# Mahindra FINANCE

**Mahindra & Mahindra Financial Services Ltd.**
Mahindra Towers, 4th Floor,
Dr. G. M. Bhosale Marg, Worli,
Mumbai 400 018 India

Tel: +91 22 24963492
+91 22 66526000
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+91 22 24984171

23rd April, 2016

The General Manager-Department of Corporate Services,
BSE Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400 001.

**Scrip Code : 532720**

The Manager-Listing Department,
National Stock Exchange of India Limited,
"Exchange Plaza", 5th Floor,
Plot No.C/1, G Block,
Bandra-Kurla Complex,
Bandra (East), Mumbai – 400 051.

**Scrip Code : M&MFIN**

Dear Sir,

**Sub: Investors / Analysts' Presentation**

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [Listing Regulations], we are enclosing herewith the presentation to be made to the Investors/Analysts on the Financial Results of the Company for the fourth quarter and year ended 31st March, 2016.

The presentation is also being uploaded on the website of the Company at the URL http://www.mahindrafinance.com/analyst-presentations.aspx in accordance with Regulation 46 of the Listing Regulations.

Kindly take the same on record.

Thanking you,

Yours faithfully,
**Mahindra & Mahindra Financial Services Limited**

Arnavaz

**Arnavaz M. Pardiwalla**
**Company Secretary & Compliance Officer**

Mahindra & Mahindra Financial Services Limited
Mumbai

Encl: a/a

# Mahindra & Mahindra Financial Services Limited

## Quarter Result Update

### MARCH - 2016

Corporate Office:
Mahindra Towers, 4th Floor,
Dr. G. M. Bhosale Marg, Worli,
Mumbai 400 018 India

Tel: +91 22 66526000
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Regd. Office:
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Mumbai 400 001 India

Tel: +91 22 2289 5500
Fax: +91 22 2287 5485
www.mahindrafinance.com
CIN - L65921MH1991PLC059642

# Company overview

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



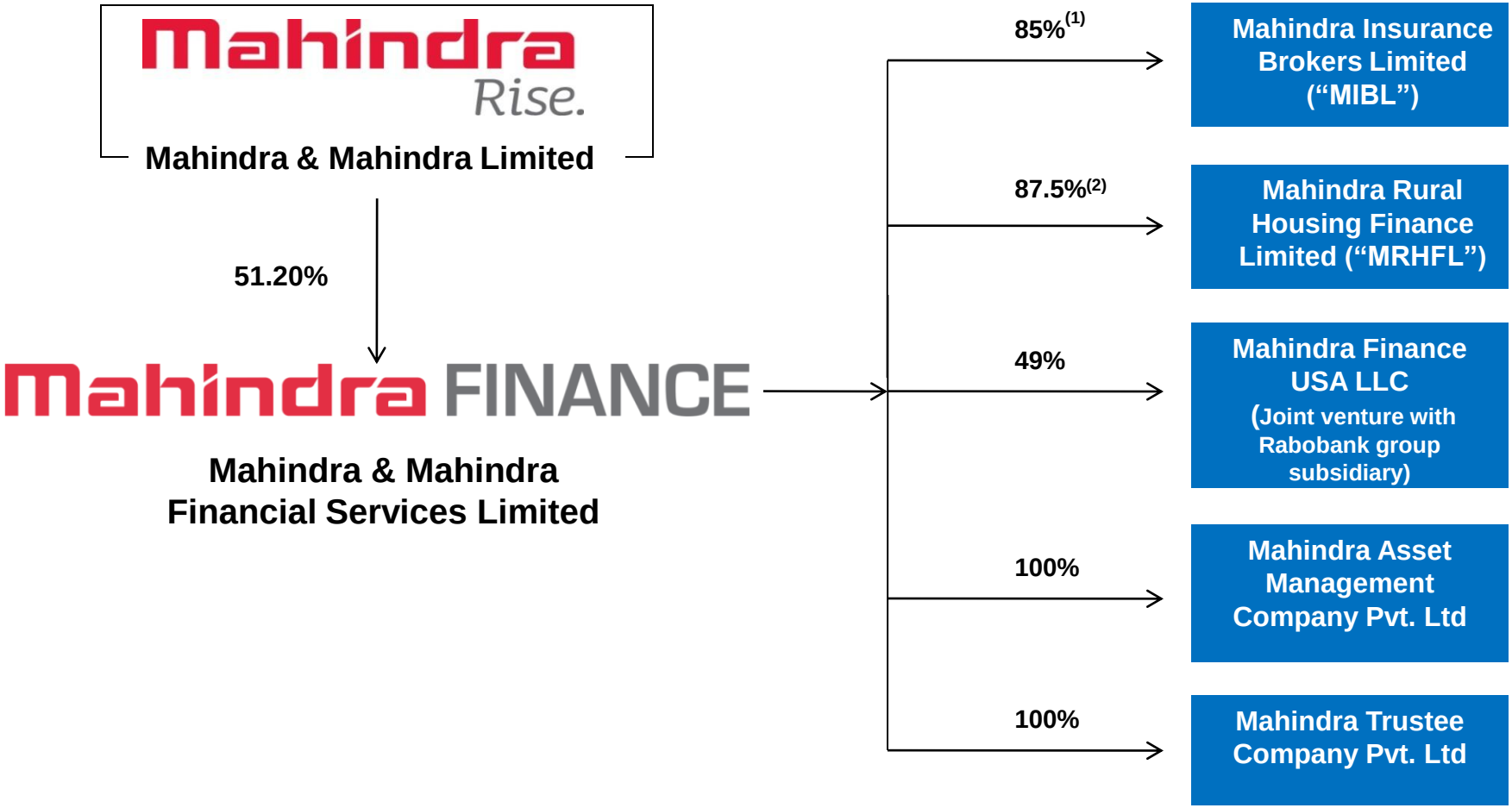
Mahindra FINANCE

# Background

- Mahindra & Mahindra Financial Services Limited ("MMFSL") is a subsidiary of Mahindra and Mahindra Limited *(Mcap: Rs 822 billion)**, one of India's leading tractor and utility vehicle manufacturers
- MMFSL (*Mcap: Rs 157 billion*)* is one of India's leading non-banking finance companies focused in the rural and semi-urban sector
- 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
- MMFSL's vision is to be a leading provider of financial services in the rural and semi-urban areas of India
- Has 1167 offices covering 26 states and 5 union territories in India, with over 4.1 million vehicle finance customer contracts since inception, as of March 31, 2016
- 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 April 22, 2016 from BSE website*

