

Mahindra & Mahindra Financial Services Limited

Quarter Result Update
December - 2018

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CIN - L65921MH1991PLC059642



Company Overview

Industry Overview

Business Strategy

Financial Information

Key Subsidiaries

Awards & Accolades

Risk Management Policies

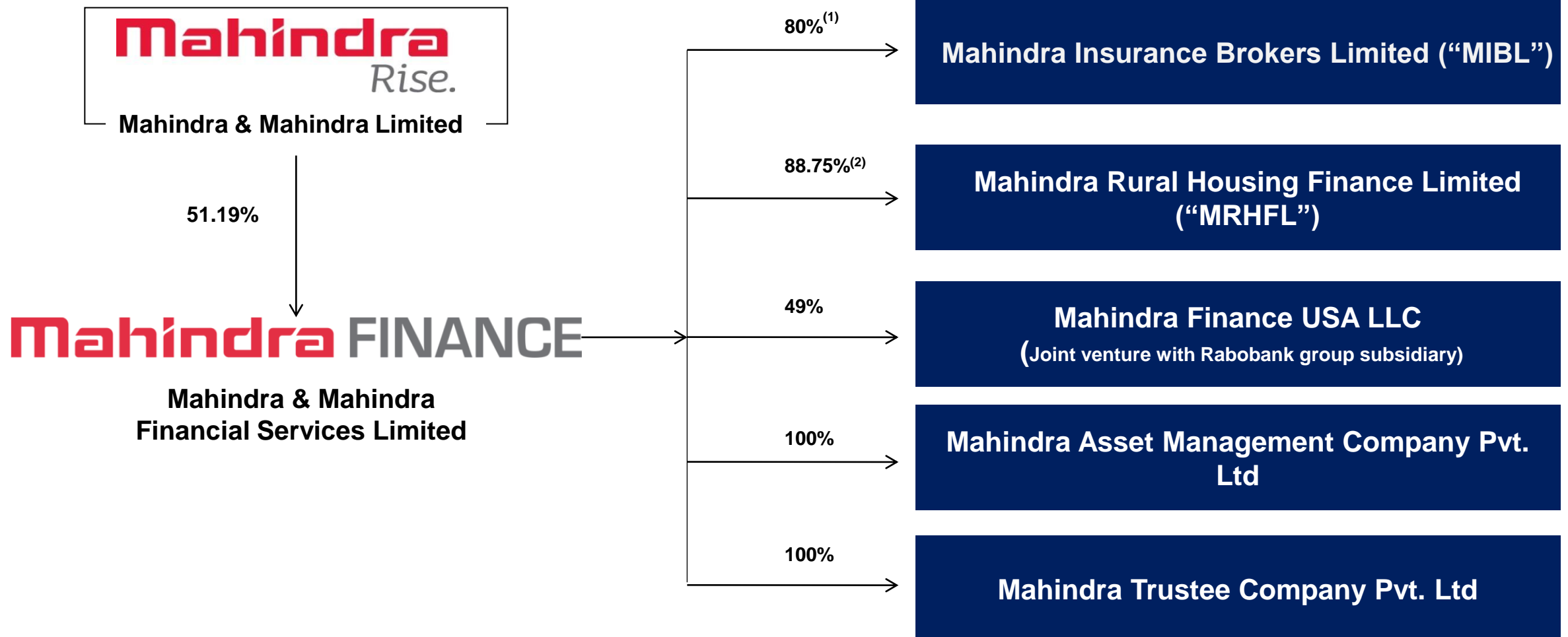
Transforming rural lives across the country

Company Background

- Parentage:** Mahindra & Mahindra Financial Services Limited (“MMFSL”) is a subsidiary of Mahindra and Mahindra Limited (*Mcap: Rs 866 billion*)*, India’s largest tractor and utility vehicle manufacturer
- About MMFSL:** MMFSL (*Mcap: Rs 261 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 equipment 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 1,313 offices covering 27 states and 5 union territories in India, with over 5.91 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 24, 2019 from BSE website*

MMFSL Group structure



Note:
1. Balance 20% with Inclusion Resources Pvt. Ltd. (IRPL), subsidiary of AXA XL Group
2. Balance 9.68% with National Housing Bank (NHB), 1.57% with MRHFL Employee Welfare Trust

Our Journey

Commenced housing finance business through MRHFL

Raised Rs. 4.14 Bn through Private Equity

Completed IPO, Subscribed ~ 27 times

Equity participation of 12.5% by NHB in MRHFL

Recommended Fixed Deposit Program

Maiden QIP Issue of Rs. 4.26 Bn

JV with Rabobank subsidiary for tractor financing in USA

Crossed 1 million cumulative customer contracts

Stake sale in MIBL to Inclusion Resources Pvt. Ltd.

QIP Issue of Rs. 8.67 Bn

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

Crossed 4 million cumulative customer contracts

Certificate of Registration received from SEBI by Mahindra Mutual Fund

Maiden Retail NCD Issue of Rs. 1000 crores. Oversubscribed over 7 times over base issue size of Rs. 250 crores

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

Raised Rs. 2147 crores from Tranche 1 of the 3rd Public Issue of NCD

FY 06

FY 08

FY 09

FY 10

FY 11

FY 13

FY 15

FY 16

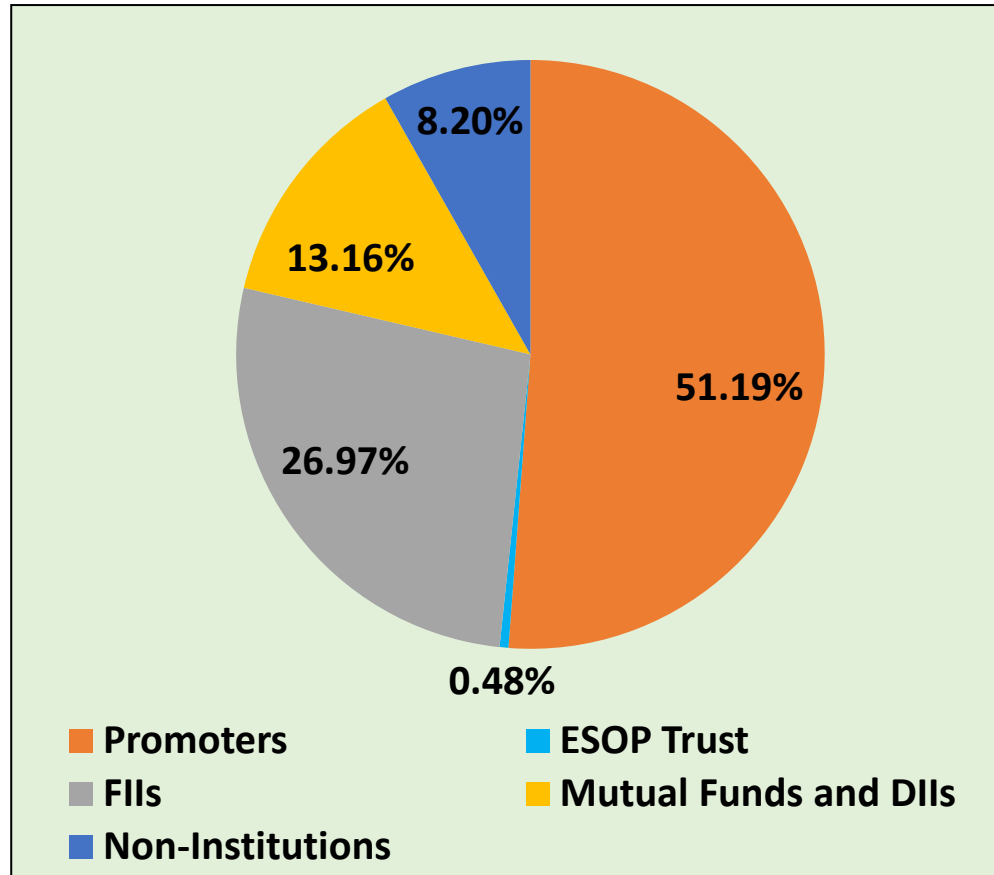
FY 17

FY 18

FY 19

Shareholding Pattern (as on 31st December, 2018)

Shareholding Pattern Chart



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

Top 10 Public Shareholders

- HDFC Standard Life Insurance Company Limited
- Blackrock Global Funds Asian Dragon Fund
- Blackrock Global Funds - Asian Growth Leaders Fund
- Kotak Funds - India Midcap Fund
- Schroder International Selection Fund Emerging ASI
- Valiant Mauritius Partners Offshore Limited
- SBI Blue Chip Fund
- Bank Muscat India Fund
- Vanguard Emerging Markets Stock Index Fund, A Seri
- Stichting Depository APG Emerging Markets Equity P



