

Mahindra & Mahindra Financial Services Limited

FY 2019 Result Update
March - 2019

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CIN - L65921MH1991PLC059642



Company Overview

Industry Overview

Business Strategy

Financial Information

Key Subsidiaries

Awards & Accolades

Risk Management Policies

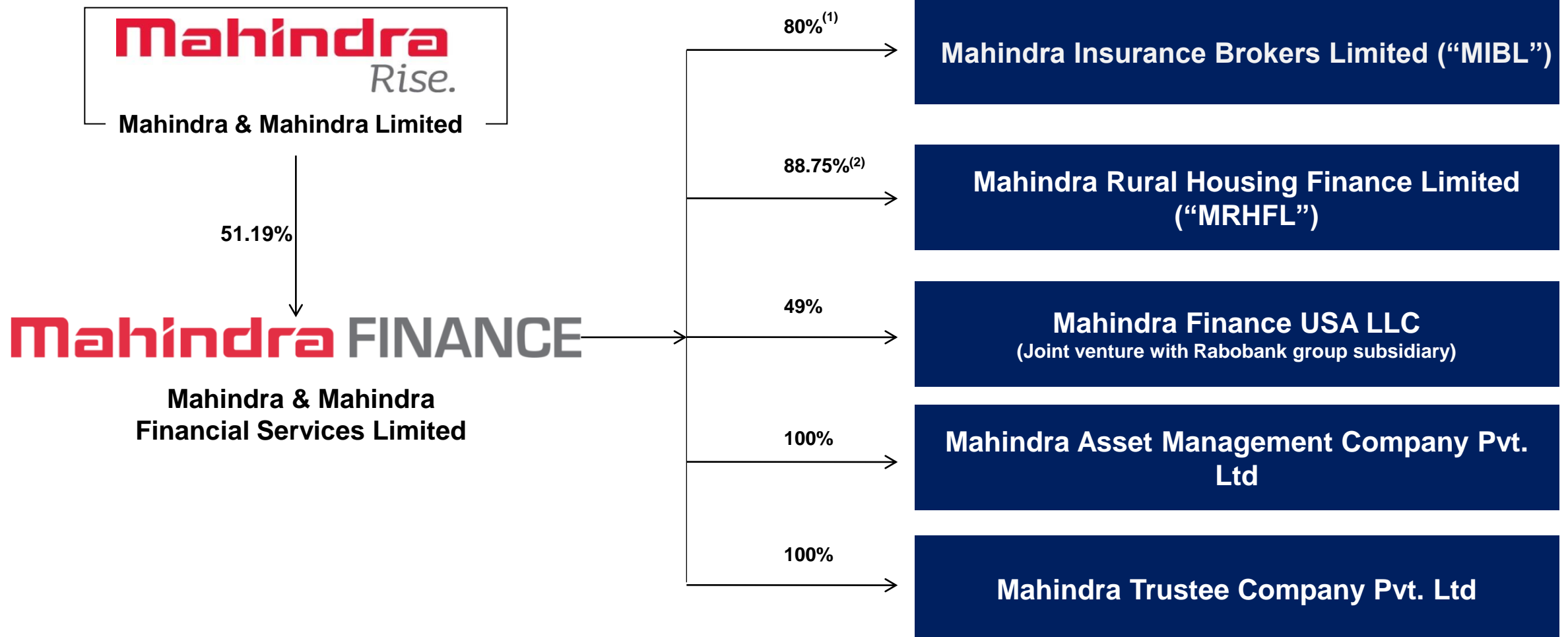
Transforming rural lives across the country

Company Background

- Parentage:** Mahindra & Mahindra Financial Services Limited (“MMFSL”) is a subsidiary of Mahindra and Mahindra Limited (*Mcap: Rs 830 billion*)*, India’s largest tractor and utility vehicle manufacturer
- About MMFSL:** MMFSL (*Mcap: Rs 268 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 1,321 offices covering 27 states and 5 union territories in India, with over 6.10 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, 2019 from BSE website*

MMFSL Group structure

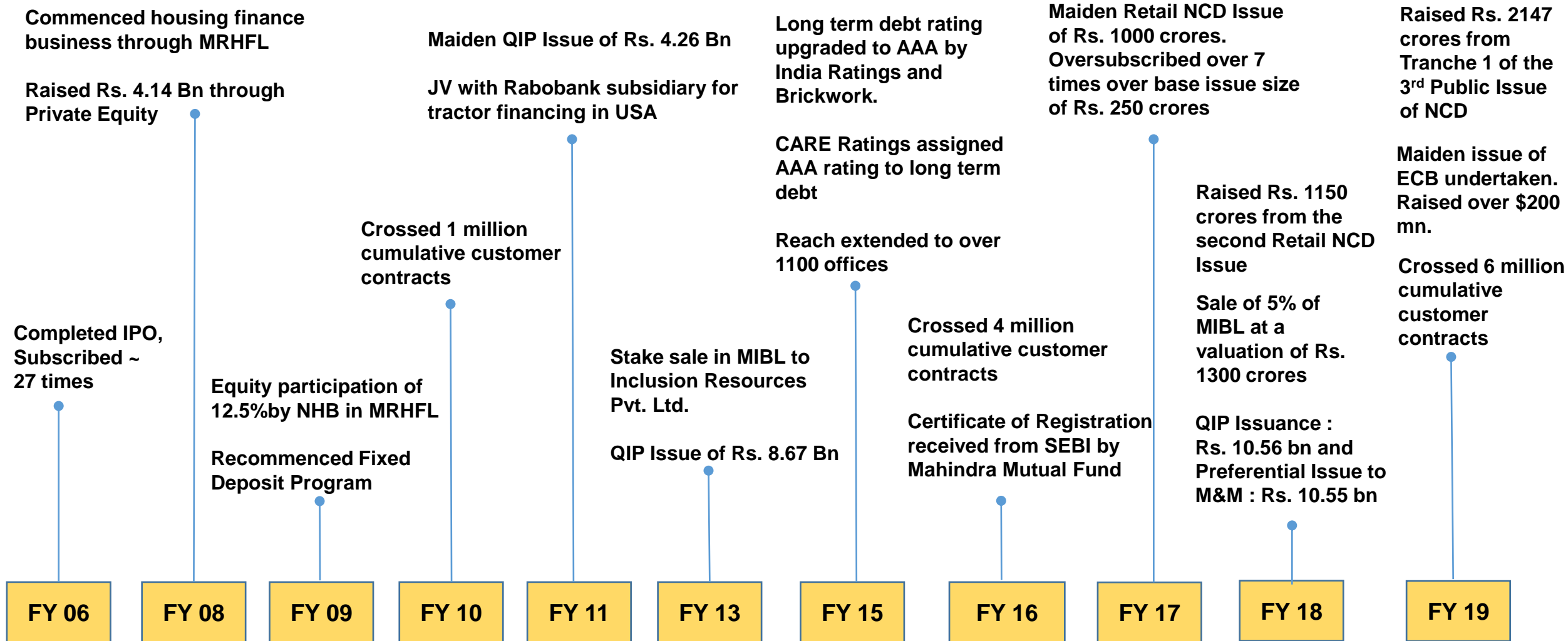


Note:

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. In March 2019, the Board of Directors of the Company approved the acquisition of 9.68% of MRHFL held by NHB for a consideration of Rs. 2,867.76 million

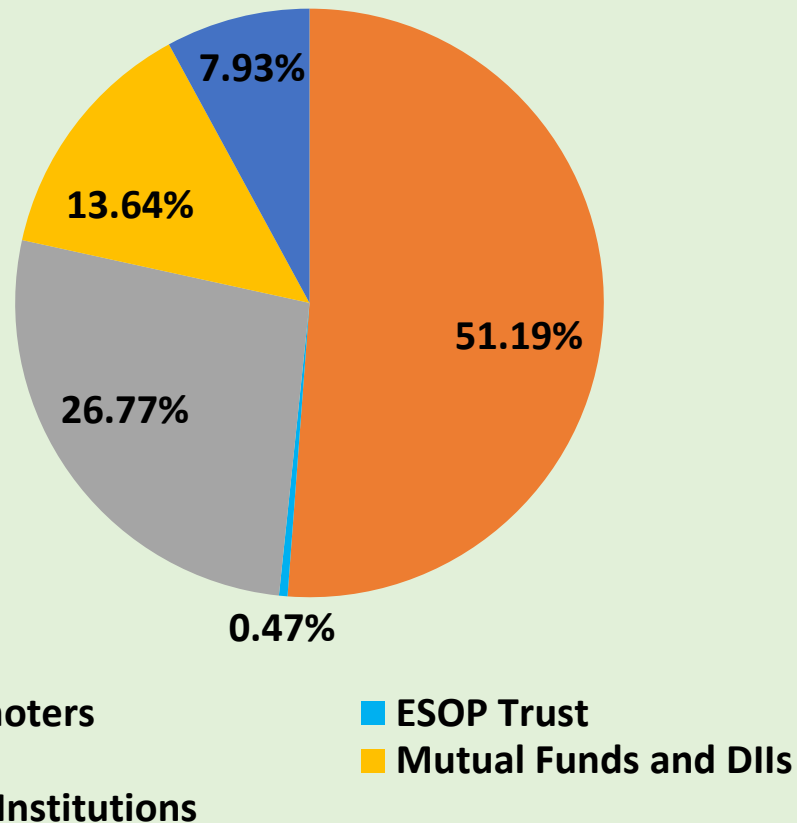
* As on March 31, 2019

Our Journey



Shareholding Pattern (as on 31st March, 2019)

