

# Mahindra & Mahindra Financial Services Limited

Quarter Result Update  
September - 2016

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CIN - L65921MH1991PLC059642



## Company Overview

Industry Overview

Business Strategy

Financial Information

Key Subsidiaries

Awards & Accolades

Risk Management Policies

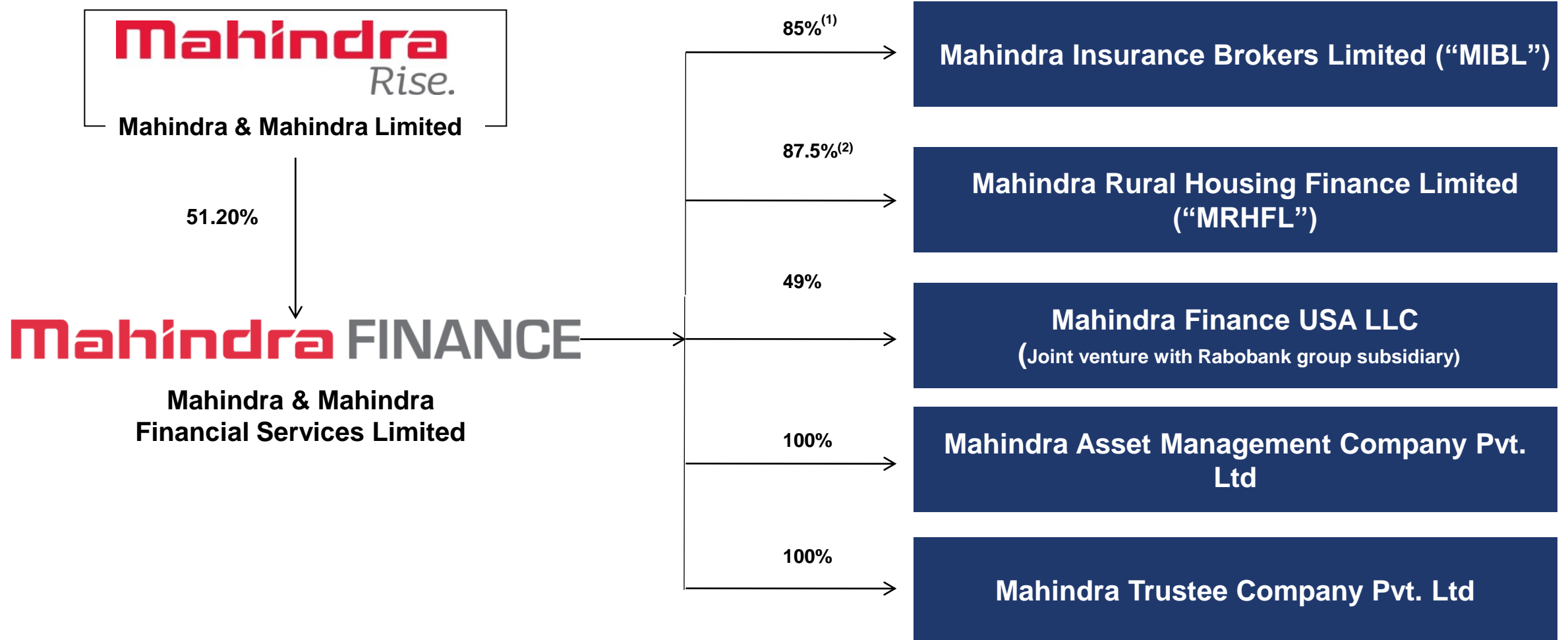
***Transforming rural lives across the country***

# Company Background

- Parentage:** Mahindra & Mahindra Financial Services Limited (“MMFSL”) is a subsidiary of Mahindra and Mahindra Limited (*Mcap: Rs 832 billion*)\*, India’s largest tractor and utility vehicle manufacturer
- About MMFSL:** MMFSL (*Mcap: Rs 203 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 1180 offices covering 27 states and 4 union territories in India, with over 4.41 million vehicle finance customer contracts since inception
- Credit Ratings:** India Ratings has assigned AAA(ind)/Stable, CARE Ratings has assigned AAA, 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 Oct 24, 2016 from BSE website*

