

Mahindra & Mahindra Financial Services Limited

FY 2017 Result Update
March - 2017

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CIN - L65921MH1991PLC059642



Company Overview

Industry Overview

Business Strategy

Financial Information

Key Subsidiaries

Awards & Accolades

Risk Management Policies

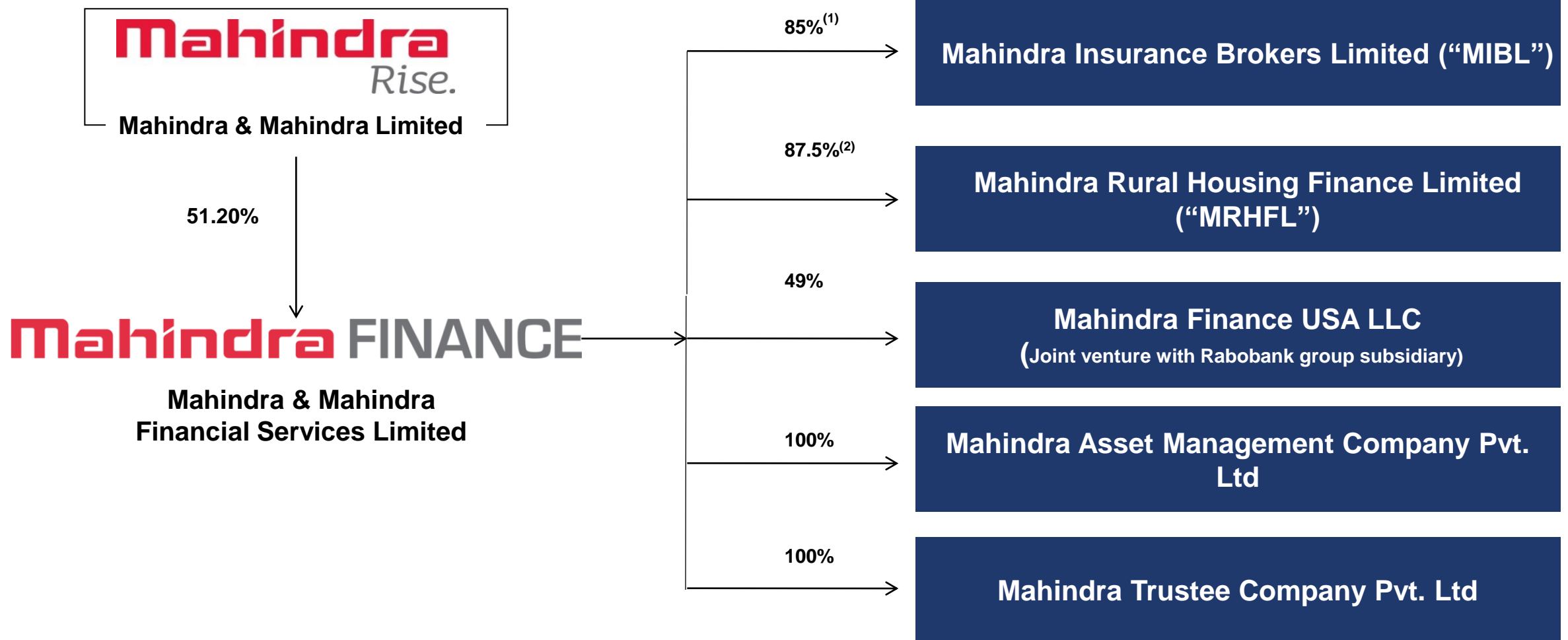
Transforming rural lives across the country

Company Background

- Parentage:** Mahindra & Mahindra Financial Services Limited (“MMFSL”) is a subsidiary of Mahindra and Mahindra Limited (*Mcap: Rs 785 billion*)*, India’s largest tractor and utility vehicle manufacturer
- About MMFSL:** MMFSL (*Mcap: Rs 195 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 1182 offices covering 27 states and 4 union territories in India, with over 4.71 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 April 24, 2017 from BSE website*

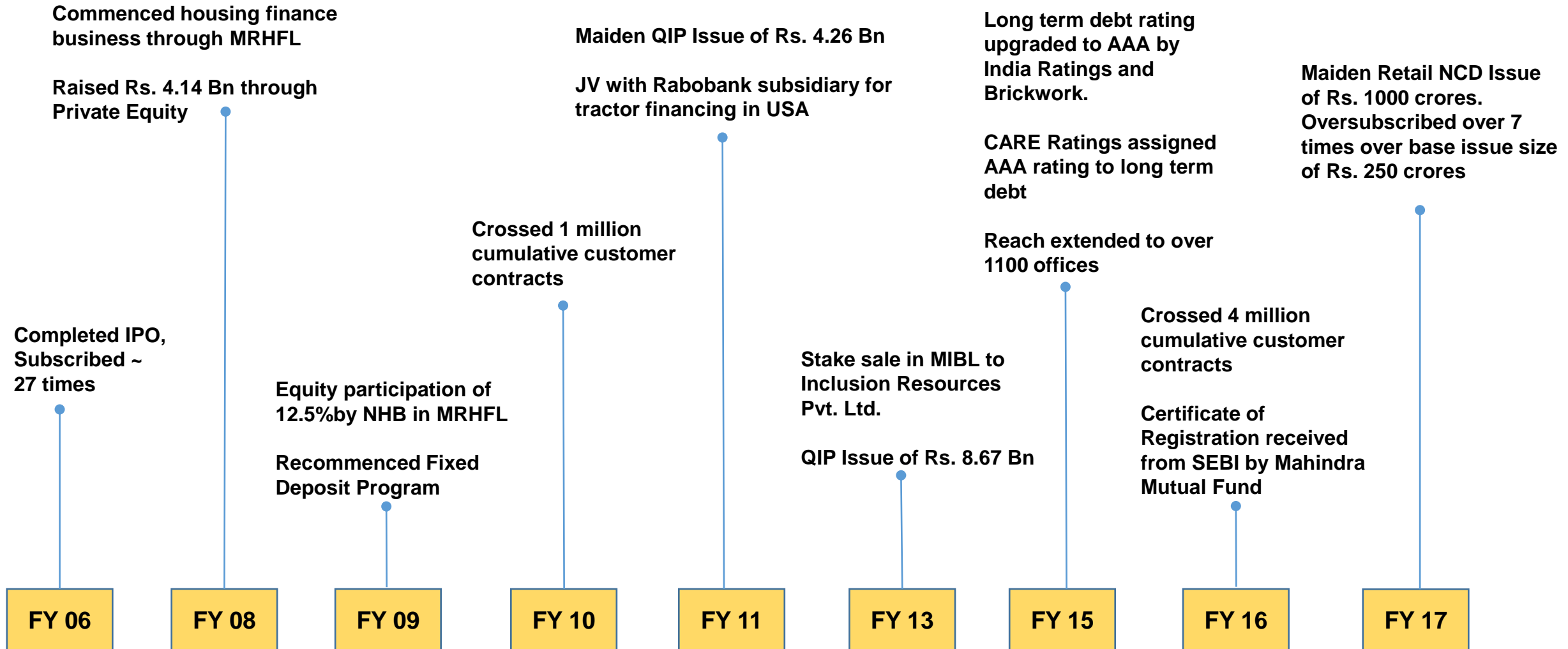
MMFSL Group structure



Note:

