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

27th July, 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 Unaudited Standalone Financial Results of the Company for the first quarter ended 30th June, 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

Quarter Result Update

June - 2018

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

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Mumbai 400 001 India

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www.mahindrafinance.com
CIN - L65921MH1991PLC059642

Company Overview

Industry Overview

Business Strategy

Financial Information

Key Subsidiaries

Awards & Accolades

Risk Management Policies

Transforming rural lives across the country

Mahindra FINANCE

Company Background

Parentage:	Mahindra & Mahindra Financial Services Limited ("MMFSL") is a subsidiary of Mahindra and Mahindra Limited *(Mcap: Rs 1135 billion)**, India's largest tractor and utility vehicle manufacturer
About MMFSL:	MMFSL (*Mcap: Rs 317 billion*)*, one of India's leading non-banking finance companies focused in the rural and semi-urban sector is the largest Indian tractor financier
Key Business Area:	Primarily in the business of financing purchase of new and pre-owned auto and utility vehicles, tractors, cars, commercial vehicles, construction equipment and SME Financing
Vision:	MMFSL's vision is to be a leading provider of financial services in the rural and semi-urban areas of India
Reach:	Has 1,291 offices covering 27 states and 5 union territories in India, with over 5.51 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 July 26, 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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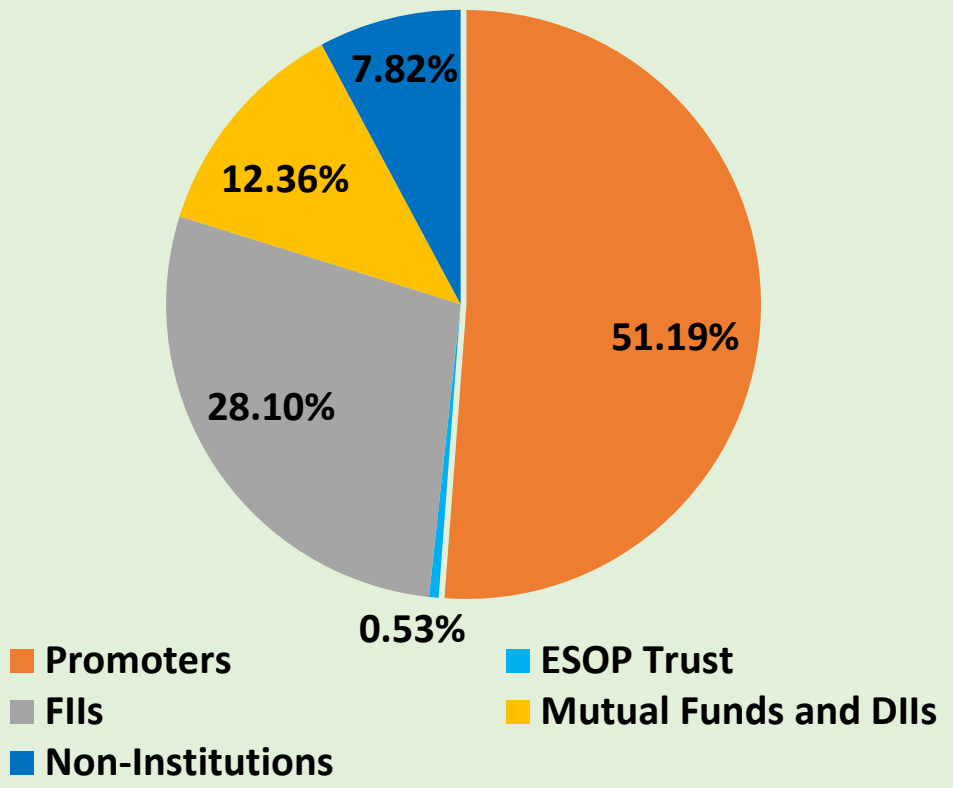
Shareholding Pattern (as on 30th June, 2018)

Shareholding Pattern Chart



Top 10 Public Shareholders

- Blackrock Global Funds Asian Dragon Fund
- HDFC Standard Life Insurance Company Limited
- Blackrock Global Funds - Asian Growth Leaders Fund
- Kotak Funds - India Midcap Fund
- SBI Blue Chip Fund
- Valiant Mauritius Partners Offshore Limited
- Government Pension Fund Global
- Bank Muscat India Fund
- Goldman Sachs India Limited
- Vanguard Emerging Markets Stock Index Fund, A Seri

