

Mahindra & Mahindra Financial Services Limited

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PART - I

STATEMENT OF STANDALONE AUDITED FINANCIAL RESULTS FOR THE QUARTER / HALF YEAR ENDED 30TH SEPTEMBER, 2016

Rs. in Lacs

	Particulars	Quarter ended			Half year ended		Year ended
		30th Sep 2016	30th June 2016	30th Sep 2015	30th Sep 2016	30th Sep 2015	31st March 2016
		(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	(Audited)	(Audited)
1	Income from operations	149161.01	136642.70	142000.45	285803.71	278083.24	585316.11
	Total Income from operations	149161.01	136642.70	142000.45	285803.71	278083.24	585316.11
2	Expenses:						
	a) Employee benefits expense	17104.24	16751.05	13838.23	33855.29	26779.66	55880.74
	b) Depreciation and amortization expense	1073.31	1064.23	1014.93	2137.54	1994.86	4088.81
	c) Loan provisions and write off (refer note no.6)	30420.26	22453.43	27719.89	52873.69	60003.83	104952.98
	d) Other expenses	17491.15	14787.28	13231.49	32278.43	25658.74	57840.20
	Total expenses	66088.96	55055.99	55804.54	121144.95	114437.09	222762.73
3	Profit / (Loss) from operations before other income and finance costs and exceptional items (1-2)	83072.05	81586.71	86195.91	164658.76	163646.15	362553.38
4	Other income	2407.43	925.36	1830.88	3332.79	2589.36	5193.94
5	Profit / (Loss) from ordinary activities before finance costs and exceptional items (3+4)	85479.48	82512.07	88026.79	167991.55	166235.51	367747.32
6	Finance costs	70856.21	69098.21	65420.12	139954.42	129866.93	263929.19
7	Profit / (Loss) from ordinary activities after finance costs but before exceptional items (5-6)	14623.27	13413.86	22606.67	28037.13	36368.58	103818.13
8	Exceptional items	-	-	-	-	-	-
9	Profit / (Loss) from ordinary activities before tax (7-8)	14623.27	13413.86	22606.67	28037.13	36368.58	103818.13
10	Tax expense	5141.10	4715.90	7989.12	9857.00	12852.63	36558.53
11	Net Profit / (Loss) from ordinary activities after tax (9-10)	9482.17	8697.96	14617.55	18180.13	23515.95	67259.60
12	Extraordinary items (net of tax expense)	-	-	-	-	-	-
13	Net Profit / (Loss) for the period / year (11-12)	9482.17	8697.96	14617.55	18180.13	23515.95	67259.60
14	Paid-up equity share capital (face value of Rs.2/- each)				11292.62	11284.78	11292.03
15	Reserves (excluding Revaluation Reserve as shown in the Balance Sheet of previous year)						597518.70
16	i) Earnings per share (before extraordinary items) (face value of Rs.2/- each) #						
	a) Basic (Rs.)	1.68	1.54	2.59	3.22	4.17	11.92
	b) Diluted (Rs.)	1.67	1.53	2.57	3.20	4.13	11.83
	ii) Earnings per share (after extraordinary items) (face value of Rs.2/- each) #						
	a) Basic (Rs.)	1.68	1.54	2.59	3.22	4.17	11.92
	b) Diluted (Rs.)	1.67	1.53	2.57	3.20	4.13	11.83

Earnings per share for the interim period is not annualised.

