

PRESS RELEASE

Financial Results – FY20 Q4 & YTD, Standalone & Consolidated Results

F20-Q4 Standalone Income stood at Rs. 2,676 Crores, up 8%

F20-Q4 Standalone PAT stood at Rs. 221 Crores, down 62%

F20 Standalone Income stood at Rs. 10,245 Crores, up 16%

F20 Standalone PAT stood at Rs. 906 Crores, down 42%

Standalone AUM crosses Rs. 77,000 Crores, up 12%

Mumbai, May 15, 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 audited financial results for the fourth quarter and financial year ended March 31, 2020.

F-2020 Q4 Standalone Results

The **Total Income increased by 8%** at **Rs. 2,676 Crores** during the quarter year ended March 31, 2020, as against Rs. 2,480 Crores during the corresponding quarter last year. The **Profit Before Tax (PBT)** stood at **Rs.292 Crores** during the quarter year ended March 31, 2020, as against Rs. 895 Crores during the corresponding quarter last year, a decline of **67%** over the same period previous year. The **Profit After Tax (PAT)** stood at **Rs. 221 Crores** during the quarter year ended March 31, 2020, as against Rs. 588 Crores during the corresponding quarter last year, a decline of **62%** over the same period previous year. The Company in order to cover the contingencies that may arise due to COVID–19 Pandemic, has incorporated the management overlays in the impairment loss allowance and the total provision recognized in the statement of Profit and Loss during the quarter is Rs. 562.60 crores.

F-2020 YTD Standalone Results

The **Total Income increased by 16%** at **Rs. 10,245 Crores** during the financial year ended March 31, 2020, as against Rs. 8,810 Crores during the corresponding period last year. The **Profit Before Tax (PBT)** stood at **Rs.1,344 Crores** during the financial year ended March 31, 2020, as against Rs. 2,382 Crores during the corresponding period last year, a decline of **44%** over the same period previous year. The **Profit After Tax (PAT)** stood at **Rs. 906 Crores** during the financial year ended March 31, 2020, as against Rs. 1,557 Crores during the corresponding period last year, a decline of **42%** over the same period previous year. The Company in order to cover the contingencies that may arise due to COVID–19 Pandemic, has incorporated the management overlays in the impairment loss allowance and the total provision recognized in the statement of Profit and Loss during the quarter is Rs. 562.60 crores.

F-2020 Q4 Consolidated Results

The **Total Income increased by 8%** at **Rs. 3,140 Crores** during the quarter year ended March 31, 2020, as against Rs. 2,902 Crores during the corresponding quarter last year. The **Profit Before Tax (PBT)** stood at **Rs.306 Crores** during the quarter year ended March 31, 2020, as against Rs. 1,041 Crores during the corresponding quarter last year, a decline of **71%** over the same period previous year. The **Profit After Tax (PAT)** stood at **Rs. 239 Crores** during the quarter year ended March 31, 2020, as against Rs. 701 Crores during the corresponding quarter last year, a decline of **66%** over the same period previous year. The Company in order to cover the contingencies that may arise due to COVID-19 Pandemic, has incorporated the management overlays in the impairment loss allowance and the total provision recognized in the statement of Profit and Loss during the quarter is Rs. 681.16 crores.

F-2020 YTD Consolidated Results

The **Total Income increased by 15%** at **Rs. 11,996 Crores** during the financial year ended March 31, 2020, as against Rs. 10,431 Crores during the corresponding period last year. The **Profit Before Tax (PBT)** stood at **Rs.1,602 Crores** during the financial year ended March 31, 2020, as against Rs. 2,841 Crores during the corresponding period last year, a decline of **44%** over the same period previous year. The **Profit After Tax (PAT)** stood at **Rs. 1,086 Crores** during the financial year ended March 31, 2020, as against Rs. 1,867 Crores during the corresponding period last year, a decline of **42%** over the same period previous year. The Company in order to cover the contingencies that may arise due to COVID-19 Pandemic, has incorporated the management overlays in the impairment loss allowance and the total provision recognized in the statement of Profit and Loss during the quarter is Rs. 681.16 crores.

