

Mahindra & Mahindra Financial Services Limited

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STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31 DECEMBER 2017

Rs. in Lakhs

	Particulars	Quarter ended			Nine months ended		Year ended
		31 December 2017	30 September 2017	31 December 2016	31 December 2017	31 December 2016	31 March 2017
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Revenue from operations	183395.34	166079.04	149042.25	508711.54	434845.96	617391.06
2	Other income	1240.85	2208.83	1304.66	4520.47	4637.45	6362.76
3	Total Revenue (1+2)	184636.19	168287.87	150346.91	513232.01	439483.41	623753.82
4	Expenses:						
	a) Employee benefits expense	20515.31	18622.36	16267.15	58933.33	50122.44	68089.71
	b) Finance costs	76289.27	74982.42	74413.83	224539.39	214368.25	285742.70
	c) Depreciation and amortization expense	1070.91	1066.99	1110.62	3244.13	3248.16	4602.14
	d) Loan provisions and write off (refer note 4)	19894.64	44460.30	41897.90	106937.29	94771.59	130912.67
	e) Other expenses	21235.36	17252.07	19070.15	55683.29	51348.58	72399.77
	Total expenses	139005.49	156384.14	152759.65	449337.43	413859.02	561746.99
5	Profit before exceptional and extraordinary items and tax (3-4)	45630.70	11903.73	(2412.74)	63894.58	25624.39	62006.83
6	Exceptional items (refer note 9)	6497.18	-	-	6497.18	-	-
7	Profit before extraordinary items and tax (5+6)	52127.88	11903.73	(2412.74)	70391.76	25624.39	62006.83
8	Extraordinary items	-	-	-	-	-	-
9	Profit before tax (7-8)	52127.88	11903.73	(2412.74)	70391.76	25624.39	62006.83
10	Tax expense						
	- Current tax	26031.07	6218.00	(1304.00)	35818.52	13840.00	36350.00
	- Deferred tax	(8101.46)	(2113.43)	455.00	(12162.77)	(4832.00)	(14366.66)
	Tax expense	17929.61	4104.57	(849.00)	23655.75	9008.00	21983.34
11	Profit for the period/year from continuing operations (9-10)	34198.27	7799.16	(1563.74)	46736.01	16616.39	40023.49
12	Profit from discontinuing operations	-	-	-	-	-	-
13	Tax expense of discontinuing operations	-	-	-	-	-	-
14	Profit from discontinuing operations (after tax) (12-13)	-	-	-	-	-	-
15	Profit for the period / year (11+14)	34198.27	7799.16	(1563.74)	46736.01	16616.39	40023.49
16	Earnings per share (face value of Rs.2/- each) #						
	a) Basic (Rs.)	5.98	1.38	(0.28)	8.20	2.94	7.09
	b) Diluted (Rs.)	5.97	1.38	(0.27)	8.18	2.92	7.04

Earnings per share for the interim period is not annualised.

STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31 DECEMBER 2017

Rs. in Lakhs

Particulars	Quarter ended			Nine months ended		Year ended
	31 December 2017	30 September 2017	31 December 2016	31 December 2017	31 December 2016	31 March 2017
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1 Revenue from operations	218245.46	197915.96	173456.48	603613.29	502312.21	714620.43
2 Other income	1281.52	643.07	1370.03	3079.06	4495.58	5444.65
3 Total Revenue	219526.98	198559.03	174826.51	606692.35	506807.79	720065.08
4 Expenses:						
a) Employee benefits expense	28771.65	25952.25	21301.92	80584.78	64576.68	88663.96
b) Finance costs	87338.10	85512.10	83049.40	255660.69	238381.58	318617.44
c) Depreciation and amortization expense	1384.87	1288.34	1321.38	4011.13	3788.31	5372.32
d) Loan provisions and write off (refer note 4)	22293.94	46997.98	44213.08	116566.46	101126.34	138955.10
e) Other expenses	26547.27	21297.37	22186.25	70072.11	59975.41	84680.81
Total expenses	166335.83	181048.04	172072.03	526895.17	467848.32	636289.63
5 Profit before exceptional and extraordinary items and tax (3-4)	53191.15	17510.99	2754.48	79797.18	38959.47	83775.45
6 Exceptional items (refer note 9)	5073.72	-	-	5073.72	-	-
7 Profit before extraordinary items and tax (5+6)	58264.87	17510.99	2754.48	84870.90	38959.47	83775.45
8 Extraordinary items	-	-	-	-	-	-
9 Profit before tax (7-8)	58264.87	17510.99	2754.48	84870.90	38959.47	83775.45
10 Tax expense						
- Current tax	29414.21	9191.90	761.09	43492.92	19777.76	46353.48
- Deferred tax	(8275.09)	(2311.15)	392.14	(12453.96)	(5190.27)	(15548.01)
Tax expense	21139.12	6880.75	1153.23	31038.96	14587.49	30805.47
11 Profit for the period/year from continuing operations (9-10)	37125.75	10630.24	1601.25	53831.94	24371.98	52969.98
12 Profit from discontinuing operations	-	-	-	-	-	-
13 Tax expense of discontinuing operations	-	-	-	-	-	-
14 Profit from discontinuing operations (after tax) (12-13)	-	-	-	-	-	-
15 Profit for the period / year (11+14)	37125.75	10630.24	1601.25	53831.94	24371.98	52969.98
16 Minority interest	634.96	562.13	428.68	1430.67	1030.24	1806.31
17 Profit after taxes and minority interest (15-16)	36490.79	10068.11	1172.57	52401.27	23341.74	51163.67
18 Earnings per share (face value of Rs.2/- each) #						
a) Basic (Rs.)	6.37	1.78	0.21	9.19	4.13	9.06
b) Diluted (Rs.)	6.36	1.78	0.21	9.17	4.10	9.00

Earnings per share for the interim period is not annualised.

Notes:

- 1) The above financial results for the quarter and nine months ended 31 December 2017 have been reviewed by the Audit Committee and subsequently approved by the Board of Directors of the Company at its meeting held on 24 January 2018.
- 2) The financial results for the quarter and nine months ended 31 December 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 nine months ended 31 December 2016 were reviewed by another auditor who have expressed unmodified opinion on those results. The financial results of the Company for the year ended 31 March 2017 were audited 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 (RBI) in respect of Income Recognition and Provision for Non-Performing Assets (NPA's) 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.17958.45 Lakhs for the nine months period ended 31 December 2016 with a consequent impact on the profit before tax. In the quarter ended 30 June 2017 and nine months period ended 31 December 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 NPA's applicable to Non-Banking Finance Companies (NBFC) 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 effective from 30 September 2017 for NPA's pursuant to which loans outstanding for a period of three months and above are classified as NPA's as compared to four months and above followed until 30 June 2017. This has resulted in an increase in total provision by Rs.13003.04 lakhs (including income de-recognition) for the nine months ended 31 December 2017 as compared to Rs.24696.91 lakhs for the half year and quarter ended 30 September 2017 with a net decrease in provision by Rs. 11693.87 lakhs for the current quarter.
- 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 (NCD's) of the face value of Rs.1,000 each. The NCD's 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 NCD's issue expenses of Rs.2002.87 lakhs has been adjusted against securities premium reserve as per the accounting policy.
- 6) During the quarter ended 31 December 2017, the Company has raised funds amounting to Rs. 211100.00 lakhs through allotment of fresh equity shares as per details provided below :
 - a) Preferential allotment of 2,50,00,000 equity shares of face value of Rs.2.00 each, at a price of Rs.422.00 each, for cash, including a premium of Rs.420.00 per equity share, aggregating to Rs.105500.00 lakhs, to Mahindra & Mahindra Limited, the Holding Company;
 - b) Qualified Institutional Placement (QIP) of 2,40,00,000 equity shares of face value of Rs.2.00 each, at a price of Rs.440.00 each, for cash, including a premium of Rs.438.00 per equity share, aggregating to Rs.105600.00 lakhs, to Qualified Institutional Buyers (QIB's). The Company has utilized an amount of Rs.105566.43 lakhs out of the proceeds from issue of equity shares through QIP for the purposes as stated in its 'Placement Document' and the balance amounting to Rs.33.57 lakhs remained unutilised and earmarked in escrow account. The share issue expenses of Rs.1441.62 lakhs has been adjusted against securities premium reserve as per the accounting policy.The fresh allotment of equity shares through preferential allotment and QIP as stated above have resulted in an increase of equity share capital by Rs. 980.00 lakhs and securities premium reserve by Rs. 210120.00 lakhs.
- 7) All secured NCD's 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 NCD's.
- 8) During the quarter ended 31 December 2017, the Company has made following investments:
 - i) Rs.403.29 lakhs equivalent to US \$ 0.62 million in Mahindra Finance USA LLC, a Joint Venture company formed jointly with De Lage Landen Financial Services Inc. in the United States (nine months ended 31 December 2017: 1662.44 Lakhs equivalent to US \$ 2.58 million; 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.900.00 Lakhs in Mahindra Asset Management Company Private Limited, its wholly owned subsidiary, by subscription to 90,00,000 Equity shares of Face Value of Rs.10/- each for cash at par fully paid up on a rights basis (nine months period ended 31 December 2017: Rs. 1900.00 lakhs; year ended 31 March 2017: Rs.3045.00 Lakhs); and
 - iii) Rs.700.00 lakhs in Orizonte Business Solution Limited (formerly known as "Mega One Stop Farm Services Limited"), engaged in business of operating a Business to Business (B2B) platform "Smartshift", a online logistic marketplace which connects cargo owners and transporters in India, by subscribing to preferential issue of 35,00,000 equity shares of Rs.10/- each, for cash, at a premium of Rs.10/- per share.
- 9) During the quarter ended 31 December 2017, the Company has sold 1,28,866 equity shares of face value of Rs.10/- each representing 5% of holding in subsidiary company, Mahindra Insurance Brokers Ltd., at Rs.5044.00 per share for a consideration aggregating to Rs.6500.00 lakhs. Consequent to the said sale transaction, the shareholding percentage of the Company stands reduced from 85% to 80%. This transaction has resulted in profit of Rs.6497.18 lakhs on a standalone basis (Rs.5073.72 lakhs on a consolidated basis).
- 10) Tax expense for the nine months ended 31 December 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/-