Shareholding Pattern Chart



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

Top 10 Public Shareholders

- HDFC Life Insurance Company Limited
- Blackrock Global Funds - Asian Growth Leaders Fund
- Blackrock Global Funds Asian Dragon Fund
- Kotak Funds - India Midcap Fund
- Valiant Mauritius Partners Offshore Limited
- SBI Blue Chip Fund
- Bank Muscat India Fund
- Vanguard Emerging Markets Stock Index Fund, A Seri
- Vanguard Total International Stock Index Fund
- JP Morgan Indian Investment Company (Mauritius) Li



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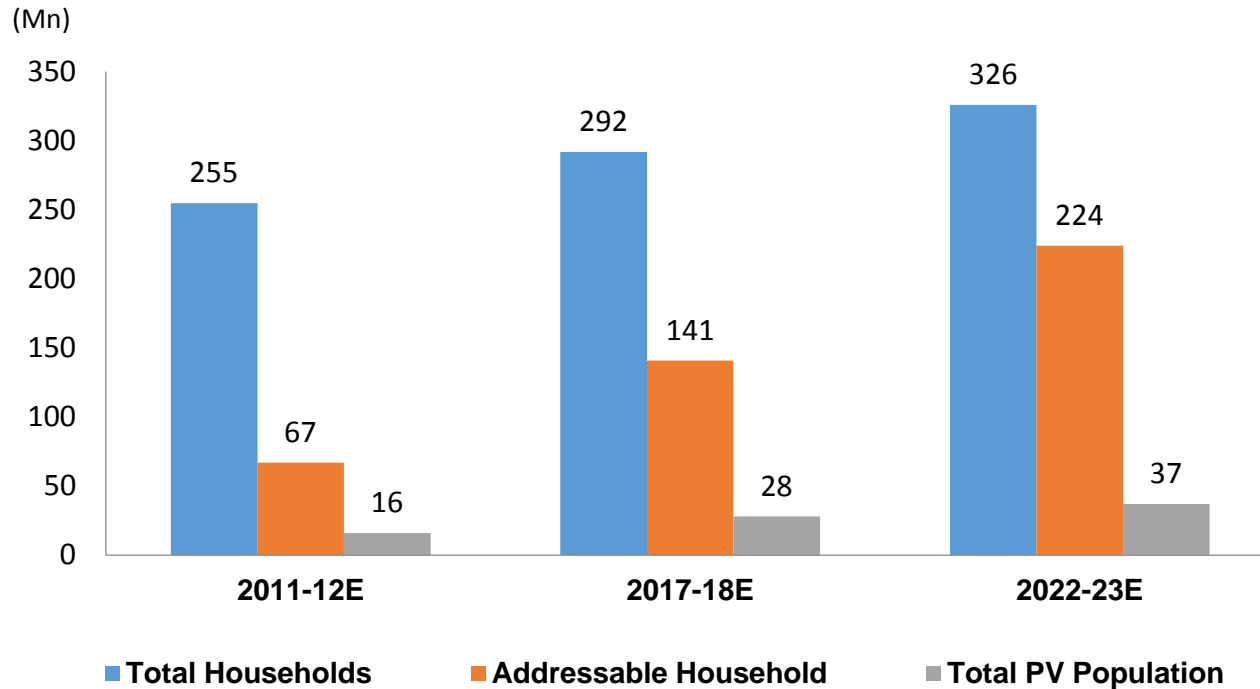
Awards & Accolades

Risk Management Policies

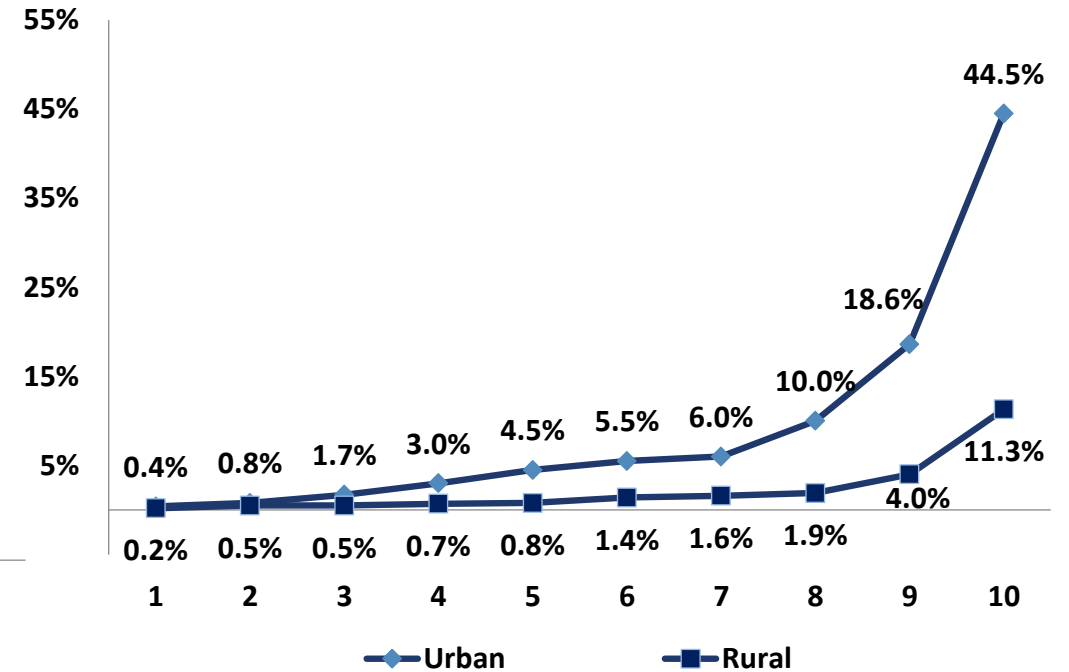
Transforming rural lives across the country

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, increasing disposable income and availability of finance to aid growth in sales
- Relatively stable price of cost of ownership is expected to boost long term demand

Passenger Vehicles Industry: Overall Demand Drivers

	FY 08 – FY13	FY 13 – FY 18	FY 18 – FY 23 (P)
Small Cars	11%	4%	5% – 7%
Large Cars	3%	(5%)	(2%) – (4%)
UV + Vans	19%	7%	7% – 9%
Total (Cars + UVs)	12%	4%	5% – 7%

- Small cars and UV expected to continue growth as more households come under parameters, improving economic scenario, positive rural sentiments
- Higher cost of ownership (increased fuel price, higher insurance expense, dearer interest rates) resulting in reduction in growth rate

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%	5% – 7%	5% – 7%
Large Cars	211	(9%)	209	(1%)	(5%) – (7%)	(1%) – (3%)
UV + Vans	944	24%	1,114	18%	1% – 3%	9% - 11%
Total (Cars + UVs)	3,047	9%	3,287	8%	3% – 5%	6% - 8%

- 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%)	7% – 9%

- Lower finance availability hurting MHCV sales. CV lending rates increased marginally
- Reduction in sale price of second hand vehicles resulting in slower buying of new vehicles
- Advancement of purchase expected since BS-VI implementation shall increase prices and growth rates

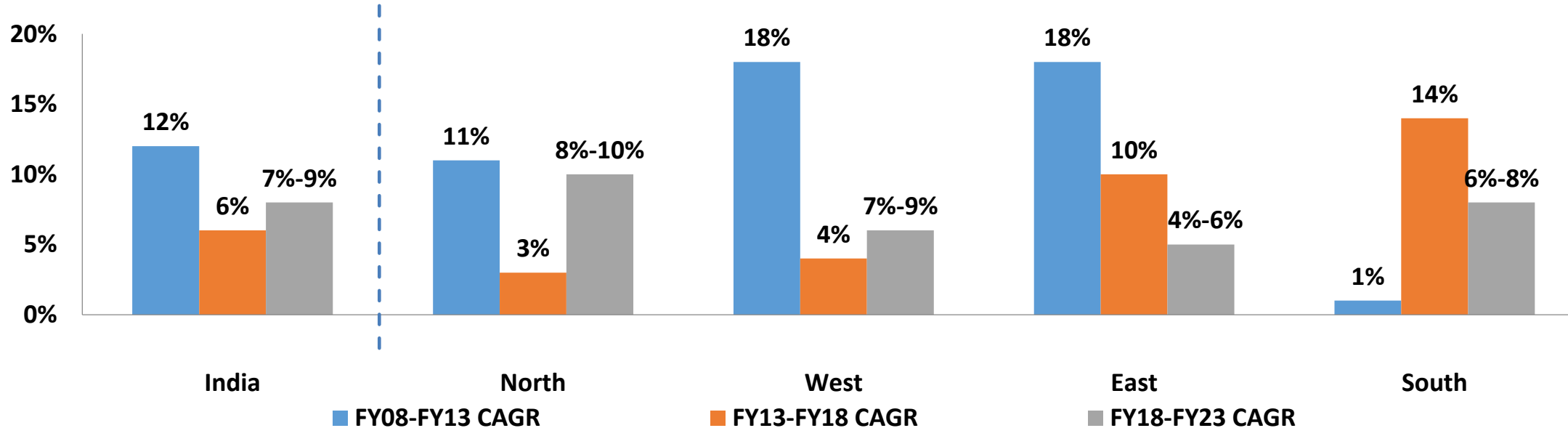
	FY 2016		FY 2017		FY 2018		FY 2019 (P)	FY 2020 (P)
	Volume	Growth	Volume	Growth	Volume	Growth	Growth	Growth
MHCV	257,987	32%	255,234	(1%)	304,664	19%	15% – 17%	3% – 5%
LCV	334,371	(1%)	360,842	8%	467,224	29%	20% – 22%	10% – 12%
Buses	92,845	15%	98,126	6%	84,573	(14%)	6% – 8%	4% – 6%