Operations

The Company continues to be leading financier for automotive and tractors including pre-owned vehicle segment, in rural & semi urban markets. During the financial year ended March 31, 2020, the total **value of assets financed** was **Rs. 42,388 Crores** as against Rs. 46,210 Crores during the corresponding period last year, a decline of **8%** over the same period previous year. While the company has gained market share in many of the product lines, however in view of declining sales of Vehicles and Tractors, the disbursements have been lower.

The outbreak of COVID-19 pandemic has resulted in further slowdown in economic activities across the country, which even otherwise was on a slow pace. As an organization, we have been strictly adhering to social distancing norms and lockdown announcements by the government, on account of this we had impacts on business and recovery in the last quarter of the financial year.

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 **8.44%** for the year ended March 31, 2020, against **6.45%** during the corresponding period last year. The **Net Stage 3** levels stood at to **5.98%** for the period ended March 31, 2020, from **5.28%** during the corresponding period last year. The **Stage 3 provisioning coverage ratio** stood at **31.0%**.

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Based on the economic package being announced by the government, post lockdown we expect business to start in a phased manner. Demand may gradually start with dealers selling smaller vehicles and tractors.

The Company has started operations in a phased manner in 524 branches in green and amber zones in the month of May 2020, following all safety measures.

The Company continued its effort through the year to improve Asset Quality and has complied with the prudential guidelines issued by the Reserve Bank of India and has also been making accelerated provision.

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

The Board after a detailed discussion, decided to conserve capital given the current situation and did not recommend any dividend for the year.

The Standalone **Assets Under Management (AUM)** stood at **Rs. 77,160 Crores** as on March 31, 2020, as against Rs. 68,948 Crores as on corresponding date last year, registering a **growth of 12%**.

SUBSIDIARIES

Mahindra Insurance Brokers Limited (MIBL)

During the quarter year ended March 31, 2020, MIBL registered income at Rs. 87.9 Crores as against Rs. 99.7 Crores during the corresponding quarter last year, a decline of 12% over the same period previous year. The Profit Before Tax (PBT) registered was Rs. 28.3 Crores during the quarter ended March 31, 2020, as against Rs. 38.6 Crores during the corresponding quarter last year, a decline of 27% over the same period previous year. The Profit After Tax (PAT) registered was Rs. 20.4 Crores during the quarter ended March 31, 2020, as against Rs. 26.7 Crores during the corresponding quarter last year, a decline of 24% over the same period previous year.

During the financial year ended March 31, 2020, MIBL registered Income at Rs. 336.9 Crores as against Rs.323.4 Crores during the corresponding period last year, registering a growth of 4% over the same period previous year. The Profit Before Tax (PBT) was Rs. 73.9 Crores during the financial year ended March 31, 2020 as compared to Rs. 102.9 Crores during the corresponding period last year, a decline of 28% over the same period previous year. The Profit After Tax (PAT) was Rs. 53.4 Crores during the financial year ended March 31, 2020 as against Rs. 71.5 Crores during the corresponding period last year, a decline of 25% over the same period previous year.

Mahindra Rural Housing Finance Limited (MRHFL)

During the quarter year ended March 31, 2020, MRHFL registered Income at Rs. 400.5 Crores, as against Rs. 353.7 Crores during the corresponding quarter last year, registering a growth of 13% over the same period previous year. The company incurred a loss of Rs. 11.7 Crores during the quarter ended March 31, 2020, as against profit (PBT) of Rs. 103.9 Crores during the corresponding quarter last year, a decline of 111% over the same period previous year. The Profit After Tax (PAT) registered was Rs. 0.5 Crores during the quarter ended March 31, 2020, as against Rs. 82 Crores during the corresponding quarter last year, a decline of 99% over the same period previous year. The Company in order to cover the contingencies that may arise due to COVID-19

Pandemic, has incorporated the management overlays in the impairment loss allowance and the total provision recognized in the statement of Profit and Loss during the quarter is Rs. 121.18 crores.

