



25 YEARS AND GROWING  
**Mahindra FINANCE**

Annual Report 2018-19



## CORPORATE OVERVIEW

### Overview

- 2** 25 years of transforming lives
- 4** Introducing Mahindra Finance
- 6** Product portfolio
- 8** Presence
- 10** Financial highlights

### Strategic Review

- 12** Business model
- 12** Strategic priorities

### The Secret of Our Success

- 14** Focus
- 16** Transparency
- 18** Empowerment
- 20** Experience
- 22** Trust
- 24** Corporate Social Responsibility
- 26** Board of Directors
- 27** Awards and Recognitions
- 28** Corporate Information
- 29** Summary of Results

### Statutory Reports

- 30** Board's Report
- 53** Annexures to Board's Report
- 99** Management Discussion and Analysis
- 112** Report on Corporate Governance

### Financial Statements

- 147** Standalone Financial Statements
- 242** Consolidated Financial Statements
- 342** Form AOC-1

For over two decades, we have partnered the empowerment drive of semi-urban and rural India on the strength of our diverse portfolio of financial solutions and services and our strong nationwide distribution model. The growth engine, however, that propels us forward is underpinned by the cherished business tenets that we abide by.

## A broad overview of the driving values behind the organisation's functioning:

### Focus

on rural India as the growth engine that will drive the country forward

For more information, refer to **page 14**



### Transparency

in all dealings and communications

For more information, refer to **page 16**



### Empowerment

enhancing competencies and building the capabilities of employees

For more information, refer to **page 18**



Explore online  
[www.mahindrafinance.com](http://www.mahindrafinance.com)



Follow us and join the conversation

## Experience

by catering to customers in a timely and effective manner and delivering industry-leading value

For more information, refer to **page 20**



## Trust

an edifice for providing access to essential financial products and services

For more information, refer to **page 22**



Dedicated semi-urban and rural focus, transparency in all dealings, empowerment across the Board, differentiated customer experience and trusted partnerships with all stakeholders help us catalyse the ambitions of millions of people across the social spectrum.

These are the secrets to our success in all these years and yet they are no secrets at all, because our simplified, flexible and transparent business model has enabled us to survive and thrive in a challenging operating environment.

Across economic cycles, industry headwinds or geopolitical uncertainties, our customers and stakeholders have always reposed their precious faith in our values. This gives us the confidence to continue our journey for the next 25 years and beyond. Our values reflect our beliefs, guide our day-to-day behaviour and set the ground rules for the interactions and the decisions we make every day. Our values shape our culture and the language that we speak.

**We will continue to perform as a trusted, value-centric, need-based provider of solutions that matter in everyday lives, bridging socio-economic divides, handholding aspirations, dreaming big with all our stakeholders and helping India achieve its enormous rural potential.**

## 2018-19 highlights



Total Income (Rs. in crore)

# 8,810

**32%**   
(y-o-y growth)



Profit After Tax  
(Rs. in crore)

# 1,557

**45%**   
(y-o-y growth)



EPS (Rs.)

# 25.33

**37%**   
(y-o-y growth)

# 25 years of transforming lives

In all these years, we have continued to deliver on the aspirations of all our customers and stakeholders, while making them feel connected, recognised, respected and valued. This is our definition of transforming lives sustainably.



## Customers

**(Over 6 million customers and growing)**  
Helping customers accomplish their cherished aspirations through products and services we offer

## Shareholders

**(Value to investors by way of market capitalisation)**



Creating significant value for shareholders through consistent growth and profitability

## Community **(Providing a holistic approach to better life)**



Offering access to education, water, sanitation and health facilities to the rural community



## Dealers & Suppliers

**(Earned the trust as the most preferred financier)**  
Cherishing business partner for a life-long partnership



## Employees

**(Promoting a performance-driven culture)**  
Growing in strength to make the aspirations of customers come true

From a single product to a multi-product company, from limited focus to a diversified exposure, from very few customers to a nation-wide and growing customer fraternity—this has been the natural progression of Mahindra Finance since inception.