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

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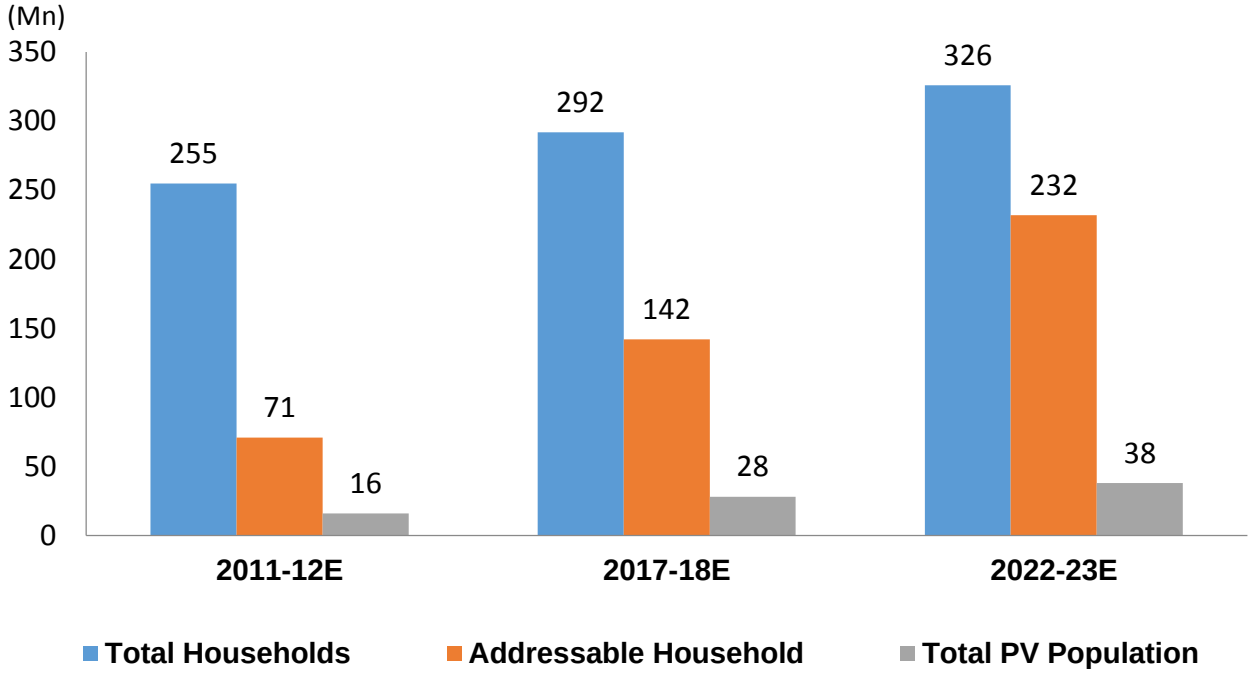
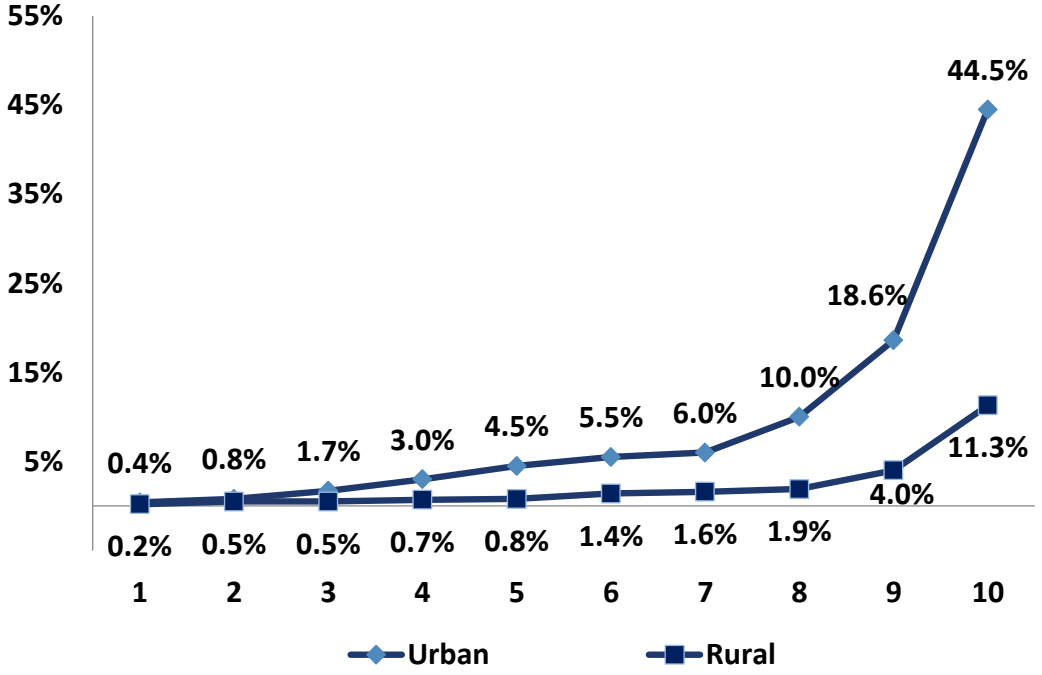
Auto Industry: Long term growth potential

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 - July 2018*

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Passenger Vehicles Industry: Overall Demand Drivers

	FY 08 – FY13	FY 13 – FY 18	FY 18 – FY 23 (P)
Small Cars	11%	4%	6% – 8%
Large Cars	3%	(5%)	6% – 8%
UV + Vans	19%	7%	11% – 13%
Total (Cars + UVs)	**12%**	**4%**	**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		Q1 FY 2019		FY 2019 (P)
	Volume	**Growth**	**Volume**	**Growth**	**Volume**	**Growth**	**Volume**	**Growth**	**Growth**
Small Cars	1,754	8%	1,891	6%	1,964	4%	533	19%	7% – 9%
Large Cars	271	6%	211	(9%)	209	(1%)	98	17%	3% – 5%
UV + Vans	763	5%	944	24%	1,114	18%	290	24%	12% – 14%
Total (Cars + UVs)	**2,788**	**7%**	**3,047**	**9%**	**3,287**	**8%**	**921**	**20%**	**9% – 11%**

- 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 - July 2018*

Commercial Vehicles Industry: Overall Demand Drivers

	FY 13 – FY 18	FY 18 – FY 23 (P)
MHCV (goods)	6.6%	5% – 7%
LCV (goods)	(0.4%)	5% – 7%
Buses	(2.2%)	9% – 11%

- 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		FY 2019 (P)
	Volume	Growth	Volume	Growth	Volume	Growth	Growth
MHCV	257,987	32%	255,234	(1%)	304,664	19%	7% – 9%
LCV	334,371	(1%)	360,842	8%	467,224	29%	15% – 17%
Buses	92,845	15%	98,126	6%	84,573	(14%)	10% – 12%

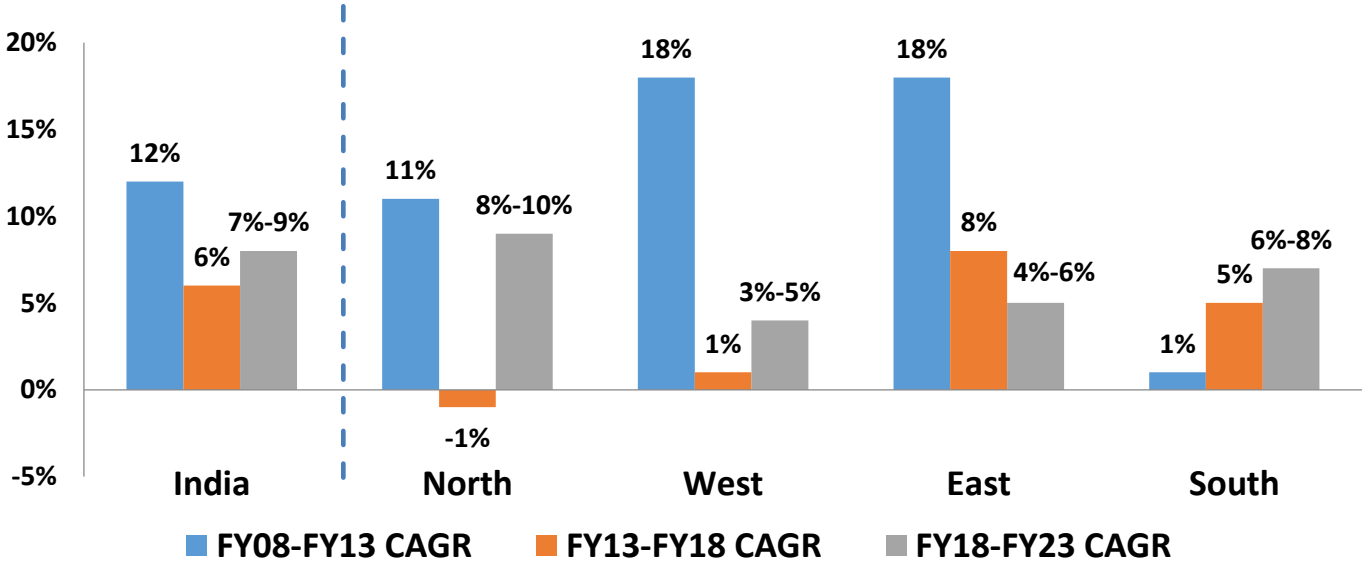
- Hub-spoke model, improved infra to drive sale of higher tonnage vehicle and pick-ups. Growth in pick-ups to be higher due to higher flexibility of usage
- ICV expected to grow at faster pace aided by e-commerce demand; MCV's to be cannibalised with ICV's
- Tipper sales to prop up with improvement in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

