Financial Results – Quarter 1 FY24-25, standalone and consolidated results

Finance

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Mumbai, July 23, 2024: The Board of Directors of Mahindra & Mahindra Financial Services Limited (Mahindra Finance), a leading provider of financial services in Emerging India, at its meeting held today, announced the unaudited financial results for the quarter ended June 30, 2024 (Q1FY25).

Standalone:

Key Points: Q1 FY25 PAT grows 45% YoY to ₹ 513 Crore v/s ₹ 353 Crore - ROA of 1.8%

- AUM (Business assets): ₹ 1,06,339 Crore v/s ₹ 86,732 Crore, YoY 23%
- Disbursement: ₹ 12,741 Crore v/s ₹ 12,165 Crore, YoY 5%
- Total Income: ₹ 3,760 Crore v/s ₹ 3,125 Crore, YoY 20%
- Continued leadership in Passenger vehicles, Pre-owned vehicles and Tractors.
- Stable Asset quality: GS2%+GS3% 10%. Stage-3 @3.6%. Credit Cost:1.5% v/s 2.1% (Q1FY24)
- Capital Adequacy healthy at 18.5% - Tier-1 Capital @ 16.4%. Provision coverage on Stage 3 loans prudent at 59.8%. Total liquidity buffer comfortable at ~₹ 8,216 Crore

FY 2024 Q1 Standalone Results:

Q1FY25 Results (₹. Crore)	Q1 FY25	Q1 FY24	YoY %	Q4 FY24	QoQ%
Total Income (TI)	3,760	3,125	20%	3,706	1%
Net Interest Income (NII)	1,932	1,675	15%	1,971	-2%
NII Margin (as % of Avg. Total Assets)	6.6%	6.8%		7.1%	
Pre-Provisioning Operating Profit (PPOP)	1,135	1,000	13%	1173	-3%
Credit Costs	448	526	-15%	341	31%
Credit Costs (as % of Avg. Total Assets)	1.5%	2.1%		1.2%	
Profit After Tax	513	353	45%	619	-17%

ROA (as % of Avg. Total Assets)	1.8%	1.4%		2.2%	
Disbursements	12,741	12,165	5%	15,292	-17%
Gross Loan Book (Closing)	1,06,339	86,732	23%	1,02,597	4%

Operations:

The quarter ended June 30, 2024 (Q1FY25) continued to witness steady growth in Business Assets now standing at ₹ 1,06,339 Crore, reflecting a 23% YoY growth. Disbursements were at ₹ 12,741 Crore, a moderate growth of 5% YoY.

The collection efficiency remained steady at 94%, similar to the same quarter of the previous year. With continued focus on underwriting standards and addressing early bucket delinquency, the asset quality remained stable. Stage-2 and Stage-3 together remained below 10%. The Stage 3 assets at 3.6% (versus 3.4% as of March 31, 2024) are within the defined risk guardrails for the company.

Mahindra Finance is among the top five NBFCs for financing three-wheelers, passenger vehicles (PVs), commercial vehicles (CVs), light commercial vehicles (LCVs) and small commercial vehicles (SCVs). It is the leading financer in the tractors segment. The company now also holds a strong

position in the pre-owned vehicle business.

The company remains committed to expanding its footprint in new business categories. As part of this initiative, the new product portfolios - SME lending, loan against property (LAP), and leasing (Quiklyz), are demonstrating consistent growth potential. The company has also partnered with digital MSME lender Lendingkart under a co-lending arrangement to offer business loans to M/SMEs. The company recognizes the growth potential within the SME sector in India, and is thus strategically partnering with key industry stakeholders. Overall, the SME portfolio Disbursement grew YoY 68% in Q1FY25.

The plan is to grow the non-vehicle finance segment to 15% of the AUM over the medium term, while continuing to maintain its leadership position in the wheels business in Emerging India.

During the quarter, the company obtained a corporate agency license from the insurance regulator IRDAI, allowing to sell life and general insurance policies from various insurers. The objective is to offer comprehensive insurance solutions specifically addressing the evolving financial requirements of the customers. The company has so far onboarded six Insurance companies and more such collaborations are expected in future.