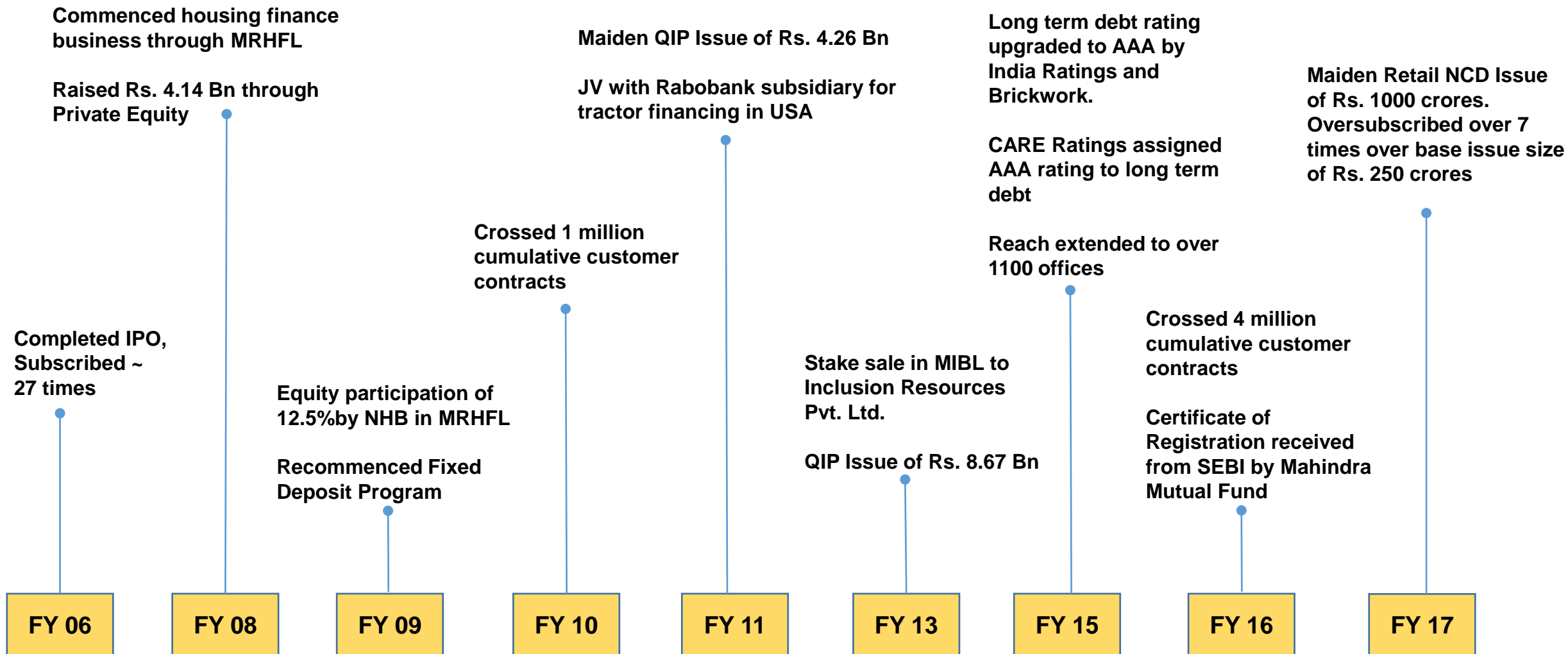
# MMFSL Group structure



**Note:**

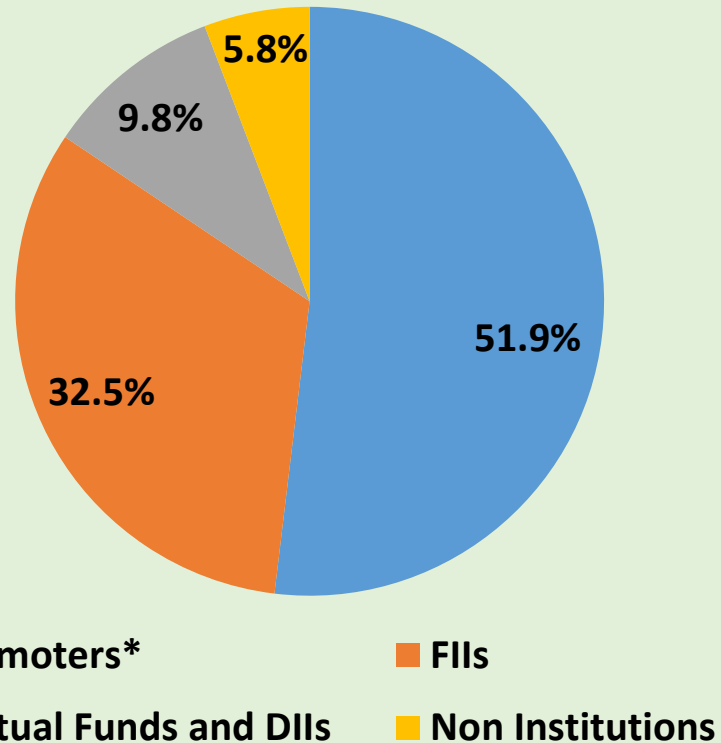
- 1. Balance 15% with Inclusion Resources Pvt. Ltd., a subsidiary of Leapfrog Financial Inclusion Fund, incorporated in Singapore.
- 2. Balance 12.5% with National Housing Bank (NHB)

# Our Journey



# Shareholding Pattern (as on 30<sup>th</sup> September 2016)

## 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

- Aranda Investments (Mauritius) Pte Ltd
- Franklin Templeton Investment Funds
- Amansa Holdings Private Limited
- Stichting Depository APG Emerging Markets Equity
- Life Insurance Corporation Of India
- Government Of Singapore
- Bank Muscat India Fund
- Goldman Sachs India Limited
- Vanguard Emerging Markets Stock Index Fund
- SBI Blue Chip Fund



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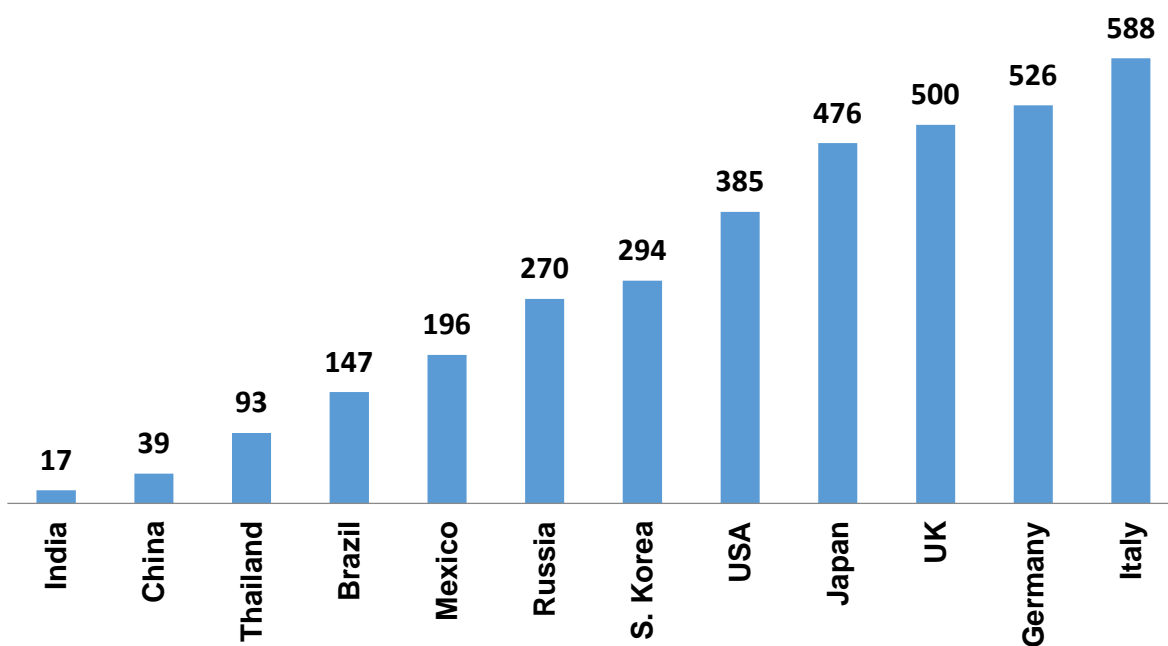
**Awards & Accolades**

**Risk Management Policies**

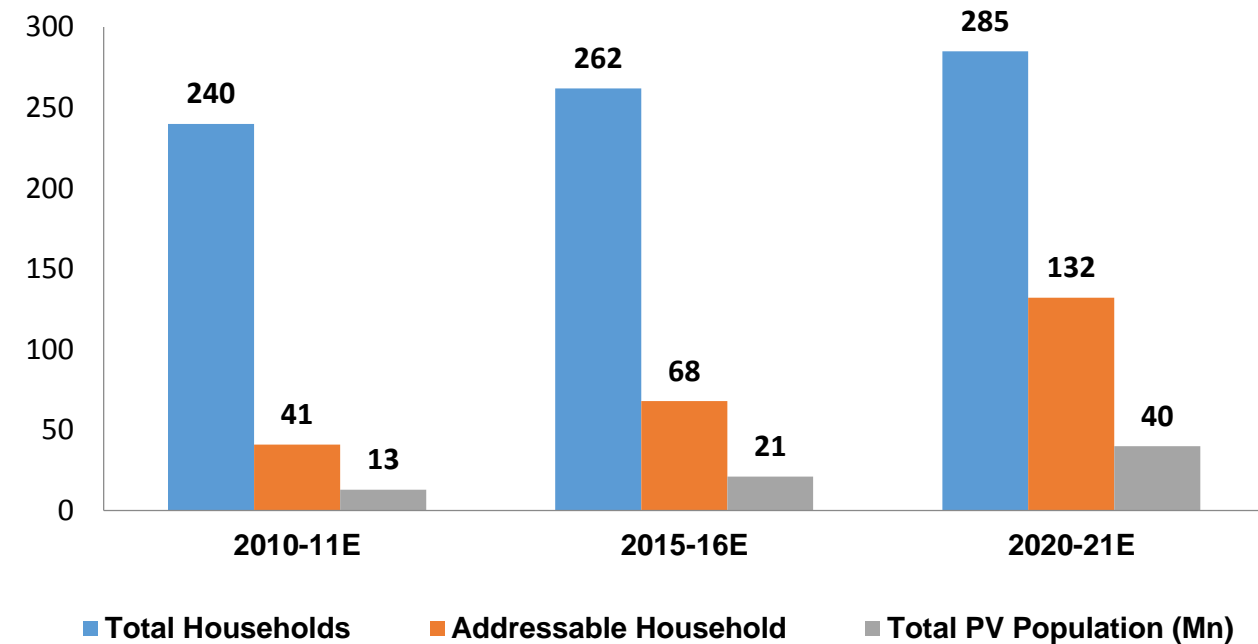
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# Auto Industry: Long term growth potential

Global Comparison in terms of PV per thousand people <sup>(1)</sup>



Addressable HHs to increase over the next 5 years



- With 18 cars per 1000 people (FY 2014), on account of strong long term growth prospects penetration is expected to increase to 27 cars per 1000 people (FY 2020)
- Growth to be driven by increase in income of households and higher passenger vehicle penetration, rising rural penetration to increase small car sales