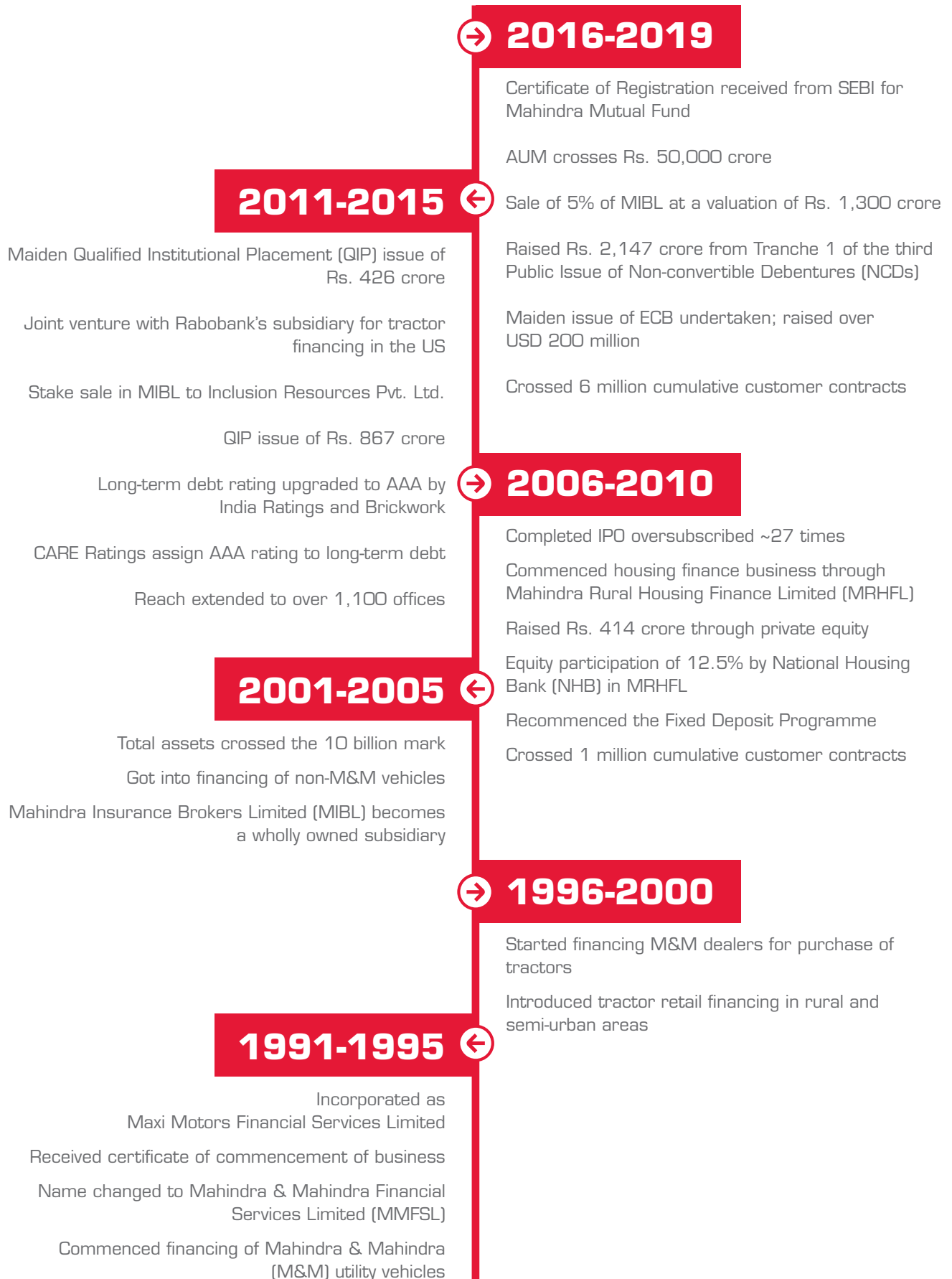
## Ambitious growth

Commenced journey with 1 office and reached 1,321 offices in 2018-19

Started by servicing around 200 customers and touching 6 million customers in 2018-19

Employee strength increased from five employees to 21,789 employees in 2018-19

## Key milestones achieved in 25 years



## Introducing Mahindra Finance

# Partnering rural resurgence

Mahindra and Mahindra Financial Services Limited (MMFSL) is one of the leading Non-banking Finance Companies (NBFCs), with customers primarily in the rural and semi-urban markets of India. It is part of the Mahindra Group, one of the largest business conglomerates in the country.