Source: *CRISIL Research, Commercial Vehicles – June 2018*

Tractors Industry: Overall Demand Drivers

	FY 2016		FY 2017		FY 2018		FY 2019 (P)	FY 18 – FY 23 (P)
	Volume	Growth	Volume	Growth	Volume	Growth	Growth	Growth
Tractors	493,764	(10%)	582,844	18%	711,478	22%	10% - 12%	7% – 9%

- India is amongst the lowest in farm mechanisation compared to global peers – a significant scope for growth



Cumulative Rainfall

Period 01 June, 2018 to 25 July, 2018		
Category	No. Of Subdivisions	Sub-divisional %Area of Country
Large Excess	0	0%
Excess	7	24%
Normal	18	50%
Deficient	11	26%
Large Deficient	0	0%
No Rain	0	0%

- Government objective of doubling farmers income shall boost sentiments and improve earnings
- Income parameters (MSP; Crop Output) and Finance availability projected Favourable;
- Demand Indicators (Infra development, Sand mining) projected Neutral

Source: *CRISIL Research, Tractors – May2018, IMD*

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Auto Industry Volume

Domestic Sales (Volume in '000)	1QFY19 (Nos.)	1QFY18 (Nos.)	*Y-o-Y Growth (%)*	FY18 (Nos.)	FY17 (Nos.)	*Y-o-Y Growth (%)*
Passenger Vehicles (PVs)						
Passenger Cars / Vans	584	494	*18%*	2,173	2,103	*3%*
UV's	290	233	*24%*	1,114	944	*18%*
Commercial Vehicles (CVs)						
M&HCVs	89	48	*85%*	340	302	*13%*
LCVs	141	103	*37%*	516	412	*25%*
Three Wheelers	**162**	**109**	***49%***	**640**	**512**	***25%***
Tractors	**222**	**177**	***25%***	**711**	**583**	***22%***

The growth rate in all vehicle categories have improved significantly over the previous year (especially in MHCV and Three wheelers)

Source: *CRISIL Research*

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Automobile Finance Market: 5 years Projected Growth@15-17%

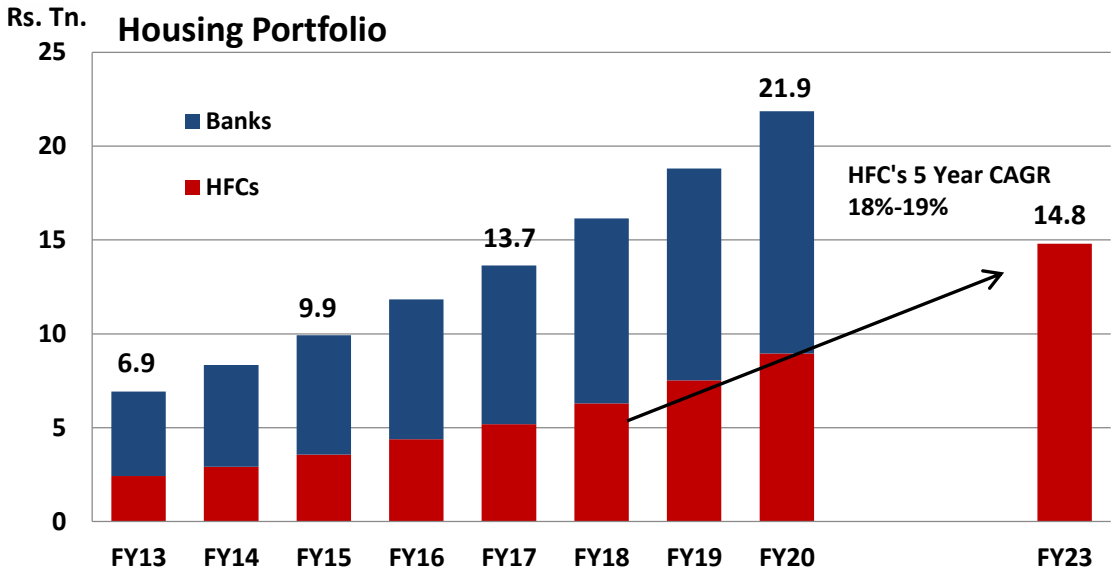
Growth in New Vehicle Finance Disbursements								
(% growth YoY)	**FY12E**	**FY13E**	**FY14E**	**FY15E**	**FY16E**	**FY17E**	**FY18P**	**5 year CAGR (FY22P)**
Cars	8%	(7%)	(6%)	3%	17%	8%	9%	13% – 15%
Utility Vehicles	16%	39%	(6%)	1%	12%	34%	23%	18% – 20%

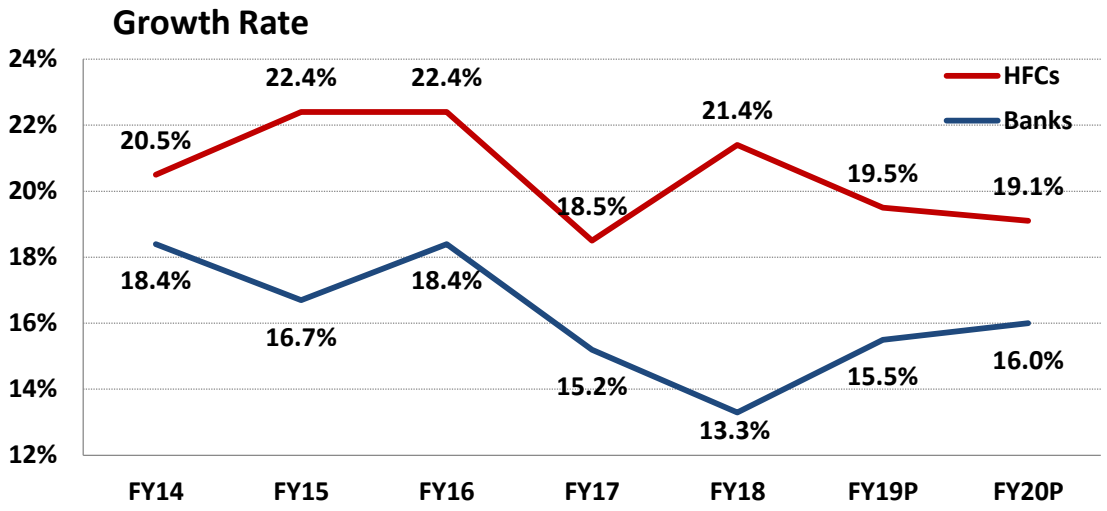
Source: *CRISIL Research, Retail Finance - Auto, February 2018*