- GST implementation benefitting larger and ICVs truck operators because of input credit
- Expected improved GDP in FY 2020 shall result in increased demand along with OEM aggressiveness, road construction by NHAI & infra spends
- 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)	FY19 (Nos.)	FY18 (Nos.)	Y-o-Y Growth (%)	FY17 (Nos.)
Passenger Vehicles (PVs)				
Passenger Cars / Vans	2,219	2,174	2%	2,103
UV's	1,159	1,115	4%	944
Commercial Vehicles (CVs)				
M&HCVs	391	341	15%	302
LCVs	617	516	20%	412
Three Wheelers	701	636	10%	512
Tractors	785	711	10%	583

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%

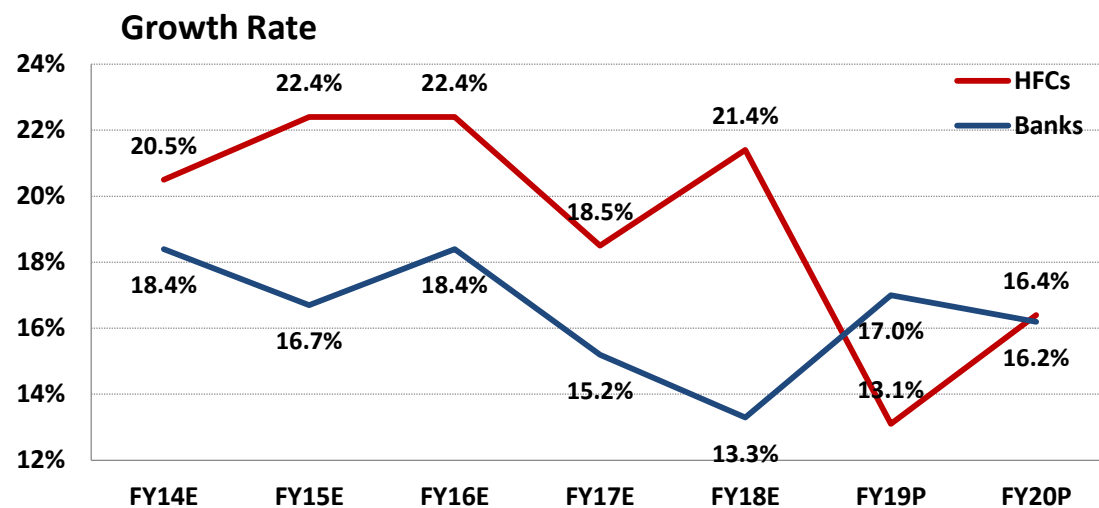
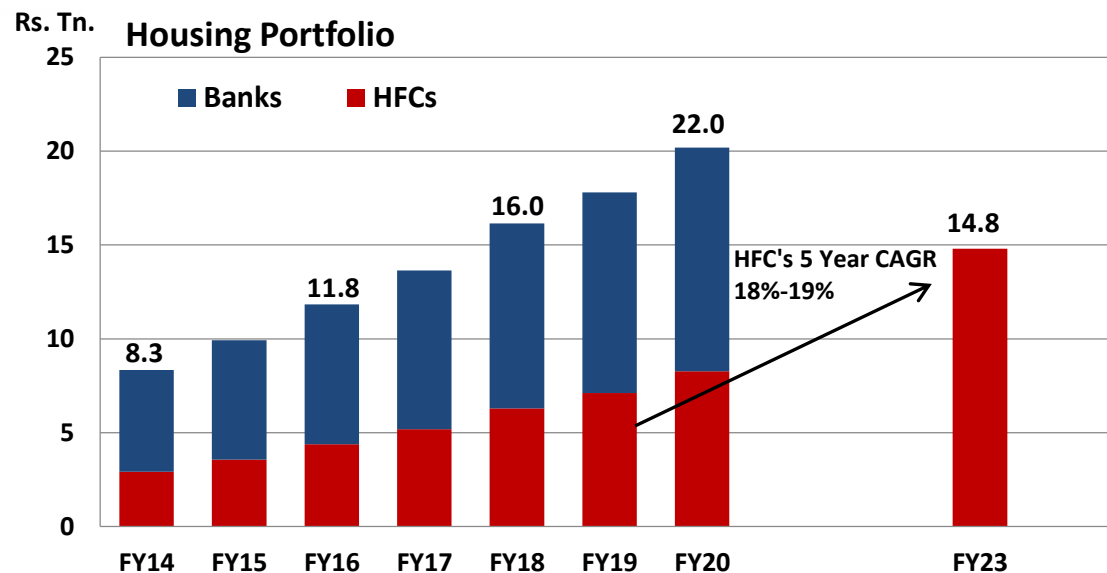
Segment-wise growth in disbursement					
	FY 13 (Rs. Bn.)	CAGR FY 13 – FY 18	FY 18 (Rs. Bn.)	CAGR FY 18 – FY 23	FY 23 (Rs. Bn.)
Passenger vehicle	639	8%	959	15%	1,929
Commercial vehicle	452	8%	652	13%	1,179
Two wheelers	123	17%	270	16%	575
Three wheelers	70	7%	98	13%	180
Total	1,284	9%	1,978	14%	3,863

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 76.5% 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 75.8% 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 to increase as HFCs reduce disbursements
- 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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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

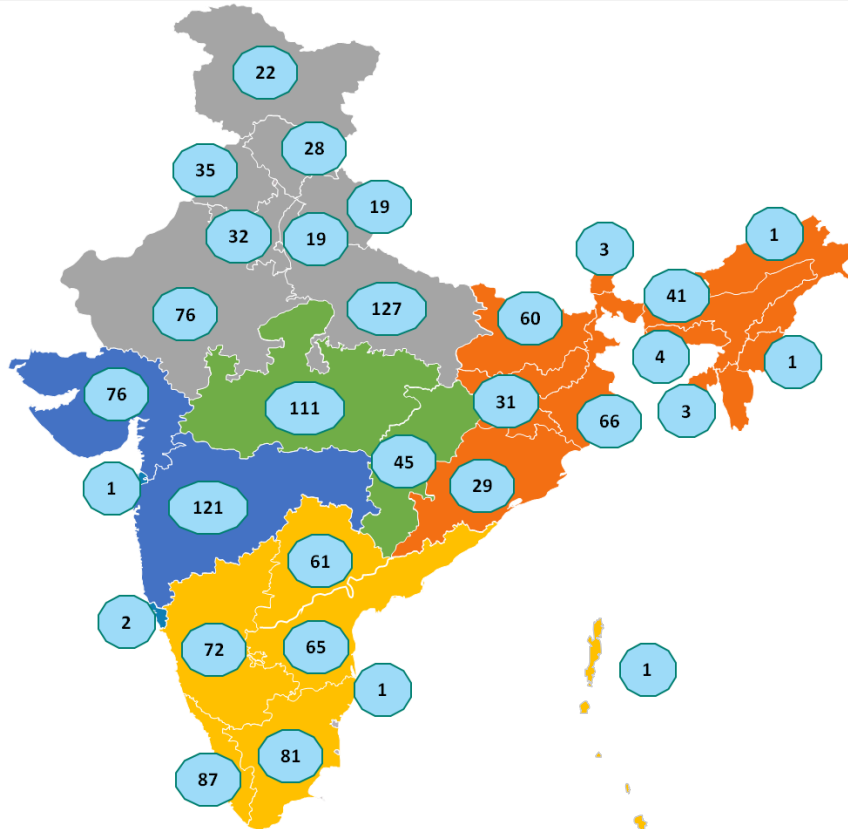
Effective use of technology to improve productivity

