

PRESS RELEASE

Financial Results – Quarter 4 FY23-24, Standalone & Consolidated Results

Mumbai, May 4, 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 audited financial results for the year ended March 31, 2024. The Board has proposed a final dividend of Rs. 6.30 per fully paid equity share of the Company.

Standalone:

Key Points: Steady performance for the quarter & YTD

- AUM (Business assets) crosses 1 Lakh crores, Rs 1,02,597 crores, YoY ↑ 24%
- Disbursement: FY24 Rs 56,208 crores, YoY ↑ 13%. Q4FY24 Rs 15,292 crores, YoY ↑ 11%
- Continued Leadership in Wheels: Passenger vehicles, Pre-owned vehicles and Tractors.
- NII margins improved QoQ 7.1% vs 6.8%. FY24 YoY 6.8% vs 7.6%
- Robust Asset quality: GS2%+GS3% < 9%. Stage-3 @3.4% vs. 4.0% in Dec-2023
- Credit Cost: YoY 1.7% vs 1.2%. (FY24 target 1.5% – 1.7% achieved)
- A one-time provision of Rs 136 crores towards fraud at one of the Company's branches
- Capital Adequacy healthy at 18.9% - Tier-1 Capital @ 16.4%. Provision coverage on Stage 3 loans remained prudent at 63.2%. Total liquidity buffer comfortable at ~Rs. 7,950 crores

FY 2024 Q4/12M Standalone Results:

Q4FY24 Results (Rs. Crores)	Q4 FY24	Q4 FY23	YoY %	Q3 FY24	QoQ%	FY24	FY23	YoY %
Total Income (TI)	3,706	3,057	21%	3,490	6%	13,562	11,056	23%
Net Interest Income (NII)	1,971	1,723	14%	1,815	9%	7,135	6,479	10%
NII Margin (as % of Avg. Total Assets)	7.1%	7.4%		6.8%		6.8%	7.6%	
Pre-Provisioning Operating Profit (PPOP)	1,173	944	24%	1062	10%	4,178	3,752	11%
Credit Costs	341	0		328	4%	1,823	999	82%
Credit Costs (as % of Avg. Total Assets)	1.2%	0.0%		1.2%		1.7%	1.2%	
Profit After Tax	619	684	-10%	553	12%	1,760	1,984	-11%
ROA (as % of Avg. Total Assets)	2.2%	2.9%		2.1%		1.7%	2.3%	
Disbursements	15,292	13,778	11%	15,436	-1%	56,208	49,541	13%
Gross Loan Book (YTD)	1,02,597	82,770	24%	97,048	6%			

Operations:

The financial year 2023-24 (FY24) witnessed broad-based growth with disbursements of Rs. 56,208 crores, delivering a growth of 13% YoY. In FY24, the company strengthened its position in the financing of passenger vehicles, pre-owned vehicles & tractors. Growth in non-vehicle businesses such as SMEs, digital finance, leasing, and other lending and non-lending financial solutions segments contributed towards achieving steady annual disbursement numbers. This positive loan growth trend also led to expansion of business assets, now standing at Rs. 1,02,597 crores, reflecting a 24% YoY growth.

The collection efficiency for the quarter is recorded at 98%, showing improvement over the levels observed in Q1, Q2, and Q3 FY24. With a focus on improving underwriting standards and addressing early bucket delinquency, the Company has seen continual improvement in asset quality. Stage-3 is at 3.4% (compared to 4.0% as of December 31, 2023, and 4.5% as of March 31, 2023), and Stage-2 is at 5.0% (compared to 6.0% both as of December 31, 2023, and March 31, 2023). Stage-2 and Stage-3 together is at 8.4% (compared to 10.4% as of March 31, 2023).

In aligning with the strategic objectives for FY 2025, the company's focus remains on fostering profitable and sustainable growth. Emphasizing diversification, Mahindra Finance is committed to expanding its footprint in new business categories. As a part of this initiative, the company is diversifying its product lines into various portfolios like SME lending, LAP and Leasing (Quiklyz). The plan is to grow the non-vehicle finance segment to 15% of the AUM over the medium term.

