BUILDING THE NATION

Rural का Leader
आज भी, कल भी

Mahindra FINANCE

Customer Profile

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Customer Profile

Social Status/ Characteristics	High End Farmer	Medium End Farmer	Low End Farmer
Land Holding	Large >10 Acres	2 to 10 Acres	Small <2 Acres
Haulage Application	0%	30%	100%
First Time Buyer	0%	30%	100%
Banking Habits	100%	70%	10%
Source Loan of Repayment (Affordability)	Present Income Affordability-100%	Present-30% Future Income Affordability-70%	Future Income Affordability-70%

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Customer Profile

Social Status/ Characteristics	High End Farmer	Medium End Farmer	Low End Farmer
Banking Habits	100%	70%	10%
Repayment Periodicity	Half Yearly	Half Yearly	Half Yearly
House	*Pakka House*	Pakka House	Semi Pukka
Mode of Repayment	PDC	70% PDC + 30% Cash	100% Cash
Repayment Track Record	Good	Good	Good but circumstantially delayed

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FES Customer Segment

Farming	Farming & Hiring	Contract Segment

Finance Preference	Banks	Bank and Non Banking Finance Company	Non Banking Finance Company
Requirement	Low Rate & Long Term Funding	Medium Term	Low Rate High Funding
Challenge	Seasonality	Appraisal Skills	High Depreciation Low Resale

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M&MFSL

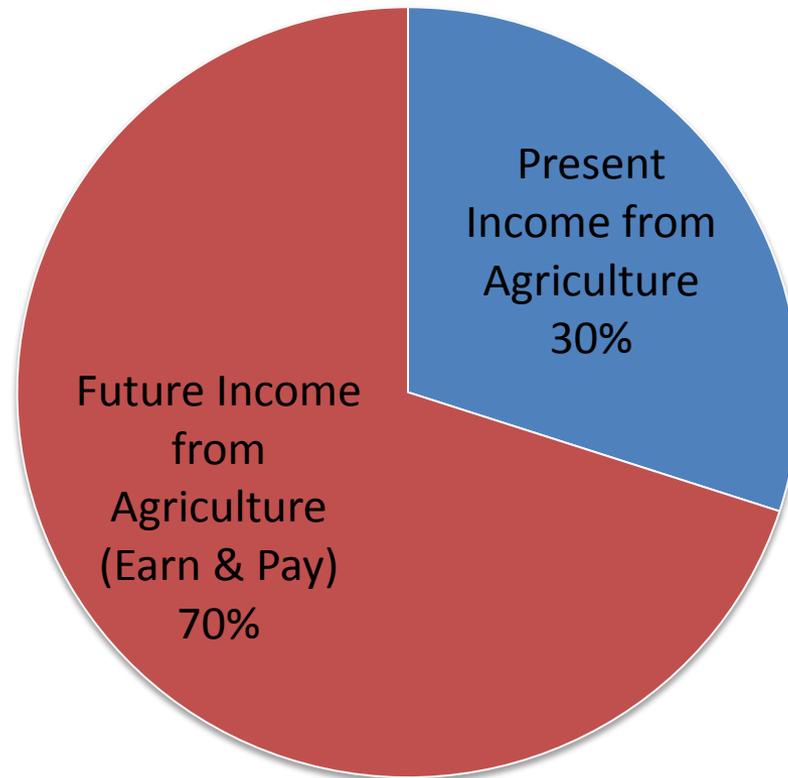| Farming		Farming & Hiring	Contract Segment
Finance Preference	Banks	Bank and Non-Banking Finance Company	Non-Banking Finance Company
Requirement	Low Rate & Long Term Funding	Medium Term	Low Rate High Funding
Challenge	Seasonality	Appraisal Skills	High Deprecation Low Resale

