

PRESS RELEASE (NOT FOR PUBLICATION, DISTRIBUTION OR RELEASE OUTSIDE INDIA)

Mahindra Finance announces Public Issue of Unsecured Subordinated Redeemable Non-Convertible Debentures (NCDs)

- NCDs of face value of Rs.1,000 each for an amount of Rs. 25,000 lacs (“Base Issue Size”)
- Along with an option to retain oversubscription up to Rs. 75,000 lacs aggregating up to Rs. 1,00,000 lacs (Rs.1000 Crores) (“Tranche 1 Issue”)
- Issue opens on May 25, 2016 and closes on June 10, 2016**

Mumbai, May 23, 2016: Mahindra & Mahindra Financial Services Limited (“Company”), one of the leading non-banking finance companies with customers primarily in the rural and semi-urban markets of India, plans to raise debt capital with a public issue of NCDs opening on May 25, 2016.

The NCDs proposed to be issued under this Tranche 1 Issue have been rated ‘IND AAA’ for an amount of Rs. 1,00,000 lacs, (Rs.1000 Crores) by India Ratings and Research Private Limited (“India Ratings”) and ‘CARE AAA’ for an amount of Rs. 1,00,000 lacs (Rs.1000 Crores), by Credit Analysis & Research Ltd. (“CARE”) . The rating of NCDs by India Ratings and CARE indicate that instruments with this rating are considered to have highest degree of safety regarding timely servicing of financial obligations and carry lowest credit risk. The NCDs are proposed to be listed on the BSE Limited (“BSE”) within 12 Working Days from the Issue Closure Date.

These NCDs, bearing a fixed rate of interest, are being offered under nine different Series. For Category I (QIB Portion) and Category II (Corporate Portion) holders, the coupon rate for Series I, Series II and Series III having tenure of 66 months, 84 months and 120 months, respectively, shall be 8.34%, 8.44% and 8.53% p.a., respectively payable quarterly. The coupon rate for Series IV, Series V and Series VI having tenure of 66 months, 84 months and 120 months, respectively, shall be 8.60%, 8.70% and 8.80% p.a. respectively payable annually. The effective yield for Series VII, Series VIII and Series IX having tenure of 66 months, 84 months and 120 months, respectively, shall be 8.60%, 8.70% and 8.80% p.a. respectively from the Deemed Date of Allotment.

While for Category III (HNI Portion) and Category IV (Retail Individual Investor Portion) holders, the coupon rate for Series I, Series II and Series III having tenure of 66 months, 84 months and 120 months, respectively, shall be 8.44%, 8.53% and 8.72% p.a., respectively. The coupon rate for Series IV, Series V and Series VI having tenure of 66 months, 84 months and 120 months, respectively, shall be 8.70%, 8.80% and 9.00% p.a. respectively payable annually. The effective yield for Series VII, Series VIII and Series IX having tenure of 66 months, 84 months and 120 months, respectively, shall be 8.70%, 8.80% and 9.00% p.a. respectively from the Deemed Date of Allotment.

**The Tranche 1 Issue shall be open for subscription from May 25, 2016 to June 10, 2016 with an option to close on such earlier date or extended date may be decided by the Board of Directors of the Company or the Debentures Public Issue Committee. In the event of an early closure or extension of the Tranche 1 Issue, our Company shall ensure that notice of the same is provided to the prospective investors through an advertisement in a reputed daily national newspaper on or before such earlier or extended date of Issue closure.

Investors have an option for allotment of NCDs in both dematerialized form and/or physical form.

The funds raised through this Tranche 1 Issue will be used for onward lending, financing, refinancing the existing indebtedness of the Company, long-term and working capital and general corporate purposes.

ICICI Securities Limited, A. K. Capital Services Limited, Edelweiss Financial Services Limited, JM Financial Institutional Securities Limited, SBI Capital Markets Limited, Trust Investment Advisors Private Limited and Yes Securities (India) limited are the Lead Managers to the Issue. Axis Trustee Services Limited is the Debenture Trustee, while Karvy Computershare Private Limited is the Registrar to the Issue.

Capitalized terms not specifically defined above shall have the same meaning as assigned to them in the Shelf Prospectus and Tranche 1 Prospectus.

About Mahindra & Mahindra Financial Services Limited

Mahindra & Mahindra Financial Services Limited (Mahindra Finance), part of the Mahindra Group, is one of India's leading non-banking finance companies. Focused on the rural and semi-urban sector of India. The Company was registered as a deposit-taking NBFC in 1998 and has since established a pan-India presence, spanning 26 states and 5 union territories through 1,167 offices as of March 31, 2016.

The Company's Insurance Broking subsidiary, Mahindra Insurance Brokers Limited (MIBL), is a licensed Composite Broker to undertake broking of life, non-life and reinsurance products.

Mahindra Rural Housing Finance Limited (MRHFL) a subsidiary of Mahindra Finance provides housing loans for purchase, renovation and construction of houses to individuals.

Mahindra Asset Management Company Private Limited (MAMCPL) a wholly owned subsidiary has been granted registration for mutual fund, 'Mahindra Mutual Fund'.

The Company has a JV in US, Mahindra Finance USA LLC, in partnership with De Lage Landen Financial Services Inc., a subsidiary of the Rabobank group, for financing Mahindra tractors in US.

Disclaimer: Mahindra & Mahindra Financial Services Limited is subject to market conditions and other considerations, proposing a public issue of NCDs and has filed the Shelf Prospectus dated May 17, 2016 and Tranche 1 Prospectus dated May 17, 2016 with the Registrar of Companies, Maharashtra, Mumbai, the BSE Limited and the Securities and Exchange Board of India (for record purposes). All investors proposing to participate in the public issue of NCDs by Mahindra Finance should invest only on the basis of information contained in the Shelf Prospectus dated May 17, 2016 and Tranche 1 Prospectus dated May 17, 2016. Please see section entitled "Risk Factors" beginning on page no 13 of the Shelf Prospectus for risks in this regards.

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