

28th July 2023

To,
BSE Limited, (Scrip Code: 532720)
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai - 400 001

National Stock Exchange of India Ltd., (Symbol: M&MFIND)
Exchange Plaza, 5th Floor, Plot No. C/1, "G" Block,
Bandra - Kurla Complex, Bandra (East),
Mumbai – 400 051

Dear Sir/Madam,

Sub: Press Release - Unaudited financial results of the Company for the first quarter ended 30th June 2023

Please find enclosed Press Release on the unaudited financial results of the Company for the first quarter ended 30th June 2023, which were subjected to limited review by the joint Statutory Auditors of the Company.

This intimation is also being uploaded on the Company's website:

<https://mahindrafinance.com/investors/disclosures-reg-46-62/investor-information#corporate-filings>

Kindly take the same on record.

Thanking you,

For **Mahindra & Mahindra Financial Services Limited**

Brijbala Batwal
Company Secretary

Enclosure: As above

PRESS RELEASE

Financial Results: Quarter 1, FY 2023-24, Standalone & Consolidated Results

Mumbai, July 28, 2023: 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 ended June 30, 2023.

Standalone:

Revenue at Rs. 3,125 Crore (25% YoY growth); PAT at Rs. 353 Crore (58% YoY growth)

Disbursement at Rs. 12,165 Crore; growth 28% YoY

Loan Book - Rs. 86,732 Crore; Y-o-Y growth of 28%; sequential growth of 5%

Gross Stage 3 at 4.3% vs 8.0% in Q1FY23; Net Stage 3 at 1.8% vs 3.5% in Q1FY23

FY 2024 Q1 Standalone Results: The key highlights of the Financial Performance are:

- Total Income was at Rs. 3,125 Crore for the quarter, an increase of 25% YoY aided by growth in asset book.
- Loan Book increased sequentially by 4.8% to Rs. 86,732 Crore with improvement in disbursements. Disbursements at Rs. 12,165 crores were higher by 28% YoY.
- Net Interest Margin for the quarter was at 6.8%; Net Interest Income at Rs. 1,675 Crore increased by 7% YoY, impacted by change in portfolio mix and increased interest costs.
- Profit after Tax (PAT) was at Rs. 353 Crore for the quarter as against Rs. 223 Crore during Q1 FY23, a growth of 58% YoY.
- Gross Stage 3 came down marginally from 4.5% in March to 4.3% in June, aided by focused collection initiatives.
- The Company's Capital Adequacy is healthy at 21.2%. Provision coverage on Stage 3 loans maintained at 60.1%.
- As of June end, the Company carried a total liquidity buffer of approximately Rs. 9,350 Crore - covering 3 months' obligations.

Consolidated:

FY 2024 Q1 Consolidated Results:

The Total Income increased by 25% at Rs. 3,637 Crore during the quarter ended June 30, 2023, as against Rs. 2,914 Crore during the corresponding quarter last year. The PAT stood at Rs. 362 Crore during the quarter ended June 30, 2023, as against Rs. 240 Crore during the corresponding quarter last year.

Operations

During the first quarter of FY24, the Company maintained its leadership position in Tractor and Mahindra Auto vehicle segments. The disbursement growth was broad-based across vehicle segments. Going forward, the Company shall focus on maintaining the market leadership in core segments, while accelerating growth in pre-owned vehicle segment, SME, Leasing and personal loans.

Collection efficiency during the quarter remained strong at 94%, similar to the level observed in Q1 FY23. Stage-3 assets at 4.3% (4.5% as of March 2023), and Stage-2 assets, at 6.4% (6% as of March 2023), remained stable. Focus on collections including use of digital payment channels and effective use of legal machinery are helping maintain healthy asset quality. The gap between GNPA (as per IRACP) and Gross Stage- 3 (as per IND-AS) is now range-bound and was at Rs. 1,144 Crore as at June end (Rs. 1,184 Crore as at March end). The restructured portfolio has now reduced to Rs. 1,860 Crore from Rs. 2,174 Crore as at the end of March 2023.

