

28th November, 2017

Tel: +91 22 66526000
Fax: +91 22 24984170
+91 22 24984171

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

The Manager-Listing Department
National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex
Bandra (East)
Mumbai 400 051.

Scrip Code : 532720

Scrip Code : M&MFIN

Dear Sir,

Sub: Condensed Interim Audited Standalone and Consolidated Financial Statements for the half year ended 30th September, 2017

We wish to inform you that the Board of Directors of the Company vide its Circular Resolution passed on 25th November, 2017, has *inter-alia*, approved:

- (i) the condensed interim audited standalone financial statements of the Company which comprise the condensed interim audited standalone balance sheet as at 30th September, 2017, the condensed interim audited standalone statement of profit and loss and condensed interim audited standalone cash flow statement for the half year ended 30th September, 2017 and a summary of selected explanatory notes thereto; and
- (ii) the condensed interim audited consolidated financial statements of the Company which comprise the condensed interim audited consolidated balance sheet as at 30th September, 2017, the condensed interim audited consolidated statement of profit and loss and condensed interim audited consolidated cash flow statement for the half year ended 30th September, 2017 and a summary of selected explanatory notes thereto.

The above mentioned financial statements along with their respective audit reports there on are attached herewith and are also available on the website of the Company at the web-link <http://www.mahindrafinance.com>.

Please take the same on record.

Thanking you,

Yours Faithfully,

For Mahindra & Mahindra Financial Services Limited

Arnavaz

Arnavaz M. Pardiwalla
Company Secretary & Compliance Officer
Encl : a/a



B S R & Co. LLP

Chartered Accountants

5th Floor, Lodha Excelus,
Apollo Mills Compound
N. M. Joshi Marg, Mahalaxmi
Mumbai - 400 011
India

Telephone +91 (22) 4345 5300
Fax +91 (22) 4345 5399

Independent Auditor's Report

To the Board of Directors of
Mahindra & Mahindra Financial Services Limited

Report on the condensed interim standalone financial statements

We have audited the accompanying condensed interim standalone financial statements of Mahindra & Mahindra Financial Services Ltd (the 'Company'), which comprise the condensed interim standalone balance sheet as at 30 September 2017, the condensed interim standalone statement of profit and loss and condensed interim standalone cash flow statement for the half year then ended and a summary of selected explanatory notes.

Management's responsibility for the condensed interim standalone financial statements

The Company's Board of Directors is responsible for the preparation and presentation of these condensed interim standalone financial statements in accordance with the recognition and measurement principles of Accounting Standard 25 ('AS-25'), Interim Financial Reporting as specified under section 133 of the Companies Act, 2013 (the 'Act'), read with Rule 7 of the Companies (Accounts) Rules, 2014 (the 'Rules'), circulars and guidelines issued by the Reserve Bank of India (the 'RBI') from time to time as applicable to Non-Banking Finance Companies and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the condensed interim standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these condensed interim standalone financial statements based on our audit. We conducted our audit of the condensed interim standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the condensed interim standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the condensed interim standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the condensed interim standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the condensed interim standalone financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the effectiveness of such control.

Independent Auditor's Report (Continued)
Mahindra & Mahindra Financial Services Limited

Auditor's responsibility (Continued)

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the condensed interim standalone financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the condensed interim standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid condensed interim standalone financial statements have been prepared in all material respects in accordance with the recognition and measurement principles of AS-25, Interim Financial Reporting, as specified under section 133 of the Act, read with Rule 7 of the Rules, circulars and guidelines issued by the RBI from time to time as applicable to Non-Banking Finance Companies and other accounting principles generally accepted in India, to the extent applicable to the condensed interim standalone financial statements.

Other matter

Attention is drawn to the fact that the corresponding figures for the half year ended 30 September 2016 as reported in the condensed interim financial statements are unaudited and the corresponding figures for the year ended 31 March 2017 as reported in the condensed interim financial statements were audited by other auditors who expressed an unmodified opinion on the annual financial statements for the year ended 31 March 2017 dated 25 April 2017.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022



Venkataramanan Vishwanath

Partner

Membership No: 113156

Mumbai

25 November 2017

MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED

Condensed Interim Standalone Balance Sheet as at 30 September 2017

Rs. in Lakhs

Particulars	Note no.	As at	
		30 September 2017	31 March 2017
		(Audited)	(Audited)
A. EQUITY & LIABILITIES			
1) Shareholders' funds			
a) Share capital	2	11,301.96	11,300.83
b) Reserves and surplus	3	6,31,395.68	6,36,423.59
		6,42,697.64	6,47,724.42
2) Non-current liabilities			
a) Long-term borrowings	4	23,15,604.28	21,45,371.00
b) Other long-term liabilities	5	54,869.29	42,740.10
c) Long-term provisions	6	80,725.76	54,890.35
		24,51,199.33	22,43,001.45
3) Current liabilities			
a) Short-term borrowings	7	6,65,764.39	5,86,476.76
b) Trade payables	8		
(i) Micro and small enterprises			
(ii) Other than micro and small enterprises		64,016.45	66,296.01
c) Other current liabilities	9	9,08,018.86	8,93,355.26
d) Short-term provisions	10	1,81,443.21	1,61,669.29
		18,19,242.91	17,07,797.32
		49,13,139.88	45,98,523.19
TOTAL EQUITY & LIABILITIES			
B. ASSETS			
1) Non-current assets			
a) Property, plant and equipment	11		
i) Tangible assets		10,155.78	10,843.54
ii) Intangible assets		650.07	307.93
iii) Capital work-in-progress		45.71	49.09
b) Non-current investments	12	1,29,661.34	1,31,173.39
c) Deferred tax assets (net)		77,228	73,166.69
d) Long-term loans and advances	13	23,39,346.59	22,25,984.99
e) Other non-current assets	14	13,122.71	11,223.88
		25,70,210.2	24,52,749.51
2) Current assets			
a) Current investments	15	36,475.00	57,775.01
b) Trade receivables	16	725.13	582.70
c) Cash and bank balances	17	40,185.09	57,806.50
d) Short-term loans and advances	18	22,61,789.25	20,26,351.66
e) Other current assets	19	3,755.21	3,257.81
		23,42,929.68	21,45,773.68
TOTAL ASSETS		49,13,139.88	45,98,523.19

The selected explanatory notes form an integral part of the condensed interim standalone financial statements.
As per our report of even date attached.

For B S R & Co. LLP
Chartered Accountants
Firm Registration Number: 101248W/W-100022

V. Venkataraman

Venkataraman Vishwanath
Partner
Membership No.113156

Mumbai, November 25, 2017

For and on behalf of the Board of Directors
MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED

Ramesh Iyer
Ramesh Iyer
Vice-Chairman &
Managing Director

V Ravi
V Ravi
Executive Director &
Chief Financial Officer

81



MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED
Condensed Interim Standalone Statement of Profit and Loss for the half year ended 30 September 2017

Particulars	Note No.	Rs. in Lakhs	
		For the half year ended	
		30 September 2017	30 September 2016
		(Audited)	(Unaudited)
1 Revenue from operations	20	3,25,316.2	2,85,803.71
2 Other income	21	3,279.62	3,332.79
3 Total revenue (1+2)		3,28,595.82	2,89,136.5
4 Expenses:			
a) Employee benefits expense	22	38,418.02	33,855.29
b) Finance costs	23	1,48,250.12	1,39,954.42
c) Depreciation and amortization expenses	24	2,173.22	2,137.54
d) Loan provisions and write offs	25	87,042.65	52,873.69
e) Other expenses	26	34,447.93	32,278.43
Total expenses		3,10,331.94	2,61,099.37
5 Profit before tax (3 - 4)		18,263.88	28,037.13
6 Tax expense:			
Current tax		9,787.45	15,144.00
Deferred tax		(4061.31)	(5287.00)
		5,726.14	9,857.00
7 Profit after tax for the period (5 - 6)		12,537.74	18,180.13
8 Earnings per equity share (Rupees) :	27		
(Face value - Rs.2/- per share)			
(1) Basic		2.22	3.22
(2) Diluted		2.21	3.20

The selected explanatory notes form an integral part of the condensed interim standalone financial statements.
As per our report of even date attached.

For B S R & Co. LLP
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Venkataramanan Vishwanath

Venkataramanan Vishwanath
Partner
Membership No.113156

Mumbai, November 25, 2017

For and on behalf of the Board of Directors
MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED

Ramesh Iyer
Ramesh Iyer
Vice-Chairman &
Managing Director

V Ravi
V Ravi
Executive Director &
Chief Financial Officer



MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED

Condensed Interim Standalone Cash Flow Statement for the half year ended 30 September 2017

Particulars	Rs. in Lakhs	
	For the half year ended 30 September 2017	For the half year ended 30 September 2016
	(Audited)	(Unaudited)
A. Net cash used in operating activities	(3,28,837.23)	(3,05,225.83)
B. Net cash generated from investing activities	28,779.31	18,103.67
C. Net cash generated from financing activities	2,86,973.30	280510.2
Net decrease in cash and cash equivalents (A+B+C)	(13,084.62)	(6611.96)
Cash and cash equivalents at the beginning of the period	41,145.40	21,495.24
Cash and cash equivalents at the end of the period (refer note no. 17 (a))	28,060.78	14,883.28

Note : The above Condensed Interim Standalone Cash Flow Statement has been prepared under the 'Indirect method' as set out in Accounting Standard 3 'Cash Flow Statement'.

For B S R & Co. LLP

Chartered Accountants

Firm Registration Number: 101248W/W-100022



Venkataramanan Vishwanath

Partner

Membership No.113156

Mumbai, November 25, 2017

For and on behalf of the Board of Directors

MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED



Ramesh Iyer

Vice-Chairman &
Managing Director



V Ravi

Executive Director &
Chief Financial Officer




MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED

Selected explanatory notes to condensed interim standalone financial statements for the half year ended 30 September 2017

Background

Mahindra & Mahindra Financial Services Limited ("Company") is registered as a Non-Banking Financial company (Systemically Important Deposit Accepting) ("NBFC") with Reserve Bank of India ("RBI") with effect from 4 September 1998. The company is a subsidiary of Mahindra & Mahindra Limited.

1) Summary of Significant Accounting Policies

A. Basis of preparation of condensed interim consolidated financial statements

The accompanying condensed interim standalone financial statements have been prepared and presented under the historical cost convention as a going concern and on the accrual basis of accounting and comply with Accounting Standard (AS) 25 - 'Interim Financial Reporting' and other accounting standards to the extent applicable to the condensed interim financial statements, referred under section 133 of the Companies Act 2013 read with Rule 7 of the Companies (Accounts) Rules 2014, circulars and guidelines issued by the RBI from time to time as applicable to Non-Banking Finance Companies and other accounting principles generally accepted in India ("Indian GAAP").

