Mahindra & Mahindra Financial Services Limited

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PART - I

STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30TH JUNE, 2016

Rs. in Lacs

	Particulars	Quarter ended			Year ended (Audited)
		30th June 2016	31st March 2016	30th June 2015	31st March 2016
1	**Income from operations**	136642.70	167209.89	136082.79	585316.11
	Total Income from operations	**136642.70**	**167209.89**	**136082.79**	**585316.11**
2	**Expenses:**				
	a) Employee benefits expense	16751.05	15557.40	12941.43	55880.74
	b) Depreciation and amortization expense	1064.23	1052.83	979.93	4088.81
	c) Loan provisions and write off (refer note no.6)	22453.43	10889.68	32283.94	104952.98
	d) Other expenses	14787.28	17302.23	12427.25	57840.20
	Total expenses	**55055.99**	**44802.14**	**58632.55**	**222762.73**
3	**Profit / (Loss) from operations before other income and finance costs and exceptional items (1-2)**	**81586.71**	**122407.75**	**77450.24**	**362553.38**
4	Other income	925.36	1759.24	758.48	5193.94
5	**Profit / (Loss) from ordinary activities before finance costs and exceptional items (3+4)**	**82512.07**	**124166.99**	**78208.72**	**367747.32**
6	Finance costs	69098.21	67105.53	64446.81	263929.19
7	**Profit / (Loss) from ordinary activities after finance costs but before exceptional items (5-6)**	**13413.86**	**57061.46**	**13761.91**	**103818.13**
8	Exceptional items	-	-	-	-
9	**Profit / (Loss) from ordinary activities before tax (7-8)**	**13413.86**	**57061.46**	**13761.91**	**103818.13**
10	Tax expense	4715.90	20034.46	4863.51	36558.53
11	**Net Profit / (Loss) from ordinary activities after tax (9-10)**	**8697.96**	**37027.00**	**8898.40**	**67259.60**
12	Extraordinary items (net of tax expense)	**-**	-	-	-
13	**Net Profit / (Loss) for the period / year (11-12)**	**8697.96**	**37027.00**	**8898.40**	**67259.60**
14	**Paid-up equity share capital (face value of Rs.2/- each)**				**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.)	1.54	6.56	1.58	11.92
	b) Diluted (Rs.)	1.53	6.51	1.56	11.83
	ii) Earnings per share (after extraordinary items) (face value of Rs.2/- each) #				
	a) Basic (Rs.)	1.54	6.56	1.58	11.92
	b) Diluted (Rs.)	1.53	6.51	1.56	11.83

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

STATEMENT OF CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30TH JUNE, 2016

