

## Mahindra & Mahindra Financial Services Limited

CIN : L65921MH1991PLC059642

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### STATEMENT OF UNAUDITED / AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER / HALF YEAR ENDED 30 SEPTEMBER 2017

|           |  | Quarter ended        |                  |                      | Half year ended      |                      | Rs. in Lakhs     |
|-----------|--|----------------------|------------------|----------------------|----------------------|----------------------|------------------|
|           | Particulars  | 30 September<br>2017 | 30 June<br>2017  | 30 September<br>2016 | 30 September<br>2017 | 30 September<br>2016 | 31 March<br>2017 |
|           |  | (Unaudited)          | (Unaudited)      | (Unaudited)          | (Audited)            | (Audited)            | (Audited)        |
| 1         | Revenue from operations  | 166079.04            | 159237.16        | 149161.01            | 325316.20            | 285803.71            | 617391.06        |
| 2         | Other income   | 2208.83              | 1070.79          | 2407.43              | 3279.62              | 3332.79              | 6362.76          |
| <b>3</b>  | <b>Total Revenue (1+2)</b>   | <b>168287.87</b>     | <b>160307.95</b> | <b>151568.44</b>     | <b>328595.82</b>     | <b>289136.50</b>     | <b>623753.82</b> |
| <b>4</b>  | <b>Expenses:</b>   |                      |                  |                      |                      |                      |                  |
|           | a) Employee benefits expense   | 18622.36             | 19795.66         | 17104.24             | 38418.02             | 33855.29             | 68089.71         |
|           | b) Finance costs   | 74982.42             | 73267.70         | 70856.21             | 148250.12            | 139954.42            | 285742.70        |
|           | c) Depreciation and amortization expense                               | 1066.99              | 1106.23          | 1073.31              | 2173.22              | 2137.54              | 4602.14          |
|           | d) Loan provisions and write off (refer note no.4)                     | 44460.30             | 42582.35         | 30420.26             | 87042.65             | 52873.69             | 130912.67        |
|           | e) Other expenses  | 17252.07             | 17195.86         | 17491.15             | 34447.93             | 32278.43             | 72399.77         |
|           | <b>Total expenses</b>  | <b>156384.14</b>     | <b>153947.80</b> | <b>136945.17</b>     | <b>310331.94</b>     | <b>261099.37</b>     | <b>561746.99</b> |
| <b>5</b>  | <b>Profit before exceptional and extraordinary items and tax (3-4)</b> | <b>11903.73</b>      | <b>6360.15</b>   | <b>14623.27</b>      | <b>18263.88</b>      | <b>28037.13</b>      | <b>62006.83</b>  |
| 6         | Exceptional items  | -                    | -                | -                    | -                    | -                    | -                |
| <b>7</b>  | <b>Profit before extraordinary items and tax (5-6)</b>                 | <b>11903.73</b>      | <b>6360.15</b>   | <b>14623.27</b>      | <b>18263.88</b>      | <b>28037.13</b>      | <b>62006.83</b>  |
| 8         | Extraordinary items  | -                    | -                | -                    | -                    | -                    | -                |
| <b>9</b>  | <b>Profit before tax (7-8)</b>   | <b>11903.73</b>      | <b>6360.15</b>   | <b>14623.27</b>      | <b>18263.88</b>      | <b>28037.13</b>      | <b>62006.83</b>  |
| <b>10</b> | <b>Tax expense</b>   |                      |                  |                      |                      |                      |                  |
|           | - Current tax  | 6218.00              | 3569.45          | 7899.05              | 9787.45              | 15144.00             | 36350.00         |
|           | - Deferred tax   | (2113.43)            | (1947.88)        | (2757.95)            | (4061.31)            | (5287.00)            | (14366.66)       |
|           | <b>Tax expense</b>   | <b>4104.57</b>       | <b>1621.57</b>   | <b>5141.10</b>       | <b>5726.14</b>       | <b>9857.00</b>       | <b>21983.34</b>  |
| <b>11</b> | <b>Profit for the period from continuing operations (9-10)</b>         | <b>7799.16</b>       | <b>4738.58</b>   | <b>9482.17</b>       | <b>12537.74</b>      | <b>18180.13</b>      | <b>40023.49</b>  |
| <b>12</b> | <b>Profit from discontinued operations</b>                             | -                    | -                | -                    | -                    | -                    | -                |
| 13        | Tax expense of discontinuing operations                                | -                    | -                | -                    | -                    | -                    | -                |
| <b>14</b> | <b>Profit from discontinuing operations (after tax) (12-13)</b>        | -                    | -                | -                    | -                    | -                    | -                |
| <b>15</b> | <b>Profit for the period / year (11+14)</b>                            | <b>7799.16</b>       | <b>4738.58</b>   | <b>9482.17</b>       | <b>12537.74</b>      | <b>18180.13</b>      | <b>40023.49</b>  |
| <b>16</b> | <b>Earnings per share (face value of Rs.2/- each) #</b>                |                      |                  |                      |                      |                      |                  |
|           | a) Basic (Rs.)   | 1.38                 | 0.84             | 1.68                 | 2.22                 | 3.22                 | 7.09             |
|           | b) Diluted (Rs.)   | 1.38                 | 0.83             | 1.67                 | 2.21                 | 3.20                 | 7.04             |