Approach to Credit Decision

Present Income from Agriculture 30%

Future Income from Agriculture (Earn & Pay) 70%

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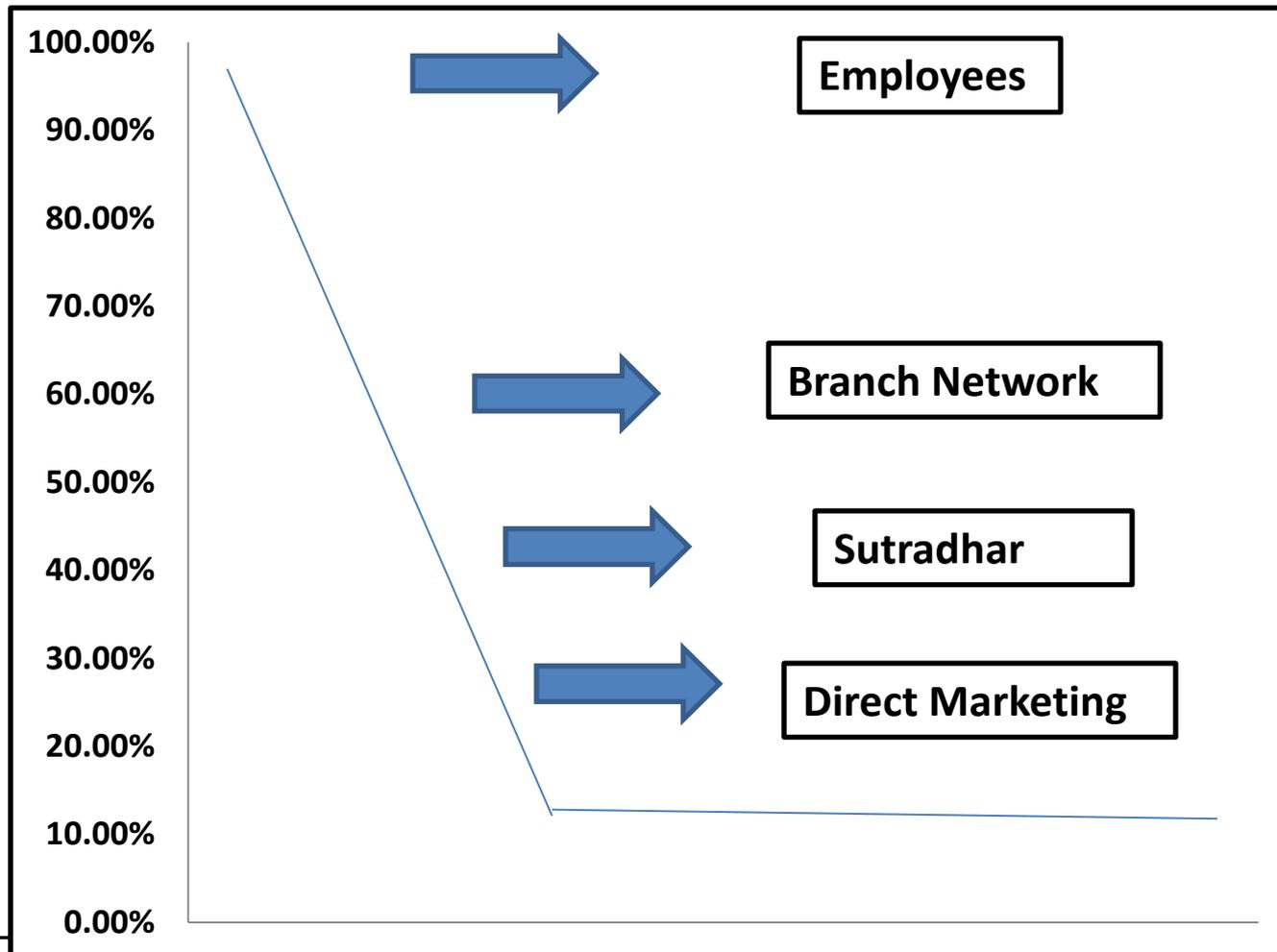
Parameters at the time of Credit Appraisal

- Application of the Product :- Haulage or Agriculture or Both (means to pay)

- Local Reference :- (to study intention to pay)

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Channel Building for Customer Service & Understanding.

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M&MFSL Product-De-Risking(Evolved in 15 Years)