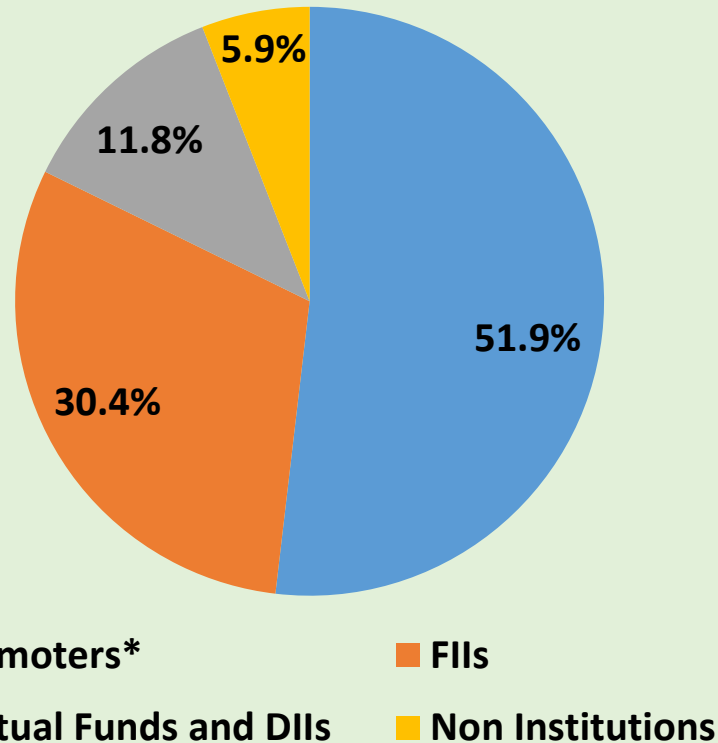
- 1. Balance 15% with Inclusion Resources Pvt. Ltd., a subsidiary of Leapfrog Financial Inclusion Fund, incorporated in Singapore.
- 2. Balance 12.5% with National Housing Bank (NHB)

Our Journey



Shareholding Pattern (as on 31st March 2017)

Shareholding Pattern Chart



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

Top 10 Public Shareholders

- Franklin Templeton Investment Funds
- Aranda Investments (Mauritius) Pte Ltd
- Valiant Mauritius Partners Offshore Limited
- Amansa Holdings Private Limited
- Life Insurance Corporation Of India
- Bank Muscat India Fund
- Valiant Mauritius Partners Limited
- Vanguard Emerging Markets Stock Index Fund
- Merrill Lynch Markets Singapore Pte. Ltd.
- HDFC Standard Life Insurance Company



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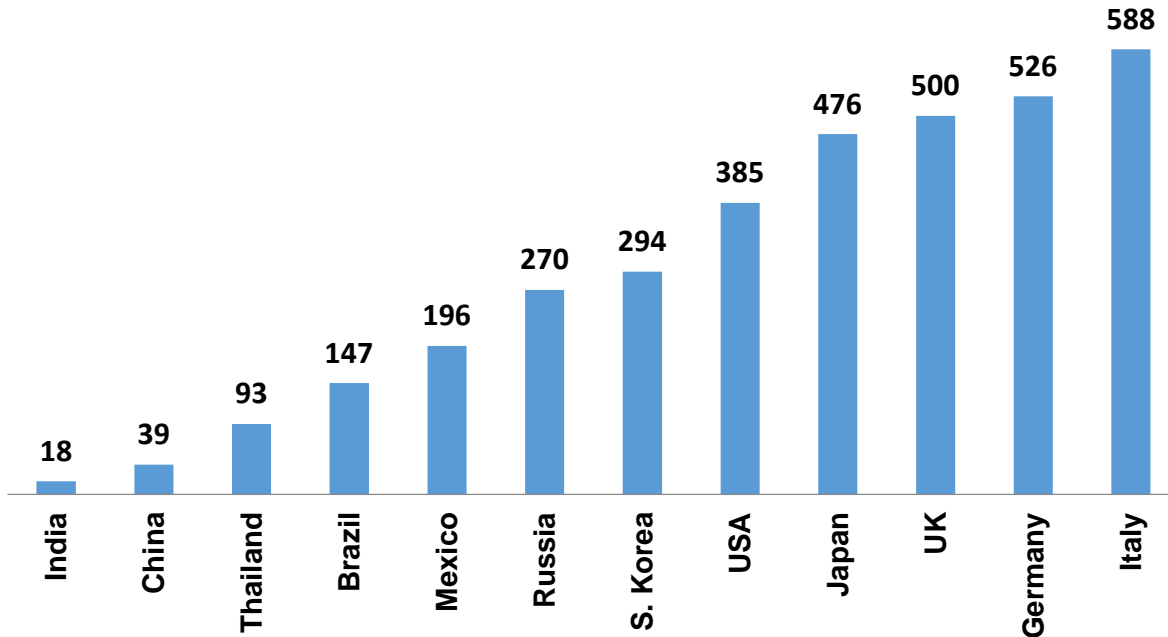
Awards & Accolades

Risk Management Policies

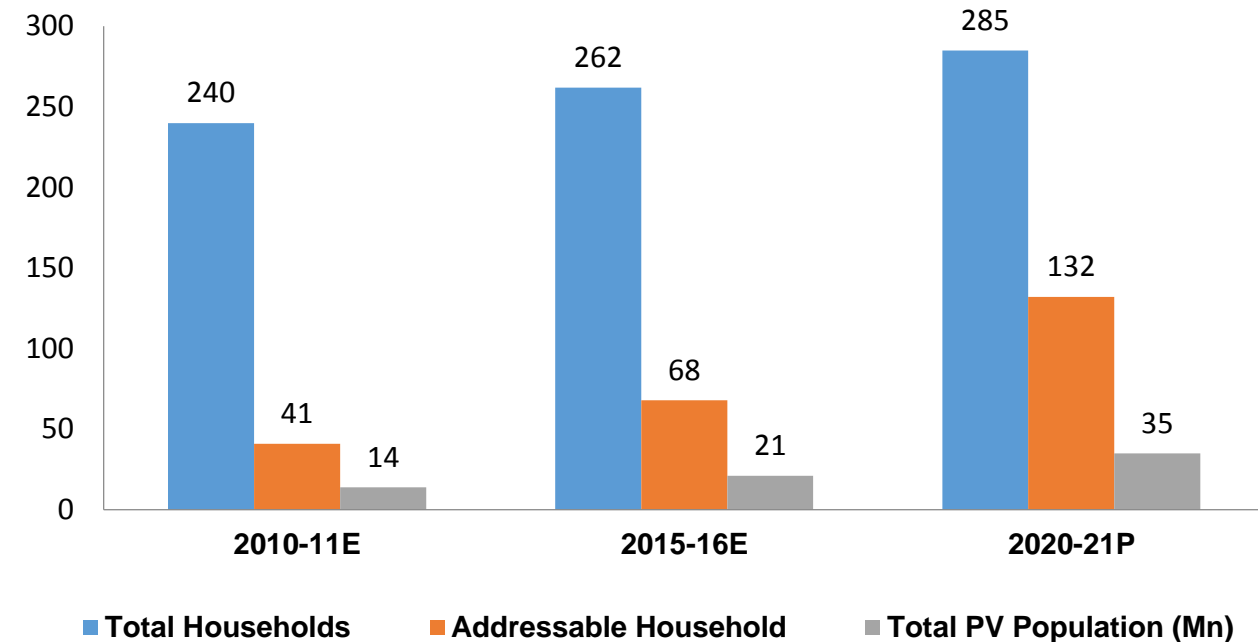
Transforming rural lives across the country

Auto Industry: Long term growth potential

Global Comparison in terms of PV per thousand people



Addressable HHs to increase over the next 5 years



- With 18 cars per 1000 people (FY 2016), on account of strong long term growth prospects penetration is expected to increase to 27 cars per 1000 people (FY 2020)
- As more households come under the addressable market, sales of small cars are likely to increase 9-11% CAGR from 2015-16 to 2020-21. CRISIL Research expects sedan sales to rise 5-7% CAGR and utility vehicle (UV) sales 12-14%.

