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, 2018

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 ["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 ended 31st December, 2017.

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 MANECK PARDIWALLA

Digitally signed by ARNAVAZ MANECK PARDIWALLA
DN: c=IN, o=Personal, postalCode=400001, st=Maharashtra, 2.5.4.20=da551617e9fe0b3d08dd88bac4f16a1bdf2e91e1426c647780c6632a3059298d, serialNumber=9e80537fc7116bf75918834cbad085edbf755595d0dacd1f8e445afd46ef3d13, cn=ARNAVAZ MANECK PARDIWALLA
Date: 2018.01.24 15:07:56 +05'30'

Arnavaz M. Pardiwalla
Company Secretary & Compliance Officer

Mahindra Financial Services Limited ★ Mumbai

Encl: a/a

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, 2018

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 ["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 ended 31st December, 2017.

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 FINANCE

Mahindra & Mahindra Financial Services Limited

Quarter Result Update

December - 2017

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**

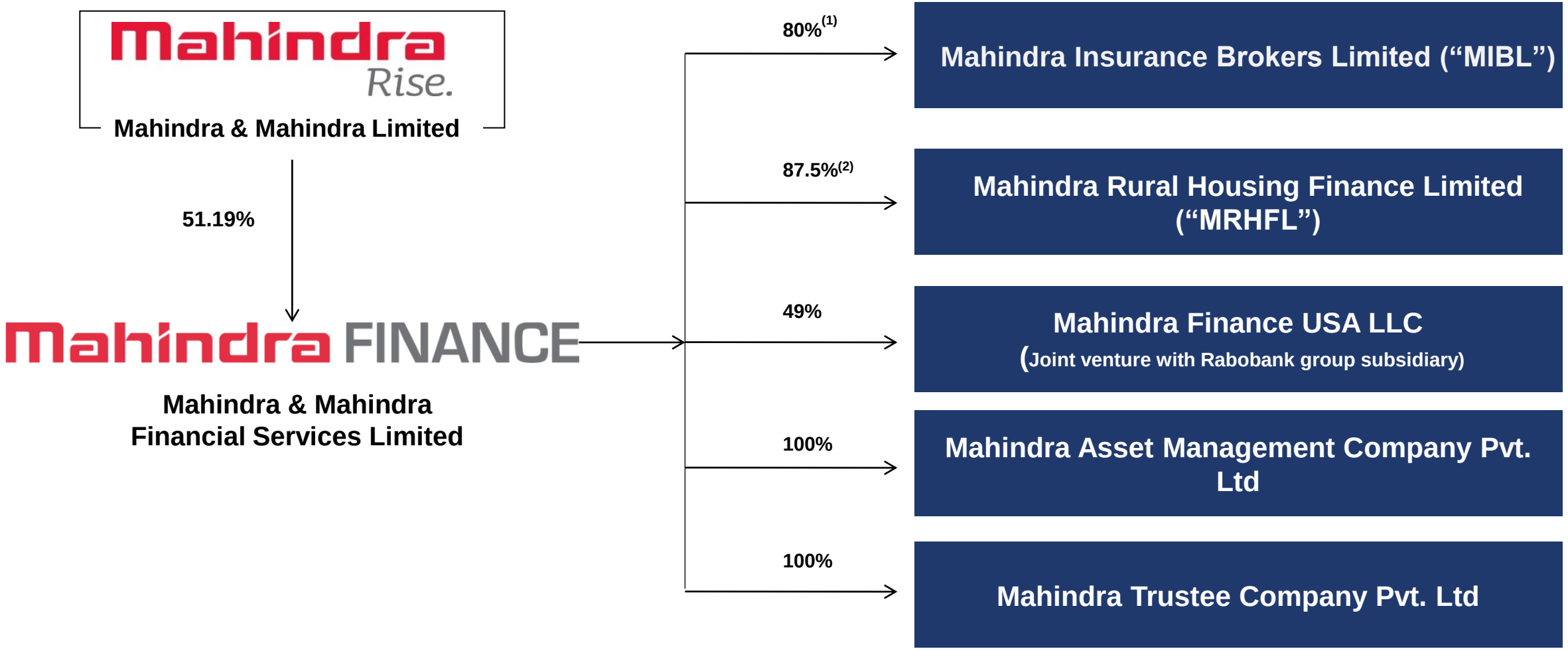
Transforming rural lives across the country

Company Background

Parentage:	Mahindra & Mahindra Financial Services Limited ("MMFSL") is a subsidiary of Mahindra and Mahindra Limited *(Mcap: Rs 955 billion)**, India's largest tractor and utility vehicle manufacturer
About MMFSL:	MMFSL (*Mcap: Rs 314 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 1178 offices covering 27 states and 4 union territories in India, with over 5.16 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 January 23, 2018 from BSE website*

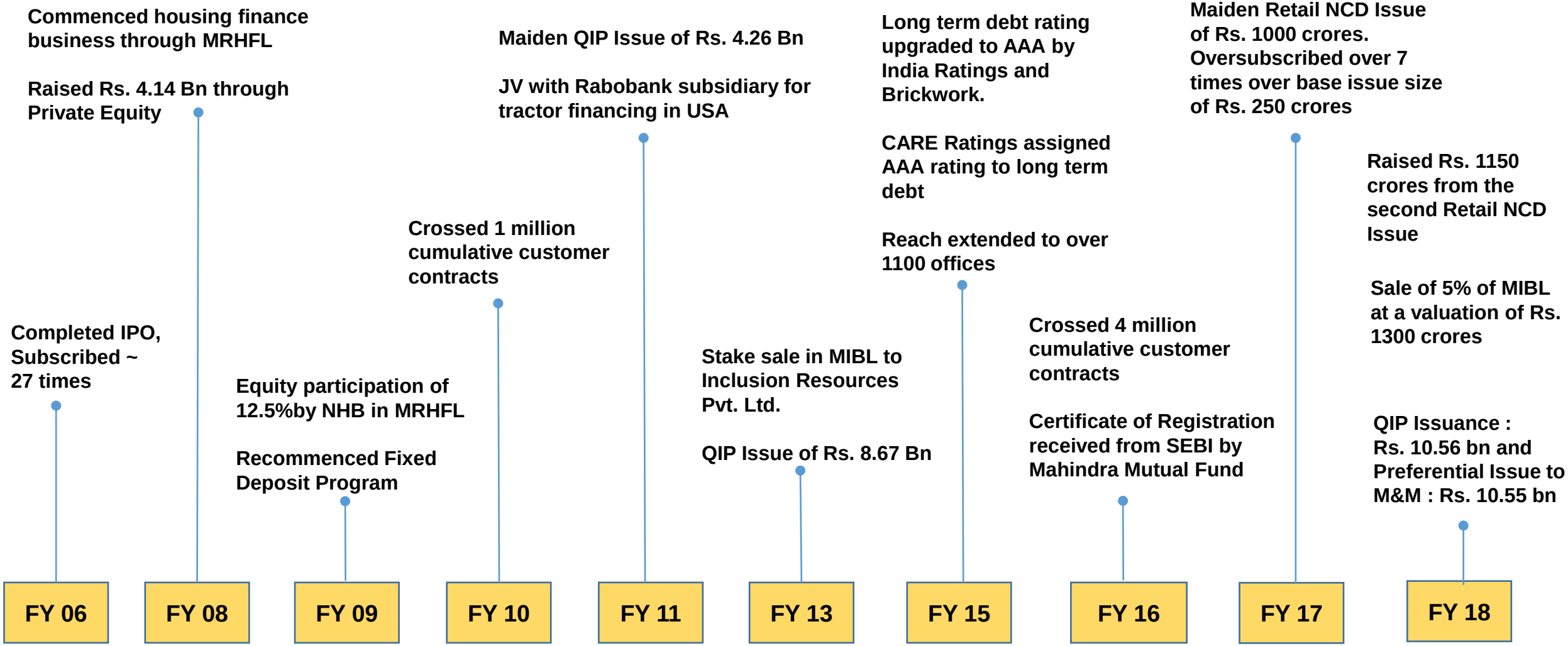
MMFSL Group structure



Note:

