

PRESS RELEASE

Financial Results – FY21 Q1, Standalone & Consolidated Results

Standalone:

Mahindra Finance Customer Base crosses 6.9 Million

AUM crosses Rs. 81,000 Crores, up 14%

F21-Q1 Income stood at Rs. 2,655 Crores, up 10%

F21-Q1 PBT stood at Rs. 208 Crores, up 98%

F21-Q1 PAT stood at Rs. 156 Crores, up 129%

Mumbai, July 18, 2020: The Board of Directors of Mahindra & Mahindra Financial Services Limited (Mahindra Finance), a leading provider of financial services in the rural and semi-urban markets announced today the unaudited financial results for the quarter ended June 30, 2020.

F-2021 Q1 Standalone Results

The **Total Income increased by 10%** at **Rs. 2,655 Crores** during the quarter ended June 30, 2020, as against Rs. 2,413 Crores during the corresponding quarter last year. The **Profit Before Tax (PBT)** stood at **Rs. 208 Crores** during the quarter ended June 30, 2020, as against Rs. 105 Crores during the corresponding quarter last year, a growth of **98%** over the same period previous year. The **Profit After Tax (PAT)** stood at **Rs. 156 Crores** during the quarter ended June 30, 2020, as against Rs.68 Crores during the corresponding quarter last year, a growth of **129%** over the same period previous year.

PBT includes an exceptional item in the nature of capital gain of Rs. 6 Crores related to stake sale of 7% of investment in our subsidiary company, Mahindra Asset Management Company Private Limited (MAMCPL) as a part of 51:49 Joint Venture agreement with Manulife Asset Management (Singapore) Pte. Ltd. (Manulife).

F-2021 Q1 Consolidated Results

The **Total Income increased by 8%** at **Rs. 3,069 Crores** during the quarter ended June 30, 2020, as against Rs. 2,838 Crores during the corresponding quarter last year. The **Profit Before Tax (PBT)** stood at **Rs. 504 Crores** during the quarter ended June 30, 2020, as against Rs.160 Crores during the corresponding quarter last year, a growth of **215%** over the same period previous year. The **Profit After Tax (PAT)** stood at **Rs. 432 Crores** during the quarter ended June 30, 2020, as against Rs.108 Crores during the corresponding quarter last year, a growth of **300%** over the same period previous year.

PBT includes an exceptional item in the nature of capital gain of Rs. 229 Crores recognized in the statement of profit and loss on the basis of fair valuation of retained interest of 51% post stake dilution of 49% in its subsidiaries, Mahindra Asset Management Company Private Limited (MAMCPL) and Mahindra Trustee Company Private Limited (MTCPL), vide Joint Venture agreement with Manulife Asset Management (Singapore) Pte. Ltd. (Manulife).

The Company, in order to cover the contingencies that may arise due to the COVID-19 Pandemic, had incorporated the management overlays to reflect deterioration in the macro-economic outlook in the impairment loss allowance and accordingly considered an **additional charge of Rs. 477 Crores (pre-tax)** in the **standalone financial statements** and **Rs. 664 Crores (pre-tax)** in the **consolidated financial statements** for the quarter ended 30 June 2020.

Operations

During the period ended June 30, 2020, the Company's customer base has crossed **6.9 Million**.

The outbreak of the COVID-19 pandemic, followed by lockdown has resulted in the slowdown in economic activities across the country. The impact had led to the closure of all the Company's branch offices, business and recovery touchpoints and completely halted field operations from last week of March 2020. Operations gradually resumed in mid-May and as on June 30, 2020 the Company has resumed operations in over 1100 offices PAN India.

The **Total value of assets financed** for the quarter ended June 30, 2020, was **Rs. 3,489 Crores**. The Company has maintained market share in its lead products, but with declining vehicle sales post lockdown, the disbursements have been lower.

After few months of disruption, we see that markets are now embarking on a new beginning to grow in a post-pandemic environment. Going forward demand and financing for pre-owned vehicles, agri machinery (Tractors) and small vehicles are expected to increase. The Company also expects to see an increase in digitally enabled lending and collections in rural and semi-urban markets.

In accordance with Reserve Bank of India (RBI) guidelines on moratorium policy, dated 27 March 2020, 17 April 2020 and 23 May 2020 relating to the 'COVID-19 - Regulatory Package', the Company has granted a moratorium up to six months, on the payment of installments falling due between 01 March 2020 and 31 August 2020, to all the eligible borrowers.