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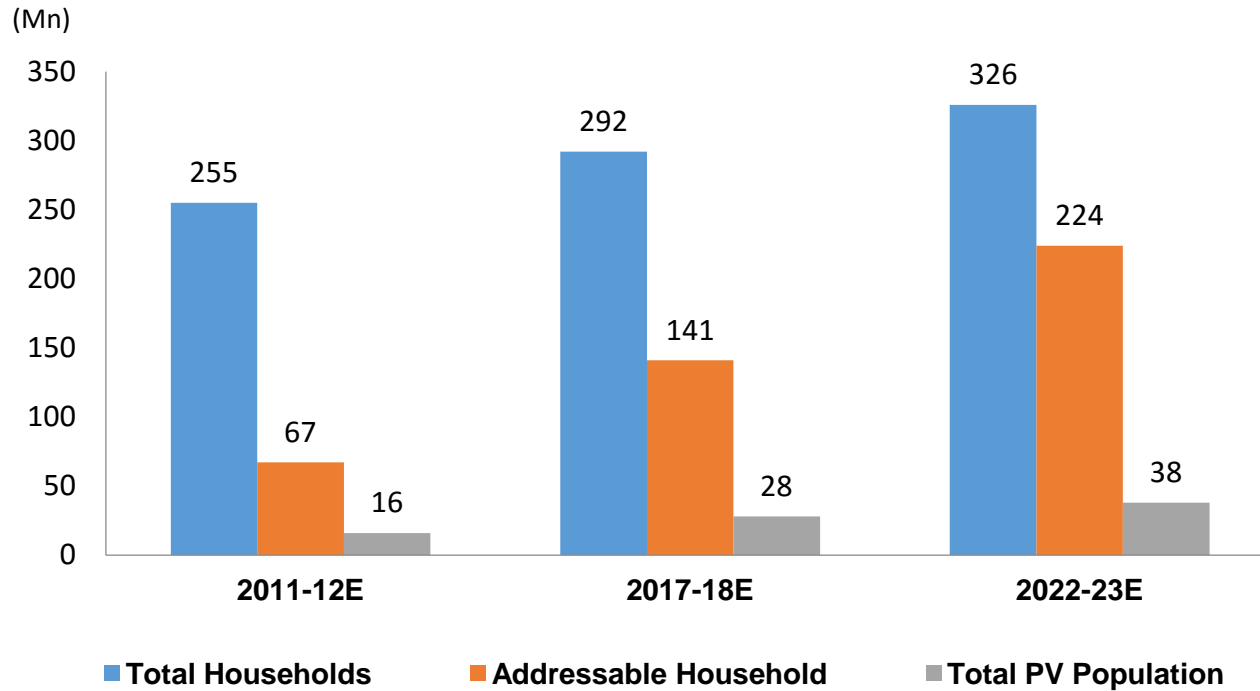
Awards & Accolades

Risk Management Policies

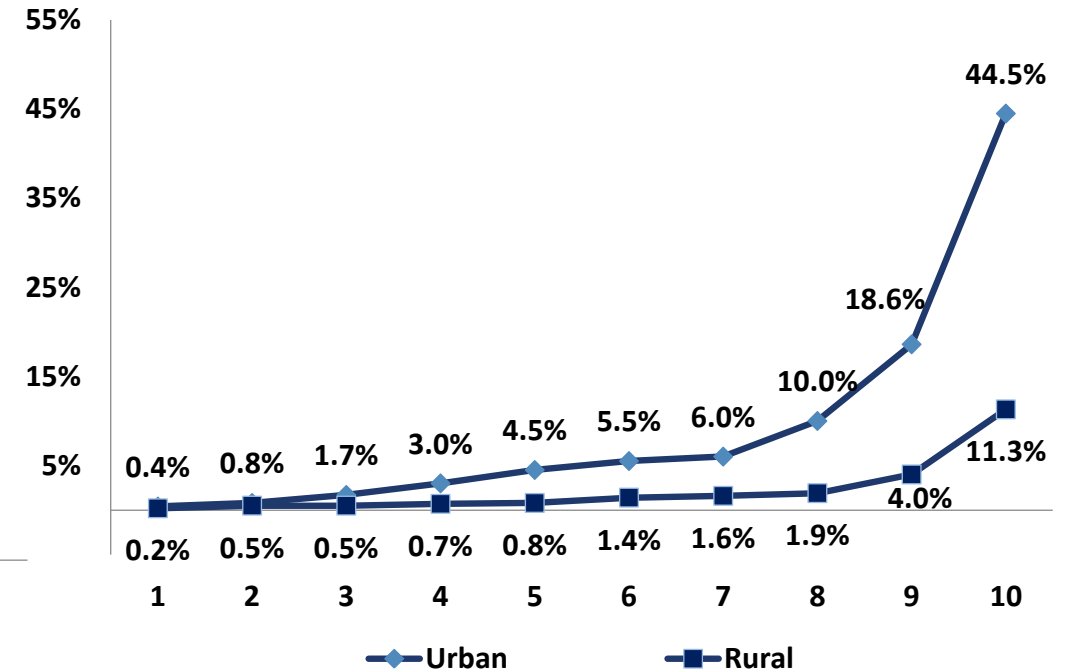
Transforming rural lives across the country

Auto Industry: Long term growth potential

Expansion in Addressable market with Low Cost of Ownership



Decile-wise penetration (Urban versus Rural)



- Improving income to result in rise from the current estimated 21 vehicles to 26 vehicles per 1,000 people in fiscal 2023
- Increasing urbanization, expanding working population and availability of finance to aid growth in sales
- PMGSY investment expected to be 1.8 tn from 2018-2022 resulting in increased demand

Passenger Vehicles Industry: Overall Demand Drivers

	FY 08 – FY13	FY 13 – FY 18	FY 18 – FY 23 (P)
Small Cars	11%	4%	7% – 9%
Large Cars	3%	(5%)	1% – 3%
UV + Vans	19%	7%	9% – 11%
Total (Cars + UVs)	12%	4%	7% – 9%

- Small cars and UV expected to continue growth as more households come under parameters, improving economic scenario, positive rural sentiments
- Large car sales expected to grow at 1-3% as aspirations rise. However UV shall cannibalise the segment resulting in faster growth at 9-11%

Volumes in '000	FY 2017		FY 2018		FY 2019 (P)	FY 2020 (P)
	Volume	Growth	Volume	Growth	Growth	Growth
Small Cars	1,891	6%	1,964	4%	9% – 11%	9% - 11%
Large Cars	211	(9%)	209	(1%)	(4%) – (6%)	1% - 3%
UV + Vans	944	24%	1,114	18%	6% – 8%	11% - 13%
Total (Cars + UVs)	3,047	9%	3,287	8%	7% – 9%	9% - 11%

- Income growth and profitability with respect of ownership will rev up passenger vehicle demand.
- Prices to rise with compliance of emission norms and mandatory safety features with sharper price rise on account of BS-VI migration
- Improving economic scenario, positive rural sentiments, new launches in small cars and UV segment to continue growth momentum

Commercial Vehicles Industry: Overall Demand Drivers

	FY 08 – FY 13	FY 13 – FY 18	FY 18 – FY 23 (P)
MHCV	(1%)	7%	6% – 8%
LCV	20%	(0.4%)	5% – 7%
Buses	7%	(2%)	9% – 11%

- Lower finance availability hurting MHCV sales. CV lending rates increased marginally
- Advancement of purchase expected since BS-VI implementation shall increase prices
- Improved consumption and rising replacement volume will drive the long-term LCV demand.

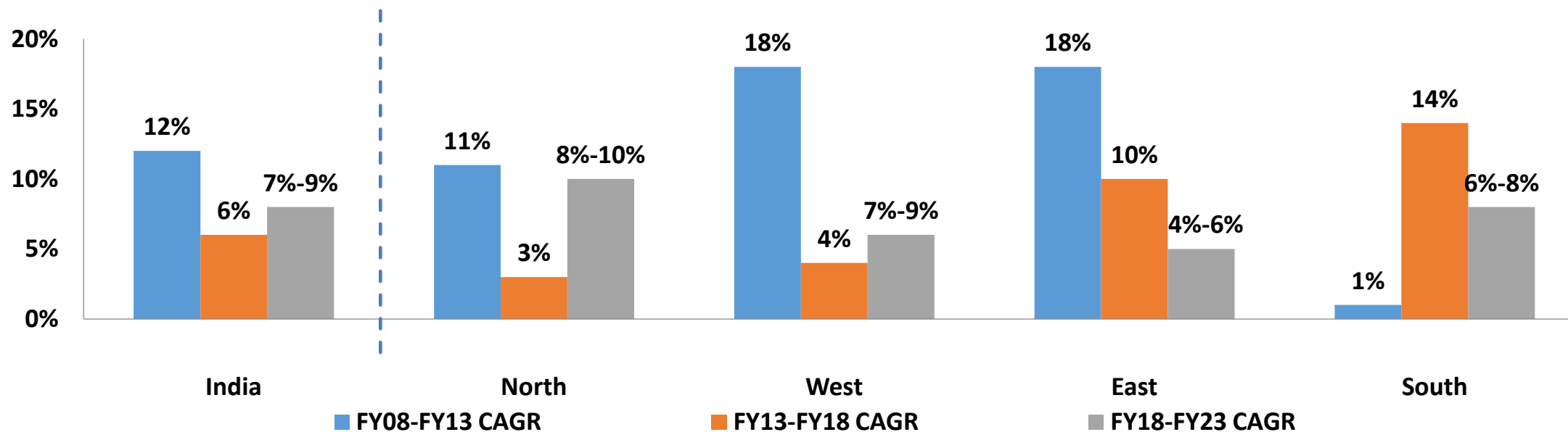
	FY 2016		FY 2017		FY 2018		FY 2019 (P)	FY 2020 (P)
	Volume	Growth	Volume	Growth	Volume	Growth	Growth	Growth
MHCV	257,987	32%	255,234	(1%)	304,664	19%	16% – 18%	8% – 10%
LCV	334,371	(1%)	360,842	8%	467,224	29%	21% – 23%	15% – 17%
Buses	92,845	15%	98,126	6%	84,573	(14%)	4% – 6%	8% – 10%