To diversify within the vehicle finance book, Mahindra Finance has been making investments in the used vehicle category. The disbursements for used vehicle finance have grown by 18% in FY24. The company continues to hold a strong position in the pre-owned vehicle business and has 2 partnerships that are steadily growing, namely, 'car&bike' and 'CarDekho'. The company has also made a strategic expansion into the prime customer segment for vehicle loans leading to a balanced and stable asset quality.

With an aim to foster financial inclusion, Mahindra Finance recently partnered with digital MSME lender 'Lendingkart' under a co-lending arrangement to offer business loans to MSMEs. This co-lending initiative will transform credit decisioning, boost accessibility and create financial agility in this space.

Partnerships will be pivotal in realizing the Company's vision of offering financial solutions to emerging India. The Company has already established collaborations with two major commercial banks, namely State Bank of India (SBI) and Bank of Baroda. These strategic alliances are poised to broaden the company's distribution network, ensure robust asset growth, and increase profitability.

Mahindra Finance has also unveiled plans to enter the insurance sector through partnerships with a few insurance providers. The Company aims to capitalize on the insurance business by leveraging its extensive presence in semi-urban and rural India. Initial investments will be directed toward technology, manpower, and certification.

Digital transformation stands as a pivotal metric for Mahindra Finance, aiming to deliver seamless customer experiences, quicker turnaround times, and enhanced self-service journeys across products with employee experience being central to this journey. With a strong

focus on data, AI/ML, and analytics, the transformation aims to drive hyper-personalization, enhance asset quality, and improve underwriting processes.

The company is enhancing its investment in Technology, Digital and Data. Going forward, these investments will provide significant benefits for sharper risk practices, customer engagement & service capabilities aiding overall efficiency levels across various customer segments and products. These transformation initiatives are set to roll out in a phased manner in FY25.

Mahindra Finance has now partnered with IBM to develop a 'Super App' that will provide 24x7 digital access for availing and managing products and solutions in a secure, streamlined, and user-friendly manner.

Mahindra Finance is one of the few deposit taking NBFCs and has plans to further strengthen its Fixed Deposit (FD) Portfolio. The company's FDs are an attractive investment avenue, with a AAA Rating by CRISIL & India Ratings indicating highest safety standards. As of March 31, 2024, FDs as a percentage of total borrowings were at 7.8% compared to 7.4% as of March 31, 2023.

Amidst sustained profitable growth and a solidified balance sheet, the company's capital adequacy remains robust, currently standing at 18.9%. Additionally, upholding a resilient liquidity position and maintaining a comfortable liquidity chest at ~Rs. 7,950 crores.

Intimation of fraud:

The company had recently intimated the Stock Exchanges reporting a fraud detection at one of the branches in North East. Further details are as follows:

- The incident of fraud is limited to Aizawl branch, Mizoram and was identified during management review of the branch. The fraud relates to retail vehicle loans disbursed by the Company. This is a case of extreme collusion between Company's employees, with segregated duties, and external parties including vehicle dealers and bank employees. The fraud involved forgery of KYC & other asset related documents leading to embezzlement of Company funds.
- The Company has appointed a law firm and an accounting firm to undertake a fact-finding assessment of the aforesaid suspected irregularities ("Assessment"). Based on the results of the Assessment by the accounting firm and the management, 2887 loan accounts were identified by the Management as potentially fraudulent in nature. These loans had an outstanding net recoverable balance of Rs. 135.9 crores as of 31st March 2024, which have been fully provided.
- The Company has carried out an exhaustive analysis of customer contracts across the portfolio at an all-India level and has confirmed no instances of similar fraud elsewhere.
- As a proactive step, the Company has identified a few key initiatives to further strengthen controls, including but not limited to accelerating the timeline for centralization of document reviews and implementing digital due diligence tools for customer on-boarding.

Mahindra Finance remains committed to upholding its brand recognition and value. The Company is reinforcing its commitment to trust, integrity and transparency through enhanced measures for compliance, risk management, and governance.

