

PRESS RELEASE

Financial Results: Quarter 1, FY 2022-23, Standalone & Consolidated Results

Mumbai, July 28, 2022: 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, at its meeting held today, announced the unaudited financial results for the quarter ended June 30, 2022.

Standalone:

Revenue at Rs. 2,499 crores (14% YoY growth) and PAT at Rs. 223 Crore during the quarter

Strong Disbursement growth 145% Y-o-Y; sequential growth of 3%

Loan Book - Rs. 67,693 Crore; Y-o-Y growth of 6%; sequential growth of 4%

Gross Stage 3 at 8.0%; Net Stage 3 at 3.5%

Stage 2 declined sequentially from 14.3% to 11.7%

FY 2023 Q1 Standalone Results: The key highlights of the Financial Performance are:

- Total Income was at Rs. 2,499 Crore for the quarter, an increase of 14% YoY aided by growth in asset book
- Loan Book increased sequentially by 4.2% to Rs. 67,693 Crore with improvement in disbursements. Disbursements at Rs. 9,472 crores was higher by 145% YoY
- Net Interest Margins for the quarter were healthy at 8.2%; Net Interest Income at Rs. 1,567 Crore increased by 34% YoY, on the back of low-cost borrowings during the trailing 12-month period
- Profit after Tax (PAT) was at Rs. 223 Crore for the quarter as against Loss after Tax of Rs. 1,529 Crore during Q1 FY22, which was impacted due to second wave of Covid-19 pandemic.
- Gross Stage 3 marginally increased from 7.7% in March to 8.0% in June despite seasonal volatility, powered by focused collection initiatives and timely repossessions. This is the lowest GS3 level witnessed during the first quarter under IND-AS reporting.
- The Company's Capital Adequacy stands at a healthy 25.9%. Provision coverage on Stage 3 loans maintained at 58.1%.
- As of June end, the Company carried a total liquidity buffer of approximately Rs. 8,700 Crore - covering 3 months' obligations.

Consolidated: FY 2023 Q1 Consolidated Results

The Total Income increased by 14% at Rs. 2,914 Crore during the quarter ended June 30, 2022, as against Rs. 2,567 Crore during the corresponding quarter last year. The PAT stood at Rs. 240 Crore during the quarter ended June 30, 2022, as against Loss after Tax of Rs. 1,573 Crore during the corresponding quarter last year.

Commenting on the Q1 performance, Mr. Iyer, Vice Chairman and Managing Director highlighted “We have had a reasonable start to the year. The company has been able to report a satisfactory top line and bottom-line performance on the back of growth in asset book and control on asset quality. We look forward to this momentum to continue in subsequent quarters. The first quarter of last year was impacted due to second wave of Covid-19. As the year progressed, the asset quality improved and the performance normalized. To that end, the current quarter performance is not comparable to that of previous year.”

Operations

Disbursement trend continues to indicate demand momentum. Contact intensive businesses have been doing well with increase in tourism and higher utilization of vehicles. We are witnessing improved cash flows from the segment of customers we serve resulting in highest ever disbursement and Collection Efficiency in any first quarter.

In the Tractor and Mahindra UV (utility vehicles) financing segments, we continue to maintain leadership position. Customised offers at product and geography level are being rolled out to factor local nuances. Pre-owned vehicle financing continues to be a significant focus area which shall assist in improvement in growth along with margins.

The SME business registered a sequential growth of approximately 30% and its asset book is now approximately Rs. 2,800 Crore. This business will continue to further scale up in coming quarters.

Our digital initiatives of Leasing and Digi Finco are gaining momentum and are receiving satisfactory response from target customers.

Assets and provisioning

- The gross business assets were at Rs. 67,693 Crore as of June 2022, as against Rs. 64,961 Crore as on March 31, 2022. There has been an increase of 4.2% sequentially and 6.5% on a Y-o-Y basis. We believe the uptick in disbursements shall continue enabling further growth in our business assets.
- Collection efforts continued to be intensive resulting in achieving the best ever collection efficiency of 94% during the first quarter. In addition, timely reposessions / settlements and accelerated write-offs has limited the increase in Gross Stage 3 (GS-3) from 7.7% as at March end to 8.0% as at June end. Simultaneously, Stage 2 showed a decline sequentially from 14.3% to 11.7% at June end.
- As a prudent policy, the Company continues to maintain 100% provisions on those loan contracts which have an ageing above 18 months. Consequently, the management overlays now stand at Rs. 1,060 crores as on June 30, 2022.
- As of June 2022, the provision coverage for Stage 3 assets was healthy at 58.1%, well ahead of the model provisions. In effect, the Net Stage 3 was at 3.5% as on 30 June 2022.
- At the end of first quarter, the restructured loans stood at Rs. 3,591 Crore a decline from Rs. 4,019 Crore as of 31st March 2022.
- The Company has initiated focused efforts to contain NPAs based on IRACP norms scheduled to be effective from Oct 2022.