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





- 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, June 2018*

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Risk Management Policies

Transforming rural lives across the country

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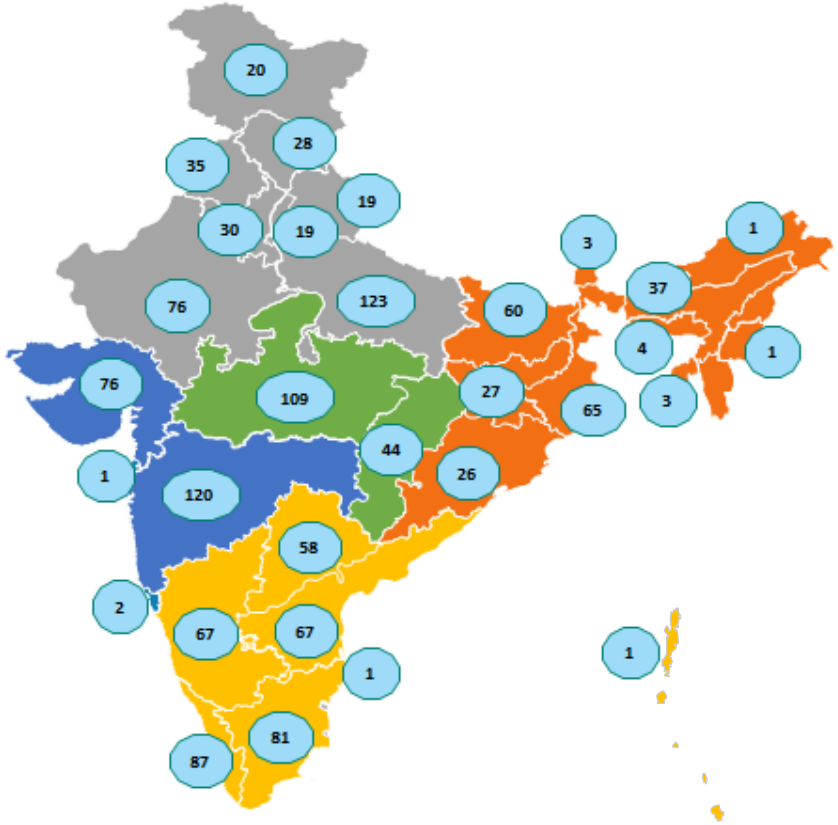
Business Strategy

- 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

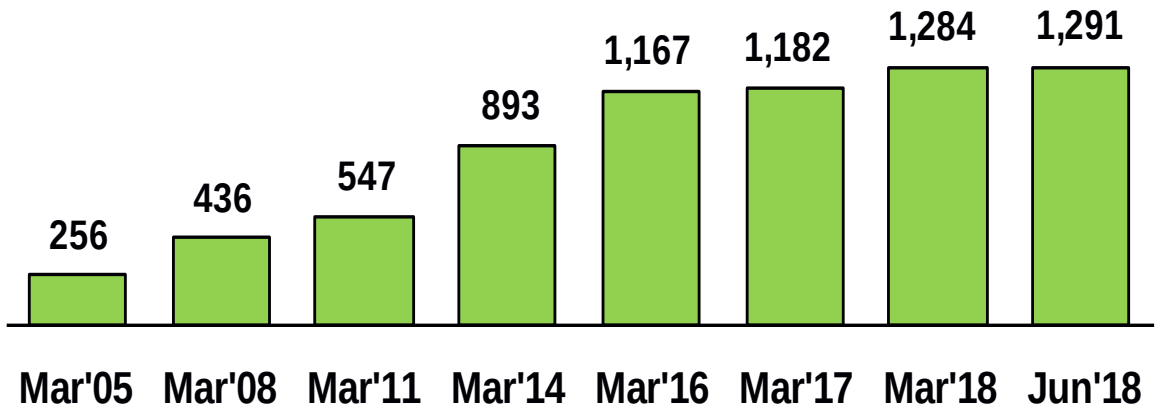
Extensive Branch Network

- Extensive branch network with presence in 27 states and 5 union territories in India through 1,291 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	**Quarter ended June – 18**	Quarter ended June – 17	Year ended March – 18
Auto/ Utility vehicles	**24%**	28%	26%
Tractors	**19%**	21%	18%
Cars	**21%**	21%	20%
Commercial vehicles and Construction equipments	**17%**	11%	13%
Pre-owned vehicles	**14%**	14%	14%
SME and Others	**5%**	5%	9%

