Mahindra FINANCE

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

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

25th April, 2018

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, 2018.

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

FY 2018 Result Update

March - 2018

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

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CIN - L65921MH1991PLC059642

- **Company Overview**
- **Industry Overview**
- **Business Strategy**
- **Financial Information**
- **Key Subsidiaries**
- **Awards & Accolades**
- **Risk Management Policies**

Transforming rural lives across the country

Company Background

Parentage:	Mahindra & Mahindra Financial Services Limited ("MMFSL") is a subsidiary of Mahindra and Mahindra Limited *(Mcap: Rs 1042 billion)**, India's largest tractor and utility vehicle manufacturer
About MMFSL:	MMFSL (*Mcap: Rs 315 billion*)*, one of India's leading non-banking finance companies focused in the rural and semi-urban sector is the largest Indian tractor financier
Key Business Area:	Primarily in the business of financing purchase of new and pre-owned auto and utility vehicles, tractors, cars, commercial vehicles, construction equipments and SME Financing
Vision:	MMFSL's vision is to be a leading provider of financial services in the rural and semi-urban areas of India
Reach:	Has 1284 offices covering 27 states and 4 union territories in India, with over 5.34 million vehicle finance customer contracts since inception
Credit Ratings:	India Ratings has assigned AAA(ind)/Stable, CARE Ratings has assigned AAA/Stable, Brickwork has assigned AAA/Stable and CRISIL has assigned AA+/Stable rating to the Company's long term and subordinated debt

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

MMFSL Group structure

Mahindra Rise.

Mahindra & Mahindra Limited

51.19%

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Mahindra & Mahindra Financial Services Limited

- 80%[1] → Mahindra Insurance Brokers Limited ("MIBL")
- 89%[2] → Mahindra Rural Housing Finance Limited ("MRHFL")
- 49% → Mahindra Finance USA LLC (Joint venture with Rabobank group subsidiary)
- 100% → Mahindra Asset Management Company Pvt. Ltd
- 100% → Mahindra Trustee Company Pvt. Ltd

Note:

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

Our Journey

FY 06
- Completed IPO, Subscribed ~ 27 times

FY 08
- Commenced housing finance business through MRHFL
- Raised Rs. 4.14 Bn through Private Equity

FY 09
- Equity participation of 12.5%by NHB in MRHFL
- Recommenced Fixed Deposit Program

FY 10
- Crossed 1 million cumulative customer contracts

FY 11
- Maiden QIP Issue of Rs. 4.26 Bn
- JV with Rabobank subsidiary for tractor financing in USA

FY 13
- Stake sale in MIBL to Inclusion Resources Pvt. Ltd.
- QIP Issue of Rs. 8.67 Bn

FY 15
- Long term debt rating upgraded to AAA by India Ratings and Brickwork.
- CARE Ratings assigned AAA rating to long term debt
- Reach extended to over 1100 offices

FY 16
- Crossed 4 million cumulative customer contracts
- Certificate of Registration received from SEBI by Mahindra Mutual Fund

FY 17
- Maiden Retail NCD Issue of Rs. 1000 crores. Oversubscribed over 7 times over base issue size of Rs. 250 crores

FY 18
- Raised Rs. 1150 crores from the second Retail NCD Issue
- Sale of 5% of MIBL at a valuation of Rs. 1300 crores
- QIP Issuance : Rs. 10.56 bn and Preferential Issue to M&M : Rs. 10.55 bn

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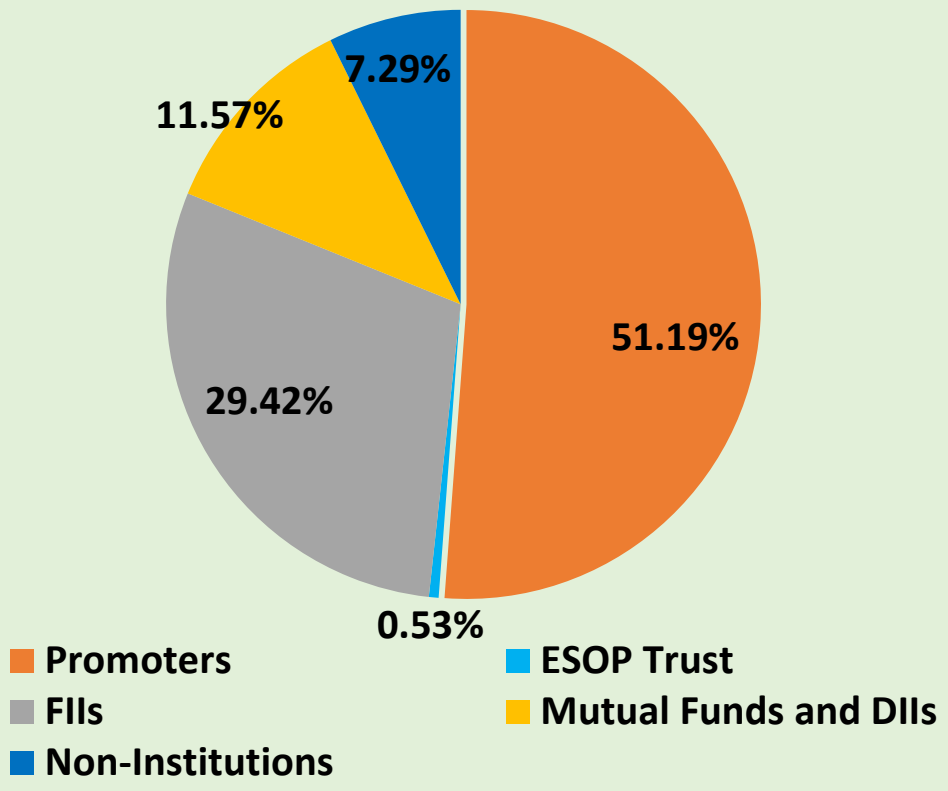
Shareholding Pattern (as on 31st March, 2018)

