

Mahindra & Mahindra Financial Services Limited

FY 2018 Result Update
March - 2018

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CIN - L65921MH1991PLC059642



Company Overview

Industry Overview

Business Strategy

Financial Information

Key Subsidiaries

Awards & Accolades

Risk Management Policies

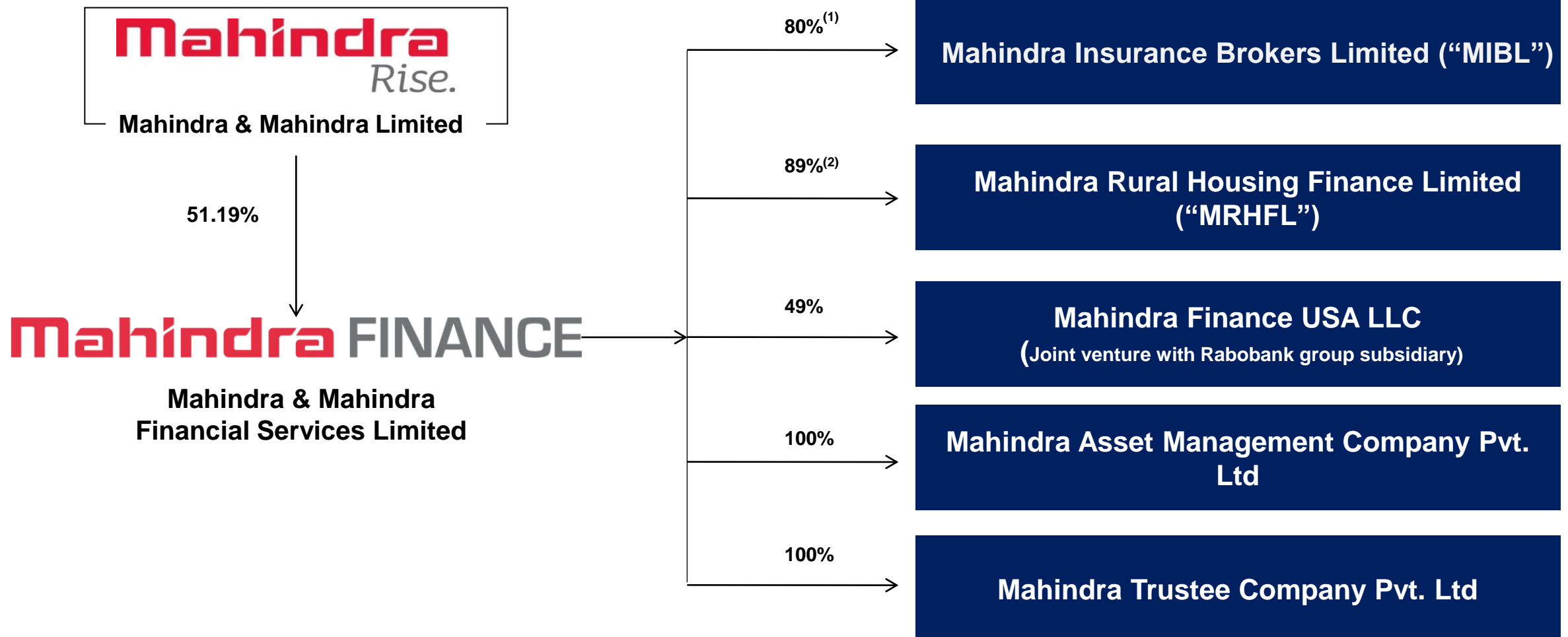
Transforming rural lives across the country

Company Background

- Parentage:** Mahindra & Mahindra Financial Services Limited (“MMFSL”) is a subsidiary of Mahindra and Mahindra Limited (*Mcap: Rs 1042 billion*)*, India’s largest tractor and utility vehicle manufacturer
- About MMFSL:** MMFSL (*Mcap: Rs 315 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 1284 offices covering 27 states and 4 union territories in India, with over 5.34 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

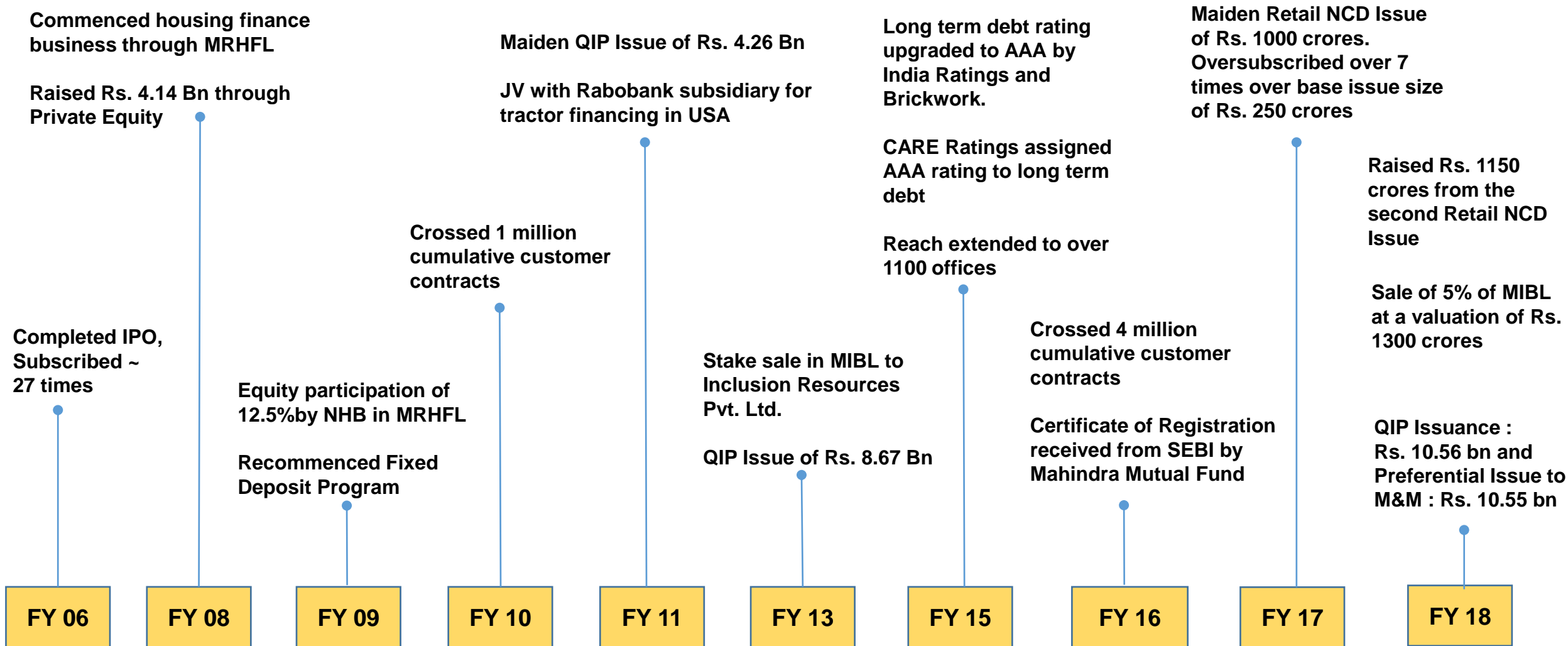
**Source: Market capitalisation as of April 24, 2018 from BSE website*