Almost 75% of the customers opting for moratorium on their EMI's had impacted the company's daily cash flows in the first quarter. We are now witnessing collections moving at a much faster pace from mid-June 2020 onwards, with many of the customers who have availed moratorium, paying their instalments ahead of their due dates. During this quarter we have seen around 40% of moratorium availed customers repaying instalments.

The Company is also seeing improved collections in certain regions, segments and product lines. The Company expects the performance to improve progressively in the future and operations to normalise post the moratorium period.

Impairment provisioning is done as per Expected Credit Loss (ECL) method in Ind AS, which requires provisioning in three stages. The **Gross Stage 3** levels stood at **9.19%** for the period ended June 30, 2020, against 8.17% during the corresponding period last year. The **Net Stage 3** levels stood at **5.72%** for the period ended June 30, 2020, against 6.27% during the corresponding period last year. The Stage 3 provisioning **coverage ratio** stood at **40.1%** for the period ended June 30, 2020, against 24.9% during the corresponding period last year. The

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Company has complied with the prudential guidelines issued by the Reserve Bank of India and has been making accelerated provision.

The Company has initiated various cost rationalization measures and expects a benefit from the same in future.

The Board of Directors of the Company has approved a proposal to issue Equity Shares on a Rights basis to its existing shareholders for an amount not exceeding Rs. 3,500 Crores.

The standalone **Assets Under Management (AUM)** stood at **Rs. 81,436 Crores** as on June 30, 2020, as against Rs. 71,406 Crores as on corresponding reporting date last year, registering a **growth of 14%**.

The Company maintains a very healthy capital adequacy and has adequate Capital and Financial Resources to run its business.

The Company's capital and debt position is strong and the ALM position is well balanced.

SUBSIDIARIES

Mahindra Insurance Brokers Limited (MIBL)

During the quarter ended June 30, 2020, MIBL registered income at Rs.41.2 Crores as against Rs.79.6 Crores during the corresponding quarter last year, a decline of 48% over the same period previous year. The Profit Before Tax (PBT) registered was Rs.2.7 Crores during the quarter ended June 30, 2020, as against Rs.8.8 Crores during the corresponding quarter last year, a decline of 69% over the same period previous year. The Profit After Tax (PAT) registered was Rs.2.0 Crores during the quarter ended June 30, 2020, as against Rs.6.2 Crores during the corresponding quarter last year, a decline of 68% over the same period previous year.

Mahindra Rural Housing Finance Limited (MRHFL)

During the quarter ended June 30, 2020, MRHFL registered income at Rs.385.2 Crores as against Rs.363.1 Crores during the corresponding quarter last year, a growth of 6% over the same period previous year. The Profit Before Tax (PBT) registered was Rs.56.7 Crores during the quarter ended June 30, 2020, as against Rs.41.1 Crores during the corresponding quarter last year, a growth of 38% over the same period previous year. The Profit After Tax (PAT) registered was Rs.47.7 Crores during the quarter ended June 30, 2020, as against Rs.28.8 Crores during the corresponding quarter last year, a growth of 66% over the same period previous year. The Company has considered an additional provision of Rs.187.7 Crores (pre-tax) due to a management overlay in the current quarter for covering the contingencies that may arise due to the COVID – 19 pandemic.

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Mahindra Manulife Investment Management Private Limited (MMIMPL)

During the quarter ended June 30, 2020, MMIMPL earned total income of Rs.6.35 Crores as compared to Rs.4.14 Crores in the same period previous year. The company incurred a loss of Rs.5.42 Crores compared to a loss of Rs.8.56 Crores during the same period previous year. The Average Assets under Management (AUM) of MMIMPL for the quarter ended June 30, 2020 was Rs. 4,708 Crores across 13 schemes which showed a decline of 5% over the same period previous year. Of these assets, the Company managed Rs. 1,620 crores of average equity assets in the quarter ended June 30, 2020 compared to Rs. 1,513 Crores in the same quarter last year.

Mahindra Manulife Trustee Private Limited (MMTPL)

During the quarter ended June 30, 2020, MMTPL earned total income of Rs.0.05 Crores maintaining same level as in the corresponding previous year to Rs. 0.05 Crores. The company incurred a loss of Rs.0.07 Crores compared to a loss of Rs. 0.04 Crores during the same period previous year.