During the financial year ended March 31, 2020, MRHFL registered Income at Rs. 1527.6 Crores as against Rs. 1383.9 Crores during the corresponding period last year, registering a growth of 10% over same period previous year. The Profit Before Tax (PBT) registered was Rs. 205.6 Crores during the financial year ended March 31, 2020, as against Rs. 366.2 Crores during the corresponding period last year, a decline of 44% over same period previous year. The Profit After Tax (PAT) registered was Rs. 148.6 Crores during the financial year ended March 31, 2020, as against Rs. 250.5 Crores during the corresponding period last year, a decline of 41% over same period previous year. The Company in order to cover the contingencies that may arise due to COVID-19 Pandemic, has incorporated the management overlays in the impairment loss allowance and the total provision recognized in the statement of Profit and Loss during the quarter is Rs. 121.18 crores.

Mahindra Asset Management Company Private Limited (MAMCPL)

During the quarter year ended March 31, 2020, MAMCPL earned fees of Rs. 3.5 Crores as against Rs. 3.3 Crores during the corresponding quarter last year. The company incurred a loss of Rs. 10.1 Crores compared to a loss of Rs. 7.7 Crores during the same period previous year.

During the financial year ended March 31, 2020, MAMCPL earned fees of Rs. 12.7 Crores as against Rs. 23.1 Crores during the corresponding period last year. The company incurred a loss of Rs. 37.9 Crores as against a loss of Rs. 39.5 Crores during the corresponding period last year. The Average Assets under Management of MAMCPL for the month ended March 31, 2020 stood at Rs. 4,771 Crores, across thirteen schemes. Of these assets, MAMCPL managed Rs. 1,616 Crores of average equity assets for the month ended March 31, 2020 compared to Rs. 1,449 Crores in the same period previous year.

Mahindra Finance USA, LLC (MFUSA)

During the quarter year ended March 31, 2020, MFUSA registered income at USD 16.6 Million as against USD 17.2 Million during the corresponding quarter last year, registering a decline of 3% over the same period previous year. The Profit Before Tax (PBT) during the quarter ended March 31, 2020, registered was USD 4.0 Million as against USD 4.7 Million during the corresponding quarter last year, registering a decline of 15% over the same period previous year. The Profit After Tax (PAT) during the quarter ended March 31, 2020, registered was USD 2.4 Million as against USD 3.5 Million during the corresponding quarter last year, registering a decline of 31% over the same period previous year.

During the financial year ended March 31, 2020, MFUSA registered income at USD 68.8 Million as against USD 67.7 Million during the corresponding period last year, registering a growth of 2% over the same period previous year. The Profit Before Tax (PBT) during the financial year ended March 31, 2020, registered was USD 18.1 Million as against USD 18.3 Million during the corresponding period last year, registering a decline of 1% over the same period previous year. The Profit After Tax (PAT) during the financial year ended March 31, 2020, registered was USD 13.2 Million as against USD 14.0 Million during the corresponding period last year, registering a decline of 6% over the same period previous year.

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Ideal Finance Ltd (IFL)

On February 28, 2020, the Company invested Rs. 44 crores to establish a joint venture (JV) with Ideal Finance Ltd (IFL), Sri Lanka. This JV will provide a diversified suite of financial products to the Sri Lankan market. Accordingly, the annual consolidated financial results of the Company have included the share of net profit of this JV from the date of investment.

During the financial year ended March 31, 2020, IFL registered income at LKR 927.8 Million as against LKR 777.5 Million during the corresponding period last year, registering a growth of 19% over the same period previous year. The Profit Before Tax (PBT) during the financial year ended March 31, 2020, registered was LKR 168.9 Million as against LKR 162.4 Million during the corresponding period last year, registering a growth of 4% over the same period previous year. The Profit After Tax (PAT) during the financial year ended March 31, 2020, registered was LKR 112.5 Million as against LKR 101.1 Million during the corresponding period last year, registering a growth of 11% 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 6.8 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.

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 8th on the list of India's Best Companies to work for 2019 and Ranked 6th on the list of Best Large Workplaces in Asia 2020 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) acts as the Investment Manager of Mahindra Mutual Fund. On 29th April 2020 Mahindra Finance divested 49% stake in its wholly-owned subsidiary, MAMCPL 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.

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About Mahindra

The Mahindra Group is a USD 20.7 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 has 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 agribusiness, components, commercial vehicles, speedboats, consulting services, energy, industrial equipment, logistics, real estate, steel, aerospace, defense and two wheelers. Headquartered in India, Mahindra employs over 240,000 people across 100 countries.

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

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