MMFSL Group structure



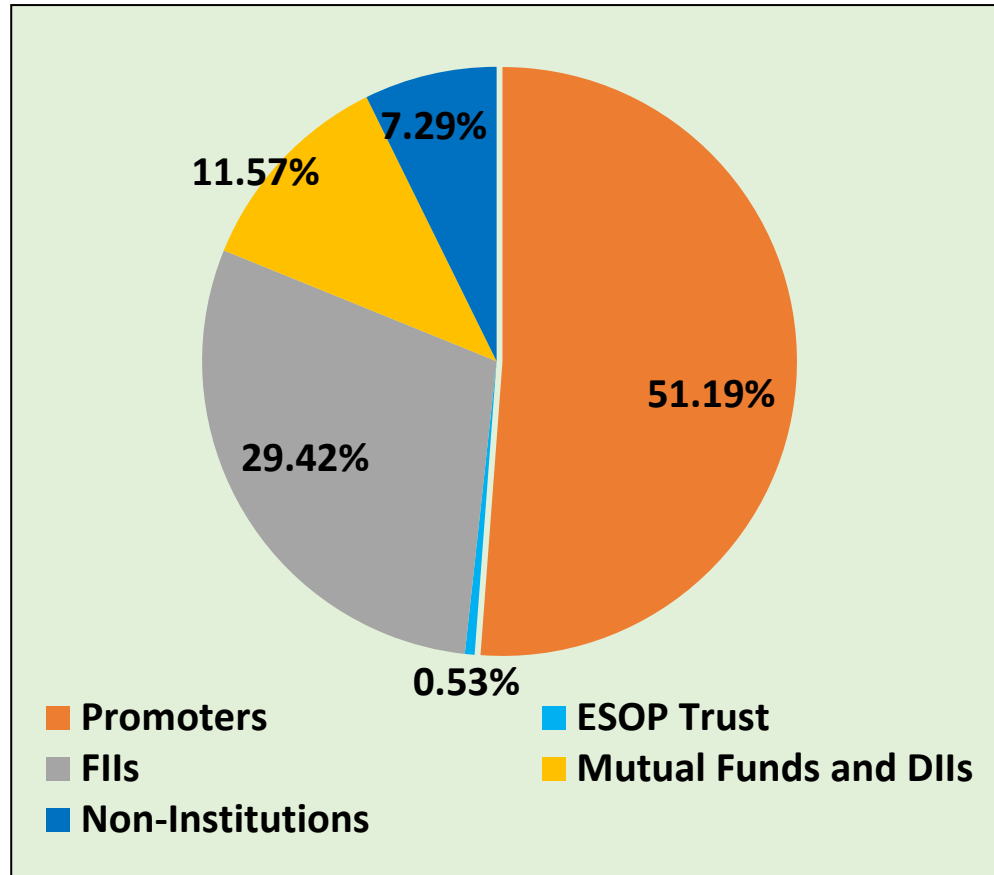
Note:
1. Balance 20% with Inclusion Resources Pvt. Ltd. (IRPL), subsidiary of XL Group
2. Balance 11% with National Housing Bank (NHB)

Our Journey



Shareholding Pattern (as on 31st March, 2018)

Shareholding Pattern Chart



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

Top 10 Public Shareholders

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



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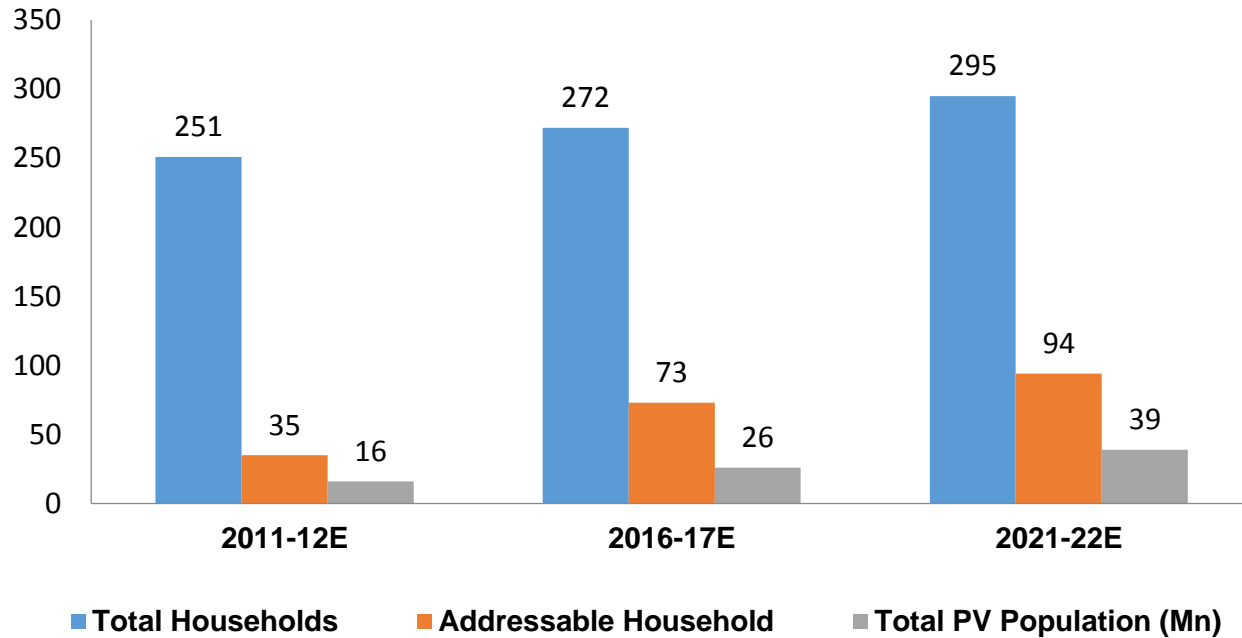
Awards & Accolades

Risk Management Policies

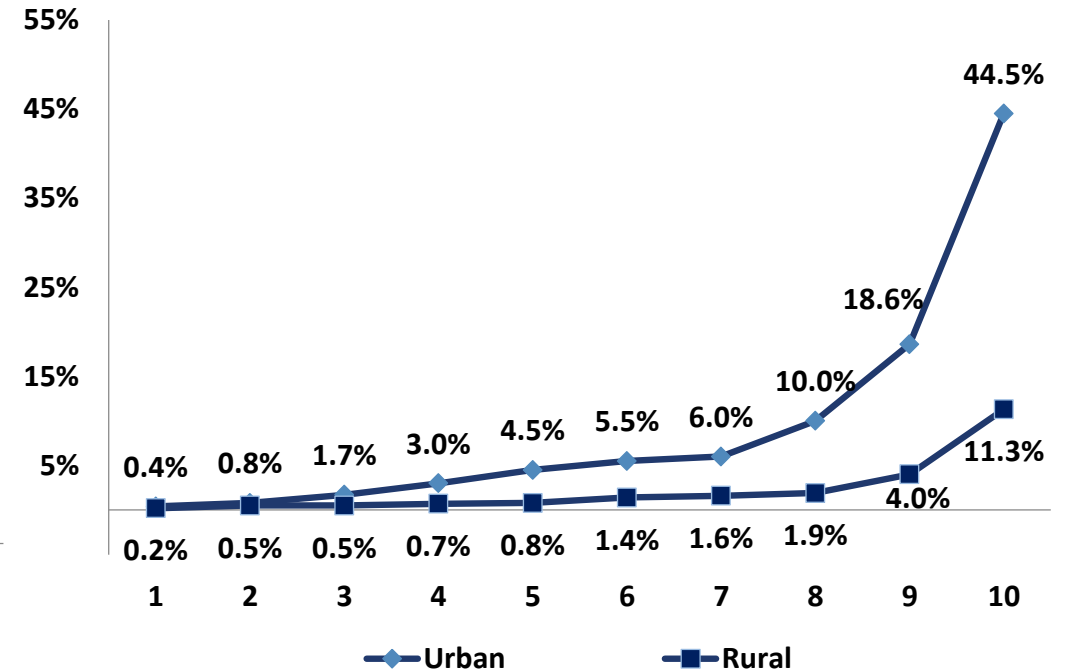
Transforming rural lives across the country

Auto Industry: Long term growth potential

Expansion in Addressable market with Low Cost of Ownership



Decile-wise penetration (Urban versus Rural)



- Considering projected rise in addressable households, penetration levels expected to improve from currently 20 cars per 1000 people
- Potential for further penetration levels in the top decile especially in the rural side
- Normal monsoon, higher farm incomes and govt. spending expected to boost semi-urban and rural sentiments
- Increased road construction and plans like Bharatmala is expected to push economic activity
- State pay commissions and expected populous budget shall support growth and spur sentiments

Passenger Vehicles Industry: Overall Demand Drivers

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

- Small cars and UV expected to continue growth due to new launches
- Compact UV's gained momentum in the back of aggressive pricing, premium features and petrol variants
- Growth of large cars shall be moderated on back of intense competition and high base