Shareholding Pattern Chart



Top 10 Public Shareholders

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

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

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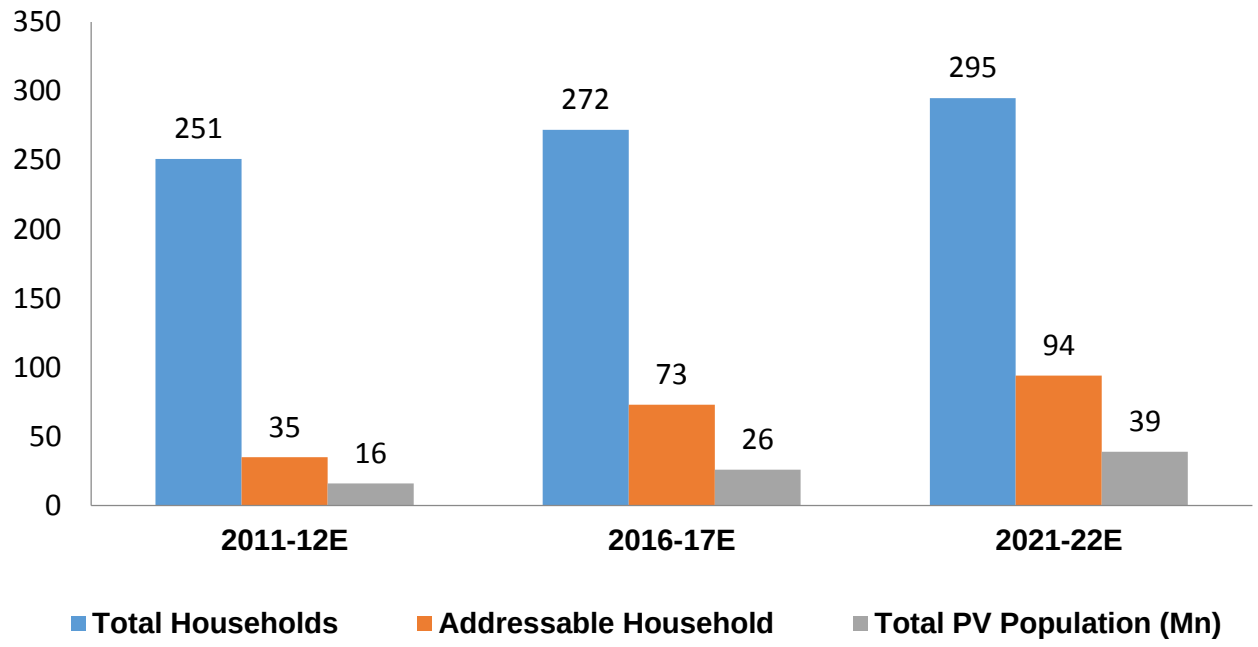
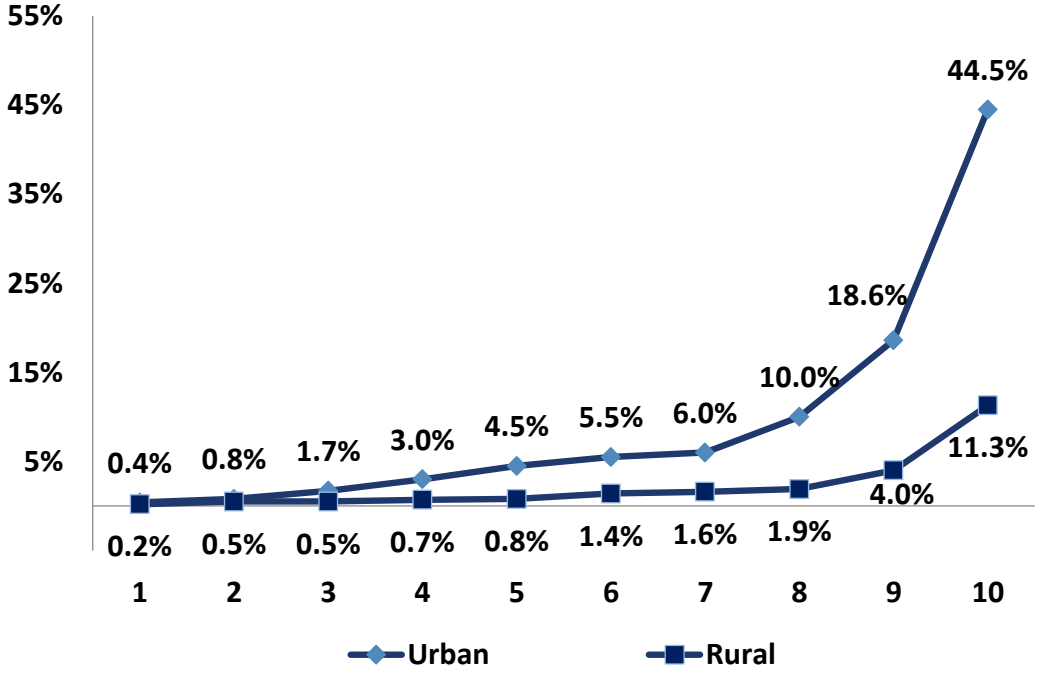
Auto Industry: Long term growth potential

`Expansion in Addressable market with Low Cost of Ownership



Decile-wise penetration (Urban versus Rural)



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

Source: *CRISIL Research, Cars & UVs - January 2018*

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Passenger Vehicles Industry: Overall Demand Drivers

