Mahindra Finance and Ideal Finance form NBFI Joint Venture in Sri Lanka

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- Mahindra Finance will invest LKR 2 billion until March 2021 for up to 58.2% stake in Ideal Finance.
- The joint venture will capitalize on Mahindra Finance's 25-year expertise in the financial services domain and Ideal Finance's domestic market knowledge to build a market leading financial services business in Sri Lanka.
- The strategic investment in Ideal Finance is a significant step in Mahindra Finance's global expansion strategy.

Colombo / Mumbai, August 20, 2019: Mahindra & Mahindra Financial Services Ltd. (Mahindra Finance), India's leading NBFC (Non-Banking Finance Company), focused on the rural and semi-urban markets, has entered into a joint venture with Ideal Finance Ltd., a fully owned subsidiary of the leading Sri Lankan conglomerate, Ideal Group. Mahindra Finance will invest LKR 2 billion until March 2021 for up to 58.2% stake in Ideal Finance.

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to build a leading financial services business in Sri Lanka.

Mahindra Finance, India's leading NBFC focused on rural and semi-urban markets, has been looking at expanding its market overseas as part of its global growth strategy. Sri Lanka, with its cultural and geographical similarity to India and its vibrant financial services market, emerged as the first choice. With this joint venture Mahindra Finance aims to replicate in Sri Lanka, its successful, socially inclusive business model. The Company has created unique products designed around the evolving needs of the customer, and delivers these through a wide network of branches and the optimum use of technology. Mahindra Finance has fueled the entrepreneurial aspirations of over 6.2 million customers in over 370,000 villages in India, and manages an AUM of over USD 10 Billion.

Ideal Finance Ltd. (IFL), a non-banking financial Institution registered with Central Bank of Sri Lanka commenced operations in March, 2012 with a clear focus on rural and semi-urban sector. Its lending portfolio consists of commercial trucks, motor cars, three wheelers, two wheelers, gold loans and personal loans, reflecting the representation of the market segment focused on by IFL. A unique feature of IFL is that as a financial institution it has grown over the past seven years with a quality lending portfolio and an annual sustainable growth in profitability. IFL has an asset base of LKR 4.4 billion and an equity base of LKR 1.1 billion. It has ten branches, of which nine are outside the western province located in Jaffna, Anuradhapura, Kurunegala,

Bandarawela, Embilipitiya, Moneragala, Elpitiyia, Matara & Kandy. Its current staff strength is 142, a majority of which are based in the branches.

Mr. Ramesh Iyer, Vice-Chairman & Managing Director, Mahindra Finance, said "Mahindra Finance, with its strong financial services expertise and innovative products has added value to the lives of millions of customers both in India and in a developed market like the US. We believe that the Sri Lankan market holds great potential for growth. Ideal Finance with its knowledge, highly experienced team, and widespread network is the right partner to help us create a leading financial services company in Sri Lanka. We see a strong, long term growth opportunity in this market and are committed to bringing in the required capital and expertise to fuel this growth."

Mr. Nalin Welgama, Chairman, Ideal Finance Ltd., said, "At a time where NBFIs are pressured by low economic growth and flagging vehicle sales, I welcome the timely entry of Mahindra Finance to Sri Lanka. They bring with them most invaluable sector exposure, vision and life blood in terms of capital infusion to Ideal Finance. All NBFIs are required to have LKR 2.5 billion in core capital by 1st January 2021. No doubt Ideal Finance shall be elevated to a Tier 1 category with this partnership in a short span of time. Ideal Group are proud to be associated as the partner of the Mahindra Group in Sri Lanka in both the auto sector and now the financial services sector.

Mr. V. Ravi, Executive Director & Chief Financial Officer, Mahindra Finance, said "The foundations of the financial services business are trust and transparency. The Mahindra Group is known for its high standards of governance. I am certain that together Ideal Finance and Mahindra Finance will build a leading financial services business, which will be a gold standard for best governance in the NBFI industry."

Mr. Aravinda De Silva, Deputy Chairman, Ideal Group, said, "Ideal Finance is a company which we have nurtured and developed over the past seven years with a strong asset base, profitability, culture and a management team. Today, with the partnership with Mahindra Finance we will begin our journey towards maturity, innovation, market leadership and above all, serving our customers with good governance and best practices in the industry. We believe this partnership will be instrumental in bringing a new dimension to the Sri Lankan NBFI sector which is yearning for consolidation, technology and governance for the past two decades."

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 6.2 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 to public. 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.

Mahindra Finance is the only Non-Banking Finance Company from India to be listed on the Dow Jones Sustainability Index in the Emerging Market Category. Mahindra Finance has been ranked 8th on the list of India's Best Companies to work for – 2019 and 25 Best Large Workplaces in Asia 2019 by Great Place to Work® Institute.

The Company's Insurance Broking subsidiary, Mahindra Insurance Brokers Limited (MIBL), 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 Asset Management Company Private Limited (MAMCPL), a wholly-owned subsidiary of Mahindra Finance, acts as the Investment Manager of Mahindra Mutual Fund. The Company has a JV in US, Mahindra Finance USA LLC, in partnership with De Lage Landen, a subsidiary of Rabo Bank, for financing Mahindra tractors in the US.

About Ideal Finance

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Tags :

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