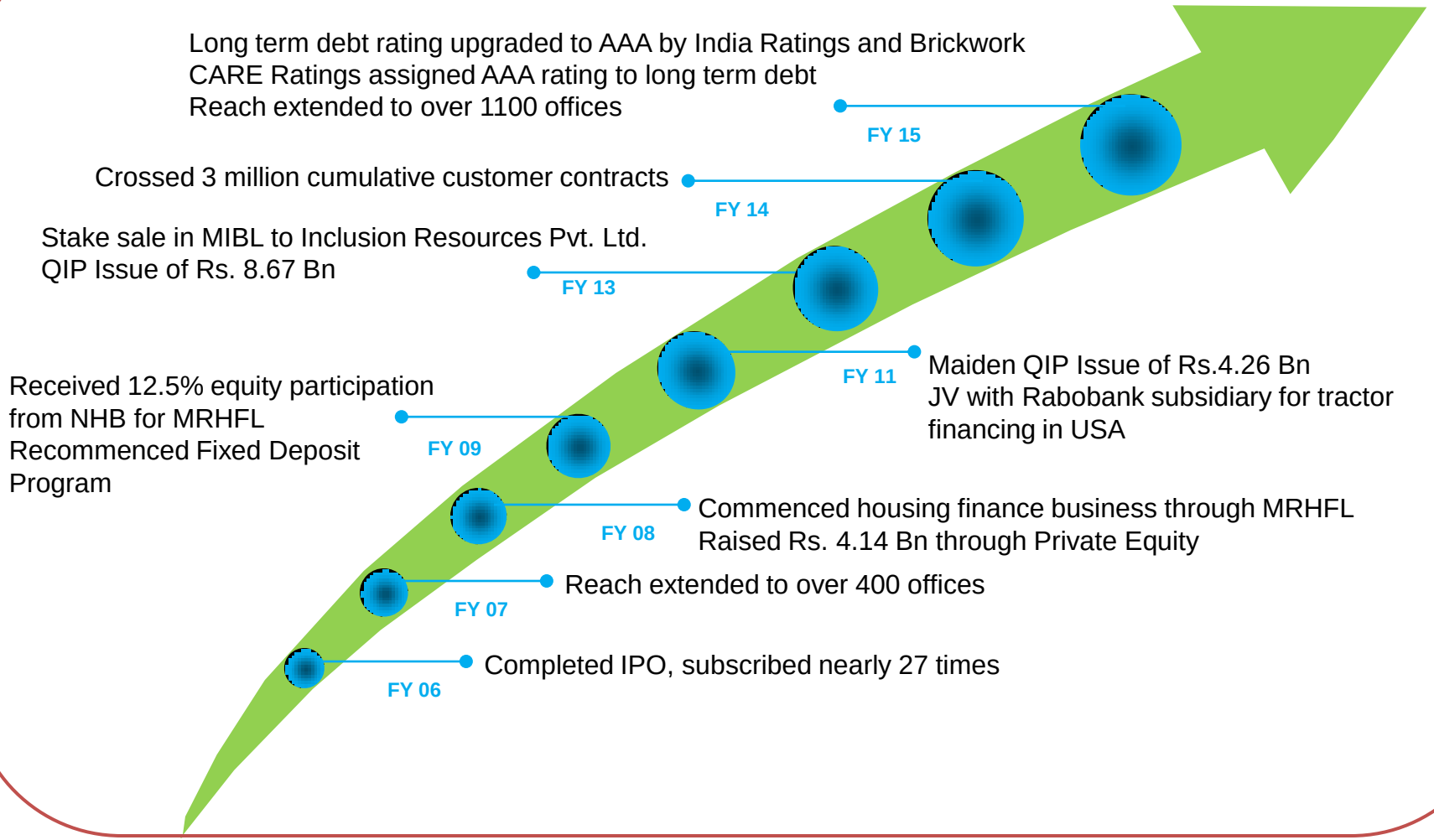
# MMFSL Group structure




***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 Thus Far



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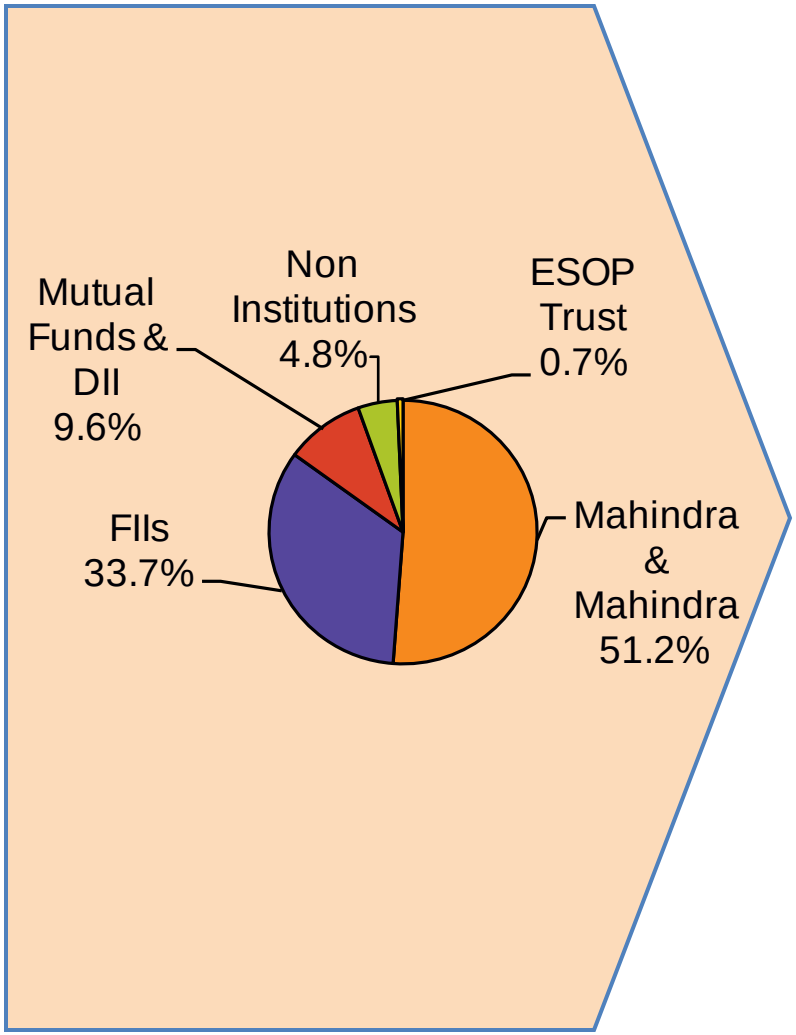
# Shareholding pattern

(as on March 31, 2016)




**Top 10 Shareholders**

- Franklin Templeton Investment Funds
- Amansa Holdings Private Limited
- Aranda Investments (Mauritius) Pte Ltd
- ICICI Prudential Balanced Advantage Fund
- Life Insurance Corporation Of India
- JP Morgan Sicav Investment Company (Mauritius)
- Bank Muscat S A O G A/C Bankmuscat India Fund
- FIL Investments (Mauritius) Ltd
- UTI - Mid Cap Fund
- Stichting Depositary Apg Emerging Markets Equity



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# Industry overview

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

# Automobile Finance Market to Grow by 16-18% over the next 5 years

| Growth in New Vehicle Finance Disbursements | | | | | | | |
|---|---|---|---|---|---|---|---|
| (% growth over previous yr) | FY12E | FY13E | FY14E | FY15E | FY16P | FY17P | CAGR FY15-FY20P |
| Cars | 8% | (7%) | (6%) | 3% | 11-13% | 12-14% | **15-17%** |
| Utility Vehicles | 16% | 39% | (6%) | 1% | 15-17% | 12-14% | **18-20%** |
| Commercial Vehicles | 17% | (13%) | (25%) | 4% | 13-15% | 10-12% | **15-17%** |
| Two-Wheelers | 27% | 10% | 16% | 4% | 6-8% | 10-12% | **12-14%** |