Passenger Vehicles Industry: Overall Demand Drivers

	FY 06 – FY11	FY 11 – FY 16	FY 16 – FY 21 (P)
Small Cars	14%	2%	9% – 11%
Sedans	11%	(1%)	5% – 7%
UV + Vans	13%	6%	12% – 14%
Total (Cars + UVs)	13%	2%	9% – 11%

- Rising proportion of rural sales with increase in proportion of first time buyers will drive small cars and UV growth in long term
- Lower penetration, improving incomes, range bound crude prices to push long term demand

Volumes in '000	FY 2015		FY 2016		FY 2017 (E)	FY 2018 (P)
	Volume	Growth	Volume	Growth	Growth	Growth
Small Cars	1,620	8%	1,754	8%	6% – 8%	7% – 9%
Sedans	256	(11%)	271	6%	(3%) – (5%)	2% – 4%
UV + Vans	725	1%	763	5%	18% – 20%	7% – 9%
Total (Cars + UVs)	2,601	4%	2,788	7%	9% – 11%	7% – 9%

- Low single digit growth expected in larger vehicles - Impact of infrastructure cess and ban on diesel vehicles (over 2000 cc) in the Capital
- Higher farm incomes, pick up in infrastructure spending and a normal monsoon will boost rural demand
- Implementation of 7th pay commission to support sale of small cars. GST and 7th pay commission would also strengthen 2017-18 demand

Commercial Vehicles Industry: Overall Demand Drivers

	FY 11 – FY 16	FY 16 – FY 21
MHCV (goods)	(1%)	5% - 7%
LCV (goods)	1%	11% - 14%
Buses	0%	8% - 10%

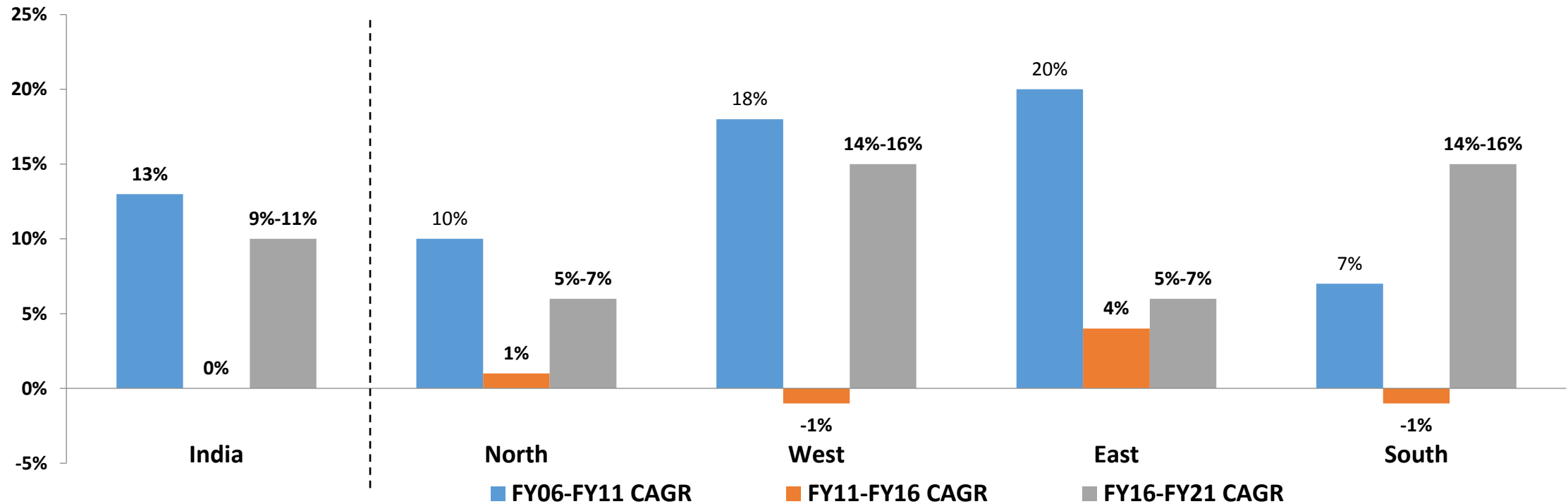
- Growth to be witnessed as industrial activity improves, agricultural output steadies and infrastructure projects receive focus
- Demand for LCVs fuelled by increase of hub-and-spoke model, growth of organised retail, rising consumption expenditure and improvement in rural road infrastructure

	FY 2015		FY 2016		FY 2017 (E)	FY 2018 (P)
	Volume	Growth	Volume	Growth	Growth	Growth
MHCV	195,903	21%	258,510	32%	(2%) - 0%	(4%) – (2%)
LCV	337,653	(13%)	332,773	(1%)	6% - 8%	5% – 7%
Buses	81,653	0%	92,845	14%	8% - 10%	7% – 9%

- Under the MHCV segment, ICV and multi-axle vehicles to grow share at cost of ICVs
- LCV industry poised to see improved growth in FY 17 after 2 consecutive years of negative/ poor growth driven by better private consumption and rural demand

Tractors Industry: Overall Demand Drivers

Industry - Tractors	FY 2015		FY 2016		FY 2017		FY 2018 (P)	FY 16 – FY 21 (P)
	Volume	Growth	Volume	Growth	Volume	Growth	Growth	Growth
Tractors	551,463	(13%)	493,764	(10%)	582,844	18%	8% - 10%	9% - 11%



Auto Industry Volume

Domestic Sales (Volume in '000)	FY17 (Nos.)	FY16 (Nos.)	Y-o-Y Growth (%)	FY15 (Nos.)
Passenger Vehicles (PVs)				
Passenger Cars / Vans	2,103	2,025	3.9%	1,877
UVs	944	764	23.6%	723
Commercial Vehicles (CVs)				
M&HCVs	302	302	0.0%	232
LCVs	412	383	7.6%	382
Three Wheelers	512	538	(4.8%)	532
Tractors	583	494	18.0%	551

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 (FY21P)
Cars	8%	(7%)	(6%)	3%	17%	12%	13%	15% - 17%
Utility Vehicles	16%	39%	(6%)	1%	16%	32%	22%	22% - 24%
Commercial Vehicles	17%	(14%)	(24%)	9%	23%	9%	12%	17% - 18%
Two Wheelers	27%	10%	16%	4%	7%	18%	18% - 19%	10% - 12%

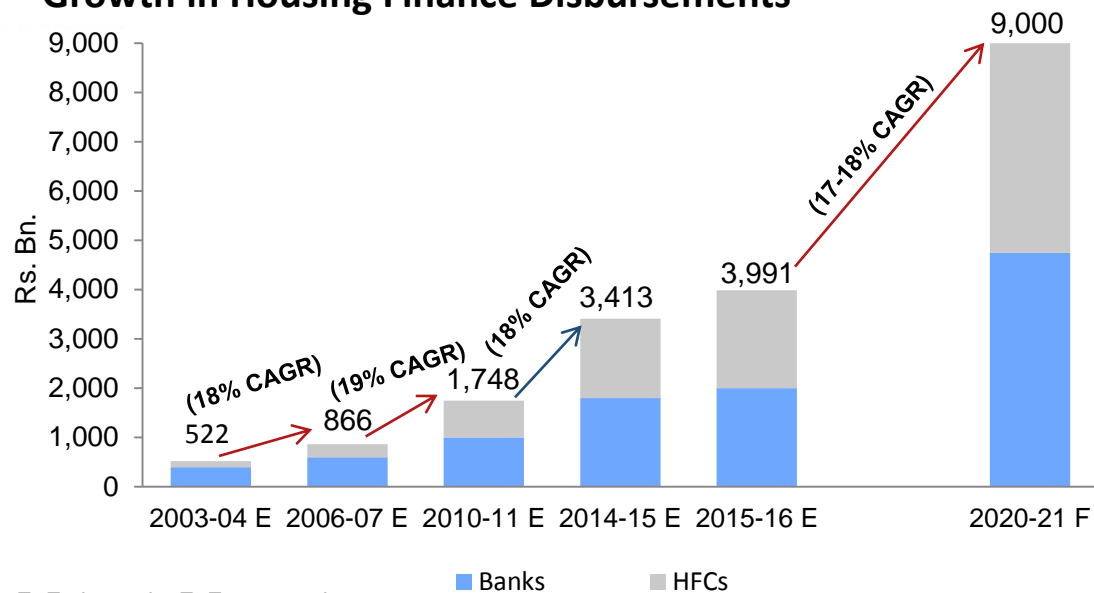
Car & UV Loan Portfolio	Top 20 Cities	Other Cities
Outstanding Loan Composition	55% - 60%	40% - 45%
Finance Penetration Ratio	80.0%	65.0%