M&M Product Auto/Tractor

1995

Non-M&M Cars in the same Rural Market

2000

Used Auto Business

2002

Insurance Broking

2004
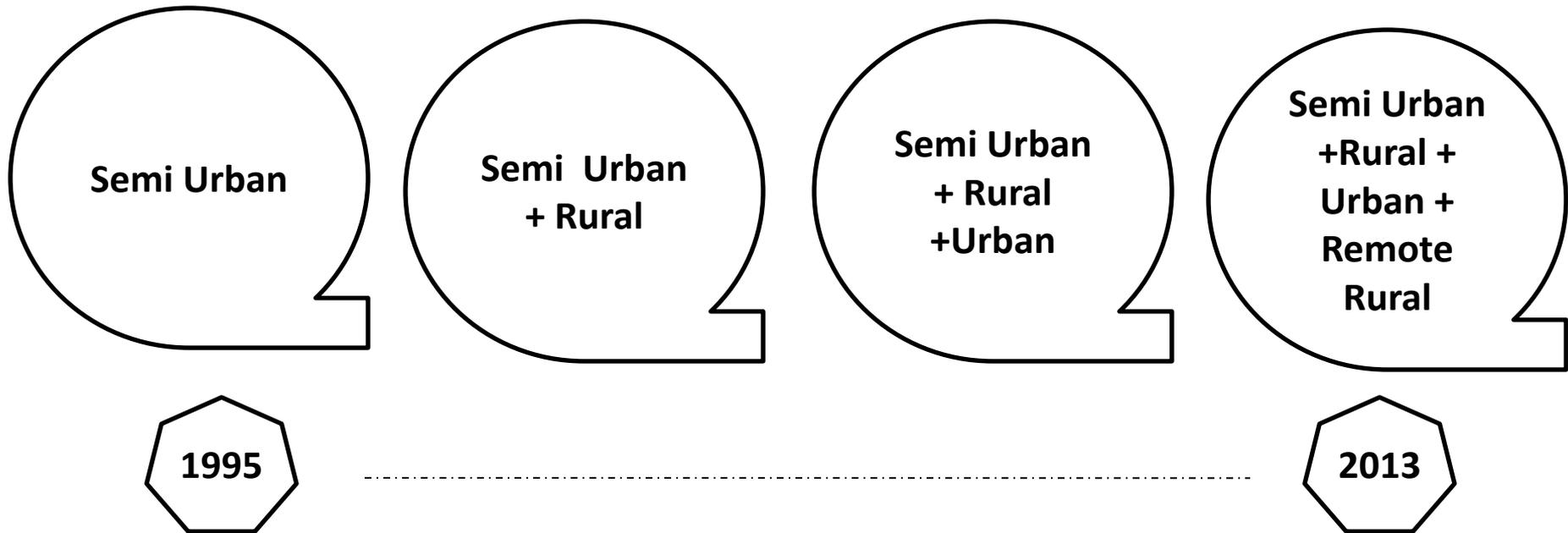
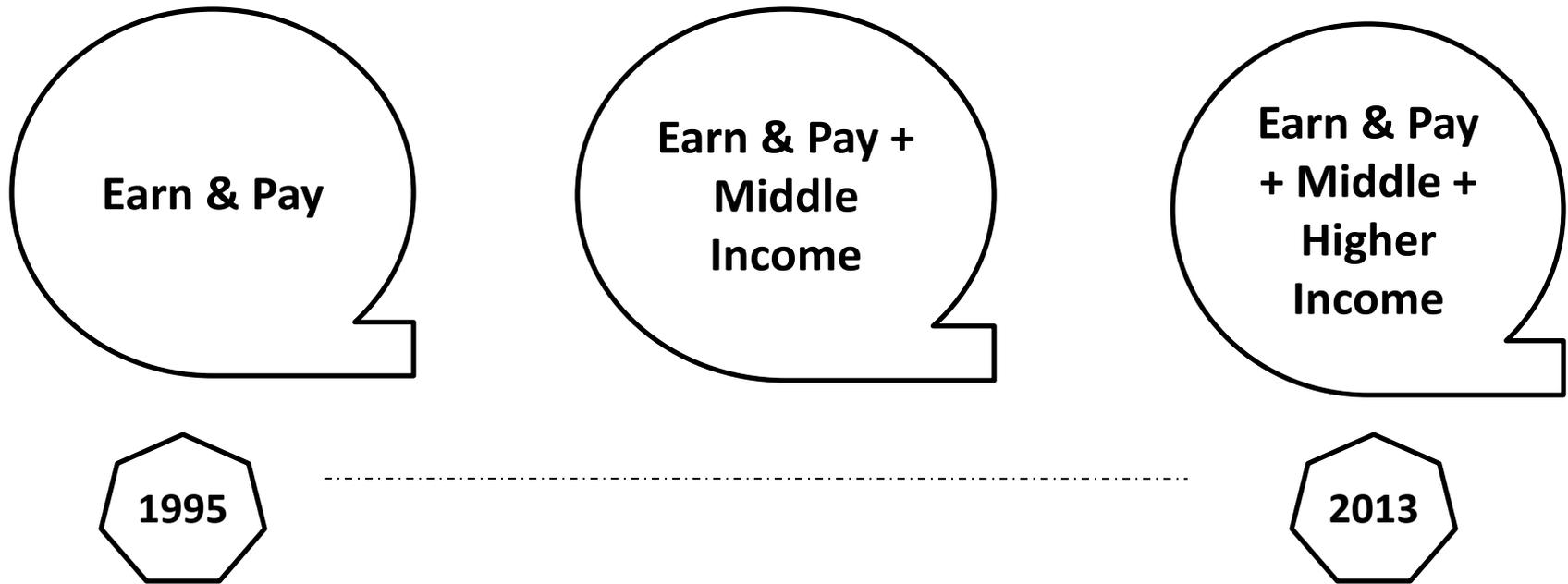Liability Products (Mutual Fund Distribution)

2005

Rural Housing

2010

Heavy Commercial Vehicles

2012

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M&MFSL Geographical De-Risking

Semi Urban

Semi Urban + Rural

Semi Urban + Rural +Urban

Semi Urban +Rural + Urban + Remote Rural

1995

2013

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M&MFSL Customer Segment De-Risking