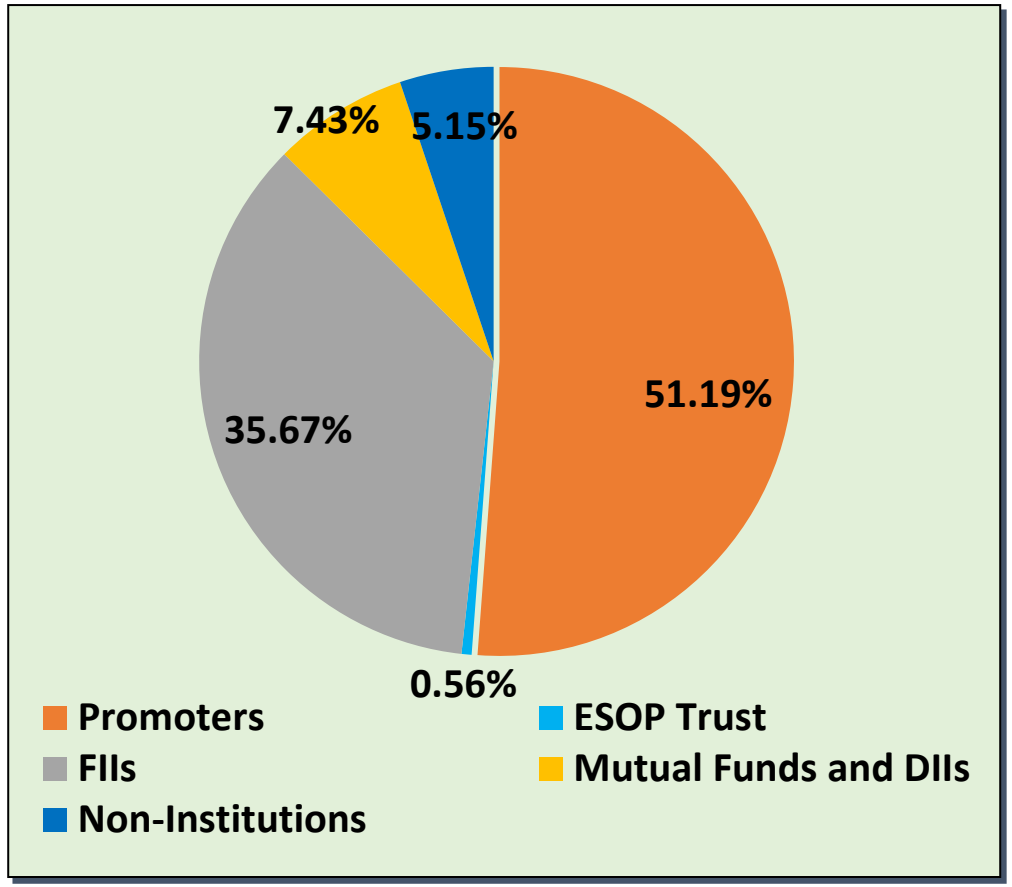
1. *Balance 20% with Inclusion Resources Pvt. Ltd. (IRPL), subsidiary of XL Group*
2. *Balance 12.5% with National Housing Bank (NHB)*

Our Journey


Completed IPO, Subscribed ~ 27 times
FY 06
Commenced housing finance business through MRHFL
Raised Rs. 4.14 Bn through Private Equity
FY 08
Equity participation of 12.5%by NHB in MRHFL
Recommenced Fixed Deposit Program
FY 09
Crossed 1 million cumulative customer contracts
FY 10
Maiden QIP Issue of Rs. 4.26 Bn
JV with Rabobank subsidiary for tractor financing in USA
FY 11
Stake sale in MIBL to Inclusion Resources Pvt. Ltd.
QIP Issue of Rs. 8.67 Bn
FY 13
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 15
Crossed 4 million cumulative customer contracts
Certificate of Registration received from SEBI by Mahindra Mutual Fund
FY 16
Maiden Retail NCD Issue of Rs. 1000 crores. Oversubscribed over 7 times over base issue size of Rs. 250 crores
FY 17
Raised Rs. 1150 crores from the second Retail NCD Issue
Sale of 5% of MIBL at a valuation of Rs. 1300 crores
QIP Issuance : Rs. 10.56 bn and Preferential Issue to M&M : Rs. 10.55 bn
FY 18

Shareholding Pattern (as on 31st December, 2017)

Shareholding Pattern Chart



Top 10 Public Shareholders

- Blackrock Global Funds Asian Dragon Fund
- Blackrock Global Funds - Asian Growth Leaders Fund
- HDFC Standard Life Insurance Company Limited
- Merrill Lynch Markets Singapore Pte Ltd
- Franklin Templeton Investment Funds
- Government Pension Fund Global
- SBI Blue Chip Fund
- Valiant Mauritius Partners Offshore Limited
- Bank Muscat India Fund
- Goldman Sachs India Limited

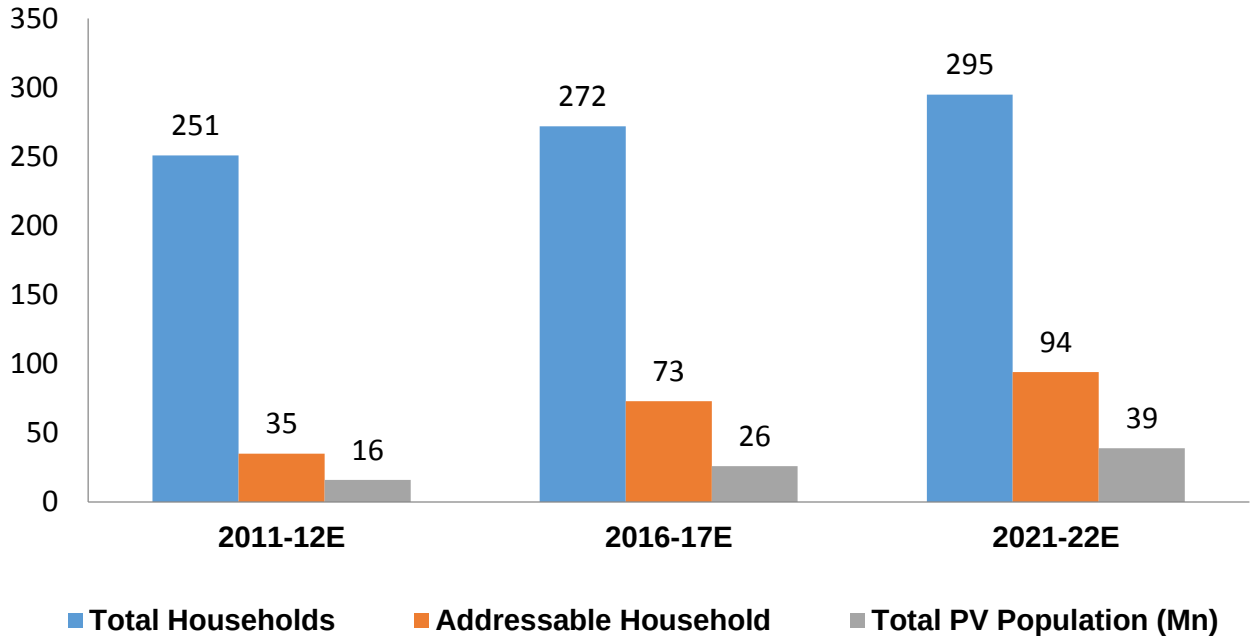
Mahindra & Mahindra Limited holds a stake of 51.19% in the Company

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

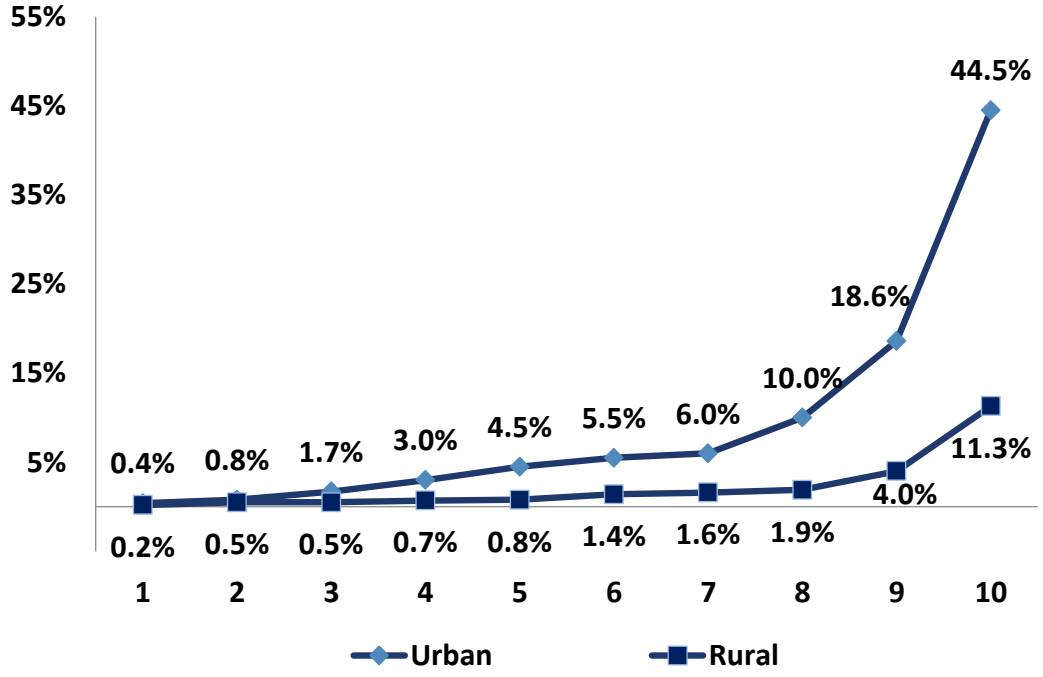
Transforming rural lives across the country

Auto Industry: Long term growth potential

`Expansion in Addressable market with Low Cost of Ownership



Decile-wise penetration (Urban versus Rural)



- Considering projected rise in addressable households, penetration levels expected to improve from currently 20 cars per 1000 people to 25-27 cars per 1000 people in the next five years.
- New model launches and expectation of stable crude price to script robust growth in near term
- Growth expected to continue at similar levels of 8%-10% in the next year as well. Increased government spending may push growth further
- Increase in raw material prices expected to be partially offset by lower effective tax post GST

Source: *CRISIL Research, Cars and UVs December 2017*

Passenger Vehicles Industry: Overall Demand Drivers

	FY 07 – FY12	FY 12 – FY 17	FY 17 – FY 22 (P)
Small Cars	14%	2%	8% – 10%
Large Cars	8%	(8%)	4% – 6%
UV + Vans	16%	10%	9% – 11%
Total (Cars + UVs)	**14%**	**3%**	**8% – 10%**

- Rural sales to enhance share of small cars
- With cost of ownership likely to decline, first time buyers and increasing proportion of rural sales shall drive demand for small cars
- Shift in consumer preference resulting in sedans losing market share to compact UV/ premium hatchback.

