

Mahindra & Mahindra Financial Services Limited

Quarter Result Update
June - 2017

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CIN - L65921MH1991PLC059642



Company Overview

Industry Overview

Business Strategy

Financial Information

Key Subsidiaries

Awards & Accolades

Risk Management Policies

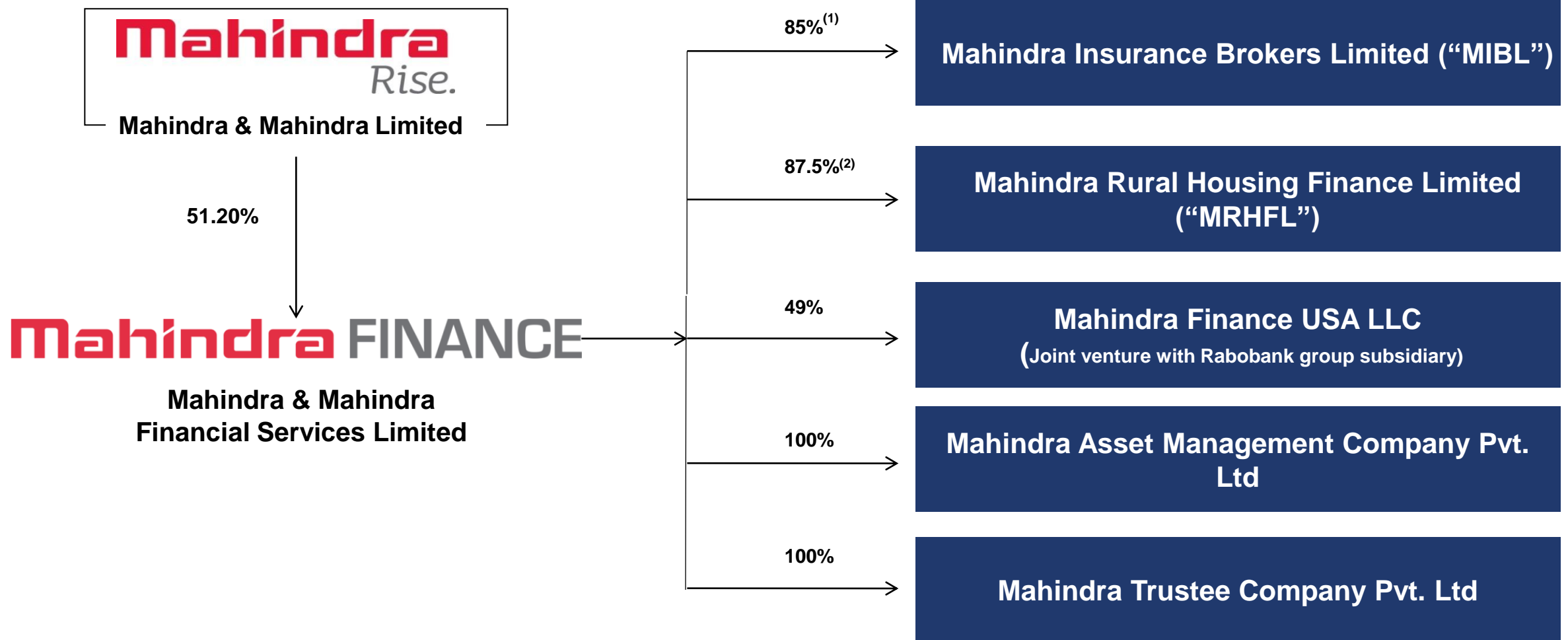
Transforming rural lives across the country

Company Background

- Parentage:** Mahindra & Mahindra Financial Services Limited (“MMFSL”) is a subsidiary of Mahindra and Mahindra Limited (*Mcap: Rs 859 billion*)*, India’s largest tractor and utility vehicle manufacturer
- About MMFSL:** MMFSL (*Mcap: Rs 201 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 1183 offices covering 27 states and 4 union territories in India, with over 4.85 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 July 21, 2017 from BSE website*

MMFSL Group structure

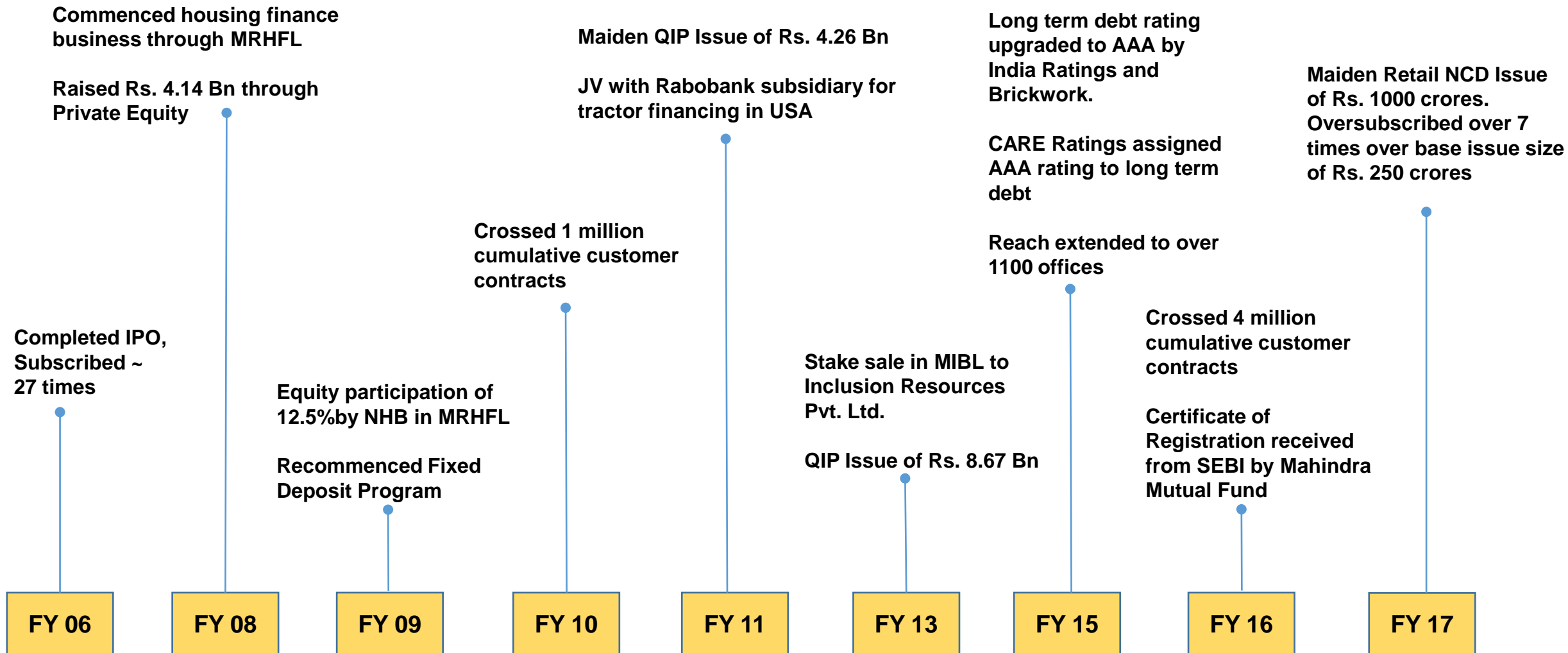


Note:

1. Balance 15% with Inclusion Resources Pvt. Ltd., a subsidiary of Leapfrog Financial Inclusion Fund, incorporated in Singapore.