The accounting policies followed in the preparation of the condensed interim standalone financial statements are consistent with those followed in the preparation of Annual Financial Statements of the Company for the year ended 31 March 2017. The condensed interim financial statements should be read in conjunction with Annual Financial Statements of the Company for the year ended 31 March 2017.

B. Use of Estimates

The preparation of condensed interim standalone financial statements in conformity with Indian GAAP requires management of the Company to make certain estimates and assumptions that affect the reported balance of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the condensed interim standalone financial statements and reported amount of revenue and expenses during the reporting period. The estimates and assumptions used in the accompanying condensed interim standalone financial statements are based upon management's evaluation of the relevant facts and circumstances as on the date of the condensed interim standalone financial statements. Management believes that the estimates used in preparation of the condensed interim standalone financial statements are prudent and reasonable. Actual results could differ from the estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

C. Taxation

Income tax expense is recognized in each interim period based on the best estimate of the weighted average annual income tax rate expected for the full financial year. Deferred tax assets are recognized if there is a reasonable certainty that there will be a sufficient future taxable income available to realize such assets based on the future estimate of the profits.



2) Share capital

Particulars	Rs. in Lakhs	
	As at	
	30 September 2017	31 March 2017
	(Audited)	(Audited)
Authorised capital :		
70,00,00,000 equity shares of Rs.2/- each (31 March 2017: 70,00,00,000 equity shares of Rs.2/- each)	14,000.00	14,000.00
50,00,000 Redeemable preference shares of Rs.100/- each (31 March 2017: 50,00,000 equity shares of Rs.2/- each)	5,000.00	5,000.00
Issued capital :		
56,87,64,960 equity shares of Rs.2/- each (31 March 2017: 56,87,64,960 equity shares of Rs.2/- each)	11,375.30	11,375.30
Subscribed and paid-up capital :		
56,87,64,960 equity shares of Rs.2/- each fully paid up (31 March 2017: 56,87,64,960 equity shares of Rs.2/- each)	11,375.30	11,375.30
Less: Shares issued to ESOS Trust but not allotted to employees (36,66,843 equity shares of Rs.2/- each (31 March 2017: 37,23,298 equity shares of Rs.2/- each))	73.34	74.47
Total	11,301.96	11,300.83

3) Reserves and surplus

Particulars	Rs. in Lakhs	
	As at	
	30 September 2017	31 March 2017
	(Audited)	(Audited)
Capital redemption reserve :		
Balance as at the beginning of the period	5,000.00	5,000.00
Balance as at the end of the period	5,000.00	5,000.00
Securities premium reserve:		
Balance as at the beginning of the period	2,02,627.99	2,03,252.40
Add : Additions during the period on account of -		
i) Exercise of employee stock options	127.29	1,029.01
	2,02,755.28	2,04,281.41
Less :Deductions during the period in respect of retail NCD issue expenses	1,999.60	1,653.42
Less: Premium on shares issued to ESOS Trust but not allotted to employees	64.39	64.39
Balance as at the end of the period	2,00,691.29	2,02,563.60
Statutory reserve pursuant to Section 45-IC of The RBI Act, 1934		
Balance as at the beginning of the period	1,19,625.62	1,11,620.62
Add : Transfers from Surplus in the Statement of profit and loss	-	8,005.00
Balance as at the end of the period	1,19,625.62	1,19,625.62
General reserve :		
Balance as at the beginning of the period	55,223.78	51,220.78
Add : Transfers from Surplus in the Statement of profit and loss	-	4,003.00
	55,223.78	55,223.78
Balance as at the end of the period	55,223.78	55,223.78



Reserves and surplus (contd ...)

Particulars	Rs. in Lakhs	
	As at	
	30 September 2017	31 March 2017
	(Audited)	(Audited)
Debenture Redemption Reserve (DRR):		
Balance as at the beginning of the period	2,649.86	-
Add : Transfers during the period representing creation of DRR at the rate of 25% on a proportionate basis over the tenor of debentures issued to public.	-	2,649.86
Balance as at the end of the period	2,649.86	2,649.86
Employees stock options outstanding :		
A) Employees stock options outstanding -		
Balance as at the beginning of the period	4,114.58	4,435.68
Add : Fresh grant of options	-	771.99
	4,114.58	5,207.67
Less : Transfers / reversals during the period		
i) Transfers to Securities premium reserve on exercise of options	127.29	1,029.01
ii) Reversals for options lapsed	16.52	64.08
Balance as at the end of the period (A)	3,970.77	4,114.58
B) Deferred employee compensation :		
Balance as at the beginning of the period	1,652.76	1,994.35
Add : Fresh grant of options	-	771.99
	1,652.76	2,766.34
Less : Amortisation during the period		
i) Transfers to employee compensation expenses	531.25	1,049.50
ii) Reversals for options lapsed	16.52	64.08
Balance as at the end of the period (B)	1,104.99	1,652.76
Balance as at the end of the period (A-B)	2,865.78	2,461.82
Surplus in Statement of profit and loss :		
Balance as at the beginning of the period	2,48,898.91	2,24,047.96
Less : Transitional charge in respect of Mark to market loss on derivative transactions outstanding as at 01st April, 2016 as per Guidance note on Accounting for Derivative Transactions issued by the Institute of Chartered Accountants of India	-	514.68
	2,48,898.91	2,23,533.28
Less: Corporate dividend and dividend distribution tax accounted on approval by the shareholders	16,097.30	-
Add : Profit for the period transferred from the Statement of profit and loss	12,537.74	40,023.49
	2,45,339.35	2,63,556.77
Less : Appropriations :		
General reserve	-	4,003.00
Statutory reserve as per Section 45-IC of The RBI Act, 1934 *	-	8,005.00
Debenture redemption reserve	-	2,649.86
	-	14,657.86
Balance as at the end of the period	2,45,339.35	2,48,898.91
Total	6,31,395.68	6,36,423.59

* As per Section 45-IC of Reserve Bank of India Act 1934, every non-banking financial company shall create a reserve fund and transfer therein a sum not less than twenty percent of its net profit every year as disclosed in the Statement of profit and loss and before any dividend is declared. No appropriation of any sum from the reserve fund shall be made by the non-banking financial company except for the purpose as may be specified by the Reserve Bank of India from time to time and every such appropriation shall be reported to the Reserve Bank of India within twenty one days from the date of such withdrawal. The said amount will be transferred at the end of the financial year.



4) Long-term borrowings

Particulars	Rs. in Lakhs	
	As at	
	30 September 2017	31 March 2017
	(Audited)	(Audited)
Non-convertible debentures (secured)	12,75,080.00	11,77,330.00
Unsecured bonds (Subordinate debt)	3,26,583.13	2,11,530.00
Term loans from banks (secured)	4,97,107.15	4,86,131.28
Foreign currency loans from banks (secured)	39,026.04	47,460.87
Fixed deposits (unsecured)	1,77,807.96	2,22,918.85
Total	23,15,604.28	21,45,371.00

5) Other long-term liabilities

Particulars	Rs. in Lakhs	
	As at	
	30 September 2017	31 March 2017
	(Audited)	(Audited)
Deposits / advances received against loan agreements	3,506.20	3,932.57
Interest accrued but not due on borrowings	44,030.57	33,437.36
Deferred subvention income	2,345.12	2,535.73
Unrealized gains on loan transfers under securitisation transactions	3,057.49	2,471.88
Cash profit on loan transfers under assignment transactions pending recognition	0.96	1.34
Derivative contract payables	558.65	361.22
Deferred premium payable to bank under forward exchange contracts on foreign currency loans	1,370.30	-
Total	54,869.29	42,740.10

6) Long-term provisions

Particulars	Rs. in Lakhs	
	As at	
	30 September 2017	31 March 2017
	(Audited)	(Audited)
Provision for employee benefits	2,814.49	2,423.59
Others -		
- Provision for non-performing assets	68,819.27	43,426.43
- Contingent provisions for standard assets	9,092.00	9,030.00
- Higher provision on restructured standard advances	-	7.30
- Provision for diminution in the fair value of restructured advances	-	3.03
Total	80,725.76	54,890.35



7) Short term borrowings

Particulars	Rs.in Lakhs	
	As at	
	30 September 2017	31 March 2017
	(Audited)	(Audited)
Loans repayable on demand :		
- Cash credit facilities with banks (secured)	27,136.71	62,090.05
Loans and advances from related parties :		
- Inter corporate deposits (unsecured)	20,075.00	55,200.00
Deposits :		
- Fixed deposits (unsecured)	23,252.68	25,686.71
Other loans and advances :		
- Term loans from banks		
- Secured	97,100.00	70,600.00
- Unsecured	47,700.00	7,400.00
- Commercial papers (unsecured)	4,50,500.00	3,65,500.00
Total	6,65,764.39	5,86,476.76

8) Trade payables

Particulars	Rs.in Lakhs	
	As at	
	30 September 2017	31 March 2017
	(Audited)	(Audited)
(i) Micro and Small Enterprises	-	-
(ii) Other than Micro and Small Enterprises	64,016.45	66,296.01
Total	64,016.45	66,296.01

9) Other current liabilities

Particulars	Rs. in Lakhs	
	As at	
	30 September 2017	31 March 2017
	(Audited)	(Audited)
Current maturities of long-term debt :		
- Non-convertible debentures (secured)	3,98,130.00	2,43,380.00
- Unsecured bonds (subordinate debts)	-	6,880.00
- Term loans from banks (secured)	1,47,619.71	2,43,142.86
- Foreign currency loans from banks (secured)	51,864.85	52,099.08
- Fixed deposits (unsecured)	1,55,843.89	1,89,690.58
	7,53,458.45	7,35,192.52
Interest accrued but not due on borrowings	95,580.71	95,250.48
Deferred subvention income	2,019.37	2,076.62
Unclaimed dividends	65.93	52.66
Unclaimed matured deposits and interest accrued thereon	429.00	376.37
Unclaimed interest on subordinated debentures (retail issue)	3.04	0.05
Others payables :		
- Deposits / advances received against loan agreements	4,682.95	5,209.69
- Amount received in advance from ESOS trust	137.73	138.86
- Credit balances in current accounts with banks as per books	14,019.24	23,159.97
- Unrealised gains on loan transfers under securitisation transactions	12,875.08	17,300.26
- Cash profit on loan transfers under assignment transactions pending recognition	2.16	-
- Insurance premium payable	2,101.99	2,413.93



Other current liabilities (contd ...)

