

PRESS RELEASE

Financial Results – Quarter 2 FY24-25, Standalone & Consolidated Results

Mumbai, October 22, 2024: The Board of Directors of Mahindra & Mahindra Financial Services Limited (Mahindra Finance), a leading provider of financial services in Emerging India, at its meeting held today, announced the unaudited financial results for the quarter ended September 30, 2024 (Q2FY25).

Standalone:

Key Points: Q2 FY25 PAT grows 57% YoY to ₹ 369 crores v/s ₹ 235 crores

- AUM (Business assets): ₹ 1,12,454 crores v/s ₹ 93,723 crores, YoY↑ 20%
- Disbursement: ₹ 13,162 crores v/s ₹ 13,315 crores, YoY↓ 1%; YoY ↑ 2% for H1 FY25
- Total Income: ₹ 3,925 crores v/s ₹ 3,240 crores, YoY ↑ 21%; PPOP: YoY↑ 27%
- Stable Market Share in Passenger Vehicles and Tractors.
- Asset quality: GS2+GS3 @ 10.3%. Stage-3 @3.8%. Credit Cost:2.3% v/s 2.4% (Q2FY24)
- Capital Adequacy healthy at 16.7% - Tier-1 Capital @ 14.8%. Provision coverage on Stage 3 loans prudent at 59.5%. Total liquidity buffer comfortable at ₹ 8,912 crores

FY 2025 Q2 Standalone Results:

Q2FY25 Results (₹. Crores)	Q2 FY25	Q2 FY24	YoY %	Q1 FY25	QoQ %	H1 FY25	H1 FY24	YoY %
Total Income (TI)	3,925	3,240	21%	3,760	4%	7,685	6,366	21%
Net Interest Income (NII)	1,991	1,674	19%	1,932	3%	3,922	3,349	17%
NII Margin (as % of Avg. Total Assets)	6.5%	6.5%		6.6%		6.5%	6.6%	
Pre-Provisioning Operating Profit (PPOP)	1,196	943	27%	1135	5%	2,331	1,943	20%
Credit Costs	703	627	12%	448	57%	1,152	1153	0%
Credit Costs (as % of Avg. Total Assets)	2.3%	2.4%		1.5%		1.9%	2.3%	
Profit After Tax	369	235	57%	513	-28%	882	588	50%
ROA (as % of Avg. Total Assets)	1.2%	0.9%		1.8%		1.5%	1.2%	
Disbursements	13,162	13,315	-1%	12,741	3%	25,903	25,480	2%
Gross Loan Book (YTD)	1,12,454	93,723	20%	1,06,339	6%			

Operations:

As of September 30, 2024 (Q2FY25), Business Assets stand at ₹ 1,12,454 crores, reflecting a 20% YoY growth. As growth in various Wheels segments viz. passenger vehicles, commercial vehicles etc. slowed down, the disbursements for the first half of FY25 were

₹ 25,903 crores, a relatively muted growth of 2% YoY. Disbursements for Q2FY25 were ₹ 13,162 crore.

The collection efficiency remained stable at 96%, consistent with the same quarter of the previous year. The Company continued its focus on enhancing underwriting standards and addressing early-stage delinquencies. Stage-3 assets were at 3.8%, an improvement over 4.3% a year ago. Sequentially, there has been some uptick (June end stage-3 assets at 3.6%). About 40% of this increase was contributed by Tractor segment. With Kharif cashflows, the Company expects normalization in Q3 FY25. Stage-2 and Stage-3 assets put together were at 10.3%.

CORE

Wheels Business:

During the quarter, the Disbursements for the Wheels business was muted. This was on the back of a muted performance of the vehicle industry. The Business Assets continued expected growth of 20% over September 2023 and 6% over June 2024. The Industry Market Shares for Passenger vehicles and Tractors were stable.