*** Standalone**

Break down of AUM

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

As on 30th June 18, ~45% of the AUM was from M&M assets

** Share of SME: 8%*

*** Standalone**

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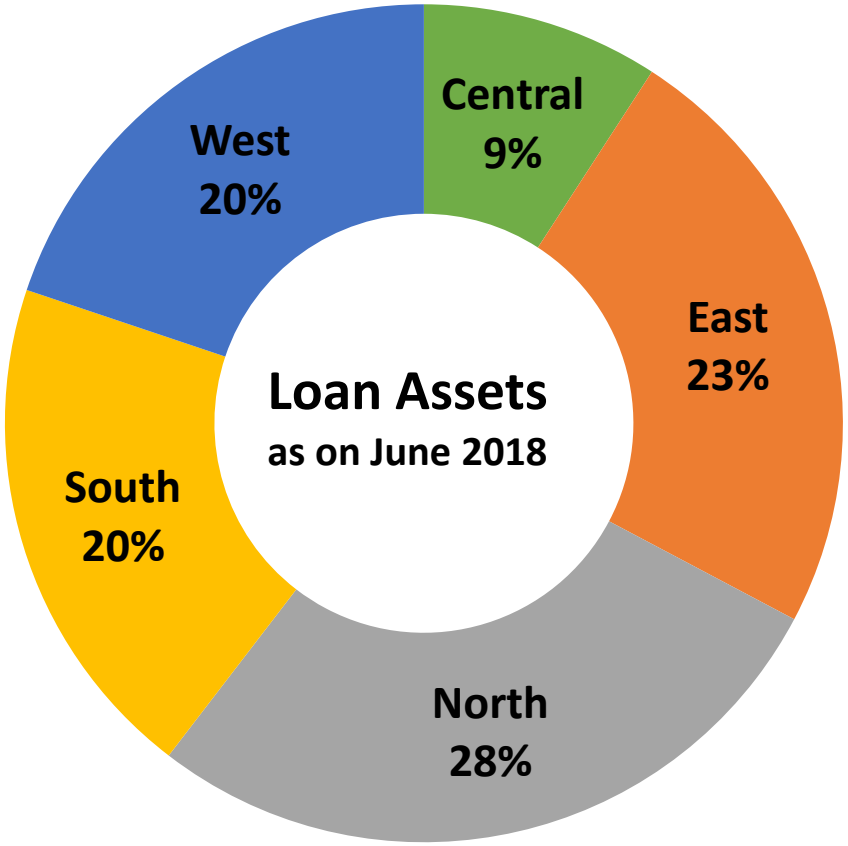
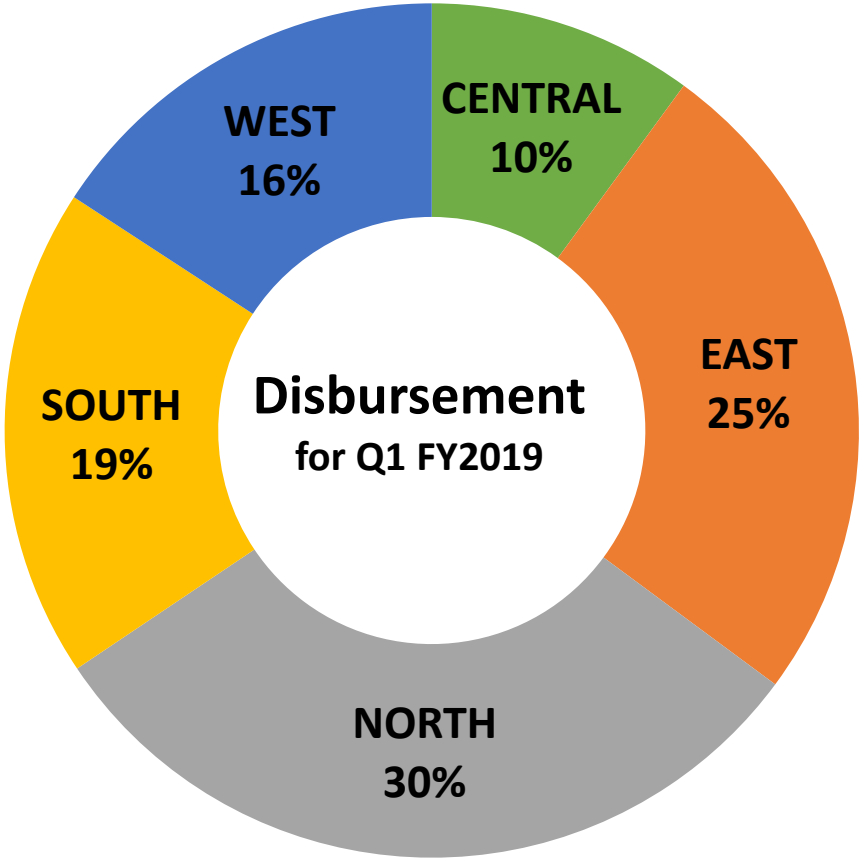
Break down by Geography





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 (Jun' 18)

Investor Type	Amount (INR mn.)	% Share
Banks	172,580	40%
Mutual Fund	116,195	27%
Insurance & Pension Funds	65,639	15%
FIIs & Corporates	38,227	9%
Others	36,226	9%
Total	**428,867**	**100%**

** Based on holding as on 30th June, 2018*

Funding Mix by type of Instrument (Jun' 18)

Instrument Type	Amount (INR mn.)	% Share
NCDs	167,519	39%
Retail NCDs	21,505	5%
Bank Loans	130,185	30%
Fixed Deposits	33,717	8%
CP, ICD	69,678	16%
Securitisation/ Assignment	6,263	2%
Total	**428,867**	**100%**

^ For purpose of presentation, Borrowings are recognised at Face Value for ZCB and CP

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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- Risk Management Policies

Transforming rural lives across the country

Disclaimer

- This is the **first time adoption** of Indian Accounting Standards (“**IND-AS**”) for the purposes of the Company’s financial reporting.

- The **impact of the transition** from previous GAAP (“**I-GAAP**”) has been made in the **opening reserves of FY 2018**

- Except the **quarterly profit & loss account (Q1-FY19)** which have been subject to **limited review**, all other reportings and disclosure made in the presentation are based on management reports.
  The auditors have not reviewed any of those disclosures.

- The disclosures provided here are to **merely provide a summary of the performance** and for comparing key differences with previous accounting standards.

- There is a **possibility of the financial results and the additional disclosures to be updated, modified or amended** because of adjustments which may be required to be made on account of introduction of new standards or its interpretation, receipt of guidelines or circulars from regulatory bodies and/ or Reserve Bank of India and/or changes because of exercising any available exemptions.

Key Financials

Figures on standalone basis

	Total Income	Profit after Tax	Value of Asset Financed
Q1 FY 19	Rs. 19,397 mn	Rs. 2,691 mn	Rs. 103,387 mn
	29%	34%	35%
Q1 FY 18	Rs. 15,087 mn	Rs. 2,014 mn	Rs. 76,399 mn

* As per IND-AS

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Migration to IND-AS – Initial adjustment to Reserves

Impact of migration to IND-AS was made in the Opening Reserves of FY 2018

Figures in INR mn.

Adjustments		Amount	Remarks
Opening Reserve & Surplus as of 1st April 2017		**63,642**	**Based on I-GAAP**
Adjustments	Adopting EIR on financial assets & financial liabilities	14,514	Impact of income accrued on Stage 3 assets, amortisation of upfront fees net of acquisition costs and upfront cost for fund raising
	Securitised portfolio	892	Impact of recognising securitised portfolio
	Adopting ECL based on model	(13,575)	Additional impact of increased provisioning on account of ECL adoption
	Others	153	On account of financial assets and derivative instruments
	Tax Impact of above	(632)	Transition impact on Deferred Taxes
Opening Reserve & Surplus as of 1st April 2017		**64,994**	**Based on IND-AS**

As of 1st April 2017	Based on I-GAAP	Based on IND-AS	Change %
Book Value per share	113.9	116.3	2.1%

EIR - Effective Interest Rate;
ECL – Expected Credit Loss

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Reconciliation of IND-AS migration

I-GAAP and IND-AS Reconciliation: FY 18 and Q1 FY 2018 and FY 2019

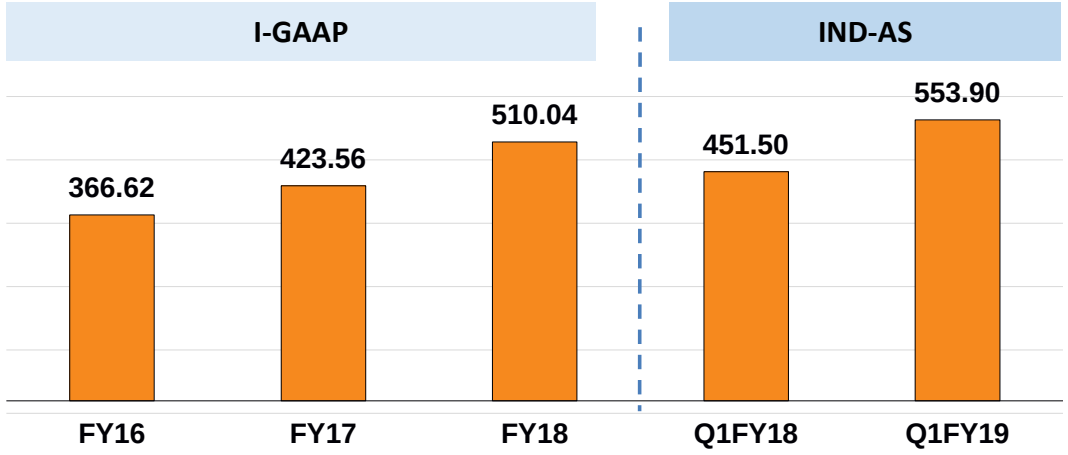
Figures in INR mn.