Volumes in '000	FY 2016		FY 2017		FY 2018		FY 2019 (P)
	Volume	Growth	Volume	Growth	Volume	Growth	Growth
Small Cars	1,754	8%	1,857	6%	1,964	3%	6% – 8%
Large Cars	271	6%	246	(10%)	209	(1%)	(2%) – (4%)
UV + Vans	763	5%	944	24%	1,114	18%	14% – 16%
Total (Cars + UVs)	2,788	7%	3,047	9%	3,287	8%	8% – 10%

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

Commercial Vehicles Industry: Overall Demand Drivers

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

- Indian Industry GVA has been tepid for the last five year (~ 5.1%), expected to grow at higher pace in next 5 years
- Increased outlay for infrastructure and improved NHAI execution
- Sagarmala and investment in various irrigation projects to drive demand

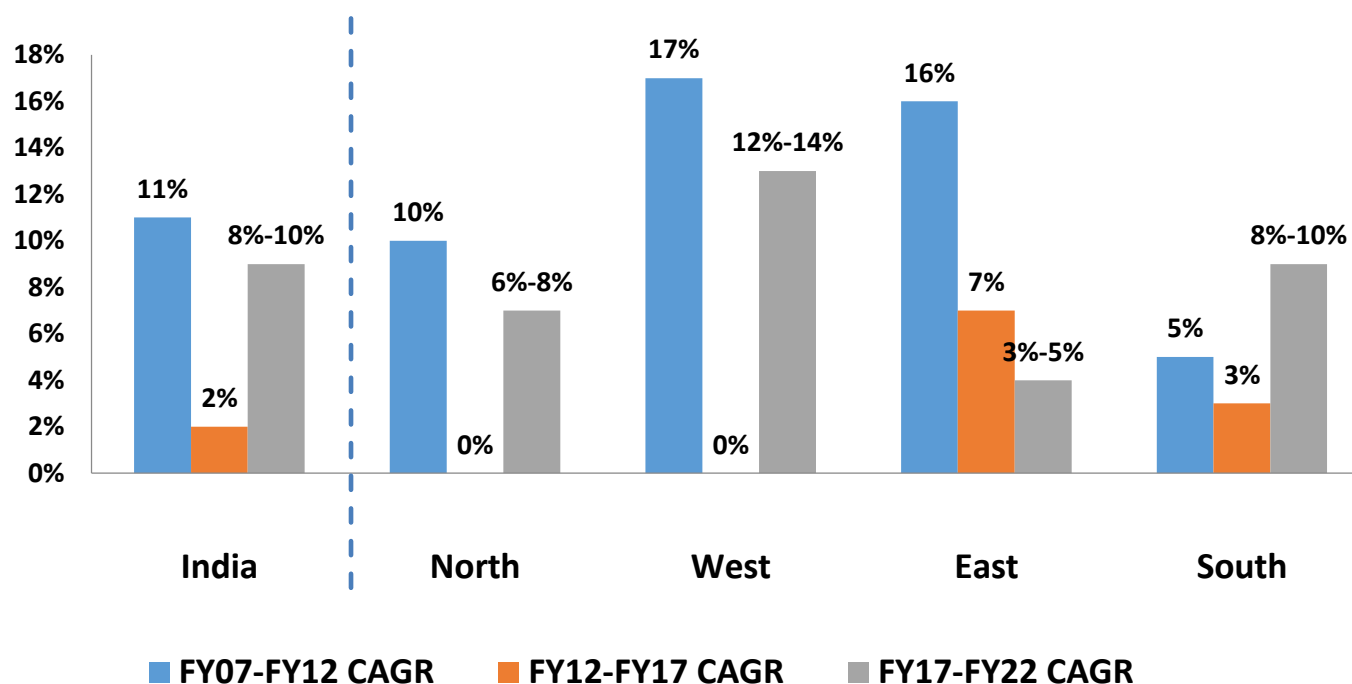
	FY 2016		FY 2017		FY 2018 (E)	FY 2019 (P)
	Volume	Growth	Volume	Growth	Growth	Growth
MHCV	257,987	32%	255,234	(1%)	19% – 21%	8% – 10%
LCV	334,371	(1%)	360,842	8%	28% – 30%	12% – 14%
Buses	92,845	15%	98,126	6%	(13%) – (11%)	13% – 15%

- Hub-spoke model, improved infra to drive sale of higher tonnage vehicle and pick-ups. Growth in pick-ups to be higher due to higher flexibility of usage
- ICV expected to grow at faster pace aided by e-commerce demand; MCV's to be cannibalised with ICV's
- Tipper sales to prop up with improvement in mining/ construction in longer term. Increased requirement for higher tonnage vehicles coupled with improved infrastructure to boost trailer sales

Tractors Industry: Overall Demand Drivers

Industry - Tractors	FY 2016		FY 2017		FY 2018		FY 17 – FY 22 (P)
	Volume	Growth	Volume	Growth	Volume	Growth	Growth
Tractors	493,764	(10%)	582,844	18%	711,478	22%	8% – 10%

* West India (on the back of lower tractor penetration) and South India (low base) projected to have higher growth rates in the long term



- Government objective of doubling farmers income shall boost sentiments and improve earnings
- Spreading of tractor usage to other farming applications like cultivation, seeding, weeding etc. to enhance usage
- Expected normal monsoon (97% of LPA) with a model error of +/-5%.
- Income parameters (MSP; Crop Output) and Finance availability projected Favourable; Demand Indicators (Infra development, Sand mining) projected Neutral
- India is amongst the lowest in farm mechanisation compared to global peers – a significant scope for growth

Auto Industry Volume

Domestic Sales (Volume in '000)	FY18 (Nos.)	FY17 (Nos.)	Y-o-Y Growth (%)	FY16 (Nos.)
Passenger Vehicles (PVs)				
Passenger Cars / Vans	2,173	2,103	3%	2,025
UV's	1,114	944	18%	764
Commercial Vehicles (CVs)				
M&HCVs	340	302	13%	302
LCVs	516	412	25%	383
Three Wheelers	640	512	25%	538
Tractors	711	583	22%	494

Passenger Cars/ Vans have shown growth in the fourth quarter by 0.9% (YoY) while UV's have grown by 20.9% (YoY)

Automobile Finance Market: 5 years Projected Growth@14-16%

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%	8%	9%	13% – 15%
Utility Vehicles	16%	39%	(6%)	1%	12%	34%	23%	18% – 20%