Volumes in '000	FY 2016		FY 2017		FY 2018 (E)	FY 2019 (P)
	Volume	**Growth**	**Volume**	**Growth**	**Growth**	**Growth**
Small Cars	1,754	8%	1,857	6%	6% – 8%	8% – 10%
Large Cars	271	6%	246	(10%)	(1)% – 1%	4% – 6%
UV + Vans	763	5%	944	24%	16% – 18%	8% – 10%
Total (Cars + UVs)	**2,788**	**7%**	**3,047**	**9%**	**8% – 10%**	**8% – 10%**

- Replacement demand will rise on the back of higher affordability, competitively priced launches and easy availability of finance
- Higher disbursements expected with reduced interest rate environment. Further new model launches shall enhance demand.

Source: *CRISIL Research, Cars & UV – December 2017*

Commercial Vehicles Industry: Overall Demand Drivers

	FY 12 – FY 17	FY 17 – FY 22 P
MHCV (goods)	(3.1%)	4% – 6%
LCV (goods)	(2.6%)	9% – 12%
Buses	(0.1%)	8% – 10%

- Hub-spoke model, improved infra to drive sale of higher tonnage vehicle
- ICV expected to grow at faster pace aided by e-commerce demand.
- Tipper sales to prop up with improvement in mining/ construction in longer term
- Growth in Pick-ups to outpace sub-one tonne vehicles with higher flexibility in usage and transporter needs

	FY 2016		FY 2017		FY 2018 (P)	FY 2019 (P)
	Volume	Growth	Volume	Growth	Growth	Growth
MHCV	257,987	32%	255,234	(1%)	4% – 6%	5% – 7%
LCV	334,371	(1%)	360,842	8%	19% – 21%	8% – 10%
Buses	92,845	15%	98,126	6%	(14%) – (12%)	12% – 17%

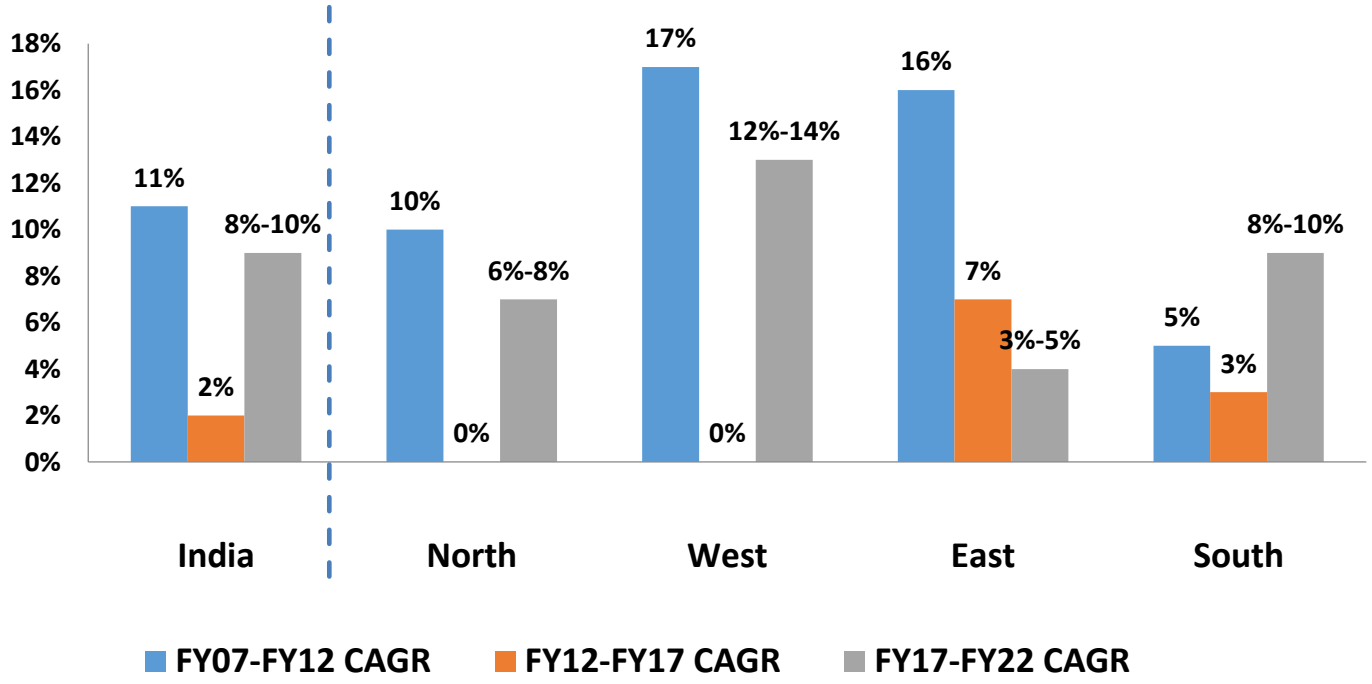
- Tourism followed by schools to drive demand of Buses. Shift seen from ICV buses to LCV buses
- Intercity demand to pick-up with capacity constraint in railways. JNNURM I buses to gain pace after couple of years

Source: *CRISIL Research, Commercial Vehicles – December 2017*

Tractors Industry: Overall Demand Drivers

Industry - Tractors	FY 2016		FY 2017		FY 2018 (P)	FY 17 – FY 22 (P)
	Volume	Growth	Volume	Growth	Growth	Growth
Tractors	493,764	(10%)	582,844	18%	15% – 17%	8% – 10%

** East India and North India projected to have higher growth rates @ 20%-22% and 16%-18% respectively for FY 2017-18*



- Near normal monsoon (5% lower than LPA) improves rural prospects
- States with deficient rainfalls were well irrigated
- Income parameters (MSP; Crop Output) as well as Demand Indicators (Infra development, Sand mining) projected to Neutral to Favourable
- India is amongst the lowest in farm mechanisation compared to global peers – a significant scope for growth

Source: *CRISIL Research, Tractors – November 2017, IMD*

Auto Industry Volume

Domestic Sales (Volume in '000)	9MFY18 (Nos.)	9MFY17 (Nos.)	Y-o-Y Growth (%)	FY17 (Nos.)	FY16 (Nos.)	Y-o-Y Growth (%)
Passenger Vehicles (PVs)						
Passenger Cars / Vans	1,619	1,582	*2.3%*	2,103	2,025	*3.9%*
UV's	807	690	*17.0%*	944	764	*23.6%*
Commercial Vehicles (CVs)						
M&HCVs	223	204	*9.3%*	302	302	*0.0%*
LCVs	352	295	*19.3%*	412	383	*7.4%*
Three Wheelers	**442**	**406**	***8.9%***	**512**	**538**	***(4.8%)***
Tractors	**541**	**464**	***16.6%***	**583**	**494**	***18.0%***

Passenger Cars/ Vans have shown de-growth in the third quarter by 5.5% (YoY) while UV's have grown by 21.8% (YoY)