Mahindra Finance is among the top five NBFCs for financing three-wheelers (3W), passenger vehicles (PVs), commercial vehicles (CVs), light commercial vehicles (LCVs), and small commercial vehicles (SCVs). It continues to lead in the tractor-financing segment. The company is also gaining momentum in the pre-owned vehicle business as part of its strategy to diversify its asset mix within the Wheels business. The share of this segment in overall disbursements during Q2 FY25 stood at 18%. The Company expects this share to move up to 20% over the next 2-3 quarters.

The Centralized Processing Centre (CPC) went live at an all-India level at the start of the quarter. This will bring in efficiency, standardization and improved controls. The new retail branch structure also went live all-India during the quarter. The Company plans to leverage this set up for cross-sell opportunities and improved customer service.

On the Tech front, the Company continues to hone its digital engine for cross-sell and improved underwriting. An integrated app for the collection staff went live all-India during the quarter. The core tech enabled onboarding stack is making steady progress and the Company expects national roll out in H2 FY25.

NEW ENGINES

SME:

The company recognizes the growth potential within the MSME sector in India, with specific focus on the micro segment. During the quarter, this segment delivered a Disbursement growth of 52% YoY (H1FY25 YoY growth: 59%). Consequently, the Asset Book expanded by 11% on a YoY basis and was at ₹ 5,164 crores as of September 30, 2024. Its loan against property (LAP) business now accounts for 38% of the overall SME assets.

The Company is strategically partnering with key industry stakeholders and digital MSME aggregators. The company has also entered into a **co-origination partnership** with UGRO Capital to offer affordable, property-backed loans.

Additionally, the company has partnered with Salesforce India to develop a Loan Origination Software (LOS) specifically designed for Micro, Small, and Medium Enterprises (MSMEs), aimed at improving operational efficiency and customer satisfaction in that segment. This development went live at an all-India level during the quarter.

This business continues to hold a high bar on asset quality with Stage-3 Assets at 1.2% as at September end.

Leasing:

The Disbursement for the Leasing Portfolio grew 43% YoY in Q2FY25 & 29% YoY in H1FY25. The Company now has a strong base of 500 corporate clients. The business is also making investments to grow omnichannel B2C subscription business and expects traction over medium term.

Insurance:

Post obtaining the composite agency license from IRDAI, the company has **partnered with six insurance companies – Care, Chola, Kotak Life, Max Life, Niva Bupa and TATA AIG**. The company plans to further partner with various InsureTechs to further broaden its product portfolio and enhance customer experience. The objective is to offer comprehensive insurance solutions specifically addressing the evolving financial requirements of the customers. The employees are being trained to ensure responsible insurance cover selling.

Mortgage

The growth opportunity in mortgage is large. During the quarter, the Company obtained an approval from its Board to enter this business. Jaspreet Chadha, a seasoned leader in mortgage space joined the Company in September to lead this segment. Prior to this assignment he was leading various businesses at Bajaj Finance, including a leadership position at Bajaj Housing.

Partnerships:

The co-lending and co-origination partnerships with SBI, BOB and MSME marketplaces are making steady progress. During the quarter, the Company received RBI approval for **co-branded credit cards**, and it is at an advanced stage of finalizing a banking partner. A strategic tie up with IDFC Bank has been inked for **Fastag**. To nurture all these partnerships, the Company has on-boarded Bijoy Thaplial, an experienced professional to lead Leasing, Partnerships, Payments and the Fixed Deposit business.

Fixed Deposits (FD's):

Mahindra Finance is one of the few deposits taking NBFCs and the company's FDs are an attractive investment avenue, with a AAA rating from both CRISIL and India Ratings, reflecting the highest safety standards. As of September 30, 2024, FDs as a percentage of total borrowings were at 8.6%. In October 2024, the Company commenced mobilizing fixed deposits using the branch network of Muthoot Finance.

CSR

The Company focuses on financial literacy, women empowerment, girl child education and environmental protection as its key themes under CSR initiatives. Its dedicated team works with multiple implementation agencies and ensure efficient and productive utilization of funds that it contributes. Mahindra Finance's "Swabhiman" initiative, a three-month e-auto rickshaw driving training program for women from economically disadvantaged backgrounds, has been recognized with the CSR Project of the Year Award 2023-24 at the India CSR Summit & Awards, as well as the Best CSR Initiative and Best Financial Inclusion Initiative at the prestigious DNA Awards 2024.