Particulars	Rs. in Lakhs	
	As at	
	30 September 2017	31 March 2017
	(Audited)	(Audited)
- Payables under assignment / securitisation transactions	3,843.43	3,305.85
- Statutory dues payable	1,746.30	3,242.27
- Payable on account of derivative contracts	1,315.00	259.45
- Deferred premium payable to bank under forward exchange contracts on FCNR loans	1,039.28	2,286.21
- Provision for expenses	12,219.77	-
- Others	2,479.43	3,086.75
Total	9,08,018.86	8,93,355.26

10) Short-term provisions

Particulars	Rs.in Lakhs	
	As at	
	30 September 2017	31 March 2017
	(Audited)	(Audited)
Provision for employee benefits	4,016.89	4,442.84
Others -		
- Provision for non-performing assets	1,69,798.32	1,50,020.20
- Contingent provisions for standard assets	7,628.00	7,185.00
- Higher provision on restructured standard advances	-	15.01
- Provision for diminution in the fair value of restructured advances	-	6.24
Total	1,81,443.21	1,61,669.29



11) Property, Plant and Equipment

As at 30 September 2017 (Audited)

Asset description	GROSS BLOCK AT COST				DEPRECIATION & AMORTISATION				NET BLOCK	
	As at 01 April 2017	Additions	Deductions / adjustments	As at 30 Sept 2017	As at 01 April 2017	Additions	Deductions / adjustments	As at 30 Sept 2017	As at 30 Sept 2017	As at 01 April 2017
i) Tangible assets:										
Land	-	81.40	-	81.40	-	-	-	-	81.40	-
Building	108.92	-	-	108.92	23.06	0.91	-	23.97	84.95	85.86
Computers	6,758.89	493.03	22.29	7,229.63	4,809.67	538.80	21.73	5,326.74	1,902.89	1,949.22
Furniture and fixtures	7,670.46	163.42	40.50	7,793.38	4,330.87	374.28	36.20	4,668.95	3,124.43	3,339.59
Vehicles	6,028.62	334.90	215.48	6,148.04	3,622.37	494.79	181.17	3,935.99	2,212.05	2,406.25
Office equipments	8,234.39	256.71	49.77	8,441.33	5,171.77	574.76	47.99	5,698.54	2,742.79	3,062.62
Vehicles on operating lease	-	7.28	-	7.28	-	0.01	-	0.01	7.27	-
Total (i)	28,801.28	1,336.74	328.04	29,809.98	17,957.74	1,983.55	287.09	19,654.20	10,155.78	10,843.54
ii) Intangible assets :										
Computer software	2,902.07	531.81	-	3,433.88	2,594.14	189.67	-	2,783.81	650.07	307.93
Total (ii)	2,902.07	531.81	-	3,433.88	2,594.14	189.67	-	2,783.81	650.07	307.93
iii) Capital work-in-progress:										
Capital work-in-progress	-	-	-	-	-	-	-	-	-	-
Total (iii)	-	-	-	-	-	-	-	-	-	-
Total (i+ii+iii)	31,703.35	1,868.55	328.04	33,243.86	20,551.88	2,173.22	287.09	22,438.01	10,851.56	11,200.56

Rs. in Lakhs



As at 31 March 2017 (Audited)

Rs. in Lakhs

Asset description	GROSS BLOCK AT COST			DEPRECIATION & AMORTISATION				NET BLOCK	
	As at 01 April 2016	Additions	Deductions / adjustments	As at 31 March 2017	As at 01 April 2016	Additions	Deductions / adjustments	As at 31 March 2017	As at 01 April 2016
i) Tangible assets:									
Building	108.92	-	-	108.92	21.24	1.82	-	85.86	87.68
Computers	5,548.51	1,468.63	258.25	6,758.89	4,086.17	981.22	257.72	1,949.22	1,462.34
Furniture and fixtures	7,359.26	390.12	78.92	7,670.46	3,608.92	779.35	57.40	3,339.59	3,750.34
Vehicles	5,745.17	995.77	712.32	6,028.62	3,348.47	936.42	662.52	2,406.25	2,396.70
Office equipments	7,318.80	1,124.35	208.76	8,234.39	4,223.95	1,149.71	201.89	3,062.62	3,094.85
Total (i)	26,080.66	3,978.87	1,258.25	28,801.28	15,288.75	3,848.52	1,179.53	10,843.54	10,791.91
ii) Intangible assets :									
Computer software	2,395.82	506.25	-	2,902.07	1,840.52	753.62	-	307.93	555.30
Total (ii)	2,395.82	506.25	-	2,902.07	1,840.52	753.62	-	307.93	555.30
iii) Capital work-in-progress:									
Capital work-in-progress								49.09	1.85
Total (iii)								49.09	1.85
Total (i+ii+iii)	28,476.48	4,485.12	1,258.25	31,703.35	17,129.27	4,602.14	1,179.53	11,200.56	11,349.06



12) Non-current investments

Rs. in Lakhs

Particulars	As at	
	30 September 2017	31 March 2017
A) Quoted (at cost) :	(Audited)	(Audited)
Trade:		
(i) Government securities	70,334.33	70,418.03
(ii) Secured redeemable non-convertible debentures	5,287.50	8,975.00
(Non-current portion of long term investments in secured redeemable non-convertible debentures)		
Non -Trade :		
- Units of mutual funds	200.00	200.00
(A)	75,821.83	79,593.03
B) Unquoted (at cost) :		
Non-trade:		
(a) Equity investment in subsidiary companies :		
(i) Mahindra Insurance Brokers Limited	47.98	47.98
21,90,722 equity shares of face value of Rs.10/- each fully paid up (31 March 2017: 21,90,722 equity shares of face value of Rs.10/- each fully paid up)		
(ii) Mahindra Rural Housing Finance Limited	23,252.22	23,252.22
Fully paid-up : 8,32,40,655 equity shares of Rs.10/- each fully paid up (31 March 2017: Fully paid-up : 8,32,40,655 equity shares of Rs.10/- each fully paid up)		
(iii) Mahindra Asset Management Company Private Ltd. Fully paid-up : 10,10,00,000 equity shares of Rs.10/- each fully paid up (31 March 2017: 9,10,00,000 equity shares of Rs.10/- each fully paid up)	10,100.00	9,100.00
(iv) Mahindra Trustee Company Private Ltd. Fully paid-up : 5,00,000 equity shares of Rs.10/- each fully paid up (31 March 2017: Fully paid-up : 5,00,000 equity shares of Rs.10/- each fully paid up)	50.00	50.00
	33,450.20	32,450.20
(b) Equity investment in Joint Venture :		
49% Ownership in Mahindra Finance USA, LLC (Joint venture entity with De Lage Landen Financial Services INC. in United States of America)	19,688.31	18,429.16
(c) Equity investment in other entities :		
New Democratic Electoral Trust Fully paid-up : 10,000 equity shares of Rs.10/- each fully paid up (31 March 2017: Fully paid-up : 10,000 equity shares of Rs.10/- each fully paid up)	1.00	1.00
	53,139.51	50,880.36



Non-current investments (contd...)

Particulars	Rs. in Lakhs	
	As at	
	30 September 2017	31 March 2017
	(Audited)	(Audited)
(d) Investment in Bonds / Debentures :		
70 units (31 March 2017: 70 units) of 11% Unsecured redeemable non-convertible subordinate debentures issued by Mahindra Rural Housing Finance Limited	700.00	700.00
(B)	53,839.51	51,580.36
Total (A + B)	1,29,661.34	1,31,173.39

13) Long-term loans and advances

Particulars	Rs. in Lakhs	
	As at	
	30 September 2017	31 March 2017
	(Audited)	(Audited)
Capital advance (Unsecured, considered good)	483.80	20.77
Security deposits (Unsecured, considered good)	2,640.73	2,221.04
Other Loans and advances:		
- Secured, considered good		
- Loans against assets	21,37,398.05	21,21,101.93
- Retained interest in pass through certificates under securitization transactions	15.33	40.85
- Retained interest under assignment transactions	145.18	145.90
- Unsecured, considered good		
- Interest only strips under securitization transactions	3,057.49	2,471.88
- Advance payment of taxes (net of provisions)	29,695.51	17,327.65
- Other Loans and advances (including overdue loans)	5,854.17	2,790.46
- Considered non-performing		
- Loans against assets	1,59,572.05	79,449.03
- Other Loans and advances (including overdue loans)	484.28	415.48
Total	23,39,346.59	22,25,984.99

14) Other non-current assets

Particulars	Rs. in Lakhs	
	As at	
	30 September 2017	31 March 2017
	(Audited)	(Audited)
Others:		
Term deposits with banks		
- Free	8,159.10	294.00
- Under lien	3,987.31	10,929.88
Exchange gain receivable on forward contract on FCNR loans	296.39	-
Deferred premium on foreign currency loan forward contracts	679.91	-
Total	13,122.71	11,223.88



15) Current investments

Rs. in Lakhs

Particulars	As at	
	30 September 2017	31 March 2017
	(Audited)	(Audited)
i) Quoted :		
Secured redeemable non-convertible debentures	6,975.00	7,775.01
(Current portion of long term investments in secured redeemable non-convertible debentures)		
Units of mutual funds	500.00	27,500.00
	7,475.00	35,275.01
ii) Unquoted (at cost) :		
Commercial Papers	29,000.00	22,500.00
	29,000.00	22,500.00
Total	36,475.00	57,775.01

16) Trade receivables

Rs. in Lakhs

Particulars	As at	
	30 September 2017	31 March 2017
	(Audited)	(Audited)
Trade receivables		
- Secured, considered non-performing (on hire purchase transactions) (outstanding for a period exceeding six months from the date they are due for payment)	374.19	374.19
- Unsecured, considered good (Debts outstanding for a period not exceeding six months from the date they are due for payment)	350.94	208.04
- Unsecured, considered good (Debts outstanding for a period exceeding six months from the date they are due for payment)	-	0.47
Total	725.13	582.70



17) Cash and bank balances

Particulars	Rs. in Lakhs	
	As at	
	30 September 2017	31 March 2017
a) Cash and cash equivalents :	(Audited)	(Audited)
- Cash on hand	1,907.23	1,723.81
- Cheques and drafts on hand	1,740.19	1,258.49
- Balances with banks in current accounts	24,413.36	38,163.10
	28,060.78	41,145.40
b) Bank balances other than cash and cash equivalents :		
Earmarked balances with banks -		
- Unclaimed dividend accounts	67.18	53.98
Deposits with maturity less than 12 months -		
- Free	7,393.77	1,862.00
- Under lien	4,663.36	14,745.12
	12,124.31	16,661.10
Total	40,185.09	57,806.50

18) Short-term loans and advances

Particulars	Rs. in Lakhs	
	As at	
	30 September 2017	31 March 2017
Loans and advances to Inter corporate deposits:	(Audited)	(Audited)
- Unsecured, considered non-performing	100.00	100.00
Other Loans and advances:		
- Secured, considered good		
- Loans against assets	15,10,074.98	15,53,661.97
- Retained interest in pass through certificates under securitization transactions	58.54	110.98
- Retained interest under assignment transactions	5.39	15.31
- Unsecured, considered good		
- Interest only strips under securitization transactions	12,875.08	17,300.26
- Other Loans and advances	42,780.91	23,191.19
- Bills of exchange	47,663.18	38,851.72
- Trade advances	2,63,254.54	1,17,787.88
- Security deposits (Unsecured, considered good)	380.22	421.19
- Other short term advances	2,154.02	1,735.32
- Considered non-performing		
- Loans against assets	3,72,191.08	2,68,968.36
- Other Loans and advances	3,190.24	416.02
- Trade advances	7,061.07	3,791.46
Total	22,61,789.25	20,26,351.66