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

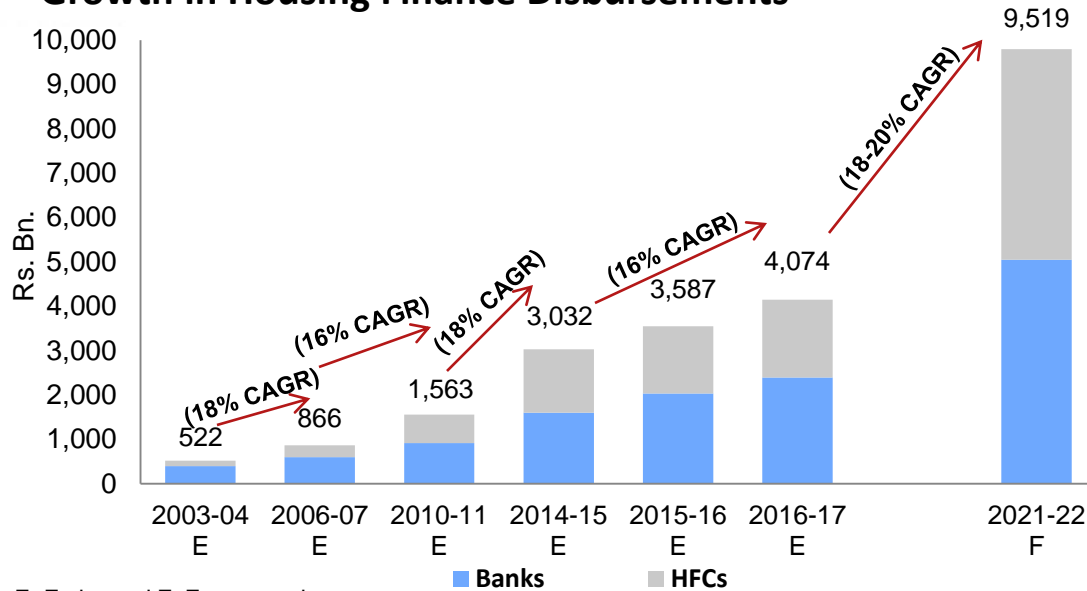
Car & UV Loan Portfolio

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

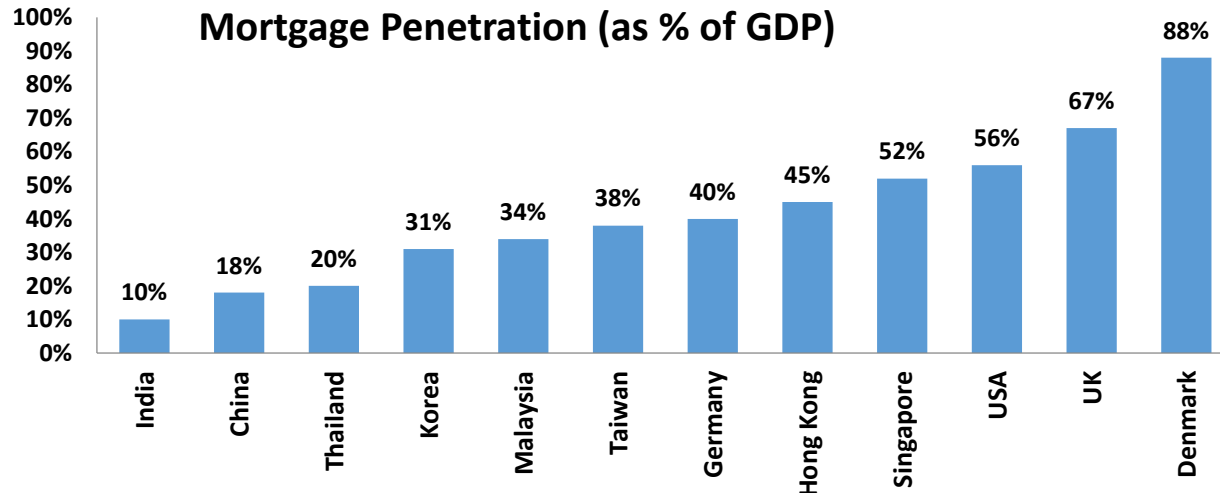
- By FY 2022, penetration levels are projected to increase to 79% for cars and 77% for utility vehicles from 77% and 73% respectively (FY 2018P) as a result of a moderation in interest rates and better availability of credit information
- Loan-to-value (LTVs) expected to increase marginally to 77% for cars and 76% for UVs from 76% and 73% 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 in Housing Finance Disbursements



E: Estimated F: Forecasted



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



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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

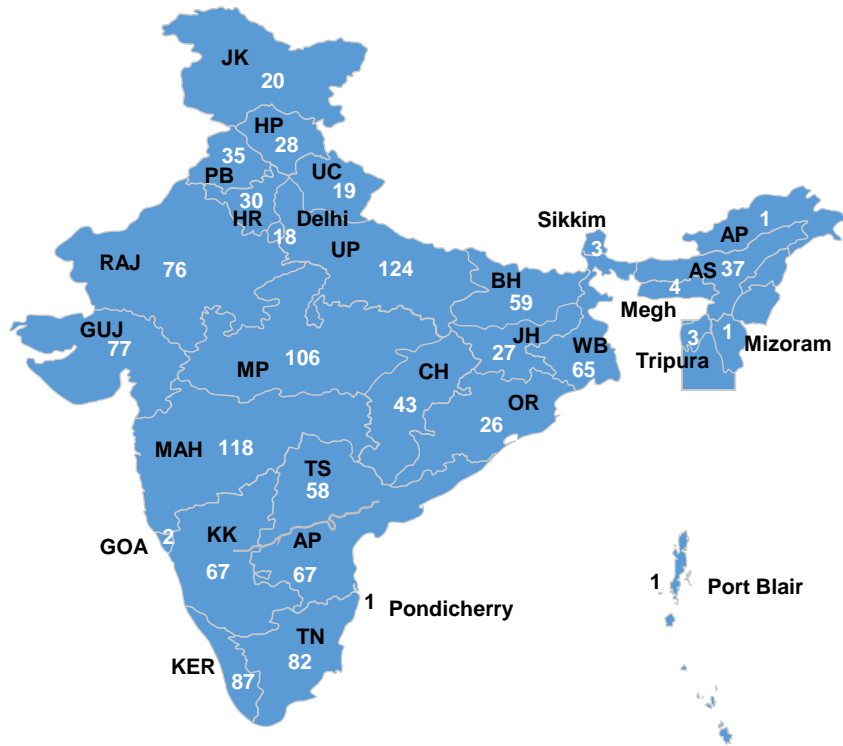
Effective use of technology to improve productivity

Leverage the “Mahindra” Ecosystem

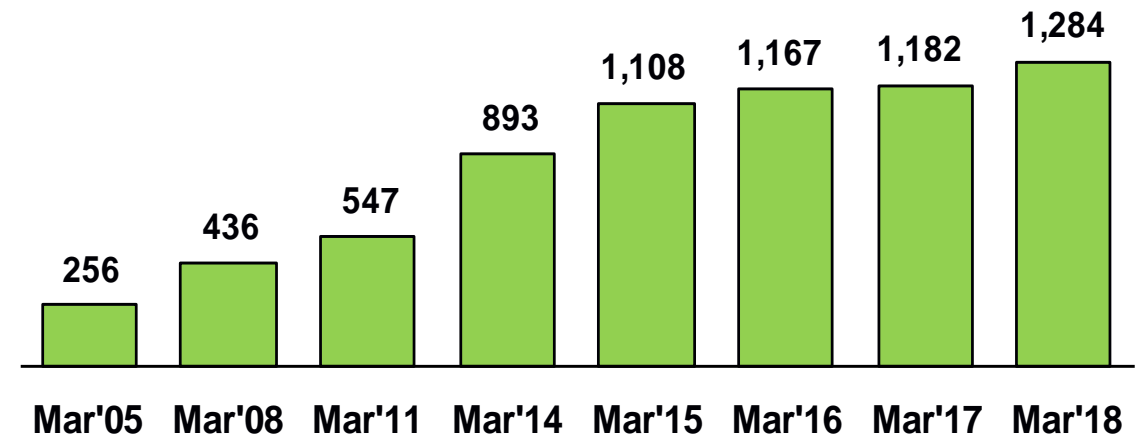
Extensive Branch Network

- Extensive branch network with presence in 27 states and 4 union territories in India through 1,284 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 – 18	Year ended March – 17	Year ended March – 16
Auto/ Utility vehicles	26%	28%	30%
Tractors	18%	19%	15%
Cars	20%	22%	22%
Commercial vehicles and Construction equipments	13%	11%	11%
Pre-owned vehicles	14%	13%	16%
SME and Others	9%	7%	6%