Earn & Pay

Earn & Pay + Middle Income

Earn & Pay + Middle + Higher Income

1995

2013

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Products for Customers under one Roof
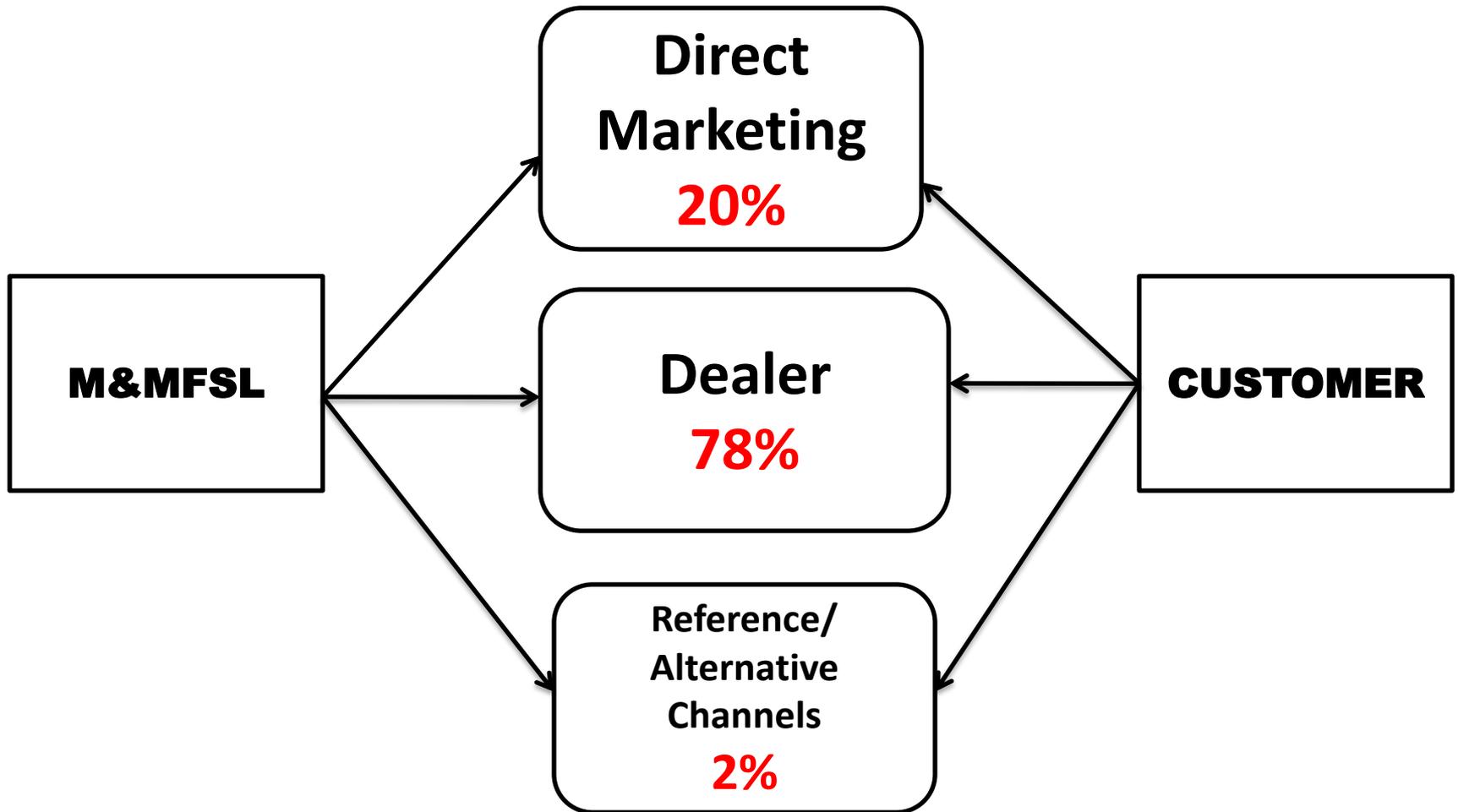
ASSETS	LIABILITIES
• Tractor Loan • Housing Loan • Used Tractors • Implements Funding • Car Loans • Commercial Vehicle (HCV & LCV) • Construction Equipment • Two Wheeler • Personal Loans	• Insurance Products Distribution • Fixed Deposits • Mutual Fund Distribution

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Business Sourced

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Control Aspects introduced

Technology :-
- Hand Held Device .
- Connect to Customer by SMS on Due Date.
- Automated Reminder tele -call
- Balance Confirmation