# Earnings per share for the interim period is not annualised.

## STATEMENT OF UNAUDITED / AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER / HALF YEAR ENDED 30 SEPTEMBER 2017

Rs. in Lakhs

| Particulars  | Quarter ended        |                  |                      | Half year ended      |                      | Year ended       |
|--|----------------------|------------------|----------------------|----------------------|----------------------|------------------|
|  | 30 September<br>2017 | 30 June<br>2017  | 30 September<br>2016 | 30 September<br>2017 | 30 September<br>2016 | 31 March<br>2017 |
|  | (Unaudited)          | (Unaudited)      | (Unaudited)          | (Audited)            | (Audited)            | (Audited)        |
| 1 Revenue from operations  | 197915.96            | 187451.87        | 172063.85            | 385367.83            | 328855.73            | 714620.43        |
| 2 Other income   | 643.07               | 1154.47          | 2062.26              | 1797.54              | 3125.55              | 5444.65          |
| <b>3 Total Revenue</b>   | <b>198559.03</b>     | <b>188606.34</b> | <b>174126.11</b>     | <b>387165.37</b>     | <b>331981.28</b>     | <b>720065.08</b> |
| <b>4 Expenses:</b>   |                      |                  |                      |                      |                      |                  |
| a) Employee benefits expense   | 25952.25             | 25860.88         | 22235.29             | 51813.13             | 43274.76             | 88663.96         |
| b) Finance costs   | 85512.10             | 82810.49         | 78944.44             | 168322.59            | 155332.18            | 318617.44        |
| c) Depreciation and amortization expense                                 | 1288.34              | 1337.92          | 1250.67              | 2626.26              | 2466.93              | 5372.32          |
| d) Loan provisions and write off (refer note no.4)                       | 46997.98             | 47274.54         | 32159.98             | 94272.52             | 56913.26             | 138955.10        |
| e) Other expenses  | 21297.37             | 22227.47         | 20466.46             | 43524.84             | 37789.16             | 84680.81         |
| <b>Total expenses</b>  | <b>181048.04</b>     | <b>179511.30</b> | <b>155056.84</b>     | <b>360559.34</b>     | <b>295776.29</b>     | <b>636289.63</b> |
| <b>5 Profit before exceptional and extraordinary items and tax (3-4)</b> | <b>17510.99</b>      | <b>9095.04</b>   | <b>19069.27</b>      | <b>26606.03</b>      | <b>36204.99</b>      | <b>83775.45</b>  |
| 6 Exceptional items  | -                    | -                | -                    | -                    | -                    | -                |
| <b>7 Profit before extraordinary items and tax (5-6)</b>                 | <b>17510.99</b>      | <b>9095.04</b>   | <b>19069.27</b>      | <b>26606.03</b>      | <b>36204.99</b>      | <b>83775.45</b>  |
| 8 Extraordinary items  | -                    | -                | -                    | -                    | -                    | -                |
| <b>9 Profit before tax (7-8)</b>   | <b>17510.99</b>      | <b>9095.04</b>   | <b>19069.27</b>      | <b>26606.03</b>      | <b>36204.99</b>      | <b>83775.45</b>  |
| <b>10 Tax expense</b>  |                      |                  |                      |                      |                      |                  |
| - Current tax  | 9191.90              | 4886.81          | 10279.61             | 14078.71             | 19016.67             | 46353.48         |
| - Deferred tax   | (2311.15)            | (1867.72)        | (2966.93)            | (4178.87)            | (5582.41)            | (15548.01)       |
| <b>Tax expense</b>   | <b>6880.75</b>       | <b>3019.09</b>   | <b>7312.68</b>       | <b>9899.84</b>       | <b>13434.26</b>      | <b>30805.47</b>  |
| <b>11 Profit for the period from continuing operations (9-10)</b>        | <b>10630.24</b>      | <b>6075.95</b>   | <b>11756.59</b>      | <b>16706.19</b>      | <b>22770.73</b>      | <b>52969.98</b>  |
| <b>12 Profit from discontinuing operations</b>                           | -                    | -                | -                    | -                    | -                    | -                |
| 13 Tax expense of discontinuing operations                               | -                    | -                | -                    | -                    | -                    | -                |
| <b>14 Profit from discontinuing operations (after tax) (12-13)</b>       | -                    | -                | -                    | -                    | -                    | -                |
| <b>15 Profit for the period / year (11+14)</b>                           | <b>10630.24</b>      | <b>6075.95</b>   | <b>11756.59</b>      | <b>16706.19</b>      | <b>22770.73</b>      | <b>52969.98</b>  |
| 16 Minority interest   | 562.13               | 233.58           | 351.70               | 795.71               | 601.56               | 1,806.31         |
| <b>17 Net Profit after taxes and minority interest (15-16)</b>           | <b>10068.11</b>      | <b>5842.37</b>   | <b>11404.89</b>      | <b>15910.48</b>      | <b>22169.17</b>      | <b>51163.67</b>  |
| <b>18 Earnings per share (face value of Rs.2/- each) #</b>               |                      |                  |                      |                      |                      |                  |
| a) Basic (Rs.)   | 1.78                 | 1.03             | 2.02                 | 2.82                 | 3.93                 | 9.06             |
| b) Diluted (Rs.)   | 1.78                 | 1.03             | 2.01                 | 2.81                 | 3.90                 | 9.00             |