Leverage the “Mahindra” Ecosystem

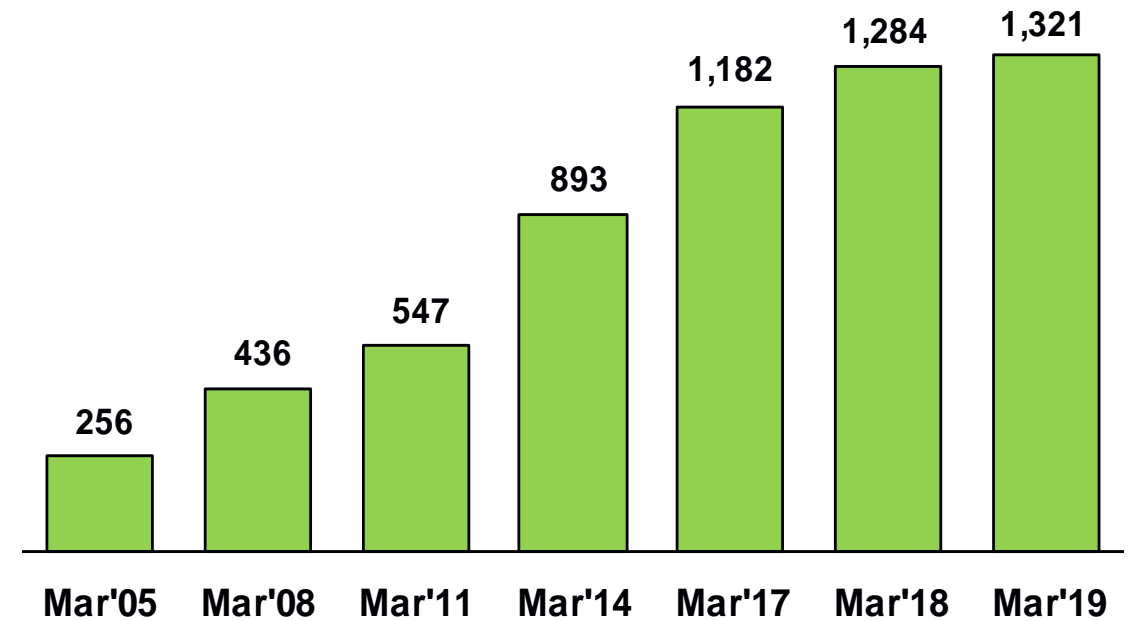
Extensive Branch Network

- Extensive branch network with presence in 27 states and 5 union territories in India through 1,321 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 – 19	Year ended March – 18	Year ended March – 17
Auto/ Utility vehicles	25%	26%	28%
Tractors	18%	18%	19%
Cars	20%	20%	22%
Commercial vehicles and Construction equipments	19%	13%	11%
Pre-owned vehicles	14%	14%	13%
SME and Others	4%	9%	7%

* Standalone

Break down of AUM

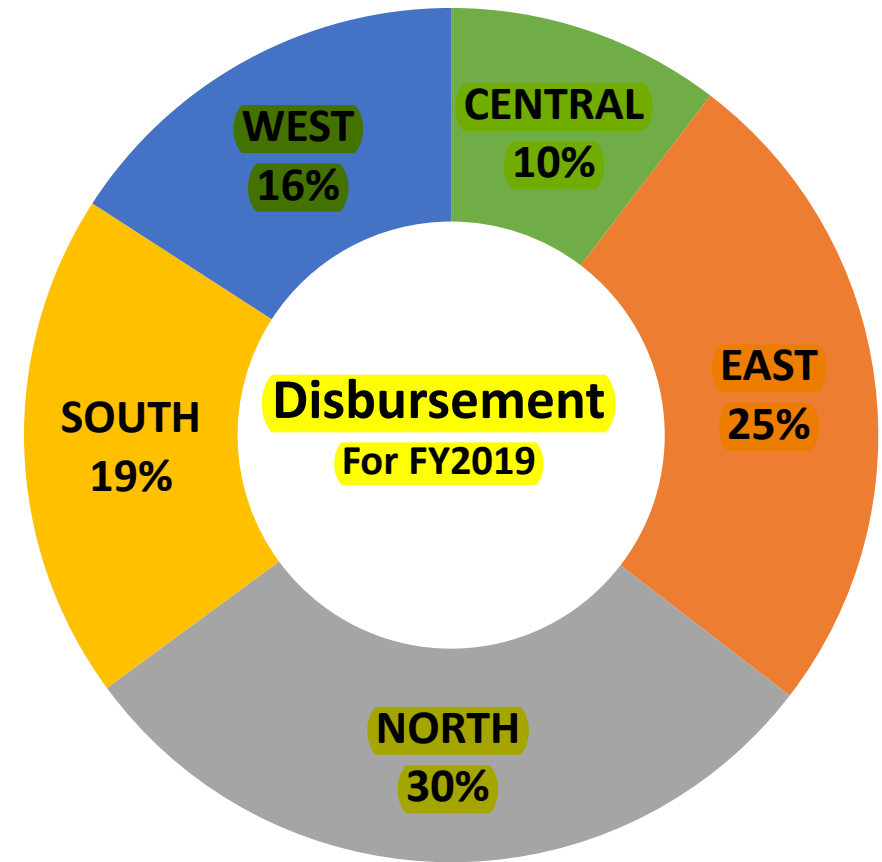
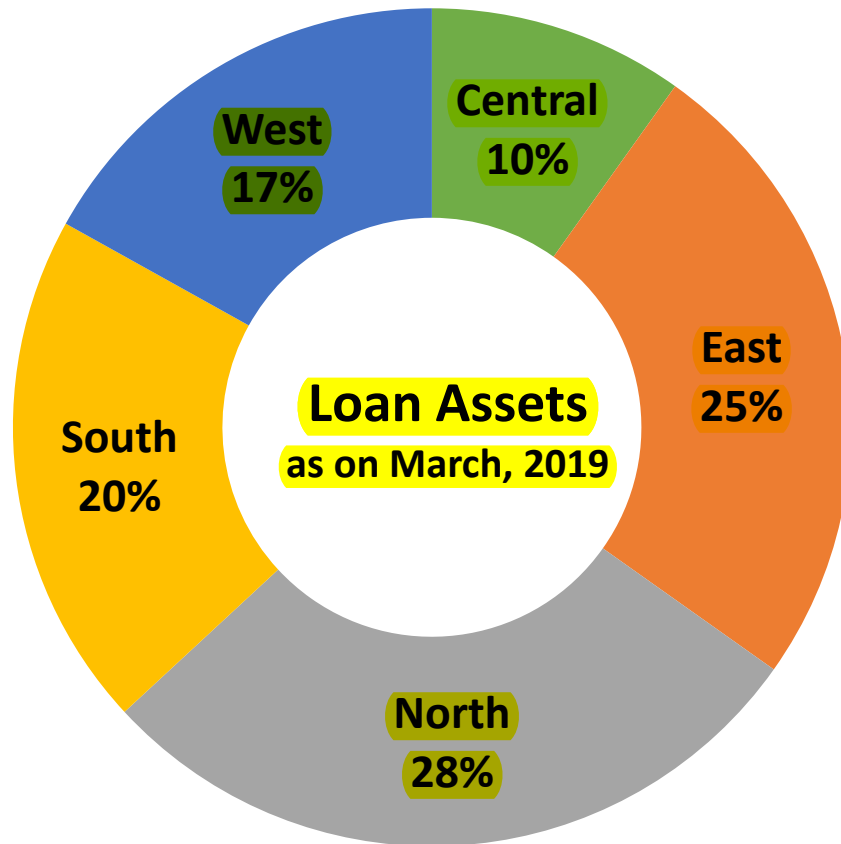
Asset Class	As on March – 19	As on March – 18	As on March – 17
Auto/ Utility vehicles	26%	27%	30%
Tractors	17%	17%	17%
Cars	21%	22%	23%
Commercial vehicles and Construction equipments	18%	14%	13%
Pre-owned vehicles	9%	8%	9%
SME and Others	9%	12%	8%

As on 31st March 19, ~43% 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, Uttaranchal;

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'19)

Investor Type	Amount (INR mn.)	% Share
Banks	246,604	46.4%
Mutual Fund	76,405	14.4%
Insurance & Pension Funds	83,607	15.8%
FIs & Corporates	53,755	10.1%
Others	70,749	13.3%
Total	531,120	100%

