

PRESS RELEASE

Financial Results – Quarter 3 FY23-24, Standalone & Consolidated Results

Mumbai, January 30, 2024: 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 December 31, 2023.

Standalone:

Key Highlights: Steady performance for the quarter & YTD

- Leadership position maintained in Tractors, Pre-owned vehicles, Passenger vehicles and Three-wheelers.
- Asset growth momentum resilient with Loan Book* at Rs. 97,048 crores... YoY ↑ 25.5%
- Improved NII margins... QoQ ↑ 6.8% vs 6.5%
- Improving Asset quality trend... GS2%+GS3% ~10%
 - Stage-3 @4% (vs. 4.3% in Sep-2023)
- Credit Cost improvement... QoQ ↓ 1.2% vs 2.4%
 - On track to achieve 1.5% – 1.7% for FY24
- Capital Adequacy healthy at 18.3% - Tier-1 Capital @ 16.5%. Provision coverage on Stage 3 loans remained prudent at 62.7%.
- Total liquidity buffer comfortable at ~Rs. 8,419 crores with a liquidity chest of over 2.5 months.

FY 2024 Q3/9M Standalone Results:

<u>Q3FY24 Results (Rs. Crores)</u>	<u>Q3 FY24</u>	<u>Q3 FY23</u>	<u>YoY %</u>	<u>Q2 FY24</u>	<u>QoQ%</u>
Total Income (TI)	3,490	2,892	21%	3,240	8%
Net Interest Income (NII)	1,815	1,650	10%	1,674	8%
NII Margin (as % of Avg. Total Assets)	6.8%	7.4%		6.5%	
Pre-Provisioning Operating Profit (PPOP)	1,062	998	6%	943	13%
Credit Costs	328	155	112%	627	-48%
Credit Costs (as % of Avg. Total Assets)	1.2%	0.7%		2.4%	
Profit After Tax	553	629	-12%	235	135%
ROA (as % of Avg. Total Assets)	2.1%	2.8%		0.9%	
Disbursements	15,436	14,467	7%	13,315	16%
Gross Loan Book (YTD)	97,048	77,344	25%	93,723	4%

<u>9M FY24</u>	<u>9M FY23</u>	<u>YoY %</u>
9,856	7,999	23%
5,164	4,757	9%
6.7%	7.6%	
3,005	2,808	7%
1,481	999	48%
1.9%	1.6%	
1,141	1,300	-12%
1.5%	2.1%	
40,916	35,764	14%

Note: During the current quarter, MMFSL updated the ECL model for its retail vehicle loans by including multi-factor macro-economic variables and product classification of loan portfolio. As a result, the Provision towards ECL on financial assets for the quarter and 9m ended 31 Dec 2023 is lower by Rs.86.06 crores.

Operations:

The quarter witnessed broad-based growth with a recorded disbursement of Rs. 15,436 crores. Year-to-date (YTD) disbursement until December 2023 reached Rs. 40,916 crores, indicating a 14% year-on-year growth. This positive trend in loan growth contributed to the expansion of business assets, now standing at Rs. 97,048 crores. This marks a 25% growth since December 2022.

The collection efficiency for the quarter is recorded at 95%, similar to levels observed in Q3 FY23 and marginal reduction over Q2 FY24. During the quarter, the Company has seen further improvement in its asset quality, with stage 3 assets at 4.0% (vs. 4.3% as of September 2023 and 5.9% as of December 2022). Stage 2 at around 6% (vs. 5.8% as of September 2023 and 8.4% as of December 2022).

To diversify within the Vehicle Finance book, the Company has been investing in used vehicle finance. The company already has 2 partnerships that are steadily growing, namely, 'car&bike' and 'CarDekho'. The disbursements for used vehicles finance have grown 19% YTD until December 2023. The used vehicle finance share in disbursements now stands at 17% YTD December 2023, versus 16% for the same period last year.

Partnerships will play an important role in achieving Company's vision of providing financial solutions to Emerging India. As on date, the Company has already tied up with 2 large commercial banks, namely SBI and Bank of Baroda and recently with Lendingkart, an NBFC. It also has tie-ups with IPPB (India Post Payments Bank) and CSC (Common Service Centres by Ministry of Electronics and Information Technology) for lead generation. These partnerships will allow the Company to expand its distribution and maximise the fee income potential over the next 2-3 years.

Amidst sustained profitable growth and a strong balance sheet, our capital adequacy remains robust, currently standing at 18.3%. Additionally, we hold a comfortable liquidity position, with a liquidity chest of over 2.5 months.