# Passenger Vehicles Industry: Overall Demand Drivers

	FY 06 – FY11	FY 11 – FY 16	FY 16 – FY 21
Small Cars	14%	2%	11% - 13%
Sedans	11%	-1%	9% - 11%
UV + Vans	13%	5%	10% - 13%
<b>Total (Cars + UVs)</b>	<b>13%</b>	<b>2%</b>	<b>11% - 13%</b>

- Small Cars to drive growth in the long term due to higher aspiration levels led by economy recovery and lower cost of ownership

	FY 2015		FY 2016		FY 2017 (E)
	Volume	Growth	Volume	Growth	Growth
Small Cars	1,854,882	5%	2,008,010	8%	9% - 10%
Sedans	22,279	5%	17,429	-22%	(8% - 10%)
UV + Vans	722,848	1%	764,208	6%	22% - 24%
<b>Total (Cars + UVs)</b>	<b>2,600,009</b>	<b>4%</b>	<b>2,789,969</b>	<b>7%</b>	<b>10% - 12%</b>

- Low single digit growth expected in larger vehicles - Impact of infrastructure cess and ban on diesel vehicles (over 2000 cc) in the Capital
- Implementation of 7<sup>th</sup> pay commission to support sale of small cars

# Commercial Vehicles Industry: Overall Demand Drivers

	FY 11 – FY 16	FY 16 – FY 21
LCV (goods)	6%	11% - 14%
MHCV (goods)	0%	9% - 11%
Buses	1%	8% - 10%
<b>Total (CV)</b>	<b>3%</b>	<b>9% - 11%</b>

- Growth to be supported by sustained improvement in infrastructure investment, mining activity and agricultural output
- 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)
	Volume	Growth	Volume	Growth	Growth
HCV	231,838	21%	302,371	32%	13% - 15%
LCV	382,265	-13%	383,333	0.9%	8% - 10%
<b>Total (CV)</b>	<b>614,103</b>	<b>-3%</b>	<b>685,704</b>	<b>12%</b>	<b>10% - 12%</b>

- MHCV goods vehicle sales growth to be moderate on account of slowdown in replacement demand.
- LCV industry poised to see improved growth in FY 17 after 2 consecutive years of negative/ poor growth

# Tractors Industry: Overall Demand Drivers

Industry - Tractors	FY 2015		FY 2016		FY 2017 (E)	FY 16 – FY 21 (P)
	Volume	Growth	Volume	Growth	Growth	Growth
<b>Tractors</b>	<b>551,463</b>	<b>-13%</b>	<b>493,764</b>	<b>-11%</b>	<b>15% - 17%</b>	<b>9% - 11%</b>

Accumulated Rainfall	Period: 01-06-2016 - 28-09-2016		
MET Regions (Sub-divisions)	Actual (mm)	Normal (mm)	% Dep.
East & North East (7)	1265	1424	-11%
North West (9)	582	612	-5%
Central India (10)	1024	969	6%
South Peninsula (10)	654	704	-7%
<b>India (36)</b>	<b>854</b>	<b>880</b>	<b>-3%</b>

- Normal rainfall after 2 years of below – average rainfall (+/- 4% considered normal)
- Out of the total of 36 sub-divisions, no sub-division is suffering from scanty or no-rainfall (9 sub-divisions has deficient rainfall).

- Tractor Financing Market has improved significantly on the back of good monsoon and improvement in farmers sentiment

# Auto Industry Volume

Domestic Sales (Volume in '000)	1HFY17 (Nos.)	1HFY16 (Nos.)	Y-o-Y Growth (%)	FY16 (Nos.)	FY15 (Nos.)	Y-o-Y Growth (%)
<b>Passenger Vehicles (PVs)</b>						
Passenger Cars / Vans	1,026	977	5.0%	2,025	1,877	7.9%
UVs	467	353	32.3%	764	723	5.7%
<b>Commercial Vehicles (CVs)</b>						
M&HCVs	138	139	(0.7%)	302	232	30.2%
LCVs	196	175	12.0%	382	382	0%
<b>Three Wheelers</b>	<b>288</b>	<b>254</b>	<b>13.4%</b>	<b>538</b>	<b>532</b>	<b>1.1%</b>
<b>Tractors</b>	<b>299</b>	<b>249</b>	<b>20.1%</b>	<b>494</b>	<b>551</b>	<b>(10.3%)</b>

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	5 year CAGR (FY21P)
Cars	8%	-7%	-6%	3%	15%	15% - 17%	17% - 19%
Utility Vehicles	16%	39%	-6%	1%	16%	16% - 18%	20% - 22%
Commercial Vehicles	17%	-14%	-24%	10%	28%	20% - 22%	14% - 16%
Two Wheelers	27%	10%	16%	4%	7%	15% - 17%	17% - 19%

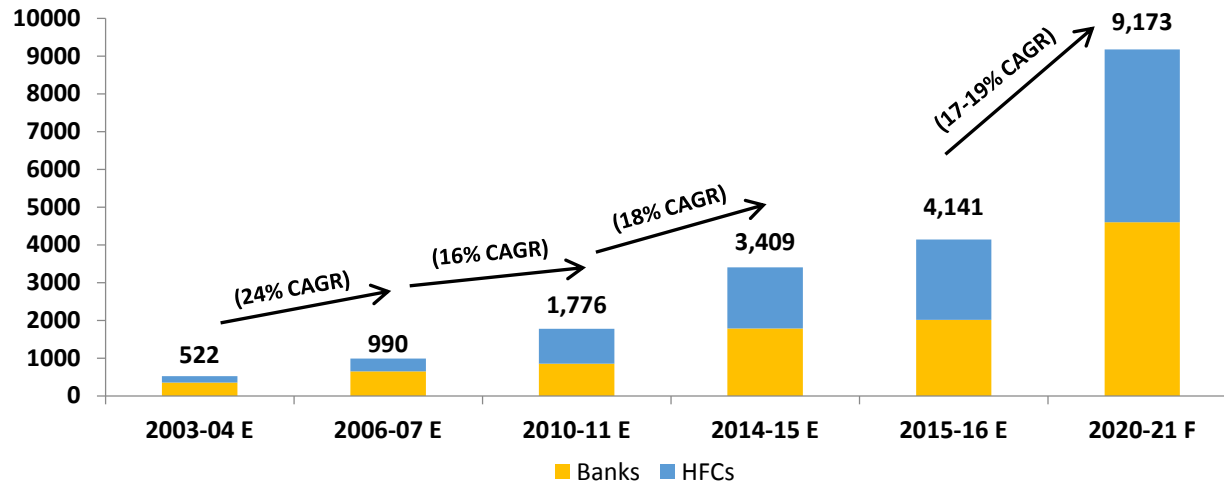
Source: CRISIL Research, Retail Finance - Auto, July2016