People :-
- Mentoring By Senior Management.
- Multi Tasking

Process :-
- Post Disbursement Documents
- Centralization of Stock Yard
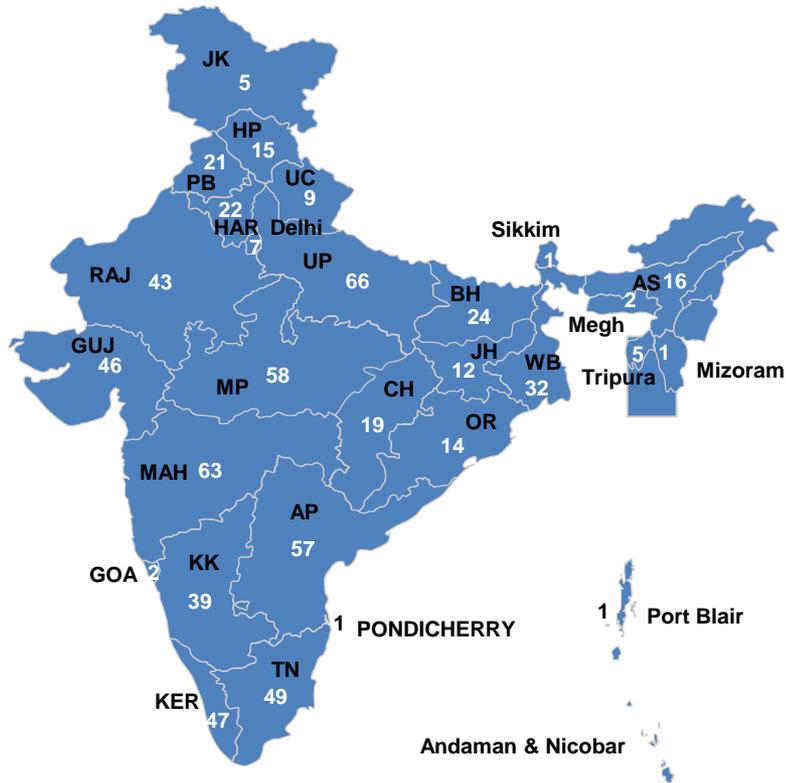- Auction Method for Disposal
- Strengthening of Legal

Geography :-
- Branch Network.
- Rural Centers.
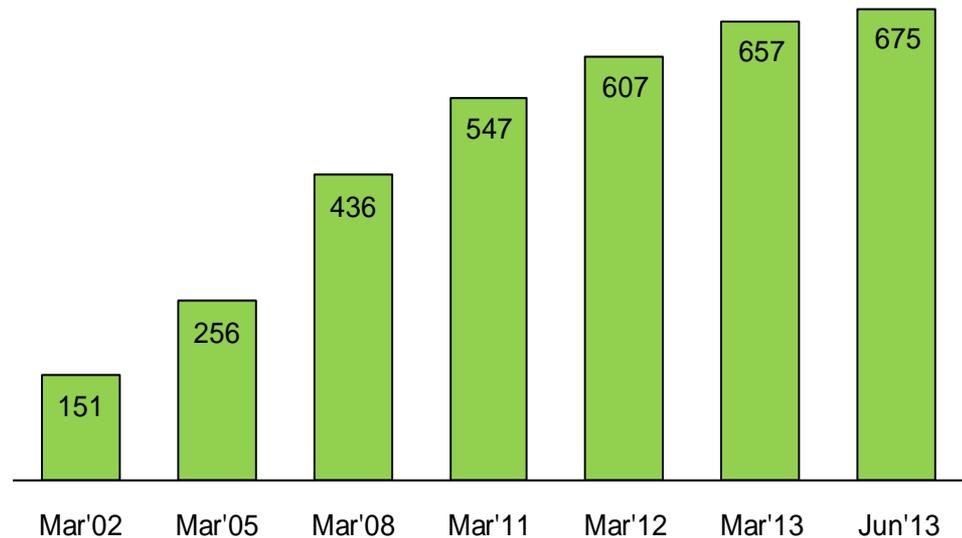
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Extensive branch network

■ MMFSL has an extensive branch network with presence in 25 states and 4 union territories in India through 675 offices as of June 30, 2013

  – Branches have authority to approve loans within prescribed guidelines

Coverage

Map labels:
- JK 5
- HP 15
- PB 21
- UC 9
- HAR 22
- Delhi 7
- RAJ 43
- UP 66
- Sikkim 1
- AS 16
- BH 24
- Megh 2
- GUJ 46
- JH 12
- WB 32
- Tripura 5
- Mizoram 1
- MP 58
- CH 19
- OR 14
- MAH 63
- AP 57
- GOA 2
- KK 39
- PONDICHERRY 1
- Port Blair 1
- TN 49
- KER 47
- Andaman & Nicobar

Branch Network as of

Mar'02	Mar'05	Mar'08	Mar'11	Mar'12	Mar'13	Jun'13
151	256	436	547	607	657	675

16

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Employee Management and Technology Initiatives