The Balance Sheet remains strong with Capital adequacy at 21.2%. In addition, the company maintained a comfortable liquidity chest equivalent to three months' requirements. The provision coverage on stage 3 assets continued to be sufficient at 60.1%.

The partnerships launched over the previous quarters with - India Post Payments Bank for enhancing distribution and increasing collection touchpoints; Bank of Baroda to facilitate co-origination; Car&Bike and Ruppy to launch 'Used Car Digi Loans' are seeing good traction.

The Company is implementing state-of-the-art Loan Origination and Loan Management systems, which will be further supported by various APIs to link to third party tech solutions. These implementations aim at improving the effectiveness and efficiency of customer loan journeys.

Subsidiaries

Mahindra Rural Housing Finance Limited (MRHFL)

During the quarter year ended June 30, 2023, MRHFL registered income at Rs 342 Crores as against Rs. 329 Crores during the corresponding quarter last year, an increase of 3.9% over the same period previous year. The Net Loss registered was Rs. 22.5 Crores during the quarter ended June 30, 2023, as against Profit After Tax (PAT) Rs. 2.4 Crores during the corresponding quarter last year. Compared to previous June, the Net Stage 3 assets have improved from 10.0% to 8.5%.

Mahindra Insurance Brokers Limited (MIBL)

During the quarter ended June 30, 2023, MIBL registered income at Rs. 164 Crores as against Rs. 89 Crores during the corresponding quarter last year, a growth of 85% over the same period previous year. The Profit After Tax (PAT) registered was Rs. 17.3 Crores during the quarter ended June 30, 2023 as against Rs. 2.2 Crores during the corresponding quarter last year, a growth of 686% over the same period previous year.

Mahindra Manulife Investment Management Private Limited (MMIMPL)

During the quarter year ended June 30, 2023, MMIMPL registered income of Rs 14 Crores as against Rs. 7.9 Crores during the corresponding quarter last year, a growth of 77%. The Company incurred a loss of Rs. 5.8 Crores during the quarter ended June 30, 2023, as against loss of Rs. 10.8 Crores during the corresponding quarter last year.

The Average Assets under Management (AUM) of MMIMPL for the quarter ended June 30, 2023 was Rs. 10,262 Crores across 20 schemes which showed an increase of 11% over the same period previous year. Of these assets, the Company managed Rs. 8,982 Crores of average equity assets in the quarter ended June 30, 2023 compared to Rs. 6,330 Crores in the same period last year.

Mahindra Manulife Trustee Private Limited (MMTPL)

During the quarter year ended June 30, 2023, MMTPL registered income at Rs 0.2 Crore maintaining the same level as the corresponding quarter last year. Profit After Tax (PAT) is Rs. 0.01 Crore during the quarter ended June 30, 2023, as against Rs. 0.1 Crore during the corresponding quarter last year.

Mahindra Ideal Finance Limited (MIFL)

During the quarter ended June 30, 2023, MIFL registered income at LKR 561.1 Million as against LKR 396.4 Million during the corresponding quarter last year, registering a growth of 42% over the same period previous year. The Profit After Tax (PAT) during the quarter ended June 30, 2023, was LKR 25 Million as against LKR 14.4 Million during the corresponding quarter last year, a growth of 73% over the same period previous year.

Mahindra Finance USA (MFUSA)

During the quarter ended June 30, 2023, MFUSA registered income at USD 19.3 Million as against USD 14.6 Million during the corresponding quarter last year, registering a growth of 32% over the same period previous year. The Profit After Tax (PAT) during the quarter ended June 30, 2023, registered was USD 4.2 Million as against USD 4.7 Million during the corresponding quarter last year, registering a decline of 11% over the same period previous year.

* LKR Closing Exchange Rate: 1 LKR = 0.2666 INR; USD Closing Exchange Rate: 1 USD = 82.04 INR

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 9.3 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 1,367 offices and reaches out to customers spread over 3,80,000 villages and 7,000 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 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).

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 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 / Twitter and Facebook: @MahindraRise/
For updates subscribe to <https://www.mahindra.com/news-room>

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