

2<sup>nd</sup> November 2022

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

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

Dear Sir/Madam,

**Sub: Updated - Earnings Presentation for the second quarter and half year ended 30<sup>th</sup> September, 2022 - Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 ("Listing Regulations")**

**Ref: Our letter dated 26<sup>th</sup> October 2022 intimating about earnings conference call and our letter date 2<sup>nd</sup> November 2022 (filing of investor presentation)**

In compliance with Regulation 30, Schedule III, Part A, Para A (15) and other applicable provisions of the Listing Regulations, please find enclosed herewith the updated Earnings Presentation with one change on slide no.25, to be made at earnings conference call scheduled on Thursday 3<sup>rd</sup> November 2022 at 12.00 noon (IST) encompassing, inter-alia, summary of the Unaudited Standalone and Consolidated Financial Results of the Company for the second quarter and half year ended 30<sup>th</sup> September 2022, highlights of the quarter and other updates.

The enclosed earnings presentation is also being uploaded on the Company's website viz. <https://mahindrafinance.com/investors/disclosures-reg-46-62/financial-information#institutional-investors-analyst-meet>

Kindly take the revised presentation on record.

Thanking you,

**For Mahindra & Mahindra Financial Services Limited**

**Brijbala Batwal**  
**Company Secretary & Compliance Officer**  
Enclosure: as above

# Mahindra & Mahindra Financial Services Limited

Quarter Result Update  
September - 2022

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[www.mahindrafinance.com](http://www.mahindrafinance.com)

CIN - L65921MH1991PLC059642



*Transforming rural lives  
across the country*

**Executive Summary**

**Financial Information**

**Key Subsidiaries**

**Company Overview**

**Business Strategy**

**Awards & CSR Initiatives**

**Risk Management Policies**

**mahindra FINANCE**

## Key Highlights

- Disbursement of ₹ 11,824 crore for the quarter, growth of 83% YoY
- Strong Asset Growth with Loan Assets\* at ₹ 73,817 crore; YoY growth of 16.0%; Sequential growth of 9.0%
- Significant sequential reduction in GS 3 (GS 3 at 6.7% vs. 8.0% from Jun - 22) led by strong Collection efforts & settlements
- H1FY23 PAT of ₹ 671 crores vs. loss of ₹ 506 crores in H1FY22

## Financial Performance – Q2FY23

- Revenue at ₹ 2,609 crore for the quarter, an increase of 3% YoY
- NIMs at 7.5% - increase in borrowing cost and change in asset mix
- Overheads at 3.3%; Investment towards human capital, collection and technology led initiatives
- PPOP moderated to ₹ 864 crores; Improving asset quality to help further moderation in credit cost

\* Refers to Business Assets

### Asset Quality

- Provision coverage maintained @ 58.2% in Sep-22
- Continued with a healthy Collection Efficiency at 97% during Q2FY23

### IRACP migration

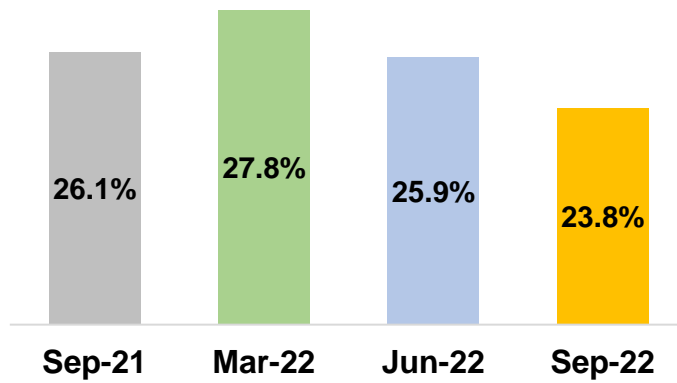
- Focused efforts to contain NPAs based on IRACP norms underway; Improvement in trajectory clearly visible
- As at October end, GNPA (IRACP) was higher by approximately ₹ 900 crores in comparison to GS 3 (IND-AS)
- Do not foresee any impairment charge on account of IRACP migration in FY23

### Capital Management

- Capital Adequacy strong at 23.8%; Healthy growth in H1FY23 resulting in improved capital utilization (D:E at 4.3:1)
- Liquidity chest equivalent to upwards of 3 months maintained across the quarter