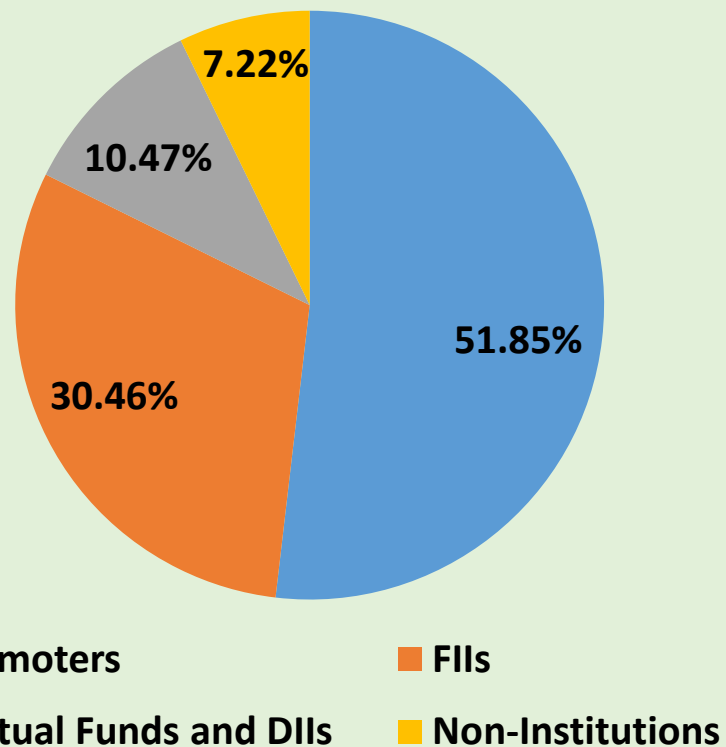
2. Balance 12.5% with National Housing Bank (NHB)

Our Journey



Shareholding Pattern (as on 30th June, 2017)

Shareholding Pattern Chart



Top 10 Public Shareholders

- Aranda Investments (Mauritius) PTE Limited
- Franklin Templeton Investment Funds
- Valiant Mauritius Partners Offshore Limited
- Blackrock Global Funds Asian Dragon Fund
- Life Insurance Corporation Of India
- Merrill Lynch Markets Singapore PTE Limited
- SBI Blue Chip Fund
- Amansa Holdings Private Limited
- Bank Muscat India Fund
- Valiant Mauritius Partners Limited

* Mahindra & Mahindra Limited holds a stake of 51.20% in the Company.
ESOP trust holds the balance 0.65%



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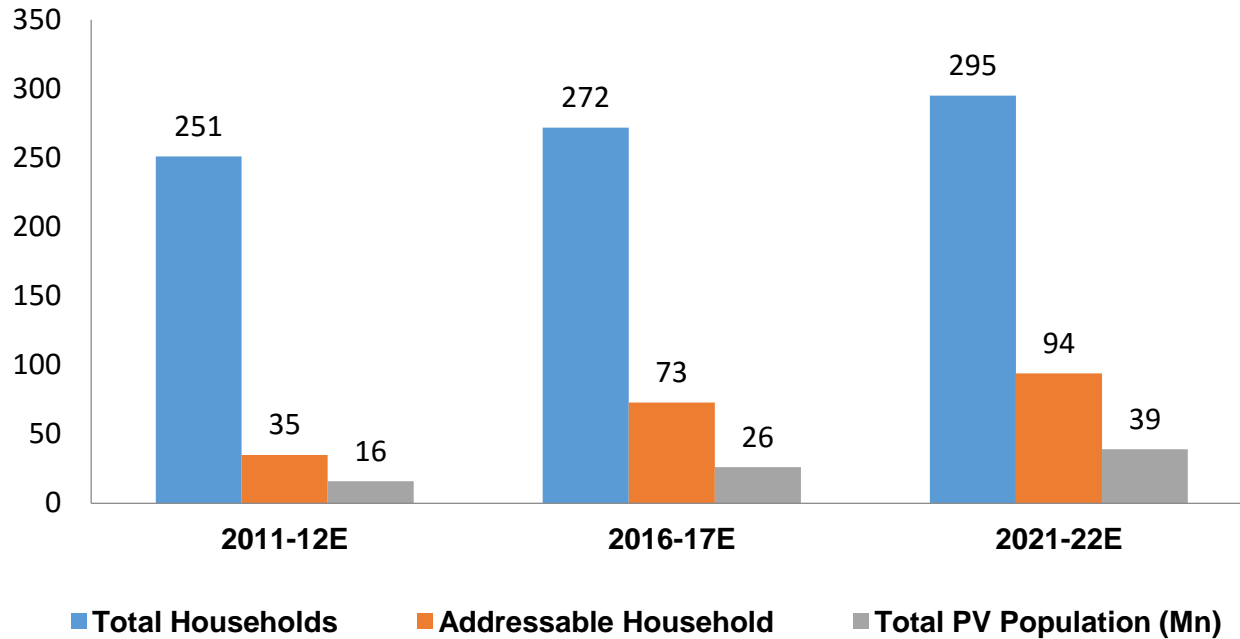
Awards & Accolades

Risk Management Policies

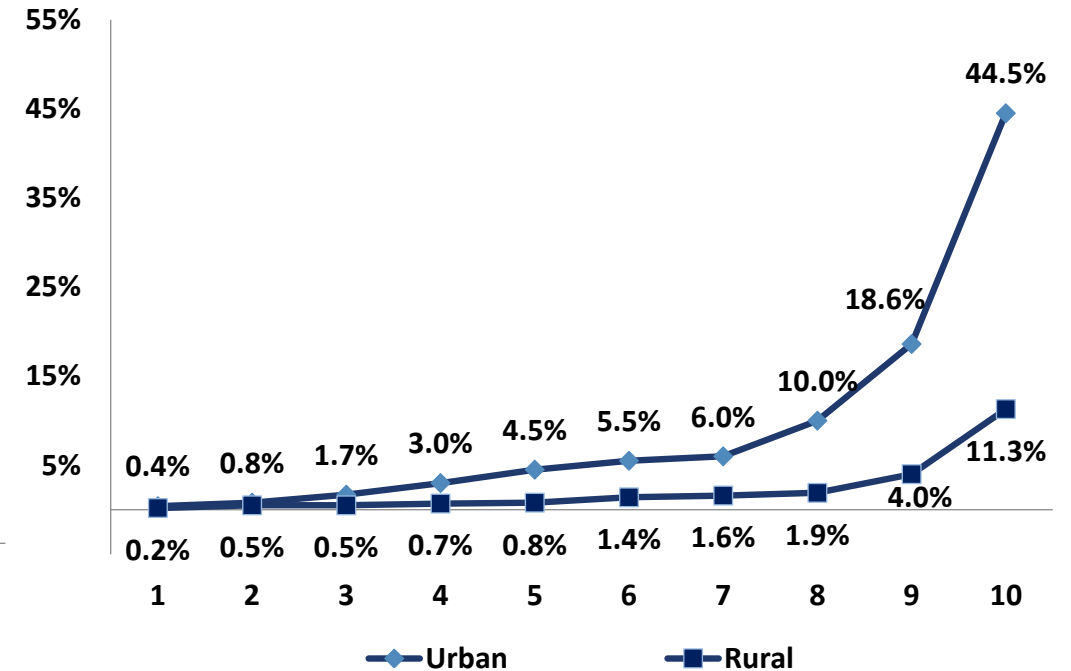
Transforming rural lives across the country

Auto Industry: Long term growth potential

Expansion in Addressable market with Low Cost of Ownership



Decile-wise penetration (Urban versus Rural)



- High domestic potential exists considering low penetration levels (20 cars per 1000 people - FY 2017) compared to developed economies.
- Penetration shoots in the top deciles improve and is likely to improve further
- Higher farm incomes, pick up in infrastructure spending and a normal monsoon will boost rural demand

Passenger Vehicles Industry: Overall Demand Drivers

	FY 07 – FY12	FY 12 – FY 17	FY 17 – FY 22 (P)
Small Cars	13%	3%	11% – 13%
Sedans	17%	(12%)	9% – 11%
UV + Vans	16%	9%	9% – 11%
Total (Cars + UVs)	14%	3%	10% – 12%

- With cost of ownership likely to decline, first time buyers and increasing proportion of rural sales shall drive demand for small cars
- Compact UV segment gained momentum with shift from sedan

Volumes in '000	FY 2016		FY 2017		FY 2018 (P)
	Volume	Growth	Volume	Growth	Growth
Small Cars	1,754	8%	1,857	6%	7% – 9%
Sedans	271	6%	246	(10%)	9% – 11%
UV + Vans	763	5%	944	24%	11% – 13%
Total (Cars + UVs)	2,788	7%	3,047	9%	9% – 11%

- On the back of GST, Improvement in Growth expected by 1.5% - 2% and 2.5% – 3% in UV's and Sedan respectively.
- Higher disbursements expected with reduced interest rate environment. Further new model launches shall enhance demand.