19) Other current assets

Rs. in Lakhs

Particulars	As at	
	30 September 2017	31 March 2017
	(Audited)	(Audited)
Interest accrued on -		
-Investments	1,461.38	1,395.18
-Others deposits	1,480.20	1,167.85
Exchange gain receivable on forward contract on foreign currency loans	-	190.40
Deferred premium on foreign currency loan forward contracts	813.63	504.38
Total	3,755.21	3,257.81

20) Revenue from operations

Rs. in Lakhs

Particulars	For the half year ended	
	30 September 2017	30 September 2016
	(Audited)	(Unaudited)
a) Interest Income		
Income from loans	2,98,042.73	2,61,593.96
Income from hire purchase	3.85	5.10
Interest on term deposits / Inter-corporate deposits / Bonds etc	3,450.66	3,573.01
Interest on retained interest in PTCs under securitization transactions	2.28	8.15
Interest on Government securities - Long term	2,876.00	2,610.24
(a)	3,04,375.52	2,67,790.46
b) Other financial services		
Service charges and other fees on loan transactions	11,697.84	10,789.86
Income from hire purchase	0.05	0.09
Income from bill discounting	2,548.14	2,091.12
Income from lease	0.05	-
Income from assignment / securitisation transactions	6,694.60	5,132.18
(b)	20,940.68	18,013.25
Total (a+b)	3,25,316.20	2,85,803.71

21) Other income

Rs. in Lakhs

Particulars	For the half year ended	
	30 September 2017	30 September 2016
	(Audited)	(Unaudited)
Dividend income on -		
- mutual fund units	118.60	80.95
- investments in subsidiary companies	1,631.99	1,256.29
Profit on sale/redemption of current investments	55.28	64.44
Other non-operating income -		
- Profit on sale / retirement of owned assets (net)	24.57	5.61
- Income from shared services	1,243.21	1,757.61
- Others	205.97	167.89
Total	3,279.62	3,332.79



22) Employees benefits expenses

Rs. in Lakhs

Particulars	For the half year ended	
	30 September 2017	30 September 2016
	(Audited)	(Unaudited)
Salary, bonus and incentives	34,296.28	29,535.96
Company's contribution to provident funds and other funds	2,455.57	2,704.33
Employee stock compensation costs	445.63	420.32
Staff welfare expenses	1,220.54	1,194.68
Total	38,418.02	33,855.29

23) Finance costs

Rs. in Lakhs

Particulars	For the half year ended	
	30 September 2017	30 September 2016
	(Audited)	(Unaudited)
Interest expenses	1,47,058.39	1,38,865.84
Other borrowing costs	1,191.73	1,088.58
Total	1,48,250.12	1,39,954.42

24) Depreciation and amortization expense

Rs. in Lakhs

Particulars	For the half year ended	
	30 September 2017	30 September 2016
	(Audited)	(Unaudited)
Depreciation on tangible assets	1,983.55	1,877.62
Amortization of intangible assets	189.67	259.92
Total	2,173.22	2,137.54

25) Loan provisions and write offs

Rs. in Lakhs

Particulars	For the half year ended	
	30 September 2017	30 September 2016
	(Audited)	(Unaudited)
Bad debts and write offs	41,398.27	23,131.92
Provision for non-performing assets (net)	45,148.65	29,047.07
General provision for standard assets	505.00	695.00
Provision for diminution in the fair value of restructured advances	(9.27)	(0.30)
Total	87,042.65	52,873.69



26) Other expenses

Particulars	Rs. in Lakhs	
	For the half year ended	
	30 September 2017	30 September 2016
	(Audited)	(Unaudited)
Electricity charges	1,231.89	1,146.38
Rent	3,472.59	3,471.12
Repairs and maintenance -		
- Buildings	175.81	170.25
- Others	99.40	179.11
Insurance	906.98	805.42
Rates and taxes, excluding taxes on income	186.91	289.04
Directors' sitting fees and commission	16.52	17.20
Commission and brokerage	10,223.11	9,708.29
Legal and professional charges	3,968.85	4,461.07
Manpower outsourcing cost	700.59	202.38
Payments to the auditor -		
- Audit fees	29.18	23.66
- Other services	13.10	10.24
- Reimbursement of expenses	0.38	0.86
Corporate Social Responsibility (CSR) donations and expenses	189.06	375.72
General and administrative expenses	13,233.56	11,417.69
Total	34,447.93	32,278.43

27) Earnings Per Share

Earnings Per Share as required by Accounting Standard 20 read with the Guidance Note on "Accounting for Employee Share-based Payments" is as follows:

Particulars	30 September 2017	30 September 2016
Net profit after tax (Rs. in Lakhs)	12,537.74	18,180.13
Weighted average number of equity shares of Rs.2/- each –		
Basic	56,50,65,961	56,46,17,005
Weighted Average number of equity shares of Rs.2/- each –		
Diluted	56,61,67,917	56,87,51,132
Basic Earnings Per Share (Rs.)	2.22	3.22
Diluted Earnings Per Share (Rs.)	2.21	3.20



28) Contingent liabilities and commitments (to the extent not provided for)

Particulars	Rs. in Lakhs	
	As at	
	30 September 2017	31 March 2017
i) Contingent liabilities	(Audited)	(Audited)
a) Claims against the Company not acknowledged as debts	15,335.51	15,803.21
b) Guarantees	21,209.72	21,037.84
	36,545.24	36,841.05
ii) Commitments		
Estimated amount of contracts remaining to be executed on capital account	255.66	469.77
	255.66	469.77
Total	36,800.90	37,310.82

29) The Company's operations are not seasonal in nature.

30) The Members at the Annual General Meeting held on 24 July 2017 have approved the final dividend of Rs.2.40 per equity share recommended by the Board of Directors for the financial year ended 31 March 2017 amounting to Rs. 16097.31 lakhs (including tax thereon), out of which Rs.5.07 Lakhs remained unclaimed as on 30 September 2017.

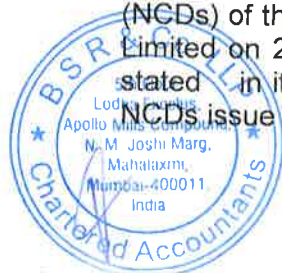
31) The Company is engaged primarily in the business of financing and accordingly there are no separate reportable segments as per Accounting Standard 17 dealing with "Segment Reporting" in respect of the Company.

32) a) The Company has complied with the prudential guidelines issued by the Reserve Bank of India in respect of Income Recognition and Provision for Non-Performing Assets (NPAs) and has also been making accelerated provision on a prudential basis.

b) The Company, with effect from half year ended 30 September 2016, had 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 had resulted in lower provision of Rs.16,934.32 Lakhs for the half year ended 30 September 2016 with a consequent impact on the profit before tax. In the half year ended 30 September 2017, the Company has made additional provision of Rs. 8,336.91 Lakhs against the above mentioned 100% provision cases.

c) RBI vide its notification no. DNBR/011/CGM (CDS-2015) dated 27 March 2015, has revised the asset classification norms for Non-Performing assets (NPA's) applicable to NBFCs in a phased manner commencing from Financial Year ended 31 March 2016. In line with the above notification, the company has revised asset classification norms as at 30 September 2017 for NPAs pursuant to which loans outstanding for a period of three months and above are classified as NPAs as compared to four months and above followed until 31 March 2017. This has resulted in an increase in provision by Rs.24,696.91 lakhs (including income de-recognition) as at 30 September 2017.

33) During the half year ended 30 September 2017, the Company has raised an amount of Rs.1,15,053.13 lakhs by way of Public Issuance of Unsecured Subordinated Redeemable Non-Convertible Debentures (NCDs) of the face value of Rs.1,000 each. The NCDs were allotted on 24 July 2017 and listed on BSE Limited on 26 July 2017. The entire amount of proceeds of the issue were used for the purposes as stated in its 'Placement Document' and there is no unutilised amount pertaining to this issuance. The NCDs issue expenses of Rs.1,999.60 lakhs has been adjusted against securities premium reserve.



- 34) All secured Non-convertible debentures issued by the Company are secured by paripassu charges on Aurangabad office and exclusive charge on receivables under loan contracts, owned assets and book debts to the extent of 100% of outstanding secured Non-convertible debentures.
- 35) During the half year ended 30 September 2017, the Company has made the following investments:
- i) Rs. 1,259.15 Lakhs equivalent to US \$ 1.96 million in Mahindra Finance USA LLC, a Joint Venture company formed jointly with De Lage Landen Financial Services Inc. in the United States (year ended 31 March 2017: Rs.3,111.84 Lakhs equivalent to US \$ 4.64 million). There is no consequent change in the Company's shareholding pattern.
 - ii) Rs.1,000.00 Lakhs in Mahindra Asset Management Company Private Limited, its wholly owned subsidiary, by subscription to 1,00,00,000 Equity shares of Face Value of Rs.10/- each for cash at par fully paid up on a rights basis (year ended 31 March 2017: Rs.3,045.00 Lakhs).
- 36) Tax expense for the half year ended 30 September 2017 is net of Rs.572.22 lakhs on account of adjustment towards excess provision for earlier year.

For B S R & Co. LLP

Chartered Accountants

Firm Registration Number: 101248W/W-100022



Venkataramanan Vishwanath

Partner

Membership No.113156

Mumbai, November 25, 2017

For and on behalf of the Board of Directors

MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED



Ramesh Iyer

Vice-Chairman &

Managing Director



V Ravi

Executive Director &

Chief Financial Officer



B S R & Co. LLP

Chartered Accountants

5th Floor, Lodha Excelus,
Apollo Mills Compound
N. M. Joshi Marg, Mahalaxmi
Mumbai - 400 011
India

Telephone +91 (22) 4345 5300
Fax +91 (22) 4345 5399

Independent Auditor's Report

To the Board of Directors of Mahindra & Mahindra Financial Services Limited

Report on the condensed interim consolidated financial statements

We have audited the accompanying condensed interim consolidated financial statements of Mahindra & Mahindra Financial Services Ltd (the 'Company') and its subsidiaries and joint venture (hereinafter collectively referred to as the 'Group'), which comprise the condensed interim consolidated balance sheet as at 30 September 2017, the condensed interim consolidated statement of profit and loss and condensed interim consolidated cash flow statement for the half year then ended and a summary of selected explanatory notes.