Date : 24 January 2018
Place : Mumbai

Ramesh Iyer
Vice-Chairman & Managing Director

Appendix 1**Mahindra & Mahindra Financial Services Limited****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			Nine months ended		Year ended
	31 December 2017	30 September 2017	31 December 2016	31 December 2017	31 December 2016	31 March 2017
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
(a) Segment Revenue						
- Financing activities	220773.42	196295.83	171382.13	601437.29	499508.08	708912.27
- Others	6794.82	4974.06	4876.97	17186.85	12591.03	18303.55
Total	227568.24	201269.89	176259.10	618624.14	512099.11	727215.82
Less : Inter-segment revenue	2967.54	2710.86	1432.59	6858.07	5291.32	7150.74
Net revenue	224600.70	198559.03	174826.51	611766.07	506807.79	720065.08
(b) Segment Results (Profit before tax) :						
- Financing activities	57581.35	16802.48	966.45	82573.59	34988.95	77670.60
- Others	683.52	708.51	1788.03	2297.31	3970.52	6104.85
Total	58264.87	17510.99	2754.48	84870.90	38959.47	83775.45
Add : Other unallocable income net of unallocable expenditure	-	-	-	-	-	-
Net Profit before tax	58264.87	17510.99	2754.48	84870.90	38959.47	83775.45
(c) Segment Assets :						
- Financing activities	5847392.22	5623021.69	5061930.68	5847392.22	5061930.68	5242386.18
- Others	6128.90	6269.02	3751.30	6128.90	3751.30	5166.72
- Other unallocable assets	109144.40	110963.81	100720.79	109144.40	100720.79	93104.25
Total	5962665.52	5740254.52	5166402.77	5962665.52	5166402.77	5340657.15
(d) Segment Liabilities :						
- Financing activities	5003430.13	5031330.36	4486999.31	5003430.13	4486999.31	4631965.16
- Others	6690.41	4152.09	2617.65	6690.41	2617.65	2696.33
- Other unallocable liabilities	-	-	-	-	-	-
Total	5010120.54	5035482.45	4489616.96	5010120.54	4489616.96	4634661.49

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 : 24 January 2018
Place : MumbaiRamesh Iyer
Vice-Chairman & Managing Director