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

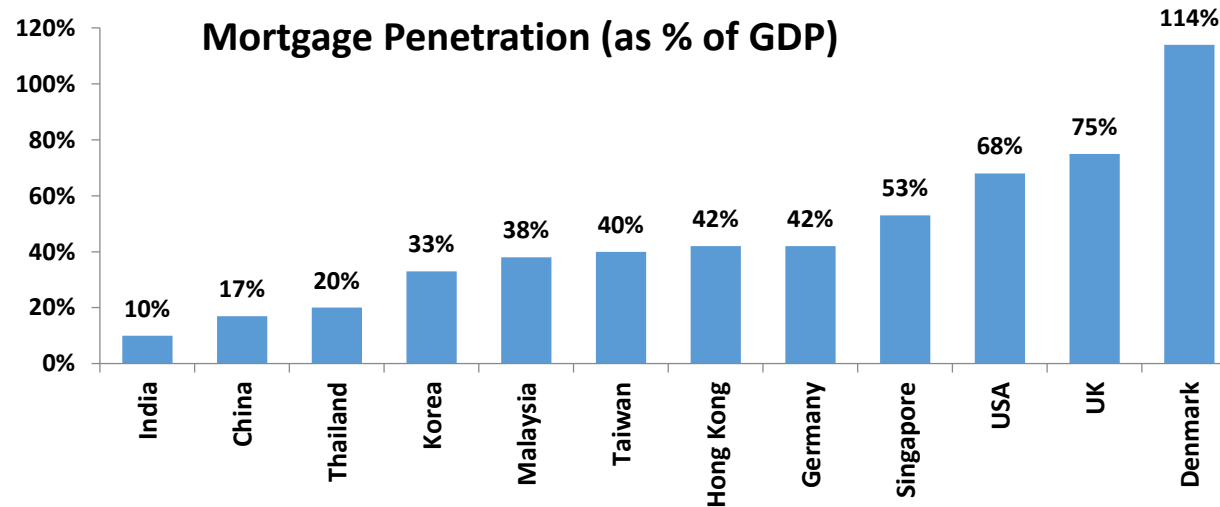
- By FY 2020, penetration levels are expected to increase to 78% for cars and 75% for utility vehicles from 76% and 70% respectively as a result of a moderation in interest rates and alleviation of credit risk
- Increase of finance penetration in cities (excluding top 20) are going to contribute in the 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 (Rs.bn)



- Growth in disbursements to be supported by rising focus of developers on the affordable housing segment
- Tier II and III cities to drive growth



- Though India's mortgage-to-GDP ratio is low, it has improved by 300-400 bps over the last six years.
- Growth in economic activity, disposable incomes, improving affordability



# 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**

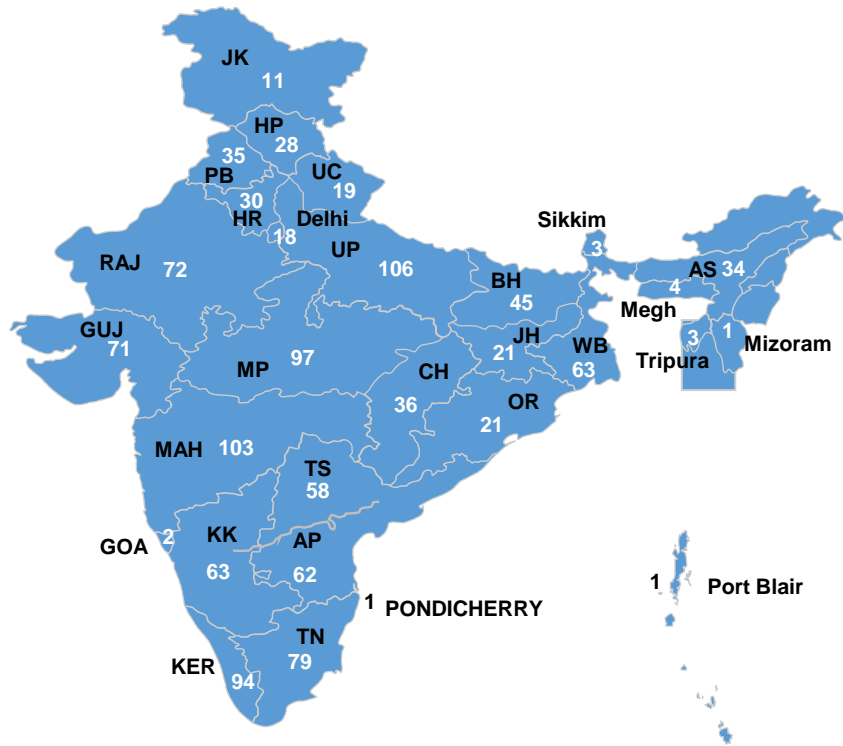
**Leverage the “Mahindra” Ecosystem**



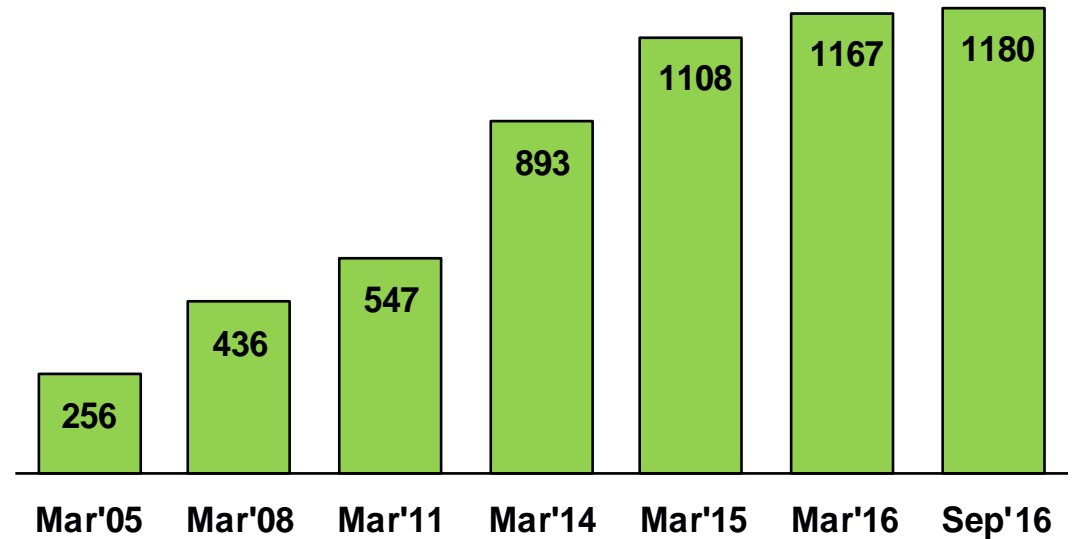
# Extensive Branch Network

- Extensive branch network with presence in 27 states and 4 union territories in India through 1180 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 up of estimated value of Assets Financed

Asset Class	Half Year ended Sep – 16	Half Year ended Sep – 15	Year ended March – 16
Auto/ Utility vehicles	28%	31%	30%
Tractors	17%	15%	15%
Cars	22%	23%	22%
Commercial vehicles and Construction equipments	12%	11%	11%
Pre-owned vehicles	14%	17%	16%
Others	7%	3%	6%

\* Others include SME assets

\* Standalone

# Break up of AUM

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

1. Approximate percentages

2. As on 30<sup>th</sup> Sep 16, ~47% of the AUM was from M&M assets

\* Others include SME assets

\* 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	AAA (ind)	Stable
Short term debt	IND A1+	--
	CARE Ratings	Outlook
Long term and Subordinated debt	AAA	--
	Brickwork	Outlook
Long term and Subordinated debt	AAA	Stable
	CRISIL	Outlook
Fixed Deposit Programme	FAAA	Stable
Short term debt	A1+	--
Long term and Subordinated debt	AA+	Stable

# Broad Based Liability Mix

Working Capital Consortium Facility enhanced to Rs. 20,000 mn. comprising several banks

## Funding Mix by Investor profile (Sep' 16)

Investor Type	Amount (INR mn.)	% Share
Mutual Fund	69,372	21%
Banks	153,178	46%
Insurance & Pension Funds	27,997	8%
FII's & Corporates	37,665	11%
Others	45,721	14%
<b>Total</b>	<b>333,933</b>	<b>100%</b>

## Funding Mix by type of Instrument (Sep' 16)

Instrument Type	Amount (INR mn.)	% Share
NCDs	134,944	40%
Retail NCDs	10,000	3%
Bank Loans	101,071	30%
Fixed Deposits	46,831	14%
Securitisation/ Assignment	12,375	4%
CP, ICD	28,713	9%
<b>Total</b>	<b>333,933</b>	<b>100%</b>