Commercial Vehicles Industry: Overall Demand Drivers

	FY 12 – FY 17	FY 17 – FY 22 P
MHCV (goods)	(3.1%)	5% – 7%
LCV (goods)	(2.6%)	9% – 12%
Buses	(0.1%)	8% – 10%

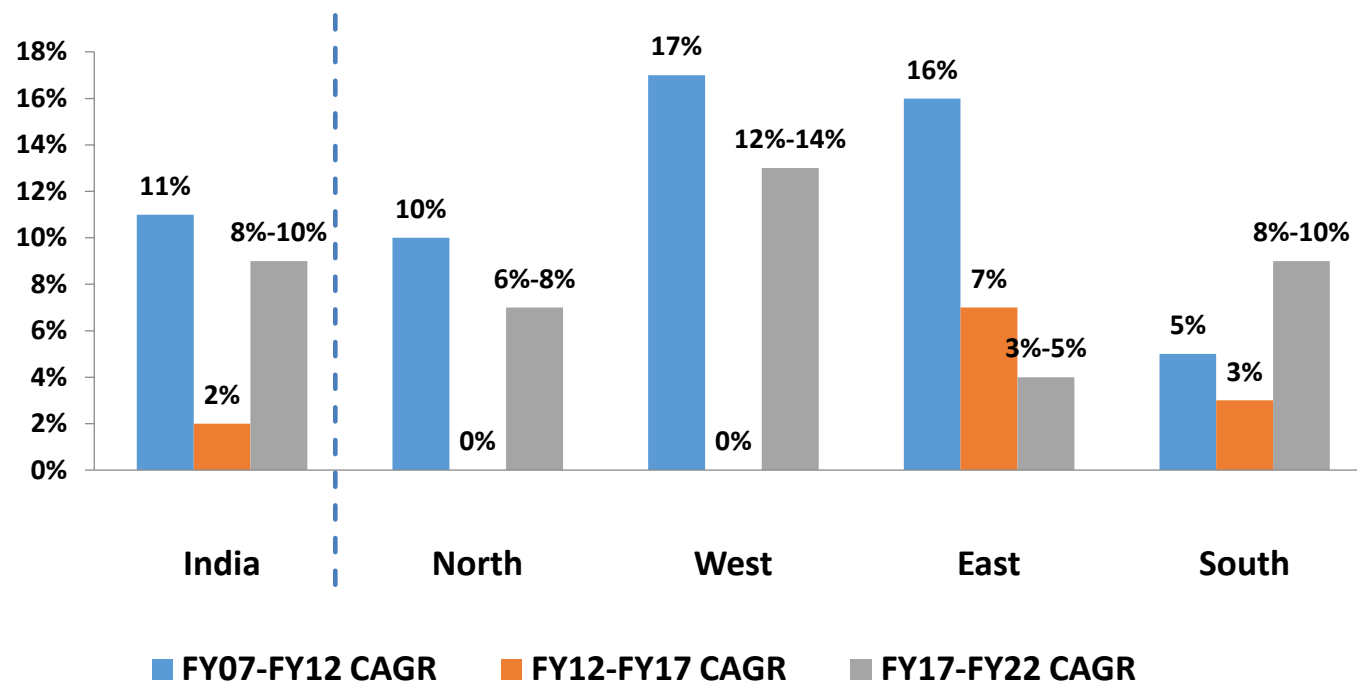
- High cost of BS-IV ownership led to advancement of purchase. Uncertainty regarding logistics movement under GST scenario shall lead to postponement of sales. Infrastructure, mining and manufacturing shall prevent fall in MHCV sales.

	FY 2016		FY 2017		FY 2018 (P)
	Volume	Growth	Volume	Growth	Growth
MHCV	257,987	32%	255,234	(1%)	(2%) – 0%
LCV	334,371	(1%)	360,842	8%	6% – 8%
Buses	92,845	15%	98,126	6%	7% – 9%

- Demand for LCVs fuelled by increase of hub-and-spoke model, growth of organised retail, rising consumption expenditure and improvement in rural road infrastructure
- Pick-up in the tours segment impacted by demonetisation along with school and intercity segment shall drive demand in buses

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%	8% – 10%	8% – 10%



Period 01 June, 2017 to 23 July, 2017

Category	No. Of Subdivisions	Subdivisional %Area of Country
Large Excess	2	9%
Excess	5	16%
Normal	26	67%
Deficient	3	8%
Large Deficient	0	0%
No Rain	0	0%

The country has received 3% above normal rainfall

Auto Industry Volume

Domestic Sales (Volume in '000)	1QFY18 (Nos.)	1QFY17 (Nos.)	Y-o-Y Growth (%)	FY17 (Nos.)	FY16 (Nos.)	Y-o-Y Growth (%)
Passenger Vehicles (PVs)						
Passenger Cars / Vans	494	476	3.8%	2,103	2,025	3.9%
Uvs	233	221	5.4%	944	764	23.6%
Commercial Vehicles (CVs)						
M&HCVs	48	71	(32.4%)	302	302	0.0%
LCVs	103	96	7.8%	412	382	7.6%
Three Wheelers	109	140	(22.1%)	512	538	(4.8%)
Tractors	177	164	7.9%	583	494	18.0%

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	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%
Commercial Vehicles	17%	(14%)	(24%)	9%	23%	9%	12%	13% – 15%
Two Wheelers	27%	10%	16%	4%	7%	14%	18%	11% – 13%

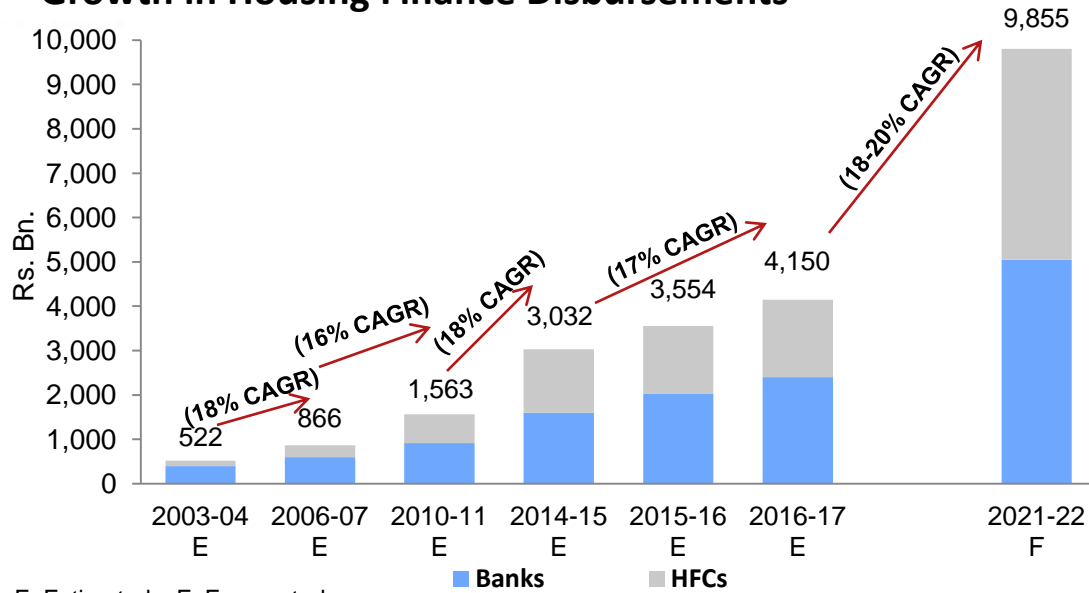
Car & UV Loan Portfolio	Top 20 Cities	Other Cities
Outstanding Loan Composition	55% – 60%	40% – 45%
Finance Penetration Ratio	80.0%	65.0%