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

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

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

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

Source: *CRISIL Research, Cars & UVs - January 2018*

Commercial Vehicles Industry: Overall Demand Drivers

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

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

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

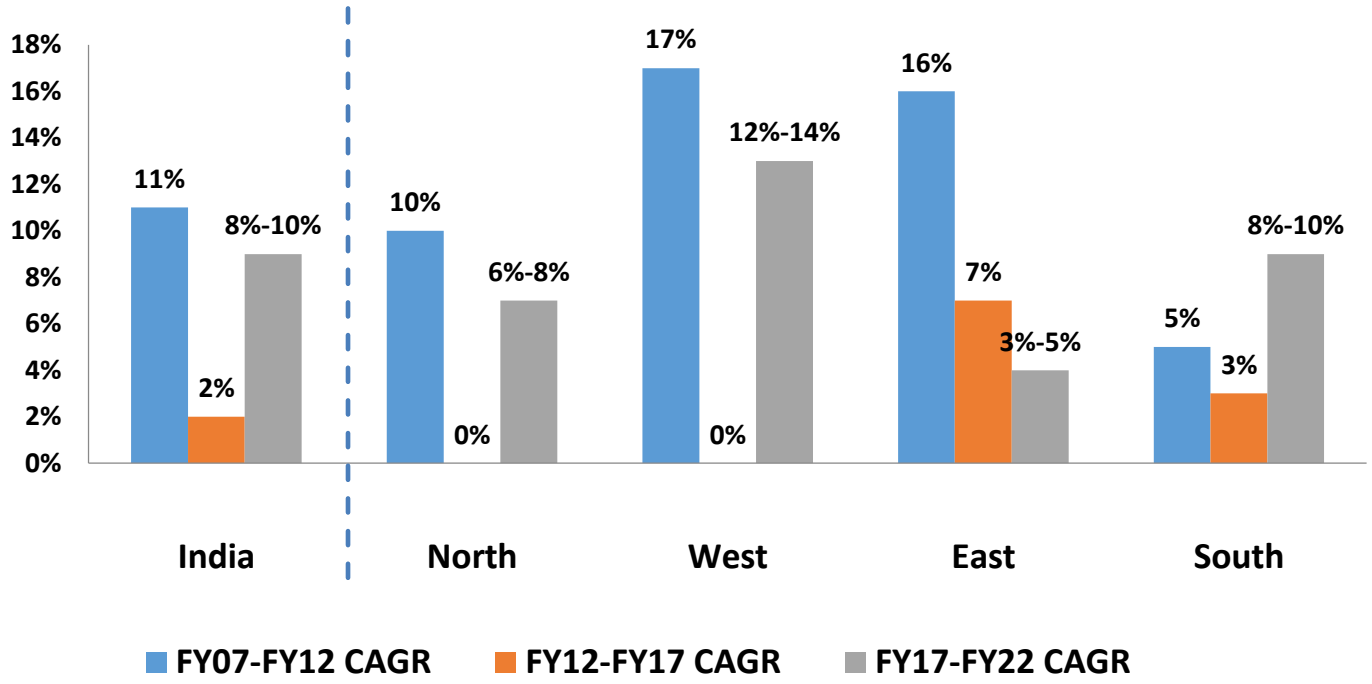
- Hub-spoke model, improved infra to drive sale of higher tonnage vehicle and pick-ups. Growth in pick-ups to be higher due to higher flexibility of usage
- ICV expected to grow at faster pace aided by e-commerce demand; MCV's to be cannibalised with ICV's
- Tipper sales to prop up with improvement in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

Source: *CRISIL Research, Commercial Vehicles – December 2017*

Tractors Industry: Overall Demand Drivers

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

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



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

Source: *CRISIL Research, Tractors – February 2018, IMD*

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Auto Industry Volume

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

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

Source: *CRISIL Research*

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

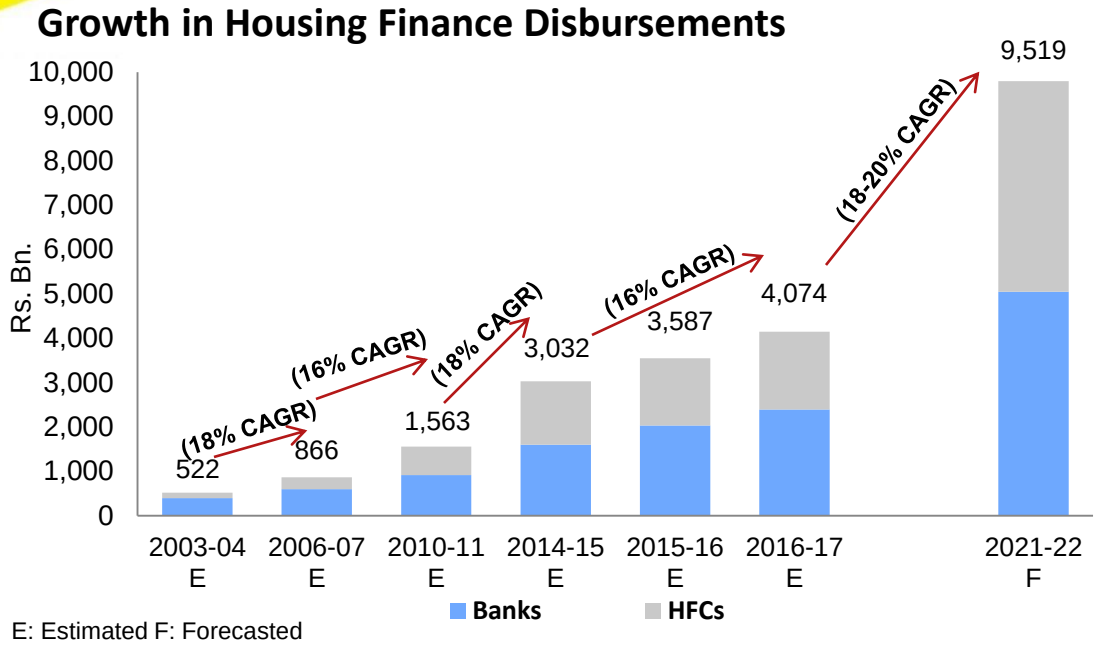
Growth in New Vehicle Finance Disbursements								
(% growth YoY)	**FY12E**	**FY13E**	**FY14E**	**FY15E**	**FY16E**	**FY17E**	**FY18P**	**5 year CAGR (FY22P)**
Cars	8%	(7%)	(6%)	3%	17%	8%	9%	13% – 15%
Utility Vehicles	16%	39%	(6%)	1%	12%	34%	23%	18% – 20%