- GST implementation benefitting larger truck operators
- MHCV growth to continue on high base, factors being Input tax, OEM aggressiveness, road construction by NHAI & infra spends
- Higher replacement demand and private consumption to drive LCV demand
- Healthy industrial growth and focus on infra, mining to bolster tipper demand

Tractors Industry: Overall Demand Drivers

	FY 2016		FY 2017		FY 2018		FY 2019 (P)	FY 2020 (P)	FY 18 – FY 23 (P)
	Volume	Growth	Volume	Growth	Volume	Growth	Growth	Growth	Growth
Tractors	493,764	(10%)	582,844	18%	711,478	22%	10% - 12%	6% - 8%	7% – 9%

- Long term growth of 7-9% over 5 years even after considering 1-2 deficient rainfall years



- Positive farm sentiments and governments rural push in pre-election year to support growth
- **Favourable:** Farm Income (MSP; Crop Output), Demand Indicators (Infra & Mining) and Finance availability
- **Neutral:** Supply

Auto Industry Volume

Domestic Sales (Volume in '000)	9MFY19 (Nos.)	9MFY18 (Nos.)	Y-o-Y Growth (%)	FY18 (Nos.)	FY17 (Nos.)	Y-o-Y Growth (%)
Passenger Vehicles (PVs)						
Passenger Cars / Vans	1,690	1,619	4%	2,173	2,103	3%
UV's	843	807	4%	1,114	944	18%
Commercial Vehicles (CVs)						
M&HCVs	278	223	25%	340	302	13%
LCVs	445	352	26%	516	412	25%
Three Wheelers	521	442	18%	640	512	25%
Tractors	625	541	16%	711	583	22%

The growth rate in all vehicle categories have improved significantly over the previous year (especially in Commercial Vehicles)

Automobile Finance Market: 5 years Projected Growth@15-17%

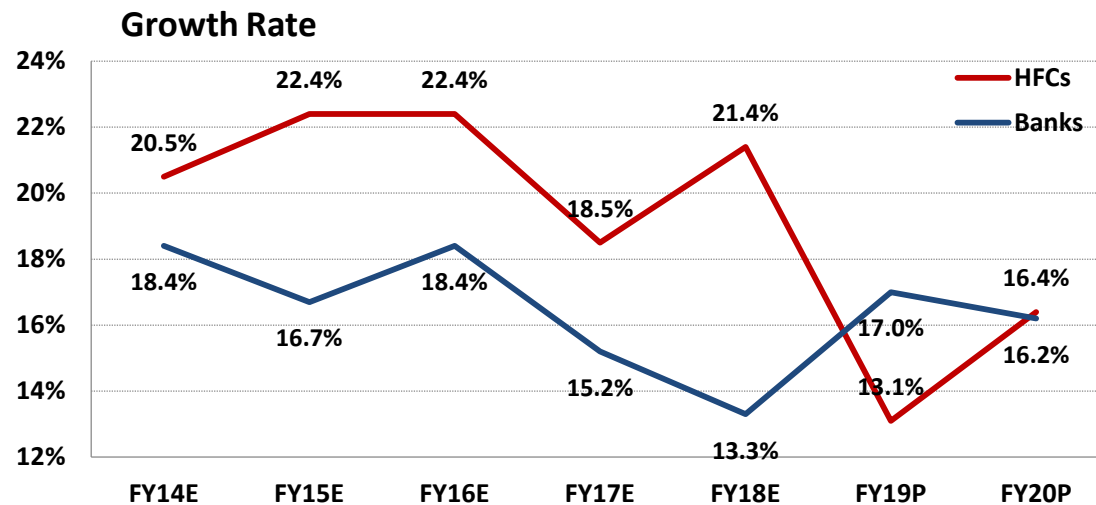
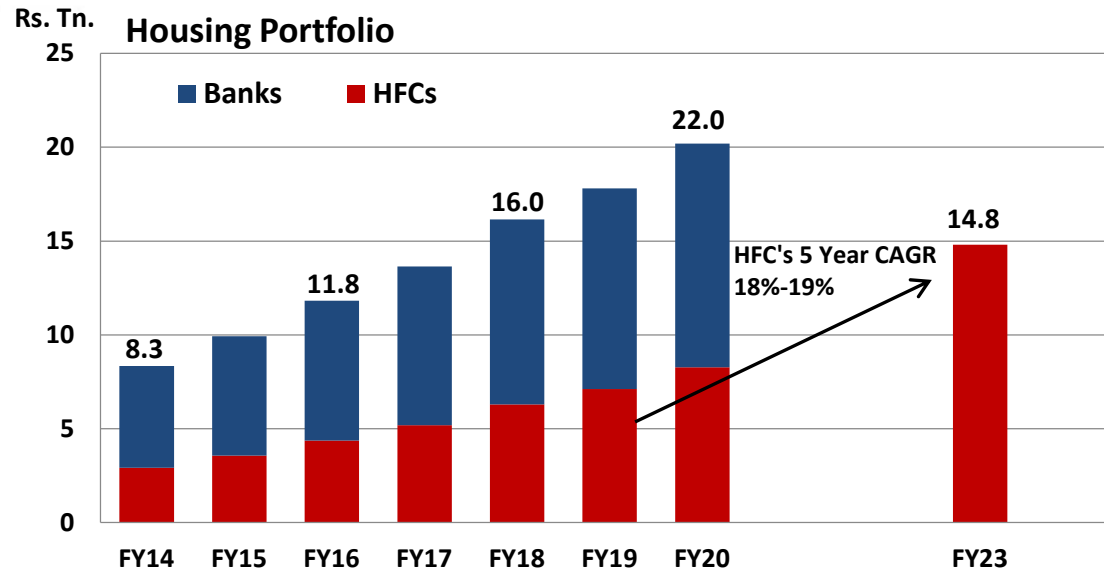
Segment-wise growth in disbursement					
	FY 13 (Rs. Bn.)	CAGR FY 13 – FY 18	FY 18 (Rs. Bn.)	CAGR FY 18 – FY 23	FY 23 (Rs. Bn.)
Passenger vehicle	639	8%	959	15%	1,929
Commercial vehicle	452	8%	652	13%	1,179
Two wheelers	123	17%	270	16%	575
Three wheelers	70	7%	98	13%	180
Total	1,284	9%	1,978	14%	3,863

Source: CRISIL Research, Retail Finance - Auto, September 2018

Car & UV Loan Portfolio	Top 20 Cities	Other Cities
Outstanding Loan Composition	58%	42%
Finance Penetration Ratio	80.0%	65.0%

- By FY 2023P, penetration levels are projected to increase to 79% for cars and 76% for utility vehicles from 77% and 72.5% respectively (FY 2018) 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 76% for UVs from 76% and 73.4% 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



- Growth momentum in the sector expected to slow down especially for HFC's. However, demand side fundamentals remain strong.
- Affordable housing a new growth engine. PSL enhancement to also support growth
- Share of loans from Banks expected to outpace HFC's in short term. Higher market rates to increase bank borrowings
- Deeper mortgage penetration and increased demand from Tier II/ smaller towns to fuel loan growth over the period
- Government's aggressive push towards affordable housing leading to 3x increase in number of houses
- 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.



