

PRESS RELEASE**Financial Results – Quarter 2, FY2022-23, Standalone & Consolidated Results**

Mumbai, November 2, 2022: 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 and half-year ended September 30, 2022.

Standalone:

Strong Disbursement growth 83% YoY; sequential growth of 25%

Loan Book - Rs. 73,817 Crores; YoY growth of 16%; sequential growth of 9%

Gross Stage 3 (GS 3) at 6.7%; Net Stage 3 at 2.9%

Revenue at Rs. 2,609 Crores (3% YoY growth); H1FY23 PAT at Rs. 671 Crores

FY 2023 Q2 Standalone Results:

The Key highlights of the Financial Performance are:

- Loan Book increased by 9.0% to Rs. 73,817 Crores compared to Q1FY23 aided by increase in disbursements. Disbursement for the quarter at Rs. 11,824 Crores was up 83% on YoY basis.
- GS 3 substantially improved to 6.7% from 8.0% last quarter (Q1 FY23), supported by focused collection initiatives, timely settlements and macro tailwinds.
- Total Income was at Rs. 2,609 Crores, up 3% YoY. Net Interest Margin for the quarter was healthy at 7.5%; Net Interest Income (NII) at Rs. 1,540 Crores was up 2% YoY.
- The Company reported PAT of Rs. 448 Crores during the quarter. The second quarter of previous year witnessed significant reversal of impairment provisions as a result of improvement in asset quality which had deteriorated during Q1 FY22 due to second wave of Covid-19. This resulted in a PAT of Rs. 1,023 Crores for Q2 FY22. H1 FY23 PAT was at Rs. 671 Crores vs a loss of Rs. 506 Crores in H1 FY22.
- The Company's Capital Adequacy stood at a healthy 23.8%. Provision coverage on Stage 3 loans was maintained at 58.2%.
- As of September end, the Company carried a total liquidity buffer of approximately Rs. 10,600 Crores - covering more than 3.5 months' obligations.

FY 2023 H1 Standalone Results:

Total Income grew by 8% at Rs. 5,108 Crores during the half year ended September 30, 2022, as against Rs. 4,709 Crores during the corresponding half year last year. The Profit after tax stood at Rs. 671 Crores during the half year ended September 30, 2022, as against Loss (after Tax) of Rs. 506 Crores during the corresponding half year last year.

During the quarter and half year ended September 30, 2022, the Company has made a provision, considered as Exceptional Item, of Rs. 55 Crores towards impairment of investment in its subsidiary in Sri Lanka, Mahindra Ideal Finance Limited based on assessment of the evolving economic crisis and its effect on currency devaluation.

Consolidated:**FY 2023 Q2 Consolidated Results:**

Total Income increased by 3% to Rs. 3,029 Crores during the quarter ended September 30, 2022, as against Rs. 2,951 Crores during the corresponding quarter last year. The Profit After Tax (PAT) stood at Rs. 492 Crores during the quarter ended September 30, 2022, as against PAT of Rs. 1,103 Crores during the corresponding quarter last year.

FY 2022 H1 Consolidated Results

Total Income increased by 8% at Rs. 5,943 Crores during the half year ended September 30, 2022, as against Rs. 5,517 Crores during the corresponding half year last year. The Profit after tax stood at Rs. 732 Crores during the half year ended September 30, 2022, as against Loss (after Tax) of Rs. 470 Crores during the corresponding half year last year.

During the quarter and half year ended September 30, 2022, the Company has made a provision, considered as Exceptional Item, of Rs. 56 Crores towards impairment of assets pertaining to its subsidiary in Sri Lanka, Mahindra Ideal Finance Limited (MIFL) based on assessment of the evolving economic crisis and its effect on currency devaluation. During the corresponding period last year, the Company increased its shareholding in MIFL from 38.2% to 58.2%. This stake increase had resulted in revaluation of its existing equity stake in MIFL, which led to a one-time revaluation gain of Rs. 21 Crores, which is shown as Exceptional Item in the quarter and half-year FY22 consolidated financials.

Operations

Disbursement growth during the quarter was broad-based with a YoY growth of 83% and a sequential growth of 25%. Collection Efficiency remained strong indicating cash flow generating capability of our customer segment.

In the first half, we disbursed Rs. 21,296 Crores, a growth of 106% YoY, which led to a strong gross asset book size of Rs. 73,817 Crores, resulting in growth of 14% during the first half of FY23.