***Source:*** *CRISIL Research, Retail Finance - Auto, November 2015*

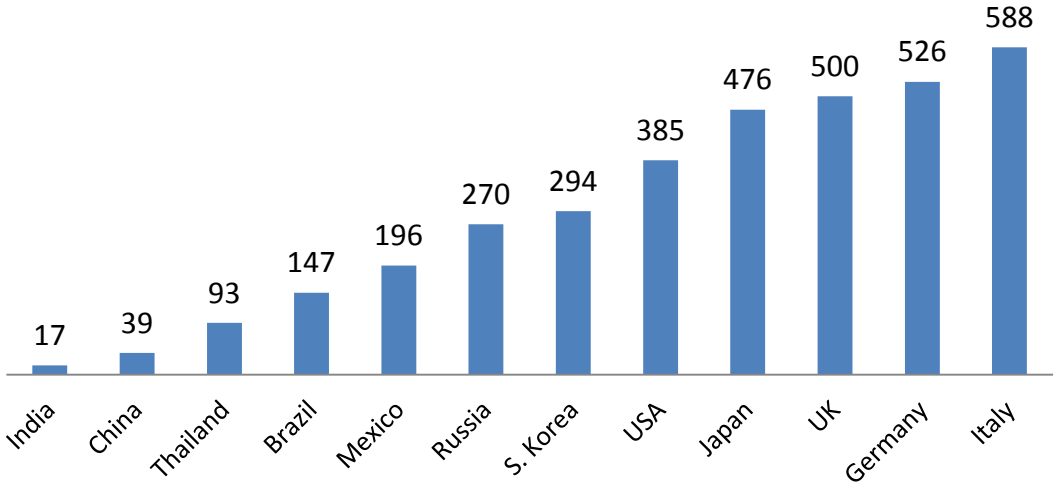
- By the fiscal year 2020, penetration levels are expected to increase to 78% for cars and 75% for utility vehicles from 76% and 70% respectively as a result of a moderation in interest rates and alleviation of credit risk

- Loan-to-value (LTVs) expected to increase marginally to 77% for cars and 74% for UVs from 75% and 72% respectively over the next 5 years

# Auto Industry
# Long term growth potential

| | FY05-10 | FY10-15 | FY15P | FY15-20P |
|---|---|---|---|---|
| | CAGR (%) | CAGR (%) | (%) | CAGR (%) |
| **Cars and Uvs** | 13 | 5 | 4 | 11-13 |
| **Tractors** | 12 | 7 | (13) | 8-10 |
| **CVs** | 10 | 3 | (3) | 10-13 |

**Global Comparison in terms of PV per thousand people (1)**




- Strong prospects in the long-term. Growth to be driven by increase in income of households and higher passenger vehicle penetration
- Small Cars to drive growth in the long term due to higher aspiration levels led by economy recovery and lower cost of ownership
- With 17 cars per 1000 people, India's potential is greater
- MHCV goods vehicle sales in the long term to be supported by growth in economic activity, export-import and freight traffic, construction activities etc.
- Demand for LCVs in the long term to be fuelled by increase of hub-and-spoke model, growth of organised retail, rising consumption expenditure and improvement in rural road infrastructure

***Source:*** **CRISIL Research*
*Note : (1) All numbers except India are for CY 2012. India's figures are for 2013-14.*



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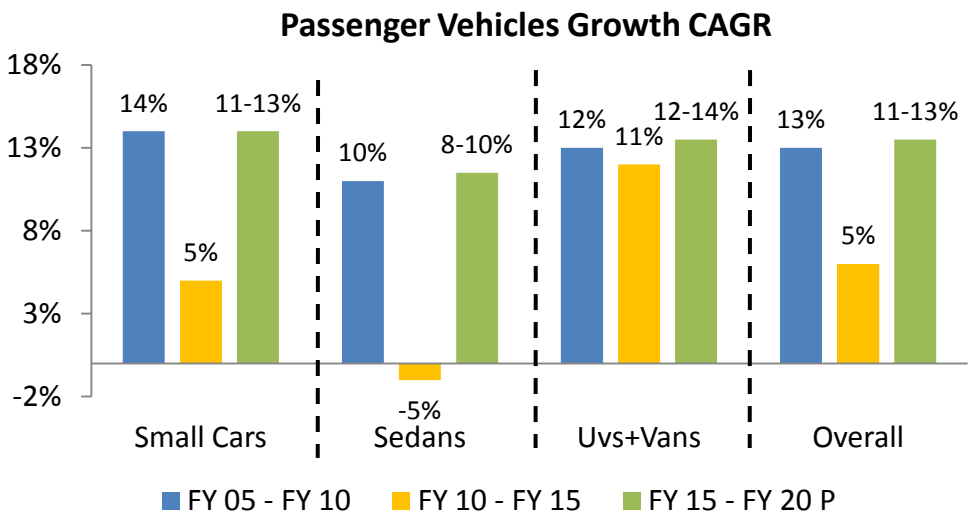
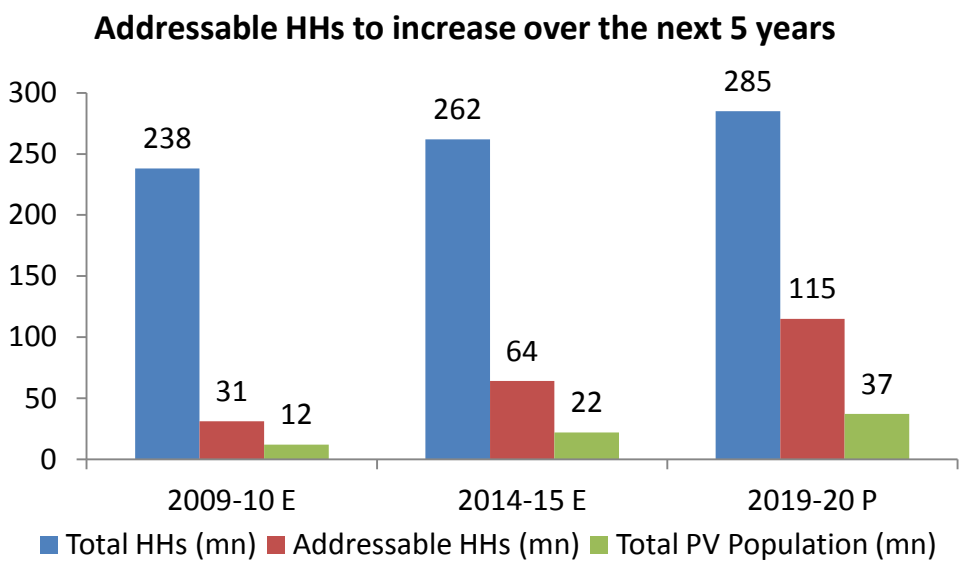
# Overall Demand Drivers




- Increase in affordability
- Growth in Addressable Market
- Entry of New Players and New Model Launches
- Increase in dealerships and access to Finance
- Reduction in holding period, which increases the demand for second vehicles
- Growth in Economic Activity
- Infrastructure development, structural changes and government initiatives