Management's responsibility for the condensed interim consolidated financial statements

The Company's Board of Directors is responsible for the preparation and presentation of these condensed interim consolidated financial statements in accordance with the recognition and measurement principles of Accounting Standard 25 ('AS-25'), Interim Financial Reporting as specified under section 133 of the Companies Act, 2013 (the 'Act'), read with Rule 7 of the Companies (Accounts) Rules, 2014 (the 'Rules'), circulars and guidelines issued by the Reserve Bank of India (the 'RBI') from time to time as applicable to Non-Banking Finance Companies and other accounting principles generally accepted in India.

The respective board of directors of the Company, its subsidiary companies and joint venture included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the condensed interim consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these condensed interim consolidated financial statements based on our audit. We conducted our audit of the condensed interim consolidated financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the condensed consolidated interim financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the condensed interim consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the condensed interim consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the condensed interim consolidated financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Group has in place an adequate internal financial controls system over financial reporting and the effectiveness of such control.

Independent Auditor's Report (Continued)

Mahindra & Mahindra Financial Services Limited

Auditor's responsibility (Continued)

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the condensed interim consolidated financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the condensed interim consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid condensed interim consolidated financial statements of the Group have been prepared in all material respects in accordance with the recognition and measurement principles of AS-25, Interim Financial Reporting, as specified under section 133 of the Act, read with Rule 7 of the Rules, circulars and guidelines issued by the RBI from time to time as applicable to Non-Banking Finance Companies and other accounting principles generally accepted in India, to the extent applicable to the condensed interim consolidated financial statements.

Other matter

We did not audit the condensed interim financial statements of three subsidiaries included in the condensed interim consolidated financial statements, whose condensed interim financial statements reflect total assets of Rs.38,626.16 lakhs as at 30 September 2017, total revenue of Rs.10,392.03 lakhs and net cash inflows amounting to Rs. 411.10 lakhs for the half year then ended. These condensed interim financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion on the condensed interim consolidated financial statements, to the extent they have been derived from such condensed interim financial statements is based solely on the report of such other auditors.

We did not audit the condensed interim financial statements of the joint venture included in the condensed interim consolidated financial statements, whose condensed interim financial statements reflect total assets of Rs.3,19,882.17 lakhs as at 30 September 2017, total revenue of Rs.8,563.61 lakhs and net cash inflows amounting to Rs. 16.91 lakhs for the half year then ended. These condensed interim financial statements have been furnished to us by management and our report on the condensed interim consolidated financial statements in so far as it relates to the amounts included in respect of this joint venture is based solely on such condensed interim financial statements certified by management. Our opinion is not modified in respect of the said matter.

Attention is drawn to the fact that the corresponding figures for the half year ended 30 September 2016 as reported in the condensed interim consolidated financial statements are unaudited and the corresponding figures for the year ended 31 March 2017 as reported in the condensed interim consolidated financial statements were audited by other auditors who expressed an unmodified opinion on the annual financial statements for the year ended 31 March 2017 dated 25 April 2017.

For B S R & Co. LLP
Chartered Accountants

Firm's Registration No: 101248W/W-100022



Venkataramanan Vishwanath
Partner

Membership No: 113156

Mumbai
25 November 2017

Particulars	Note no.	Rs. in Lakhs	
		As at	
		30 September 2017	31 March 2017
		(Audited)	(Audited)
A. EQUITY & LIABILITIES			
1) Shareholders' funds			
a) Share capital	2	11,301.96	11,300.83
b) Reserves and surplus	3	6,82,990.40	6,84,714.72
		6,94,292.36	6,96,015.55
2) MINORITY INTEREST		10,479.71	9,980.11
3) Non-current liabilities			
a) Long-term borrowings	4	27,71,116.11	24,98,492.31
b) Other long-term liabilities	5	54,870.29	42,741.10
c) Long-term provisions	6	90,889.40	62,168.69
		29,16,875.80	26,03,402.10
3) Current liabilities			
a) Short-term borrowings	7	8,18,166.52	7,21,762.80
b) Trade payables	8		
(i) Micro and small enterprises			
(ii) Other than micro and small enterprises		69,203.26	69,442.05
c) Other current liabilities	9	10,34,678.05	10,68,206.83
d) Short-term provisions	10	1,96,558.82	1,71,847.71
		21,18,606.65	20,31,259.39
TOTAL EQUITY & LIABILITIES		57,40,254.52	53,40,657.15
B. ASSETS			
1) Non-current assets			
a) Property, plant and equipment	11		
i) Tangible assets		12,218.41	12,931.37
ii) Intangible assets		789.06	403.76
iii) Capital work-in-progress		45.71	55.67
iv) Goodwill on consolidation		4.05	4.05
v) Intangible assets under development		84.68	58.21
b) Non-current investments	12	76,072.83	79,794.03
c) Deferred tax assets (net)		79,903.24	75,717.77
d) Long-term loans and advances	13	29,87,061.21	28,17,526.07
e) Other non-current assets	14	13,182.71	11,283.88
		31,69,361.90	29,97,774.81
2) Current assets			
a) Current investments	15	36,806.04	59,239.85
b) Trade receivables	16	4,044.58	2,295.93
c) Cash and bank balances	17	44,671.82	60,387.54
d) Short-term loans and advances	18	24,81,610.13	22,17,662.88
e) Other current assets	19	3,760.05	3,296.14
		25,70,892.62	23,42,882.34
TOTAL ASSETS		57,40,254.52	53,40,657.15

The selected explanatory notes form an integral part of the condensed interim consolidated financial statements.
As per our report of even date attached.

For **BSR & Co. LLP**
Chartered Accountants
Firm Registration Number: 101248W/W-100022


Venkataramanan Vishwanath
Partner
Membership No.113156
Mumbai, November 25, 2017

For and on behalf of the Board of Directors
MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED

Ramesh Iyer
Vice-Chairman &
Managing Director

V Ravi
Executive Director &
Chief Financial Officer




MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED
Condensed Interim Consolidated Statement of Profit and Loss for the half year ended 30 September 2017

Particulars	Note No.	Rs. in Lakhs	
		For the half year ended	
		30 September 2017	30 September 2016
		(Audited)	(Unaudited)
1 Revenue from operations	20	3,85,367.83	3,28,855.73
2 Other income	21	1,797.54	3,125.55
3 Total revenue (1+2)		3,87,165.37	3,31,981.28
4 Expenses:			
a) Employee benefits expense	22	51,813.13	43,274.76
b) Finance costs	23	1,68,322.59	1,55,332.18
c) Depreciation and amortization expenses	24	2,626.26	2,466.93
d) Loan provisions and write offs	25	94,272.52	56,913.26
e) Other expenses	26	43,524.84	37,789.16
Total expenses		3,60,559.34	2,95,776.29
5 Profit before tax (3 - 4)		26,606.03	36,204.99
6 Tax expense:			
Current tax		14,078.71	19,016.67
Deferred tax		(4,178.87)	(5,582.41)
		9,899.84	13,434.26
7 Profit after tax for the period (5 - 6)		16,706.19	22,770.73
8 Minority Interest		795.71	601.56
9 Profit for the period after tax and minority interest (7-8)		15,910.48	22,169.17
10 Earnings per equity share (Rupees) :	27		
(Face value - Rs.2/- per share)			
(1) Basic		2.82	3.93
(2) Diluted		2.81	3.90

The selected explanatory notes form an integral part of the condensed interim consolidated financial statements.
As per our report of even date attached.

For B S R & Co. LLP
Chartered Accountants
Firm Registration Number: 101248W/W-100022


Venkataramanan Vishwanath
Partner
Membership No.113156

Mumbai, November 25, 2017

For and on behalf of the Board of Directors
MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED


Ramesh Iyer
Vice-Chairman &
Managing Director


V Ravi
Executive Director &
Chief Financial Officer



MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED
Condensed Interim Consolidated Cash flow statement for the half year ended 30 September 2017
Rs. in Lakhs

Particulars	For the half year ended 30 September 2017	For the half year ended 30 September 2016
	(Audited)	(Unaudited)
A. Net cash used in operating activities	(4,23,310.74)	(3,94,139.29)
B. Net cash generated from investing activities	33,987.17	22,536.45
C. Net cash generated from financing activities	3,78,144.64	3,64,671.14
Net decrease in cash and cash equivalents (A+B+C)	(11,178.93)	(6,931.70)
Cash and cash equivalents at the beginning of the period	43,726.44	23,567.44
Cash and cash equivalents at the end of the period (refer note no. 17 (a))	32,547.51	16,635.74

Note : The above Condensed Interim consolidated Cash flow statement has been prepared under the 'Indirect method' as set out in Accounting Standard 3 'Cash Flow Statement'.

For B S R & Co. LLP
Chartered Accountants

Firm Registration Number: 101248W/W-100022


Venkataramanan Vishwanath
Partner

Membership No.113156

Mumbai, November 25, 2017

For and on behalf of the Board of Directors
MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED

Ramesh Iyer
*Vice-Chairman &
Managing Director*

V Ravi
*Executive Director &
Chief Financial Officer*


2) Share Capital

Rs. in Lakhs

Particulars	As at	
	30 September 2017	31 March 2017
	(Audited)	(Audited)
Authorised capital :		
70,00,00,000 equity shares of Rs.2/- each (31 March 2017: 70,00,00,000 equity shares of Rs.2/- each)	14,000.00	14,000.00
50,00,000 Redeemable preference shares of Rs.100/- each (31 March 2017: 50,00,000 equity shares of Rs.2/- each)	5,000.00	5,000.00
Issued capital :		
56,87,64,960 equity shares of Rs.2/- each (31 March 2017: 56,87,64,960 equity shares of Rs.2/- each)	11,375.30	11,375.30
Subscribed and paid-up capital :		
56,87,64,960 equity shares of Rs.2/- each fully paid up (31 March 2017: 56,87,64,960 equity shares of Rs.2/- each)	11,375.30	11,375.30
Less : Shares issued to ESOS trust but not allotted by it to employees (36,66,843 equity shares of Rs.2/- each (31 March 2017 : 37,23,298 equity shares of Rs.2/- each))	73.34	74.47
Total	11,301.96	11,300.83

3) Reserves and Surplus

Rs. in Lakhs

Particulars	As at	
	30 September 2017	31 March 2017
	(Audited)	(Audited)
Capital redemption reserve :		
Balance as at the beginning of the period	5,000.00	5,000.00
Balance as at the end of the period	5,000.00	5,000.00
Securities premium reserve:		
Balance as at the beginning of the period	2,02,627.99	2,03,252.40
Add : Additions during the period on account of -		
i) Exercise of employee stock options	127.29	1,029.01
	2,02,755.28	2,04,281.41
Less : Deductions during the period in respect of expenses related to public issue of Non-convertible Debentures	1,999.60	1,653.42
Balance as at the end of the period	2,00,755.68	2,02,627.99
Less : Shares issued to ESOP trust but not allotted to employees	64.39	64.39
Net balance as at the end of the period	2,00,691.29	2,02,563.60



I. Selected explanatory notes to Condensed Interim Consolidated Financial Statements for the half period ended 30 September 2017

Background

Mahindra & Mahindra Financial Services Limited ("Company") is registered as a Non-Banking Financial company (Systemically Important Deposit Accepting) ("NBFC") with Reserve Bank of India with effect from 4 September 1998. The Company is a subsidiary of Mahindra & Mahindra Limited.