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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

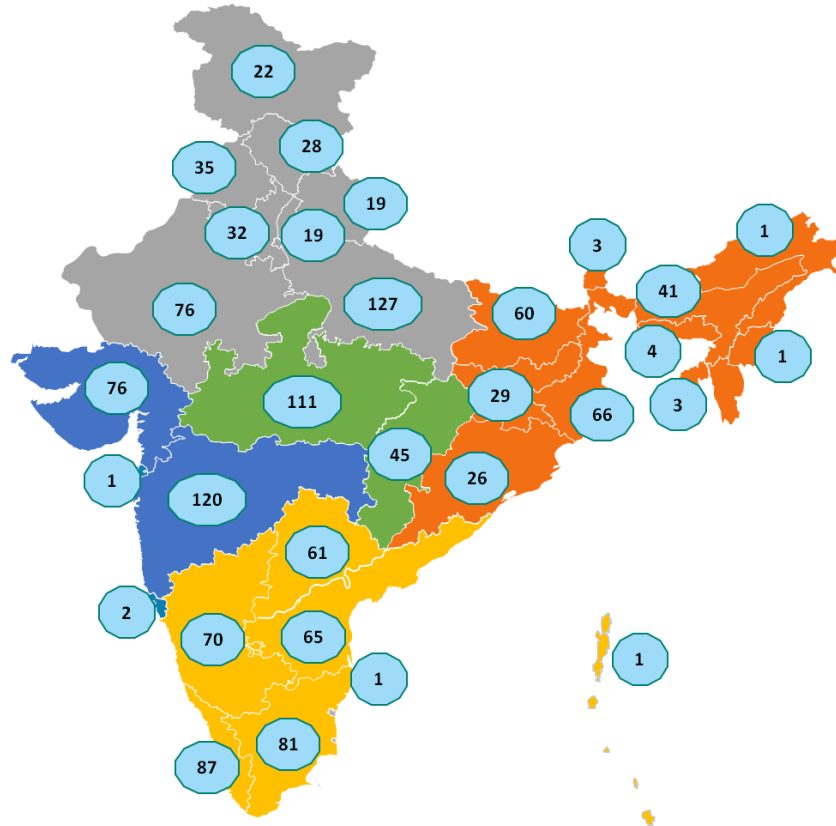
Effective use of technology to improve productivity

Leverage the “Mahindra” Ecosystem

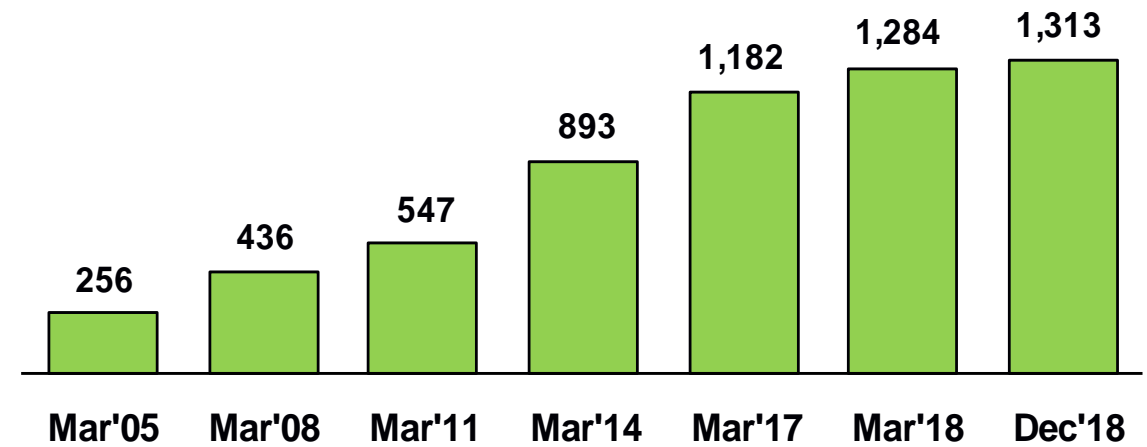
Extensive Branch Network

- Extensive branch network with presence in 27 states and 5 union territories in India through 1,313 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 – 18	Nine months ended December – 17	Year ended March – 18
Auto/ Utility vehicles	24%	27%	26%
Tractors	19%	20%	18%
Cars	20%	21%	20%
Commercial vehicles and Construction equipments	18%	12%	13%
Pre-owned vehicles	14%	14%	14%
SME and Others	5%	6%	9%

* Standalone

Break down of AUM

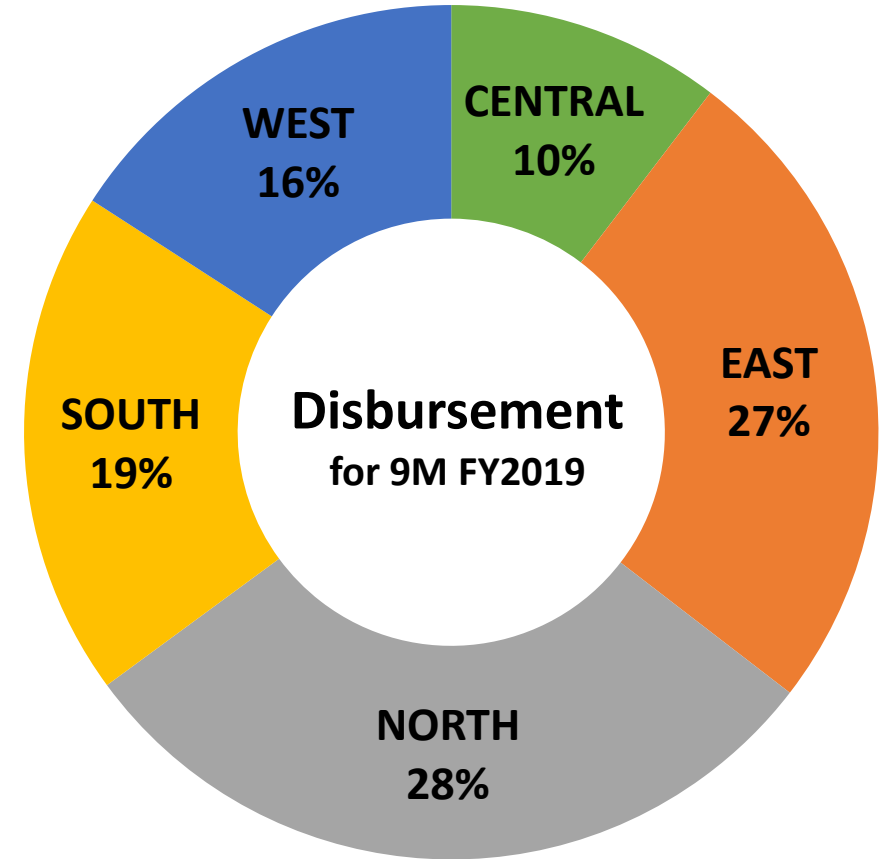
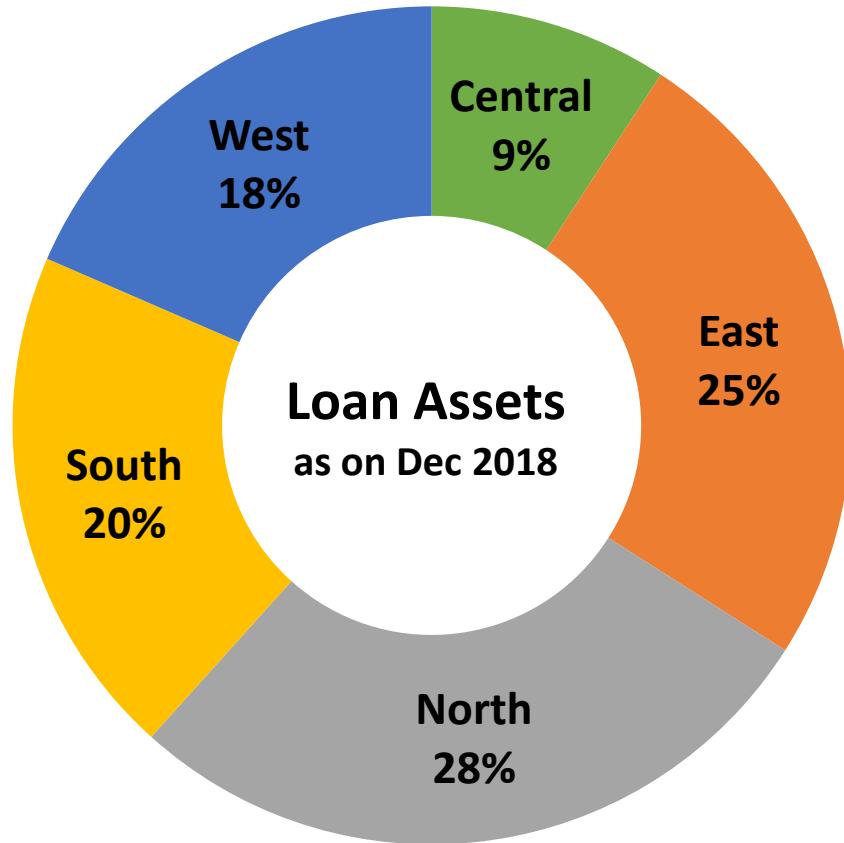
Asset Class	As on December – 18	As on December – 17	As on March – 18
Auto/ Utility vehicles	26%	28%	27%
Tractors	17%	18%	17%
Cars	21%	23%	22%
Commercial vehicles and Construction equipments	17%	13%	14%
Pre-owned vehicles	9%	8%	8%
SME and Others	10%	10%	12%