***Source:*** *CRISIL Research, Cars & UV – February 2016*



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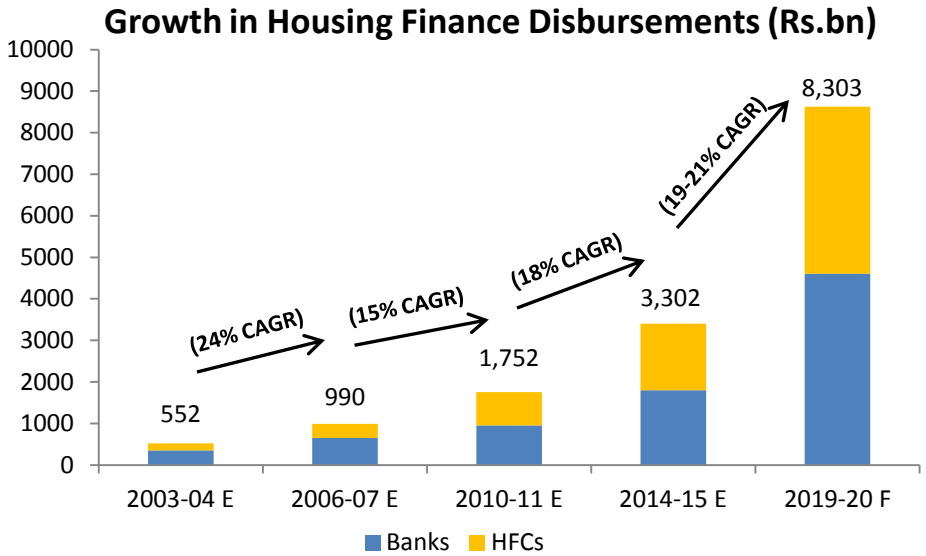
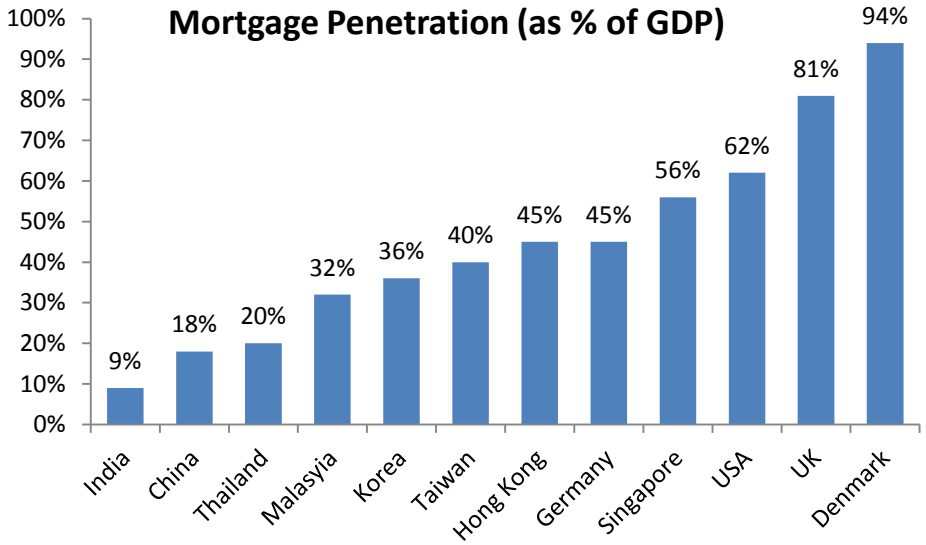
# Auto Industry Volume

| Domestic Sales (Volume in '000) | FY16 (Nos.) | FY15 (Nos.) | Y-o-Y Growth (%) | FY14 (Nos.) |
|---|---|---|---|---|
| **Passenger Vehicles (PVs)** | | | | |
| Passenger Cars / Vans | 2,025 | 1,877 | 7.9% | 1,791 |
| UVs | 764 | 723 | 5.7% | 717 |
| **Commercial Vehicles (CVs)** | | | | |
| M&HCVs | 302 | 232 | 30.2% | 200 |
| LCVs | 382 | 382 | 0% | 432 |
| **Three Wheelers** | 538 | 532 | 1.1% | 480 |
| **Tractors** | 494 | 551 | (10.3%) | 634 |

***Source:*** *Crisil*

# Housing Finance Growth




- 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

***Source:*** *Crisil Retail Finance – Housing – November 2015*



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# Business Strategy

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



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# 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**

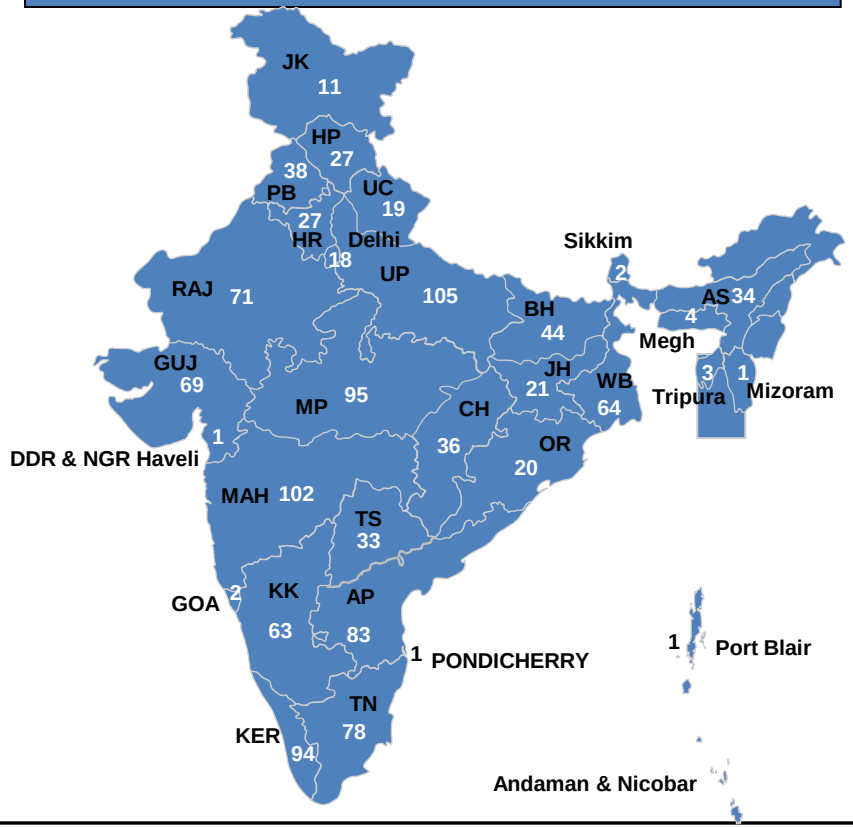
**Effective use of technology to improve productivity**

**Leverage the "Mahindra" Ecosystem**

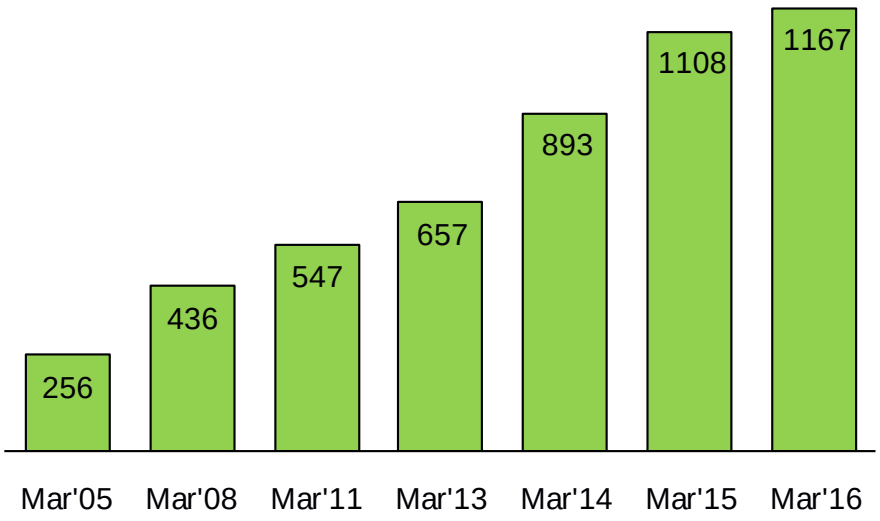
# Extensive branch network

- MMFSL has an extensive branch network with presence in 26 states and 5 union territories in India through 1167 offices as of March 31, 2016
- Branches have authority to approve loans within prescribed guidelines