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

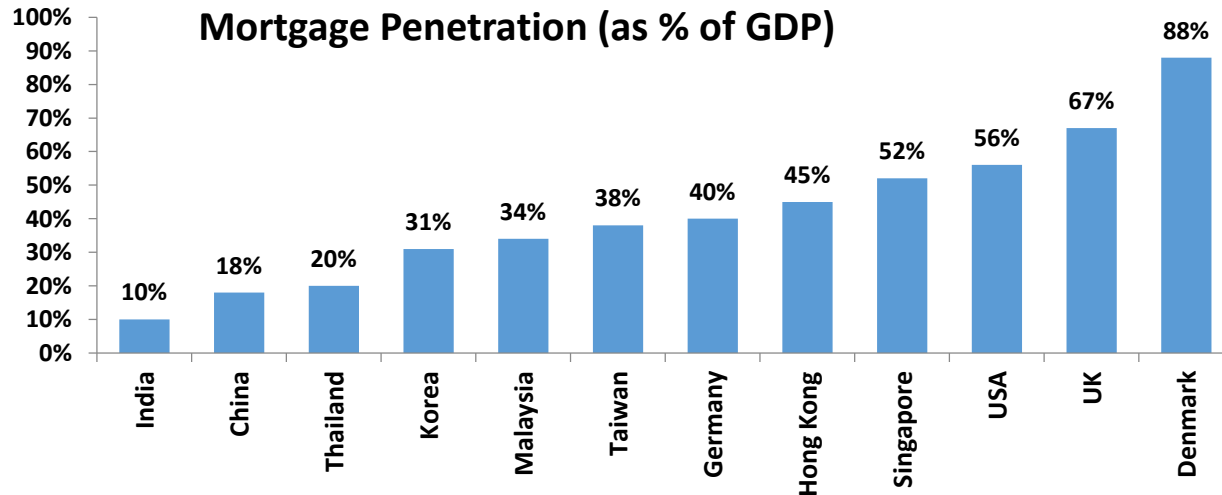
- By FY 2022, penetration levels are expected to increase to 79% for cars and 77% for utility vehicles from 77% and 71% respectively (FY 2017E) as a result of a moderation in interest rates and better availability of credit information
- Increase of finance penetration in cities (excluding top 20) are going to contribute in the overall growth
- Loan-to-value (LTVs) expected to increase marginally to 77% for cars and 75% for UVs from 76% and 72% respectively over the next 5 years

Housing Finance Growth

Growth in Housing Finance Disbursements



E: Estimated F: Forecasted



- 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.
- Disbursements to grow @ 18% – 19% CAGR over FY 19 – 21 on the back of higher finance penetration, demand for affordable housing and increasing urbanisation
- Mid size and Small HFC's is expected to maintain spread supported by presence in niche rural markets
- Despite mortgage penetration improving by 300 – 400 bps over the last six years (now at 10%), the same is still low.
- Mortgage penetration in India is 9 – 11 years behind other regional emerging markets like China and Thailand
- This increase was led by rising incomes, improving affordability, growing urbanisation, emergence of Tier-II and Tier-III cities along with tax incentives



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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

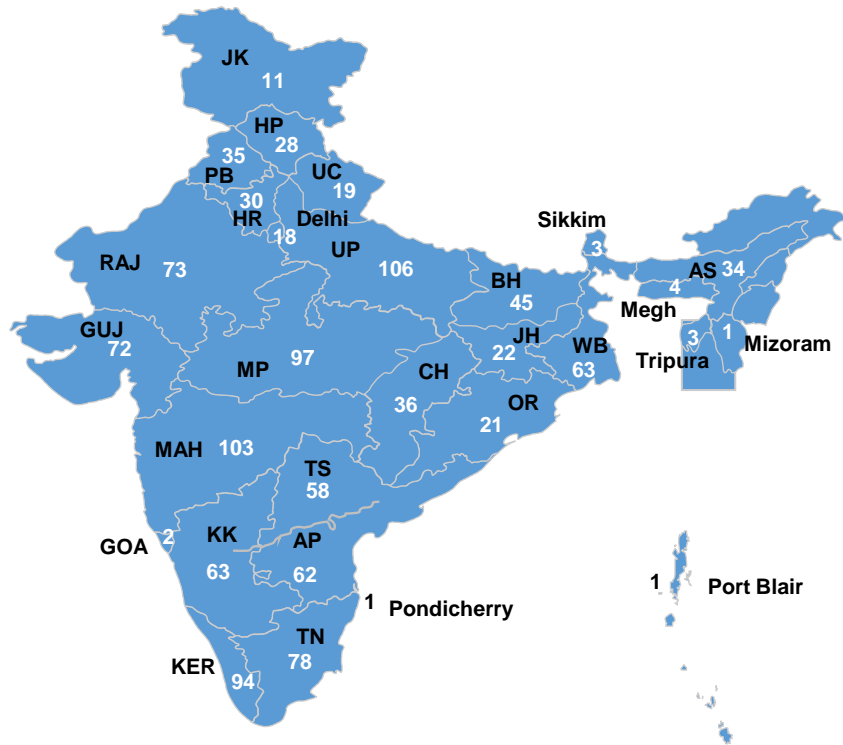
Effective use of technology to improve productivity

Leverage the “Mahindra” Ecosystem

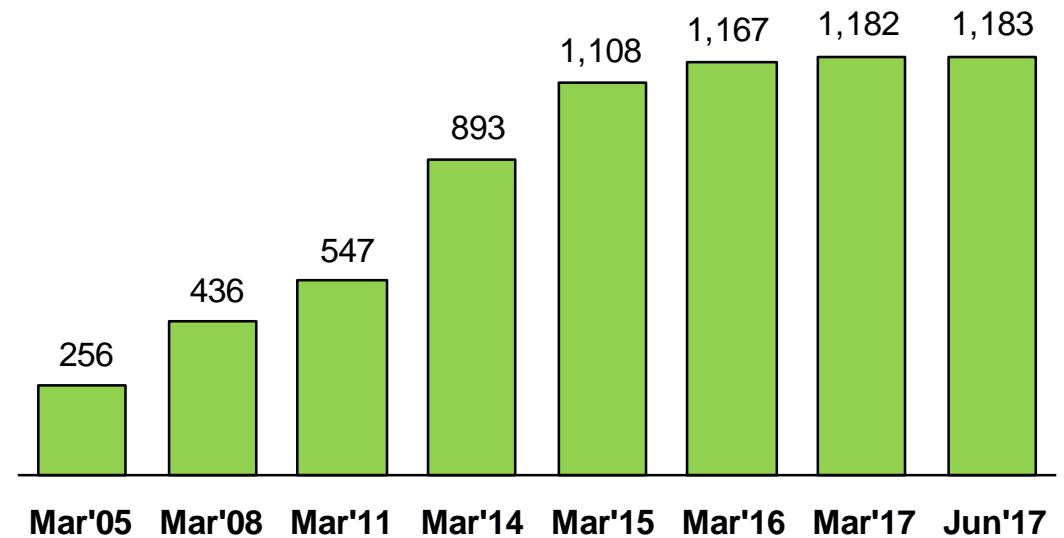
Extensive Branch Network

- Extensive branch network with presence in 27 states and 4 union territories in India through 1,183 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	Quarter ended June – 17	Quarter ended June – 16	Year ended March – 17
Auto/ Utility vehicles	28%	29%	28%
Tractors	21%	17%	19%
Cars	21%	22%	22%
Commercial vehicles and Construction equipments	11%	13%	11%
Pre-owned vehicles	14%	14%	13%
SME and Others	5%	5%	7%