* Standalone

Break down of AUM

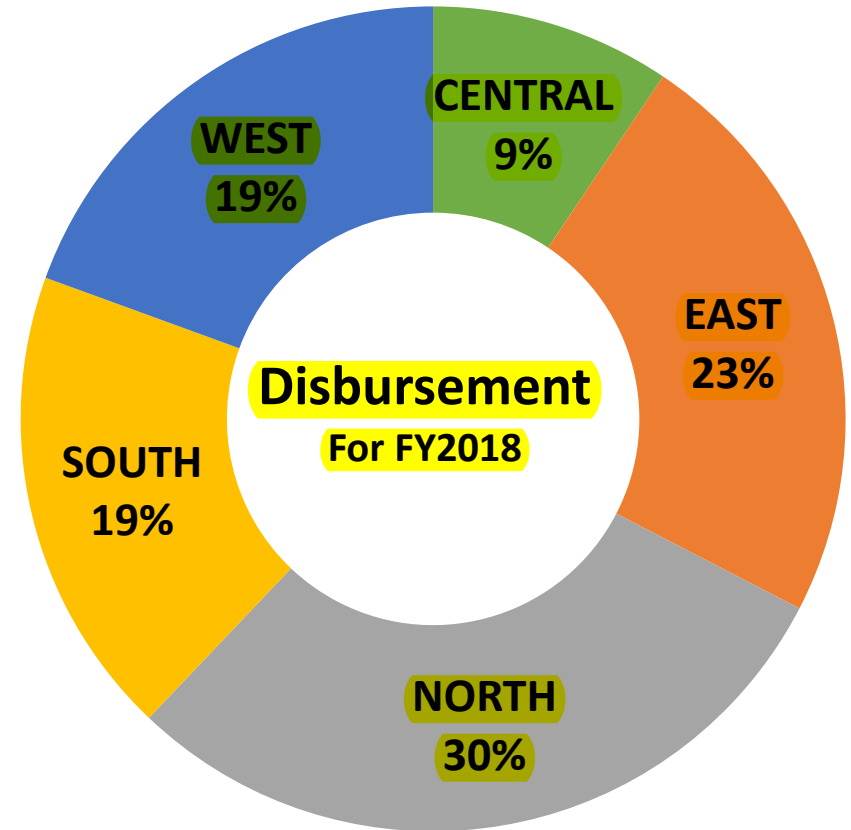
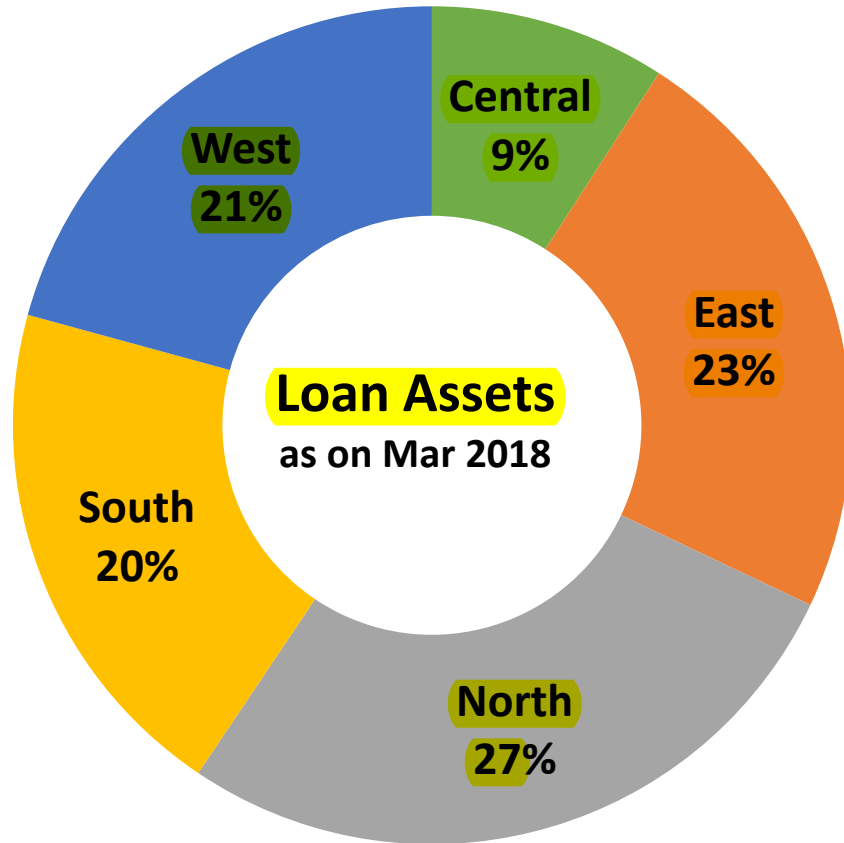
Asset Class	As on March – 18	As on March – 17	As on March – 16
Auto/ Utility vehicles	27%	30%	31%
Tractors	17%	17%	17%
Cars	22%	23%	24%
Commercial vehicles and Construction equipments	14%	13%	12%
Pre-owned vehicles	8%	9%	10%
SME and Others	12%	8%	6%

As on 31st Mar 18, ~45% of the AUM was from M&M assets

* Share of SME: 9%

* 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' 18)

Investor Type	Amount (INR mn.)	% Share
Banks	157,417	39%
Mutual Fund	113,114	28%
Insurance & Pension Funds	63,603	16%
FIs & Corporates	37,481	9%
Others	31,515	8%
Total	403,130	100%

Funding Mix by type of Instrument (Mar' 18)

Instrument Type	Amount (INR mn.)	% Share
NCDs	173,864	43%
Retail NCDs	21,505	5%
Bank Loans	120,861	30%
Fixed Deposits	31,374	8%
CP, ICD	47,953	12%
Securitisation/ Assignment	7,573	2%
Total	403,130	100%

* Based on holding as on 31st March, 2018

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



Key Financials (Consolidated)

Figures on consolidated basis

	Total Income	Profit after Tax	Value of Asset Financed [^]
Q4 FY 18	Rs 25,066 mn ↑ 18%	Rs 4,999 mn ↑ 80%	Rs 128,903 mn ↑ 41%
Q4 FY 17	Rs 21,326 mn	Rs 2,782 mn	Rs 91,713 mn
<hr/>			
FY 18	Rs 85,735 mn ↑ 19%	Rs 10,239 mn ↑ 100%	Rs 405,621 mn ↑ 20%
FY 17	Rs 72,007 mn	Rs 5,116 mn	Rs 337,753 mn

**Note : The Company had recognised and provided for NPAs based on 3 months overdue norms as at September 30, 2017 as compared to 4 months overdue norms followed until June 30, 2017. This transition resulted in additional provision of Rs.937.49 million (including interest income de-recognition) for the year ended March 31, 2018 with a consequent impact on the Profit before tax.*

[^] Includes MRHFL

Key Financials

Figures on standalone basis

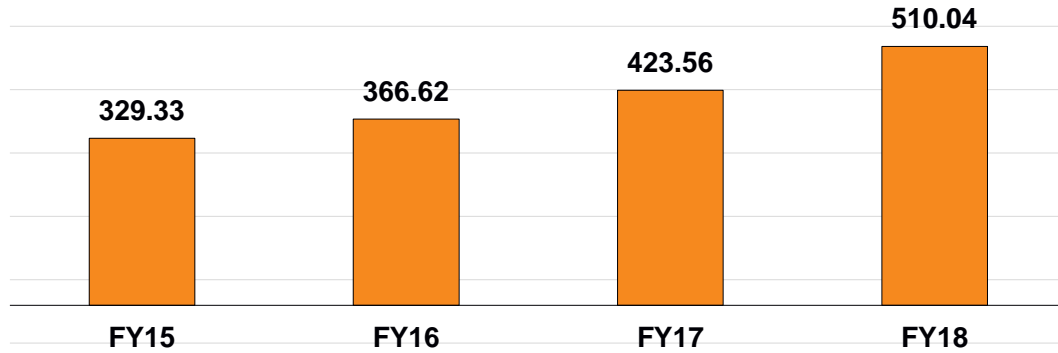
	Total Income	Profit after Tax	NPA Recognition	Value of Asset Financed
Q4 FY 18	Rs 20,738 mn ↑ 13%	Rs 4,245 mn ↑ 81%	3 months overdue	Rs 118,610 mn ↑ 42%
Q4 FY 17	Rs 18,427 mn	Rs 2,341 mn	4 months overdue	Rs 83,764 mn
<hr/>				
FY 18	Rs 72,061 mn ↑ 16%	Rs 8,919 mn ↑ 123%	3 months overdue	Rs 377,729 mn ↑ 19%
FY 17	Rs 62,375 mn	Rs 4,002 mn	4 months overdue	Rs 316,591 mn

**Note : The Company had recognised and provided for NPAs based on 3 months overdue norms as at September 30, 2017 as compared to 4 months overdue norms followed until June 30, 2017. This transition resulted in additional provision of Rs.937.49 million (including interest income de-recognition) for the year ended March 31, 2018 with a consequent impact on the Profit before tax.*

