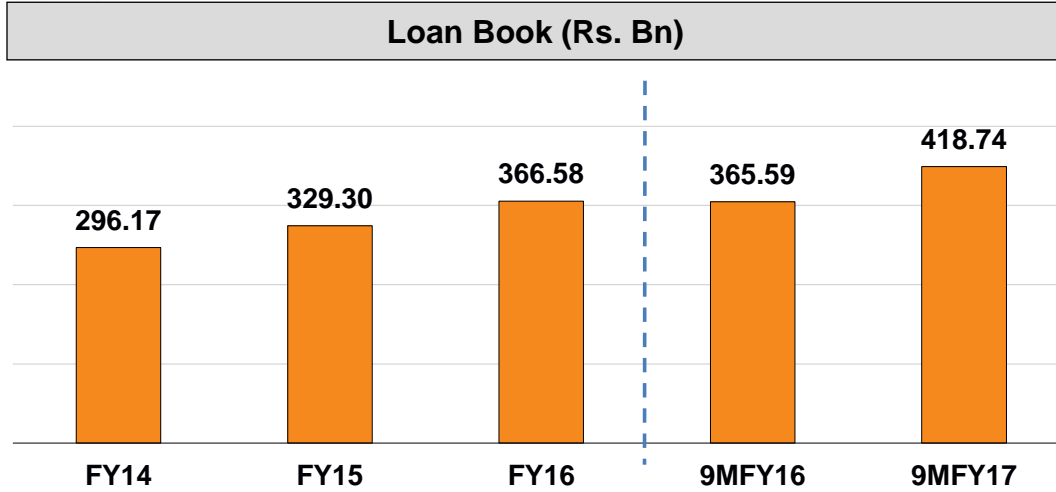
| | Total Income | Profit after Tax | Value of Asset Financed |
|----------|--|--|--|
| Q3 FY 17 | Rs 15,035 mn  7% | Rs -156 mn  123% | Rs 91,755 mn  15% |
| Q3 FY 16 | Rs 14,087 mn | Rs 672 mn | Rs 79,728 mn |
| <hr/> | | | |
| 9M FY 17 | Rs 43,948 mn  4% | Rs 1,662 mn  45% | Rs 232,828 mn  17% |
| 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

Growth Trajectory

Figures on standalone basis



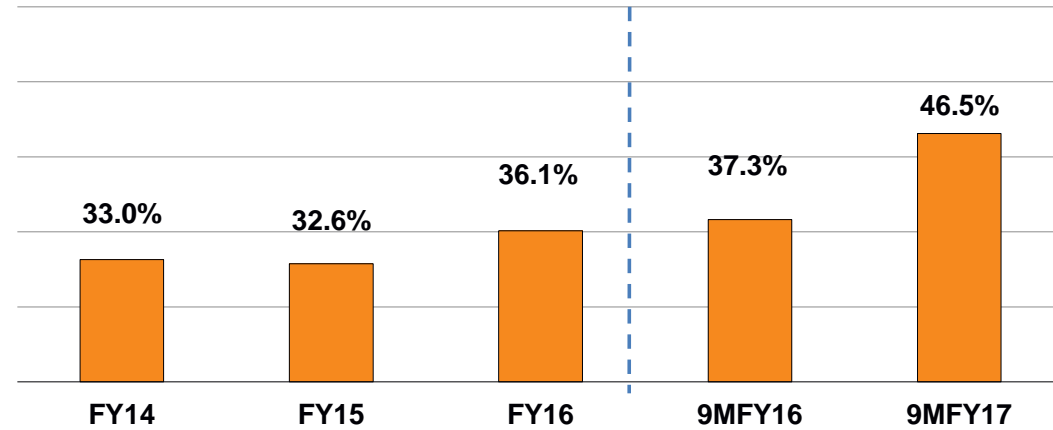
Note : ⁽¹⁾ PAT post exceptional items.

⁽²⁾ Calculated as Shareholders funds/ Number of shares.