* Standalone

Break down of AUM

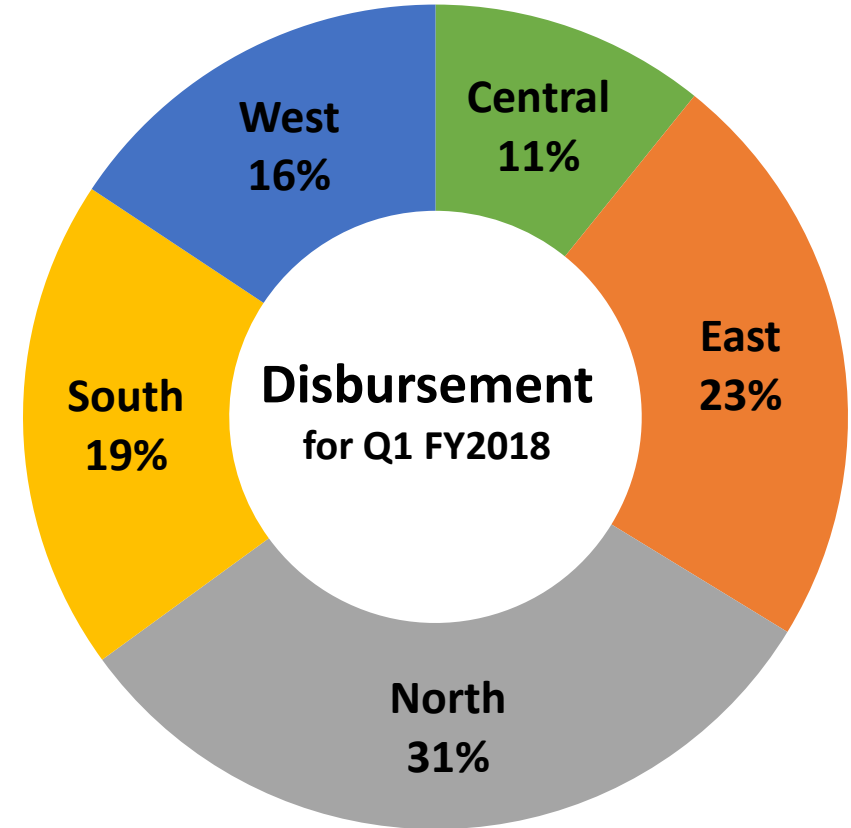
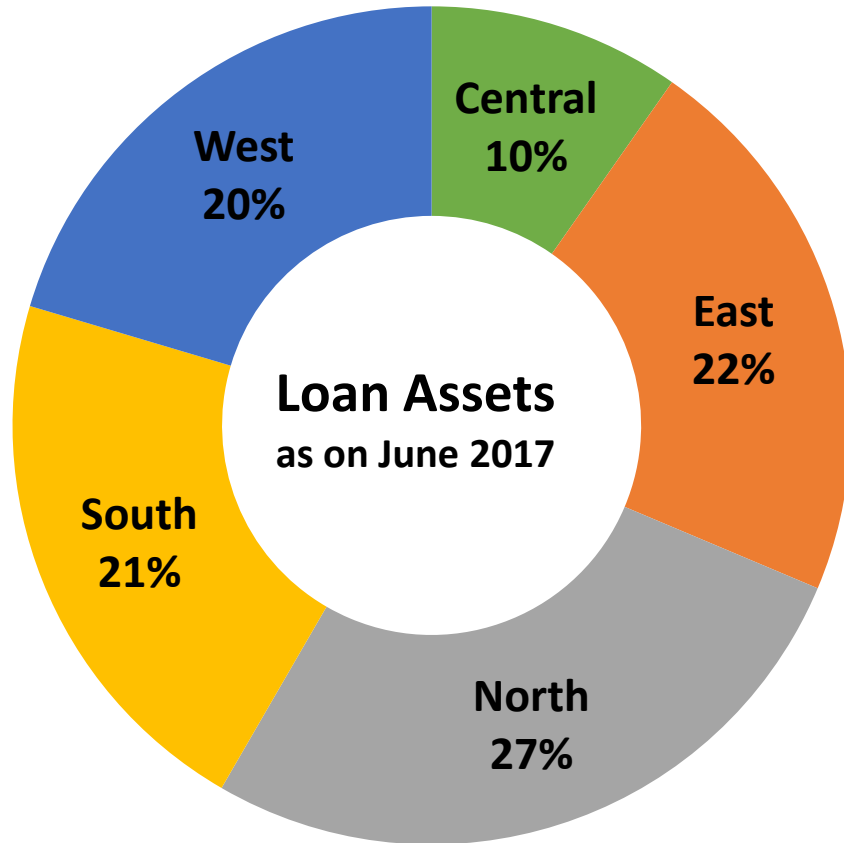
Asset Class	As on June – 17	As on June – 16	As on March – 17
Auto/ Utility vehicles	30%	31%	30%
Tractors	17%	17%	17%
Cars	23%	24%	23%
Commercial vehicles and Construction equipments	13%	13%	13%
Pre-owned vehicles	9%	9%	9%
SME and Others	8%*	6%	8%

As on 30th Jun 17, ~48% of the AUM was from M&M assets

* Share of SME: 5%

* 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 (Jun' 17)

Investor Type	Amount (INR mn.)	% Share
Banks	142,811	40%
Mutual Fund	89,678	25%
Insurance & Pension Funds	47,643	13%
FIs & Corporates	36,028	10%
Others	42,853	12%
Total	359,013	100%

Funding Mix by type of Instrument (Jun' 17)

Instrument Type	Amount (INR mn.)	% Share
NCDs	167,204	47%
Retail NCDs	10,000	3%
Bank Loans	87,133	24%
Fixed Deposits	40,368	11%
CP, ICD	47,863	13%
Securitisation/ Assignment	6,445	2%
Total	359,013	100%

* Based on holding as on 30th June, 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