# Earnings per share for the interim period is not annualised.

## AUDITED BALANCE SHEET

Rs. in Lakhs

| Particulars                                 | STANDALONE                    |                           | CONSOLIDATED                  |                           |
|---|-------------------------------|---------------------------|-------------------------------|---------------------------|
|   | As at<br>30 September<br>2017 | As at<br>31 March<br>2017 | As at<br>30 September<br>2017 | As at<br>31 March<br>2017 |
| <b>A EQUITY AND LIABILITIES</b>             |                               |                           |                               |                           |
| <b>1 Shareholders' funds</b>                |                               |                           |                               |                           |
| a) Share capital                            | 11301.96                      | 11300.83                  | 11301.96                      | 11300.83                  |
| b) Reserves and surplus                     | 631395.68                     | 636423.59                 | 682990.40                     | 684714.72                 |
| <b>Sub-total - Shareholders' funds</b>      | <b>642697.64</b>              | <b>647724.42</b>          | <b>694292.36</b>              | <b>696015.55</b>          |
| <b>2 Minority interest</b>                  | -                             | -                         | <b>10,479.71</b>              | <b>9980.11</b>            |
| <b>3 Non-current liabilities</b>            |                               |                           |                               |                           |
| a) Long-term borrowings                     | 2315604.28                    | 2145371.00                | 2771116.11                    | 2498492.31                |
| b) Other long-term liabilities              | 54869.29                      | 42740.10                  | 54870.29                      | 42741.10                  |
| c) Long term provisions                     | 80725.76                      | 54890.35                  | 90889.40                      | 62168.69                  |
| <b>Sub-total - Non-current liabilities</b>  | <b>2451199.33</b>             | <b>2243001.45</b>         | <b>2916875.80</b>             | <b>2603402.10</b>         |
| <b>4 Current liabilities</b>                |                               |                           |                               |                           |
| a) Short term borrowings                    | 665764.39                     | 586476.76                 | 818166.52                     | 721762.80                 |
| b) Trade payables :                         |                               |                           |                               |                           |
| (i) Micro and Small Enterprises             | -                             | -                         | -                             | -                         |
| (ii) Other than Micro and Small Enterprises | 64016.45                      | 66296.01                  | 69203.26                      | 69442.05                  |
| c) Other current liabilities                | 908018.86                     | 893355.26                 | 1034678.05                    | 1068206.83                |
| d) Short term provisions                    | 181443.21                     | 161669.29                 | 196558.82                     | 171847.71                 |
| <b>Sub-total - Current liabilities</b>      | <b>1819242.91</b>             | <b>1707797.32</b>         | <b>2118606.65</b>             | <b>2031259.39</b>         |
| <b>TOTAL - EQUITY AND LIABILITIES</b>       | <b>4913139.88</b>             | <b>4598523.19</b>         | <b>5740254.52</b>             | <b>5340657.15</b>         |
| <b>B ASSETS</b>                             |                               |                           |                               |                           |
| <b>1 Non-current assets</b>                 |                               |                           |                               |                           |
| a) Property, Plant and Equipment            |                               |                           |                               |                           |
| i) Tangible assets                          | 10155.78                      | 10843.54                  | 12218.41                      | 12931.37                  |
| ii) Intangible assets                       | 650.07                        | 307.93                    | 789.06                        | 403.76                    |