Mahindra Finance remains dedicated to maintaining its brand reputation and value. The company continuously strengthens its commitment to integrity, transparency, and ethical practices by enhancing compliance, risk management, and governance measures.

Consolidated:

FY 2025 Q2 Consolidated Results

Q1FY25 Results (₹ Crores)	Q2 FY25	Q2 FY24	YoY %
Total Income (TI)	4,479	3863	16%
Profit After Tax	390	287	36%
Disbursements	13,873	13,881	-0.1%

Subsidiaries:

Key Points:

- Mahindra Manulife: AUM crosses ₹ 30,000 crores (in October 2024)
- Mahindra Rural Housing: Asset Quality: Gross Stage 3 maintained @ 9%

Mahindra Rural Housing Finance Limited (MRHFL)

MMFSL holding 98.43%

Q2 FY25 Results (in crores)	Q2 FY25	Q2 FY24	YoY %
Total Income	302	331	-9%
Profit Before Tax	9	15	-38%
Profit After Tax	7	12	-37%
Loans & Advances (net)	7,010	6,625	6%
Gross Stage 3 %	9.1%	12.0%	

H1 FY25	H1 FY24	YoY%
604	673	-10%
(66)	(15)	NA
(49)	(11)	NA
7,010	6,625	6%
9.1%	12.0%	

Mahindra Insurance Brokers Limited (MIBL)

MMFSL holding 100%

Q2 FY25 Results (in crores)	Q2 FY25	Q2 FY24	YoY %
Total Income	261	289	-10%
Profit Before Tax	19	38	-51%
Profit After Tax	13	29	-55%
Gross Premium	974	1025	-5%

H1 FY25	H1 FY24	YoY%
547	453	21%
49	62	-21%
34	46	-25%
1983	2047	-3%

Mahindra Manulife Investment Management Private Limited (MMIMPL)

MMFSL holding 51%

Q2 FY25 Results (in crores)	Q2 FY25	Q2 FY24	YoY %
Total Income	24	14	70%
Profit After Tax	-2	-9	NA
Average Overall AUM	28,150	12,582	124%
Average Equity AUM	25,620	10,912	135%

H1 FY25	H1 FY24	YoY%
44	28	54%
-7	-14	NA
25,376	11,428	122%
22,957	9,953	131%

Mahindra Manulife Trustee Private Limited (MMTPL)

MMFSL holding 51%

Q2 FY25 Results (in crores)	Q2 FY25	Q2 FY24	YoY %
Total Income	0.39	0.27	44%
Profit After Tax	0.22	0.14	57%

H1 FY25	H1 FY24	YoY%
0.70	0.50	40%
0.33	0.14	136%

Mahindra Ideal Finance Ltd (MIFL)

MMFSL holding 58.2%

Q2 FY25 Results (in LKR Mn)	Q2 FY25	Q2 FY24	YoY %
Total Income	664	558	13%
Profit Before Tax	80	58	38%
Profit After Tax	45	30	50%
Loans & Advances (net)	11072	6563	69%

H1 FY25	H1 FY 24	YoY%
1256	1149	9%
91	106	-16%
44	55	-20%
11072	6563	69%

(LKR Exchange Rate 1 LKR = 0.2779 INR)

Joint Venture / Associate:
Mahindra Finance USA, LLC (MFUSA)

MMFSL holding 49%

Q2 FY25 Results (in USD Mn)	Q2 FY25	Q2 FY24	YoY %
Total Income	22	21	5%
Profit Before Tax	5	6	-18%
Profit After Tax	4	5	-16%

H1 FY25	H1 FY24	YoY%
43	40	8%
12	12	4%
9	9	3%

(USD Exchange Rate 1 USD = INR 83.5643)

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 13 Billion. The Company is a leading vehicle and tractor financier, provides loans to SMEs and also offers fixed deposits. The Company has 1,373 offices and reaches out to customers spread over 4,80,000 villages and 7,500 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 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 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 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 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.

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