As on 31st December 18, ~44% 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, Uttarakhand;

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

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	IND AAA	Stable
Short term debt	IND A1+	--
	CARE Ratings	Outlook
Long term and Subordinated debt	CARE AAA	Stable
	Brickwork	Outlook
Long term and Subordinated debt	BWR AAA	Stable
	CRISIL	Outlook
Fixed Deposit Programme	FAAA	Stable
Short term debt	CRISIL A1+	--
Long term and Subordinated debt; Bank Facilities	CRISIL 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' 18)

Investor Type	Amount (INR mn.)	% Share
Banks	207,569	41%
Mutual Fund	108,522	22%
Insurance & Pension Funds	72,961	15%
FIs & Corporates	59,414	12%
Others	52,049	10%
Total	500,515	100%

* Based on holding as on 31st December, 2018

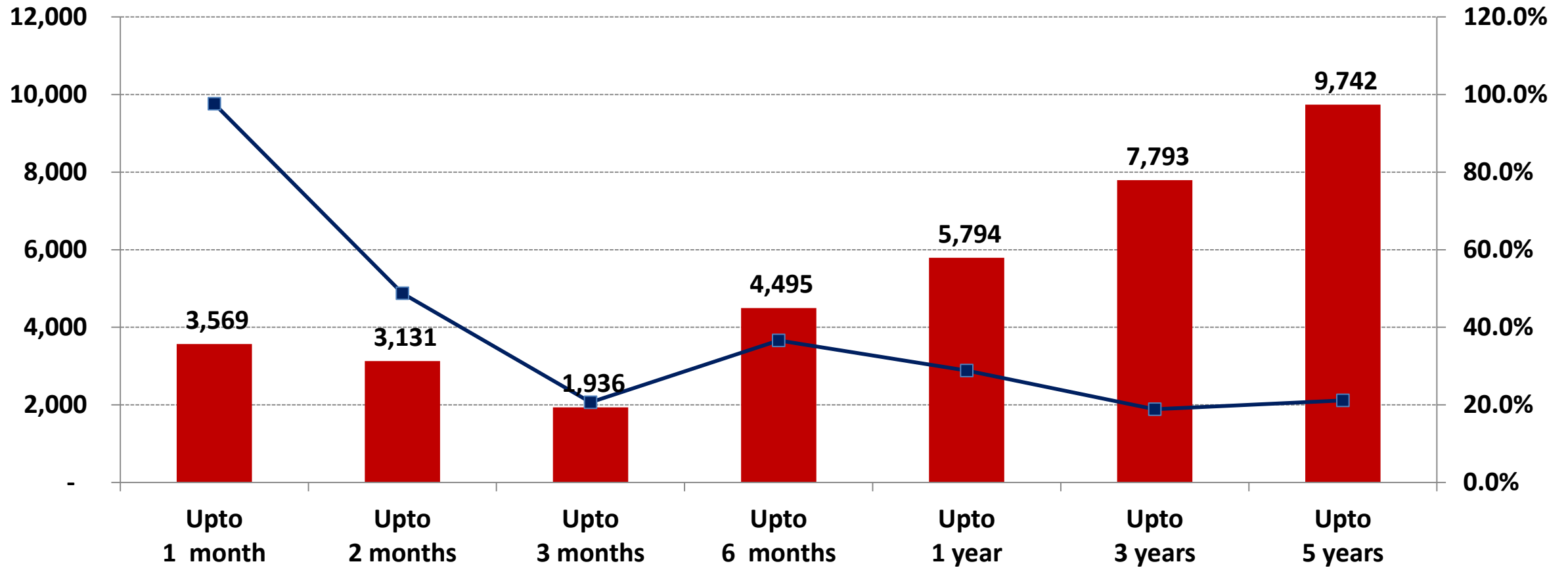
Funding Mix by type of Instrument (Dec' 18)

Instrument Type	Amount (INR mn.)	% Share
NCDs	198,692	40%
Retail NCDs	21,505	4%
Bank Loans	142,038	28%
Fixed Deposits	46,558	9%
CP	48,750	10%
ICD	13,853	3%
Securitisation/ Assignment	29,119	6%
Total	500,515	100%

^ For purpose of presentation, Borrowings are recognised at Face Value (NCD, ZCB and CP)

ALM Position

Cumulative Mismatch - Positive (INR cr.) **Cumulative Surplus (%)**



As on 31st December 18

Employee Management and Technology Initiatives

Employee engagement & training

- Training programs for employees on regular basis
- 5 days induction program on product knowledge, business processes and aptitude training
- Mahindra Finance Academy training programs for prospective and existing employees at 5 locations
- Assessment & Development Centre for promising employees
- Employee recognition programs such as– Dhruv Tara, Annual Convention Award and Achievement Box
- Participation in Mahindra Group's Talent Management and Retention program

Technology initiatives

- All our offices are connected to the centralised data centre in Mumbai through Lease line/HHD
- Through hand held devices connected by GPRS to the central server, we transfer data which provides
 - Prompt intimation by SMS to customers
 - Complete information to handle customer queries with transaction security
 - On-line collection of MIS on management's dashboard
 - Recording customer commitments
 - Enables better internal checks & controls





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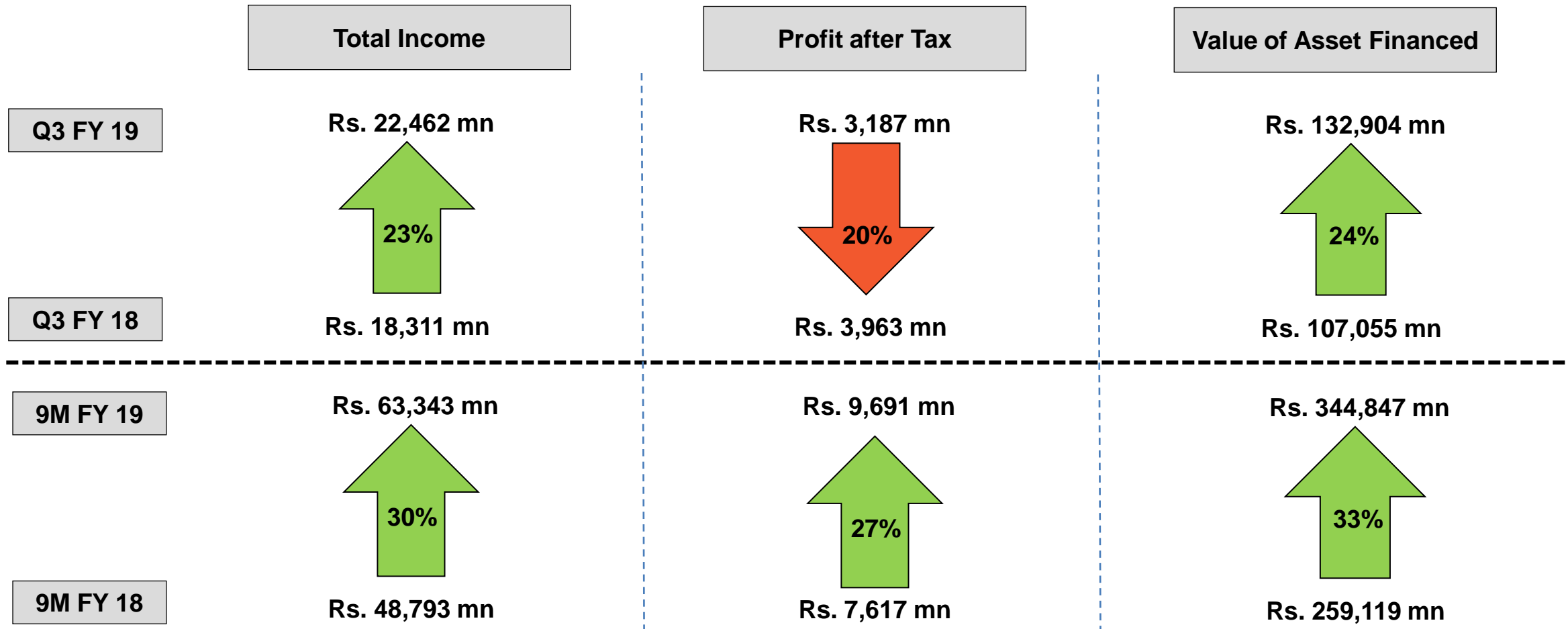
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Disclaimer

- This is the **first financial year** of Indian Accounting Standards (“**IND-AS**”) for the purposes of the Company’s financial reporting.
- The **impact of the transition** from previous GAAP (“**I-GAAP**”) has been made in the **opening reserves of FY 2018**
- Except the **nine-months account’s (9M-FY19)** which have been subject to **limited review**, all other reportings and disclosure made in the presentation are based on management reports.
The auditors have not reviewed any of those disclosures.
- The disclosures provided here are to **merely provide a summary of the performance** and for comparing key differences with previous accounting standards.
- There is a **possibility of the financial results and the additional disclosures to be updated, modified or amended** because of adjustments which may be required to be made on account of introduction of new standards or its interpretation, receipt of guidelines or circulars from regulatory bodies and/ or Reserve Bank of India and/or changes because of exercising any available exemptions.