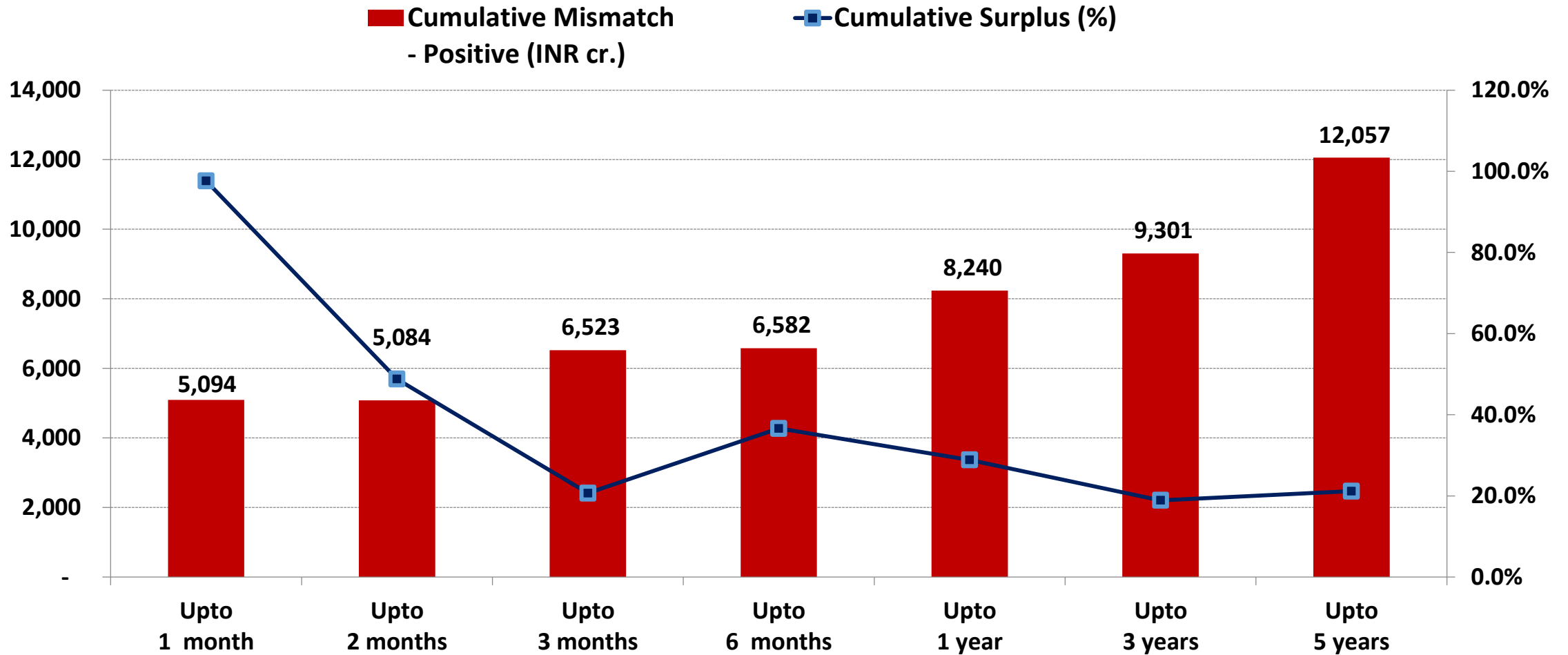
* Based on holding as on 31st March, 2019

Funding Mix by type of Instrument (Mar'19)

Instrument Type	Amount (INR mn.)	% Share
NCDs	191,370	36.0%
Retail NCDs	42,975	8.1%
Bank Loans	146,577	27.6%
Offshore Borrowings	13,970	2.6%
Fixed Deposits	56,989	10.7%
CP, ICD	35,765	6.8%
Securitisation/ Assignment	43,474	8.2%
Total	531,120	100%

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

ALM Position



As on 31st March 19

* Based on provisional filing with RBI

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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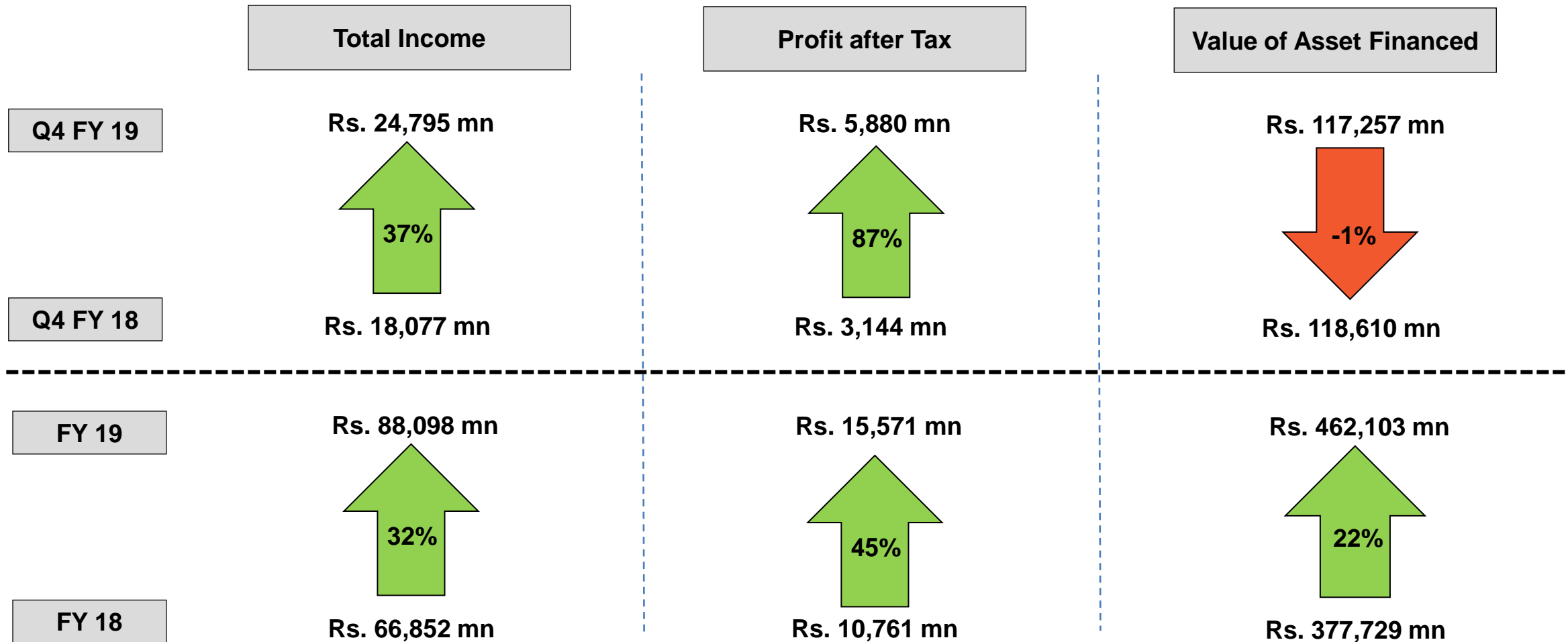
Transforming rural lives across the country

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 **full year account’s (FY19)** which have been subject to **audit**, 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.