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Key Subsidiaries

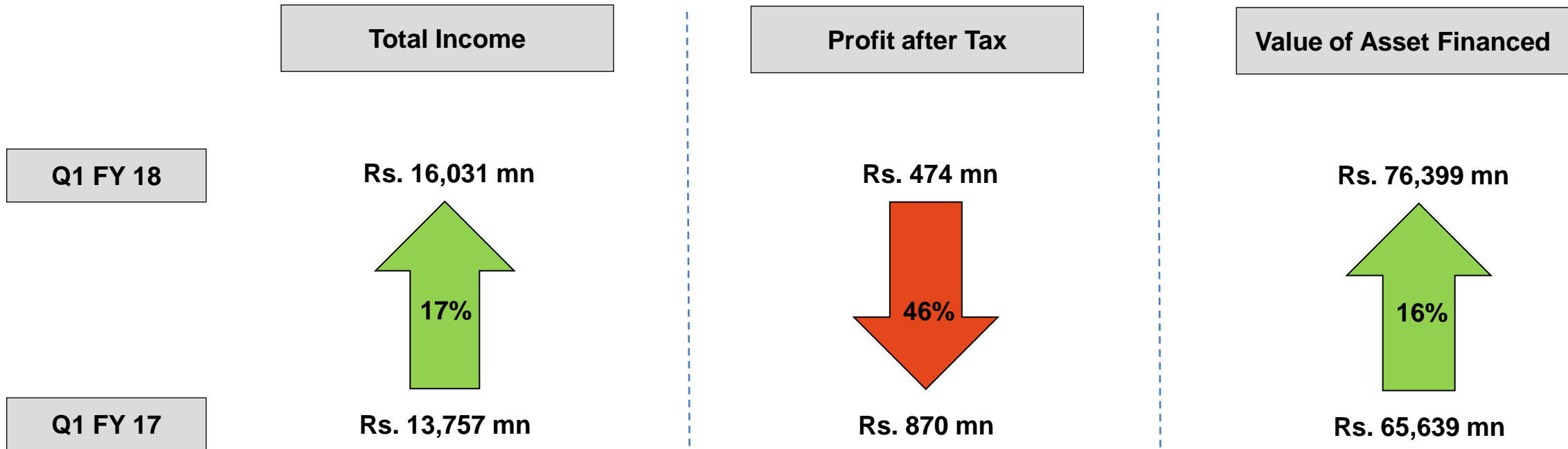
Awards & Accolades

Risk Management Policies

Transforming rural lives across the country

Key Financials

Figures on standalone basis

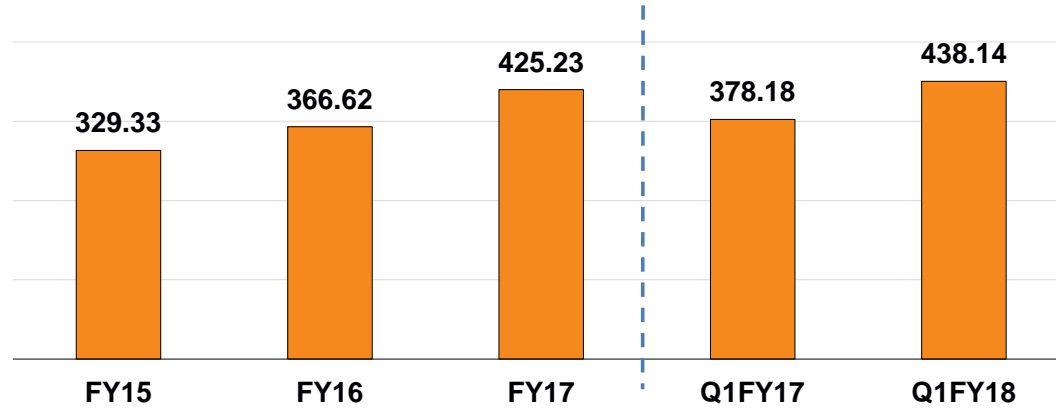


The Company, wef. quarter ended June 30, 2016, had started considering the estimated realisable value of underlying security (which conforms to the RBI norms) for loan assets to determine 100% provisioning for assets which were 24 months overdue which had resulted in lower provision of Rs.1927.52 million for the quarter ended June 30, 2016 and Rs. 833.69 million for the year ended March 31, 2017 with a consequent impact on the profit before tax. In the quarter ended June 30, 2017, the Company has made additional provision of Rs. 833.69 million against the above mentioned 100% provision cases.

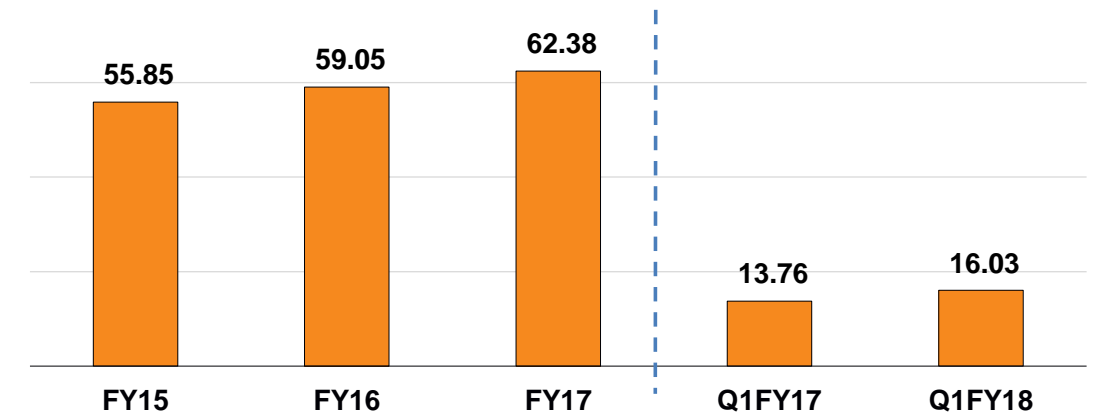
Growth Trajectory

Figures on standalone basis

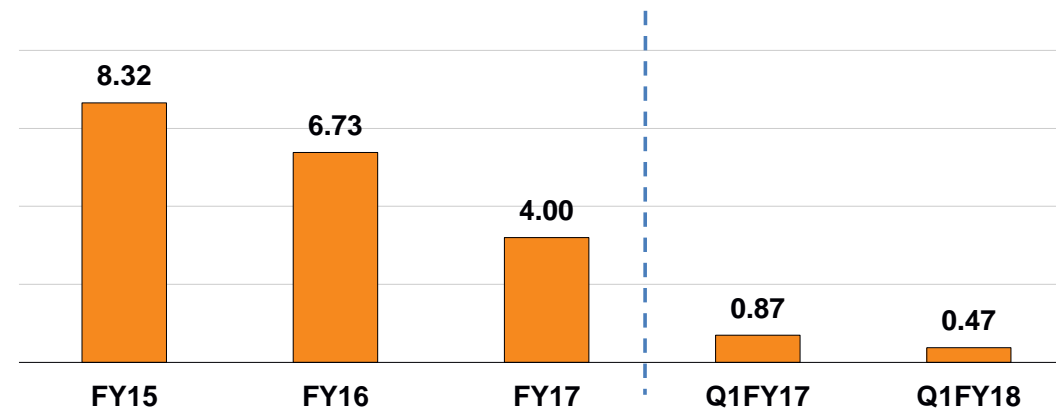
Loan Book (Rs. Bn)



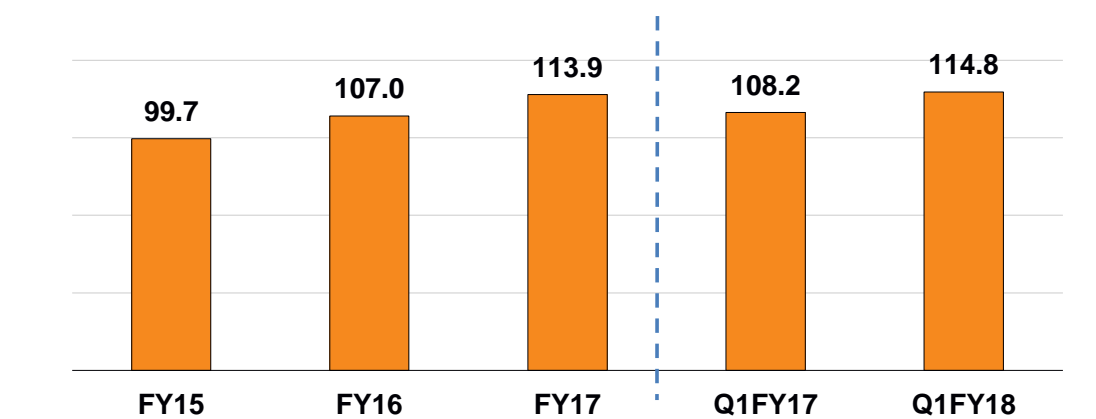
Revenues (Rs. Bn)



Profit after Tax ⁽¹⁾ (Rs. Bn)



Book Value Per Share ⁽²⁾ (Rs.)



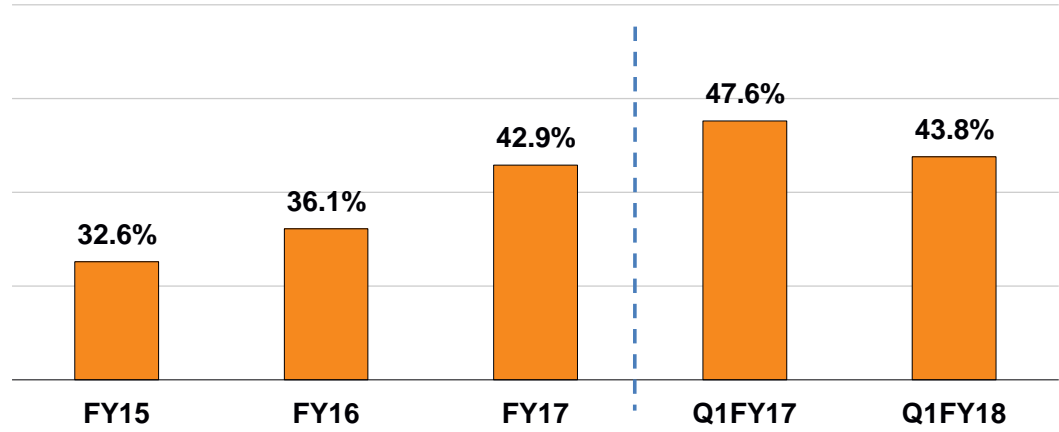
Note : ⁽¹⁾ PAT post exceptional items.