Employee engagement & training

- Training programs for employees on regular basis

- 5 days induction program on product knowledge, business processes and aptitude training

- Mahindra Finance Academy training programs for prospective and existing employees at 5 locations

- Assessment & Development Centre for promising employees

- Employee recognition programs such as – Dhruv Tara, Annual Convention Award and Achievement Box

- Participation in Mahindra Group's Talent Management and Retention program

Technology initiatives

- Approximately 98% of our 675 offices are connected to the centralised data centre in Mumbai

- Through hand held devices connected by GPRS to the central server, we transfer data which provides

  - Prompt intimation by SMS to customers
  - Complete information to handle customer queries with transaction security
  - On-line collection of Management Information system on management's dashboard
  - Recording customer commitments
  - Enables better internal checks & controls

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Example of a Product offering to Customer

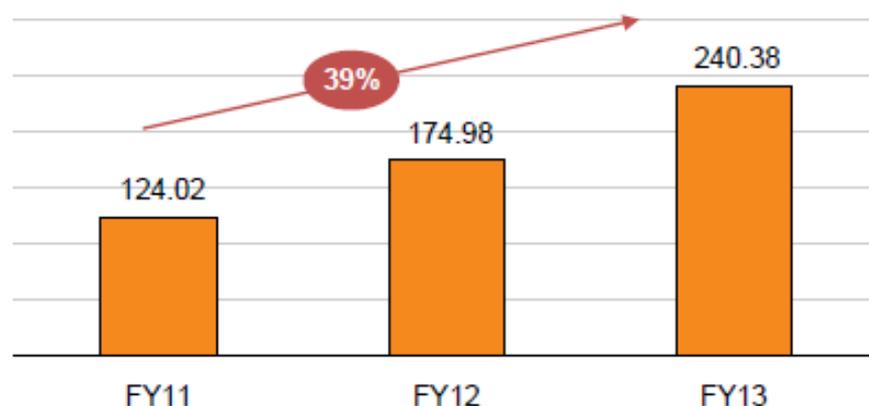Price of Tractor   - Rs. 500000/-

Add:-

Impliments   -Rs. 125000/-

Insurance   - Rs. 10000/-

Registration   -Rs.   10000/-

Total Cost   - Rs. 645000/-

Less:-

Margin Money-   - Rs. 230000/-

Amount Finance   - Rs. 415000/-
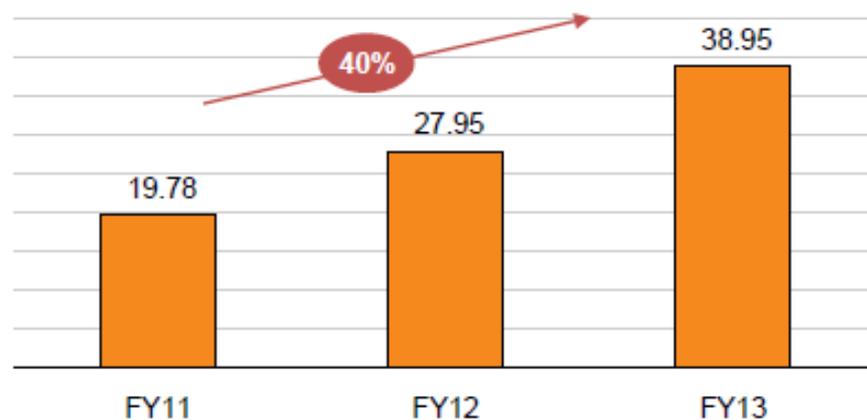
Equated Half Yearly Installment -Rs. 72,075/-

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Strong Growth Trajectory

Increasing Loan Book (Rs. Bn)

- FY11: 124.02
- FY12: 174.98
- FY13: 240.38

39%

Growing Revenues (Rs. Bn)

- FY11: 19.78
- FY12: 27.95
- FY13: 38.95

40%

Improving Profitability [1] (Rs. Bn)

- FY11: 4.63
- FY12: 6.20
- FY13: 8.83

38%

Increasing Book Value Per Share [2] (Rs.)

- FY11: 47.9
- FY12: 56.7
- FY13: 78.3

28%
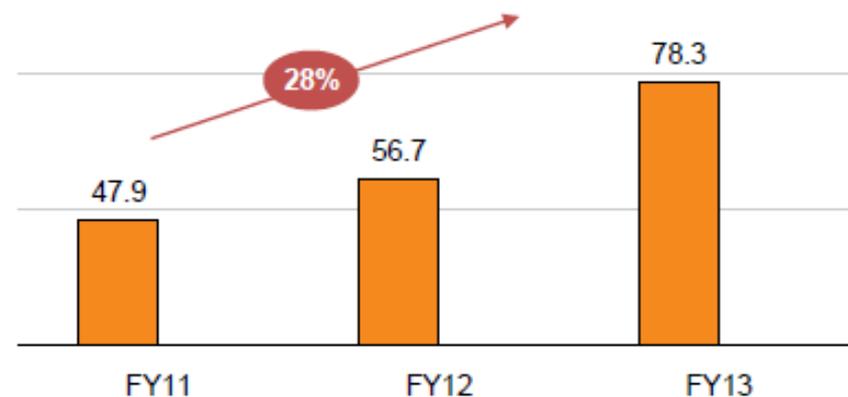
Note : 1 PAT post exceptional items 2. Calculated as Shareholders funds/ Number of shares