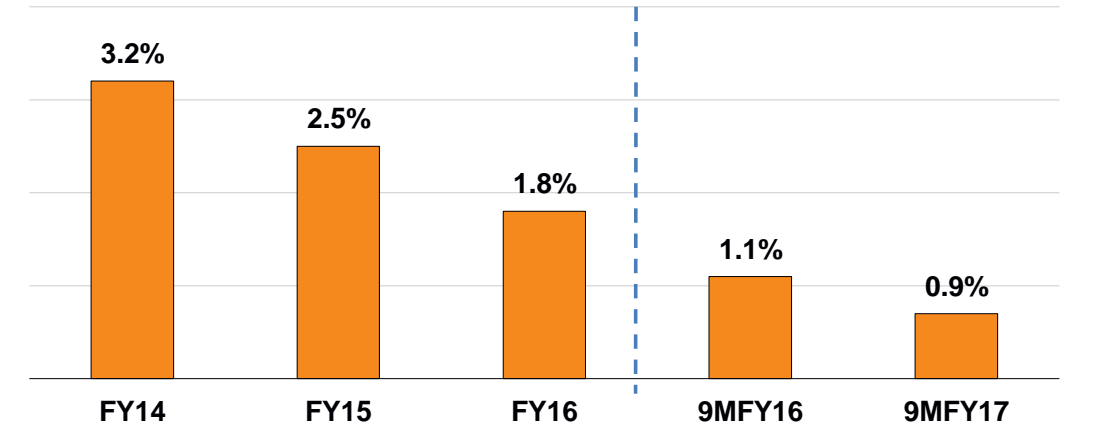
Financial Performance

Figures on standalone basis

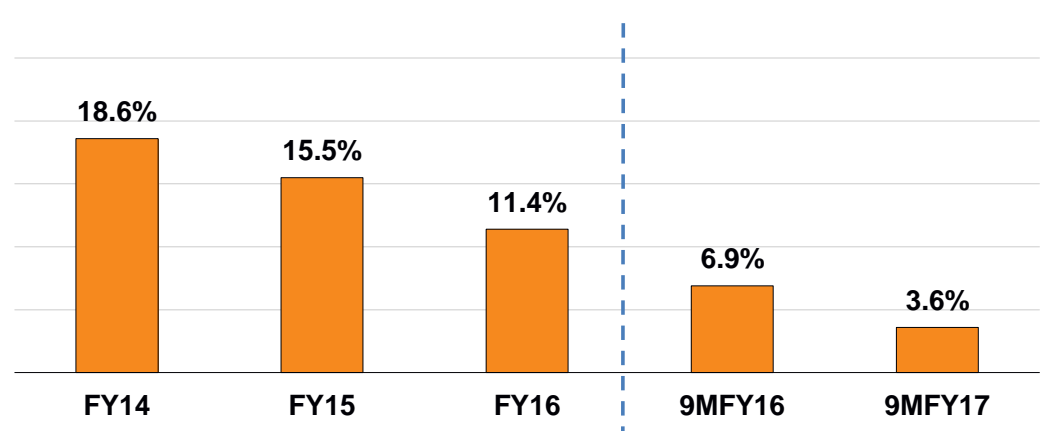
Cost to income ratio ⁽¹⁾ (%)



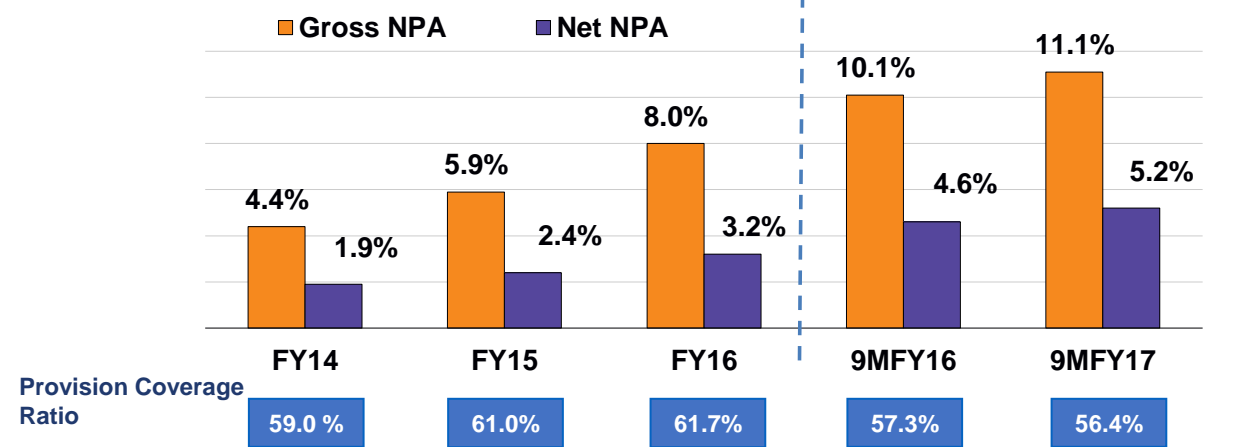
Return on Assets (ROA) ⁽²⁾ (%)



Return on Net Worth (RONW) ^(*) (%)



Asset Quality



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

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

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

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 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%

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



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, w.e.f. 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.

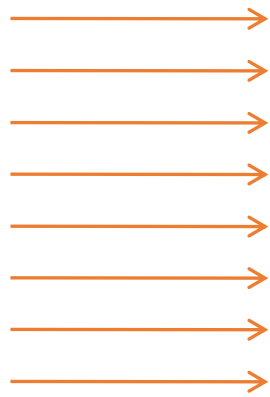
Note 2: The Company is required to recognise NPA based on 4 months' overdue by end of FY 2017, which the company has been following w.e.f. financial year ended 31st March 2016. This has resulted in additional provision of Rs. 274 mn (including income de-recognition) as compared to quarter ended Dec 30th 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

- Volatility in interest rates
- Rising competition
- Raising funds at competitive rates
- Dependence on M&M
- Occurrence of natural disasters
- Adhering to write-off standards
- Employee retention
- Physical cash management



Management Strategies

- Matching of asset and liabilities
- Increasing branch network
- Maintaining credit rating & improving asset quality
- Increasing non-M&M Portfolio
- Increasing geographical spread
- Diversify the product portfolio
- Job rotation / ESOP/ Recovery based performance initiatives
- Insurance & effective internal control

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

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