**Coverage**




**Branch Network as of**



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# 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 | |



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# Break up of estimated value of Assets Financed

| Asset Class | **Year ended March – 16** | Year ended March – 15 | Year ended March – 14 |
|---|---|---|---|
| **Auto/ Utility vehicles** | **30%** | 33% | 32% |
| **Tractors** | **15%** | 18% | 20% |
| **Cars** | **22%** | 22% | 22% |
| **Commercial vehicles and Construction equipments** | **11%** | 9% | 11% |
| **Pre-owned vehicles** | **16%** | 15% | 13% |
| **Others** | **6%** | 3% | 2% |

# Break up of AUM

| Asset Class | As on March – 16 | As on March – 15 | As on March – 14 |
|---|---|---|---|
| **Auto/ Utility vehicles** | **31%** | 31% | 29% |
| **Tractors** | **17%** | 18% | 19% |
| **Cars** | **24%** | 23% | 24% |
| **Commercial vehicles and Construction equipments** | **12%** | 13% | 15% |
| **Pre-owned vehicles** | **10%** | 10% | 9% |
| **Others** | **6%** | 5% | 4% |

*1. Approximate percentages*
*2. As on 31st March 16, ~47% of the AUM was from M&M assets*

# 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 |



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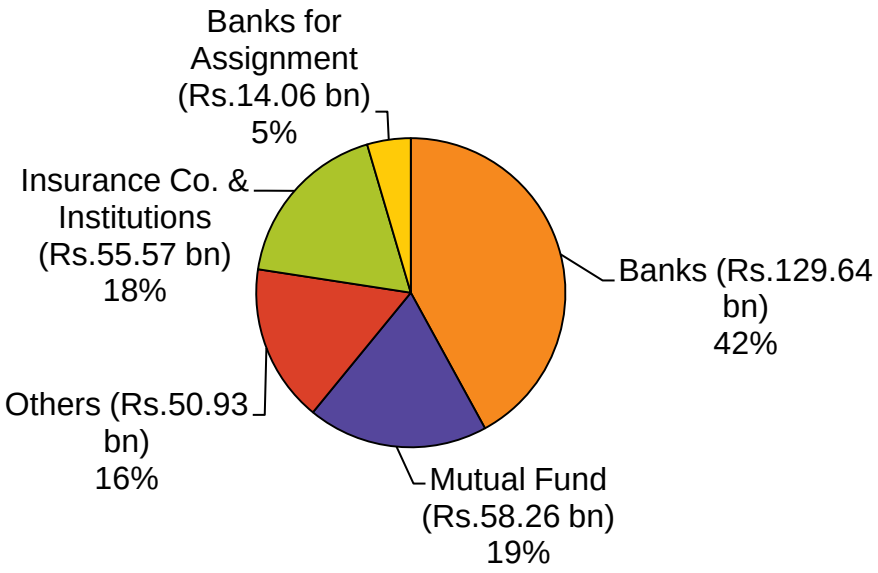
# Broad based Liability Mix

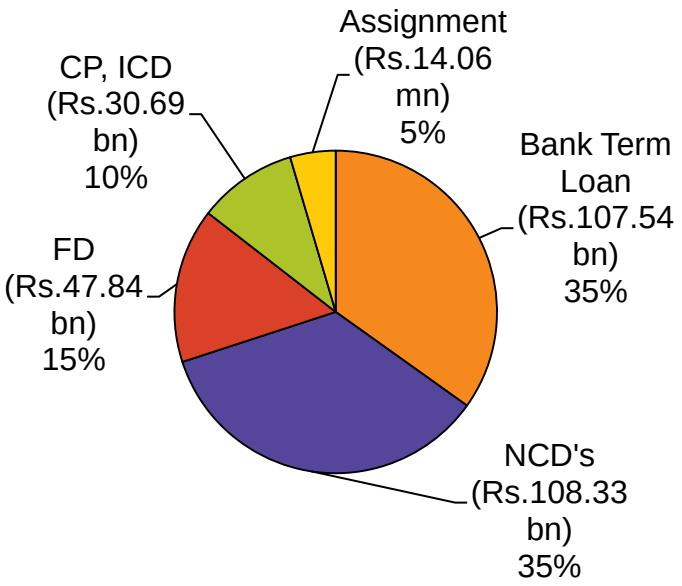
- Total consortium size of Rs.15.3 Bn comprising several banks

**Funding Mix by Investor profile (Mar' 16)**




**Total : Rs. 308.46 bn**

**Funding Mix by type of Instrument (Mar' 16)**




**Total : Rs. 308.46 bn**



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# 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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# Financial Information

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# Key Financials

## Q4FY16 Vs Q4FY15 (Figures on standalone basis)

| Total Income | Profit after Tax | Value of Asset Financed |
|---|---|---|
| Rs 16,897 mn | Rs 3,703 mn | Rs 68,107 mn |
| ↑ 10% | ↑ 11% | ↑ 8% |
| Rs 15,373 mn | Rs 3,334 mn | Rs 63,027 mn |

## FY16 Vs FY15 (Figures on standalone basis)

| Total Income | Profit after Tax | Value of Asset Financed |
|---|---|---|
| Rs 59,051 mn | Rs 6,726 mn | Rs 267,063 mn |
| ↑ 6% | ↓ 19% | ↑ 10% |
| Rs 55,847 mn | Rs 8,318 mn | Rs 243,310 mn |

***Note:*** *The Company has recognised NPAs based on 4 months' norms for the year ended 31st March, 2016 as against the revised regulatory norms of recognising NPAs at 5 months applicable for the current financial year resulting in an additional provision of Rs. 555 mn (including income de-recognition).*



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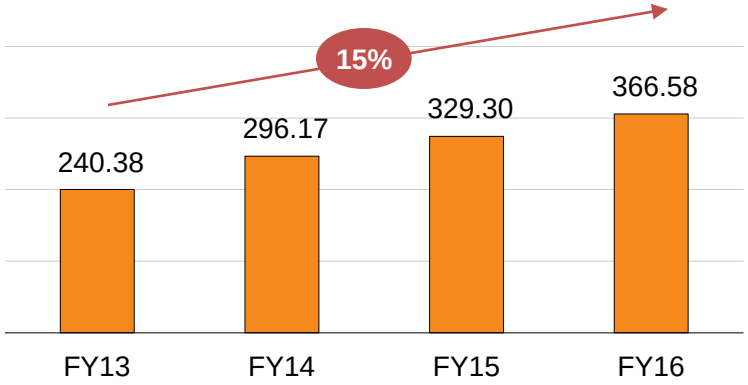
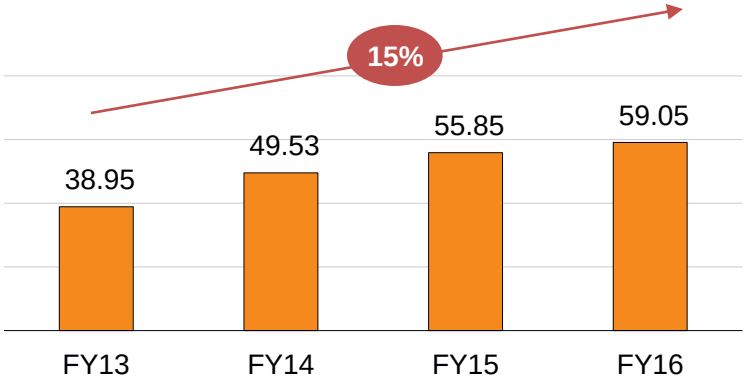
# Growth Trajectory