| iii) Capital work-in-progress               | 45.71                         | 49.09                     | 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                  | 129661.34                     | 131173.39                 | 76072.83                      | 79794.03                  |
| c) Deferred tax assets (Net)                | 77228.00                      | 73166.69                  | 79903.24                      | 75717.77                  |
| d) Long-term loans and advances             | 2339346.59                    | 2225984.99                | 2987061.21                    | 2817526.07                |
| e) Other non-current assets                 | 13122.71                      | 11223.88                  | 13182.71                      | 11283.88                  |
| <b>Sub-total - Non-current assets</b>       | <b>2570210.20</b>             | <b>2452749.51</b>         | <b>3169361.90</b>             | <b>2997774.81</b>         |
| <b>2 Current assets</b>                     |                               |                           |                               |                           |
| a) Current investments                      | 36475.00                      | 57775.01                  | 36806.04                      | 59239.85                  |
| b) Trade receivables                        | 725.13                        | 582.70                    | 4044.58                       | 2295.93                   |
| c) Cash and cash equivalents                | 40185.09                      | 57806.50                  | 44671.82                      | 60387.54                  |
| d) Short-term loans and advances            | 2261789.25                    | 2026351.66                | 2481610.13                    | 2217662.88                |
| e) Other current assets                     | 3755.21                       | 3257.81                   | 3760.05                       | 3296.14                   |
| <b>Sub-total - Current assets</b>           | <b>2342929.68</b>             | <b>2145773.68</b>         | <b>2570892.62</b>             | <b>2342882.34</b>         |
| <b>TOTAL - ASSETS</b>                       | <b>4913139.88</b>             | <b>4598523.19</b>         | <b>5740254.52</b>             | <b>5340657.15</b>         |

**Notes:**

- 1) The above financial results have been reviewed by the Audit Committee and subsequently approved by the Board of Directors of the Company at its meeting held on 25 October 2017.
- 2) The results for the half year ended 30 September 2017 have been subjected to an "Audit" and the results for the quarter ended 30 September 2017 have been subjected to a "Limited Review" by the Statutory Auditors of the Company. The financial results of the company for the quarter and half year ended 30 September 2016, year ended 31 March 2017 and quarter ended 30 June 2017 were audited / reviewed by another auditor who have expressed unmodified opinion on those results.
- 3) 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. The Segment Reporting in respect of the Consolidated Results is given in Appendix 1.
- 4) 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 quarter ended 30 June 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.16934.32 Lakhs for the half year ended 30 September 2016 with a consequent impact on the profit before tax. In the quarter ended 30 June 2017 and half year ended 30 September 2017, the Company has made additional provision of Rs. 8336.91 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 30 June 2017. This has resulted in an increase in provision by Rs.24696.91 lakhs (including income de-recognition) as at 30 September 2017.
- 5) During the quarter ended 30 September 2017, the Company has raised an amount of Rs.115053.13 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.1999.60 lakhs has been adjusted against securities premium reserve as per the accounting policy.
- 6) 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.
- 7) During the quarter ended 30 June 2017, the Company has made following investments:
  - i) Rs. 1259.15 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.3111.84 Lakhs equivalent to US \$ 4.64 million);  
There is no consequent change in the Company's shareholding pattern.
  - ii) Rs.1000.00 Lakhs in Mahindra Asset Management Company Private Limited, its wholly owned subsidiary, by subscription to 10000000 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.3045.00 Lakhs).
- 8) Tax expense for the quarter ended 30 June 2017 and half year ended 30 September 2017 is net of Rs.572.22 lakhs on account of adjustment towards excess provision for earlier year.