Subsidiaries

Mahindra Rural Housing Finance Limited (MRHFL)

During the quarter ended June 30, 2022, MRHFL registered income at Rs. 329 Crore as against Rs. 334 Crore during the corresponding quarter last year, a decline of 1.5% over the same period previous year. MRHFL registered a PAT of Rs. 2.4 Crore for the current quarter, as against Net Loss of Rs. 65.4 crore during the corresponding quarter last year.

MRHFL has cumulative management overlay of Rs. 51.7 Crores as on June 30, 2022.

Mahindra Insurance Brokers Limited (MIBL)

During the quarter ended June 30, 2022, MIBL registered income at Rs. 89 Crore as against Rs. 60 Crore during the corresponding quarter last year, a growth of 48% over the same period previous year. The Profit After Tax (PAT) registered was Rs. 2.2 Crore during the quarter ended June 30, 2022, as against Rs. 3.5 Crore during the corresponding quarter last year, a de-growth of 36% over the same period previous year.

Mahindra Manulife Investment Management Private Limited (MMIMPL)

During the quarter ended June 30, 2022, MMIMPL earned total income of Rs. 7.9 Crore as compared to Rs. 8.7 Crore in the same period previous year. MMIMPL incurred a loss of Rs. 10.8 Crore compared to a loss of Rs. 5.1 Crore during the same period of the previous year.

The Average Assets under Management (AUM) of MMIMPL as on June 30, 2022, stood at Rs. 9,223 Crores across 19 schemes, an increase of 63% over the same period previous year. Of these assets, the Company managed Rs. 6,330 Crores of average equity assets in the quarter year ended June 30, 2022, a growth of 124% compared to Rs. 2,832 Crores in the same period last year.

Mahindra Manulife Trustee Private Limited (MMTPL)

During the quarter ended June 30, 2022, MMTPL earned total income of Rs 0.2 Crore compared to Rs. 0.1 Crore during the same period previous year. MMTPL made a profit of Rs. 0.1 Crore during the current quarter compared to a breakeven (no profit / no loss) position during the same period of the previous year.

Mahindra Ideal Finance Limited (MIFL)

During the quarter ended June 30, 2022, MIFL registered income at LKR 396.5 Million as against LKR 265.3 Million during the corresponding quarter last year, registering a growth of 49% over the same period previous year. The Profit After Tax (PAT) during the quarter ended June 30, 2022, was LKR 14.4 Million as against LKR 58.9 Million during the corresponding quarter last year, a decline of 76% over the same period previous year.

MIFL and the Company are closely tracking the macro-economic turbulence in Sri Lanka. Necessary steps are being taken to safeguard the business, asset quality and ensure adequate liquidity

Mahindra Finance USA (MFUSA)

During the quarter ended June 30, 2022, MFUSA registered income at USD 14.6 Million as against USD 14.7 Million during the corresponding quarter last year, registering a marginal decline of 1% over the same period previous year. The Profit After Tax (PAT) during the quarter ended June 30, 2022, registered was USD 4.5 Million as against USD 5.2 Million during the corresponding quarter last year, registering a decline of 13% over the same period previous year.

* LKR Closing Exchange Rate: 1 LKR = 0.2205INR; USD Closing Exchange Rate: 1 USD = 78.94 INR

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 8.1 million customers and has an AUM of over USD 11 Billion. The Company is a leading vehicle and tractor financier, provides loans to SMEs and also offers fixed deposits. The Company has 1,384 offices and reaches out to customers spread over 3,80,000 villages and 7,000 towns across the country.

Mahindra Finance has been ranked 54th among India's Best Companies to Work 2021 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).

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).

Mahindra Ideal Finance Limited (MIFL) is a subsidiary of the Company in Sri Lanka, in which the Company owns 58.2% stake. MIFL focuses on providing a diversified suite of financial services to the Sri Lankan market.

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 vehicles in the US.

Learn more about Mahindra Finance on www.mahindrafinance.com / Twitter and Facebook: @MahindraFin

About Mahindra

Founded in 1945, the Mahindra Group is one of the largest and most admired multinational federation of companies with 260,000 employees in over 100 countries. It enjoys a leadership position in farm equipment, utility vehicles, information technology and financial services in India and is the world's largest tractor company by volume. It has a strong presence in renewable energy, agriculture, logistics, hospitality and real estate.

The Mahindra Group has a clear focus on leading ESG globally, enabling rural prosperity and enhancing urban living, with a goal to drive positive change in the lives of communities and stakeholders to enable them to Rise.

Learn more about Mahindra on www.mahindra.com / Twitter and Facebook: @MahindraRise/ For updates subscribe to <https://www.mahindra.com/news-room>

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