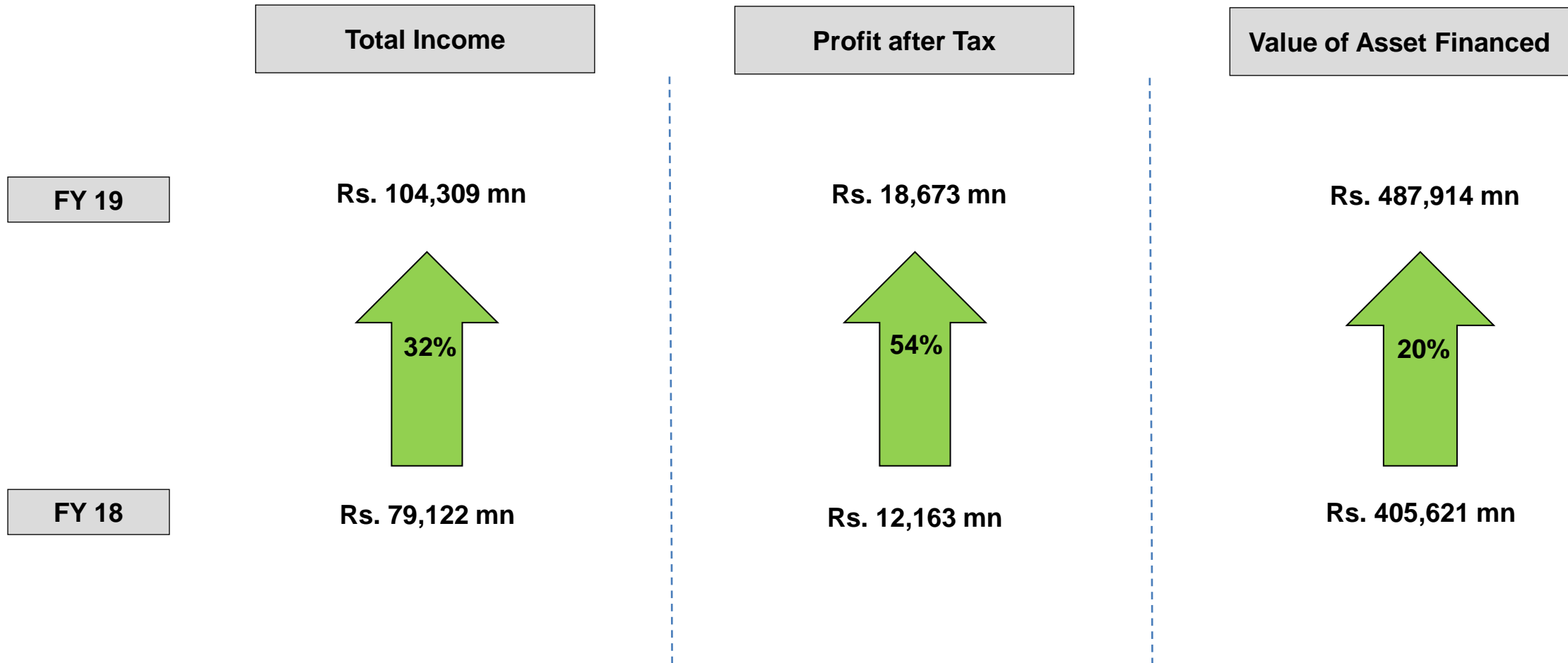
Key Financials

Figures on standalone basis



* As per IND-AS

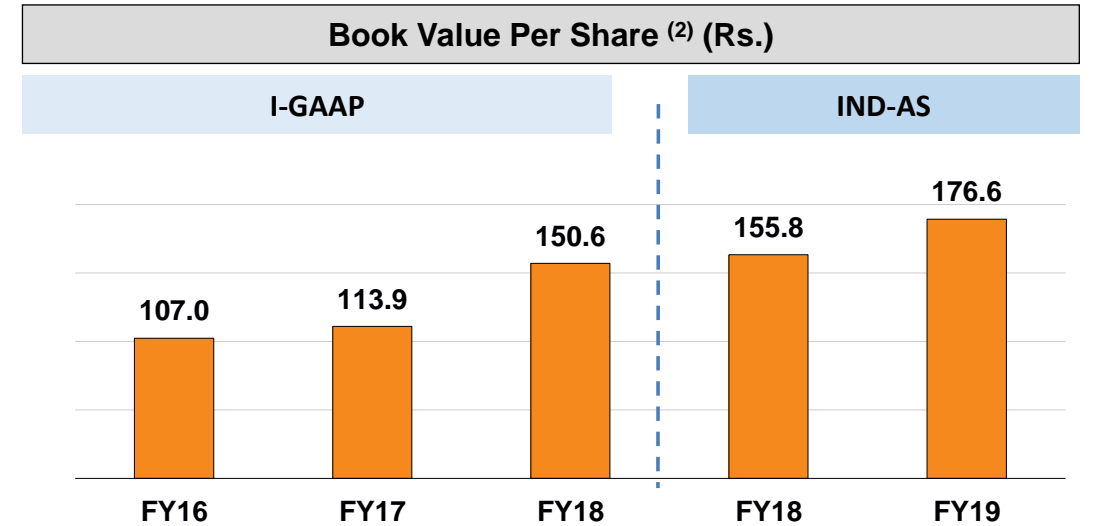
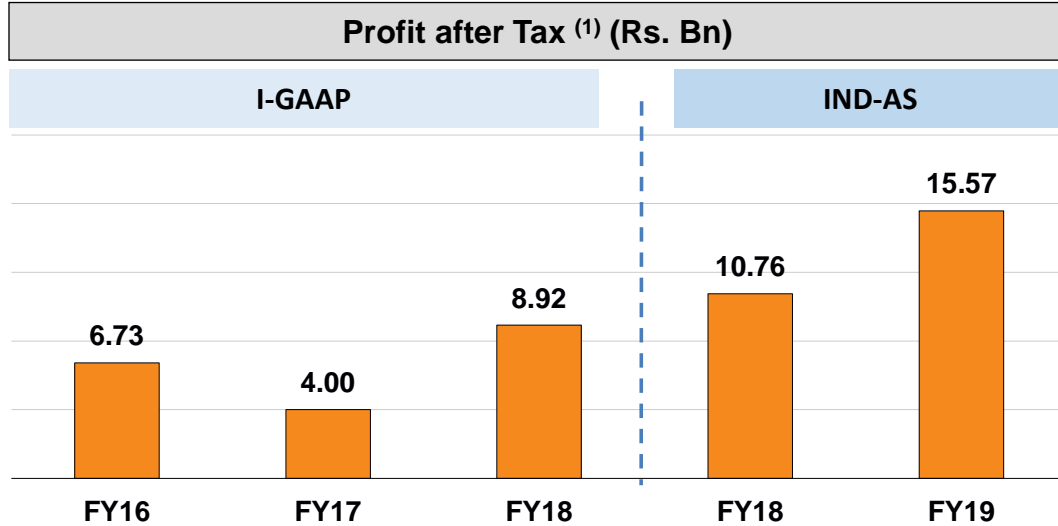
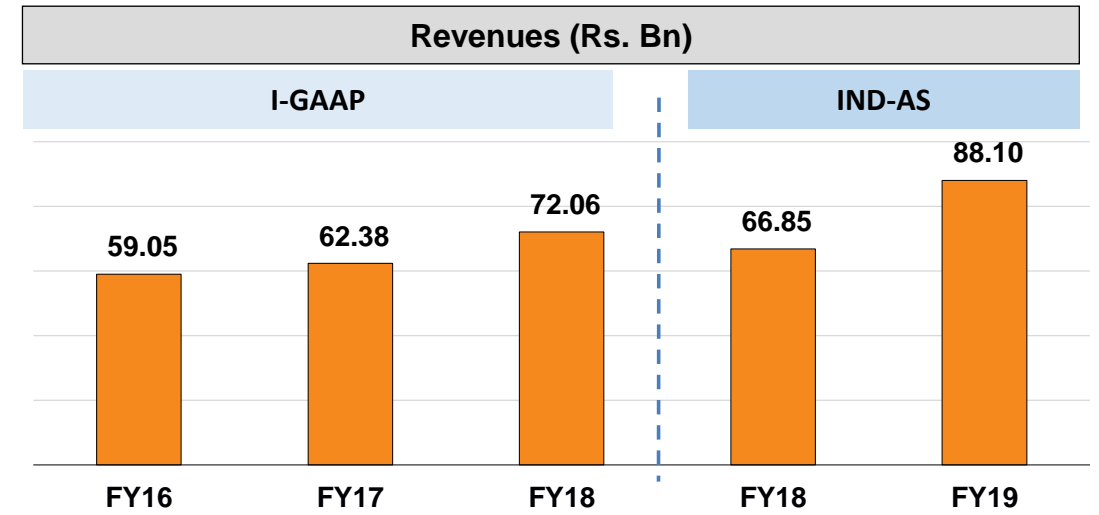
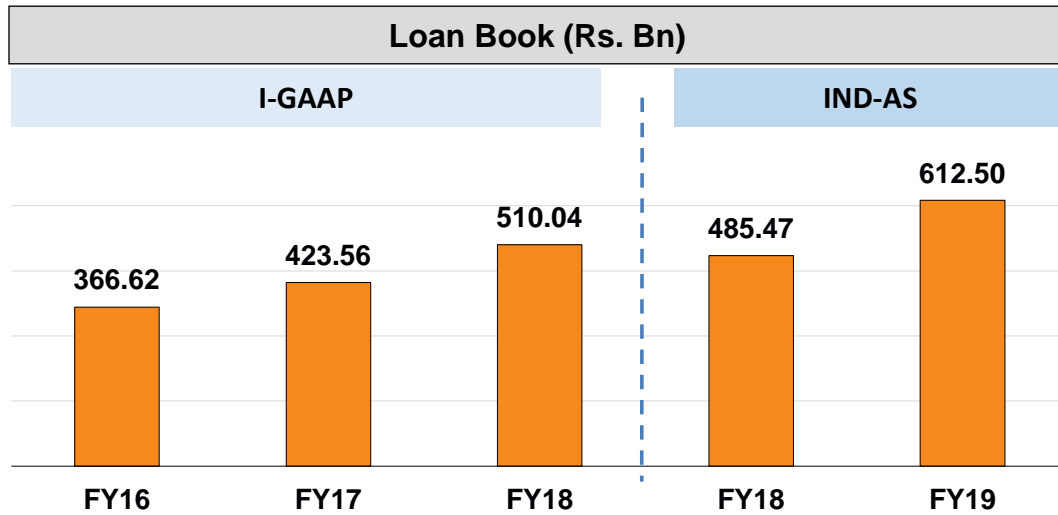
Key Financials (Consolidated)