### Key numbers



Assets Under Management (AUM)  
(Rs. in crore)

**67,078**



Capital adequacy ratio  
(%)

**20.3**

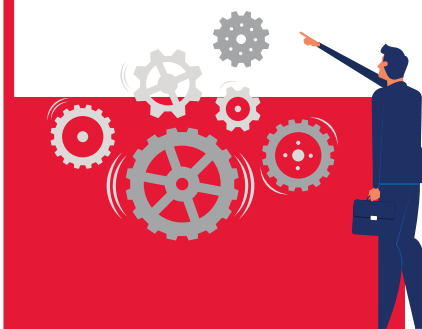
### Vision

To be a leading financial services provider in semi-urban and rural India.



### Mission

To transform rural lives and drive positive change in the communities.



### Core values

- Professionalism
- Good Corporate Citizenship
- Customer First
- Quality Focus
- Dignity of the Individual



MMFSL is primarily engaged in providing financing for new and pre-owned auto and utility vehicles, tractors, cars and commercial vehicles. It also provides housing finance, personal loans, financing to small and medium enterprises, insurance broking and mutual fund distribution services. In addition, among other services, MMFSL offers wholesale inventory financing to dealers

and retail financing to customers in the US for the purchase of tractor products through Mahindra Finance USA LLC, its joint venture with a subsidiary of the Rabobank Group. MMFSL benefits from its close relationships with dealers and its long-standing relationships with Original Equipment Manufacturers (OEMs), which allow it to provide on-site financing at dealerships.

## Closer look at Group architecture

### MAHINDRA & MAHINDRA LIMITED

**51.2%**

MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED

**80%**

Mahindra Insurance Brokers Limited <sup>1</sup>

**98.4%**

Mahindra Rural Housing Finance Limited <sup>2</sup>

**49%**

Mahindra Finance USA LLC  
(Joint venture with Rabobank Group subsidiary)

**100%**

Mahindra Asset Management Company Private Limited

**100%**

Mahindra Trustee Company Private Limited

Note:

<sup>1</sup> Balance 20% with Inclusion Resources Pvt. Ltd. (IRPL), a subsidiary of XL Group

<sup>2</sup> Balance 1.57% with MRHFL Employee Welfare Trust

 Total Value of Assets Financed  
(Rs. in crore)  
**46,210**

 Customer Base  
(million)  
**6+**

### Core purpose

We will challenge conventional thinking and innovatively use all our resources to drive positive changes in the lives of our stakeholders and communities across the world, to enable them to Rise.