Source: *CRISIL Research*

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

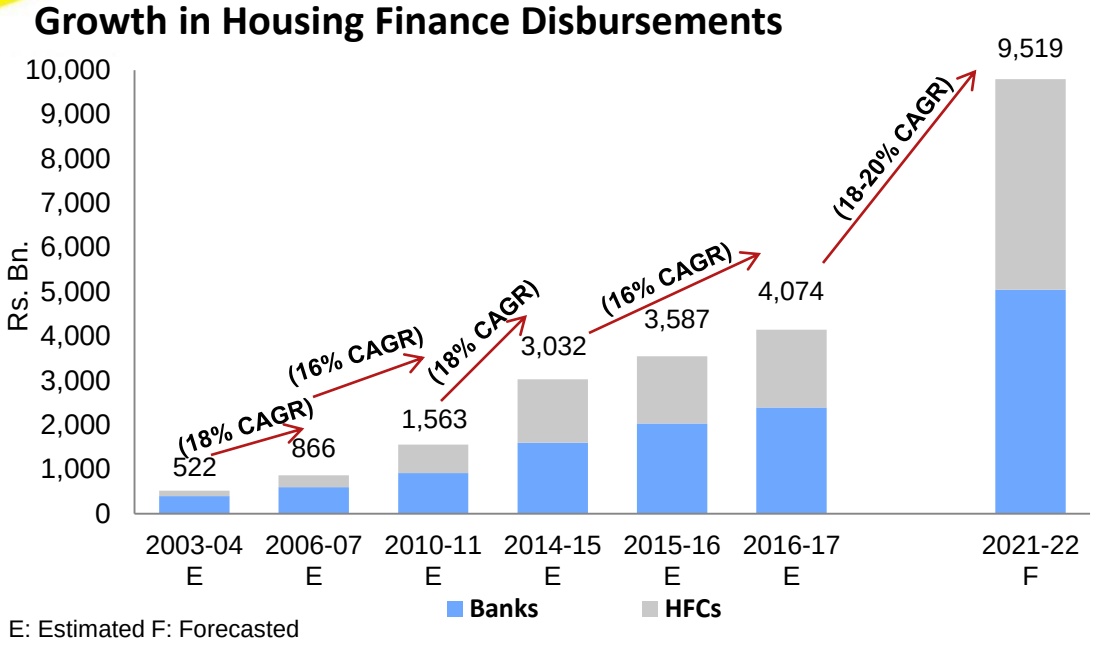
Growth in New Vehicle Finance Disbursements								
(% growth YoY)	**FY12E**	**FY13E**	**FY14E**	**FY15E**	**FY16E**	**FY17E**	**FY18P**	**5 year CAGR (FY22P)**
Cars	8%	(7%)	(6%)	3%	17%	12%	15%	16% – 18%
Utility Vehicles	16%	39%	(6%)	1%	12%	32%	23%	18% – 20%

Source: *CRISIL Research, Retail Finance - Auto, July 2017*

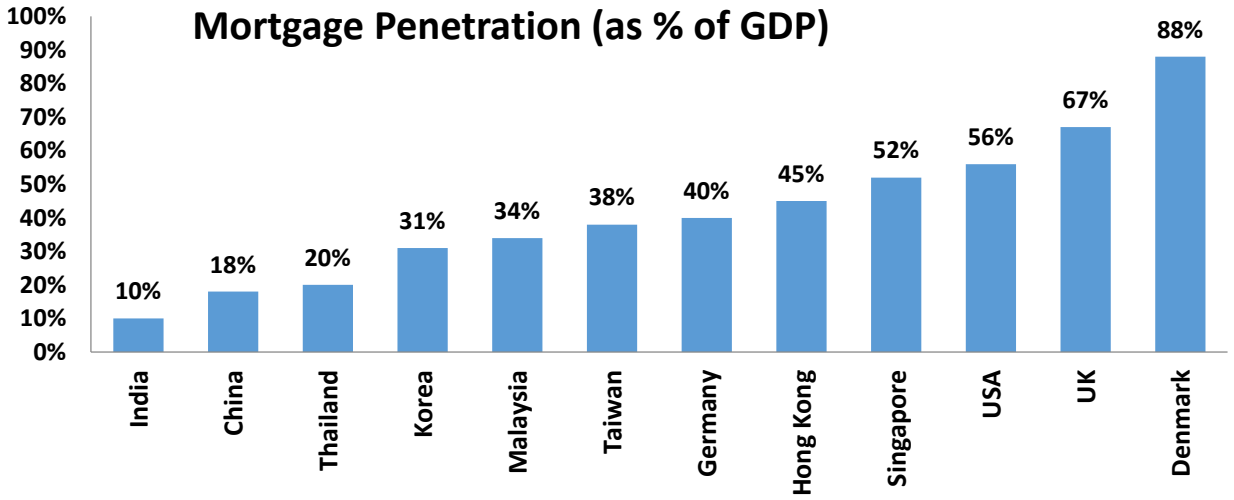
Car & UV Loan Portfolio	Top 20 Cities	Other Cities
Outstanding Loan Composition	55% – 60%	40% – 45%
Finance Penetration Ratio	80.0%	65.0%

- By FY 2022, penetration levels are expected to increase to 79% for cars and 77% for utility vehicles from 77% and 73% respectively (FY 2018E) as a result of a moderation in interest rates and better availability of credit information
- Loan-to-value (LTVs) expected to increase marginally to 77% for cars and 75% for UVs from 76% and 73% respectively over the same period
- Finance penetration in cities (excluding top 20) are expected to grow with NBFC's expanding reach and better availability of credit information

Housing Finance Growth



E: Estimated F: Forecasted



- Loan Book growth expected to expand at 18% - 20% CAGR from Rs. 14.3 trillion (2016-17) to Rs. 33.5 trillion (2021-22).
- High government support and increasing demand/ penetration in Tier II/ smaller towns to fuel loan growth over the period
- Disbursements to grow @ 18% – 20% CAGR over FY 17 – 22 on the back of higher finance penetration, demand for affordable housing and increasing urbanisation
- Mortgage penetration in India is 9 – 11 years behind other regional emerging markets like China and Thailand
- Despite mortgage penetration improving by 300 – 400 bps over the last six years (now at 10%), the same is still low.
- Long term growth to remain intact as the real estate industry becomes more transparent, affordability improves, prices stabilize in major markets and interest rate decline under MCLR regime.

Source: *Crisil Retail Finance – Housing*

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

Transforming rural lives across the country

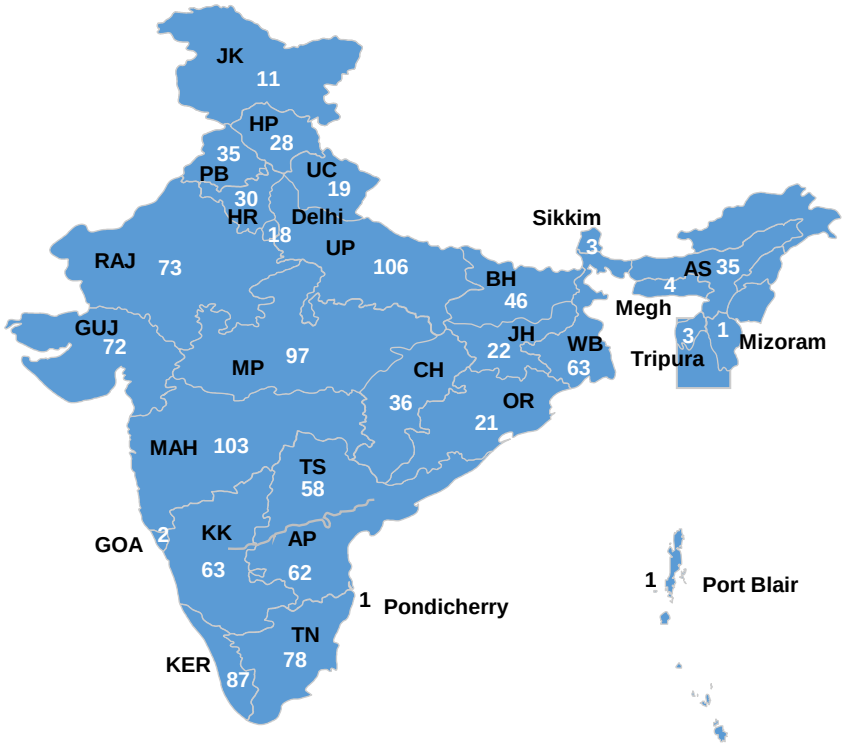
Business Strategy

- 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

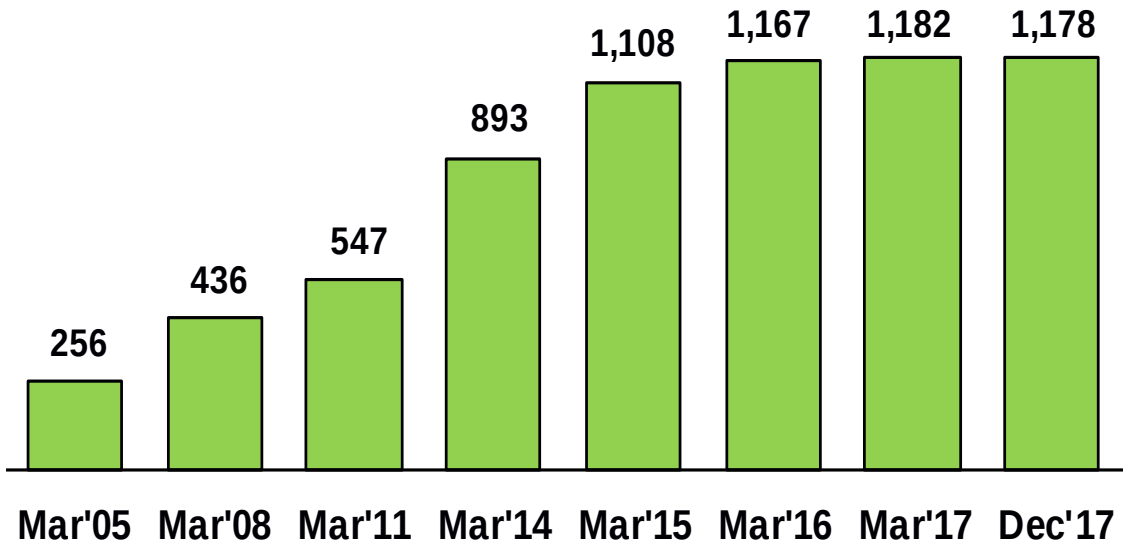
Extensive Branch Network

- Extensive branch network with presence in 27 states and 4 union territories in India through 1,178 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 down of estimated value of Assets Financed