1) Summary of Significant Accounting Policies

A. Basis of preparation of condensed interim consolidated financial statements

The condensed Interim consolidated financial statements comprise of condensed financial statements of the Company and its subsidiaries and joint venture (herein collectively referred to as the 'Group').

The accompanying condensed interim consolidated financial statements have been prepared and presented under the historical cost convention as a going concern and on the accrual basis of accounting and comply with Accounting Standard 21 (AS 21) – 'Consolidated Financial Statements', Accounting Standard 27 (AS 27) – 'Financial Reporting of Interests in Joint Ventures' and Accounting Standard (AS 25) - 'Interim Financial Reporting' and other accounting standards to the extent applicable to the condensed interim financial statements, referred under section 133 of the companies act 2013 read with Rule 7 of the Companies (Accounts) Rules 2014, circulars and guidelines issued by the Reserve Bank of India (the 'RBI') from time to time as applicable to Non-Banking Finance Companies and other accounting principles generally accepted in India ("Indian GAAP").

The accounting policies followed in the preparation of the condensed interim consolidated financial statements are consistent with those followed in the preparation of Annual Consolidated Financial Statements of the Company for the year ended 31 March 2017. The condensed interim financial statements should be read in conjunction with Annual Consolidated Financial Statements for the year ended 31 March 2017.

B. Use of Estimates

The preparation of condensed interim consolidated financial statements in conformity with Indian GAAP requires management of the Group to make certain estimates and assumptions that affect the reported balance of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the condensed interim consolidated financial statements and reported amount of revenue and expenses during the reporting period. The estimates and assumptions used in the accompanying condensed interim consolidated financial statements are based upon management's evaluation of the relevant facts and circumstances as on the date of the condensed interim consolidated financial statements. Management believes that the estimates used in preparation of the condensed interim consolidated financial statements are prudent and reasonable. Actual results could differ from the estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

C. Taxation

Income tax expense is recognized in each interim period based on the best estimate of the weighted average annual income tax rate expected for the full financial period. Deferred tax assets are recognized if there is a reasonable certainty that there will be a sufficient future taxable income available to realize such assets based on the future estimate of the profits



Reserves and Surplus (contd ...)

Rs. In Lakhs

Particulars	As at	
	30 September 2017	31 March 2017
	(Audited)	(Audited)
Debenture redemption reserve (DRR):		
Balance as at the beginning of the period	2,649.86	-
Add : Transfers during the period representing creation of DRR at the rate of 25% on a proportionate basis over the tenor of debentures issued to public	-	2,649.86
Balance as at the end of the period	2,649.86	2,649.86
Statutory reserve pursuant to Section 45-IC of The RBI Act, 1934 and Section 29C of the National Housing Bank Act, 1987:		
Balance as at the beginning of the period	1,27,679.93	1,16,765.56
Add : Transfers from Surplus in the Statement of profit and loss	-	10,914.37
Balance as at the end of the period	1,27,679.93	1,27,679.93
General reserve :		
Balance as at the beginning of the period	57,087.20	53,084.20
Add : Transfers from Surplus in the Statement of profit and loss	-	4,003.00
Balance as at the end of the period	57,087.20	57,087.20
Foreign exchange fluctuation reserve :		
Balance as at the beginning of the period	2,226.81	2,922.18
Add : Additions during the period	263.11	(695.37)
Balance as at the end of the period	2,489.92	2,226.81
Employees stock options outstanding :		
A) Employee Stock Option Outstanding:		
Balance as at the beginning of the period	4,114.58	4,435.68
Add : Fresh grant of options	-	771.99
	4,114.58	5,207.67
Less : Transfers / reversals during the period		
i) Transfers to securities premium reserve on exercise of options	127.29	1,029.01
ii) Reversals for options lapsed	16.52	64.08
Balance as at the end of the period (A)	3,970.77	4,114.58
Less :		
B) Deferred Employee Compensation:		
Balance as at the beginning of the period	1,652.76	1,994.35
Add : Fresh grant of options	-	771.99
	1,652.76	2,766.34
Less : Amortisation during the period		
i) Transfer to employee benefit expenses	531.25	1,049.50
ii) Reversals for options lapsed	16.52	64.08
Balance as at the end of the period (B)	1,104.99	1,652.76
Balance as at the end of the period (A-B)	2,865.78	2,461.82



Reserves and Surplus (contd ...)
Rs. In Lakhs

Particulars	As at	
	30 September 2017	31 March 2017
	(Audited)	(Audited)
Surplus in Statement of profit and loss :		
Balance as at the beginning of the period	2,85,045.50	2,52,246.47
Less: Transitional charge in respect of Mark to market loss on derivative transactions outstanding as at April 01, 2016 as per Guidance note on Accounting for Derivative Transactions issued by the Institute of Chartered Accountants of India	-	514.68
	2,85,045.50	2,51,731.79
Less: Corporate dividend and dividend distribution tax accounted on approval by the shareholders	16,429.56	-
Add : Profit for the period transferred from the Statement of profit and loss	15,910.48	51,163.67
	2,84,526.42	302895.46
Less : Appropriations :		
General reserve	-	4,003.00
Statutory reserve pursuant to Section 45-IC of The RBI Act, 1934 and Section 29C of the National Housing Bank Act, 1987 *	-	10,914.37
Debenture Redemption Reserve	-	2,649.86
Corporate dividend tax on equity shares	-	282.73
	-	17,849.96
Balance as at the end of the period	2,84,526.42	2,85,045.50
Total	6,82,990.40	6,84,714.72

* As per Section 45-IC of Reserve Bank of India Act 1934, every non-banking financial company shall create a reserve fund and transfer therein a sum not less than twenty percent of its net profit every year as disclosed in the Statement of profit and loss and before any dividend is declared. No appropriation of any sum from the reserve fund shall be made by the non-banking financial company except for the purpose as may be specified by the Reserve Bank of India from time to time and every such appropriation shall be reported to the Reserve Bank of India within twenty one days from the date of such withdrawal. The said amount will be transferred at the end of the financial year.

In case of Mahindra Rural Housing Finance Limited, as per Section 29C of National Housing Bank Act, 1987, every housing finance company shall create a reserve fund and transfer therein a sum not less than twenty percent of its net profit every year as disclosed in the Statement of profit and loss and before any dividend is declared. No appropriation of any sum from the reserve fund shall be made by the housing finance company except for the purpose as may be specified by the National Housing Bank from time to time and every such appropriation shall be reported to the National Housing Bank within twenty one days from the date of such withdrawal. The said amount will be transferred at the end of the financial year.



7) Short term borrowings

Particulars	Rs. in Lakhs	
	As at	
	30 September 2017	31 March 2017
	(Audited)	(Audited)
Loans repayable on demand :		
- Cash credit facilities with banks (secured)	43,287.48	78,069.35
Loans and advances from related parties :		
- Inter corporate deposits (unsecured)	35,000.00	65,000.00
Deposits :		
- Fixed deposits (unsecured)	21,877.68	24,311.71
Other loans and advances :		
- Term loan from banks		
- Secured	1,05,600.00	81,050.00
- Unsecured	47,700.00	7,400.00
- Commercial Papers (unsecured)	4,75,000.00	3,85,500.00
- Foreign currency loans from others (secured)	89,701.36	80,431.74
Total	8,18,166.52	7,21,762.80

8) Trade payables :

Particulars	Rs. in Lakhs	
	As at	
	30 September 2017	31 March 2017
	(Audited)	(Audited)
(i) Micro and Small Enterprises	-	-
(ii) Other than Micro and Small Enterprises	69,203.26	69,442.05
Total	69,203.26	69,442.05

9) Other current liabilities :

Particulars	Rs. in Lakhs	
	As at	
	30 September 2017	31 March 2017
	(Audited)	(Audited)
Current maturities of long-term debt		
Non-convertible debentures (secured)	3,98,130.00	2,43,380.00
- Unsecured bonds (subordinate debts)	-	6,880.00
- Term loans from banks (secured)	1,97,775.27	3,08,157.78
- Term loans from others (secured)	4,808.23	5,311.81
- Foreign currency loans from banks (secured)	51,864.85	52,099.08
- Foreign currency loans from others (secured)	65,719.29	62,270.65
- Fixed deposits (unsecured)	1,49,653.89	1,82,750.58
	8,67,951.53	8,60,849.90
Interest accrued but not due on borrowings	98,425.45	96,457.81
Deferred subvention income	2,019.37	2,076.62
Unclaimed dividends	65.93	52.66



4) Long-term borrowings

Particulars	Rs. in Lakhs	
	As at	
	30 September 2017	31 March 2017
	(Audited)	(Audited)
Non-convertible debentures (secured)	13,69,430.00	12,23,680.00
Unsecured bonds (Subordinate debts)	3,49,583.13	2,25,030.00
Term loans from banks (secured)	7,07,312.70	6,56,336.84
Term loans from others (secured)	5,467.39	8,394.19
Foreign currency loans from banks (secured)	39,026.04	47,460.87
Foreign currency loans from others (secured)	1,24,438.89	1,18,296.56
Fixed deposits (unsecured)	1,75,857.96	2,19,293.85
Total	27,71,116.11	24,98,492.31

5) Other long-term liabilities :

Particulars	Rs. in Lakhs	
	As at	
	30 September 2017	31 March 2017
	(Audited)	(Audited)
Deposits/advances received against loan agreements	3,506.20	3,932.57
Interest accrued but not due on borrowings	44,030.57	33,437.36
Deferred subvention income	2,345.12	2,535.73
Unrealised gains on loan transfers under securitisation transactions	3,057.49	2,471.88
Cash profit on loan transfers under assignment transactions pending recognition	0.96	1.34
Derivative contract payables	558.65	361.22
Other long term liabilities	1.00	1.00
Deferred premium payable to bank under forward exchange contracts on foreign currency loans	1,370.30	-
Total	54,870.29	42,741.10

6) Long-term provisions :

Particulars	Rs. in Lakhs	
	As at	
	30 September 2017	31 March 2017
	(Audited)	(Audited)
Provisions for employee benefits	3,428.89	2,836.21
Others -		
- Provisions for Non-performing assets	76,909.91	48,927.17
- Contingent provisions for standard assets	10,550.60	10,394.98
- Higher provisions on restructured standard advances	-	7.30
- Provisions for diminution in the fair value of restructured advances	-	3.03
Total	90,889.40	62,168.69



Other Current Liabilities (contd ...)