Digital transformation stands as a pivotal metric for Mahindra Finance to deliver seamless customer experiences, quicker turnaround times, and

enhanced self-service journeys across products. With a strong focus on data, AI/ML, and analytics, the transformation aims to drive hyper-personalization, enhance asset quality, and improve underwriting processes. Employee experience is central to this journey, with transformation initiatives set to roll out in a phased manner in FY25.

Mahindra Finance is one of the few deposit taking NBFCs and is further strengthening its Fixed Deposit (FD) Portfolio. The company's FDs are an attractive investment avenue, with a AAA Rating by CRISIL & India Ratings indicating highest safety standards. As of June 30, 2024, FDs as a percentage of total borrowings were at 8.9% compared to 6.9% as of June 30, 2023.

The balance sheet remains strong with a capital adequacy ratio of 18.5%. In addition, the company maintained a comfortable liquidity chest of ~₹ 8,216 Crore. The provision coverage on Stage 3 assets remained prudent at 59.8%.

Mahindra Finance is steadfast in upholding its brand recognition and value. The company consistently reinforces its commitment to integrity, transparency, and ethical conduct through strengthened measures in compliance, risk management, and governance.

Consolidated:

FY 2024 Q1 Consolidated Results

Q1FY25 Results (₹ Crore)	Q1 FY25	Q1 FY24	YoY %

Total Income (TI)	4,355	3,637	20%
Profit After Tax	497	362	37%
Disbursements	**13,380**	**12,500**	**7%**

Subsidiaries:

Key Points:

Mahindra Rural Housing Finance Limited (MRHFL) MMFSL holding 98.43%

Q1FY25 Results (₹ Crore)	Q1 FY25	Q1 FY24	YoY %
Total Income	303	342	-12%
Profit Before Tax	-75	-30	
Profit After Tax	-57	-23	
Loans & Advances (net)	**6,912**	**6,626**	**4%**
Gross Stage 3 %	**8.8%**	**12.0%**	

Mahindra Insurance Brokers Limited (MIBL) MMFSL holding 100%

Q1FY25 Results (₹ Crore)	Q1 FY25	Q1 FY24	YoY %
Total Income	287	164	75%
Profit Before Tax	30	24	25%

Profit After Tax	21	17	24%
Gross Premium	**1,127**	**940**	**20%**

Mahindra Manulife Investment Management Private Limited (MMIMPL)

MMFSL holding 51%

Q1FY25 Results (₹ Crore)	Q1 FY25	Q1 FY24	YoY %
Total Income	19	14	38%
Profit After Tax	-5	-6	
Average Overall AUM	**22,565**	**10,262**	**120%**
Average Equity AUM	**19,965**	**8,962**	**123%**

Mahindra Manulife Trustee Private Limited (MMTPL) MMFSL holding 51%

Q1FY25 Results (₹ Crore)	Q1 FY25	Q1 FY24	YoY %
Total Income	0.3	0.2	35%
Profit After Tax	0.1	0.0	

Mahindra Ideal Finance Ltd (MIFL) MMFSL holding 58.2%

Q1FY25 Results (in LKR Mn)	Q1 FY25	Q1 FY24	YoY %

Total Income	591	561	5%
Profit Before Tax (before VAT and Income Tax)	40	79	-50%
Profit After Tax	-1	25	-104%
Loans & Advances (net)	**9,322**	**6,871**	**36%**

(LKR Exchange Rate 1 LKR = 0.2769 INR)

Joint Venture / Associate:

Mahindra Finance USA, LLC (MFUSA) MMFSL holding 49%

Q1FY25 Results (in USD Mn)	Q1 FY25	Q1 FY24	YoY %
Total Income	21	19	11%
Profit Before Tax	7	6	25%
Profit After Tax	5	4	26%

(USD Exchange Rate 1 USD = INR 83.3988)

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 10 million customers and has an AUM of over USD 12.5 Billion. The Company is a leading vehicle and tractor financier, provides loans to SMEs and also offers fixed deposits. The Company has 1,370 offices and reaches out to customers spread over 4,80,000 villages and 7,500 towns across the country.

Mahindra Finance has been ranked 59th among India's Best Companies to Work 2023 by Great Place to Work Institute.

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

Mahindra Manulife Investment Management Private Limited acts as the Investment Manager of Mahindra Manulife Mutual Fund.

Mahindra Manulife Trustee Private Limited (MMTPL), acts as a Trustee to Mahindra Manulife 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 260000 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.

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