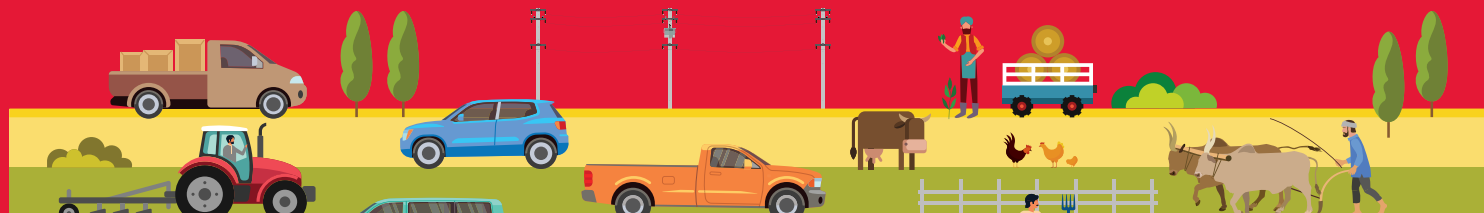
### Brand Pillars

- Accepting No Limits
- Alternative Thinking
- Driving Positive Change



## Product portfolio

# Innovating relevant solutions in step with changing times



### Vehicle Financing

MMFSL is primarily engaged in asset financing of vehicles, which are divided into five categories: (a) auto and utility vehicles, (b) tractors, (c) cars, (d) commercial vehicles and construction equipment and (e) pre-owned vehicles and others. The customers include transport operators, farmers, small businesses, and self-employed and salaried individuals.

**7,61,381**

Vehicle contracts financed

**27%**

Increase in book size

### Personal Loans

MMFSL provides personal loans primarily to its existing customers and Mahindra Group employees. Customers seek personal loans for weddings, children's education, medical treatment or working capital for a small or medium-sized enterprise. These loans are typically repayable in monthly or quarterly instalments.



### Housing Financing

MMFSL provides housing finance to individuals through its subsidiary, MRHFL, a registered housing finance company. The Company grants housing loans for purchase, construction, extension and renovation of property.

**Rs. 2,581 crore**

Loan disbursements during 2018-19

**1,71,187**

Customer contracts



## SME Financing

MMFSL provides loans for varied purposes such as project finance, equipment finance, working capital finance, vehicle finance and bill discounting services to Micro, Small & Medium Enterprises (MSMEs). The Company intends to leverage the existing customer base and the strengths of the Mahindra Group to target the auto ancillary, engineering and food and agri-processing sectors through its MSME business.

Project Finance | Equipment Finance |  
Working Capital Finance | Institutional lending

**Rs. 3,656 crore**

AUM of MSME  
as on March 31, 2019

## Insurance Broking

MMFSL provides insurance broking solutions to individuals and corporates through its wholly-owned subsidiary, MIBL. MIBL has a 'composite broking license' from the Insurance Regulatory and Development Authority, which allows MIBL to undertake broking of life, non-life and reinsurance products.

**22,65,146**

Policies serviced

**1,28,478**

Flagship product –  
Mahindra Loan Suraksha  
(MLS) cases registered

## Mutual Fund

Mahindra Mutual Fund offers the rural and semi-urban India a secured means to move from simple saving instruments to investing in mutual funds. The Company's distribution team provides end-to-end solutions for simple and safe ways to invest, including Equity Mutual Funds, Tax Saver Mutual Funds, Monthly Income Funds and other similar investment schemes.

**Rs. 4,871 crore**

AUM as on March 31, 2019

## Investments

- Fixed Deposits
- Mutual Fund Distribution

## Presence

# Network that connects people and empowers aspirations

## Presence across India



States/Union Territories	Villages
1 Andaman & Nicobar Islands	326
2 Andhra Pradesh	14041
3 Arunachal Pradesh	333
4 Assam	6004
5 Bihar	30079
6 Chandigarh	22
7 Chhattisgarh	13425
8 Dadra & Nagar Haveli	69
9 Daman and Diu	26
10 Delhi	311
11 Goa	18
12 Gujarat	15604
13 Haryana	6188
14 Himachal Pradesh	10600
15 Jammu and Kashmir	2638
16 Jharkhand	12869
17 Karnataka	19203
18 Kerala	1645
19 Lakshadweep	2
20 Madhya Pradesh	35880
21 Maharashtra	27668
22 Manipur	11
23 Meghalaya	1624
24 Mizoram	252
25 Nagaland	4
26 Odisha	20556
27 Puducherry	90
28 Punjab	9072
29 Rajasthan	26712
30 Sikkim	325
31 Tamil Nadu	13189
32 Telangana	9269
33 Tripura	665
34 Uttar Pradesh	61553
35 Uttarakhand	4645
36 West Bengal	24005
<b>Grand Total</b>	<b>3,68,923</b>

- Note: Numbers in the map above correspond to the name of the respective state in the table.