

## **Mahindra Finance Q4 results**

*Finance*

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**Mumbai, May 2, 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 and year ended Mar 31, 2022.

### **Standalone:**

PAT at Rs. 601 Crore during the quarter, against Rs. 150 Crore in Q4FY21

Disbursement grows 54% Y-o-Y; Sequential growth of 2% in Loan Book -  
Rs. 64,961 Crore

Entire ECL provision made in Q1 FY22 reversed by year end

Gross Stage 3 lower at 7.7%; Net Stage 3 at 3.4%

Stage 2 declined sequentially from 17.8% to 14.3%

Proposed dividend of Rs. 3.60 (180%) per share

**FY 2022 Q4 Standalone Results:** The key highlights of the Financial Performance are:

- Total Income was at Rs. 2,466 Crore for the quarter, a decline of 3% sequentially. The decline was primarily due to provision for excess interest refund amounting to Rs. 142 crores in compliance with RBI directions (also refer section “Excess Interest Refund” later in this release). The company continues to maintain a healthy margin on existing book.
- Net Interest Income for the quarter at Rs. 1,531 Crore, a decline of 4% sequentially and 1% YoY. Profit after Tax (PAT) was at Rs. 601 Crore for the quarter as against profit of Rs. 150 Crore during Q4 FY21, a growth of 300% as reduction in GS-3 led to significant credit cost reversal.
- The Gross Stage 3 showed significant improvement from 11.3% in December to 7.7% in March, thereby releasing Rs. 951 Crore from the Stage 3 provisions.
- Increased collection & legal efforts, higher performance incentives and higher IT & technology spends have led to higher Overheads to Average Assets during the quarter.
- The Company’s Capital Adequacy stands at a healthy 27.8%. Provision coverage on Stage 3 loans has strengthened to 58.1% from 53.2% at the end of previous quarter.
- At the year end, the Company carried a total liquidity buffer of approximately Rs. 9,000 Crore. The Company has progressively reduced the chest as macro-economic factors improved. It shall closely watch external events and shall maintain prudent liquidity levels.

#### **FY 2022 Standalone Results:**

The Total Income declined by 8% at Rs. 9,719 Crore during the year ended March 31, 2022, as against Rs. 10,517 Crore during the previous year. The PAT stood at Rs. 989 Crore during the year ended March 31, 2022, as against PAT of Rs. 355 Crore during the previous year, a growth of 195%.

#### **Dividend:**

The Board of Directors has recommended a dividend of Rs. 3.60 per share on equity share of Rs.2/- each, i.e. 180%, subject to the approval of the

Members at the ensuing 32nd Annual General Meeting of the Company.

**Consolidated:**

**FY 2022 Q4 Consolidated Results:**

The Total Income declined by 5% at Rs. 2,897 Crore during the quarter ended March 31, 2022, as against Rs. 3,038 Crore during the corresponding quarter last year. The PAT stood at Rs. 629 Crore during the quarter ended March 31, 2022, as against PAT of Rs. 219 Crore during the corresponding quarter last year.

**FY 2022 Consolidated Results:**

The Total Income declined by 6% at Rs. 11,400 Crore during the year ended March 31, 2022, as against Rs. 12,171 Crore during the corresponding previous year. The PAT stood at Rs. 1,150 Crore during the year ended March 31, 2022, as against Profit After Tax of Rs. 780 Crore during the previous year, an increase of 47%.

The increase in equity stake in Mahindra Ideal Finance Limited (MIFL) [erstwhile Ideal Finance Limited] from 38.2% to 58.2% during the second quarter has resulted in revaluation of the Company's existing equity stake in MIFL, which led to a one-time revaluation gain of Rs. 21 Crore, which is shown as Exceptional Item in the full year consolidated financials.

PBT for the year ended March 31, 2021 included an exceptional item in the nature of capital gain of Rs. 229 Crore 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 Manulife Investment Management Private Limited [formerly known as Mahindra Asset Management Company Private Limited] and Mahindra Manulife Trustee Private Limited [formerly known as Mahindra Trustee Company Private

Limited], vide Joint Venture agreement with Manulife Asset Management (Singapore) Pte. Ltd. (Manulife).

## **Operations**

The business environment has returned to normalcy and disbursement trends indicate rural demand and volumes being back to pre-Covid levels. Contact intensive businesses have reopened and there has been better visibility on cash flows - both from farm & infra. These have led to increase in disbursement for the quarter - Rs. 9,202 Crore, a 54% growth year-on-year (and a 15% growth sequentially). Collection efficiency during the quarter stood at 100%, with March clocking 109%.

In the Tractor and Mahindra UV (utility vehicles) financing segments, we continue to maintain leadership position. Through our smart branches, we are offering very attractive programs for new product lines. In the pre-owned vehicle finance space, the Company is witnessing uptick which augers well for growth and margins.

Quiklyz, the newly launched leasing solution, has been able to enhance presence in the B2B segment and gradually with changing consumers mindset to adopt asset-light model, our leasing and subscription business is gaining scale.

The SME business, with the new team in place, is on a growth path and will scale up in quarters to come.

## **Assets and provisioning**

- The gross business assets were at Rs. 64,961 Crore as on March 2022, as against Rs. 64,608 Crore as on March 31, 2021. Though Loan Book has been stable on an annual basis, there has been a marginal increase of 2% sequentially. With uptick in disbursements, we expect further growth in our business assets.