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

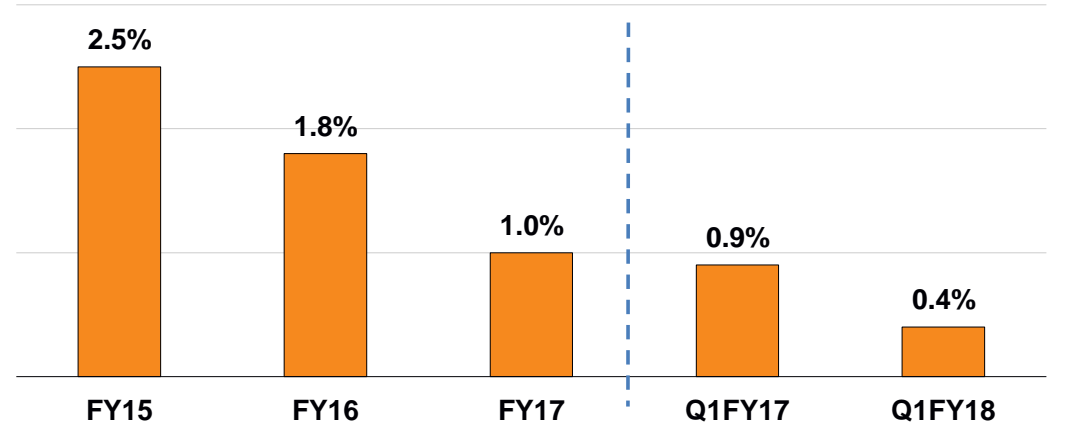
Financial Performance

Figures on standalone basis

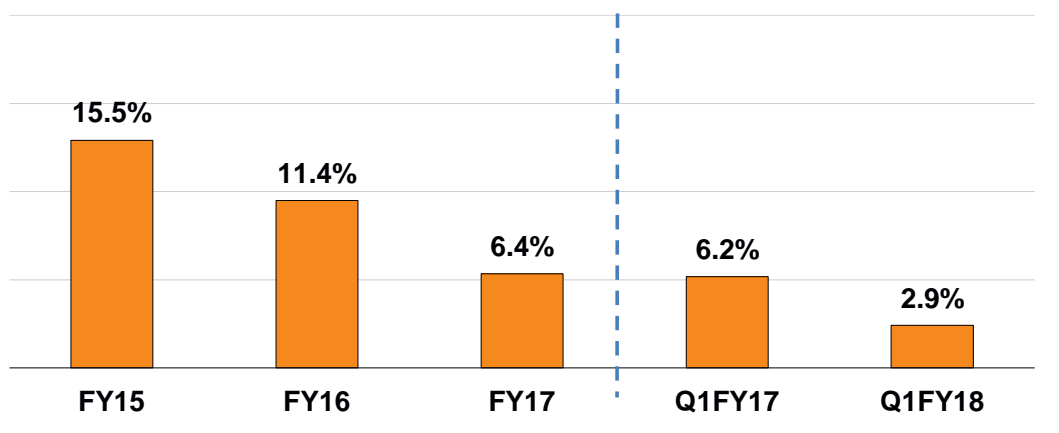
Cost to income ratio ⁽¹⁾ (%)



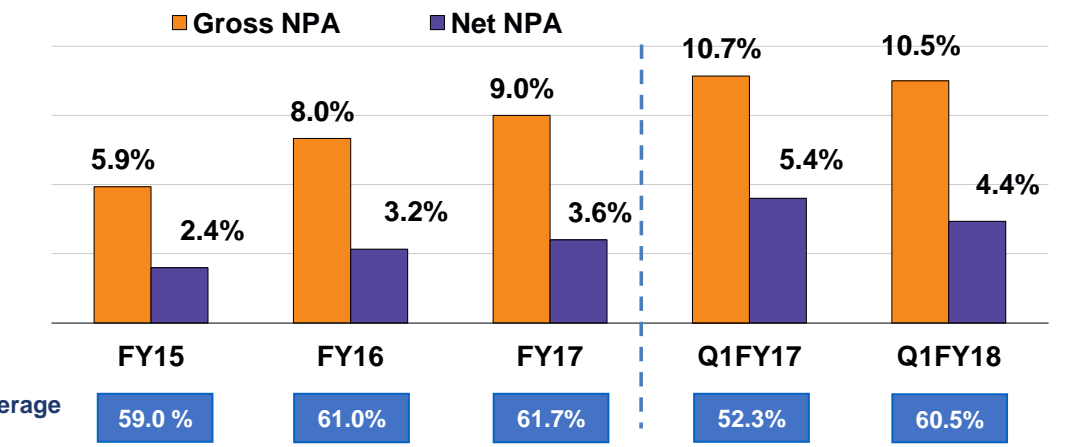
Return on Assets (ROA) ⁽²⁾ (%)



Return on Net Worth (RONW) (%)



Asset Quality



Provision Coverage Ratio



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)	Q1FY18	Q4FY17	Q-o-Q	Q1FY17	Y-o-Y	FY 17
Revenue from operations	15,924	18,255	(12.8%)	13,664	16.5%	61,739
Less: Finance cost	7,327	7,138	2.7%	6,910	6.0%	28,574
NII	8,597	11,117	(22.7%)	6,754	27.3%	33,165
Other Income	107	172	(37.9%)	93	15.7%	636
Total Income	8,704	11,289	(22.9%)	6,847	27.1%	33,801
Employee benefits expense	1,980	1,797	10.2%	1,675	18.2%	6,809
Provisions and write Offs	4,258	3,614	17.8%	2,245	89.6%	13,091
Other expenses	1,720	2,105	(18.3%)	1,479	16.3%	7,240
Depreciation and amortization	110	135	(18.3%)	106	3.9%	460
Total Expenses	8,068	7,651	5.4%	5,506	46.5%	27,600
Profit before tax	636	3,638	(82.5%)	1,341	(52.6%)	6,201
Tax expense	162	1,297	(85.9%)	472	(65.6%)	2,199
Net Profit after Taxes	474	2,341	(80.6%)	870	(45.5%)	4,002

* Figures re-grouped where found relevant

Standalone Balance Sheet

Particulars (Rs. in Million)	As on Jun 30, 2017	As on Jun 30, 2016	As on Mar 31, 2017
EQUITY AND LIABILITIES			
Shareholders' funds			
a) Share Capital	1,130	1,129	1,130
b) Reserves and Surplus	64,138	60,417	63,642
Shareholders' funds	65,268	61,546	64,772
Non-current liabilities			
a) Long-term borrowings	210,980	180,285	214,537
b) Other Long-term liabilities	6,970	4,604	4,274
c) Long term provisions	6,503	5,074	5,489
Non-current liabilities	224,453	189,963	224,300
Current liabilities			
a) Short Term Borrowings	59,244	37,157	58,648
b) Trade payables	7,185	5,894	6,630
c) Other current liabilities	94,915	94,148	89,335
d) Short term provisions	18,854	16,343	16,167
Current liabilities	180,198	153,542	170,780
Total Equities and Liabilities	469,919	405,051	459,852

* Figures re-grouped where found relevant

Standalone Balance Sheet (Contd.)