In a strategic move to further enhance our offerings, we have unveiled plans to enter the insurance sector through partnerships with a few insurance providers, acting as a corporate agency. Initial investments will be directed toward technology, manpower, and certification. The shareholders have approved necessary changes to the Company's charter (Memorandum of Association) and the Company will now progress to make an application to the Insurance Regulator (IRDAI) for its approval.

Digital transformation is a key transformational metric for Mahindra Finance. The objective is to delight the customer with the most seamless experience, ensure fastest turnaround time, more DIY journeys across our products. In addition, the transformation has a huge focus on data and the power of AI/ML and analytics to drive that customer experience through hyperpersonalization, drive asset quality and improve underwriting. Employee experience is also at the core of this transformation. The Company is progressing well on this journey and many of these initiatives will land in Q4 FY24 and Early FY25.

Consolidated:

FY 2024 Q3/9M Consolidated Results:

Q3FY24 Results (Rs. Crores)	Q3 FY24	Q3 FY23	YoY %	Q2 FY24	QoQ%
Total Income (TI)	4,137	3,353	23%	3,863	7%
Profit After Tax	623	664	-6%	287	117%
Disbursements	17,048	14,911	14%	13,881	23%

9M FY24	9M FY23	YoY %
11,637	9,296	25%
1,272	1,396	-9%
44,587	37,028	20%

Subsidiaries:

Mahindra Rural Housing Finance Limited (MRHFL)

During the quarter ended December 31, 2023, MRHFL registered income of Rs. 311 crores as against Rs. 338 crores during the corresponding quarter last year, a decline of 8% over the same period previous year. The Profit After Tax (PAT) registered was Rs. 13.4 crores during the quarter ended December 31, 2023, as against Rs. 14.2 crores during the corresponding quarter last year a decline of 5.3% over the same period previous year.

Mahindra Insurance Brokers Limited (MIBL)

During the quarter ended December 31, 2023, MIBL registered income of Rs.330.8 crores as against Rs.123.0 crores during the corresponding quarter last year, a growth of 169% over the same period previous year. The Profit After Tax (PAT) registered was Rs.43.5 crores during the quarter ended December 31, 2023, as against Rs.13.4 crores during the corresponding quarter last year a growth of 225% over the same period previous year.

Mahindra Manulife Investment Management Private Limited (MMIMPL)

During the quarter ended December 31, 2023, MMIMPL registered income of Rs. 16.6 crores as against Rs. 12.0 crores during the corresponding quarter last year, a growth of 38% over the same period previous year. The Company incurred a loss of Rs. 6.3 crores during the quarter ended December 31, 2023, as against loss of Rs. 7.2 crores during the corresponding quarter last year, a decline in loss by 14% over the same period previous year.

The Average Assets under Management (AUM) of MMIMPL for the quarter ended December 31, 2023, was Rs. 15,321 crores across 21 schemes, an increase of 65% over the same period previous year. Of these assets, the Company managed Rs. 13,554 crores of average equity assets in the quarter ended December 31, 2023, a growth of 72% compared to 7,865 crores in the same period last year.

Mahindra Manulife Trustee Private Limited (MMTPL)

During the quarter ended December 31, 2023, MMTPL registered income of Rs. 0.3 crore as against Rs. 0.2 crore during the corresponding quarter last year, a growth of 72% over the same period previous year. The Profit After Tax (PAT) registered was Rs. 0.1 crore during the quarter

ended December 31, 2023, as against no profit / no loss position during the corresponding quarter of last year.

Mahindra Ideal Finance Ltd (MIFL)

During the quarter ended December 31, 2023, MIFL registered income of LKR 569 Million as against LKR 491 Million during the corresponding quarter last year, registering a growth of 16% over the same period previous year. The Profit After Tax (PAT) during the quarter ended December 31, 2023, was LKR 24 Million as against LKR 14 Million during the corresponding quarter last year, a growth of 69% over the same period previous year.

Mahindra Finance USA, LLC (MFUSA)

During the quarter ended December 31, 2023, MFUSA registered income at USD 20.6 Million as against USD 16.8 Million during the corresponding quarter last year, registering a growth of 22% over the same period previous year. The Profit After Tax (PAT) during the quarter ended December 31, 2023, registered was USD 3.9 Million as against USD 2.7 Million during the corresponding quarter last year, registering a growth of 44% over the same period previous year.

* LKR Closing Exchange Rate: 1 LKR = 0.2568 INR; USD Closing Exchange Rate: 1 USD = 83.15 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 9.8 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 1,369 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) a wholly owned subsidiary, is 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 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 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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