- Intensified collection efforts and accelerated repossessions / settlements / write-offs has led to further improvement in Gross Stage 3 (GS-3) - from 11.3% as at December end to 7.7% as at March end. Stage 2 also showed a similar declining trend sequentially from 17.8% to 14.3% at March end.
- As a prudent policy, the Company now maintains 100% provisions on those loan contracts which have an ageing above 18+ months. Consequently, the management overlays now stand at Rs. 1,014 crores.
- As of March 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 3.4% as on 31 March 2022.
- As of March 31, 2022, the restructured loans stood at Rs. 4,019 Crore. Amongst this portfolio, assets to the tune of Rs. 1,470 crores have Nil overdues as of 31<sup>st</sup> March 2022.

### **Excess Interest Refund**

Based on the inspection carried out by RBI, the Company has been advised to refund the excess interest up to March 31, 2022, with respect to certain contracts. Accordingly, the Company has made provision of Rs.181.70 crore (net of charges due) for the year ended March 31, 2022, inclusive of Rs. 142.80 crore (net of charges due), for the quarter ended March 31, 2022, which is adjusted against interest income. The Company is in the process of refunding the said amounts.

### **RBI circular on Income Recognition, Asset Classification and Provisioning pertaining to Advances – Clarifications**

On 12 November 2021, the Reserve Bank of India (RBI) had issued circular no. RBI/2021-2022/125 DOR.STR.REC.68/21.04.048/2021-22, requiring changes to and clarifying certain aspects of Income Recognition, Asset Classification and Provisioning norms (IRACP norms) pertaining to Advances. On 15 February 2022, the RBI had issued another circular no. RBI/2021-2022/158 DOR.STR.REC.85/21.04.048/2021-22 providing time till

30 September 2022. Accordingly, the Company will implement the updated norms under IRACP w.e.f. 1 October 2022.

The management believes that enhanced collection and legal efforts, including repossessions and settlements should help reduce Gross NPA (IRACP) and minimize the impact, if any, by the time this circular comes into effect.

### **Business Update for April-22**

In April 22, we estimate the total disbursement of ~Rs.2,750 Crore, delivering ~109% growth over April 21, primarily due to a much lower base last year, which was impacted severely by the second wave of Covid-19.

The collection efficiency (CE) was at 90% for April 2022 (a significant improvement over April 2021 CE which stood at 72%), higher than historical average for the month of April.

The Company continued to hold adequate liquidity buffer of Rs. 8,700 crore which covers ~3 months' funds requirement.

### **Subsidiaries**

#### **Mahindra Rural Housing Finance Limited (MRHFL)**

During the quarter ended March 31, 2022, MRHFL registered income at Rs. 330 Crore as against Rs. 338 Crore during the corresponding quarter last year, a decline of 2% over the same period previous year. MRHFL registered a Net Loss (after tax) of Rs. 1 crore for the current quarter, as against a PAT of Rs. 34 Crore during the corresponding quarter last year.

MRHFL has cumulative management overlay of Rs. 145.0 Crores as on March 31, 2022, for covering the contingencies that may arise due to the COVID 19 pandemic.

### **Mahindra Insurance Brokers Limited (MIBL)**

During the quarter ended March 31, 2022, MIBL registered income at Rs. 114 Crore as against Rs. 86 Crore during the corresponding quarter last year, a growth of 32% over the same period previous year. The Profit After Tax (PAT) registered was Rs. 21 Crore during the quarter ended March 31, 2022, as against Rs. 12 Crore during the corresponding quarter last year, a growth of 78% over the same period previous year.

### **Mahindra Manulife Investment Management Private Limited (MMIMPL)**

During the quarter ended March 31, 2022, MMIMPL earned total income of Rs. 9.4 Crore as compared to Rs. 8.4 Crore in the same period previous year. MMIMPL incurred a loss of Rs. 13.2 Crore compared to a loss of Rs. 9.0 Crore during the same period of the previous year.

The Average Assets under Management (AUM) of MMIMPL for the quarter ended March 31, 2022, was Rs. 8,805 Crores across 19 schemes which showed an increase of 67% over the same period previous year. Of these assets, the Company managed Rs. 5,824 Crores of average equity assets in the quarter year ended March 31, 2022, a growth of 135% compared to Rs. 2,478 Crores in the same period last year.

### **Mahindra Manulife Trustee Private Limited (MMTPL)**

During the quarter ended March 31, 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 March 31, 2022, MIFL registered income at LKR 427.5 Million as against LKR 277 Million during the corresponding quarter last year, registering a growth of 54% over the same period previous year. The Profit After Tax (PAT) during the quarter ended March 31, 2022, was LKR 44.4 Million as against LKR 55.1 Million during the corresponding quarter last year, a decline of 19% 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 March 31, 2022, MFUSA registered income at USD 14.0 Million as against USD 14.4 Million during the corresponding quarter last year, registering a decline of 3% over the same period previous year. The Profit After Tax (PAT) during the quarter ended March 31, 2022, registered was USD 3.4 Million as against USD 5.0 Million during the corresponding quarter last year, registering a decline of 32% 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 7.9 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 54<sup>th</sup> 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).

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.

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.

Learn more about Mahindra Finance on [www.mahindrafinance.com](http://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](http://www.mahindra.com) / Twitter and Facebook: @MahindraRise/ For updates subscribe to <https://www.mahindra.com/news-room>

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