Consolidated:

FY 2024 Q4/12M Consolidated Results

Q4FY24 Results (Rs. Crores)	Q4 FY24	Q4 FY23	YoY %	Q3 FY24	QoQ%	FY24	FY23	YoY %
Total Income (TI)	4,333	3,536	23%	4,137	5%	15,970	12,832	24%
Profit After Tax	671	675	-1%	623	8%	1,943	2,071	-6%
Disbursements	16,174	14,583	11%	17,048	-5%	58,647	51,770	13%

Subsidiaries:

Key Points:

- Mahindra Insurance Brokers: Total Income > Rs 1,000 crores, PAT > Rs 100 crores
- Mahindra Rural Housing: Asset Quality improvement: Gross Stage 3 @ 9%
- Mahindra Manulife: AUM crosses Rs 20,000 crores (On 1st April 2024)

Mahindra Rural Housing Finance Limited (MRHFL)

MMFSL holding 98.43%

Q4FY24 Results (Rs. Crores)	Q4 FY24	Q4 FY23	YoY %	FY24	FY23	YoY %
Total Income	310.3	354.7	-13%	1,294.4	1,349.8	-4%
Profit Before Tax	0.6	-31.7	102%	4.8	26.3	-82%
Profit After Tax	1.1	-25.9	104%	3.6	21.7	-83%
Loans & Advances (net)	6,933	6,845	1%	6,933	6,845	1%
Gross Stage 3 %	9.0%	10.5%		9.0%	10.5%	

Mahindra Insurance Brokers Limited (MIBL)

MMFSL holding 100%

Q4FY24 Results (Rs. Crores)	Q4 FY24	Q4 FY23	YoY %	FY24	FY23	YoY %
Total Income	311.4	121.0	157%	1,095.0	426.5	157%
Profit Before Tax	46.3	17.0	172%	167.5	46.1	263%
Profit After Tax	34.2	12.7	169%	123.5	34.4	259%
Gross Premium	1,387	1,226	13%	4,556	4,037	13%

Mahindra Manulife Investment Management Private Limited (MMIMPL)

MMFSL holding 51%

Q4FY24 Results (Rs. Crores)	Q4 FY24	Q4 FY23	YoY %	FY24	FY23	YoY %
Total Income	18.7	14.2	32%	63.5	44.1	44%
Profit After Tax	-6.7	-5.2	-29%	-27.3	-30.8	11%
Average Overall AUM	19,092	9,821	94%	19,092	9,821	94%
Average Equity AUM	16,936	8,292	104%	16,936	8,292	104%

Mahindra Manulife Trustee Private Limited (MMTPL)

MMFSL holding 51%

Q4FY24 Results (Rs. Crores)	Q4 FY24	Q4 FY23	YoY %
Total Income	0.4	0.1	300%
Profit After Tax	0.2	0	

FY24	FY23	YoY %
1.2	0.8	50%
0.5	0.1	400%

Mahindra Ideal Finance Ltd (MIFL)

MMFSL holding 58.2%

Q4FY24 Results (in LKR Mn)	Q4 FY24	Q4 FY23	YoY %
Total Income	591	576	3%
Profit Before Tax	88	93	-6%
Profit After Tax	24	40	-40%
Loans & Advances (net)	8,543	7,124	20%

FY24	FY23	YoY %
2,309	1,924	20%
334	248	35%
103	87	19%
8,543	7,124	20%

(LKR Closing Exchange Rate 1 LKR = 0.2609 INR)

Joint Venture / Associate:

Mahindra Finance USA, LLC (MFUSA)

MMFSL holding 49%

Q4FY24 Results (in USD Mn)	Q4 FY24	Q4 FY23	YoY %
Total Income	20.8	18.0	16%
Profit Before Tax	6.2	4.9	27%
Profit After Tax	4.6	-3.7	

FY24	FY23	YoY %
81.3	64.8	26%
22.9	19.8	16%
17.2	15.0	15%

(USD Closing Exchange Rate 1 USD = INR 82.76)

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 10 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>

Media Contact:

Mohan Nair
Head – Communications
Mahindra & Mahindra Financial Services Limited
E-mail: nair.mohan@mahindra.com
Mobile #: +91 9004012237