Key Financials

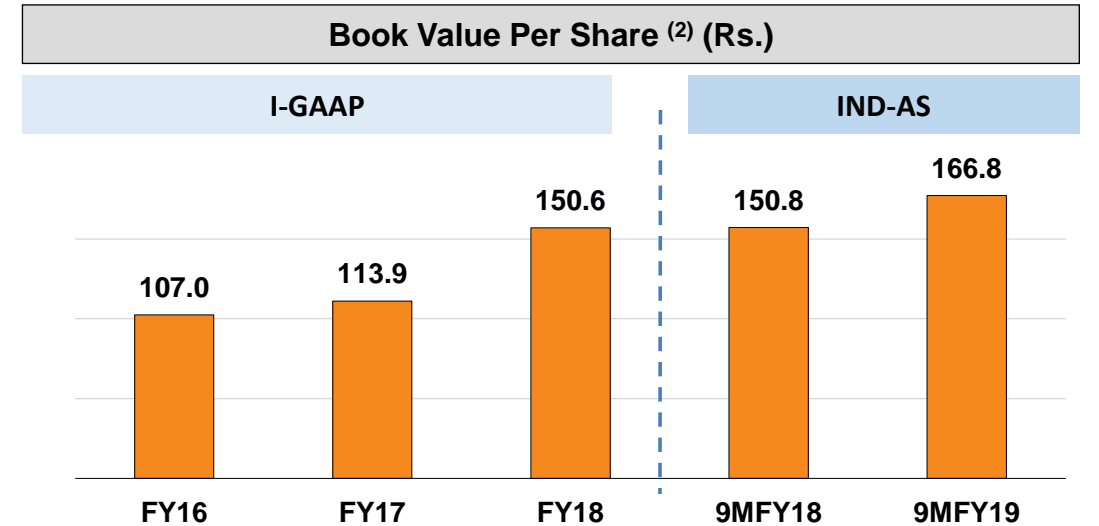
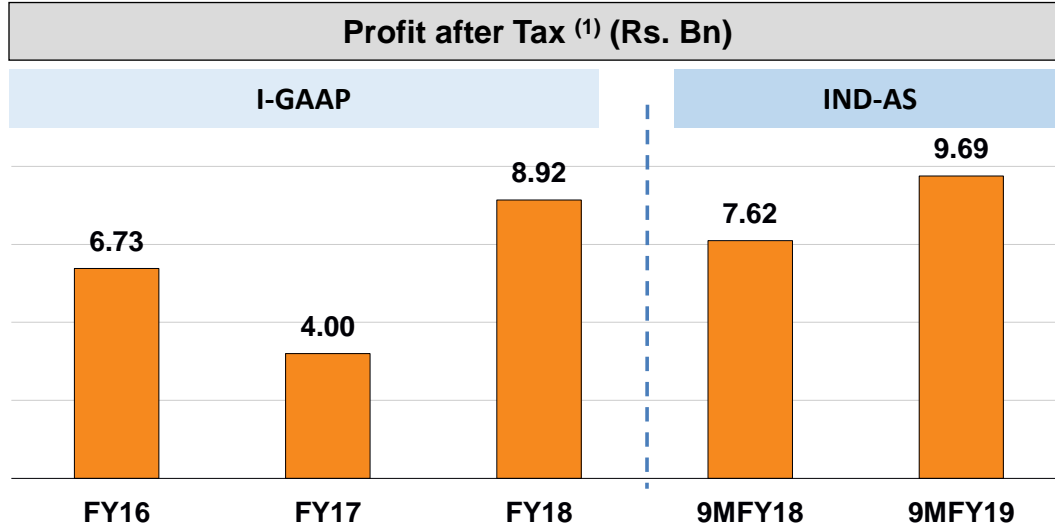
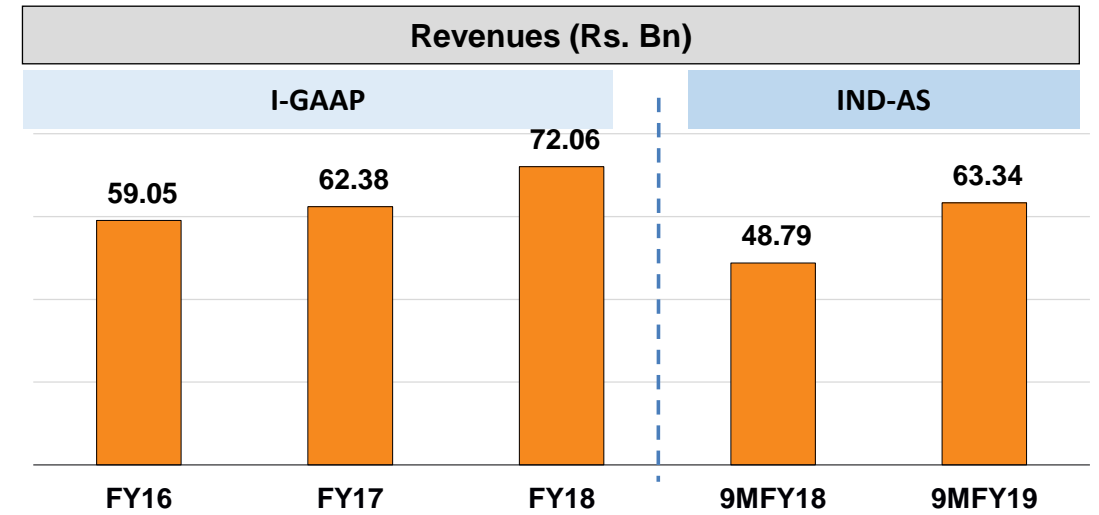
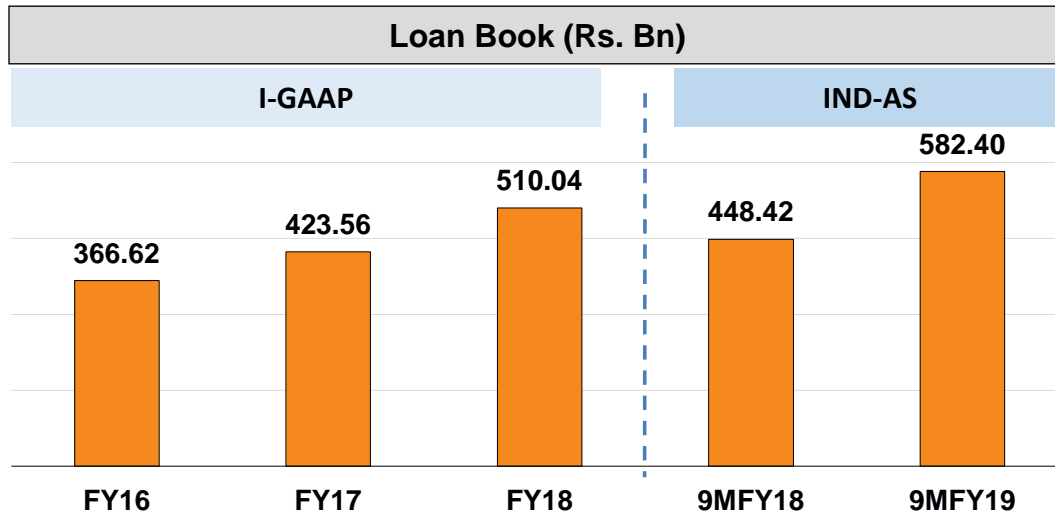
Figures on standalone basis



