

July 08, 2024

## Mahindra & Mahindra Financial Services Limited: Rating withdrawn for PTCs issued under vehicle and tractor loan securitisation transaction

### Summary of rating action

Trust Name	Instrument*	Initial Rated Amount (Rs. crore)	Amount O/S after Last Surveillance (Rs. crore)	Current Outstanding Amount (Rs. crore)	Rating Action
MM Trust Dec-19 II	PTC Series A	1,702.72	18.51	0.00	[ICRA]AAA(SO); Withdrawn

\*Instrument details are provided in Annexure I

### Rationale

ICRA has withdrawn the rating for the pass-through certificates (PTCs) issued under a small road and transport operator (SRTO) loans and tractor loans transaction originated by Mahindra & Mahindra Financial Services Limited (MMFSL/Originator). All the payouts to the investors in the above-mentioned instrument have been made and no further payments are due to the investors.

The key rating drivers, liquidity position, and rating sensitivities have not been captured as the rating assigned to the instrument has been withdrawn. The previous detailed rating rationale is available at this [link](#).

### Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	<a href="#">ICRA's Policy on Withdrawal of Credit Rating</a>
Parent/Group Support	Not Applicable
Consolidation/Standalone	Not Applicable

### About the Originator

Mahindra & Mahindra Financial Services Limited (MMFSL) is a subsidiary of Mahindra and Mahindra Limited (M&M, holding 52.1% stake as on December 31, 2023). Primarily in the business of financing purchase of new and preowned auto and utility vehicles, tractors, cars, commercial vehicles, construction equipment and SME Financing.

MMFSL was incorporated in 1991 and started its operations as a captive financier for M&M vehicles but since 2002-03 it started financing vehicles of other Original Equipment Manufacturers (OEMs) like Maruti Suzuki, Hyundai, Nissan and Tata. The Reserve Bank of India, under Scale Based Regulations (SBR), had categorised the company in Upper Layer (NBFC-UL) vide its press release dated 30 September 2022. As on December 31, 2023, the company had 1,369 offices covering 27 states and 7 union territories in India with over 9.8 million vehicle finance customer contracts since inception. As of December 31, 2023, MMFSL, had a total loan book of Rs. 93,392 crore.

### Key financial indicators

Mahindra & Mahindra Financial Services Limited	FY2021	FY2022	FY2023	9M FY2024
Total Income (Rs. Crore)	10,517	9,719	11,056	9,856
Profit after tax (Rs. Crore)	335	989	1,984	1,141
Total assets (Rs. Crore)	77,036	75,289	96,217	108,269
Gross stage 3	9.0%	7.7%	4.5%	4.0%

<b>CRAR</b>	26.0%	27.8%	22.5%	18.3%
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Source: Company data, ICRA Research; Amount in Rs. crore;

**Status of non-cooperation with previous CRA: Not applicable**

**Any other information: None**

### Rating history for past three years

	Trust Name	Current Rating (FY2025)			Chronology of Rating History for the Past 3 Years			
		Instrument	Initial amount rated (Rs. crore)	Current amount rated (Rs. crore)	Date & Rating in FY2025	Date & Rating in FY2024	Date & Rating in FY2023	Date & Rating in FY2022
					Jul 08, 2024	Feb 26, 2024	Feb 21, 2023	Feb 24, 2022
1	MM Trust Dec-19 II	PTC Series A	1,702.72	0.00	[ICRA]AAA(SO) Withdrawn	[ICRA]AAA(SO)	[ICRA]AAA(SO)	[ICRA]AAA(SO)

### Complexity level of the rated instrument

Trust Name	Instrument	Complexity Indicator
MM Trust Dec-19 II	PTC Series A	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

**Annexure I: Instrument details**

Trust Name	Instrument	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating
MM Trust Dec-19 II	PTC Series A	December 2019	6.89%	November 2024	0.00	[ICRA]AAA(SO); withdrawn

Source: Company

**Annexure II: List of entities considered for consolidated analysis**

Not applicable

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