# Employee Management and Technology Initiatives

## Employee engagement & training

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

## Technology initiatives

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





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# Key Financials

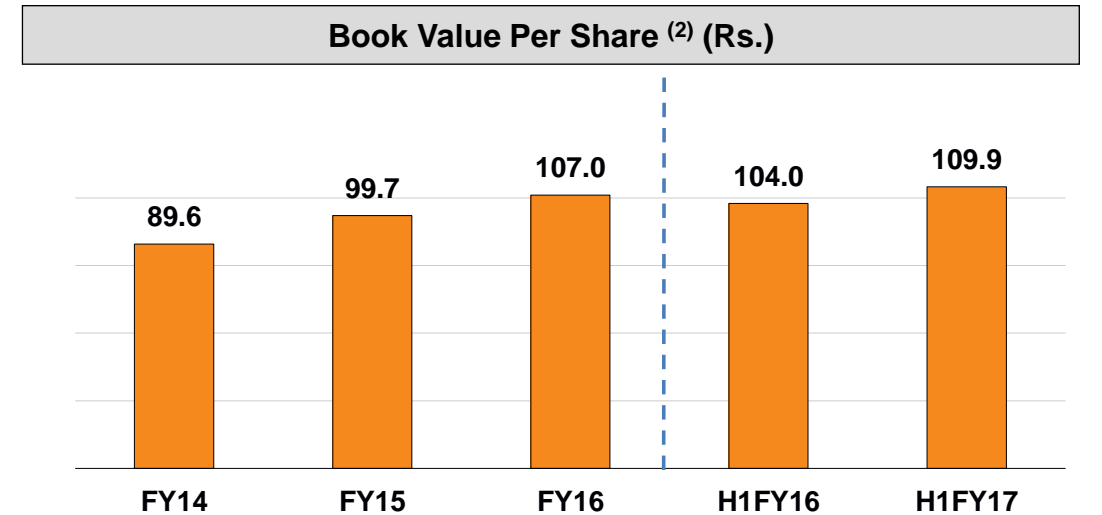
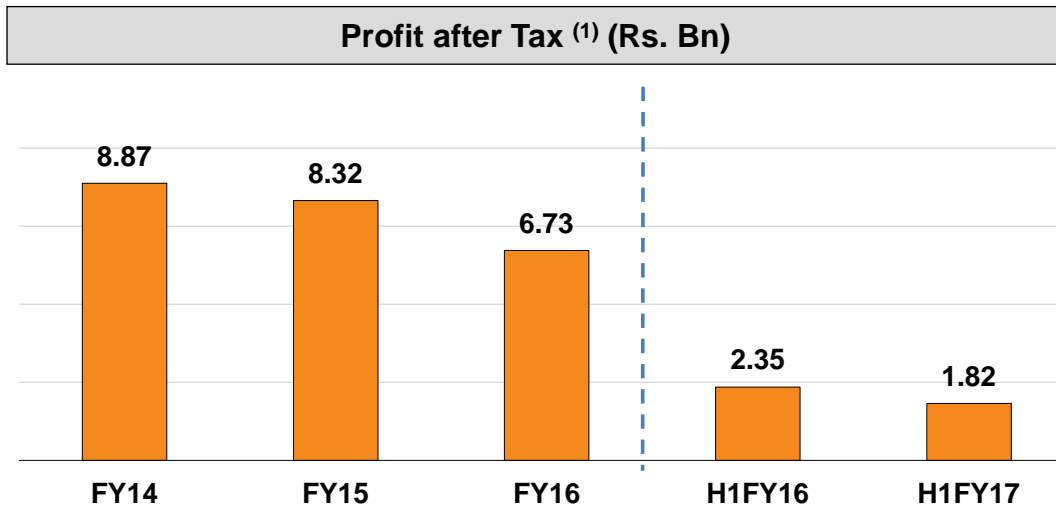
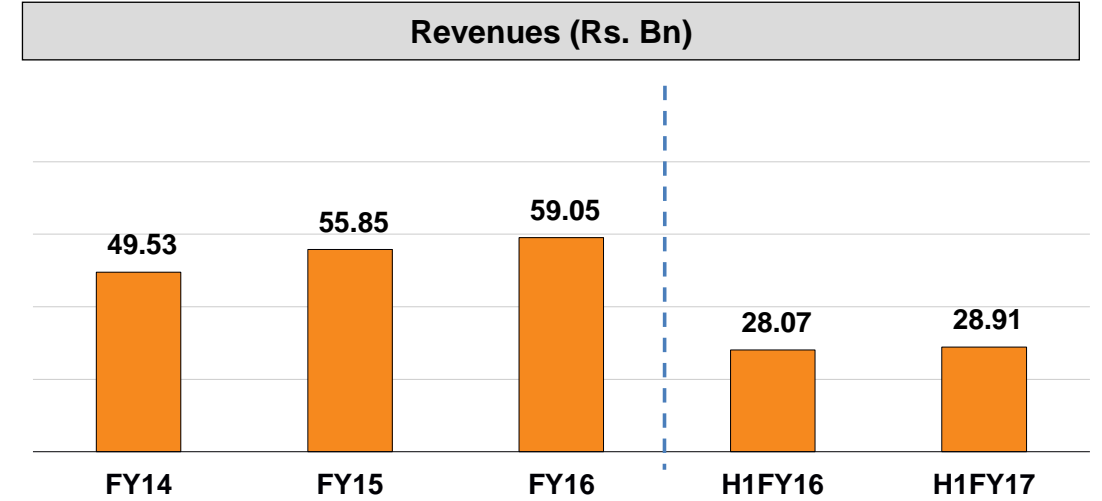
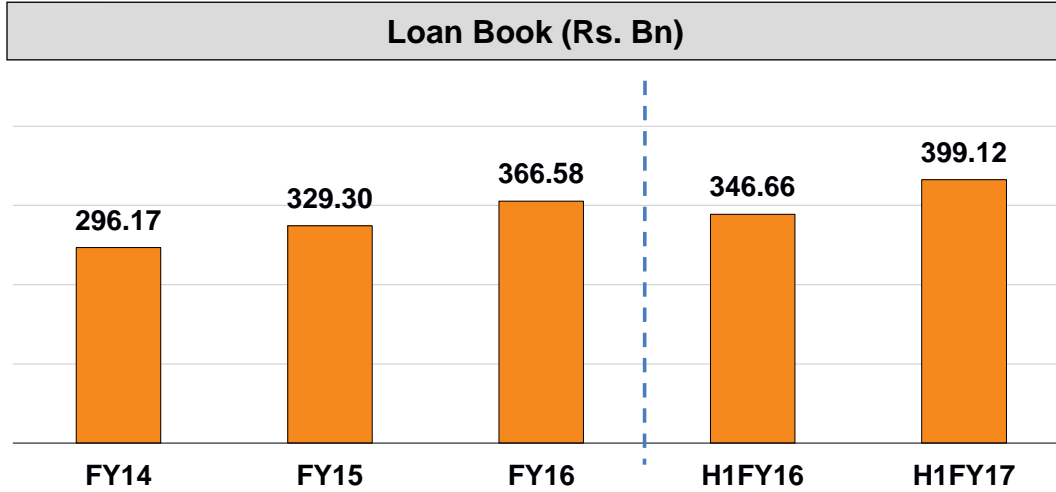
Figures on standalone basis

	Total Income	Profit after Tax	Value of Asset Financed
Q2 FY 17	Rs 15,157 mn ↑ 5%	Rs 948 mn ↓ 35%	Rs 75,434 mn ↑ 29%
Q2 FY 16	Rs 14,383 mn	Rs 1,462 mn	Rs 58,659 mn
<hr/>			
H1 FY 17	Rs 28,914 mn ↑ 3%	Rs 1,818 mn ↓ 23%	Rs 141,073 mn ↑ 18%
H1 FY 16	Rs 28,067 mn	Rs 2,352 mn	Rs 119,228 mn

**\*Note :** The Company is required to recognise NPA based on 4 months' overdue by end of FY 2017, which the company has been following w.e.f. financial year ended 31<sup>st</sup> March 2016. This has resulted in additional provision of Rs. 440 mn (including income de-recognition) as compared to quarter ended Sep 30<sup>th</sup> 2015 with a consequent impact on Profit before tax

# Growth Trajectory

Figures on standalone basis



Note : <sup>(1)</sup> PAT post exceptional items.