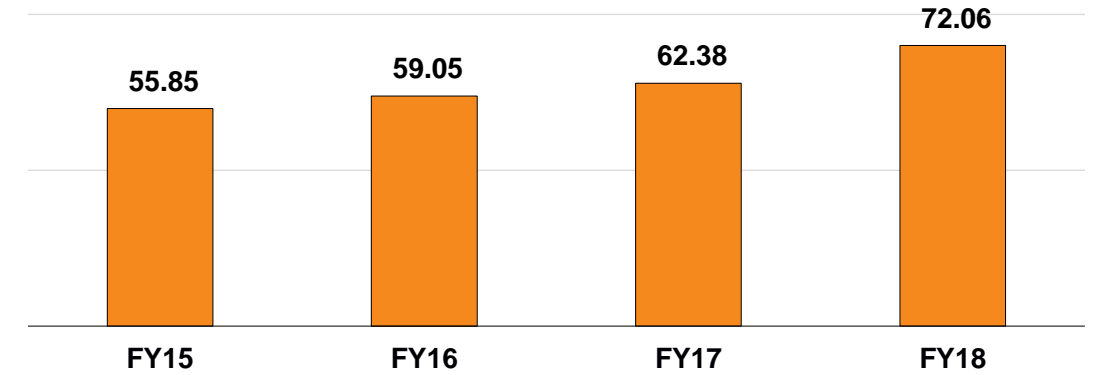
Growth Trajectory

Figures on standalone basis

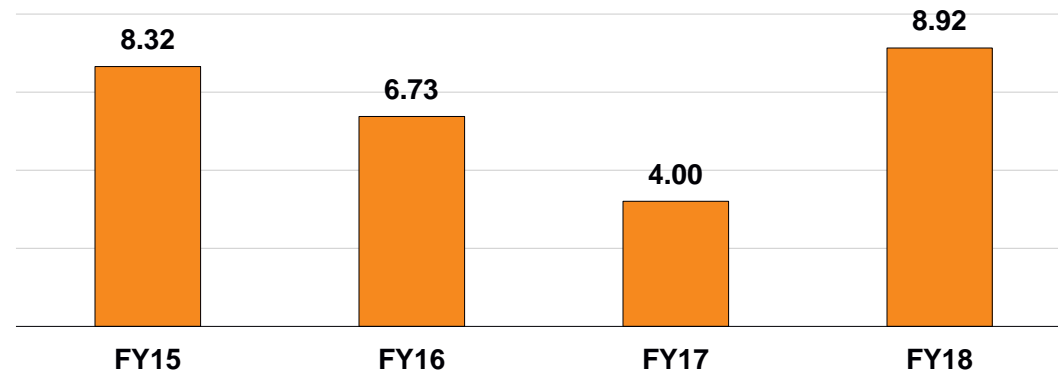
Loan Book (Rs. Bn)



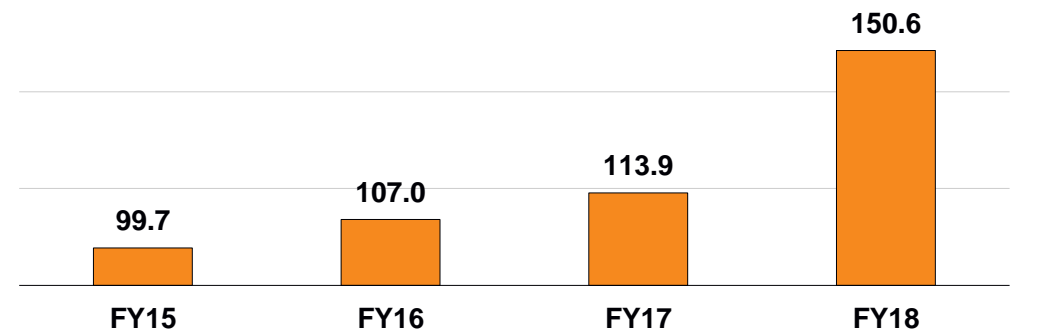
Revenues (Rs. Bn)



Profit after Tax ⁽¹⁾ (Rs. Bn)



Book Value Per Share ⁽²⁾ (Rs.)

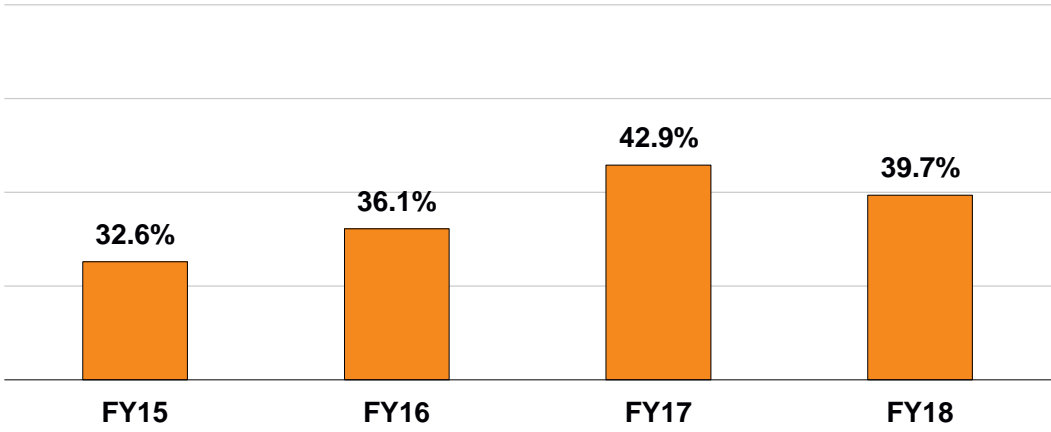


Note :⁽¹⁾ PAT post exceptional items – Sale of 5% equity of MIBL ⁽²⁾ Calculated as Shareholders funds/ Number of shares.

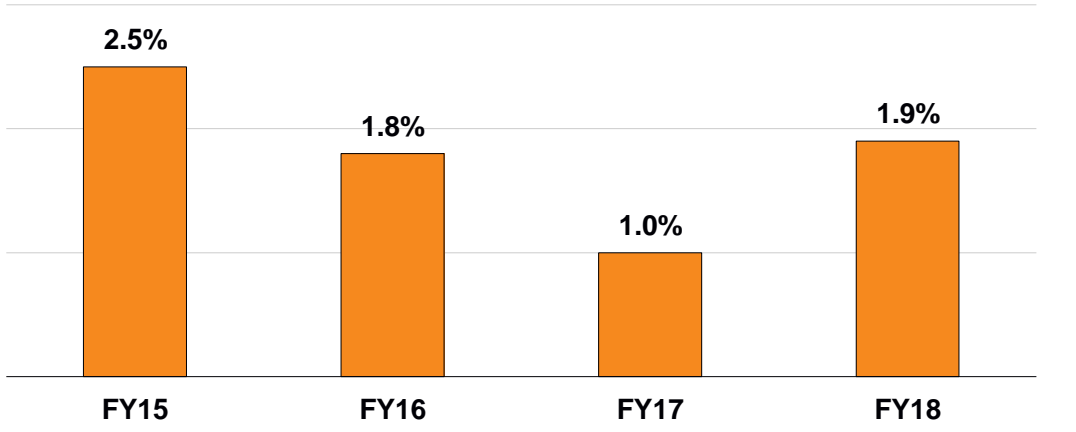
Financial Performance

Figures on standalone basis

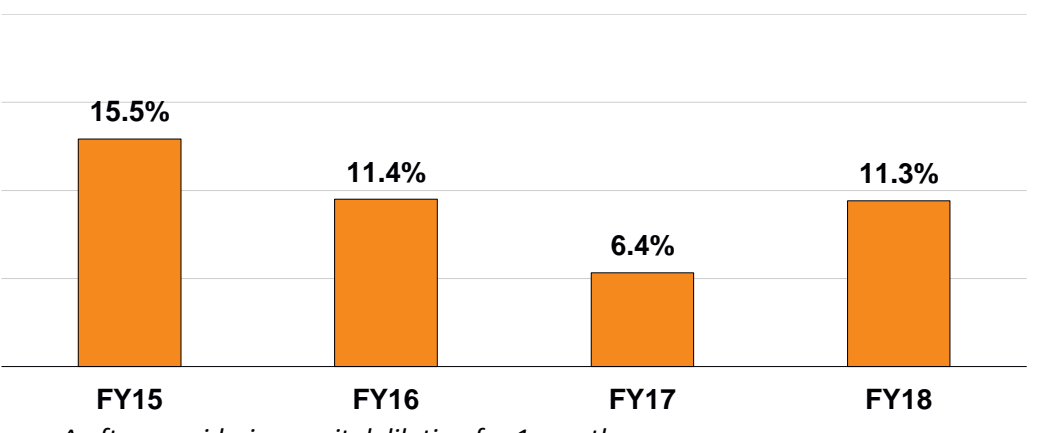
Cost to income ratio ⁽¹⁾ (%)