Mahindra Finance USA, LLC (MFUSA)

During the quarter ended June 30, 2020, MFUSA registered income at USD 16.4 Million as against USD 17.5 Million during the corresponding quarter last year, registering a decline of 6% over the same period previous year. The Profit Before Tax (PBT) during the quarter ended June 30, 2020, registered was USD 5.7 Million as against USD 4.9 Million during the corresponding quarter last year, registering a growth of 16% over the same period previous year. The Profit After Tax (PAT) during the quarter ended June 30, 2020, registered was USD 4.3 Million as against USD 3.7 Million during the corresponding quarter last year, registering a growth of 16% over the same period previous year.

Ideal Finance Ltd (IFL)

During the quarter ended June 30, 2020, IFL registered income at LKR 216.0 Million as against LKR 219.9 Million during the corresponding quarter last year, registering a decline of 2% over the same period previous year. The Profit Before Tax (PBT) during the quarter ended June 30, 2020, registered was LKR 37.6 Million as against LKR 34.9 Million during the corresponding quarter last year, registering a growth of 8% over the same period previous year. The Profit After Tax (PAT) during the quarter ended June 30, 2020, registered was LKR 25.1 Million as against LKR 19.1 Million during the corresponding quarter last year, registering a growth of 31% over the same period previous year.

About Mahindra & Mahindra Financial Services Limited

Mahindra & Mahindra Financial Services Limited (Mahindra Finance), part of the Mahindra Group, is one of India's leading non-banking finance companies. Focused on the rural and semi-urban sector, the Company has over 6.9 Million customers and has an AUM of over USD 10 Billion. The Company is a leading vehicle and tractor financier, provides loans to SMEs and also offers fixed deposits. The Company has over 1,300 MMFSL offices and reaches out to customers spread over 3,70,000 villages and 7,000 towns across the country.

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Mahindra Finance is the only Financial Institution from India to be listed on the Dow Jones Sustainability Index in the Emerging Market Category 2019. Mahindra Finance has been ranked 25th among India's Best Companies to Work 2020 and Ranked 6th on the list of Best Large Workplaces in Asia 2020 by Great Place to Work® Institute.

Mahindra Insurance Brokers Limited (MIBL), the Company's Insurance Broking subsidiary is a licensed Composite Broker providing Direct and Reinsurance broking services.

Mahindra Rural Housing Finance Limited (MRHFL) a subsidiary of Mahindra Finance provides loans for purchase, renovation, construction of houses to individuals in the rural and semi-urban areas of the country.

Mahindra Finance CSR Foundation is a wholly-owned subsidiary company, under the provisions of section 8 of the Companies Act, 2013 for undertaking the CSR activities of the Company and its subsidiaries.

Mahindra Manulife Investment Management Private Limited (formerly known as Mahindra Asset Management Company Private Limited) acts as the Investment Manager of Mahindra Manulife Mutual Fund (formerly known as Mahindra Mutual Fund). On 29th April 2020 Mahindra Finance divested 49% stake in its wholly-owned subsidiary, Mahindra Manulife Investment Management Private Limited (formerly known as Mahindra Asset Management Company Private Limited) to Manulife Investment Management (Singapore) Pte. Ltd. to form a 51:49 joint venture.

Mahindra Manulife Trustee Private Limited (MMTPL), (formerly known as Mahindra Trustee Company Private Limited) acts as a Trustee to Mahindra Manulife Mutual Fund (formerly known as Mahindra Mutual Fund). On 29th April 2020 Mahindra Finance divested 49% stake in its wholly-owned subsidiary, Mahindra Manulife Trustee Private Limited (formerly known as Mahindra Trustee Company Private Limited) to Manulife Investment Management (Singapore) Pte. Ltd. to form a 51:49 joint venture.

The Company has a Joint Venture in the US, Mahindra Finance USA LLC, in partnership with De Lage Landen, a subsidiary of Rabo Bank, for financing Mahindra vehicle's in the US.

The Company has recently formed a Joint Venture in Sri Lanka, by acquiring a 38.2% stake in Ideal Finance Ltd. This JV will focus on providing a diversified suite of financial services to the Sri Lankan market.

About Mahindra

The Mahindra Group is a USD 19.4 billion federation of companies that enables people to rise through innovative mobility solutions, driving rural prosperity, enhancing urban living, nurturing new businesses and fostering communities. It enjoys a leadership position in utility vehicles, information technology, financial services and vacation ownership in India and is the world's largest tractor company by volume. It also enjoys a strong presence in renewable energy, agribusiness, logistics and real estate development. Headquartered in India, Mahindra employs over 2,56,000 people across 100 countries.

Learn more about Mahindra on www.mahindra.com / Twitter and Facebook: @MahindraRise

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