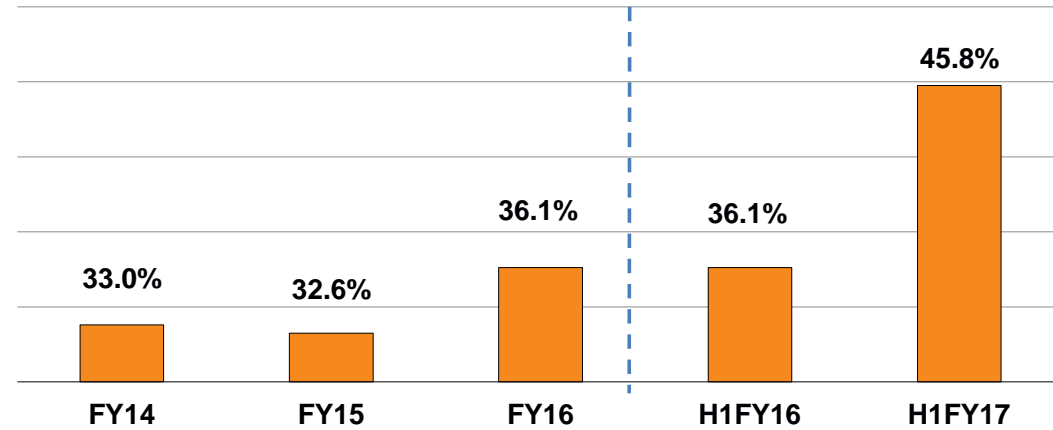
<sup>(2)</sup> Calculated as Shareholders funds/ Number of shares.

\* All figures and ratios are post additional provision of Rs. 440 mn (including income de-recognition). Please refer to detailed note on Slide 25.

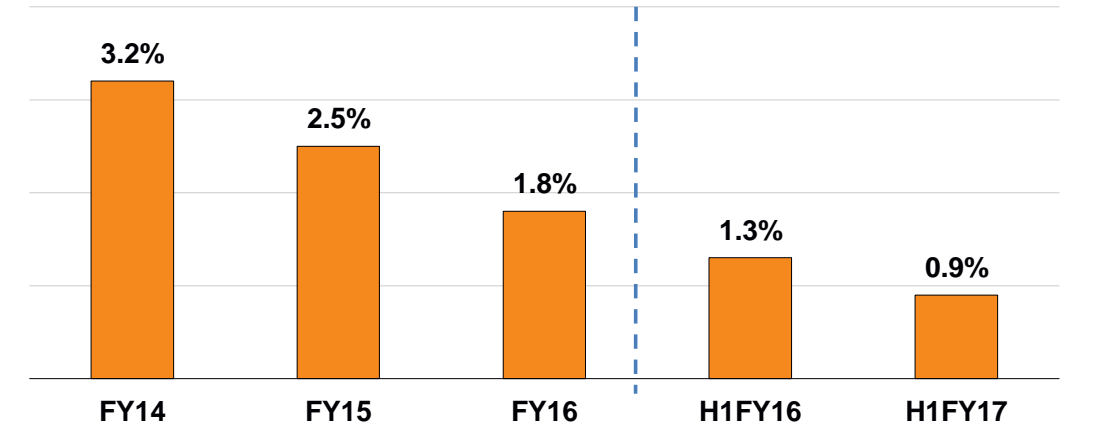
# Financial Performance

Figures on standalone basis

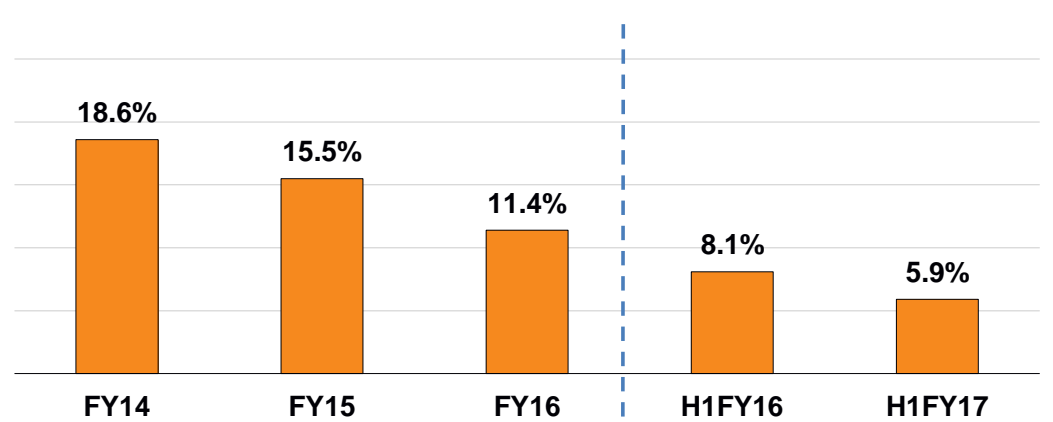
Cost to income ratio <sup>(1)</sup> (%)



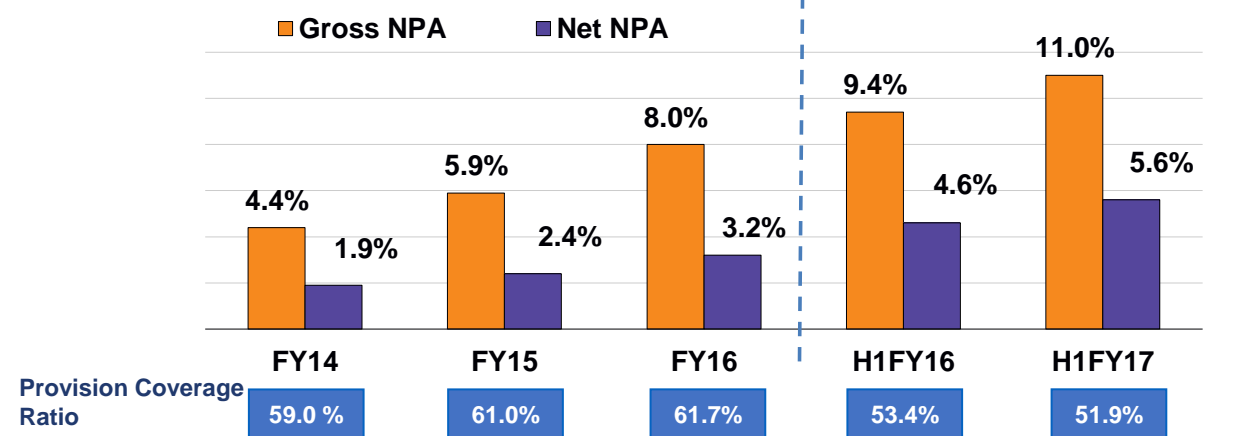
Return on Assets (ROA) <sup>(2)</sup> (%)



Return on Net Worth (RONW) <sup>(\*)</sup> (%)



Asset Quality



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

\* All figures and ratios are post additional provision of Rs. 440 mn (including income de-recognition). Please refer to detailed note on Slide 25.