Return on Assets (ROA) ⁽²⁾ (%)

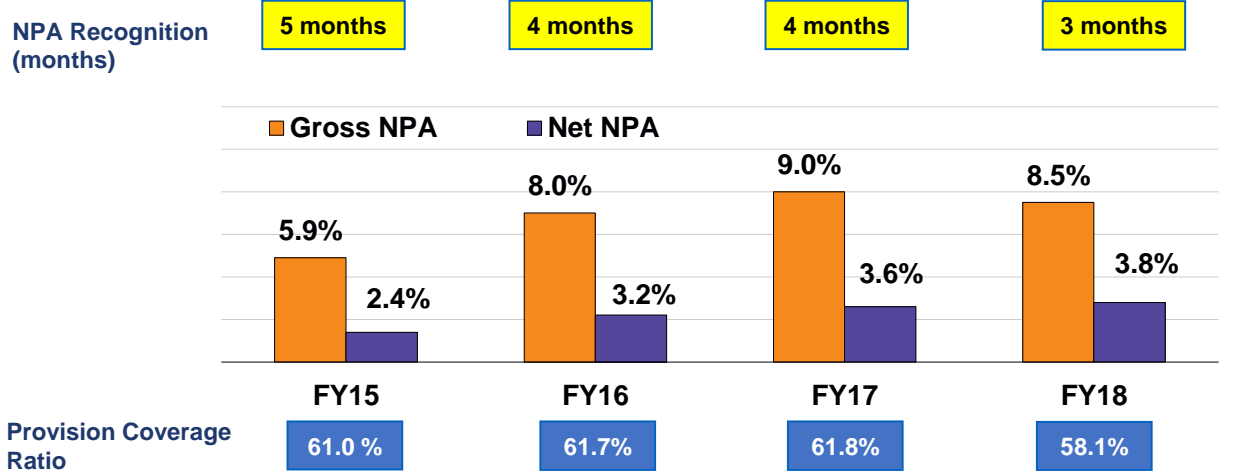


Return on Net Worth (RONW) (%)



[^] after considering capital dilution for 1 month

Asset Quality



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)	Q4FY18	Q3FY18	Q-o-Q	Q4FY17	Y-o-Y
Revenue from operations	20,600	18,340	12.3%	18,255	12.8%
Less: Finance cost	7,550	7,629	-1.0%	7,137	5.8%
NII	13,050	10,711	21.8%	11,117	17.4%
Other Income	138	124	11.3%	173	-19.9%
Total Income	13,188	10,835	21.7%	11,290	16.8%
Employee benefits expense	2,624	2,052	27.9%	1,797	46.1%
Provisions and write Offs	1,572	1,989	-21.0%	3,614	-56.5%
Other expenses	2,186	2,124	2.9%	2,105	3.8%
Depreciation and amortization	118	107	9.7%	135	-13.2%
Total Expenses	6,500	6,272	3.6%	7,651	-15.1%
Profit before Tax (before Exceptional)	6,688	4,563	46.6%	3,638	83.8%
Exceptional Items [^]	-	650		-	
Profit before Tax	6,688	5,213	28.3%	3,638	83.8%
Tax expense	2,443	1,793	36.3%	1,298	88.3%
Net Profit after Taxes	4,245	3,420	24.1%	2,341	81.4%

[^] on account of sale of 5% equity of MIBL

* Figures re-grouped and rounded where found relevant

Standalone Profit & Loss Account

Particulars (Rs. in Million)	FY18	FY17	Y-o-Y	FY16
Revenue from operations	71,471	61,739	15.8%	58,532
Less: Finance cost	30,004	28,574	5.0%	26,393
NII	41,467	33,165	25.0%	32,139
Other Income	590	636	-7.2%	519
Total Income	42,057	33,801	24.4%	32,658
Employee benefits expense	8,517	6,809	25.1%	5,588
Provisions and write Offs	12,266	13,091	-6.3%	10,495
Other expenses	7,754	7,240	7.1%	5,784
Depreciation and amortization	442	460	-4.0%	409
Total Expenses	28,979	27,600	5.0%	22,276
Profit before Tax (before Exceptional)	13,078	6,201	110.9%	10,382
Exceptional Items [^]	650	-	-	-
Profit before Tax	13,727	6,201	121.4%	10,382
Tax expense	4,809	2,198	118.7%	3,656
Net Profit after Taxes	8,919	4,002	122.8%	6,726

[^] on account of sale of 5% equity of MIBL

* Figures re-grouped and rounded where found relevant

Standalone Balance Sheet

Particulars (Rs. in Million)	As on Mar 31, 2018	As on Mar 31, 2017	As on Mar 31, 2016
EQUITY AND LIABILITIES			
Shareholders' funds			
a) Share Capital	1,229	1,130	1,129
b) Reserves and Surplus	91,802	63,642	59,752
Shareholders' funds	93,031	64,772	60,881
Non-current liabilities			
a) Long-term borrowings	238,161	214,124	173,317
b) Other Long-term liabilities	5,408	4,274	4,326
c) Long term provisions	7,304	5,489	4,482
Non-current liabilities	250,873	223,887	182,125
Current liabilities			
a) Short Term Borrowings	60,849	57,902	43,469
b) Trade payables	9,345	5,776	4,789
c) Other current liabilities	112,685	89,864	89,462
d) Short term provisions	16,895	16,167	15,069
Current liabilities	199,774	169,709	152,789
Total Equities and Liabilities	543,678	458,368	395,795

* Figures re-grouped and rounded where found relevant

Standalone Balance Sheet (Contd.)

Particulars (Rs. in Million)	As on Mar 31, 2018	As on Mar 31, 2017	As on Mar 31, 2016
ASSETS			
Non-current assets			
a) Fixed Assets	1,197	1,120	1,135
b) Non-current investments	14,579	13,117	9,923
c) Deferred tax assets (Net)	7,939	7,317	5,853
d) Long-term loans and advances	276,493	222,365	185,265
e) Other non-current assets	569	1,198	518
Non-current assets	300,777	245,117	202,694
Current assets			
a) Current investments	4,153	5,613	4,910
b) Trade receivables	74	58	51
c) Cash and cash equivalents	4,111	5,781	5,852
d) Short-term loans and advances	233,550	201,198	181,351
e) Other current assets	1,013	601	937
Current assets	242,901	213,251	193,101
Total Assets	543,678	458,368	395,795

* Figures re-grouped and rounded where found relevant

Consolidated Profit & Loss Account

Particulars (Rs. in Million)	FY18	FY17	Y-o-Y	FY16
Revenue from operations	85,331	71,462	19.4%	65,539
Less: Finance cost	34,263	31,862	7.5%	28,683
NII	51,068	39,600	29.0%	36,856
Other Income	404	545	-25.9%	436
Total Income	51,472	40,145	28.2%	37,292
Employee benefits expense	11,571	8,866	30.5%	7,041
Provisions and write Offs	13,274	13,896	-4.5%	10,982
Other expenses	9,965	8,468	17.7%	6,571
Depreciation and amortization	552	537	2.8%	457
Total Expenses	35,362	31,767	11.3%	25,051
Profit before Tax (before Exceptional)	16,110	8,378	92.3%	12,241
Exceptional Items ^	507	-		-
Profit before Tax	16,617	8,378	98.4%	12,241
Tax expense	6,103	3,081	98.1%	4,367
Profit after tax	10,514	5,297	98.5%	7,874
Minority Interest	275	181	52.4%	151
Net Profit after Taxes and Minority Interest	10,239	5,116	100.1%	7,723