		Q1 FY 19	Q1 FY 18	FY 18
Profit after Taxes (based on I-GAAP)		**1,936**	**474**	**8,919**
Adjustments	Impact of adopting EIR on financial assets	152	193	349
	Impact of adopting EIR on financial liabilities	92	(37)	(126)
	Impact of Income accrued on Stage 3 assets	68	(882)	(3,496)
	Impact of recognition of Securitised portfolio	149	98	(142)
	Impact of application of ECL method for provision on loan portfolio	562	2,957	6,224
	Reclassification of actuarial gain/ loss on Employee benefit schemes	94	20	189
	Others	44	6	(57)
	Total of the above adjustments	**1,161**	**2,355**	**2,941**
Less: Impact of Taxes on account of above adjustments		(406)	(815)	(1,099)
Profit after Taxes (based on IND-AS)		**2,691**	**2,014**	**10,761**

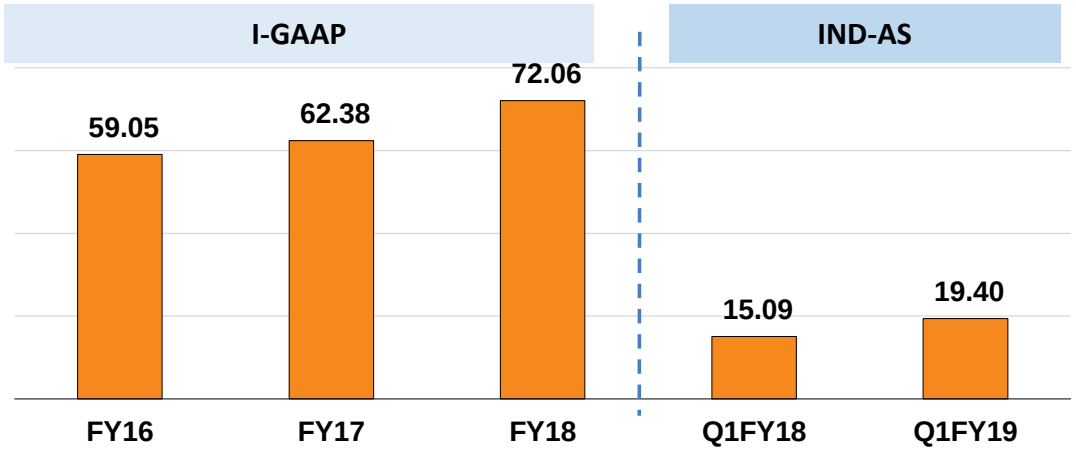
Growth Trajectory

Figures on standalone basis

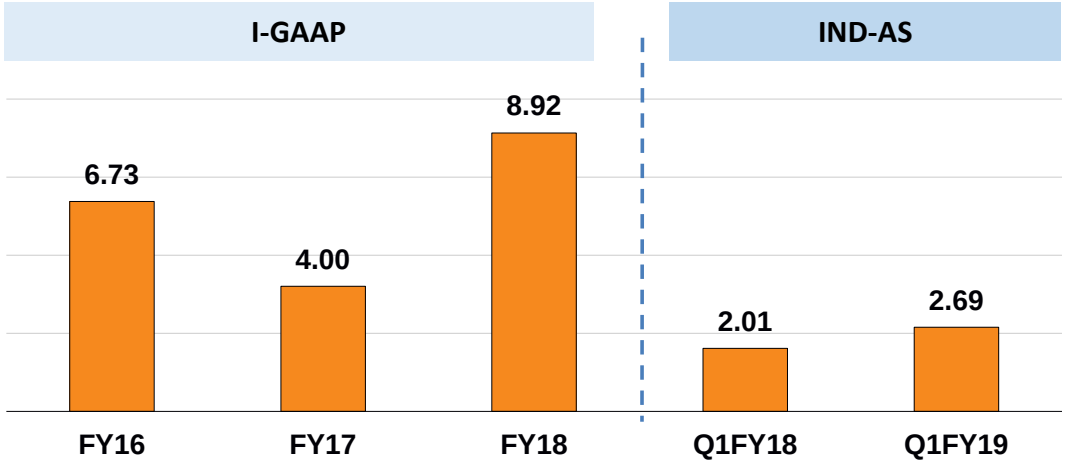
Loan Book (Rs. Bn)



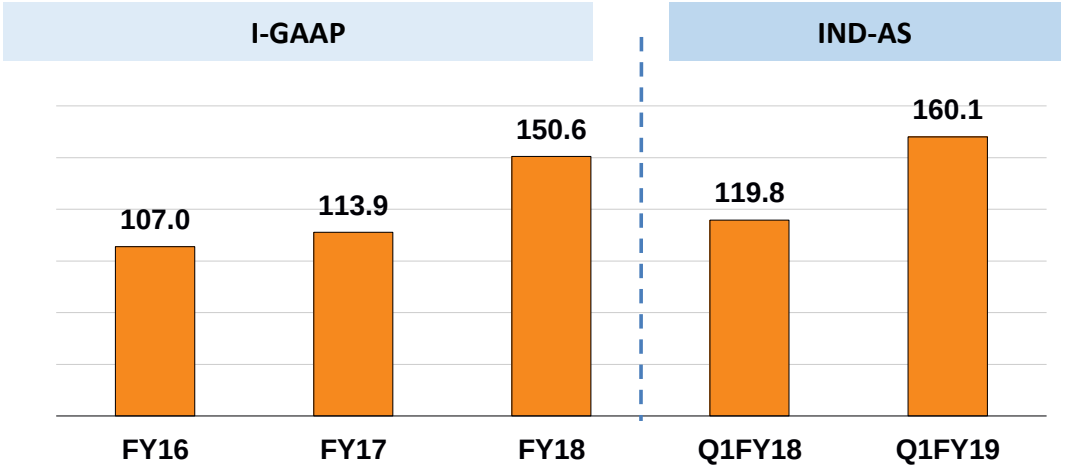
Revenues (Rs. Bn)



Profit after Tax [1] (Rs. Bn)



Book Value Per Share [2] (Rs.)