* As per IND-AS

Growth Trajectory

Figures on standalone basis

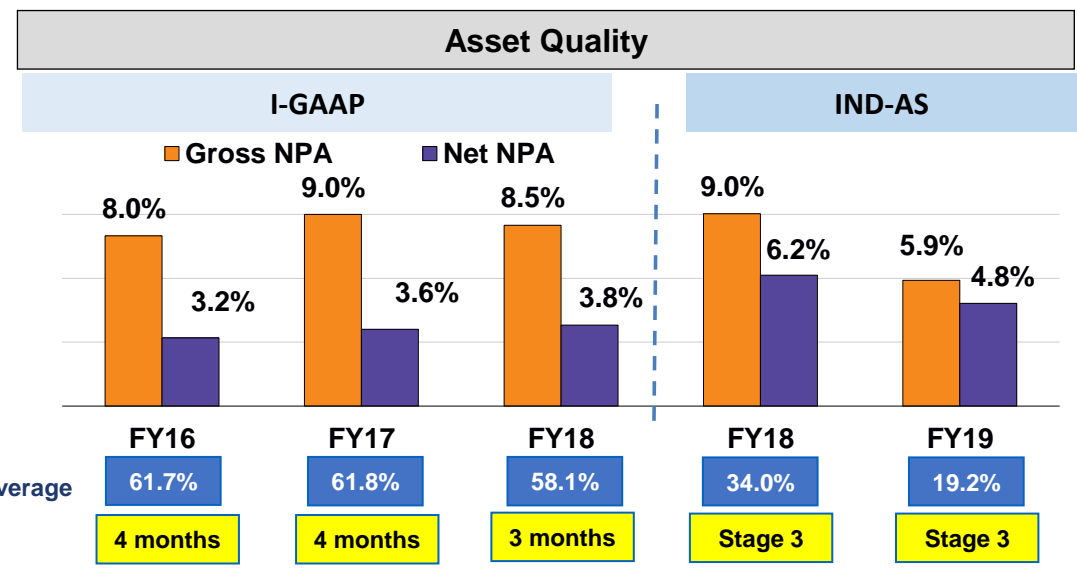
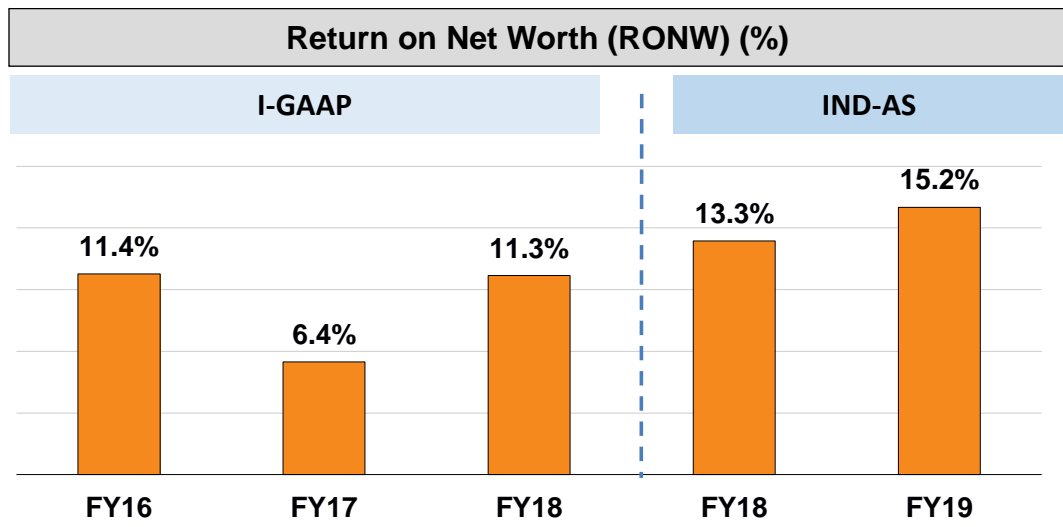
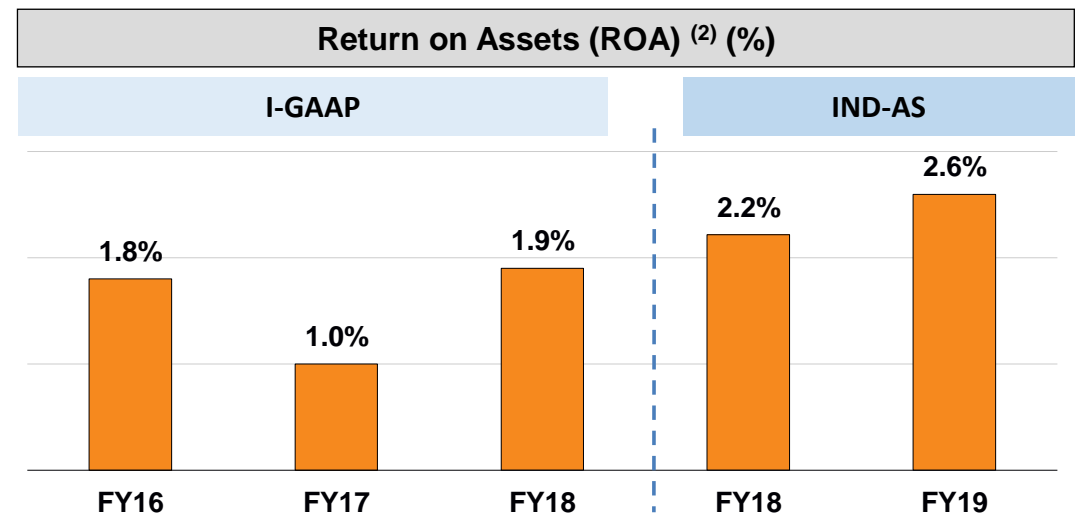
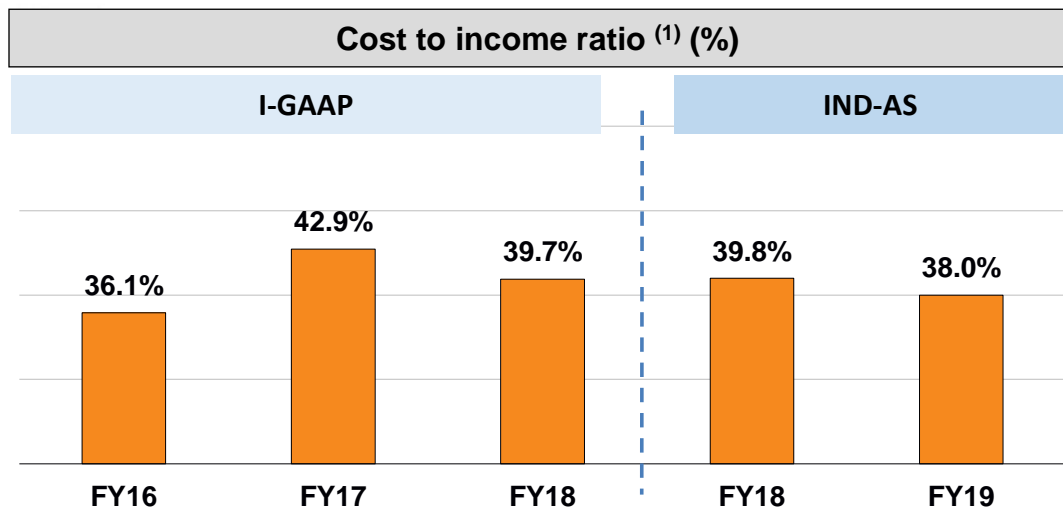


Note :⁽¹⁾ PAT post exceptional items.

⁽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)	Q4FY19	Q3FY19	Q-o-Q	Q4FY18	Y-o-Y
Revenue from operations	24,552	22,304	10.1%	17,968	36.6%
Less: Finance cost	11,443	10,205	12.1%	7,779	47.1%
NII	13,109	12,099	8.3%	10,189	28.7%
Other Income	243	157	55.2%	109	124.3%
Total Income	13,352	12,256	8.9%	10,298	29.7%
Employee benefits expense	3,141	2,716	15.7%	2,454	28.0%
Provisions and write-offs	(1,144)	2,256	-150.7%	948	-220.7%
Other expenses	2,235	1,935	15.5%	1,651	35.4%
Depreciation and amortization	173	152	14.0%	117	47.2%
Total Expenses	4,405	7,059	-37.6%	5,170	-14.8%
Profit before Tax	8,947	5,197	72.2%	5,128	74.5%
Tax expense	3,067	2,010	52.6%	1,984	54.6%
Net Profit after Taxes	5,880	3,187	84.5%	3,144	87.0%

* Figures re-grouped and rounded where found relevant

Standalone Profit & Loss Account: IND-AS

Accounting Basis	As per IND-AS		
Particulars (Rs. in Million)	FY 19	FY 18	Y-o-Y
Revenue from operations	87,229	66,334	31.5%
Less: Finance cost	39,445	30,816	28.0%
NII	47,784	35,518	34.5%
Other Income	869	517	68.0%
Total Income	48,653	36,035	35.0%
Employee benefits expense	10,901	8,325	31.0%
Provisions and write Offs	6,352	5,681	11.8%
Other expenses	6,973	5,569	25.2%
Depreciation and amortization	602	442	36.3%
Total Expenses	24,828	20,017	24.0%
Profit before Tax (before Exceptional)	23,825	16,018	48.7%
Exceptional Items [^]	-	650	NA
Profit before Tax	23,825	16,668	42.9%
Tax expense	8,254	5,907	39.7%
Net Profit after Taxes	15,571	10,761	44.7%

* 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 Mar 31, 2019	As on Mar 31, 2018
ASSETS		
Financial Asset		
a) Cash and cash equivalents	5,017	2,719
b) Bank balance other than (a) above	4,568	1,392
c) Derivative financial instruments	100	4
d) Trade Receivables	52	37
e) Loans	612,496	485,470
f) Investments	37,917	27,341
g) Other Financial Assets	1,690	945
Financial Asset	661,840	517,908
Non-Financial Asset		
a) Current tax assets (Net)	3,021	2,168
b) Deferred tax Assets (Net)	3,717	6,275
c) Property, plant and equipment	1,325	1,124
d) Intangible assets under development	-	-
e) Other Intangible assets	306	72
f) Other non-financial assets	571	380
Non-Financial Assets	8,940	10,019
Total Assets	670,780	527,927

* Figures re-grouped where found relevant

Standalone Balance Sheet (Contd.)