# Standalone Profit & Loss Account

Particulars (Rs. in Million)	Q2FY17	Q1FY17	Q-o-Q	Q2FY16	Y-o-Y	FY16
Revenue from operations	14,464	13,603	6.3%	13,432	7.7%	56,468
Securitisation Income (net)	452	61	641.6%	768	(41.1%)	2,064
Less: Finance cost	7,086	6,910	2.5%	6,542	8.3%	26,393
<b>NII</b>	<b>7,830</b>	<b>6,754</b>	<b>15.9%</b>	<b>7,658</b>	<b>2.3%</b>	<b>32,139</b>
Other Income	241	93	158.9%	183	31.6%	519
<b>Total Income</b>	<b>8,071</b>	<b>6,847</b>	<b>17.9%</b>	<b>7,841</b>	<b>2.9%</b>	<b>32,658</b>
Employee benefits expense	1,711	1,675	2.1%	1,384	23.6%	5,588
Provisions and write Offs	3,042	2,245	35.5%	2,772	9.7%	10,495
Other expenses	1,749	1,479	18.3%	1,323	32.2%	5,784
Depreciation and amortization	107	106	1.3%	101	6.3%	409
<b>Total Expenses</b>	<b>6,609</b>	<b>5,506</b>	<b>20.0%</b>	<b>5,580</b>	<b>18.4%</b>	<b>22,276</b>
<b>Profit before tax</b>	<b>1,462</b>	<b>1,341</b>	<b>9.0%</b>	<b>2,261</b>	<b>(35.3%)</b>	<b>10,382</b>
Tax expense	514	472	8.9%	799	(35.7%)	3,656
<b>Net Profit after Taxes for the year</b>	<b>948</b>	<b>870</b>	<b>9.0%</b>	<b>1,462</b>	<b>(35.1%)</b>	<b>6,726</b>

\* All figures and ratios are post additional provision of Rs. 440 mn (including income de-recognition). Please refer to detailed note on Slide 25.

# Standalone Profit & Loss Account

Particulars (Rs. in Million)	Half year ended Sep – 16	Half year ended Sep - 15	Year ended March - 16
Revenue from operations	28,581	27,808	58,532
Other income	333	259	519
<b>Total Revenue</b>	<b>28,914</b>	<b>28,067</b>	<b>59,051</b>
<b>Expenses:</b>			
Employee benefits expense	3,386	2,678	5,588
Finance costs	13,995	12,987	26,393
Depreciation and amortization expense	214	199	409
Provisions and write Offs*	5,287	6,000	10,495
Other expenses	3,228	2,566	5,784
<b>Total Expenses</b>	<b>26,110</b>	<b>24,430</b>	<b>48,669</b>
<b>Profit before tax</b>	<b>2,804</b>	<b>3,637</b>	<b>10,382</b>
Tax expense	986	1,285	3,656
<b>Profit for the year</b>	<b>1,818</b>	<b>2,352</b>	<b>6,726</b>

\* All figures and ratios are post additional provision of Rs. 440 mn (including income de-recognition). Please refer to detailed note on Slide 25.

# Standalone Balance Sheet

Particulars (Rs. in Million)	As on Sep 30, 2016	As on Sep 30, 2015	As on Mar 31, 2016
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
a) Share Capital	1,129	1,128	1,129
b) Reserves and Surplus	61,402	58,002	59,752
<b>Shareholders' funds</b>	<b>62,531</b>	<b>59,130</b>	<b>60,881</b>
<b>Non-current liabilities</b>			
a) Long-term borrowings	192,049	174,120	173,317
b) Other Long-term liabilities	4,585	3,688	4,326
c) Long term provisions	5,394	4,629	4,482
<b>Non-current liabilities</b>	<b>202,028</b>	<b>182,437</b>	<b>182,125</b>
<b>Current liabilities</b>			
a) Short Term Borrowings	42,922	46,254	43,469
b) Trade payables	5,443	4,649	4,789
c) Other current liabilities	99,024	66,640	89,462
d) Short term provisions	14,578	10,996	15,069
<b>Current liabilities</b>	<b>161,967</b>	<b>128,539</b>	<b>152,789</b>
<b>Total Equities and Liabilities</b>	<b>426,526</b>	<b>370,106</b>	<b>395,795</b>

# Standalone Balance Sheet (Contd.)

Particulars (Rs. in Million)	As on Sep 30, 2016	As on Sep 30, 2015	As on Mar 31, 2016
<b>ASSETS</b>			
<b>Non-current assets</b>			
a) Fixed Assets	1,129	1,093	1,135
b) Non-current investments	10,089	8,996	9,923
c) Deferred tax assets (Net)	6,409	4,490	5,853
d) Long-term loans and advances	192,731	171,405	184,172
e) Other non-current assets	363	2857	518
<b>Non-current assets</b>	<b>210,721</b>	<b>188,841</b>	<b>201,601</b>
<b>Current assets</b>			
a) Current investments	3,374	1,417	4,910
b) Trade receivables	52	51	51
c) Cash and cash equivalents	5,204	3,788	5,890
d) Short-term loans and advances	206,388	175,256	182,406
e) Other current assets	787	753	937
<b>Current assets</b>	<b>215,805</b>	<b>181,265</b>	<b>194,194</b>
<b>Total Assets</b>	<b>426,526</b>	<b>370,106</b>	<b>395,795</b>

# Consolidated Profit & Loss Account

Particulars (Rs. in Million)	Half year ended Sep – 16	Half year ended Sep - 15	Year ended March - 16
Revenue from operations	32,886	30,836	65,539
Other income	312	164	436
<b>Total Revenue</b>	<b>33,198</b>	<b>31,000</b>	<b>65,975</b>
<b>Expenses:</b>			
Employee benefits expense	4,328	3,293	7,041
Finance costs	15,533	14,023	28,683
Depreciation and amortization expense	247	220	457
Provisions and write Offs*	5,691	6,294	10,982
Other expenses	3,779	2,943	6,571
<b>Total Expenses</b>	<b>29,578</b>	<b>26,773</b>	<b>53,734</b>
<b>Profit before tax</b>	<b>3,620</b>	<b>4,227</b>	<b>12,241</b>
Tax expense	1,343	1,533	4,367
<b>Profit for the year</b>	<b>2,277</b>	<b>2,694</b>	<b>7,874</b>
Minority Interest	60	49	151
<b>Net Profit after Taxes and Minority Interest</b>	<b>2,217</b>	<b>2,645</b>	<b>7,723</b>

\* All figures and ratios are post additional provision of Rs. 440 mn (including income de-recognition). Please refer to detailed note on Slide 25.