**Figures on standalone basis**

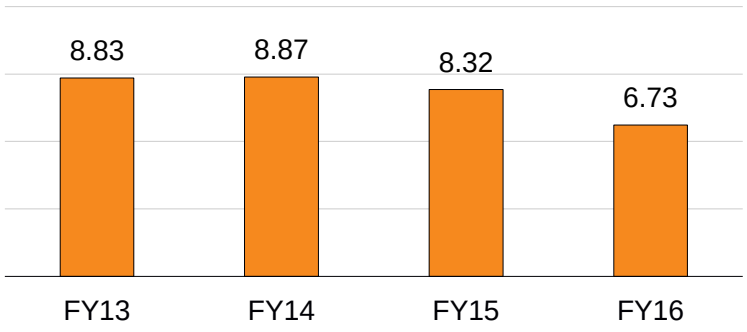
## Loan Book (Rs. Bn)



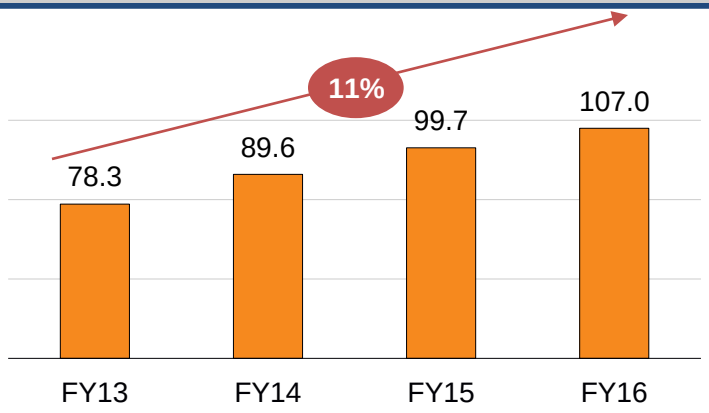

## Revenues (Rs. Bn)




## Profit after Tax [1] (Rs. Bn)




## Book Value Per Share [2] (Rs.)




*Note : 1 PAT post exceptional items. 2. Calculated as Shareholders funds/ Number of shares. 3. All figures and ratios are post additional provision of Rs. 555 mn (including income de-recognition). Please refer to detailed note on Slide 23.*



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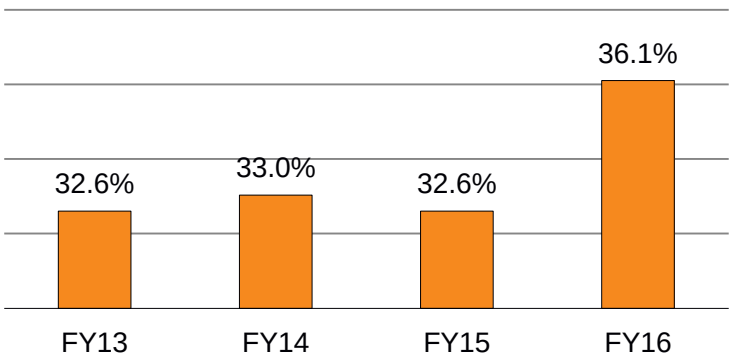
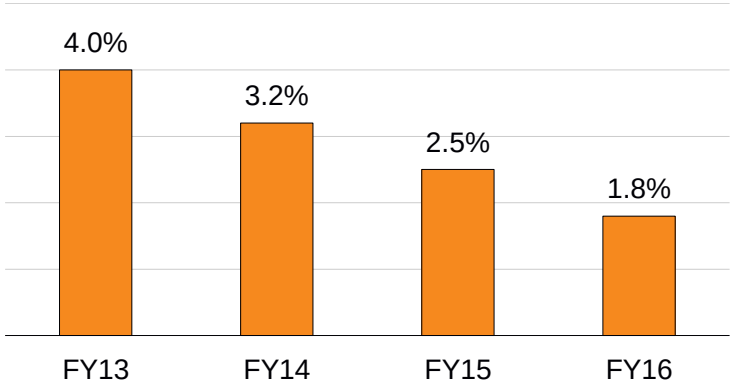
# Financial Performance

**Figures on standalone basis**

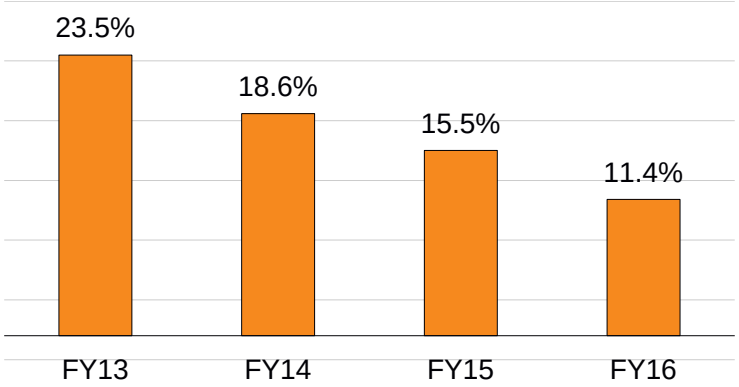
## Cost to income ratio [1] (%)



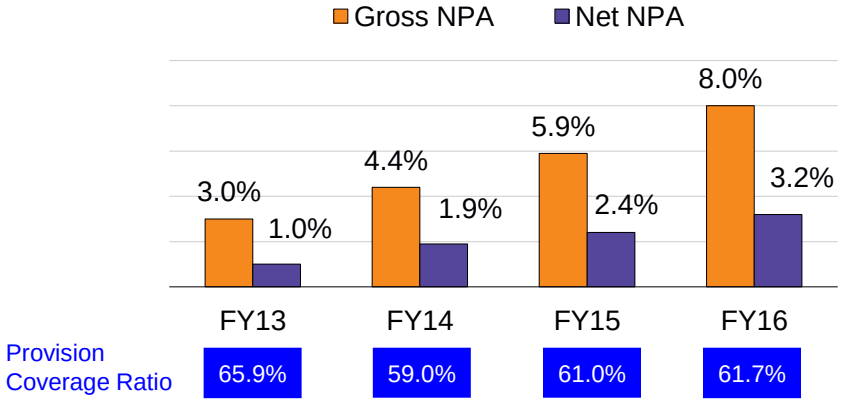

## Return on Assets (ROA) [2] (%)




## Return on Net Worth (RONW) [3] (%)




## 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. 3 All figures and ratios are post additional provision of Rs. 555 mn (including income de-recognition). Please refer to detailed note on Slide 23.*