We continue to maintain leadership position in financing of Tractor and Mahindra Auto segment. With evolving segment and customer mix, we expect to maintain quality growth. We are witnessing strong demand in the Tractor segment, aided by above average monsoon conditions and continued spending by government on rural projects. Increasing penetration in the used vehicles financing continues to be our focus area to help improve margins.

The SME asset book which is over Rs. 3,600 Crores has grown 30% sequentially and contributes 5% of the Business Assets.

The Company continues to invest in digitization, partnerships and transformation projects. Recently, the Company entered into a partnership with India Post Payment Bank (IPPB) to enhance distribution and increase touch points for collections.

Business Assets and Asset Quality

- The gross business assets were at Rs. 73,817 Crores as of September 2022, as against Rs. 64,961 Crores as on March 31, 2022. There has been an increase of 9.0% sequentially and 16% on a Y-o-Y basis.
- With focused collections, we have witnessed improvement in Stage 3 and Stage 2 assets at 6.7% (vs. 8.0% in Q1FY23) and 9.7% (vs. 11.7% in Q1FY23) respectively.
- The coverage on Stage 3 assets continues to be healthy at 58.2% resulting in the Net Stage 3 Assets at 2.9%.

Subsidiaries

Mahindra Rural Housing Finance Limited (MRHFL)

During the quarter ended September 30, 2022, MRHFL registered income at Rs. 328 Crores as against Rs. 361 Crores during the corresponding quarter last year, a decline of 9% over the same period previous year. The Profit After Tax (PAT) registered was Rs. 31.1 Crores during the quarter ended September 30, 2022, as against Rs. 46.7 Crores during the corresponding quarter last year.

Mahindra Insurance Brokers Limited (MIBL)

During the quarter ended September 30, 2022, MIBL registered income at Rs. 94 Crores as against Rs. 77 Crores during the corresponding quarter last year, a growth of 22% over the same period previous year. The Profit After Tax (PAT) registered was Rs. 6.1 Crores during the quarter ended September 30, 2022, as against Rs. 9.8 Crores during the corresponding quarter last year, a de-growth of 37% over the same period previous year.

Mahindra Manulife Investment Management Private Limited (MMIMPL)

During the quarter ended September 30, 2022, MMIMPL earned total income of Rs. 10.1 Crores as compared to Rs. 8.6 Crores in the same period previous year. MMIMPL incurred a loss of Rs. 7.7 Crores compared to a loss of Rs. 10.8 Crores during the same period previous year.

The Average Assets under Management (AUM) of MMIMPL for the quarter ended September 30, 2022, was Rs. 9,171 Crores across 19 schemes, an increase of 37% over the same period previous year. Of these assets, the Company managed Rs. 7,169 Crores of average equity assets in the quarter ended September 30, 2022, a growth of 91% compared to ₹ 3,762 Crores in the same period last year.

Mahindra Manulife Trustee Private Limited (MMTPL)

During the quarter ended September 30, 2022, MMTPL earned total income of Rs. 0.2 Crore maintaining the same level as in the corresponding previous year. MMTPL's profit for the current as well as the previous year September quarter remained static at Rs. 0.1 Crore.

Mahindra Ideal Finance Ltd (MIFL)

During the quarter ended September 30, 2022, MIFL registered income of LKR 460.4 million as against LKR 284.6 million during the corresponding quarter last year, registering a growth of 62% over the same period previous year. The Profit After Tax (PAT) during the quarter ended September 30, 2022, was LKR 18.2 million as against LKR 59.3 million during the corresponding quarter last year, a decline of 69% over the same period previous year.

Mahindra Finance USA, LLC (MFUSA)

During the quarter ended September 30, 2022, MFUSA registered income at USD 15.5 Million as against USD 14.5 Million during the corresponding quarter last year, registering an increase of 7% over the same period previous year. The Profit After Tax (PAT) during the quarter ended September 30, 2022, registered was USD 3.9 Million as against USD 4.7 Million during the corresponding quarter last year, registering a decline of 17% over the same period previous year.

* LKR Closing Exchange Rate: 1 LKR = 0.223 INR; USD Closing Exchange Rate: 1 USD = 81.57 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 8.4 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 1,386 offices and reaches out to customers spread over 3,80,000 villages and 7,000 towns across the country.

Mahindra Finance has been ranked 54th among India's Best Companies to Work 2021 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/
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