Particulars (Rs. in Million)	As on Mar 31, 2019	As on Mar 31, 2018
LIABILITIES AND EQUITY		
Financial Liabilities		
a) Derivative financial instruments	770	261
b) Payables		
i) Trade payables	9,795	10,554
ii) Other payables	342	-
c) Debt Securities	223,194	203,451
d) Borrowings (Other than Debt Securities)	213,015	133,892
e) Deposits	56,672	31,248
f) Subordinated Liabilities	35,589	32,341
g) Other financial liabilities	19,266	17,593
Financial Liabilities	558,643	429,340
Non-Financial liabilities		
a) Current tax liabilities (Net)	139	356
b) Provisions	2,065	1,359
c) Other non-financial liabilities	853	653
Non-Financial Liabilities	3,057	2,368
Equity		
a) Equity Share capital	1,230	1,229
b) Other Equity	107,850	94,990
Equity	109,080	96,219
Total Equities and Liabilities	670,780	527,927

* Figures re-grouped where found relevant

Consolidated Profit & Loss Account

Particulars (Rs. in Million)	FY19	FY18	Y-o-Y
Revenue from operations	103,717	78,839	31.6%
Less: Finance cost	44,323	34,362	29.0%
NII	59,394	44,477	33.5%
Other Income	592	283	108.8%
Total Income	59,986	44,760	34.0%
Employee benefits expense	14,779	11,366	30.0%
Provisions and write Offs	7,171	6,769	5.9%
Other expenses	9,342	7,332	27.4%
Depreciation and amortization	755	552	36.8%
Total Expenses	32,047	26,019	23.2%
Profit before tax (before Exceptional)	27,939	18,741	49.1%
Share of profit of associates	469	307	52.9%
Profit before tax	28,408	19,048	49.1%
Tax expense	9,735	6,885	41.4%
Net Profit after Taxes	18,673	12,163	53.5%

* Figures re-grouped and rounded where found relevant

Consolidated Balance Sheet

Particulars (Rs. in Million)	As on Mar 31, 2019	As on Mar 31, 2018
ASSETS		
Financial Asset		
a) Cash and cash equivalents	5,372	3,387
b) Bank balance other than (a) above	4,568	1,392
c) Derivative financial instruments	100	4
d) Trade Receivables	536	564
e) Loans	689,390	545,497
f) Investments	33,274	23,779
g) Other Financial Assets	2,121	1,328
Financial Asset	735,361	575,951
Non-Financial Asset		
a) Current tax assets (Net)	3,121	2,138
b) Deferred tax Assets (Net)	4,497	7,185
c) Property, plant and equipment	1,682	1,374
d) Intangible assets under development	8	5
e) Other Intangible assets	333	93
f) Other non-financial assets	758	555
Non-Financial Assets	10,399	11,350
Total Assets	745,760	587,301

* Figures re-grouped where found relevant

Consolidated Balance Sheet (Contd.)

Particulars (Rs. in Million)	As on Mar 31, 2019	As on Mar 31, 2018
LIABILITIES AND EQUITY		
Financial Liabilities		
a) Derivative financial instruments	770	261
b) Payables		
i) Trade payables	11,143	11,314
ii) Other payables	342	68
c) Debt Securities	247,159	219,444
d) Borrowings (Other than Debt Securities)	246,327	165,272
e) Deposits	56,309	30,520
f) Subordinated Liabilities	38,221	34,625
g) Other financial liabilities	28,408	22,667
Financial Liabilities	628,679	484,171
Non-Financial liabilities		
a) Current tax liabilities (Net)	139	357
b) Provisions	2,550	1,954
c) Other non-financial liabilities	917	818
Non-Financial Liabilities	3,606	3,129
Equity		
a) Equity Share capital	1,230	1,229
b) Other Equity	111,460	97,321
c) Non-controlling interests	785	1,451
Equity (incl attributable to minority investors)	113,475	100,001
Total Equities and Liabilities	745,760	587,301

* Figures re-grouped where found relevant

Summary & Key Ratios

Figures on standalone basis

Particulars (Rs. in Million)	As per IND-AS	
	Year ended March – 19	Year ended March – 18
RONW (Avg. Net Worth) ^	15.2%	13.3%
Debt / Equity	4.84:1	4.17:1
Capital Adequacy^{\$}	20.3%	22.7%
Tier I	15.5%	17.0%
Tier II	4.8%	5.7%
EPS (Basic) (Rs.)	25.33	18.52
Book Value (Rs.)	176.6	155.8
Dividend %	325%	200%
New Contracts During the period (Nos.)	761,381	626,172
No. of employees	21,789	18,733

^{\$} as per IND-As after considering proposed dividend

* Figures re-grouped and rounded where found relevant

Spread Analysis

Figures on standalone basis

Particulars (Rs. in Million)	As per IND-AS	
	Year ended March – 19	Year ended March – 18
Total Income / Average Assets	14.7%	13.9%
Interest / Average Assets	6.6%	6.4%
Gross Spread	8.1%	7.5%
Overheads / Average Assets	3.1%	2.9%
Write offs & NPA provisions / Average Assets	1.0%	1.2%
Net Spread	4.0%	3.4%
Net Spread after Tax	2.6%	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

	As on Mar 31, 2019	As on Mar 31, 2018
Total Assets (including Provisions)	689,410	557,826
Gross NPA (Stage 3)	40,602	50,419
Less: ECL Provisions (Stage 3)	7,799	17,161
Net NPA (Stage 3)	32,803	33,258
Gross NPA % (Stage 3)	5.9%	9.0%
Net NPA % (Stage 3)	4.8%	6.2%
Coverage Ratio (%) – based on Stage 3 ECL	19.2%	34.0%
Stage 1 & 2 provision to Total Assets (%)	1.6%	2.3%
Coverage Ratio(%) – including Stage 1 & 2 provision	46.1%	59.5%

	As on Mar 31, 2019	As on Mar 31, 2018	As on Mar 31, 2017
Contracts under NPA (90 dpd)	93,084	132,947	138,357
% of Live Cases under NPA	4.0%	6.4%	7.2%
Repossessed Assets (out of above NPA)	9,832	11,596	13,185



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Mahindra Rural Housing Finance Limited

Accounting Basis	As per IND-AS	
Particulars (Rs. million)	Year ended March – 19	Year ended March – 18
Loans disbursed	25,811	27,892
No. of Customer Contracts (nos.)	171,187	218,572
Outstanding loan book	76,892	60,025
Total income	13,839	10,348
PBT	3,662	2,412
PAT	2,505	1,739
Net-worth	11,271	7,454
GNPA % – IND-AS I-GAAP	13.02% 9.65%	13.63% 10.53%
NNPA % – IND-AS (after Stage-3) I-GAAP	10.77% 6.81%	11.51% 7.85%
NNPA % – IND-AS I-GAAP (Net of Total Provisions)	8.87% 6.53%	8.98% 7.54%

- **Business Area:** Provide loans for home construction, extension, purchase and improvement to customers in rural and semi-urban India
- **Shareholding pattern:** MMFSL – 88.75%; NHB – 9.68%; MRHFL Employee Trust – 1.57%
- **Reach:** Currently spread in 13 States & 1 Union Territory

** Figures re-grouped and rounded where found relevant*

Mahindra Insurance Brokers Limited

Accounting Basis	As per IND-AS	
Particulars (Rs. million)	Year ended March – 19	Year ended March – 18
No. of Policies for the Period (nos.)	2,265,146	2,058,613
Net Premium	19,238	17,490
Total income	3,234	2451
PBT	1,029	812*
PAT	715	522
No. of employees (nos.)	1,097	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%



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Awards and Accolades

- Mahindra Finance has been ranked at **11th** among **the Best Large Workplaces** in the **Asia's Best Workplaces 2019** list by The Great Place to Work Institute®
- Mahindra Finance has been recognized in the list of **20 Best Workplaces in BFSI – 2019 in India** by The Great Place to Work Institute®
- **Mahindra Finance** has been awarded **Golden Peacock Award for Corporate Social Responsibility – 2018** by Institute of Directors
- Mahindra Finance was awarded **ET NOW CSR Leadership Award** for Best CSR Practices and Skill development.
- Mahindra Financial Services Sector's (MMFSL) Annual Family Fun Day - Vrindavan 2019 has attained **Yale's Gold Level Green Certificate**
- MMFSL **Ranked #1** for the third consecutive time in the **MCARES Survey**, with Mahindra Finance securing a position in the top percentile group





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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 <= 90days past due	PD * LGD * Stage 2 Asset
Stage 3	> 90 days past due	LGD * EAD of Stage 3 Asset

PD – Probability of Default;

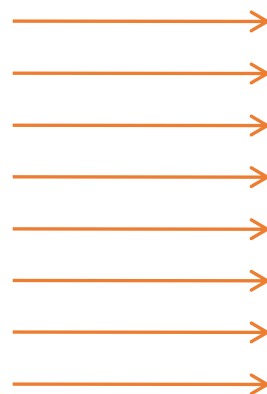
LGD – Loss given Default;

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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Thank You

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