**For and on behalf of the Board of Directors  
Mahindra & Mahindra Financial Services Limited**

**Sd/-**

**Ramesh Iyer  
Vice-Chairman & Managing Director**

**Date : 25 October 2017  
Place : Mumbai**

**Appendix 1**

**Segment-wise Revenue, Results, Assets and Liabilities for Consolidated results under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Rs. in Lakhs

| Particulars   | Consolidated                 |                   |                      |                              |                      |                         |
|---|------------------------------|-------------------|----------------------|------------------------------|----------------------|-------------------------|
|   | Quarter ended<br>(Unaudited) |                   |                      | Half year ended<br>(Audited) |                      | Year ended<br>(Audited) |
|   | 30 September<br>2017         | 30 June<br>2017   | 30 September<br>2016 | 30 September<br>2017         | 30 September<br>2016 | 31 March<br>2017        |
| <b>(a) Segment Revenue</b>                                    |                              |                   |                      |                              |                      |                         |
| - Financing Activities  | 196295.83                    | 184368.04         | 172786.92            | 380663.87                    | 328125.95            | 708912.27               |
| - Others  | 4974.06                      | 5417.97           | 3953.53              | 10392.03                     | 7714.06              | 18303.55                |
| <b>Total</b>  | <b>201269.89</b>             | <b>189786.01</b>  | <b>176740.45</b>     | <b>391055.90</b>             | <b>335840.01</b>     | <b>727215.82</b>        |
| Less : Inter-segment revenue                                  | 2710.86                      | 1179.67           | 2614.34              | 3890.53                      | 3858.73              | 7150.74                 |
| <b>Net Revenue</b>  | <b>198559.03</b>             | <b>188606.34</b>  | <b>174126.11</b>     | <b>387165.37</b>             | <b>331981.28</b>     | <b>720065.08</b>        |
| <b>(b) Segment Results (Profit before tax) :</b>              |                              |                   |                      |                              |                      |                         |
| - Financing Activities  | 16802.48                     | 8189.76           | 18201.58             | 24992.24                     | 34022.50             | 77670.60                |
| - Others  | 708.51                       | 905.28            | 867.69               | 1613.79                      | 2182.49              | 6104.85                 |
| <b>Total</b>  | <b>17510.99</b>              | <b>9095.04</b>    | <b>19069.27</b>      | <b>26606.03</b>              | <b>36204.99</b>      | <b>83775.45</b>         |
| Add : Other unallocable income net of unallocable expenditure | -                            | -                 | -                    | -                            | -                    | -                       |
| <b>Net Profit before tax</b>                                  | <b>17,510.99</b>             | <b>9,095.04</b>   | <b>19,069.27</b>     | <b>26,606.03</b>             | <b>36,204.99</b>     | <b>83,775.45</b>        |
| <b>(c) Segment Assets :</b>                                   |                              |                   |                      |                              |                      |                         |
| - Financing Activities  | 234694.91                    | 5388326.78        | 249525.10            | 5623021.69                   | 4816746.05           | 5242386.18              |
| - Others  | 970.90                       | 5298.12           | 685.21               | 6269.02                      | 5641.24              | 5166.72                 |
| - Other unallocable assets                                    | 11084.47                     | 99879.34          | 8930.66              | 110963.81                    | 82500.58             | 93104.25                |
| <b>Total</b>  | <b>246750.28</b>             | <b>5493504.24</b> | <b>259140.97</b>     | <b>5740254.52</b>            | <b>4904887.87</b>    | <b>5340657.15</b>       |
| <b>(d) Segment Liabilities :</b>                              |                              |                   |                      |                              |                      |                         |
| - Financing Activities  | 253387.12                    | 4777943.24        | 247604.14            | 5031330.36                   | 4228123.53           | 4631965.16              |
| - Others  | 833.65                       | 3318.44           | 207.71               | 4152.09                      | 2327.44              | 2696.33                 |
| - Other unallocable liabilities                               | -                            | -                 | -                    | -                            | -                    | -                       |
| <b>Total</b>  | <b>254220.77</b>             | <b>4781261.68</b> | <b>247811.85</b>     | <b>5035482.45</b>            | <b>4230450.97</b>    | <b>4634661.49</b>       |

**Note :**

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

For and on behalf of the Board of Directors  
Mahindra & Mahindra Financial Services Limited

Sd/-

Date : 25 October 2017  
Place : Mumbai

Ramesh Iyer  
Vice-Chairman & Managing Director