# Consolidated Balance Sheet

Particulars (Rs. in Million)	As on Sep 30, 2016	As on Sep 30, 2015	As on Mar 31, 2016
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
a) Share Capital	1,129	1,128	1,129
b) Reserves and Surplus	65,600	61,100	63,565
<b>Shareholders' funds</b>	<b>66,729</b>	<b>62,228</b>	<b>64,694</b>
<b>Minority Interest</b>	<b>715</b>	<b>523</b>	<b>675</b>
<b>Non-current liabilities</b>			
a) Long-term borrowings	224,618	200,234	203,412
b) Other Long-term liabilities	4,585	3,688	4,326
c) Long term provisions	6,025	5,026	4,919
<b>Non-current liabilities</b>	<b>235,228</b>	<b>208,948</b>	<b>212,657</b>
<b>Current liabilities</b>			
a) Short Term Borrowings	56,043	52,583	52,175
b) Trade payables	5,760	4,861	5,073
c) Other current liabilities	110,670	74,648	99,103
d) Short term provisions	15,344	11,435	15,691
<b>Current liabilities</b>	<b>187,817</b>	<b>143,527</b>	<b>172,042</b>
<b>Total Equities and Liabilities</b>	<b>490,489</b>	<b>415,226</b>	<b>450,068</b>

# Consolidated Balance Sheet (Contd.)

Particulars (Rs. in Million)	As on Sep 30, 2016	As on Sep 30, 2015	As on Mar 31, 2016
<b>ASSETS</b>			
<b>Non-current assets</b>			
a) Fixed Assets	1,316	1,183	1,291
b) Non-current investments	5,750	6,203	6,522
c) Deferred tax assets (Net)	6,579	4,571	5,992
d) Long-term loans and advances	242,717	207,156	228,420
e) Other non current assets	369	2863	524
<b>Non-current assets</b>	<b>256,731</b>	<b>221,976</b>	<b>242,749</b>
<b>Current assets</b>			
a) Current investments	4,252	1,917	5,467
b) Trade receivables	158	101	200
c) Cash and cash equivalents	5,379	4,143	6,098
d) Short-term loans and advances	223,182	186,371	194,669
e) Other current assets	787	718	885
<b>Current assets</b>	<b>233,758</b>	<b>193,250</b>	<b>207,319</b>
<b>Total Assets</b>	<b>490,489</b>	<b>415,226</b>	<b>450,068</b>

# Summary & Key Ratios

Figures on standalone basis

Particulars	Half year ended Sep – 16	Half year ended Sep – 15	Year ended March – 16
RONW (Avg. Net Worth)	5.9%	8.1%	11.4%
Debt / Equity	5.14:1	4.68:1	4.84:1
<b>Capital Adequacy</b>	<b>18.1%</b>	18.2%	17.3%
Tier I	13.2%	15.5%	14.6%
Tier II	4.9%	2.7%	2.7%
EPS (Basic) (Rs.)	3.22	4.17	11.92
Book Value (Rs.)	109.9	104.0	107.0
Dividend	-	-	200%
Assets Under Management (Rs. Mn)	438,547	384,283	409,333
New Contracts During the period (Nos)	250,668	245,522	522,256
No. of employees	16,549	14,889	15,821

*\*Note : The Company is required to recognise NPA based on 4 months' overdue by end of FY 2017, which the company has been following w.e.f. financial year ended 31<sup>st</sup> March 2016. This has resulted in additional provision of Rs. 440 mn (including income de-recognition) as compared to quarter ended Sep 30<sup>th</sup> 2015 with a consequent impact on Profit before tax*

# Spread Analysis

Figures on standalone basis

	Half year ended Sep – 16	Half year ended Sep – 15	Year ended March – 16
Total Income / Average Assets	14.7%	16.1%	16.3%
Interest / Average Assets	7.1%	7.4%	7.3%
Gross Spread	7.6%	8.7%	9.0%
Overheads / Average Assets	3.5%	3.1%	3.2%
Write offs & NPA provisions / Average Assets	2.7%	3.4%	2.9%
Net Spread	1.4%	2.2%	2.9%
Net Spread after Tax	0.9%	1.3%	1.8%

**\*Note :** The Company is required to recognise NPA based on 4 months' overdue by end of FY 2017, which the company has been following w.e.f. financial year ended 31<sup>st</sup> March 2016. This has resulted in additional provision of Rs. 440 mn (including income de-recognition) as compared to quarter ended Sep 30<sup>th</sup> 2015 with a consequent impact on Profit before tax

# NPA Analysis

Figures on standalone basis

Particulars (Rs. in Million)	As on Sep 30, 2016	As on Sep 30, 2015	As on Mar 31, 2016
Gross Non - Performing Assets	47,481*	35,283*	32,242*
Less: NPA Provisions	24,619	18,830	19,891
Net Non – Performing Assets	22,862	16,453	12,351
Total Assets (Incl. NPA Provision)	433,319	374,995	400,764
Gross NPA to Total Assets(%)	11.0%	9.4%	8.0%
Net NPA to Total Assets(%)	5.6%	4.6%	3.2%
Coverage Ratio(%)	51.9%	53.4%	61.7%

**Note:** \*includes additional assets of Rs. 5527 mn (as of Sep 2016); Rs. 2486 mn (as of Mar 2016); Rs. 2941 mn (as of Sep 2015) compared to 150 day provisioning norms

**\*Note :** The Company is required to recognise NPA based on 4 months' overdue by end of FY 2017, which the company has been following w.e.f. financial year ended 31<sup>st</sup> March 2016. This has resulted in additional provision of Rs. 440 mn (including income de-recognition) as compared to quarter ended Sep 30<sup>th</sup> 2015 with a consequent impact on Profit before tax

Above workings are excluding securitised/assigned portfolio



# Mahindra Rural Housing Finance Limited

Particulars (Rs. million)	Half year ended Sep – 16	Half year ended Sep – 15	Year ended March – 16
Loans disbursed	8,585	6,809	15,525
No. of Customer Contracts (Nos)	63,082	50,015	125,074
Outstanding loan book	38,818	26,224	32,645
Total income	3,117	2,131	4,954
PBT	430	256	967
PAT	280	167	627

- **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)	Half year ended Sep – 16	Half year ended Sep – 15	Year ended March – 16
Total income	743	626	1,492
Net premium	5,477	4,415	10,870
PBT	286	285	752
PAT	186	186	485
No. of Policies for the Period (nos.)	699,966	591,883	1,330,929
No. of employees (nos.)	912	766	802

- **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%





**Company Overview**

**Industry Overview**

**Business Strategy**

**Financial Information**

**Key Subsidiaries**

**Awards & Accolades**

**Risk Management Policies**

***Transforming rural lives across the country***

# Awards and Accolades

- **Great Place to Work Institute** in association with **Economic Times** has recognized **Mahindra & Mahindra Financial Services Ltd.** as one of **INDIA'S BEST COMPANIES TO WORK FOR , 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 4<sup>th</sup> year in a row. We are the **only Indian Company** from Diversified Financial Services Sector to get selected
- Mahindra Finance made it to the list of **Carbon Disclosure Leadership Index (CDLI)** for **2nd consecutive year in 2015**
- Mahindra Finance was honored for Best Overall Excellence in CSR in the organizational Category
- Mahindra Finance recognized in “Best Overall Excellence in CSR” by National Awards for excellence in CSR and Sustainability
- Mahindra Finance was honored with the **IDF Award** for excellent participation in Resource Mobilization for Humanitarian Projects





# Conservative Risk Management Policies

## Provisioning Norms

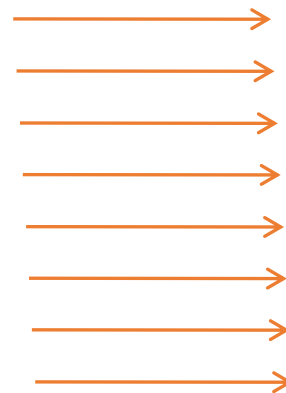
Duration (months)	RBI Norms	Duration (months)	MMFSL
5 and <= 16	10%	> 4 and <= 11	10%
> 16 and <= 28	20%	> 11 and <= 24	50%
> 28 and <= 52	30%	> 24 months*	100%
> 52 months	50%		

**\*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.16934.32 lacs for the half year ended 30th September, 2016 as against Rs.19275.18 lacs for the quarter ended 30th June, 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**

**\*Note :** The Company is required to recognise NPA based on 4 months' overdue by end of FY 2017, which the company has been following w.e.f. financial year ended 31<sup>st</sup> March 2016. This has resulted in additional provision of Rs. 440 mn (including income de-recognition) as compared to quarter ended Sep 30<sup>th</sup> 2015 with a consequent impact on Profit before tax

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# Thank You

*Transforming rural lives  
across the country*