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

- By FY 2021, penetration levels are expected to increase to 79% for cars and 76% 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 74% for UVs from 76% and 72% respectively over the next 5 years

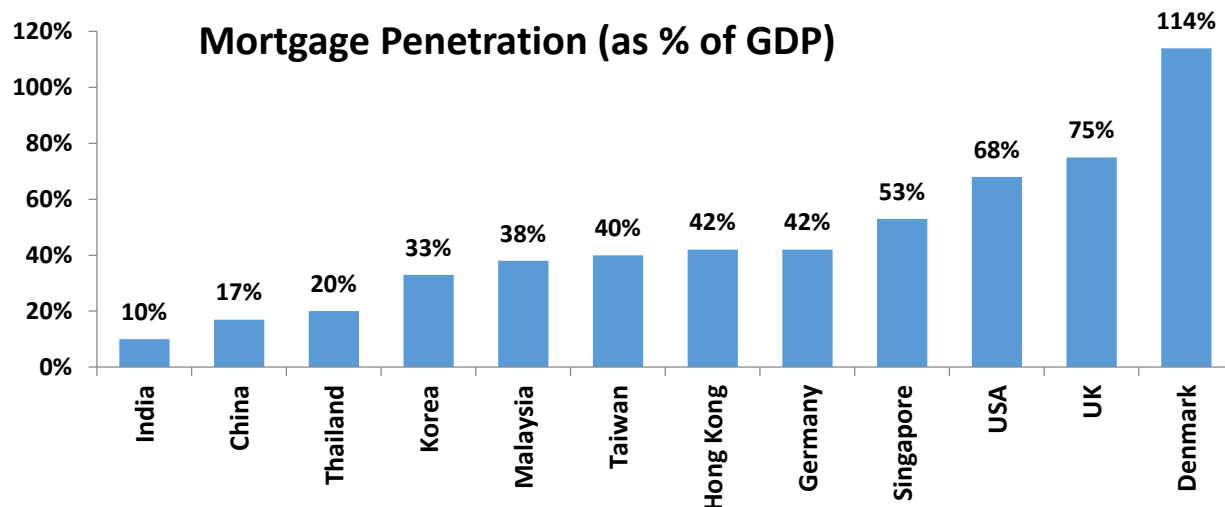
Housing Finance Growth

Growth in Housing Finance Disbursements



E: Estimated F: Forecasted

Mortgage Penetration (as % of GDP)



- 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 would maintain spread supported by presence in niche rural markets
- Mortgage penetration in India is 9-11 years behind other regional emerging markets like China and Thailand
- Though India's mortgage-to-GDP ratio is low at 10% in 2015-16, it has improved by 300-400 bps over the last six years.
- The increase was led by rising incomes, improving affordability, growing urbanisation, emergence of Tier-II and Tier-III cities, tax incentives



Company Overview

Industry Overview

Business Strategy

Financial Information

Key Subsidiaries

Awards & Accolades

Risk Management Policies

Transforming rural lives across the country

Business Strategy

Grow in rural and semi urban markets for vehicle and automobile financing

Expand Branch Network

Leverage existing customers base through Direct Marketing Initiatives

Diversify Product Portfolio

Broad base Liability Mix

Continuing to attract, train and retain talented employees

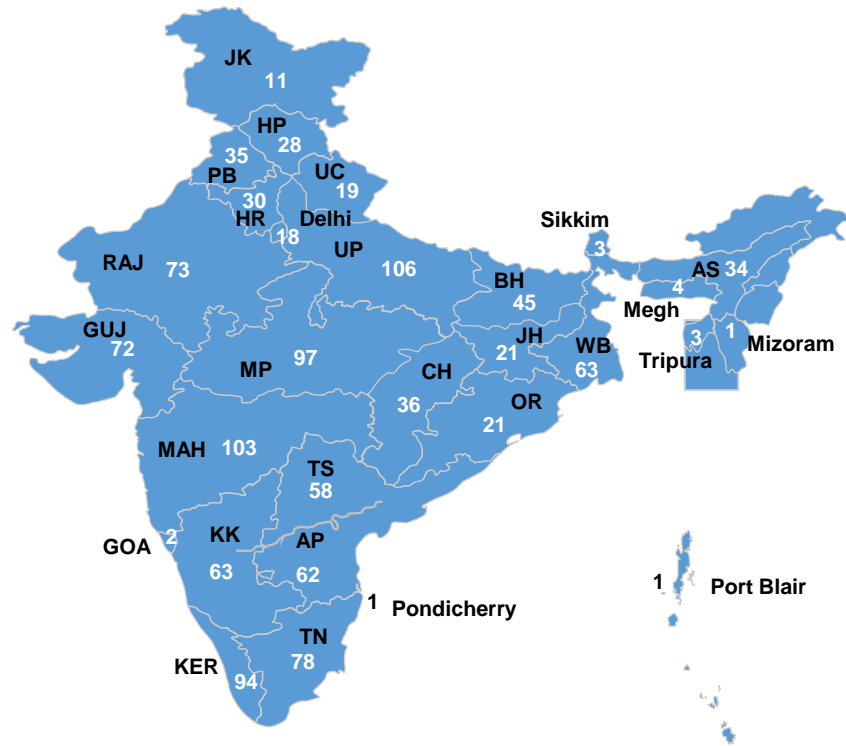
Effective use of technology to improve productivity

Leverage the “Mahindra” Ecosystem

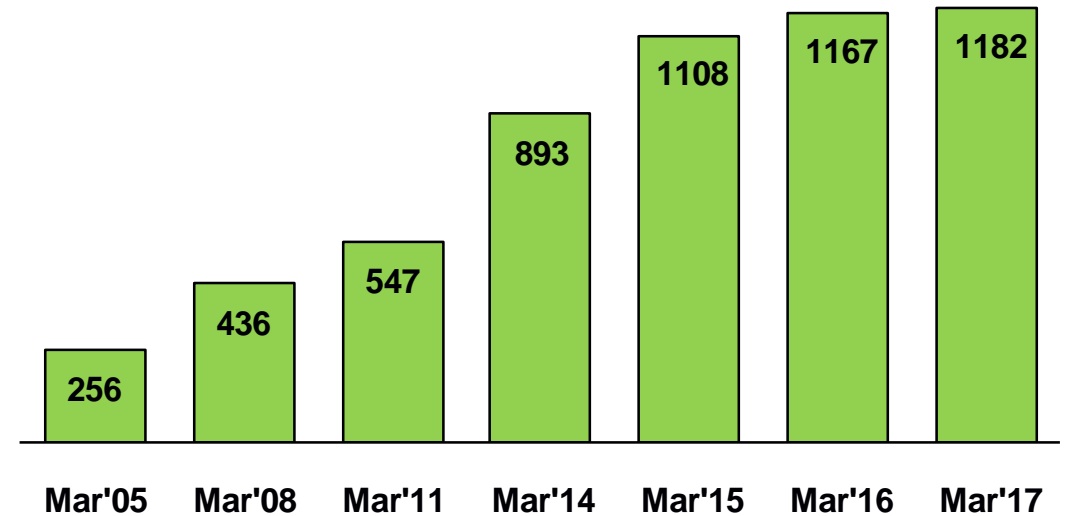
Extensive Branch Network

- Extensive branch network with presence in 27 states and 4 union territories in India through 1182 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	Year ended March – 17	Year ended March – 16	Year ended March – 15
Auto/ Utility vehicles	28%	30%	33%
Tractors	19%	15%	18%
Cars	22%	22%	22%
Commercial vehicles and Construction equipments	11%	11%	9%
Pre-owned vehicles	13%	16%	15%
SME and Others	7%	6%	3%