Asset Class	**Nine months ended December – 17**	Nine months ended December – 16	Year ended March – 17
Auto/ Utility vehicles	**27%**	28%	28%
Tractors	**20%**	20%	19%
Cars	**21%**	23%	22%
Commercial vehicles and Construction equipments	**12%**	11%	11%
Pre-owned vehicles	**14%**	12%	13%
SME and Others	**6%**	6%	7%

*** Standalone**

Break down of AUM

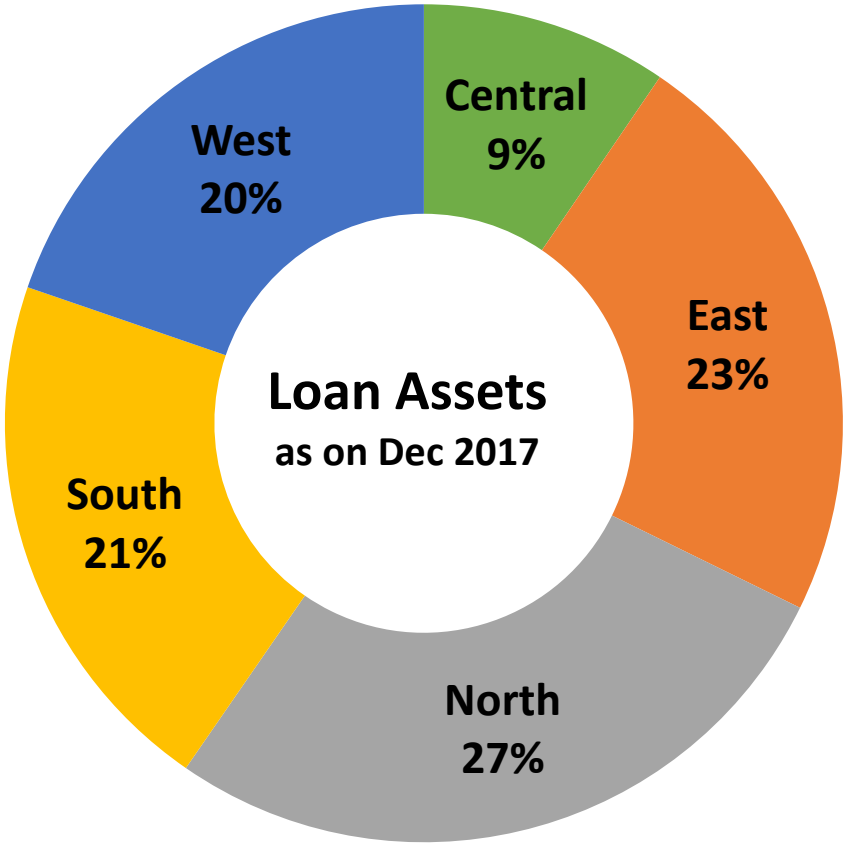
Asset Class	As on December – 17	As on December – 16	As on March – 17
Auto/ Utility vehicles	**28%**	31%	30%
Tractors	**18%**	18%	17%
Cars	**23%**	24%	23%
Commercial vehicles and Construction equipments	**13%**	13%	13%
Pre-owned vehicles	**8%**	9%	9%
SME and Others	**10%**	5%	8%

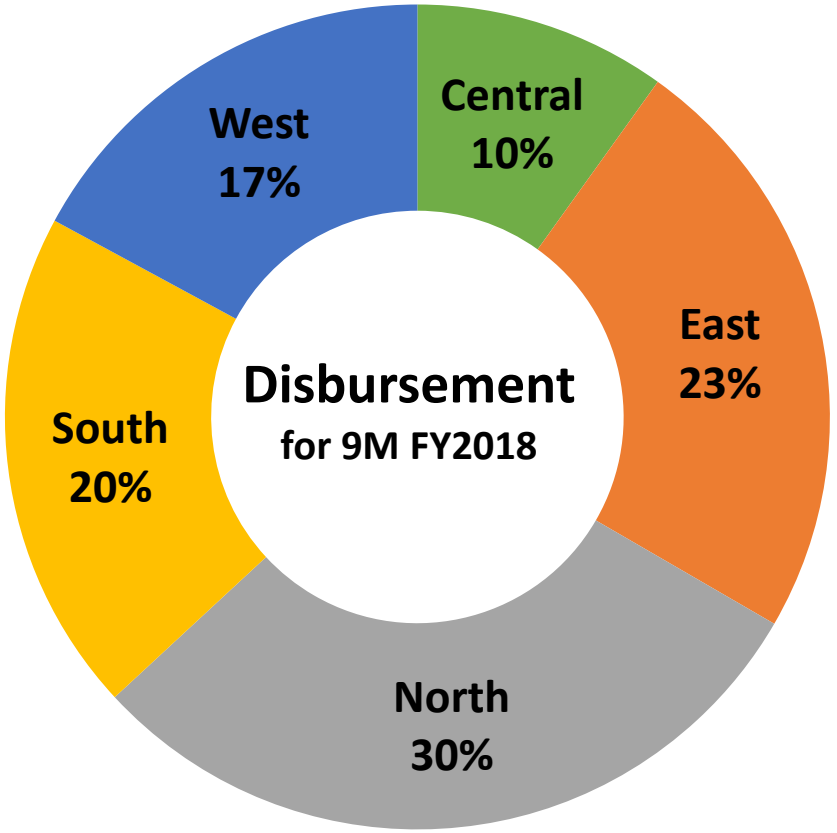
As on 31st Dec 17, ~47% of the AUM was from M&M assets

** Share of SME: 7%*

*** Standalone**

Break down by Geography





NORTH: Chandigarh, Delhi, Haryana, Himachal Pradesh, Jammu and Kashmir, Punjab, Rajasthan, Uttar Pradesh, Uttaranchal;
EAST: Assam, Bihar, Jharkhand, Meghalaya, Mizoram, Orissa, Sikkim, Tripura, West Bengal; **WEST**: Dadra and Nagar Haveli, Gujarat, Maharashtra, Goa;
CENTRAL: Chhattisgarh, Madhya Pradesh; **SOUTH**: Andaman and Nicobar Island, Andhra Pradesh, Karnataka, Kerala, Pondicherry, Tamil Nadu, Telangana;

*** Standalone**

Broad Based Liability Mix

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

Funding Mix by Investor profile (Dec' 17)

Investor Type	Amount (INR mn.)	% Share
Banks	138,826	37%
Mutual Fund	102,099	28%
Insurance & Pension Funds	62,996	17%
FIIs & Corporates	32,409	9%
Others	33,718	9%
Total	**370,048**	**100%**

Funding Mix by type of Instrument (Dec' 17)

Instrument Type	Amount (INR mn.)	% Share
NCDs	176,348	48%
Retail NCDs	21,505	6%
Bank Loans	91,164	24%
Fixed Deposits	33,011	9%
CP, ICD	41,440	11%
Securitisation/ Assignment	6,580	2%
Total	**370,048**	**100%**

** Based on holding as on 31st December, 2017*

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

Key Financials (Consolidated)

Figures on consolidated basis

	Total Income	Profit after Tax	Value of Asset Financed^
Q3 FY 18	Rs 21,953 mn	Rs 3,649 mn	Rs 112,849 mn
	26%	3012%	17%
Q3 FY 17	Rs 17,483 mn	Rs 117 mn	Rs 96,382 mn
9M FY 18	Rs 60,669 mn	Rs 5,240 mn	Rs 276,718 mn
	20%	124%	12%
9M FY 17	Rs 50,681 mn	Rs 2,334 mn	Rs 246,040 mn

***Note :** The Company had recognised and provided for NPAs based on 3 months overdue norms as at September 30, 2017 as compared to 4 months overdue norms followed until June 30, 2017. This transition resulted in additional provision of Rs.1300.30 million (including interest income de-recognition) for the nine month ended December 31, 2017 with a consequent impact on the Profit before tax.*