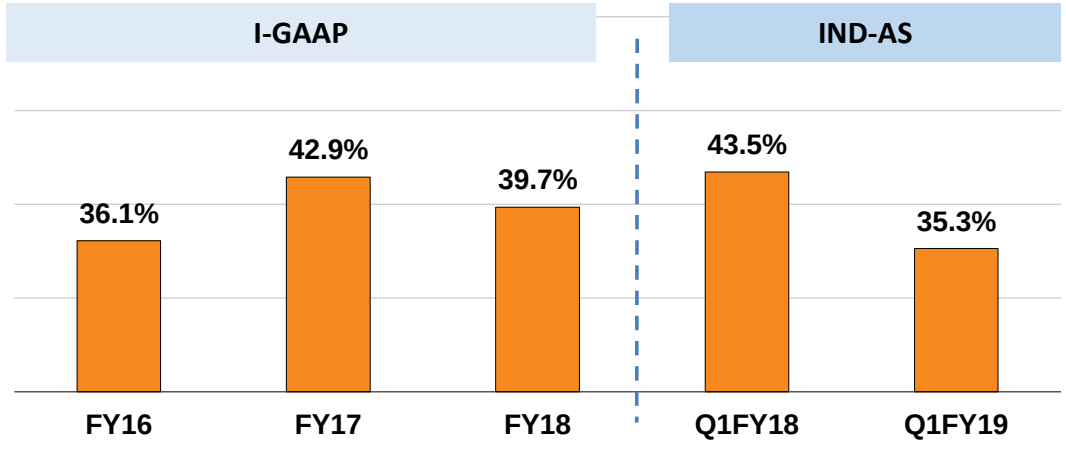
Note : [1] PAT post exceptional items. *[2] Calculated as Shareholders funds/ Number of shares.*

Mahindra FINANCE

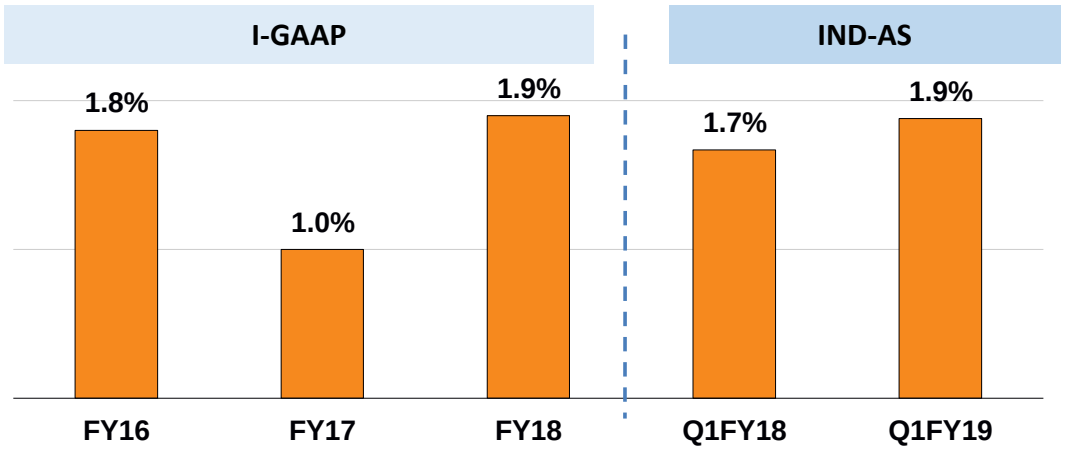
Financial Performance

Figures on standalone basis

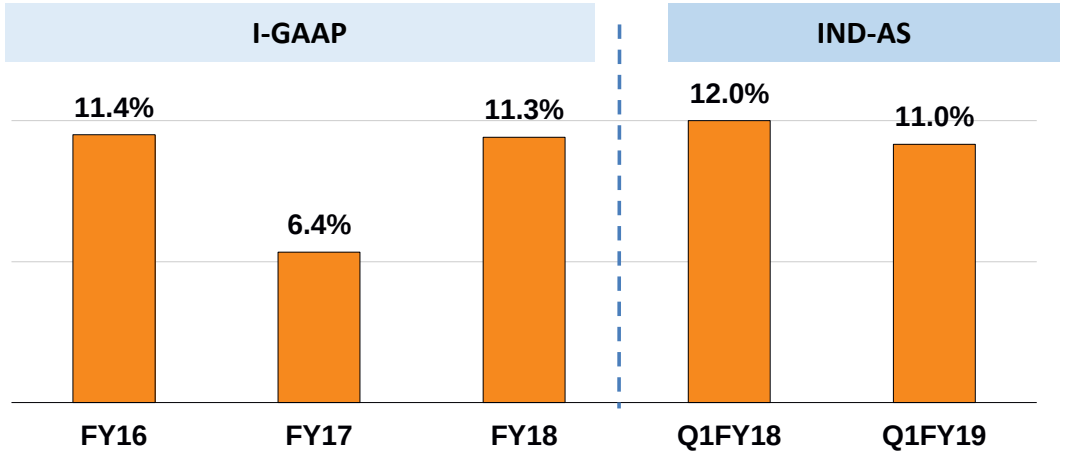
Cost to income ratio [1] (%)



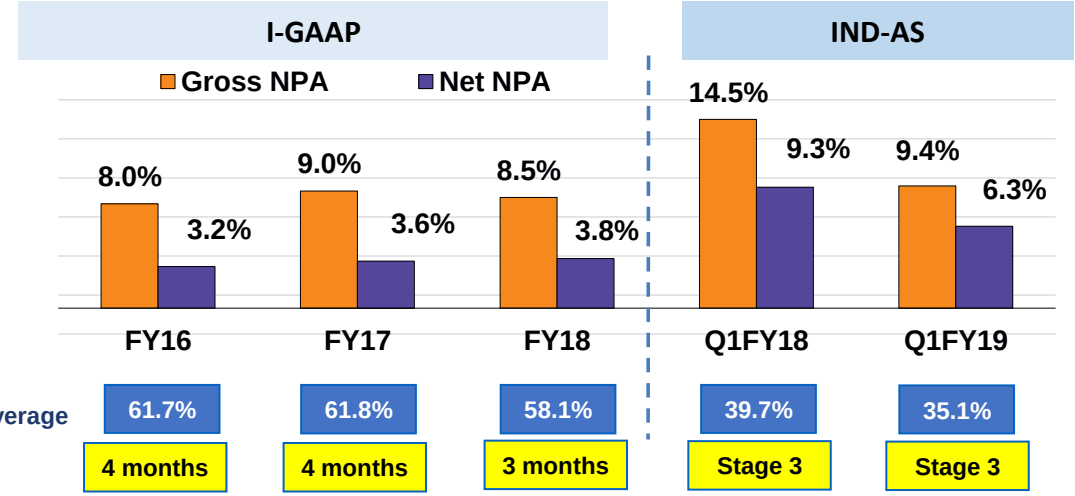
Return on Assets (ROA) [2] (%)



Return on Net Worth (RONW) (%)