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

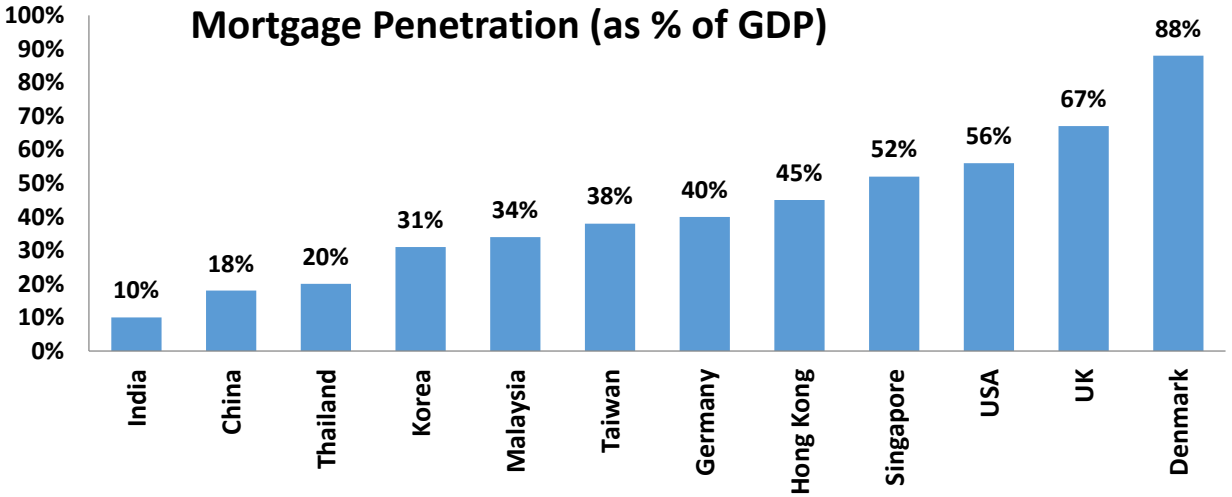
Car & UV Loan Portfolio	Top 20 Cities	Other Cities
Outstanding Loan Composition	55% – 60%	40% – 45%
Finance Penetration Ratio	80.0%	65.0%

- By FY 2022, penetration levels are projected to increase to 79% for cars and 77% for utility vehicles from 77% and 73% respectively (FY 2018P) as a result of a moderation in interest rates and better availability of credit information
- Loan-to-value (LTVs) expected to increase marginally to 77% for cars and 76% for UVs from 76% and 73% respectively over the same period
- Finance penetration in cities (excluding top 20) are expected to grow with NBFC's expanding reach and better availability of credit information

Housing Finance Growth



E: Estimated F: Forecasted



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

Source: *Crisil Retail Finance – Housing, November 2017*

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Transforming rural lives across the country

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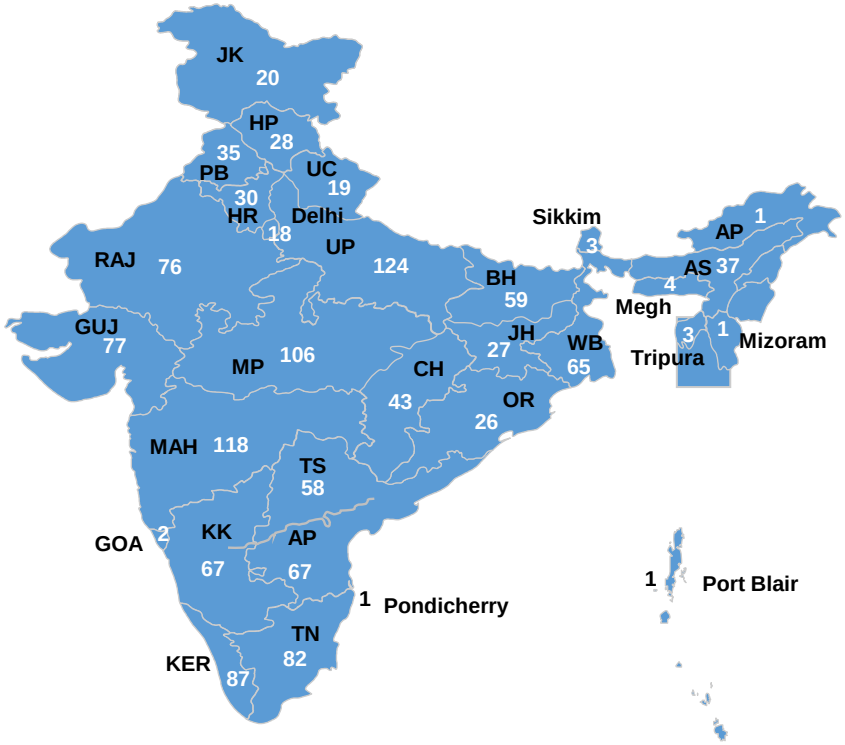
Business Strategy