* As per IND-AS

Growth Trajectory

Figures on standalone basis

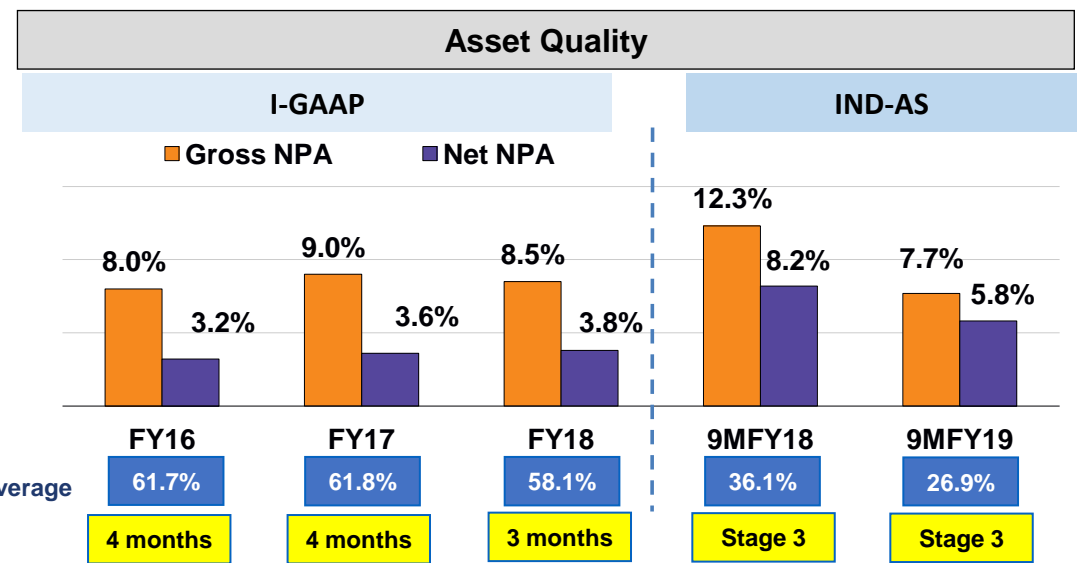
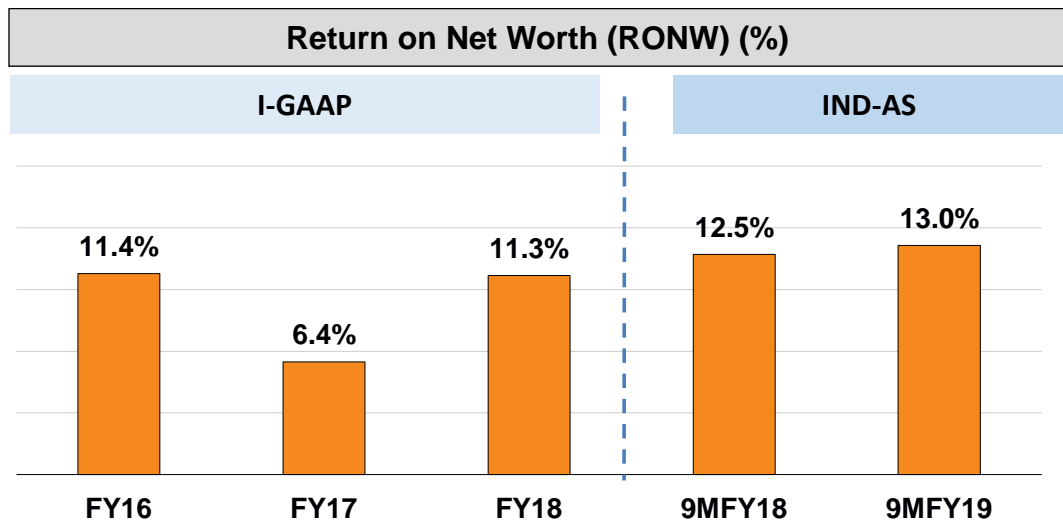
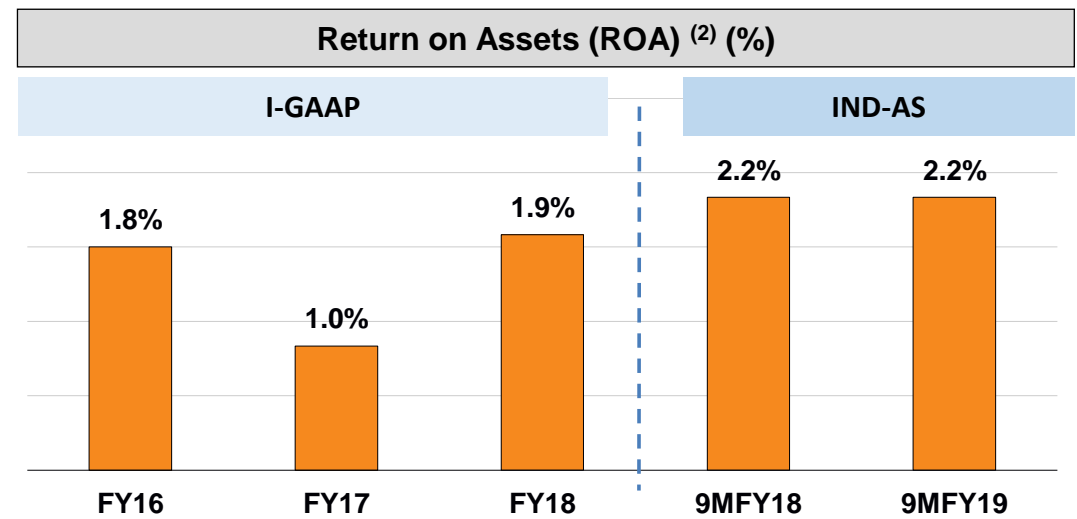
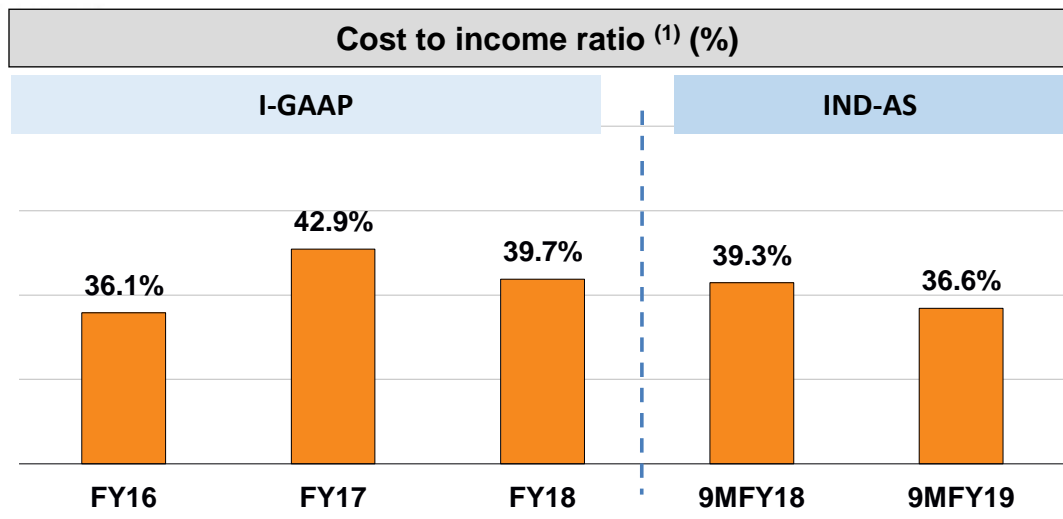


Note : ⁽¹⁾ PAT post exceptional items.

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

Financial Performance

Figures on standalone basis



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

* GNPA under I-GAAP after including income reversal

Standalone Profit & Loss Account: IND-AS

Accounting Basis	As per IND-AS					
Particulars (Rs. in Million)	Q3FY19	Q2FY19	Q-o-Q	Q3FY18	Y-o-Y	FY 18
Revenue from operations	22,225	21,033	5.7%	18,186	22.2%	66,295
Less: Finance cost	10,185	9,367	8.7%	8,158	24.8%	30,955
NII	12,040	11,666	3.2%	10,028	20.1%	35,340
Other Income	237	451	(47.4%)	125	89.6%	592
Total Income	12,277	12,117	1.3%	10,153	20.9%	35,932
Employee benefits expense	2,716	2,410	12.7%	2,045	32.9%	8,325
Provisions and write-offs	2,247	2,311	(2.8%)	1,228	83.0%	5,681
Other expenses	1,965	1,693	16.1%	1,379	42.5%	5,466
Depreciation and amortization	152	145	4.8%	107	41.7%	442
Total Expenses	7,080	6,559	7.9%	4,759	48.8%	19,914
Profit before Tax (before Exceptional)	5,197	5,558	(6.5%)	5,394	(3.7%)	16,018
Exceptional Items ^	-	-	-	650	-	650
Profit before Tax	5,197	5,558	(6.5%)	6,044	(14.0%)	16,668
Tax expense	2,010	1,744	15.3%	2,081	(3.4%)	5,907
Net Profit after Taxes	3,187	3,814	(16.4%)	3,963	(19.6%)	10,761