22

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Consistent Financial Performance

Declining cost to income ratio [1] (%)

- FY11: 36.3%
- FY12: 35.4%
- FY13: 32.6%

Steady ROA [2] (%)

- FY11: 4.1%
- FY12: 3.9%
- FY13: 4.0%

Increasing RONW [3] (%)

- FY11: 22.0%
- FY12: 22.8%
- FY13: 23.5%

Robust Asset Quality

	FY11	FY12	FY13
Gross NPA	4.0%	3.0%	3.0%
Net NPA	0.6%	0.7%	1.0%
Provision Coverage Ratio	86.4%	78.0%	65.9%
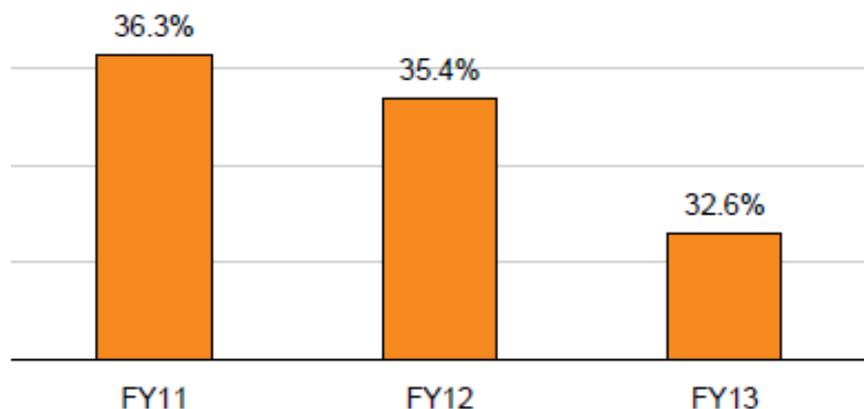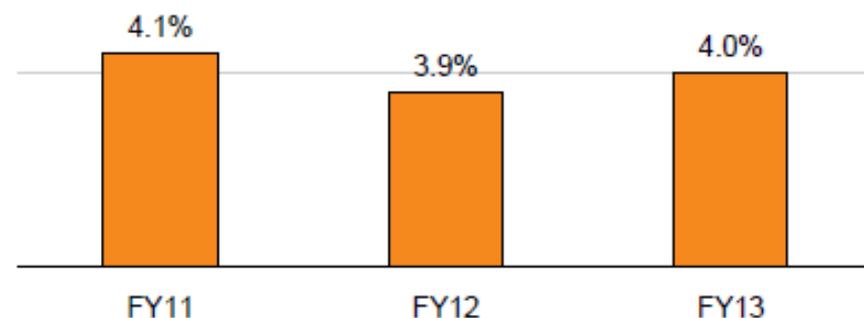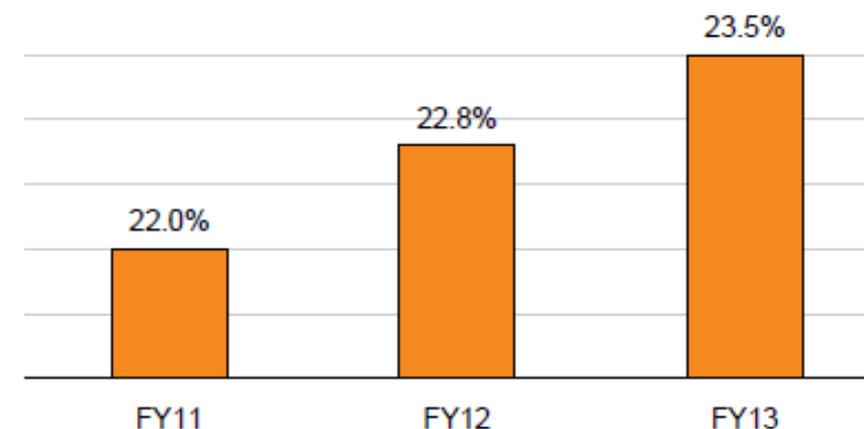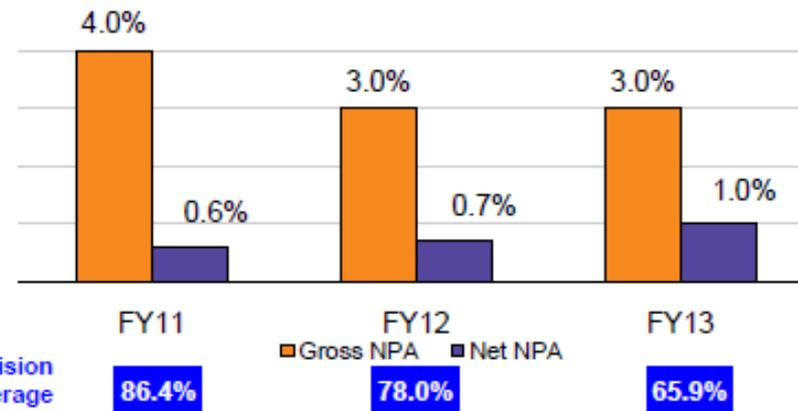
Note
1 Cost to Income calculated as Operating Expenses (including depreciation)/(Net Interest Income + Other Income). 2 Calculated based on average total assets. 3 Calculated based on average networth