- 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

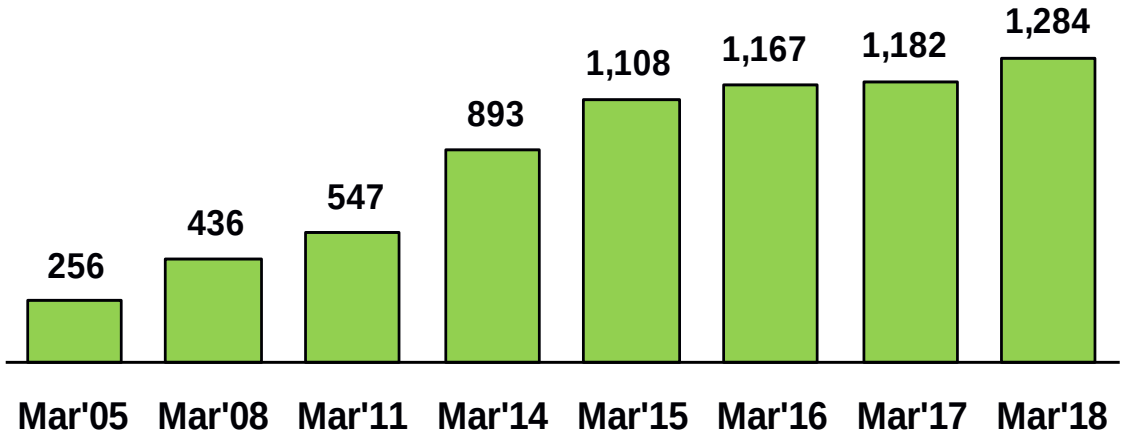
Extensive Branch Network

- Extensive branch network with presence in 27 states and 4 union territories in India through 1,284 offices
- Branches have authority to approve loans within prescribed guidelines

Coverage



Branch Network as of



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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
Mutual Fund & AMC	▪ Asset Management Company/ Investment Manager to 'Mahindra Mutual Fund', which received certificate of registration from SEBI

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Break down of estimated value of Assets Financed

Asset Class	**Year ended March – 18**	Year ended March – 17	Year ended March – 16
Auto/ Utility vehicles	**26%**	28%	30%
Tractors	**18%**	19%	15%
Cars	**20%**	22%	22%
Commercial vehicles and Construction equipments	**13%**	11%	11%
Pre-owned vehicles	**14%**	13%	16%
SME and Others	**9%**	7%	6%

*** Standalone**

Break down of AUM

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

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

** Share of SME: 9%*

*** Standalone**

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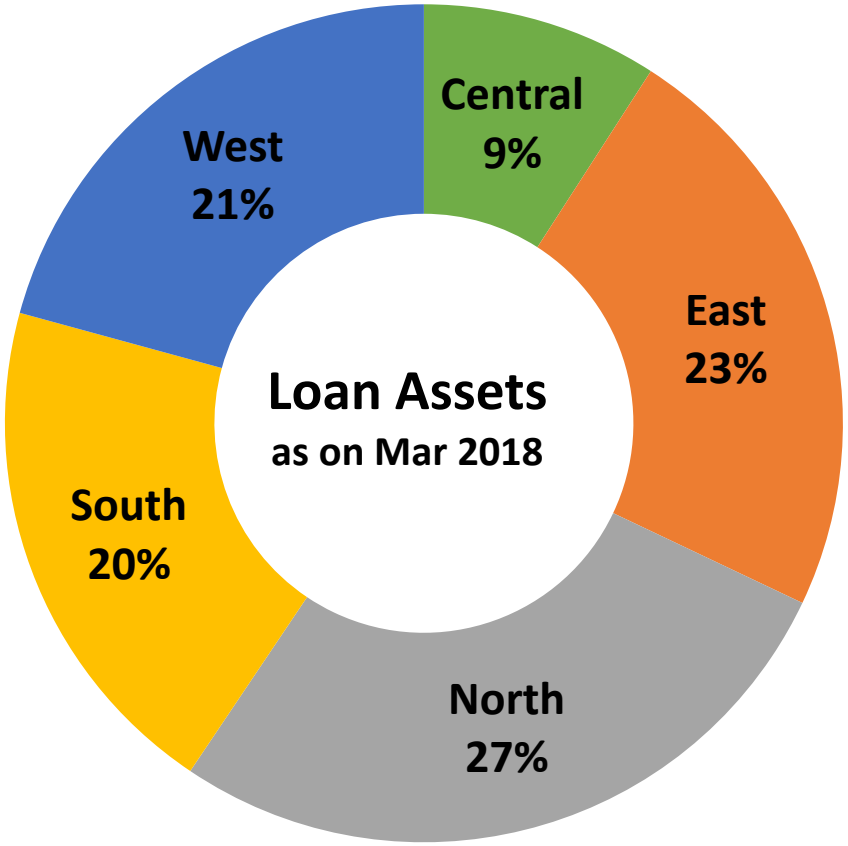
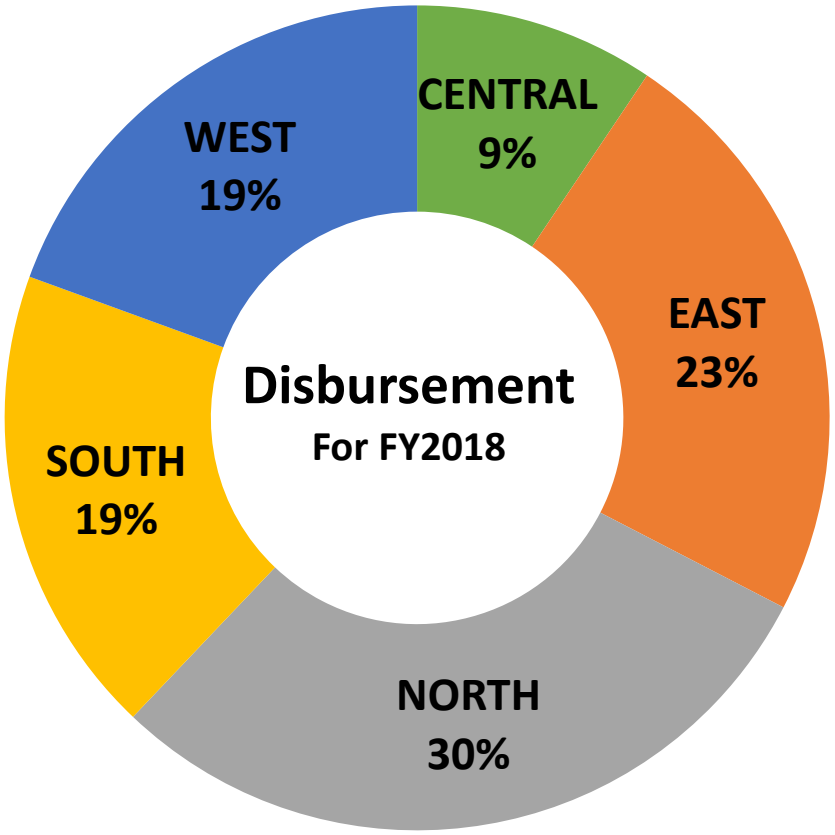
Break down by Geography