* Standalone

Break down of AUM

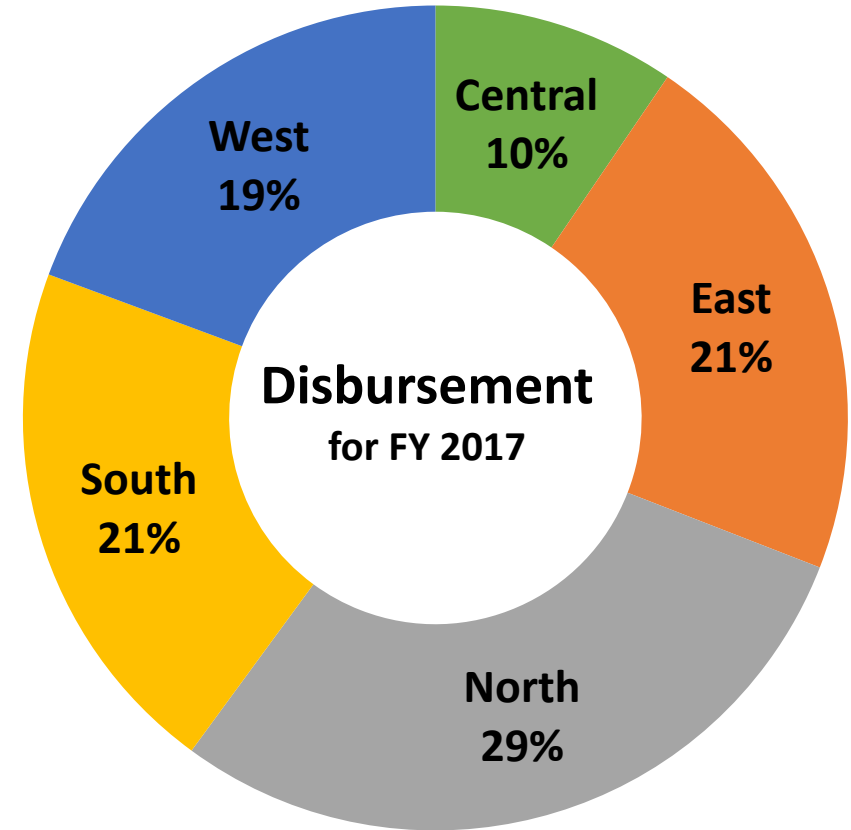
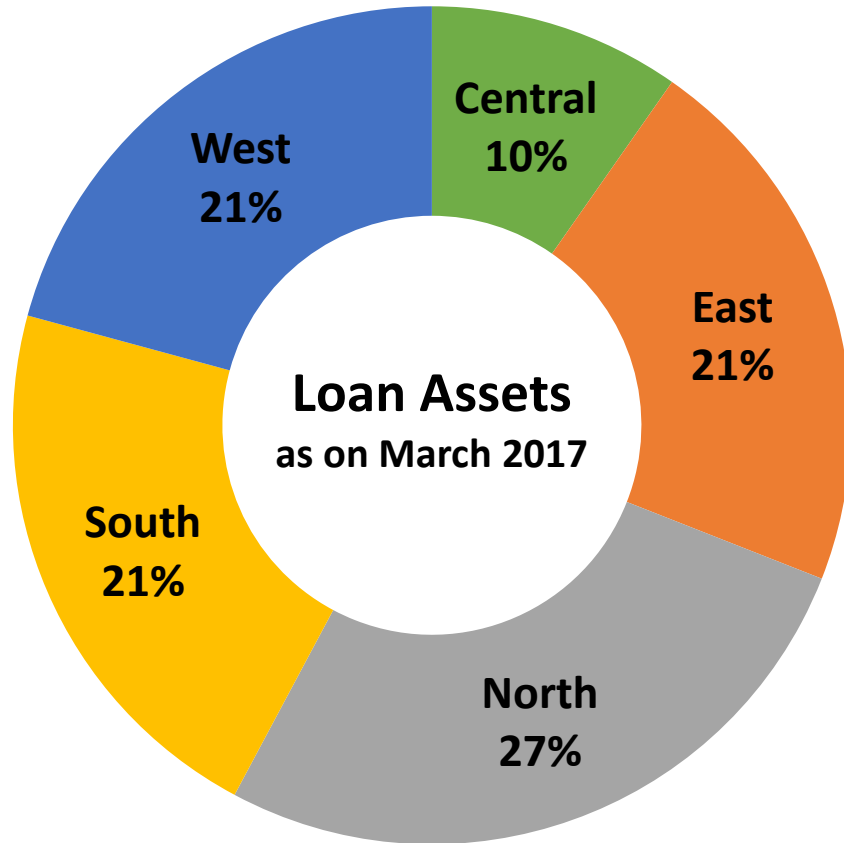
Asset Class	As on March – 17	As on March – 16	As on March – 15
Auto/ Utility vehicles	30%	31%	31%
Tractors	17%	17%	18%
Cars	23%	24%	23%
Commercial vehicles and Construction equipments	13%	12%	13%
Pre-owned vehicles	9%	10%	10%
SME and Others	8%*	6%	5%

As on 31st Mar 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 (Mar' 17)

Investor Type	Amount (INR mn.)	% Share
Banks	163,705	46%
Mutual Fund	75,082	21%
Insurance & Pension Funds	27,647	8%
FIs & Corporates	42,901	12%
Others	45,572	13%
Total	354,907	100%

Funding Mix by type of Instrument (Mar' 17)

Instrument Type	Amount (INR mn.)	% Share
NCDs	153,912	44%
Retail NCDs	10,000	3%
Bank Loans	96,892	27%
Fixed Deposits	43,830	12%
CP, ICD	42,070	12%
Securitisation/ Assignment	8,203	2%
Total	354,907	100%