STATEMENT OF CONSOLIDATED AUDITED FINANCIAL RESULTS FOR THE QUARTER / HALF YEAR ENDED 30TH SEPTEMBER, 2016

Rs. in Lacs

Particulars	Quarter ended			Half year ended		Year ended
	30th Sep 2016	30th June 2016	30th Sep 2015	30th Sep 2016	30th Sep 2015	31st March 2016
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	(Audited)	(Audited)
1 Income from operations	172063.85	156791.88	157890.36	328855.73	308355.39	655386.74
Total Income from operations	172063.85	156791.88	157890.36	328855.73	308355.39	655386.74
2 Expenses:						
a) Employee benefits expense	22235.29	21039.47	16996.29	43274.76	32928.15	70409.22
b) Depreciation and amortization expense	1250.67	1216.26	1109.43	2466.93	2196.67	4569.78
c) Loan provisions and write off (refer note no.6)	32159.98	24753.28	29195.05	56913.26	62941.41	109819.07
d) Other expenses	20466.46	17322.70	15190.38	37789.16	29432.05	65706.97
Total expenses	76112.40	64331.71	62491.15	140444.11	127498.28	250505.04
3 Profit / (Loss) from operations before other income and finance costs and exceptional items (1-2)	95951.45	92460.17	95399.21	188411.62	180857.11	404881.70
4 Other income	2062.26	1063.29	844.13	3125.55	1644.30	4365.01
5 Profit / (Loss) from ordinary activities before finance costs and exceptional items (3+4)	98013.71	93523.46	96243.34	191537.17	182501.41	409246.71
6 Finance costs	78944.44	76387.74	70958.17	155332.18	140234.22	286834.73
7 Profit / (Loss) from ordinary activities after finance costs but before exceptional items (5-6)	19069.27	17135.72	25285.17	36204.99	42267.19	122411.98
8 Exceptional items	-	-	-	-	-	-
9 Profit / (Loss) from ordinary activities before tax (7-8)	19069.27	17135.72	25285.17	36204.99	42267.19	122411.98
10 Tax expense	7312.68	6121.58	9316.15	13434.26	15326.90	43671.83
11 Net Profit / (Loss) from ordinary activities after tax (9-10)	11756.59	11014.14	15969.02	22770.73	26940.29	78740.15
12 Extraordinary items (net of tax expense)	-	-	-	-	-	-
13 Net Profit / (Loss) for the period / year (11-12)	11756.59	11014.14	15969.02	22770.73	26940.29	78740.15
14 Minority interest	351.70	249.86	257.65	601.56	487.02	1,510.79
15 Net Profit / (Loss) after taxes and minority interest (13-14)	11404.89	10764.28	15711.37	22169.17	26453.27	77229.36
16 Paid-up equity share capital (face value of Rs.2/- each)				11292.62	11284.78	11292.03
17 Reserves (excluding Revaluation Reserve as shown in the Balance Sheet of previous year)						635647.75
18 i) Earnings per share (before extraordinary items) (face value of Rs.2/- each) #						
a) Basic (Rs.)	2.02	1.91	2.78	3.93	4.69	13.69
b) Diluted (Rs.)	2.01	1.89	2.76	3.90	4.65	13.58
ii) Earnings per share (after extraordinary items) (face value of Rs.2/- each) #						
a) Basic (Rs.)	2.02	1.91	2.78	3.93	4.69	13.69
b) Diluted (Rs.)	2.01	1.89	2.76	3.90	4.65	13.58

Earnings per share for the interim period is not annualised.

AUDITED STATEMENT OF ASSETS AND LIABILITIES

Rs. in Lacs

	Particulars	STANDALONE		CONSOLIDATED	
		As at 30th Sep 2016	As at 30th Sep 2015	As at 30th Sep 2016	As at 30th Sep 2015
A	EQUITY AND LIABILITIES				
	1 Shareholders' funds				
	a) Share capital	11292.62	11284.78	11292.62	11284.78
	b) Reserves and surplus	614014.58	580021.22	655992.29	610996.24
	Sub-total - Shareholders' funds	625307.20	591306.00	667284.91	622281.02
	2 Minority interest			7151.99	5229.88
	3 Non-current liabilities				
	a) Long-term borrowings	1920486.26	1741199.19	2246182.54	2002340.53
	b) Other long-term liabilities	45847.68	36881.52	45848.68	36882.52
	c) Long term provisions	53945.81	46290.69	60247.50	50253.24
	Sub-total - Non-current liabilities	2020279.75	1824371.40	2352278.72	2089476.29
	4 Current liabilities				
	a) Short term borrowings	429218.50	462535.96	560432.08	525828.62
	b) Trade payables	54431.41	46488.50	57602.79	48610.65
	c) Other current liabilities	990242.89	666403.48	1106694.40	746482.21
	d) Short term provisions	145775.46	109957.66	153442.98	114351.79
	Sub-total - Current liabilities	1619668.26	1285385.60	1878172.25	1435273.27
	TOTAL - EQUITY AND LIABILITIES	4265255.21	3701063.00	4904887.87	4152260.46
B	ASSETS				
	1 Non-current assets				
	a) Fixed assets	11285.33	10927.69	13156.17	11830.88
	b) Goodwill on consolidation			4.05	4.05
	c) Non-current investments	100890.82	89959.64	57501.24	62026.83
	d) Deferred tax assets (Net)	64087.03	44899.54	65783.50	45703.84
	e) Long-term loans and advances	1927312.73	1714054.94	2427170.54	2071560.95
	f) Other non-current assets	3633.49	28571.65	3693.49	28631.65
	Sub-total - Non-current assets	2107209.40	1888413.46	2567308.99	2219758.20
	2 Current assets				
	a) Current investments	33733.34	14175.00	42519.83	19167.46
	b) Trade receivables	523.07	507.28	1581.73	1016.75
	c) Cash and bank balances	52040.45	37878.03	53792.91	41428.36
	d) Short-term loans and advances	2063876.74	1752555.90	2231817.82	1863712.45
	e) Other current assets	7872.21	7533.33	7866.59	7177.24
	Sub-total - Current assets	2158045.81	1812649.54	2337578.88	1932502.26
	TOTAL - ASSETS	4265255.21	3701063.00	4904887.87	4152260.46