^ on account of sale of 5% equity of MIBL

* Figures re-grouped and rounded where found relevant

Consolidated Balance Sheet

Particulars (Rs. in Million)	As on Mar 31, 2018	As on Mar 31, 2017	As on Mar 31, 2016
EQUITY AND LIABILITIES			
Shareholders' funds			
a) Share Capital	1,229	1,130	1,129
b) Reserves and Surplus	97,923	68,471	63,565
Shareholders' funds	99,152	69,602	64,694
Minority Interest	1,439	998	675
Non-current liabilities			
a) Long-term borrowings	288,950	249,108	203,412
b) Other Long-term liabilities	5,408	4,274	4,327
c) Long term provisions	8,338	6,217	4,917
Non-current liabilities	302,696	259,599	212,656
Current liabilities			
a) Short Term Borrowings	77,719	71,406	52,175
b) Trade payables	10,142	6,069	4,964
c) Other current liabilities	125,741	107,370	99,211
d) Short term provisions	18,496	17,185	15,693
Current liabilities	232,098	202,031	172,043
Total Equities and Liabilities	635,385	532,229	450,068

* Figures re-grouped and rounded where found relevant

Consolidated Balance Sheet (Contd.)

Particulars (Rs. in Million)	As on Mar 31, 2018	As on Mar 31, 2017	As on Mar 31, 2016
ASSETS			
Non-current assets			
a) Fixed Assets	1,524	1,345	1,291
b) Non-current investments	7,766	7,979	6,522
c) Deferred tax assets (Net)	8,232	7,572	5,992
d) Long-term loans and advances	348,823	281,290	229,464
e) Other non current assets	588	1,212	524
Non-current assets	366,933	299,399	243,793
Current assets			
a) Current investments	4,116	5,760	5,467
b) Trade receivables	604	230	200
c) Cash and cash equivalents	4,854	6,039	6,059
d) Short-term loans and advances	257,781	220,164	193,664
e) Other current assets	1,097	638	885
Current assets	268,452	232,830	206,275
Total Assets	635,385	532,229	450,068

* Figures re-grouped and rounded where found relevant

Summary & Key Ratios

Figures on standalone basis

Particulars (Rs. in Million)	Year ended March – 18	Year ended March – 17	Year ended March – 16
RONW (Avg. Net Worth) ^	11.3%	6.4%	11.4%
Debt / Equity	4.24:1	5.33:1	4.84:1
Capital Adequacy^{\$}	22.0%	17.2%	17.3%
Tier I	16.1%	12.8%	14.6%
Tier II	5.9%	4.4%	2.7%
EPS (Basic) (Rs.)	15.35	7.09	11.92
Book Value (Rs.)	150.6	113.9	107.0
Dividend	200%	120%	200%
Assets Under Management (Rs. Mn)	551,012	467,755	409,333
New Contracts During the period (Nos)	626,172	556,122	522,256
No. of employees	18,733	17,856	15,821

^{\$} after considering proposed dividend for the year

[^] after considering capital dilution

* Figures re-grouped and rounded where found relevant

Spread Analysis

Figures on standalone basis

Particulars (Rs. in Million)	Year ended March – 18	Year ended March – 17	Year ended March – 16
Total Income / Average Assets	15.0%	15.2%	16.3%
Interest / Average Assets	6.2%	7.0%	7.3%
Gross Spread	8.8%	8.2%	9.0%
Overheads / Average Assets	3.5%	3.5%	3.2%
Write offs & NPA provisions / Average Assets	2.5%	3.2%	2.9%
Net Spread	2.8%	1.5%	2.9%
Net Spread after Tax	1.9%	1.0%	1.8%

NPA Analysis

Figures on standalone basis

Particulars (Rs. in Million)	As on Mar 31, 2018		As on Mar 31, 2017	As on Mar 31, 2016
	3 months overdue	4 months overdue	4 months overdue	4 months overdue
Recognition Basis				
Gross Non - Performing Assets	46,987	42,336	41,827	32,242
Less: NPA Provisions (incl. Income reversal)	27,281	26,343	25,830	19,891
Net Non – Performing Assets	19,706	15,993	15,997	12,351
Total Assets (Incl. NPA Provision)*	550,242	549,941	464,854	400,764
Gross NPA to Total Assets(%)	8.5%	7.7%	9.0%	8.0%
Net NPA to Total Assets(%)	3.8%	3.1%	3.6%	3.2%
Coverage Ratio(%)	58.1%	62.2%	61.8%	61.7%

Above workings are excluding securitised/assigned portfolio

Count of NPA & Repossessed Stock	As on Mar 31, 2018		As on Mar 31, 2017	As on Mar 31, 2016
Contracts under NPA	132,947	116,953	138,357	109,106
% of Live Cases under NPA	6.4%	5.6%	7.2%	6.0%
Repossessed Assets (out of above NPA)	11,596	11,596	13,185	6,358

* after regrouping



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Mahindra Rural Housing Finance Limited

Particulars (Rs. million)	Year ended March – 18	Year ended March – 17	Year ended March – 16
Loans disbursed	27,892	21,162	15,525
No. of Customer Contracts (nos.)	218,572	172,462	125,074
Outstanding loan book	62,476	48,235	32,645
Total income	10,000	7,034	4,954
PBT	2,246	1,269	967
PAT	1,455	830	627
Net-worth	7,340	4,759	2,758
GNPA %	10.5%	9.7%	7.3%

- **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 – 89%; NHB – 11%
- **Reach:** Currently spread in 12 States & 1 Union Territory

Mahindra Insurance Brokers Limited

Particulars (Rs. million)	Year ended March – 18	Year ended March – 17	Year ended March – 16
No. of Policies for the Period (nos.)	2,058,613	1,591,796	1,330,929
Total income	2,451	1,742	1,492
Net Premium	17,490	13,644	10,870
PBT	812	817	752
PAT	522	530	485
No. of employees (nos.)	987	956	802

* After accounting for one time milestone reward plan to employees/ directors of Rs. 227.69 million

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

* As per IGAAP



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Awards and Accolades

- Mahindra Finance was recognized as Top 19 in **Aon Best Employer List 2017**
- Mahindra Finance has been ranked at **49th position** in India's Best Companies to Work for, 2017 by The Great Place to Work Institute and Economic Times
- Mahindra Finance has been appraised and rated at **People CMM® Maturity Level 5**
- Mahindra Finance listed on **Dow Jones Sustainability Index (DJSI)** – for 5th year in a row
- Mahindra Finance was included in the Sustainability Yearbook 2018 by **RobecoSAM**
- Mahindra Finance Honored with the **IDF CSR Award**
- Mahindra Finance was adjudged Runners up in **Business World HR Excellence Award** for Excellence in Learning and Development
- Mahindra Finance was awarded with Equal Opportunity Employer award during the 4th National Conference on disability by **Sarthak Educational Trust**
- Mahindra Finance bags the prestigious **ET Best BFSI Brands 2018 Award**
- Mahindra Finance has been recognized **Working Mother & Avtar 100 Best Company for Women 2017**



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Conservative Risk Management Policies

Provisioning Norms

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

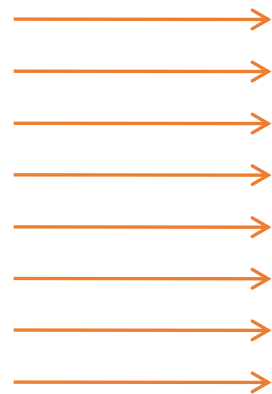
- The Company considered the estimated realisable value of underlying security for loan assets which were 24 months overdue resulting in a lower provision of Rs.833.69 million for the year ended March 31, 2017 as against an additional provision of Rs. 833.69 million charged to Profit & Loss account during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

- [^] The Company had recognised and provided for NPAs based on 3 months overdue norms as at September 30, 2017 as compared to 4 months overdue norms followed until June 30, 2017. This transition resulted in additional provision of Rs.937.49 million (including interest income de-recognition) for the year ended March 31, 2018 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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