^ Includes MRHFL

Key Financials

Figures on standalone basis

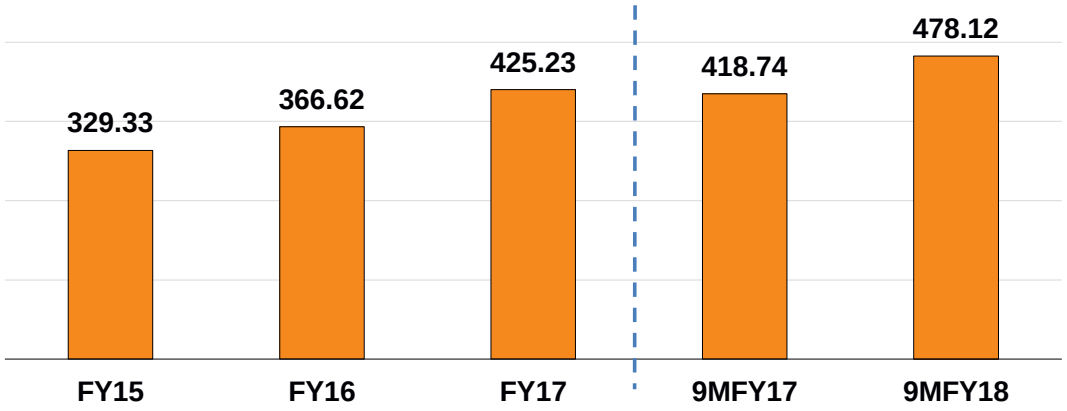
	Total Income	Profit after Tax	NPA Recognition	Value of Asset Financed
Q3 FY 18	Rs 18,464 mn	Rs 3,420 mn	3 months overdue	Rs 107,055 mn
	23%	NA		17%
Q3 FY 17	Rs 15,035 mn	Rs -156 mn	4 months overdue	Rs 91,755 mn
9M FY 18	Rs 51,323 mn	Rs 4,674 mn	3 months overdue	Rs259,119 mn
	17%	181%		11%
9M FY 17	Rs 43,948 mn	Rs 1,662 mn	4 months overdue	Rs 232,828 mn

***Note :** The Company had recognised and provided for NPAs based on 3 months overdue norms as at September 30, 2017 as compared to 4 months overdue norms followed untill June 30, 2017. This transition resulted in additional provision of Rs.1300.30 million (including interest income de-recognition) for the nine month ended December 31, 2017 with a consequent impact on the Profit before tax.*

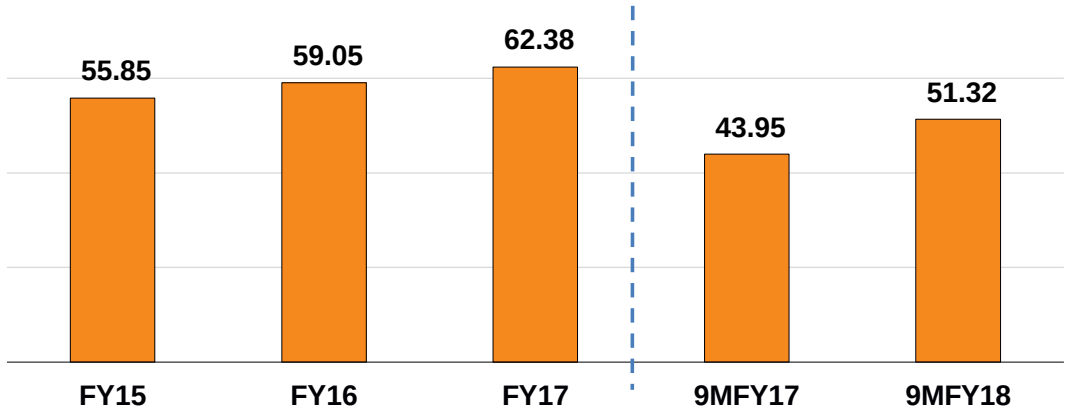
Growth Trajectory

Figures on standalone basis

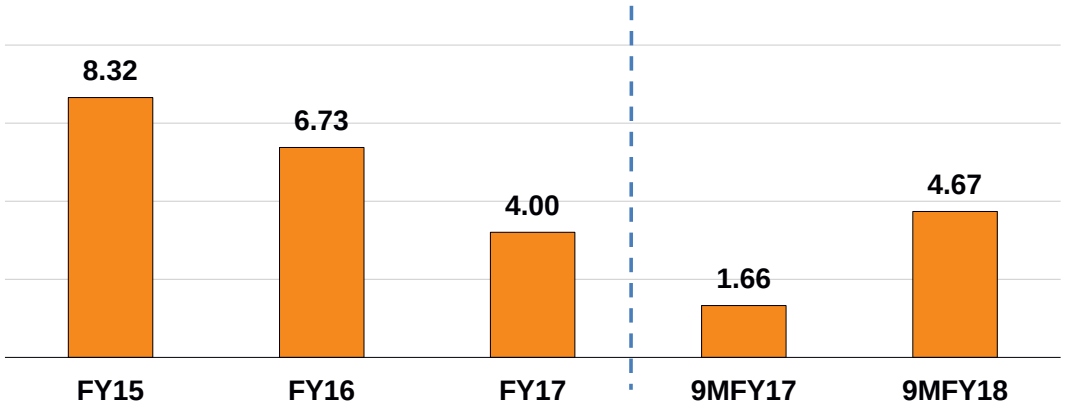
Loan Book (Rs. Bn)



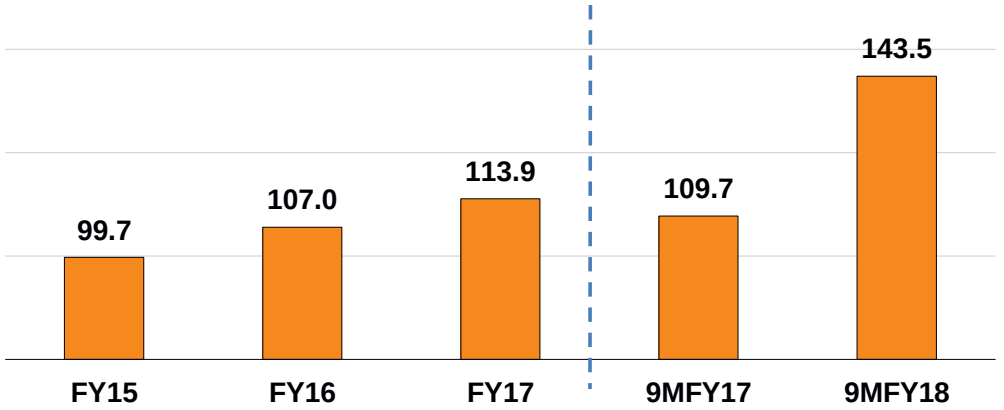
Revenues (Rs. Bn)



Profit after Tax (1) (Rs. Bn)



Book Value Per Share (2) (Rs.)

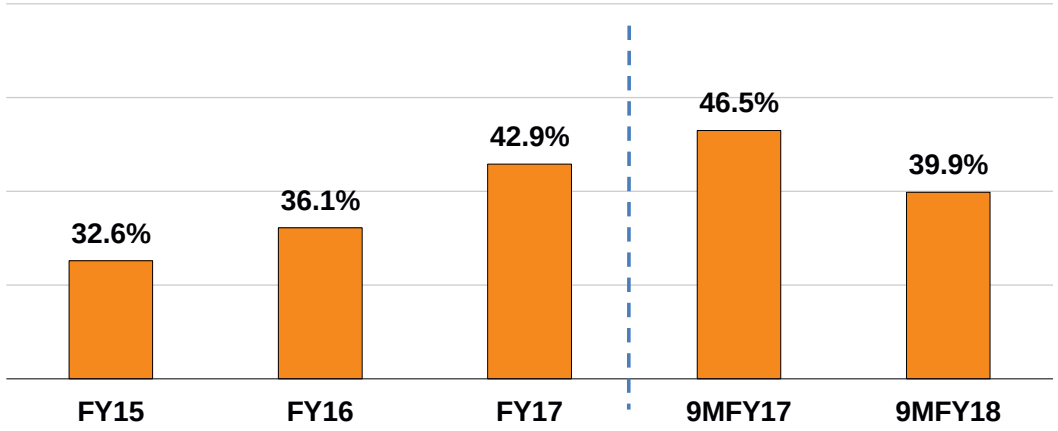


Note :(1) PAT post exceptional items – Sale of 5% equity of MIBL (2) Calculated as Shareholders funds/ Number of shares.