Employee Management and Technology Initiatives

Employee engagement & training

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

Technology initiatives

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





Company Overview

Industry Overview

Business Strategy

Financial Information

Key Subsidiaries

Awards & Accolades

Risk Management Policies

Transforming rural lives across the country

Key Financials

Figures on standalone basis

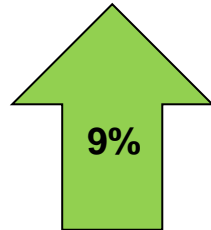
Total Income

Profit after Tax

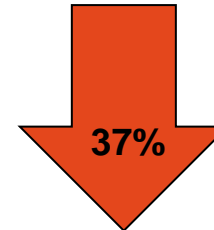
Value of Asset Financed

Q4 FY 17

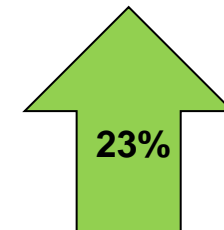
Rs 18,427 mn



Rs 2,341 mn



Rs 83,764 mn



Q4 FY 16

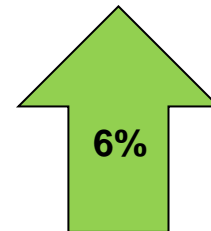
Rs 16,897 mn

Rs 3,703 mn

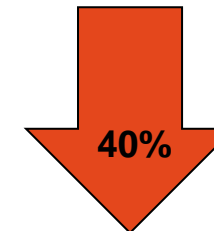
Rs 68,107 mn

FY 17

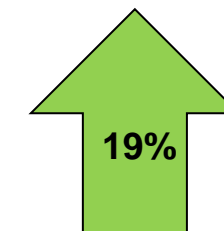
Rs 62,375 mn



Rs 4,002mn



Rs 316,591 mn



FY 16

Rs 59,051 mn

Rs 6,726 mn

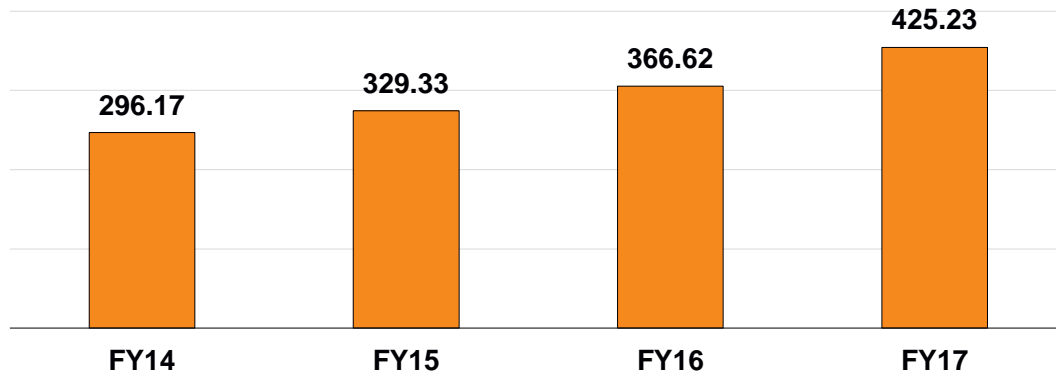
Rs 267,063 mn

* Please refer to detailed note on Slide 45 on Provisioning Policy

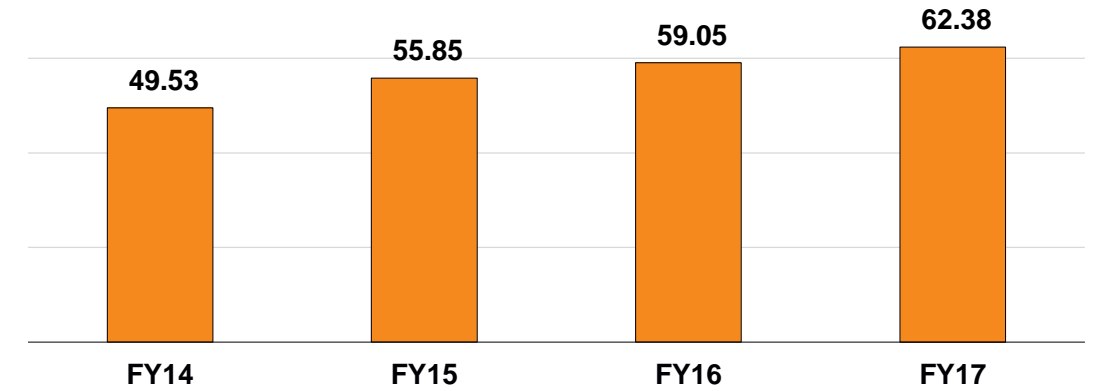
Growth Trajectory

Figures on standalone basis

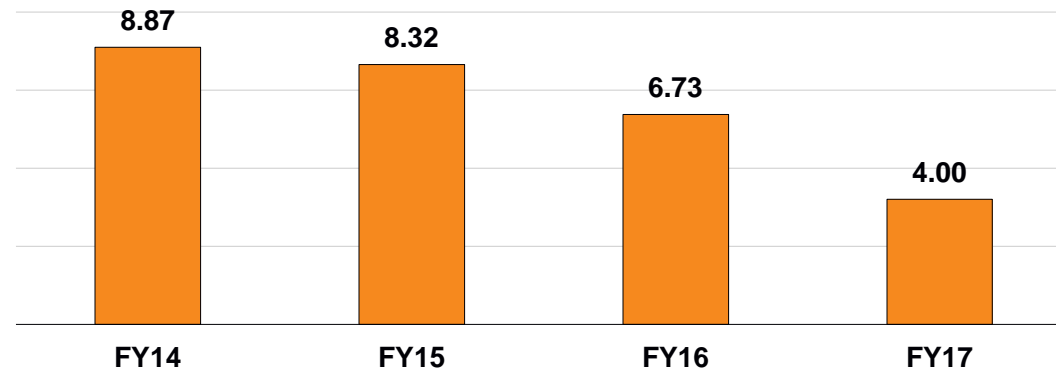
Loan Book (Rs. Bn)



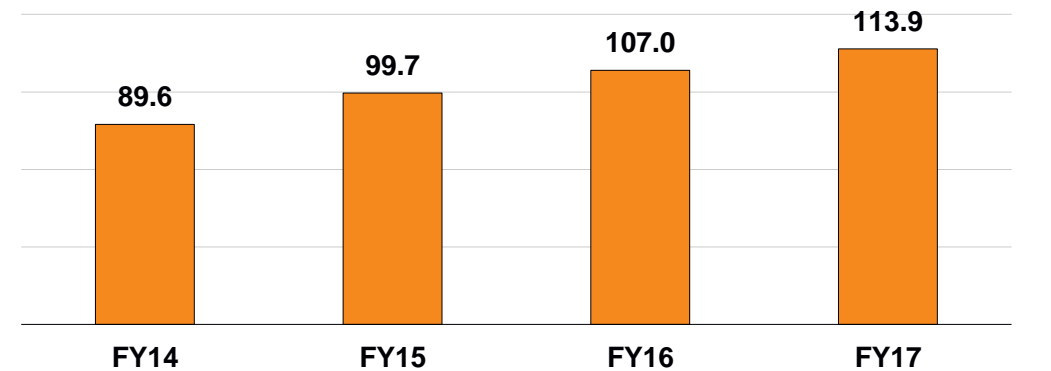
Revenues (Rs. Bn)



Profit after Tax ⁽¹⁾ (Rs. Bn)



Book Value Per Share ⁽²⁾ (Rs.)



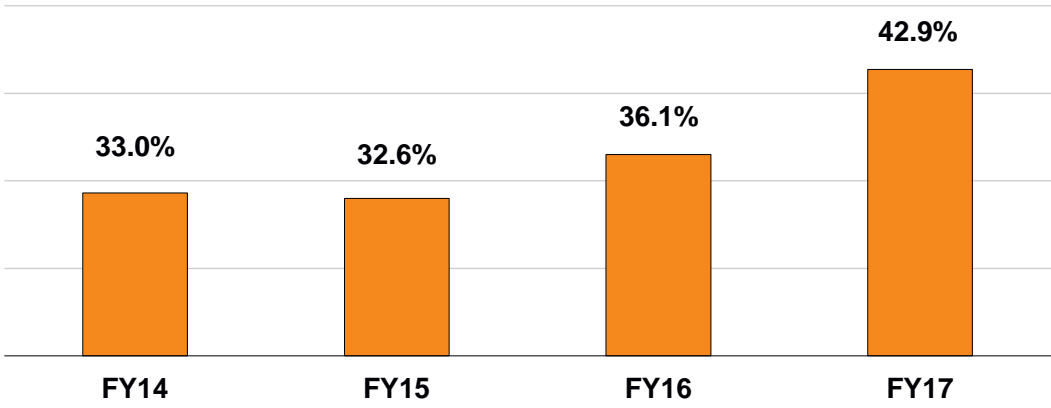
Note : ⁽¹⁾ PAT post exceptional items.