NORTH: Chandigarh, Delhi, Haryana, Himachal Pradesh, Jammu and Kashmir, Punjab, Rajasthan, Uttar Pradesh, Uttaranchal;
EAST: Assam, Bihar, Jharkhand, Meghalaya, Mizoram, Orissa, Sikkim, Tripura, West Bengal; **WEST**: Dadra and Nagar Haveli, Gujarat, Maharashtra, Goa;
CENTRAL: Chhattisgarh, Madhya Pradesh; **SOUTH**: Andaman and Nicobar Island, Andhra Pradesh, Karnataka, Kerala, Pondicherry, Tamil Nadu, Telangana;

*** Standalone**

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Credit Rating

MMFSL believes that its credit rating and strong brand equity enables it to borrow funds at competitive rates

Credit Rating	India Ratings	Outlook
Long term and Subordinated debt	IND AAA	Stable
Short term debt	IND A1+	--

	CARE Ratings	Outlook
Long term and Subordinated debt	CARE AAA	Stable

	Brickwork	Outlook
Long term and Subordinated debt	BWR AAA	Stable

	CRISIL	Outlook
Fixed Deposit Programme	FAAA	Stable
Short term debt	CRISIL A1+	--
Long term and Subordinated debt; Bank Facilities	CRISIL AA+	Stable

Broad Based Liability Mix

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

Funding Mix by Investor profile (Mar' 18)

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

Funding Mix by type of Instrument (Mar' 18)

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

** Based on holding as on 31st March, 2018*

Employee Management and Technology Initiatives

Employee engagement & training

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

Technology initiatives

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

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Key Financials (Consolidated)

Figures on consolidated basis

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

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

^ Includes MRHFL

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Key Financials

Figures on standalone basis

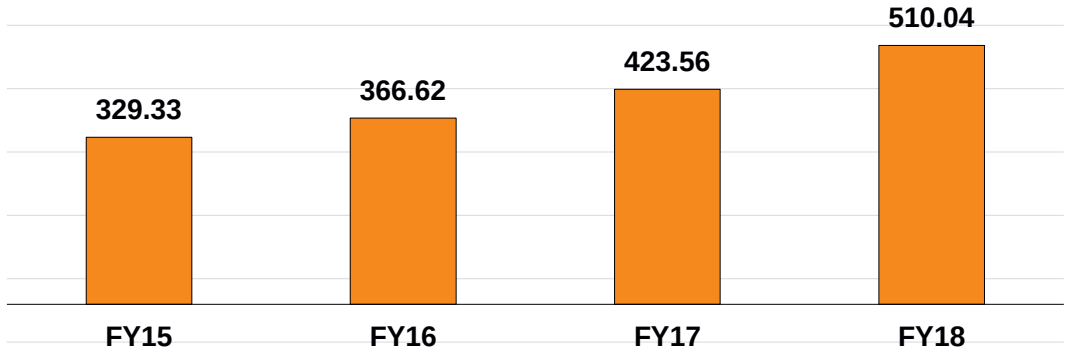
	Total Income	Profit after Tax	NPA Recognition	Value of Asset Financed
Q4 FY 18	Rs 20,738 mn	Rs 4,245 mn	3 months overdue	Rs 118,610 mn
	13%	81%		42%
Q4 FY 17	Rs 18,427 mn	Rs 2,341 mn	4 months overdue	Rs 83,764 mn
FY 18	Rs 72,061 mn	Rs 8,919 mn	3 months overdue	Rs 377,729 mn
	16%	123%		19%
FY 17	Rs 62,375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