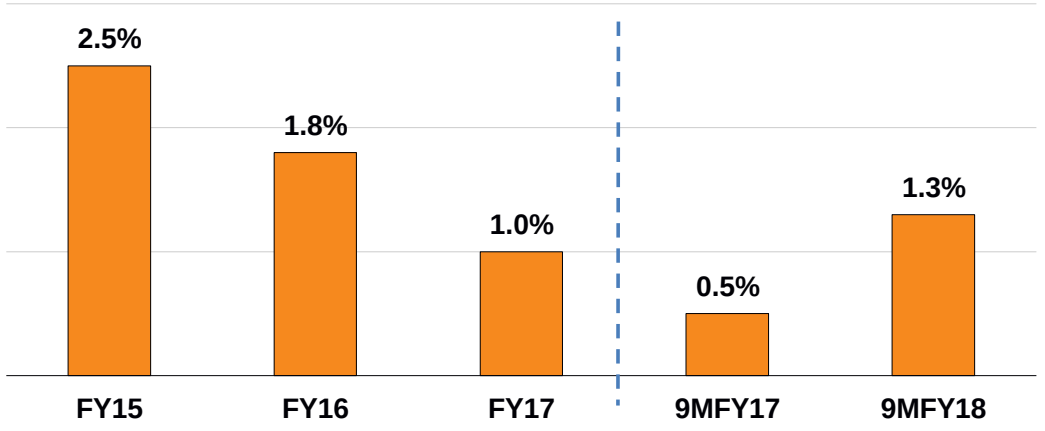
Financial Performance

Figures on standalone basis

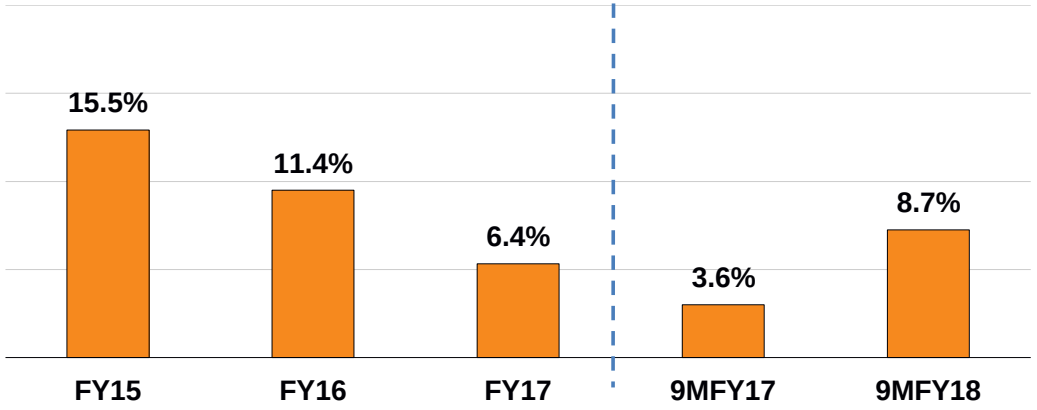
Cost to income ratio [1] (%)



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



Return on Net Worth (RONW) (%)



^ after considering capital dilution for 1 month

Asset Quality

	FY15	FY16	FY17	9MFY17	9MFY18
NPA Recognition (months)	5 months	4 months	4 months	4 months	3 months
Gross NPA	5.9%	8.0%	9.0%	11.1%	11.6%
Net NPA	2.4%	3.2%	3.6%	5.2%	5.6%
Provision Coverage Ratio	59.0 %	61.0%	61.7%	56.4%	55.2%

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)	Q3FY18	Q2FY18	Q-o-Q	Q3FY17	Y-o-Y	FY 17
Revenue from operations	**18,340**	16,608	*10.4%*	14,904	*23.0%*	61,739
Less: Finance cost	**7,629**	7,498	*1.7%*	7,441	*2.5%*	28,574
NII	**10,711**	**9,110**	***17.6%***	**7,463**	***43.5%***	**33,165**
Other Income	**124**	220	*-43.8%*	130	*-4.9%*	636
Total Income	**10,835**	**9,330**	***16.1%***	**7,593**	***42.7%***	**33,801**
Employee benefits expense	**2,052**	1,862	*10.2%*	1,627	*26.1%*	6,809
Provisions and write Offs	**1,989**	4,446	*-55.3%*	4,190	*-52.5%*	13,091
Other expenses	**2,124**	1,725	*23.1%*	1,907	*11.4%*	7,240
Depreciation and amortization	**107**	107	*0.4%*	111	*-3.6%*	460
Total Expenses	**6,272**	**8,140**	***-23.0%***	**7,835**	***-19.9%***	**27,600**
Profit before Tax (before Exceptional)	**4,563**	**1,190**	***283.3%***	**(241)**	**-**	**6,201**
Exceptional Items ^	**650**	**-**	-	**-**	**-**	**-**
Profit before Tax	**5,213**	**1,190**	***337.9%***	**(241)**	**-**	**6,201**
Tax expense	**1,793**	410	*336.8%*	(85)	-	2,199
Net Profit after Taxes	**3,420**	**780**	**338.5%**	**(156)**	**-**	**4,002**

^ on account of sale of 5% equity of MIBL

** Figures re-grouped and rounded where found relevant*

Standalone Profit & Loss Account

Particulars (Rs. in Million)	Nine months ended Dec – 17	Nine months ended Dec – 16	*Y-o-Y*	FY17
Revenue from operations	**50,871**	43,485	*17.0%*	61,739
Less: Finance cost	**22,454**	21,437	*4.7%*	28,574
NII	**28,417**	**22,048**	***28.9%***	**33,165**
Other Income	**452**	464	*-2.5%*	636
Total Income	**28,869**	**22,512**	***28.2%***	**33,801**
Employee benefits expense	**5,893**	5,012	*17.6%*	6,809
Provisions and write Offs	**10,694**	9,477	*12.8%*	13,091
Other expenses	**5,568**	5,135	*8.4%*	7,240
Depreciation and amortization	**324**	325	*-0.1%*	460
Total Expenses	**22,480**	**19,949**	***12.7%***	**27,600**
Profit before Tax (before Exceptional)	**6,389**	**2,562**	***149.4%***	**6,201**
Exceptional Items ^	**650**	**-**	-	**-**
Profit before Tax	**7,039**	**2,562**	***174.7%***	**6,201**
Tax expense	**2,366**	901	*162.6%*	2,199
Net Profit after Taxes	**4,674**	**1,662**	***181.3%***	**4,002**

^ on account of sale of 5% equity of MIBL

** Figures re-grouped and rounded where found relevant*

Standalone Balance Sheet

Particulars (Rs. in Million)	As on Dec 31, 2017	As on Dec 31, 2016	As on Mar 31, 2017
EQUITY AND LIABILITIES			
Shareholders' funds			
a) Share Capital	**1,229**	1,130	1,130
b) Reserves and Surplus	**87,446**	61,270	63,642
Shareholders' funds	**88,675**	**62,400**	**64,772**
Non-current liabilities			
a) Long-term borrowings	**220,090**	198,792	214,537
b) Other Long-term liabilities	**5,306**	5,076	4,274
c) Long term provisions	**8,267**	5,377	5,489
Non-current liabilities	**233,663**	**209,245**	**224,300**
Current liabilities			
a) Short Term Borrowings	**58,843**	59,584	58,648
b) Trade payables	**8,332**	5,455	6,630
c) Other current liabilities	**101,823**	93,070	89,336
d) Short term provisions	**19,336**	17,831	16,167
Current liabilities	**188,334**	**175,940**	**170,780**
Total Equities and Liabilities	**510,672**	**447,584**	**459,852**

** Figures re-grouped and rounded where found relevant*

Particulars (Rs. in Million)	As on Dec 31, 2017	As on Dec 31, 2016	As on Mar 31, 2017
ASSETS			
Non-current assets			
a) Fixed Assets	**1,078**	1,151	1,120
b) Non-current investments	**12,888**	11,291	13,117
c) Deferred tax assets (Net)	**8,533**	6,363	7,317
d) Long-term loans and advances	**254,117**	212,900	222,598
e) Other non-current assets	**925**	655	1,122
Non-current assets	**277,541**	**232,360**	**245,275**
Current assets			

Consolidated Profit & Loss Account

Particulars (Rs. in Million)	Nine months ended Dec – 17	Nine months ended Dec – 16	*Y-o-Y*	FY17
Revenue from operations	**60,361**	50,231	*20.2%*	71,462
Less: Finance cost	**25,566**	23,838	*7.2%*	31,862
NII	**34,795**	**26,393**	***31.8%***	**39,600**
Other Income	**308**	450	*-31.5%*	545
Total Income	**35,103**	**26,843**	***30.8%***	**40,145**
Employee benefits expense	**8,058**	6,458	*24.8%*	8,866
Provisions and write Offs	**11,657**	10,113	*15.3%*	13,896
Other expenses	**7,007**	5,998	*16.8%*	8,468
Depreciation and amortization	**401**	379	*5.9%*	537
Total Expenses	**27,123**	**22,947**	***18.2%***	**31,767**
Profit before Tax (before Exceptional)	**7,980**	**3,896**	***104.8%***	**8,378**
Exceptional Items ^	**507**	**-**	-	**-**
Profit before Tax	**8,487**	**3,896**	***117.8%***	**8,378**
Tax expense	**3,104**	1,459	*112.8%*	3,081
Profit after tax	**5,383**	**2,437**	***120.9%***	**5,297**
Minority Interest	**143**	103	*38.9%*	181
Net Profit after Taxes and Minority Interest	**5,240**	**2,334**	***124.5%***	**5,116**