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# Standalone Profit & Loss Statement

| Particulars (Rs. in Million) | Q4FY16 | Q3FY16 | *Q-o-Q* | Q4FY15 | *Y-o-Y* | FY16 | FY15 |
|---|---|---|---|---|---|---|---|
| Revenue from operations | 15,995 | 13,879 | *15.2%* | 14,373 | *11.3%* | 56,468 | 52,799 |
| Securitisation Income (net) | 726 | 123 | *490.2%* | 834 | *(12.9%)* | 2,064 | 2,562 |
| Less: Finance cost | 6,711 | 6,696 | *0.2%* | 6,373 | *5.3%* | 26,393 | 24,967 |
| **NII** | **10,010** | **7,306** | ***37.0%*** | **8,834** | ***13.3%*** | **32,139** | **30,394** |
| Other Income | 176 | 85 | *107.1%* | 167 | *5.4%* | 519 | 486 |
| **Total Income** | **10,186** | **7,391** | ***37.8%*** | **9,001** | ***13.2%*** | **32,658** | **30,880** |
| Employee benefits expense* | 1,556 | 1,354 | *14.9%* | 1,149 | *35.4%* | 5,588 | 4,591 |
| Provisions and write Offs | 1,089 | 3,406 | *(68.0%)* | 1,493 | *(27.1%)* | 10,495 | 8,275 |
| Other expenses* | 1,730 | 1,488 | *16.3%* | 1,320 | *31.1%* | 5,784 | 5,062 |
| Depreciation and amortization | 105 | 104 | *1.0%* | 103 | *1.9%* | 409 | 415 |
| **Total Expenses** | **4,480** | **6,352** | ***(29.5%)*** | **4,065** | ***10.2%*** | **22,276** | **18,343** |
| **Profit before tax** | **5,706** | **1,039** | ***449.2%*** | **4,936** | ***15.6%*** | **10,382** | **12,537** |
| Tax expense | 2,003 | 367 | *445.8%* | 1,602 | *25.0%* | 3,656 | 4,219 |
| **Net Profit after Taxes for the year** | **3,703** | **672** | ***451.0%*** | **3,334** | ***11.1%*** | **6,726** | **8,318** |

***Note: 1.*** **The Company has recognised NPAs based on 4 months' norms for the year ended 31st March, 2016 as against the revised regulatory norms of recognising NPAs at 5 months applicable for the current financial year resulting in an additional provision of Rs. 555 mn (including income de-recognition).*



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# Standalone Balance Sheet

| Particulars (Rs. in Million) | As on Mar 31 2016 | As on Mar 31 2015 | As on Mar 31 2014 |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| **Shareholders' funds** | | | |
| a) Share Capital | 1,129 | 1,128 | 1,127 |
| b) Reserves and Surplus | 59,752 | 55,566 | 49,815 |
| **Shareholders' funds** | **60,881** | **56,694** | **50,942** |
| **Non-current liabilities** | | | |
| a) Long-term borrowings | 1,73,317 | 1,47,871 | 1,69,032 |
| b) Other Long-term liabilities | 4,326 | 3,025 | 2,764 |
| c) Long term provisions | 4,482 | 3,280 | 3,180 |
| **Non-current liabilities** | **1,82,125** | **1,54,176** | **1,74,976** |
| **Current liabilities** | | | |
| a) Short Term Borrowings | 43,469 | 48,710 | 12,443 |
| b) Trade payables | 4,789 | 4,779 | 4,379 |
| c) Other current liabilities | 89,462 | 74,876 | 64,911 |
| d) Short term provisions | 15,069 | 11,506 | 9,006 |
| **Current liabilities** | **1,52,789** | **1,39,871** | **90,739** |
| **Total Equities and Liabilities** | **3,95,795** | **3,50,741** | **3,16,657** |

# Standalone Balance Sheet (Cont'd)

| Particulars (Rs. in Million) | As on Mar 31 2016 | As on Mar 31 2015 | As on Mar 31 2014 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| a) Fixed Assets | 1,135 | 1,100 | 1,195 |
| b) Non-current investments | 9,923 | 7,599 | 5,263 |
| c) Deferred tax assets (Net) | 5,853 | 4,153 | 3,151 |
| d) Long-term loans and advances | 1,84,172 | 1,70,037 | 1,57,795 |
| e) Other non-current assets | 518 | 2,320 | 1,359 |
| **Non-current assets** | **2,01,601** | **1,85,209** | **1,68,763** |
| **Current assets** | | | |
| a) Current investments | 4,910 | 937 | 3,429 |
| b) Trade receivables | 51 | 57 | 143 |
| c) Cash and cash equivalents | 5,890 | 4,794 | 5,533 |
| d) Short-term loans and advances | 1,82,406 | 1,59,261 | 1,38,375 |
| e) Other current assets | 937 | 483 | 414 |
| **Current assets** | **1,94,194** | **1,65,532** | **1,47,894** |
| **Total Assets** | **3,95,795** | **3,50,741** | **3,16,657** |

# Key Subsidiaries

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# Mahindra Rural Housing Finance

| Particulars (Rs. million) | **Year ended March – 16** | Year ended March – 15 | Year ended March – 14 |
|---|---|---|---|
| Loans disbursed | **15,525** | 9,896 | 6,306 |
| No. of Customer Contracts (Nos) | **125,074** | 81,960 | 56,868 |
| Outstanding loan book | **32,645** | 20,983 | 13,550 |
| Total income | **4,954** | 3,284 | 2,125 |
| PBT | **967** | 673 | 368 |
| PAT | **627** | 442 | 271 |

- 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%
- Currently operating in 10 States

# Mahindra Insurance Brokers Limited

| Particulars (Rs. million) | **Year ended March – 16** | Year ended March – 15 | Year ended March – 14 |
|---|---|---|---|
| Total income | **1,492** | 1,262 | 1,112 |
| Net premium | **10,870** | 8,939 | 7,384 |
| PBT | **752** | 653 | 638 |
| PAT | **485** | 429 | 420 |
| No. of Policies for the Period (nos.) | **1,330,929** | 1,137,981 | 1,068,577 |
| No. of employees (nos.) | **802** | 715 | 613 |

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

# Consolidated Profit & Loss Statement

| Particulars (Rs. in Million) | Year ended March - 16 | Year ended March - 15 | Year ended March - 14 |
|---|---|---|---|
| Revenue from operations | 65,539 | 60,211 | 52,753 |
| Other income | 436 | 398 | 253 |
| **Total Revenue** | **65,975** | **60,609** | **53,006** |
| **Expenses:** | | | |
| Employee benefits expense | 7,041 | 5,671 | 4,945 |
| Finance costs | 28,683 | 26,430 | 22,810 |
| Depreciation and amortization expense | 457 | 455 | 261 |
| Provisions and write Offs | 10,982 | 8,491 | 5,190 |
| Other expenses | 6,571 | 5,563 | 5,185 |
| **Total Expenses** | **53,734** | **46,610** | **38,391** |
| **Profit before tax** | **12,241** | **13,999** | **14,615** |
| Tax expense | 4,367 | 4,750 | 4,967 |
| **Profit for the year** | **7,874** | **9,249** | **9,648** |
| Minority Interest | 151 | 120 | 104 |
| **Net Profit after Taxes and Minority Interest** | **7,723** | **9,129** | **9,544** |

*Note : All figures are post additional provision of Rs. 555 mn (including Income de-recognition). Please refer to detailed note on Slide 23.*

# Consolidated Balance Sheet

| Particulars (Rs. in Million) | As on Mar 31 2016 | As on Mar 31 2015 | As on Mar 31 2014 |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| **Shareholders' funds** | | | |
| a) Share Capital | 1,129 | 1,128 | 1,127 |
| b) Reserves and Surplus | 63,565 | 58,299 | 51,810 |
| **Shareholders' funds** | **64,694** | **59,427** | **52,937** |
| **Minority Interest** | **675** | **493** | **365** |
| **Non-current liabilities** | | | |
| a) Long-term borrowings | 2,03,412 | 1,68,652 | 1,82,538 |
| b) Other Long-term liabilities | 4,326 | 3,025 | 2,770 |
| c) Long term provisions | 4,919 | 3,527 | 3,331 |
| **Non-current liabilities** | **2,12,657** | **1,75,204** | **1,88,639** |
| **Current liabilities** | | | |
| a) Short Term Borrowings | 52,175 | 52,586 | 15,103 |
| b) Trade payables | 5,073 | 4,954 | 4,507 |
| c) Other current liabilities | 99,103 | 81,823 | 69,812 |
| d) Short term provisions | 15,691 | 11,844 | 9,212 |
| **Current liabilities** | **1,72,042** | **1,51,207** | **98,634** |
| **Total Equities and Liabilities** | **4,50,068** | **3,86,331** | **3,40,575** |