Notes:

- 1) The above financial results for the quarter and half year ended 30th September, 2016 have been reviewed by the Audit Committee and subsequently approved by the Board of Directors of the Company at its meeting held on 25th October, 2016.
- 2) The results for the half year ended 30th September, 2016 have been subjected to an "Audit" and the results for the quarter ended 30th September, 2016 have been subjected to a "Limited Review" by the Statutory Auditors of the Company.
- 3) The Consolidated financial results include the results of the subsidiaries Mahindra Insurance Brokers Ltd. (85%), Mahindra Rural Housing Finance Ltd. (87.50%), Mahindra Asset Management Company Private Limited (100%), Mahindra Trustee Company Private Limited (100%) and financial results of a (49%) Joint Venture company, Mahindra Finance USA LLC, in the United States.
- 4) 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.
- 5) 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).
- 6) a) The RBI vide its notification no DNBR. 011/CGM (CDS)-2015 dt. March 27, 2015 has revised the asset classification norms for NPAs and substandard assets under its prudential norms applicable to NBFCs in a phased manner commencing from financial year ending 31st March, 2016, upto the financial year ending 31st March, 2018 which would result in an additional provision. The Company follows prudential norms for income recognition, asset classification and provisioning for NPAs as prescribed by RBI for NBFCs and has also been making accelerated provision on a prudential basis.

In terms of the said revised norms, the Company is required to recognise Non-performing Assets based on four months overdue by the end of current financial year, which the Company has been following w.e.f. financial year ended 31st March, 2016. This has resulted in additional provision of Rs. 4402.70 lacs (including income de-recognition) as compared to quarter ended 30th September, 2015 with a consequent impact on Profit before tax.
- b) The Company, with effect from quarter ended 30th June 2016, has 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 has resulted in lower provision of Rs.16934.32 lacs for the half year ended 30th September, 2016 as against Rs.19275.18 lacs for the quarter ended 30th June, 2016 with a consequent impact on the profit before tax.

The cumulative provisions made by the Company continues to be higher than the existing RBI norms.
- 7) During the quarter ended 30th September, 2016, the Company has made following additional investments :
 - i) Rs. 999.54 lacs equivalent to US \$ 1.49 million in Mahindra Finance USA LLC, a Joint Venture company formed jointly with De Lage Landen Financial Services Inc. in the United States (half year ended 30th September, 2016 Rs. 2157.06 lacs equivalent to US \$ 3.23 million);
 - ii) Rs.1545.00 lacs in Mahindra Asset Management Company Private Limited, its wholly owned subsidiary, by subscription to 1,54,50,000 Equity shares of Face Value of Rs.10/- each for cash at par fully paid up on a rights basis (half year ended 30th September, 2016: Rs.1545.00 lacs).
 - iii) Rs.10.00 lacs in Mahindra Trustee Company Private Limited, its subsidiary, by subscription to 1,00,000 equity shares of face value of Rs.10/- each, fully paid up, on a rights basis (half year ended 30th September, 2016 Rs.10.00 lacs).
There is no consequent change in the Company's shareholding pattern.
- 8) 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.
- 9) Previous period/year figures have been regrouped / reclassified, wherever found necessary, to conform to current period/year classification.

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

**Date : 25th October, 2016
Place : Mumbai**

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