Particulars	Rs. in Lakhs	
	As at	
	30 September 2017	31 March 2017
	(Audited)	(Audited)
Unpaid matured deposits and interest accrued thereon	429.00	376.37
Unpaid interest on subordinated debentures (retail issue)	3.04	0.05
Other payables :		
- Deposits / advances received against loan agreements	4,682.95	5,209.69
- Amount Received in advance from ESOS Trust	137.73	138.86
- Credit balances in current accounts with banks as per books	14,019.24	61,833.73
- Unrealised gains on loan transfers under securitisation transactions	12,875.08	17,300.26
- Cash profit on loan transfers under assignment transactions pending recognition	2.16	3.32
- Insurance premium payable	3,140.80	4,222.56
- Payables under assignment / securitisation transactions	3,843.43	3,305.85
- Statutory dues payable	1,827.28	3,506.52
- Derivative contract payables	1,315.00	259.45
- Deferred premium payable to bank under forward exchange contracts on FCNR loans	1,039.28	2,286.21
- Provision for expenses	12,219.77	-
- Others	10,681.01	10,326.97
Total	10,34,678.05	10,68,206.83

10) Short-term provisions :

Particulars	Rs. in Lakhs	
	As at	
	30 September 2017	31 March 2017
	(Audited)	(Audited)
Provisions for employee benefits	7,554.09	7238.06
Others -		
- Provisions for Non-performing assets	1,80,946.26	1,57,008.62
- Contingent provisions for standard assets	8,058.47	7,579.78
- Higher provisions on restructured standard advances	-	15.01
- Provisions for diminution in the fair value of restructured advances	-	6.24
Total	1,96,558.82	1,71,847.71



11) Property, Plant and Equipment

As at 30 September, 2017 (Audited)

Rs. in Lakhs

Asset Description	GROSS BLOCK AT COST			DEPRECIATION AND AMORTISATION			NET BLOCK	
	Balance as at 01 April, 2017	Additions	Deductions / Adjustments	As at 30 September, 2017	Balance as at 01 April, 2017	Additions	As at 30 September, 2017	As at 31 March, 2017
i) Tangible Assets:								
Land	0.00	81.40	0.00	81.40	0.00	0.00	81.40	0.00
Premises	132.04	0.00	0.00	132.04	23.58	1.10	107.36	108.46
Computers	8025.07	609.33	23.06	8611.34	5546.32	693.57	2393.95	2478.75
Furniture and Fixtures	8163.96	233.72	43.24	8354.44	4564.19	414.69	4939.99	3599.77
Vehicles	7131.89	485.16	236.79	7380.26	4079.48	613.71	4498.53	3052.41
Office Equipment	9358.96	326.85	51.71	9634.10	5666.98	684.51	3332.25	3691.98
Vehicles/assets on operating lease	0.00	7.28	0.00	7.28	0.00	0.01	7.27	0.00
Total (i)	32811.92	1743.74	354.80	34200.86	19880.55	2407.59	12218.41	12931.37
ii) Intangible Assets:								
Computer software	3015.78	603.98	0.00	3619.76	2612.02	218.68	789.06	403.76
Total (ii)	3015.78	603.98	0.00	3619.76	2612.02	218.68	789.06	403.76
iii) Capital Work in progress								
Total (iii)							45.71	55.67
iv) Goodwill on consolidation	4.05	0.00	0.00	4.05	0.00	0.00	4.05	4.05
Total (iv)	4.05	0.00	0.00	4.05	0.00	0.00	4.05	4.05
v) Intangible assets under development								
Total (v)							84.68	58.21
Total (i to v)	35831.75	2347.72	354.80	37824.67	22492.57	2626.27	13141.91	13453.06



As at 31 March, 2017 (Audited)

Rs.in Lakhs

Asset Description	GROSS BLOCK AT COST				DEPRECIATION AND AMORTISATION			NET BLOCK	
	Balance as at 01 April, 2016	Additions	Deductions / Adjustments	As at 31 March, 2017	Balance as at 01 April, 2016	Additions	Deductions / Adjustments	As at 31 March, 2017	As at 31 March, 2016
i) Tangible Assets:									
Land	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Premises	132.04	0.00	0.00	132.04	21.37	2.21	0.00	108.46	110.67
Computers	6478.90	1810.16	263.99	8025.07	4574.66	1234.44	262.78	2478.75	1904.24
Furniture and Fixtures	7644.46	598.75	79.25	8163.96	3740.72	881.20	57.73	3599.77	3903.74
Vehicles	6510.15	1403.18	781.44	7131.89	3643.14	1139.84	703.50	3052.41	2867.01
Office Equipment	8104.88	1483.01	228.93	9358.96	4544.60	1343.14	220.76	3691.98	3560.28
Total (i)	28870.43	5295.10	1353.61	32811.92	16524.49	4600.83	1244.77	12931.37	12345.94
ii) Intangible Assets:									
Computer software	2395.82	619.96	0.00	3015.78	1840.52	771.50	0.00	403.76	555.30
Total (ii)	2395.82	619.96	0.00	3015.78	1840.52	771.50	0.00	403.76	555.30
iii) Capital Work in progress								55.67	1.85
Total (iii)								55.67	1.85
iv) Goodwill on consolidation	4.05	0.00	0.00	4.05	0.00	0.00	0.00	4.05	4.05
Total (iv)	4.05	0.00	0.00	4.05	0.00	0.00	0.00	4.05	4.05
v) Intangible assets under development								58.21	0.00
Total (v)								58.21	0.00
Total (i to v)	31270.30	5915.06	1353.61	35831.75	18365.01	5372.33	1244.77	13453.06	12907.14



12) Non-current investments :

Particulars	Rs. in Lakhs	
	As at	
	30 September 2017	31 March 2017
	(Audited)	(Audited)
A) Quoted (at cost) :		
Trade:		
Government securities	70,334.33	70,418.03
Secured redeemable non-convertible debentures (Non-current portion of long term investments in secured redeemable non-convertible debentures)	5,287.50	8,975.00
Non-trade :		
Units of mutual funds	450.00	400.00
(A)	76,071.83	79,793.03
B) Unquoted (at cost) : (Non-trade)		
Equity investment in other entities :		
New Democratic Electoral Trust	1.00	1.00
- Fully paid-up : 10,000 equity shares of Rs.10/- each fully paid up (March 2017:10,000 equity shares of Rs.10/- each fully paid up)		
(B)	1.00	1.00
Total (A + B)	76,072.83	79,794.03

13) Long-term loans and advances :

Particulars	Rs. in Lakhs	
	As at	
	30 September 2017	31 March 2017
	(Audited)	(Audited)
Capital advances (Unsecured, considered good)	1,001.84	394.94
Security Deposits (Unsecured, considered good)	2,943.31	2,486.78
Loans and advances to related parties :		
Inter corporate deposits (unsecured, considered doubtful)	100.00	-
Other loans and advances :		
- Secured, considered good		
- Loans against assets	27,45,344.12	26,86,417.75
- Retained interest in Pass Through Certificates under securitization transactions	15.33	40.85
- Retained interest under assignment transactions	145.18	145.90
- Unsecured, considered good		
- Interest only strips under securitization transactions	3,057.49	2,471.88
- Advance payment of taxes (net of provisions)	31,060.57	17,386.48
- Other Loans and advances (including overdue loans)	7,742.17	5,128.88
- Considered non-performing		
- Loans against assets (Secured)	1,95,166.92	1,02,637.13
- Other Loans and advances (including overdue loans) (Unsecured)	484.28	415.48
Total	29,87,061.21	28,17,526.07



14) Other non-current assets :

Particulars	Rs. in Lakhs	
	As at	
	30 September 2017	31 March 2017
	(Audited)	(Audited)
Others :		
Term deposits with banks		
- Free	8,159.10	294.00
- Under lien	4,047.31	10,989.88
Exchange gain receivable on forward contracts on FCNR loans	296.39	-
Deferred premium on FCNR loan forward contracts	679.91	-
Total	13,182.71	11,283.88

15) Current investments :

Particulars	Rs. in Lakhs	
	As at	
	30 September 2017	31 March 2017
	(Audited)	(Audited)
i) Quoted :		
Units of mutual funds	831.04	28,964.84
Secured redeemable non-convertible debentures (Current portion of long term investments in secured redeemable non-convertible debentures)	6,975.00	7,775.01
	7,806.04	36,739.85
ii) Unquoted (at cost) -		
Commercial Papers (CPs)	29,000.00	22,500.00
	29,000.00	22,500.00
Total	36,806.04	59,239.85



16) Trade receivables

Particulars	Rs. in Lakhs	
	As at	
	30 September 2017	31 March 2017
	(Audited)	(Audited)
Trade receivable :		
- Secured, considered non-performing (on hire purchase transactions) (outstanding for a period exceeding six months from the date they are due for payment)	374.19	374.19
- Unsecured, considered good (Debts outstanding for a period not exceeding six months from the date they are due for payment)	3,575.22	1,859.20
- Unsecured (Debts outstanding for a period exceeding six months from the date they are due for payment)		
- considered good	65.17	18.95
- considered doubtful	30.00	43.59
Total	4,044.58	2,295.93

17) Cash and bank balances

Particulars	Rs. in Lakhs	
	As at	
	30 September 2017	31 March 2017
	(Audited)	(Audited)
a) Cash and cash equivalents :		
- Cash on hand	2,696.59	2,426.02
- Cheques and drafts on hand	1,740.19	1,258.49
- Bank balance in current accounts	28,110.73	40,041.93
	32,547.51	43,726.44
b) Bank balances other than Cash and cash equivalents		
Earmarked balances with banks -		
- Unclaimed dividend accounts	67.18	53.98
Deposits with maturity less than 12 months -		
- Free	7,393.77	1862.00
- Under lien	4,663.36	14,745.12
	12,124.31	16,661.10
Total	44,671.82	60,387.54



18) Short-term loans and advances :

Particulars	Rs. in Lakhs	
	As at	
	30 September 2017	31 March 2017
	(Audited)	(Audited)
Loans and advances to related parties :		
Inter corporate deposits (unsecured, considered doubtful)	-	100.00
Other loans and advances :		
- Secured, considered good		
- Loans against assets	16,90,720.12	17,17,981.76
- Retained interest in Pass Through Certificates under securitization transactions	58.54	110.98
- Retained interest under assignment transactions	5.39	15.31
- Unsecured, considered good		
- Interest only strips under securitization transactions	12,875.08	17,300.26
- Other Loans and advances (including overdue loans)	3,06,023.26	1,41,467.27
- Bills of exchange	47,663.18	38,851.72
- Security deposits (Unsecured, considered good)	408.72	445.88
- Other short term advances	4,959.34	4,768.72
- Considered non-performing		
- Loans against assets (Secured)	4,08,584.11	2,92,410.35
- Other Loans and advances (including overdue loans) (Unsecured)	10,312.39	4,210.63
Total	24,81,610.13	22,17,662.88