# Consolidated Balance Sheet (Cont'd)

| Particulars (Rs. in Million) | As on Mar 31 2016 | As on Mar 31 2015 | As on Mar 31 2014 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| a) Fixed Assets | 1,291 | 1,192 | 1,287 |
| b) Non-current investments | 6,522 | 5,597 | 3,790 |
| c) Deferred tax assets (Net) | 5,992 | 4,212 | 3,254 |
| d) Long-term loans and advances | 2,28,420 | 1,98,883 | 1,77,299 |
| e) Other non current assets | 524 | 2,326 | 1,364 |
| **Non-current assets** | **2,42,749** | **2,12,210** | **1,86,994** |
| **Current assets** | | | |
| a) Current investments | 5,467 | 945 | 3,429 |
| b) Trade receivables | 200 | 145 | 229 |
| c) Cash and cash equivalents | 6,098 | 4,936 | 5,704 |
| d) Short-term loans and advances | 1,94,669 | 1,67,620 | 1,43,806 |
| e) Other current assets | 885 | 475 | 413 |
| **Current assets** | **2,07,319** | **1,74,121** | **1,53,581** |
| **Total Assets** | **4,50,068** | **3,86,331** | **3,40,575** |

# Summary & Key Ratios

**Figures on standalone basis**

| Particulars | **Year ended March – 16** | Year ended March – 15 | Year ended March – 14 |
|---|---|---|---|
| RONW (Avg. Net Worth) | **11.4%** | 15.5% | 18.6% |
| Debt / Equity | **4.84:1** | 4.63:1 | 4.70:1 |
| Capital Adequacy | **17.3%** | 18.3% | 18.0% |
| Tier I | **14.6%** | 15.5% | 15.5% |
| Tier II | **2.7%** | 2.8% | 2.5% |
| EPS (Basic) (Rs.) | **11.92** | 14.75 | 15.75 |
| Book Value (Rs.) | **107.0** | 99.7 | 89.6 |
| Dividend | **200%** | 200% | 190% |
| Assets Under Management (Rs. Mn) | **409,333** | 368,780 | 341,331 |
| New Contracts During the period (Nos) | **522,256** | 515,654 | 561,862 |
| No. of employees (on rolls) | **15,821** | 14,197 | 9,349 |
| No. of employees (outsourced from MBSCPL) | **0** | 0 | 3,467 |

***Note :*** **The Company has recognised NPAs based on 4 months' norms for the year ended 31st March, 2016 as against the revised regulatory norms of recognising NPAs at 5 months applicable for the current financial year resulting in an additional provision of Rs. 555 mn (including income de-recognition).*



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# Spread Analysis

**Figures on standalone basis**

| | **Year ended March – 16** | Year ended March – 15 | Year ended March – 14 |
|---|---|---|---|
| Total Income / Average Assets | **16.3%** | 17.1% | 17.7% |
| Interest / Average Assets | **7.3%** | 7.7% | 7.8% |
| Gross Spread | **9.0%** | 9.4% | 9.9% |
| Overheads / Average Assets | **3.2%** | 3.1% | 3.3% |
| Write offs & NPA provisions / Average Assets | **2.9%** | 2.5% | 1.8% |
| Net Spread | **2.9%** | 3.8% | 4.8% |
| Net Spread after Tax | **1.8%** | 2.5% | 3.2% |

***Note :*** **The Company has recognised NPAs based on 4 months' norms for the year ended 31st March, 2016 as against the revised regulatory norms of recognising NPAs at 5 months applicable for the current financial year resulting in an additional provision of Rs. 555 mn (including income de-recognition).*

# NPA Analysis

**Figures on standalone basis**

| **Particulars (Rs. million)** | **March – 16** | March – 15 | March – 14 |
|---|---|---|---|
| Gross Non - Performing Assets | **32,242*** | 20,997 | 14,057 |
| Less: NPA Provisions | **19,891** | 12,815 | 8,301 |
| Net Non – Performing Assets | **12,351** | 8,182 | 5,756 |
| Total Assets (Incl. NPA Provision) | **400,764** | 353,895 | 318,622 |
| Gross NPA to Total Assets(%) | **8.0%** | 5.9% | 4.4% |
| Net NPA to Total Assets(%) | **3.2%** | 2.4% | 1.9% |
| Coverage Ratio(%) | **61.7%** | 61.0% | 59.0% |

***Note: *includes additional assets of Rs. 2,486 mn identified due to accelerated recognition*.***

*The Company has recognised NPAs based on 4 months' norms for the year ended 31st March, 2016 as against the revised regulatory norms of recognising NPAs at 5 months applicable for the current financial year resulting in an additional provision of Rs. 555 mn (including income de-recognition).*

*Above workings are excluding securitised/assigned portfolio*

# Awards & Accolades

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# Awards and Accolades

- Mahindra Finance has been appraised and rated at **People CMM® Maturity Level 3**

PCMM /3 SM
Exp. 2018-09-30 / Appraisal #25252

- Mahindra Finance included on **Dow Jones Sustainability Index (DJSI)** - Emerging Market Trends for 3rd years in a row. We also got featured in **RobecoSAM Sustainability Yearbook 2015**

MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM

- Mahindra Finance made it to the list of **Carbon Disclosure Leadership Index (CDLI)** for 2nd consecutive year in 2015

CDP™ CLIMATE DISCLOSURE LEADER 2014

- Mahindra Rural Housing Finance Limited (MRHFL) has been awarded the 'Platinum' Award under the category of 'Social Development' and sub-category of 'Rural Upliftment' by **ASSOCHAM's 3rd Innovation Excellence Awards 2014**

- The 'Learning and Development' department of Mahindra & Mahindra Financial Services Ltd. has been declared as the winner of '**Golden Peacock National Training Award**' for the year 2014.

- Mahindra Finance is among the best in the prestigious **Dun & Bradstreet's 'India's Top 500 Companies 2014'**

# Key Risk Management Practices

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# 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% | | |

## Key Risks & Management Strategies

| Key Risks | Management Strategies |
|---|---|
| Volatility in interest rates | Matching of asset and liabilities |
| Rising competition | Increasing branch network |
| Raising funds at competitive rates | Maintaining credit rating & improving asset quality |
| Dependence on M&M | Increasing non-M&M Portfolio |
| Occurrence of natural disasters | Increasing geographical spread |
| Adhering to write-off standards | Diversify the product portfolio |
| Employee retention | Job rotation / ESOP/ Recovery based performance initiatives |
| Physical cash management | Insurance & effective internal control |

**At MMFSL, NPA provisioning norms are more stringent than RBI norms**

**The Company has recognised NPAs based on 4 months' norms for the year ended 31st March, 2016 as against the revised regulatory norms of recognising NPAs at 5 months applicable for the current financial year resulting in an additional provision of Rs. 555 mn (including income de-recognition).*

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