Rs. in Lacs

	Particulars	Quarter ended			Year ended (Audited)
		30th June 2016	31st March 2016	30th June 2015	31st March 2016
1	**Income from operations**	156791.88	188662.24	150465.03	655386.74
	Total Income from operations	**156791.88**	**188662.24**	**150465.03**	**655386.74**
2	**Expenses:**				
	a) Employee benefits expense	21039.47	20191.37	15931.86	70409.22
	b) Depreciation and amortization expense	1216.26	1206.04	1087.24	4569.78
	c) Loan provisions and write off (refer note no.6)	24753.28	11664.09	33746.36	109819.07
	d) Other expenses	17322.70	19384.76	14241.67	65706.97
	Total expenses	**64331.71**	**52446.26**	**65007.13**	**250505.04**
3	**Profit / (Loss) from operations before other income and finance costs and exceptional items (1-2)**	**92460.17**	**136215.98**	**85457.90**	**404881.70**
4	Other income	1063.29	1825.31	800.17	4365.01
5	**Profit / (Loss) from ordinary activities before finance costs and exceptional items (3+4)**	**93523.46**	**138041.29**	**86258.07**	**409246.71**
6	Finance costs	76387.74	73594.39	69276.05	286834.73
7	**Profit / (Loss) from ordinary activities after finance costs but before exceptional items (5-6)**	**17135.72**	**64446.90**	**16982.02**	**122411.98**
8	Exceptional items	-	-	-	-
9	**Profit / (Loss) from ordinary activities before tax (7-8)**	**17135.72**	**64446.90**	**16982.02**	**122411.98**
10	Tax expense	6121.58	22702.38	6010.75	43671.83
11	**Net Profit / (Loss) from ordinary activities after tax (9-10)**	**11014.14**	**41744.52**	**10971.27**	**78740.15**
12	Extraordinary items (net of tax expense)	**-**	-	-	-
13	**Net Profit / (Loss) for the period / year (11-12)**	**11014.14**	**41744.52**	**10971.27**	**78740.15**
14	Minority interest	249.86	611.85	229.37	1,510.79
15	**Net Profit / (Loss) after taxes and minority interest (13-14)**	**10764.28**	**41132.67**	**10741.90**	**77229.36**
16	**Paid-up equity share capital (face value of Rs.2/- each)**				**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.)	1.91	7.29	1.91	13.69
	b) Diluted (Rs.)	1.89	7.23	1.89	13.58
	ii) Earnings per share (after extraordinary items) (face value of Rs.2/- each) #				
	a) Basic (Rs.)	1.91	7.29	1.91	13.69
	b) Diluted (Rs.)	1.89	7.23	1.89	13.58

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

Notes:

1) The above financial results for the quarter ended 30th June, 2016 have been reviewed by the Audit Committee and subsequently approved by the Board of Directors of the Company at its meeting held on 22nd July, 2016.

2) The results for the quarter ended 30th June, 2016 have been subject 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 additional 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. 9177.16 lacs (including income de-recognition) as compared to quarter ended 30th June, 2015 with a consequent impact on Profit before tax.

b) During the current quarter, the Company has reviewed the basis of estimating provision for non-performing assets and has considered estimated realisable value of underlying security (which conforms to the RBI norms) for loan assets to determine 100% provisioning for assets which are 24 months overdue. As a result, provision for the quarter ended 30th June 2016 is lower by Rs.19275.18 lacs with a consequent impact on the profit before tax of the same amount.

The cumulative provisions made by the Company continues to be higher than the existing RBI norms.

7) During the quarter ended 30th June, 2016, the Company has made an additional investment of Rs.1157.52 lacs equivalent to US $ 1.74 million in Mahindra Finance USA LLC, a Joint Venture company formed jointly with De Lage Landen Financial Services Inc. in the United States (quarter ended 30th June, 2015 : Rs.1043.83 lacs equivalent to US $ 1.63 million; year ended 31st March, 2016 Rs. 4530.32 lacs equivalent to US $ 6.96 million).

8) a) During the quarter ended 30th June, 2016, the Company has raised an amount of Rs.1,00,000 lacs by way of Public Issuance Unsecured Subordinated Redeemable Non-Convertible Debentures (NCDs) of the face value of Rs.1,000 each. The NCDs were allotted on 6th June, 2016 and listed on BSE Limited on 8th June, 2016. The proceeds of the issue are being used for the purposes as stated in its 'Placement Document'. Unutilised amount of Rs. 1740.00 lacs has been kept in a separate bank account. The NCDs issue expenses of Rs.1786.42 lacs has been adjusted against securities premium reserve as per the accounting policy.

b) All secured Non-convertible debentures issued by the Company are secured by paripassu charge 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) During the current quarter, the Company has changed its policy for accounting of derivative transactions to align to the Guidance Note on Accounting for Derivative Transactions issued by the Institute of Chartered Accountants of India which is mandatory with effect from the current financial year. Consequently, mark to market loss of Rs. 623.01 lacs is charged to Statement of Profit & Loss for the quarter ended 30th June, 2016 in respect of derivative transactions outstanding as at 30th June, 2016.

10) 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.

Sd/-

Date : 22nd July, 2016
Place : Mumbai

Ramesh Iyer
Vice-Chairman & Managing Director