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

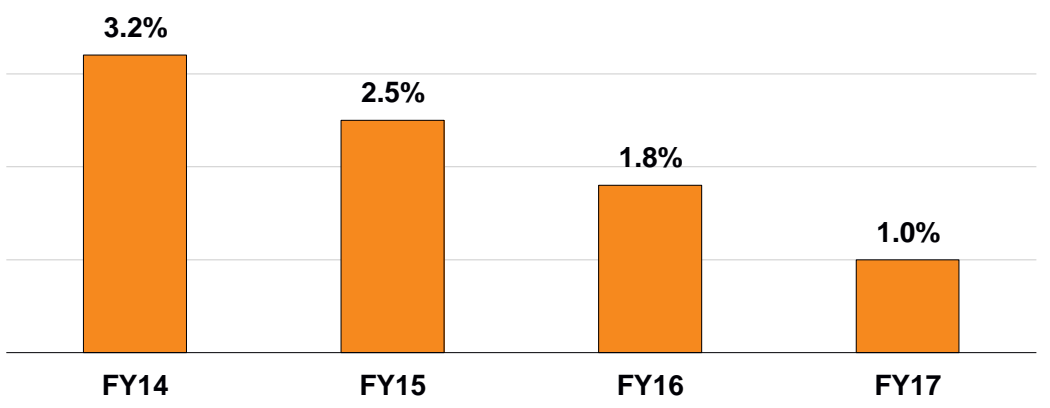
Financial Performance

Figures on standalone basis

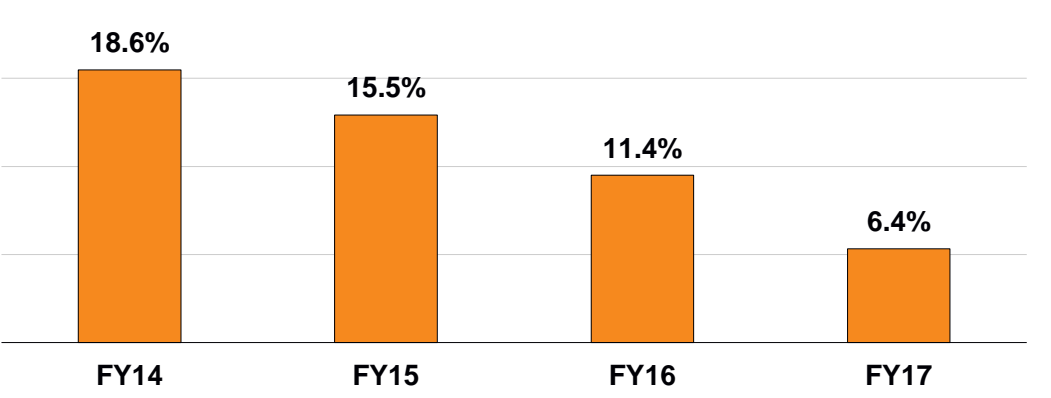
Cost to income ratio ⁽¹⁾ (%)



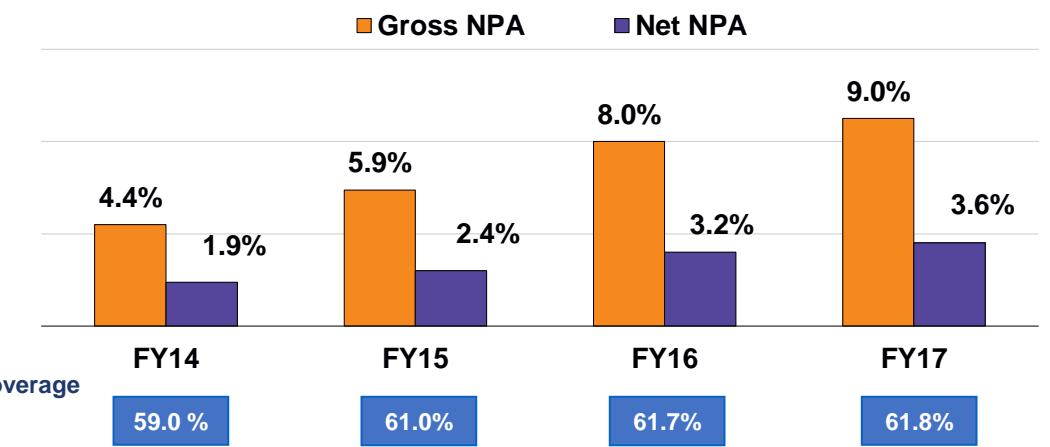
Return on Assets (ROA) ⁽²⁾ (%)



Return on Net Worth (RONW) (%)



Asset Quality



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)	Q4FY17	Q3FY17	Q-o-Q	Q4FY16	Y-o-Y
Revenue from operations	18,255	14,904	22.5%	16,721	9.2%
Less: Finance cost	7,138	7,441	(4.1%)	6,711	6.4%
NII	11,117	7,463	49.0%	10,010	11.1%
Other Income	172	130	32.7%	176	(2.0%)
Total Income	11,289	7,593	48.7%	10,186	10.8%
Employee benefits expense	1,797	1,627	10.4%	1,556	15.5%
Provisions and write Offs	3,614	4,190	(13.7%)	1,089	231.9%
Other expenses	2,105	1,907	10.4%	1,730	21.7%
Depreciation and amortization	135	111	22.0%	105	29.0%
Total Expenses	7,651	7,835	(2.3%)	4,480	70.8%
Profit before tax	3,638	(241)	-	5,706	(36.2%)
Tax expense	1,297	(85)	-	2,003	(35.2%)
Net Profit after Taxes	2,341	(156)	-	3,703	(36.8%)

* Please refer to detailed note on Slide 45 on Provisioning Policy

Standalone Profit & Loss Account

Particulars (Rs. in Million)	FY 17	FY 16	Y-o-Y	FY 15
Revenue from operations	61,739	58,532	5.5%	55,361
Less: Finance cost	28,574	26,393	8.3%	24,967
NII	33,165	32,139	3.2%	30,394
Other Income	636	519	22.6%	486
Total Income	33,801	32,658	3.5%	30,880
Employee benefits expense	6,809	5,588	21.8%	4,591
Provisions and write Offs	13,091	10,495	24.7%	8,275
Other expenses	7,240	5,784	25.2%	5,062
Depreciation and amortization	460	409	12.5%	415
Total Expenses	27,600	22,276	23.9%	18,343
Profit before tax	6,201	10,382	(40.3%)	12,537
Tax expense	2,199	3,656	(40.0%)	4,219
Net Profit after Taxes	4,002	6,726	(40.5%)	8,318

* Please refer to detailed note on Slide 45 on Provisioning Policy

Standalone Balance Sheet

Particulars (Rs. in Million)	As on Mar 31, 2017	As on Mar 31, 2016	As on Mar 31, 2015
EQUITY AND LIABILITIES			
Shareholders' funds			
a) Share Capital	1,130	1,129	1,128
b) Reserves and Surplus	63,642	59,752	55,566
Shareholders' funds	64,772	60,881	56,694
Non-current liabilities			
a) Long-term borrowings	214,537	173,317	1,47,871
b) Other Long-term liabilities	4,274	4,326	3,025
c) Long term provisions	5,489	4,482	3,280
Non-current liabilities	224,300	182,125	1,54,176
Current liabilities			
a) Short Term Borrowings	58,648	43,469	48,710
b) Trade payables	6,630	4,789	4,779
c) Other current liabilities	89,335	89,462	74,876
d) Short term provisions	16,167	15,069	11,506
Current liabilities	170,780	152,789	1,39,871
Total Equities and Liabilities	459,852	395,795	3,50,741

Standalone Balance Sheet (Contd.)