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

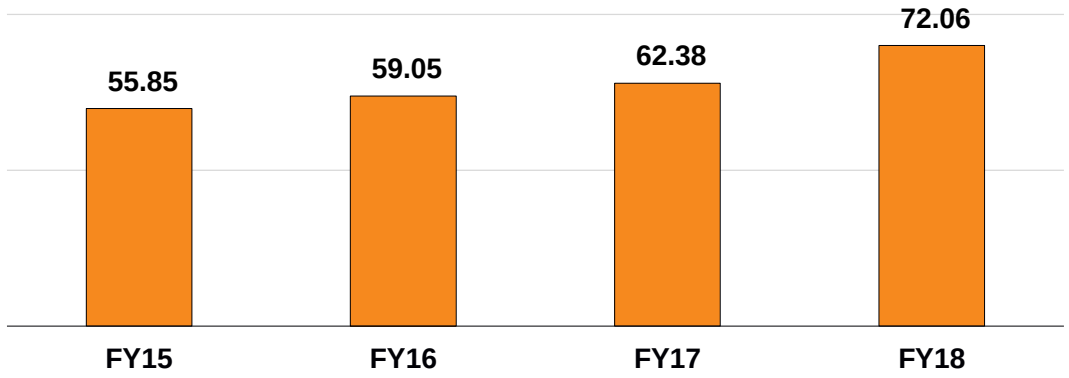
Growth Trajectory

Figures on standalone basis

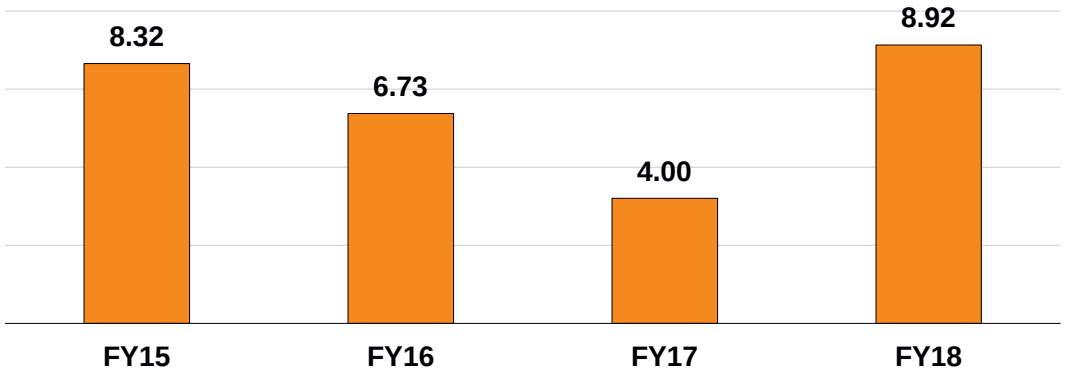
Loan Book (Rs. Bn)



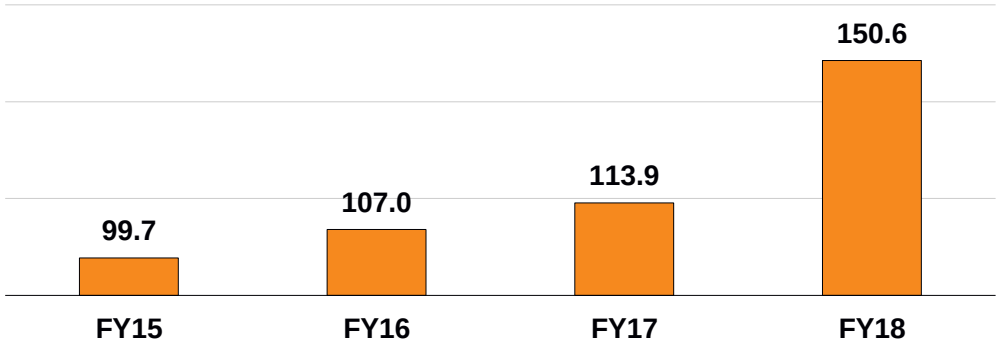
Revenues (Rs. Bn)



Profit after Tax [1] (Rs. Bn)



Book Value Per Share [2] (Rs.)



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

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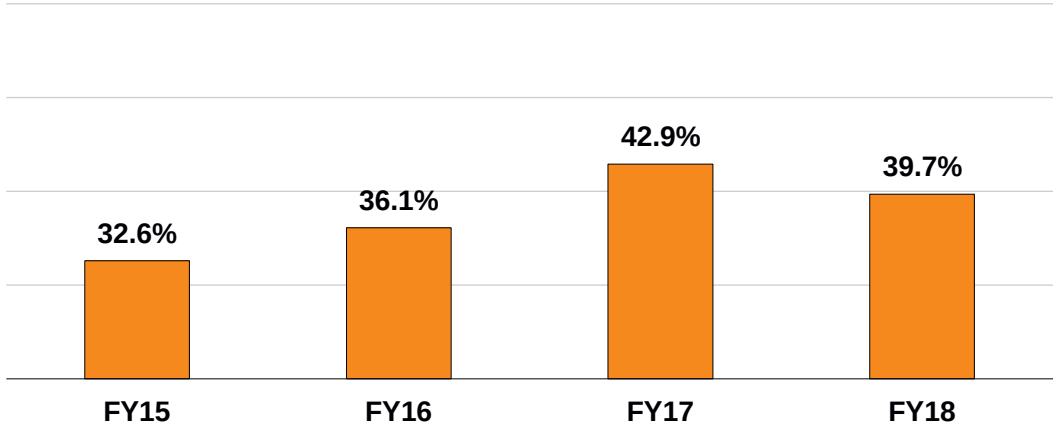
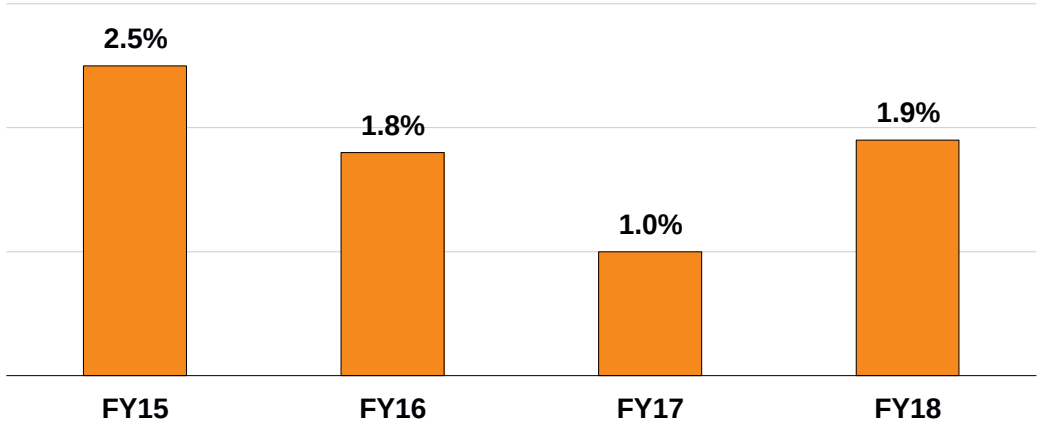
Financial Performance