Asset Quality



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

* GNPA under I-GAAP after including income reversal

Mahindra FINANCE

Standalone Profit & Loss Account: IND-AS

Accounting Basis	As per IND-AS			
Particulars (Rs. in Million)	**Q1FY19**	Q1FY18	*Y-o-Y*	FY 18
Revenue from operations	19,259	14,980	*28.6%*	*66,295*
Less: Finance cost	8,488	7,553	*12.4%*	*30,955*
NII	**10,771**	**7,427**	***45.0%***	**35,340**
Other Income	138	107	*29.6%*	592
Total Income	**10,909**	**7,534**	***44.8%***	**35,932**
Employee benefits expense	2,634	1,959	*34.5%*	8,325
Provisions and write Offs	2,938	1,269	*131.6%*	5,681
Other expenses	1,082	1,205	*-10.2%*	5,466
Depreciation and amortization	133	110	*19.9%*	442
Total Expenses	**6,787**	**4,543**	***49.4%***	**19,914**
Profit before Tax (before Exceptional)	**4,122**	**2,991**	***37.8%***	**16,018**
Exceptional Items ^	-	-	-	**650**
Profit before Tax	**4,122**	**2,991**	***37.8%***	**16,668**
Tax expense	1,431	977	*46.5%*	5,907
Net Profit after Taxes	**2,691**	**2,014**	**33.6%**	**10,761**

^ on account of sale of 5% equity of MIBL

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

Mahindra FINANCE

Summary & Key Ratios

Figures on standalone basis

	As per IND-AS		
Particulars (Rs. in Million)	**Quarter ended June – 18**	Quarter ended June – 17	Year ended March – 18
RONW (Avg. Net Worth) ^	**11.0%**	12.0%	13.3%
Debt / Equity	**4.31:1**	5.24:1	4.17:1
Capital Adequacy$	**21.9%**	17.5%	22.7%
Tier I	**16.6%**	13.2%	17.0%
Tier II	**5.3%**	4.3%	5.7%
EPS (Basic) (Rs.)	**4.38**	3.56	18.52
Book Value (Rs.)	**160.1**	119.8	155.8
Dividend %	**-**	-	200%
New Contracts During the period (Nos.)	**171,511**	135,440	626,172
No. of employees	**19,346**	17,659	18,733

$ after considering proposed dividend for the year

^ after considering capital dilution

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

Mahindra FINANCE

Spread Analysis

Figures on standalone basis

	As per IND-AS		
Particulars (Rs. in Million)	**Quarter ended June – 18**	Quarter ended June – 17	Year ended March – 18
Total Income / Average Assets	**13.5%**	12.5%	13.1%
Interest / Average Assets	**5.9%**	6.2%	6.0%
Gross Spread	**7.6%**	6.3%	7.1%
Overheads / Average Assets	**2.7%**	2.7%	2.8%
Write offs & NPA provisions / Average Assets	**2.0%**	1.1%	1.1%
Net Spread	**2.9%**	2.5%	3.2%
Net Spread after Tax	**1.9%**	1.7%	2.1%

NPA Analysis (As per IND-AS)

Figures on standalone basis

Particulars (Rs. in Million)	As on Jun 30, 2018	As on Jun 30, 2017	As on Mar 31, 2018
Total Assets	**587,107**	484,680	557,826
Gross NPA (Stage 3)	**55,338**	**70,487**	**50,419**
Less: ECL Provisions (Stage 3)	**19,415**	27,978	17,161
Net NPA (Stage 3)	**35,923**	**42,509**	**33,258**
Gross NPA % (Stage 3)	**9.4%**	14.5%	9.0%
Net NPA % (Stage 3)	**6.3%**	9.3%	6.2%
Coverage Ratio(%) – based on Stage 3 ECL	**35.1%**	**39.7%**	**34.0%**
Stage 1 & 2 provision to Total Assets (%)	**2.2%**	1.5%	2.3%
Coverage Ratio(%) – including Stage 1 & 2 provision	**58.3%**	**50.1%**	**59.5%**

Count of NPA & Repossessed Stock	As on Jun 30, 2018	As on Jun 30, 2017	As on Mar 31, 2018
Contracts under NPA	**158,961 (90 dpd)**	171,776 (120 dpd)	132,947 (90 dpd)
% of Live Cases under NPA	**7.9%**	8.7%	6.4%
Repossessed Assets (out of above NPA)	**12,597**	12,730	11,596

Mahindra FINANCE

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Risk Management Policies

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Mahindra Rural Housing Finance Limited

Accounting Basis	As per IND-AS		
Particulars (Rs. million)	**Quarter ended June – 18**	Quarter ended June – 17	Year ended March – 18
Loans disbursed	**7,779**	5,978	27,892
No. of Customer Contracts (nos.)	**53,847**	40,620	218,572
Outstanding loan book	**70,833**	53,045	63,227
Total income	**3,020**	2,195	10,348
PBT	**472**	478	2,219
PAT	**309**	313	1,440
Net-worth	**7,884**	5,307	7,570
GNPA % – IND-AS | I-GAAP	**16.7% | 13.4%**	15.7% | 12.8%	13.8% | 10.5%
NNPA % – IND-AS | I-GAAP	**14.2% | 9.9%**	13.8% | 9.8%	11.6% | 7.6%

- **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 13 States & 1 Union Territory

** NNPA for IND-AS is after considering only Stage-3 ECL*

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Mahindra Insurance Brokers Limited

	As per IND-AS		
Particulars (Rs. million)	**Quarter ended June – 18**	Quarter ended June – 17	Year ended March – 18
No. of Policies for the Period (nos.)	**554,338**	499,816	2,058,613
Net Premium	**4,035**	3,879	17,490
Total income	**667**	505	2451
PBT	**213**	211	832
PAT	**148**	134	536
No. of employees (nos.)	**1,019**	1,014	987

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

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Awards and Accolades

- Mahindra Finance has been ranked at **14th position** in India's Best Companies to Work for 2018 by The Great Place to Work Institute® and Economic Times
- Mahindra Finance won a Special Recognition Category 2018 award in **Career Management by the Great Place to Work Institute®**
- 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 an appreciation award from **Sarthak Educational Trust** in recognition to our commitment and invaluable contribution in Disability Sector
- Mahindra Finance has been recognized **Working Mother & Avtar 100 Best Company for Women 2017**

India's Best Companies To Work For 2018
A STUDY BY THE ECONOMIC TIMES
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Risk Management Policies

Provisioning Norms

Stage	Description	Provision Mechanism
Stage 1	0- 30 days past due	PD * LGD * Stage 1 Asset
Stage 2	> 30 to <= 90 days past due	PD * LGD * Stage 2 Asset
Stage 3	> 90 days past due	LGD * EAD of Stage 3 Asset

PD – Probability of Default; *LGD – Loss given Default;* *EAD – Exposure at Default*

Key Risks & Management Strategies

Key Risks	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

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