Particulars (Rs. in Million)	As on Mar 31, 2017	As on Mar 31, 2016	As on Mar 31, 2015
ASSETS			
Non-current assets			
a) Fixed Assets	1,120	1,135	1,100
b) Non-current investments	13,117	9,923	7,599
c) Deferred tax assets (Net)	7,317	5,853	4,153
d) Long-term loans and advances	222,599	185,265	1,70,697
e) Other non-current assets	1,122	518	2,320
Non-current assets	245,275	202,694	1,85,869
Current assets			
a) Current investments	5,778	4,910	937
b) Trade receivables	58	51	57
c) Cash and cash equivalents	5,780	5,852	4,759
d) Short-term loans and advances	202,635	181,351	1,58,636
e) Other current assets	326	937	483
Current assets	214,577	193,101	1,64,872
Total Assets	459,852	395,795	3,50,741

* Figures re-grouped where found relevant

Consolidated Profit & Loss Account

Particulars (Rs. in Million)	Year ended March - 17	Year ended March - 16	Year ended March - 15
Revenue from operations	71,462	65,539	60,211
Other income	545	436	398
Total Revenue	72,007	65,975	60,609
Expenses:			
Employee benefits expense	8,866	7,041	5,671
Finance costs	31,862	28,683	26,430
Depreciation and amortization expense	537	457	455
Provisions and write Offs*	13,896	10,982	8,491
Other expenses	8,468	6,571	5,563
Total Expenses	63,629	53,734	46,610
Profit before tax	8,378	12,241	13,999
Tax expense	3,081	4,367	4,750
Profit after tax	5,297	7,874	9,249
Minority Interest	181	151	120
Net Profit after Taxes and Minority Interest	5,116	7,723	9,129

* Please refer to detailed note on Slide 45 on Provisioning Policy

Consolidated Balance Sheet

Particulars (Rs. in Million)	As on Mar 31, 2017	As on Mar 31, 2016	As on Mar 31, 2015
EQUITY AND LIABILITIES			
Shareholders' funds			
a) Share Capital	1,130	1,129	1,128
b) Reserves and Surplus	68,472	63,565	58,299
Shareholders' funds	69,602	64,694	59,427
Minority Interest	998	675	493
Non-current liabilities			
a) Long-term borrowings	249,849	203,412	1,68,652
b) Other Long-term liabilities	4,274	4,327	3,025
c) Long term provisions	6,217	4,917	3,527
Non-current liabilities	260,340	212,656	1,75,204
Current liabilities			
a) Short Term Borrowings	72,176	52,175	52,586
b) Trade payables	6,944	4,964	4,954
c) Other current liabilities	106,821	99,211	81,823
d) Short term provisions	17,185	15,693	11,844
Current liabilities	203,126	172,043	1,51,207
Total Equities and Liabilities	534,066	450,068	3,86,331

* Figures re-grouped where found relevant

Consolidated Balance Sheet (Contd.)

Particulars (Rs. in Million)	As on Mar 31, 2017	As on Mar 31, 2016	As on Mar 31, 2015
ASSETS			
Non-current assets			
a) Fixed Assets	1,345	1,291	1,192
b) Non-current investments	7,979	6,522	5,597
c) Deferred tax assets (Net)	7,572	5,992	4,212
d) Long-term loans and advances	281,753	229,464	1,98,883
e) Other non current assets	1,128	524	2,326
Non-current assets	299,777	243,793	2,12,210
Current assets			
a) Current investments	5,924	5,467	945
b) Trade receivables	230	200	145
c) Cash and cash equivalents	6,039	6,059	4,936
d) Short-term loans and advances	221,766	193,664	1,67,620
e) Other current assets	330	885	475
Current assets	234,289	206,275	1,74,121
Total Assets	534,066	450,068	3,86,331

* Figures re-grouped where found relevant

Summary & Key Ratios

Figures on standalone basis

Particulars (Rs. in Million)	Year ended March - 17	Year ended March - 16	Year ended March - 15
RONW (Avg. Net Worth)	6.4%	11.4%	15.5%
Debt / Equity	5.35:1	4.84:1	4.63:1
Capital Adequacy*	17.6%	17.3%	18.3%
Tier I	13.2%	14.6%	15.5%
Tier II	4.4%	2.7%	2.8%
EPS (Basic) (Rs.)	7.09	11.92	14.75
Book Value (Rs.)	113.9	107.0	99.7
Dividend	120%	200%	200%
Assets Under Management (Rs. Mn)	467,755	409,333	368,780
New Contracts During the period (Nos)	556,122	522,256	515,654
No. of employees	17,856	15,821	14,197

**Note: The Capital Adequacy has been determined without considering dividend for FY 2017 (as per applicable accounting standards). The comparable number post considering dividend shall be 17.2% (Tier I - 12.8%, and Tier II - 4.4%)*

Spread Analysis

Figures on standalone basis

Particulars (Rs. in Million)	Year ended March - 17	Year ended March - 16	Year ended March - 15
Total Income / Average Assets	15.2%	16.3%	17.1%
Interest / Average Assets	7.0%	7.3%	7.7%
Gross Spread	8.2%	9.0%	9.4%
Overheads / Average Assets	3.5%	3.2%	3.1%
Write offs & NPA provisions / Average Assets	3.2%	2.9%	2.5%
Net Spread	1.5%	2.9%	3.8%
Net Spread after Tax	1.0%	1.8%	2.5%

NPA Analysis

Figures on standalone basis

Particulars (Rs. in Million)	As on Mar 31, 2017	As on Mar 31, 2016	As on Mar 31, 2015
Gross Non - Performing Assets*	41,827	32,242	20,997
Less: NPA Provisions	25,830	19,891	12,815
Net Non – Performing Assets	15,997	12,351	8,182
Total Assets (Incl. NPA Provision)	466,338	400,764	353,895
Gross NPA to Total Assets(%)	9.0%	8.0%	5.9%
Net NPA to Total Assets(%)	3.6%	3.2%	2.4%
Coverage Ratio(%)	61.8%	61.7%	61.0%
<u>Count of NPA & Repossessed Stock</u>			
Contracts under NPA	138,357	109,106	68,459
% of Live Cases under NPA	7.2%	6.0%	4.0%
Repossessed Assets (out of above NPA)	13,185	6,358	7,092

Above workings are excluding securitised/assigned portfolio

* The Company has recognised NPAs based on 4 months' norms from the year ended 31st March, 2016 as against recognition on 5 months' norm for the year ended 31st March 2015



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)	Year ended March – 17	Year ended March – 16	Year ended March – 15
Loans disbursed	21,162	15,525	9,896
No. of Customer Contracts (nos.)	172,462	125,074	81,960
Outstanding loan book	48,235	32,645	20,983
Total income	7,034	4,954	3,284
PBT	1,269	967	673
PAT	830	627	442
Net-worth	4,759	2,758	1,732
GNPA %	9.7%	7.3%	5.8%

- **Business Area:** Provide loans for home construction, extension, purchase and improvement to a wide base of customers in rural and semi-urban India
- **Shareholding pattern:** MMFSL- 87.5%; NHB- 12.5%
- **Reach:** Currently spread in 12 States

Mahindra Insurance Brokers Limited

Particulars (Rs. million)	Year ended March – 17	Year ended March – 16	Year ended March – 15
Total income	1,742	1,492	1,262
Net premium	13,644	10,870	8,939
PBT	817	752	653
PAT	530	485	429
No. of Policies for the Period (nos.)	1,591,796	1,330,929	1,137,981
No. of employees (nos.)	956	802	715

- **Business Area:** Licensed by IRDA for undertaking insurance broking in Life, Non-Life and reinsurance businesses
- **Shareholding pattern:** MMFSL- 85%; Inclusion Resources Pvt. Ltd.- 15%

Awards and Accolades

- Mahindra Finance is Certified as a **Great Workplace** by the Great Place to Work Institute..
- 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.
- Learning Day featured in the **India Book of Records** .
- Mahindra Finance won the **CNBC Asia’s Corporate Social Responsibility Award**.





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

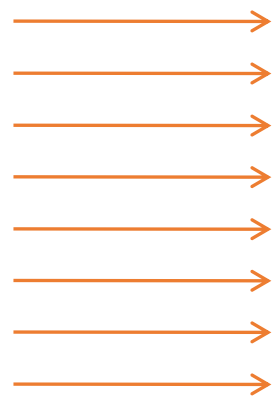
Duration (months)	RBI Norms	Duration (months)	MMFSL
> 4 and <= 14	10%	> 4 and <= 11	10%
> 14 and <= 26	20%	> 11 and <= 24	50%
> 26 and <= 50	30%	> 24 months*	100%
> 50 months	50%		

* **Note:** The Company, with effect from quarter ended 30th June 2016, has started considering the estimated realisable value of underlying security (which conforms to the RBI norms) for loan assets to determine 100% provisioning for assets which were 24 months overdue which has resulted in lower provision of Rs.833.7 million for the year ended March 31, 2017 as against Rs.1927.5 million for the quarter ended June 30, 2016 with a consequent impact on the profit before tax.

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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