* Figures re-grouped and rounded where found relevant

^ on account of sale of 5% equity of MIBL

Standalone Profit & Loss Account: IND-AS

Accounting Basis	As per IND-AS			
Particulars (Rs. in Million)	Nine months ended Dec – 18	Nine months ended Dec – 17	Y-o-Y	FY 18
Revenue from operations	62,516	48,340	29.3%	66,295
Less: Finance cost	28,039	23,056	21.6%	30,955
NII	34,477	25,284	36.4%	35,340
Other Income	826	453	82.4%	592
Total Income	35,303	25,737	37.2%	35,932
Employee benefits expense	7,760	5,871	32.2%	8,325
Provisions and write Offs	7,497	4,734	58.4%	5,681
Other expenses	4,740	3,918	21.0%	5,466
Depreciation and amortization	429	324	32.3%	442
Total Expenses	20,426	14,847	37.6%	19,914
Profit before Tax (before Exceptional)	14,877	10,890	36.6%	16,018
Exceptional Items ^	-	650	-	650
Profit before Tax	14,877	11,540	28.9%	16,668
Tax expense	5,186	3,923	32.2%	5,907
Net Profit after Taxes	9,691	7,617	27.2%	10,761

* Figures re-grouped and rounded where found relevant

^ on account of sale of 5% equity of MIBL

Standalone Balance Sheet

Particulars (Rs. in Million)	As on Dec 31, 2018
EQUITY AND LIABILITIES	
Shareholders' funds	
a) Share Capital	1,230
b) Reserves and Surplus	101,826
Shareholders' funds	103,056
Non-current liabilities	
a) Financial Liabilities	323,103
i) Borrowings	318,896
ii) Other Financial Liabilities	4,207
b) Provisions	778
Non-current liabilities	323,881
Current liabilities	
a) Financial Liabilities	202,388
i) Borrowings	72,555
ii) Trade Payables	9,508
iii) Other Financial Liabilities	120,325
b) Other current liabilities	825
c) Provisions	357
d) Current tax liabilities (net)	223
Current liabilities	203,793
Total Equities and Liabilities	630,730

Particulars (Rs. in Million)	As on Dec 31, 2018
ASSETS	
Non-current assets	
a) Property, Plant and Equipment	1,192
b) Capital work-in-progress	0
c) Other Intangible assets	241
d) Financial assets	327,216
i) Investments	16,442
ii) Loans	310,292
iii) Other Financial Assets	482
e) Deferred Tax Assets (net)	5,723
f) Other non-current assets	58
g) Non current Tax assets (net)	2,398
Non-current assets	336,828
Current assets	
a) Financial assets	293,139
i) Investments	13,183
ii) Trade receivables	37
iii) Cash and cash equivalents	4,129
iv) Bank balances (other than iii above)	3,319
v) Loans	272,105
vi) Other Financial Assets	366
b) Other current assets	763
Current assets	293,902
Total Assets	630,730

* Figures re-grouped where found relevant

Summary & Key Ratios

Figures on standalone basis

Particulars (Rs. in Million)	As per IND-AS		
	Nine months ended Dec – 18	Nine months ended Dec – 17	Year ended March – 18
RONW (Avg. Net Worth) ^	13.0%	12.5%	13.3%
Debt / Equity	4.83:1	3.93:1	4.17:1
Capital Adequacy^{\$}	19.4%	23.5%	21.9%
Tier I	14.7%	17.0%	16.0%
Tier II	4.7%	6.5%	5.9%
EPS (Basic) (Rs.)	15.77	13.36	18.52
Book Value (Rs.)	166.8	150.8	155.8
Dividend %	-	-	200%
New Contracts During the period (Nos.)	567,846	448,835	626,172
No. of employees	21,082	18,486	18,733

^{\$} computed based on RBI reporting

* Figures re-grouped and rounded where found relevant

Spread Analysis

Figures on standalone basis

Particulars (Rs. in Million)	As per IND-AS		
	Nine months ended Dec – 18	Nine months ended Dec – 17	Year ended March – 18
Total Income / Average Assets	14.6%	14.0%	13.9%
Interest / Average Assets	6.5%	6.6%	6.4%
Gross Spread	8.1%	7.4%	7.5%
Overheads / Average Assets	3.0%	2.9%	2.9%
Write offs & NPA provisions / Average Assets	1.7%	1.2%	1.2%
Net Spread	3.4%	3.3%	3.4%
Net Spread after Tax	2.2%	2.2%	2.2%

* Average Assets is computed based on Net Total Assets i.e Total Assets less Provisions

NPA Analysis (As per IND-AS)

Figures on standalone basis

Particulars (Rs. in Million)	As on Dec 31, 2018	As on Dec 31, 2017	As on Mar 31, 2018
Total Assets (including Provisions)	655,193	517,609	557,826
Gross NPA (Stage 3)	50,645	63,542	50,419
Less: ECL Provisions (Stage 3)	13,611	22,912	17,161
Net NPA (Stage 3)	37,034	40,630	33,258
Gross NPA % (Stage 3)	7.7%	12.3%	9.0%
Net NPA % (Stage 3)	5.8%	8.2%	6.2%
Coverage Ratio(%) – based on Stage 3 ECL	26.9%	36.1%	34.0%
Stage 1 & 2 provision to Total Assets (%)	1.7%	2.2%	2.3%
Coverage Ratio(%) – including Stage 1 & 2 provision	48.4%	54.1%	59.5%
Count of NPA & Repossessed Stock	As on Dec 31, 2018	As on Dec 31, 2017	As on Mar 31, 2018
Contracts under NPA (90 dpd)	128,522	192,919	132,947
% of Live Cases under NPA	5.6%	9.4%	6.4%
Repossessed Assets (out of above NPA)	14,701	15,004	11,596



Company Overview

Industry Overview

Business Strategy

Financial Information

Key Subsidiaries

Awards & Accolades

Risk Management Policies

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Mahindra Rural Housing Finance Limited

Accounting Basis	As per IND-AS		
	Particulars (Rs. million)	Nine Months ended December – 18	Nine Months ended December – 17
Loans disbursed	17,768	17,599	27,892
No. of Customer Contracts (nos.)	114,776	124,539	218,572
Outstanding loan book	73,009	55,372	60,025
Total income	10,302	7,470	10,348
PBT	2,622	1,961	2,412
PAT	1,685	1,276	1,563
Net-worth	9,935	5,370	6,965
GNPA % – IND-AS I-GAAP	15.75% 12.24%	17.08% 13.81%	13.63% 10.53%
NNPA % – IND-AS I-GAAP	13.07% 9.14%	14.58% 10.70%	11.51% 7.85%

- **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 – 88.75%; NHB – 9.68%; MRHFL Employee Welfare Trust – 1.57%
- **Reach:** Currently spread in 13 States & 1 Union Territory

* NNPA for IND-AS is after considering only Stage-3 ECL
* Figures have been re-stated based on updated ECL model

Mahindra Insurance Brokers Limited

Particulars (Rs. million)	As per IND-AS		
	Nine Months ended December – 18	Nine Months ended December – 17	Year ended March – 18
No. of Policies for the Period (nos.)	1,669,594	1,461,525	2,058,613
Net Premium	12,902	11,575	17,490
Total income	2,237	1,568	2451
PBT	643	473*	832
PAT	448	307	536
No. of employees (nos.)	1,063	997	987

* 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%



Company Overview

Industry Overview

Business Strategy

Financial Information

Key Subsidiaries

Awards & Accolades

Risk Management Policies

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Awards and Accolades

- Mahindra Finance has been ranked at **14th position** in India's Best Companies to Work for 2018 by The Great Place to Work Institute® and Economic Times
- Mahindra Finance Appraised and Rated at Level 5 of **People Capability Maturity Model®**, being the 1st NBFC Globally to achieve this international benchmark
- Mahindra Finance listed on **Dow Jones Sustainability Index (DJSI)** – for 6th year in a row
- Mahindra Finance was included in the Sustainability Yearbook 2018 by **RobecoSAM**
- Mahindra Finance was honored with the **Indian Development Foundation's** CSR Award 2017-18 for Resource Mobilization for Humanitarian Cause
- Mahindra Finance has been listed as **One of the 100 Best Companies for Women in India 2018** by Avtar and Working Mother Media





Company Overview

Industry Overview

Business Strategy

Financial Information

Key Subsidiaries

Awards & Accolades

Risk Management Policies

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Risk Management Policies

Provisioning Norms

Stage	Description	Provision Mechanism
Stage 1	0- 30 days past due	PD * LGD * Stage 1 Asset
Stage 2	> 30 to <= 90 days past due	PD * LGD * Stage 2 Asset
Stage 3	> 90 days past due	LGD * EAD of Stage 3 Asset

PD – Probability of Default;

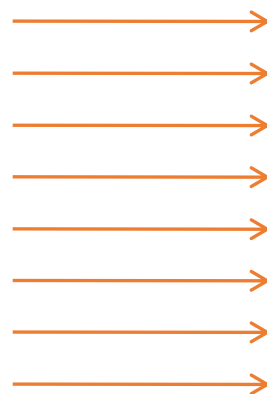
LGD – Loss given Default;

EAD – Exposure at Default

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

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