Figures on standalone basis

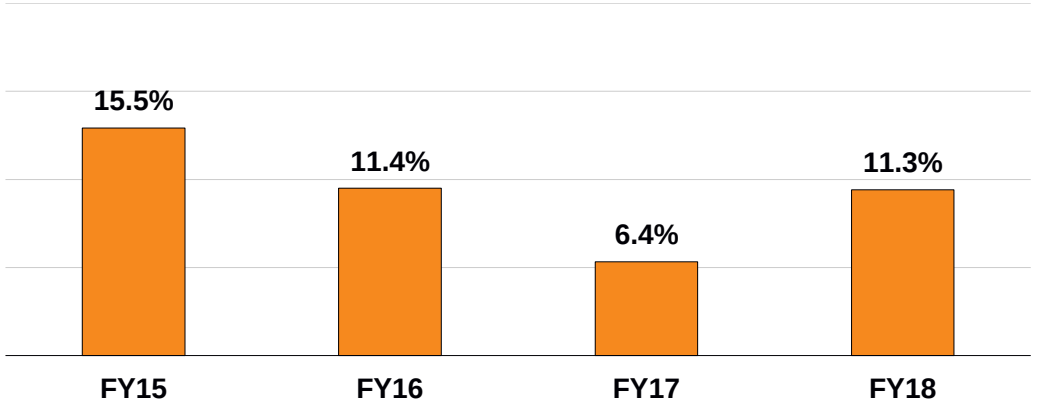
Cost to income ratio [1] (%)



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



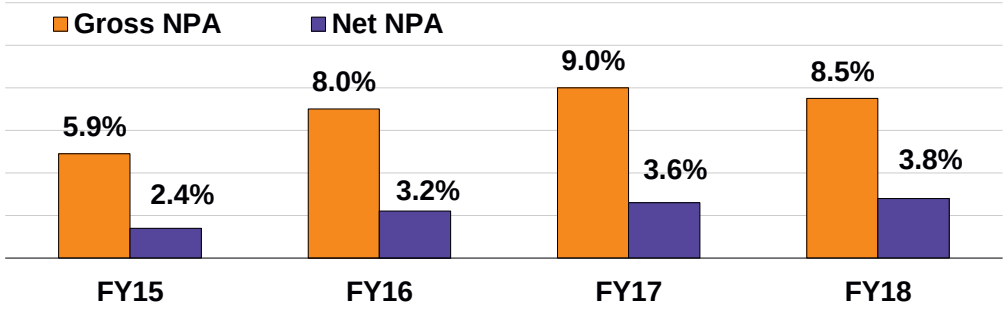
Return on Net Worth (RONW) (%)



^ after considering capital dilution for 1 month

Asset Quality

	FY15	FY16	FY17	FY18
NPA Recognition (months)	5 months	4 months	4 months	3 months



	FY15	FY16	FY17	FY18
Provision Coverage Ratio	61.0 %	61.7%	61.8%	58.1%

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

Mahindra FINANCE

Standalone Profit & Loss Account

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

^ on account of sale of 5% equity of MIBL

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

Mahindra FINANCE

Standalone Profit & Loss Account

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

^ on account of sale of 5% equity of MIBL

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

Mahindra FINANCE

Standalone Balance Sheet

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

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

Standalone Balance Sheet (Contd.)

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

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

Consolidated Profit & Loss Account

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

^ on account of sale of 5% equity of MIBL

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

Mahindra FINANCE

Consolidated Balance Sheet

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

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

Mahindra FINANCE

Consolidated Balance Sheet (Contd.)

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

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

Summary & Key Ratios

Figures on standalone basis

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

$ *after considering proposed dividend for the year*

^ *after considering capital dilution*

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

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Spread Analysis

Figures on standalone basis

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

NPA Analysis

Figures on standalone basis

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

Above workings are excluding securitised/assigned portfolio

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

** after regrouping*

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Mahindra Rural Housing Finance Limited

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

- **Business Area:** Provide loans for home construction, extension, purchase and improvement to a wide base of customers in rural and semi-urban India
- **Shareholding pattern:** MMFSL – 89%; NHB – 11%
- **Reach:** Currently spread in 12 States & 1 Union Territory

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Mahindra Insurance Brokers Limited

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

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

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

** As per IGAAP*

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Awards and Accolades

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

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Conservative Risk Management Policies

Provisioning Norms

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

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

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

Key Risks & Management Strategies

Key Risks	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

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