^ on account of sale of 5% equity of MIBL

** Figures re-grouped and rounded where found relevant*

Consolidated Balance Sheet

Particulars (Rs. in Million)	As on Dec 31, 2017	As on Dec 31, 2016	As on Mar 31, 2017
EQUITY AND LIABILITIES			
Shareholders' funds			
a) Share Capital	**1,229**	1,130	1,130
b) Reserves and Surplus	**92,772**	65,791	68,472
Shareholders' funds	**94,000**	**66,921**	**69,602**
Minority Interest	**1,254**	**758**	**998**
Non-current liabilities			
a) Long-term borrowings	**266,747**	231,586	249,849
b) Other Long-term liabilities	**5,306**	5,076	4,274
c) Long term provisions	**9,345**	6,108	6,217
Non-current liabilities	**281,398**	**242,770**	**260,340**
Current liabilities			
a) Short Term Borrowings	**74,608**	75,086	72,176
b) Trade payables	**8,958**	7,157	6,944
c) Other current liabilities	**114,951**	105,226	106,821
d) Short term provisions	**21,098**	18,723	17,185
Current liabilities	**219,615**	**206,192**	**203,126**
Total Equities and Liabilities	**596,267**	**516,640**	**534,066**

** Figures re-grouped and rounded where found relevant*

Consolidated Balance Sheet (Contd.)

Particulars (Rs. in Million)	As on Dec 31, 2017	As on Dec 31, 2016	As on Mar 31, 2017
ASSETS			
Non-current assets			
a) Fixed Assets	**1,309**	1,359	1,345
b) Non-current investments	**7,470**	7,482	7,979
c) Deferred tax assets (Net)	**8,816**	6,540	7,572
d) Long-term loans and advances	**320,517**	267,462	281,753
e) Other non current assets	**931**	661	1,128
Non-current assets	**339,042**	**283,504**	**299,777**
Current assets			
a) Current investments	**4,755**	3,183	5,924
b) Trade receivables	**347**	170	230
c) Cash and cash equivalents	**4,453**	5,760	6,039
d) Short-term loans and advances	**247,318**	223,273	221,766
e) Other current assets	**352**	750	330
Current assets	**257,224**	**233,137**	**234,289**
Total Assets	**596,267**	**516,640**	**534,066**

** Figures re-grouped and rounded where found relevant*

Summary & Key Ratios

Figures on standalone basis

Particulars (Rs. in Million)	**Nine months ended Dec – 17**	Nine months ended Dec – 16	Year ended March – 17
RONW (Avg. Net Worth) ^	**8.7%**	3.6%	6.4%
Debt / Equity	**4.10:1**	5.36:1	5.35:1
Capital Adequacy	**23.5%**	17.9%	17.2%*
Tier I	**17.0%**	13.3%	12.8%
Tier II	**6.5%**	4.6%	4.4%
EPS (Basic) (Rs.)	**8.20**	2.94	7.09
Book Value (Rs.)	**143.5**	109.7	113.9
Dividend	**-**	--	120%
Assets Under Management (Rs. Mn)	**517,819**	457,109	467,755
New Contracts During the period (Nos)	**448,835**	414,815	556,122
No. of employees	**18,486**	17,433	17,856

^ after considering capital dilution

Spread Analysis

Figures on standalone basis

Particulars (Rs. in Million)	**Nine months ended Dec – 17**	Nine months ended Dec – 16	Year ended March – 17
Total Income / Average Assets	**15.0%**	14.5%	15.2%
Interest / Average Assets	**6.5%**	7.1%	7.0%
Gross Spread	**8.5%**	7.4%	8.2%
Overheads / Average Assets	**3.4%**	3.5%	3.5%
Write offs & NPA provisions / Average Assets	**3.0%**	3.1%	3.2%
Net Spread	**2.1%**	0.8%	1.5%
Net Spread after Tax	**1.3%**	0.5%	1.0%

NPA Analysis

Figures on standalone basis

Particulars (Rs. in Million)	**As on Dec 31, 2017**		As on Dec 31, 2016	As on Mar 31, 2017
Recognition Basis	**3 months overdue**	**4 months overdue**	4 months overdue	4 months overdue
Gross Non - Performing Assets	**60,228**	**53,285**	50,589	41,827
Less: NPA Provisions (incl. Income reversal)	**33,251**	**31,951**	28,515	25,830
Net Non – Performing Assets	**26,977**	**21,334**	22,074	15,997
Total Assets (Incl. NPA Provision)	**518,784**	**518,419**	455,032	466,338
Gross NPA to Total Assets(%)	**11.6%**	**10.3%**	11.1%	9.0%
Net NPA to Total Assets(%)	**5.6%**	**4.4%**	5.2%	3.6%
Coverage Ratio(%)	**55.2%**	**60.0%**	56.4%	61.8%

Above workings are excluding securitised/assigned portfolio

Count of NPA & Repossessed Stock	**As on Dec 31, 2017**		As on Dec 31, 2016	As on Mar 31, 2017
Contracts under NPA	**192,919**	**166,805**	189,832	138,357
% of Live Cases under NPA	**9.4%**	**8.1%**	9.8%	7.2%
Repossessed Assets (out of above NPA)	**15,004**	**15,004**	14,795	13,185

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

Transforming rural lives across the country

Mahindra Rural Housing Finance Limited

Particulars (Rs. million)	Nine Month ended December – 17	Nine Month ended December – 16	Year ended March – 17
Loans disbursed	**17,599**	13,212	21,162
No. of Customer Contracts (nos.)	**124,539**	99,851	172,462
Outstanding loan book	**57,423**	42,311	48,235
Total income	**6,862**	4,835	7,034
PBT	**1,143**	671	1,269
PAT	**741**	441	830
Net-worth	**5,328**	3,071	4,759
GNPA %	**13.8%**	11.6%	9.7%

- **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 & 1 Union Territory

Mahindra Insurance Brokers Limited

Particulars (Rs. million)	Nine Month ended December – 17	Nine Month ended December – 16	Year ended March – 17
No. of Policies for the Period (nos.)	**1,461,525**	1,120,878	1,591,796
Total income	**1,568**	1,206	1,742
Net Premium	**11,575**	8,858	13,644
PBT	**473***	521	817
PAT	**307**	337	530
No. of employees (nos.)	**997**	939	956

** After accounting for one time milestone reward plan to employees/ directors of Rs. 235.53 million*

- **Business Area:** Licensed by IRDA for undertaking insurance broking in Life, Non-Life and reinsurance businesses
- **Shareholding pattern**: MMFSL – 80%; Inclusion Resources Pvt. Ltd. – 20%

** As per IGAAP*

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

Transforming rural lives across the country

Awards and Accolades

- Mahindra Finance was recognized as Top 19 Best Employer in **AonBest Employer List 2017** .
- Mahindra Finance is recognized in amongst the **top 50** India's Best Companies to Work for 2017. The study is Conducted by the Great Place to Work Institute and Economic Times .The organization was ranked at **49th position** and also was declared as **one of the best in the Financial Services Sector .**
- Mahindra Finance has been appraised and rated at **People CMM® Maturity Level 3.**
- Mahindra Finance was included in 'The Sustainability Yearbook 2017' which was released by RobecoSAM.
- Mahindra Finance listed on **Dow Jones Sustainability Index (DJSI)** –for 5th year in a row.
- Mahindra Finance was adjudged Runners up in Business World HR Excellence Award for the category of Excellence in Learning and Development .
- Mahindra & Mahindra Financial Services Ltd. has been recognized in the 2017 Working Mother & Avtar 100 Best Company for Women .

AON BESTEMPLOYERS INDIA | 2017

India's Best Companies To Work For 2017 A STUDY BY THE ECONOMIC TIMES GREAT PLACE TO WORK

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

MEMBER OF Dow Jones Sustainability Indices In Collaboration with RobecoSAM

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

Transforming rural lives across the country

Conservative Risk Management Policies

Provisioning Norms

Duration (months)	RBI Norms	Duration (months)	MMFSL
> 4 and <= 14	10%	> 3 and <= 11^	10%
> 14 and <= 26	20%	> 11 and <= 24	50%
> 26 and <= 50	30%	> 24 months*	100%
> 50 months	50%		

- *The Company considered the estimated realisable value of underlying security for loan assets which were 24 months overdue resulting in a lower provision of Rs.1795.85 million for the nine month ended December 31, 2016 as against an additional provision of Rs. 833.69 million charged to Profit & Loss account during the nine month ended December 31, 2017 with a consequent impact on Profit before tax.*

^ *The Company had recognised and provided for NPAs based on 3 months overdue norms as at September 30, 2017 as compared to 4 months overdue norms followed until June 30, 2017. This transition resulted in additional provision of Rs.1300.30 million (including interest income de-recognition) for the nine month ended December 31, 2017 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

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 aconfidential nature that is not available to CRISIL Research.

Thank You

Transforming rural lives across the country