19) Other Current Assets :

Particulars	Rs. in Lakhs	
	As at	
	30 September 2017	31 March 2017
	(Audited)	(Audited)
Interest accrued on -		
Investments	1,422.20	1,394.60
Others deposits	1,524.22	1,206.76
Exchange gains receivable on forward contracts on FCNR loans	-	190.40
Deferred premium on FCNR loan forward contracts	813.63	504.38
Total	3,760.05	3,296.14



20) Revenue from operations

Particulars	Rs. in Lakhs	
	For the half year ended	
	30 September 2017	30 September 2016
	(Audited)	(Unaudited)
a) Interest		
Income from loans	3,46,628.06	2,97,122.17
Income from hire purchase	3.85	5.10
Interest on term deposits / Inter-corporate deposits / Bonds etc	3,419.52	3,400.80
Interest on retained interest in PTCs under securitization transactions	2.28	8.15
Interest on government securities : - Long term	2,876.00	2,610.24
(a)	3,52,929.71	3,03,146.46
b) Other financial services		
Income from insurance business / services	7,857.99	5,423.45
Income from mutual fund business	661.30	34.91
Service charges and other fees on loan transactions	14,675.99	13,027.52
Income from hire purchase	0.05	0.09
Income from bill discounting	2,548.14	2,091.12
Income from lease	0.05	-
Income from assignment / securitisation transactions	6,694.60	5,132.18
(b)	32,438.12	25,709.27
Total	3,85,367.83	3,28,855.73

21) Other Income

Particulars	Rs. in Lakhs	
	For the half year ended	
	30 September 2017	30 September 2016
	(Audited)	(Unaudited)
Dividend income on : - mutual fund units	118.69	80.95
Profit/premium on sale/redemption of current investments	86.97	203.12
Other non-operating income - Profit on sale / retirement of owned assets (net)	24.57	1.61
Income from shared services	856.03	1,446.06
Others	711.28	1,393.81
Total	1,797.54	3,125.55



26) Other Expenses

Particulars	Rs. in Lakhs	
	For the half year ended	
	30 September 2017 (Audited)	30 September 2016 (Unaudited)
Electricity charges	1,319.16	1,217.55
Rent	3,914.87	3,791.14
Repairs -		
- Buildings	223.17	225.21
- Others	119.37	195.77
Insurance	1,281.40	1,075.91
Rates and taxes, excluding taxes on income	268.72	312.02
Directors' sitting fees and commission	43.95	38.73
Commission and brokerage	10,835.40	9,711.88
Legal and professional charges	6,439.23	5,744.26
Manpower Outsourcing Cost	821.51	202.38
Payments to the auditor -		
- Audit fees	39.41	29.95
- Taxation matters	2.00	0.75
- Other services	23.75	17.16
- Reimbursement of expenses	0.70	1.00
Corporate Social Responsibility donations and expenses	401.89	588.13
General and administrative expenses	17,790.31	14,637.32
Total	43,524.84	37,789.16

27) Earnings Per Share

Earnings Per Share as required by Accounting Standard 20 read with the Guidance Note on "Accounting for Employee Share-based Payments" is as follows:

Particulars	30 September 2017	30 September 2016
Net profit after tax (Rs. in Lakhs)	15,910.48	22,169.17
Weighted average number of equity shares of Rs.2/- each – Basic	565065961	564617005
Weighted Average number of equity shares of Rs.2/- each – Diluted	566167917	568751132
Basic Earnings Per Share (Rs.)	2.82	3.93
Diluted Earnings Per Share (Rs.)	2.81	3.90



22) Employee benefits expense

Particulars	Rs. in Lakhs	
	For the half year ended	
	30 September 2017	30 September 2016
	(Audited)	(Unaudited)
Salary, bonus and incentives	46,387.47	37,910.09
Contribution to provident funds and other funds	3,341.37	3,424.87
Employee stock compensation costs	555.62	513.10
Staff welfare expenses	1,528.67	1,426.70
Total	51,813.13	43,274.76

23) Finance costs

Particulars	Rs. in Lakhs	
	For the half year ended	
	30 September 2017	30 September 2016
	(Audited)	(Unaudited)
Interest expense	1,66,967.09	1,54,114.20
Other borrowing costs	1,355.50	1,217.98
Total	1,68,322.59	1,55,332.18

24) Depreciation and amortization expense

Particulars	Rs. in Lakhs	
	For the half year ended	
	30 September 2017	30 September 2016
	(Audited)	(Unaudited)
Depreciation on tangible assets	2,407.58	2,207.01
Amortization of intangible assets	218.68	259.92
Total	2,626.26	2,466.93

25) Loan provisions and write offs

Particulars	Rs. in Lakhs	
	For the half year ended	
	30 September 2017	30 September 2016
	(Audited)	(Unaudited)
Bad debts and write offs	41,759.16	23,428.83
Provision for Non performing assets (Net)	51,888.32	32,605.84
General provision for standard assets	634.31	878.89
Provision for diminution in the fair value of restructured advances	(9.27)	(0.30)
Total	94,272.52	56,913.26



28) Contingent liabilities and commitments (to the extent not provided for)

Particulars	Rs. in lakhs	
	As at	
	30 September 2017	31 March 2017
i) Contingent liabilities		
a) Claims against the Company not acknowledged as debts	15,449.68	15,868.83
b) Guarantees	21,209.72	21,037.84
	36,659.40	36,906.67
ii) Commitments		
Estimated amount of contracts remaining to be executed on capital account	627.21	716.72
	627.21	716.72
Total	37,286.61	37,623.39

29) Segment reporting as per Accounting Standard 17:

Primary segment (Business segment) -

The Company has only one significant reportable segment viz., financing segment. Income from insurance broking and manpower supply activities constitutes less than 10% of the total revenue / assets / capital employed. The amounts included in "Others" represents amounts in respect of these activities and are given for reconciling with the total consolidated revenue, results, assets and capital employed.

Segment Report for the period ended 30 September 2017 :

Particulars		(Rs. in Lakhs)	
		Half year ended	
		30 September 2017	30 September 2016
		(Audited)	(Unaudited)
(a) Segment Revenue			
- Financing Activities		3,80,663.87	3,28,125.95
- Others		10,392.03	7,714.06
Total		3,91,055.90	3,35,840.01
Less : Inter-segment revenue		3,890.53	3,858.73
Net Revenue		3,87,165.37	3,31,981.28
(b) Segment Results (Profit before tax) :			
- Financing Activities		24,992.24	34,022.50
- Others		1,613.79	2,182.49
Total		26,606.03	36,204.99
Add : Other unallocable income net of unallocable expenditure		-	-
Net Profit before tax		26,606.03	36,204.99



Particulars		As at	
		30 September 2017	31 March 2017
		(Audited)	(Audited)
(c) Segment Assets :			
- Financing Activities		56,23,021.69	52,42,386.18
- Others		6,269.02	5,166.72
- Other unallocable assets		1,10,963.81	93,104.25
Total		57,40,254.52	53,40,657.15
(d) Segment Liabilities :			
- Financing Activities		50,31,330.36	46,31,965.16
- Others		4,152.09	2,696.33
- Other unallocable liabilities		-	-
Total		50,35,482.45	46,34,661.49

Note :

The Management of the Company has identified the above reportable segments.

30) The Company's operations are not seasonal in nature.

31) The Members at the Annual General Meeting held on 24 July 2017 have approved the final dividend of Rs.2.40 per equity share recommended by the Board of Directors for the financial year ended 31 March 2017 amounting to Rs. 16097.31 lakhs (including tax thereon), out of which Rs.5.07 Lakhs remained unclaimed as on 30 September 2017.

32) NPA provisioning :

a) The Company has complied with the prudential guidelines issued by the Reserve Bank of India in respect of Income Recognition and Provision for Non-Performing Assets (NPAs) and has also been making accelerated provision on a prudential basis.

b) The Company, with effect from half year ended 30 September 2016, had 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 had resulted in lower provision of Rs.16,934.32 lakhs for the half year ended 30 September 2016 with a consequent impact on the profit before tax. In the half year ended 30 September 2017, the Company has made additional provision of Rs. 8,336.91 Lakhs against the above mentioned 100% provision cases.

c) RBI vide its notification no. DNBR/011/CGM (CDS-2015) dated 27 March 2015, has revised the asset classification norms for Non-Performing assets (NPA's) applicable to NBFCs in a phased manner commencing from Financial Year ended 31 March 2016. In line with the above notification, the company has revised asset classification norms as at 30 September 2017 for NPAs pursuant to which loans outstanding for a period of three months and above are classified as NPAs as compared to four months and above followed until 31 March 2017. This has resulted in an increase in provision by Rs.24,696.91 lakhs (including income de-recognition) as at 30 September 2017.



- 33) During the half year ended 30 September 2017, the Company has raised an amount of Rs.1,15,053.13 lakhs by way of Public Issuance of Unsecured Subordinated Redeemable Non-Convertible Debentures (NCDs) of the face value of Rs.1,000 each. The NCDs were allotted on 24 July 2017 and listed on BSE Limited on 26 July 2017. The entire amount of proceeds of the issue were used for the purposes as stated in its 'Placement Document' and there is no unutilised amount pertaining to this issuance. The NCDs issue expenses of Rs.1,999.60 lakhs has been adjusted against securities premium reserve.
- 34) All secured Non-convertible debentures issued by the Company are secured by paripassu charges on Aurangabad office and exclusive charge on receivables under loan contracts, owned assets and book debts to the extent of 100% of outstanding secured Non-convertible debentures.
- 35) During the half year ended 30 September 2017, the Company has made following investments:
- i) Rs. 1,259.15 Lakhs equivalent to US \$ 1.96 million in Mahindra Finance USA LLC, a Joint Venture company formed jointly with De Lage Landen Financial Services Inc. in the United States (year ended 31 March 2017: Rs.3,111.84 Lakhs equivalent to US \$ 4.64 million). There is no consequent change in the Company's shareholding pattern.
- ii) Rs.1,000.00 Lakhs in Mahindra Asset Management Company Private Limited, its wholly owned subsidiary, by subscription to 1,00,00,000 Equity shares of Face Value of Rs.10/- each for cash at par fully paid up on a rights basis (year ended 31 March 2017: Rs.3,045.00 Lakhs).
- 36) Tax expense for the half year ended 30 September 2017 is net of Rs.572.22 lakhs on account of adjustment towards excess provision for earlier year.

For B S R & Co. LLP

Chartered Accountants

Firm Registration Number:101248W/W-100022



Venkataramanan Vishwanath

Partner

Membership No.113156

Mumbai, November 25, 2017

For and on behalf of the Board of Directors

MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED



Ramesh Iyer

*Vice-Chairman &
Managing Director*



V Ravi

*Executive Director &
Chief Financial Officer*