Particulars (Rs. in Million)	As on Jun 30, 2017	As on Jun 30, 2016	As on Mar 31, 2017
ASSETS			
Non-current assets			
a) Fixed Assets	1,148	1,161	1,120
b) Non-current investments	13,175	9,916	13,117
c) Deferred tax assets (Net)	7,511	6,133	7,317
d) Long-term loans and advances	227,983	187,468	222,599
e) Other non-current assets	1,214	547	1,122
Non-current assets	251,031	205,225	245,275
Current assets			
a) Current investments	4,788	2,612	5,778
b) Trade receivables	50	50	58
c) Cash and cash equivalents	3,593	5,431	5,780
d) Short-term loans and advances	210,155	190,711	202,635
e) Other current assets	302	1,022	326
Current assets	218,888	199,826	214,577
Total Assets	469,919	405,051	459,852

* Figures re-grouped where found relevant

Consolidated Profit & Loss Account

Particulars (Rs. in Million)	Quarter ended June – 17	Quarter ended June – 16	Year ended March – 17
Revenue from operations	18,745	15,679	71,462
Other income	116	106	545
Total Revenue	18,861	15,785	72,007
Expenses:			
Employee benefits expense	2,586	2,104	8,866
Finance costs	8,281	7,639	31,862
Depreciation and amortization expense	134	122	537
Provisions and write Offs*	4,727	2,475	13,896
Other expenses	2,223	1,732	8,468
Total Expenses	17,951	14,072	63,629
Profit before tax	910	1,713	8,378
Tax expense	302	612	3,081
Profit after tax	608	1,101	5,297
Minority Interest	24	25	181
Net Profit after Taxes and Minority Interest	584	1,076	5,116

Consolidated Balance Sheet

Particulars (Rs. in Million)	As on Jun 30, 2017	As on Jun 30, 2016	As on Mar 31, 2017
EQUITY AND LIABILITIES			
Shareholders' funds			
a) Share Capital	1,130	1,129	1,130
b) Reserves and Surplus	69,073	64,482	68,472
Shareholders' funds	70,203	65,611	69,602
Minority Interest	1,021	700	998
Non-current liabilities			
a) Long-term borrowings	252,962	212,605	249,849
b) Other Long-term liabilities	6,970	4,604	4,274
c) Long term provisions	7,462	5,635	6,217
Non-current liabilities	267,394	222,844	260,340
Current liabilities			
a) Short Term Borrowings	73,029	47,252	72,176
b) Trade payables	7,622	6,171	6,944
c) Other current liabilities	110,012	105,043	106,821
d) Short term provisions	20,069	16,954	17,185
Current liabilities	210,732	175,420	203,126
Total Equities and Liabilities	549,350	464,575	534,066

* Figures re-grouped where found relevant

Consolidated Balance Sheet (Contd.)

Particulars (Rs. in Million)	As on Jun 30, 2017	As on Jun 30, 2016	As on Mar 31, 2017
ASSETS			
Non-current assets			
a) Fixed Assets	1,382	1,332	1,345
b) Non-current investments	7,816	6,399	7,979
c) Deferred tax assets (Net)	7,758	6,283	7,572
d) Long-term loans and advances	291,008	234,559	281,753
e) Other non current assets	1,220	552	1,128
Non-current assets	309,184	249,125	299,777
Current assets			
a) Current investments	4,900	2,819	5,924
b) Trade receivables	264	159	230
c) Cash and cash equivalents	3,861	5,738	6,039
d) Short-term loans and advances	230,834	205,777	221,766
e) Other current assets	307	957	330
Current assets	240,166	215,450	234,289
Total Assets	549,350	464,575	534,066

* Figures re-grouped where found relevant

Summary & Key Ratios

Figures on standalone basis

Particulars (Rs. in Million)	Quarter ended June – 17	Quarter ended June – 16	Year ended March – 17
RONW (Avg. Net Worth)	2.9%	5.7%	6.4%
Debt / Equity	5.40:1	4.87:1	5.35:1
Capital Adequacy	17.4%*	19.5%	17.2%*
Tier I	12.9%	14.3%	12.8%
Tier II	4.5%	5.2%	4.4%
EPS (Basic) (Rs.)	0.84	1.54	7.09
Book Value (Rs.)	114.8	108.2	113.9
Dividend	-	-	120%
Assets Under Management (Rs. Mn)	475,757	416,622	467,755
New Contracts During the period (Nos)	135,440	118,843	556,122
No. of employees	17,659	15,610	17,856

*Note: The Capital Adequacy has been determined after considering dividend for FY 2017

Spread Analysis

Figures on standalone basis

Particulars (Rs. in Million)	Quarter ended June – 17	Quarter ended June – 16	Year ended March – 17
Total Income / Average Assets	14.5%	14.3%	15.2%
Interest / Average Assets	6.6%	7.2%	7.0%
Gross Spread	7.8%	7.1%	8.2%
Overheads / Average Assets	3.4%	3.4%	3.5%
Write offs & NPA provisions / Average Assets	3.8%	2.3%	3.2%
Net Spread	0.6%	1.4%	1.5%
Net Spread after Tax	0.4%	0.9%	1.0%

NPA Analysis

Figures on standalone basis

Particulars (Rs. in Million)	As on Jun 30, 2017	As on Jun 30, 2016	As on Mar 31, 2017
Gross Non - Performing Assets*	50,142	44,147	41,827
Less: NPA Provisions (incl. Income reversal)	30,332	23,087	25,830
Net Non – Performing Assets	19,810	21,060	15,997
Total Assets (Incl. NPA Provision)	477,228	411,337	466,338
Gross NPA to Total Assets(%)	10.5%	10.7%	9.0%
Net NPA to Total Assets(%)	4.4%	5.4%	3.6%
Coverage Ratio(%)	60.5%	52.3%	61.8%

Above workings are excluding securitised/assigned portfolio

* The Company currently recognises NPAs based on 4 months' norms

Count of NPA & Repossessed Stock	As on Jun 30, 2017	As on Jun 30, 2016	As on Mar 31, 2017
Contracts under NPA	171,776	166,624	138,357
% of Live Cases under NPA	8.7%	9.1%	7.2%
Repossessed Assets (out of above NPA)	12,730	5,659	13,185



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Transforming rural lives across the country

Mahindra Rural Housing Finance Limited

Particulars (Rs. million)	Quarter ended June – 17	Quarter ended June – 16	Year ended March – 17
Loans disbursed	5,978	4,050	21,162
No. of Customer Contracts (nos.)	40,620	28,654	172,462
Outstanding loan book	52,443	35,576	48,235
Total income	1,985	1,437	7,034
PBT	44	124	1,269
PAT	29	81	830
Net-worth	4,788	2,838	4,759
GNPA %	12.8%	9.7%	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)	Quarter ended June – 17	Quarter ended June – 16	Year ended March – 17
Total income	445	365	1,742
Net premium	3,879	2,680	13,644
PBT	211	156	817
PAT	134	101	530
No. of Policies for the Period (nos.)	499,816	360,128	1,591,796
No. of employees (nos.)	1,014	825	956

- **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%



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Awards and Accolades

- Mahindra Finance was recognized as Top 19 Best Employer in **Aon Best 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 is commended with **Significant Achievement in HR Excellence** at the 7th Confederation of Indian Industry (CII) HR Excellence Award 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 was included in 'The Sustainability Yearbook 2017' which was released by RobecoSAM.





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Conservative Risk Management Policies

Provisioning Norms

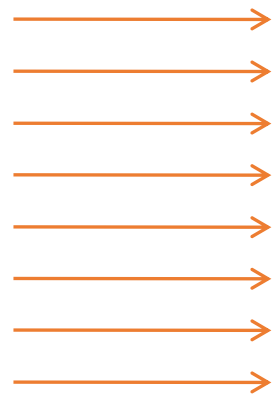
Duration (months)	RBI Norms	Duration (months)	MMFSL
> 4 and <= 14	10%	> 4 and <= 11	10%
> 14 and <= 26	20%	> 11 and <= 24	50%
> 26 and <= 50	30%	> 24 months*	100%
> 50 months	50%		

* **Note:** The Company, w.e.f. quarter ended June 30, 2016, had 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 had resulted in lower provision of Rs.1927.52 million for the quarter ended June 30, 2016 and Rs. 833.69 million for the year ended March 31, 2017 with a consequent impact on the profit before tax. In the quarter ended June 30, 2017, the Company has made additional provision of Rs. 833.69 million against the above mentioned 100% provision cases.

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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