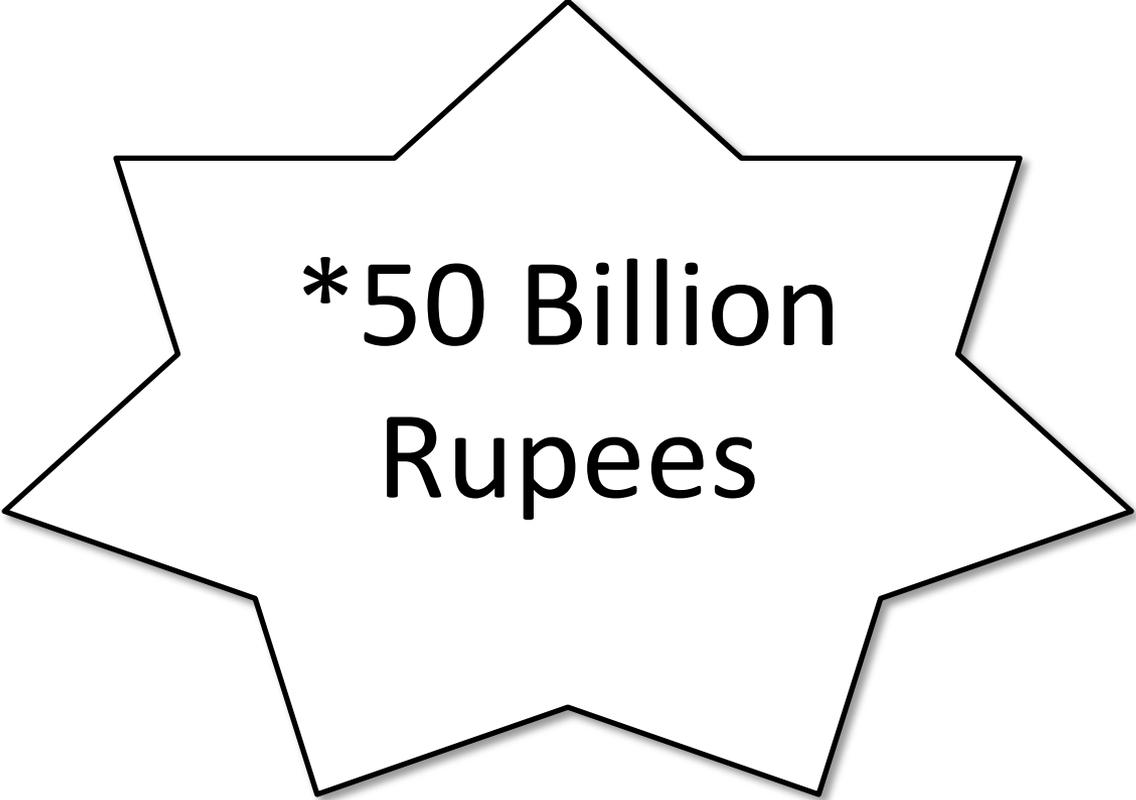
23

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Tractor Business Till date

525000 Units

230 Billion Rs.

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Tractor Disbursment-F-13

*50 Billion Rupees

** Value Rounded off

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Customer Prosperity

We look at Customer   **ASPIRATION**

$+$
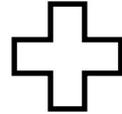
We look at Customer   **PURPOSE**

$+$
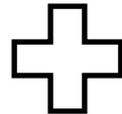
We look at Customer   **CAPABILITY**

$+$
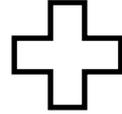
SUPPORTED BY RISK   **M&MFSL**

$=$

CUSTOMER PROSPERITY

Mahindra FINANCE

Thanks