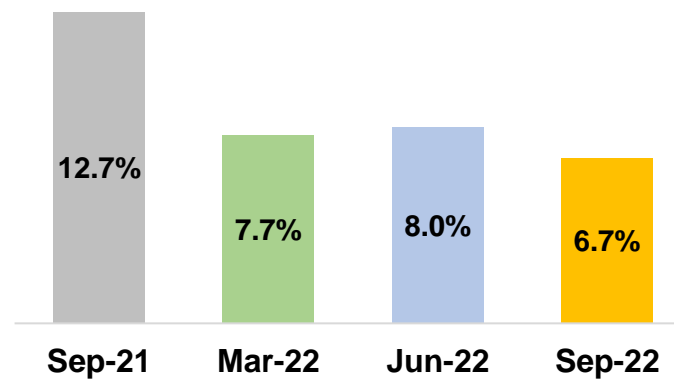
# Business Strength

## Capital Adequacy



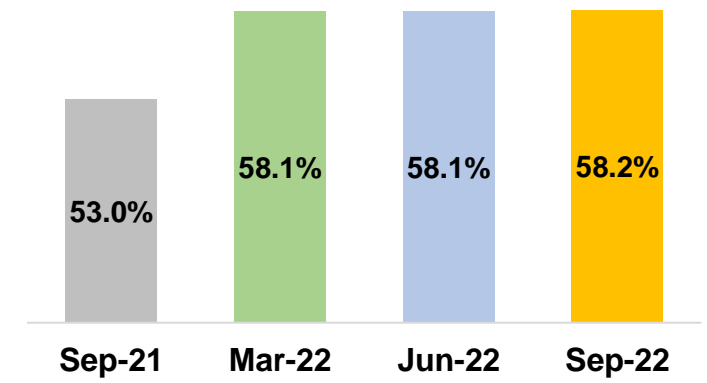
**Well capitalized**

## Gross Stage-3



**Asset Quality under control**

## Stage 3 - Coverage Ratio

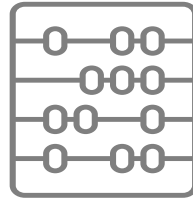


**Prudent**

# On path to achieving Vision 2025: Progress (H1 FY23)

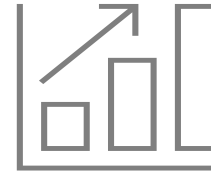
**Stable asset quality**  
**GS-3 < 6%**

H1 FY23:  
GS-3: 6.7%



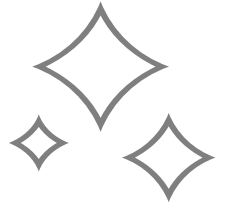
**2x AUM**

H1 FY23:  
AUM Growth: 14%\*



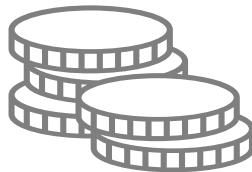
**New business contribution:**  
**15%**

H1 FY23:  
New Business: 5%+



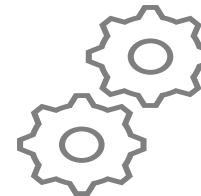
**Maintain NIMs ~7.5%**

H1 FY23:  
NIMs: 7.7%



**Operating leverage: Cost to Assets ~2.5%**

H1 FY23:  
Cost to Asset: 3.2%



**RoA ~2.5%**

H1 FY23:  
RoA: 1.7%



\* Business Assets: Sep -22 over Mar -22



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# Disbursement and Collection Trends

on standalone basis

Historical Disbursements (INR crores)	Q1	Q2	Q3	Q4	FY/ YTD
<b>FY 2023</b>	<b>9,472</b>	<b>11,824</b>	-	-	<b>21,296</b>
FY 2022	3,872	6,475	8,032	9,202	27,581
FY 2021	2,733	4,028	6,270	5,970	19,001

Collection Efficiency <sup>^</sup>	Jul	Aug	Sep	Q2	Q1
<b>FY 2023</b>	97%	96%	98%	<b>97%</b>	<b>94%</b>
FY 2022	95%	95%	100%	<b>98%</b>	<b>80%</b>

<sup>^</sup> Computed as (Current month demand collected + Overdues collected)/(Current month demand due for the month)  
Without considering restructured contracts

# Break down of Disbursements

on standalone basis

Asset Class	Half Year ended Sep – 22	Half Year ended Sep – 21	Year ended March – 22
Auto/ Utility vehicles	34%	35%	34%
Tractors	11%	19%	16%
Cars	17%	21%	19%
Commercial vehicles and Construction equipments	11%	5%	8%
Pre-owned vehicles	16%	17%	18%
SME and Others	10%	4%	5%

# Break down of Business Assets

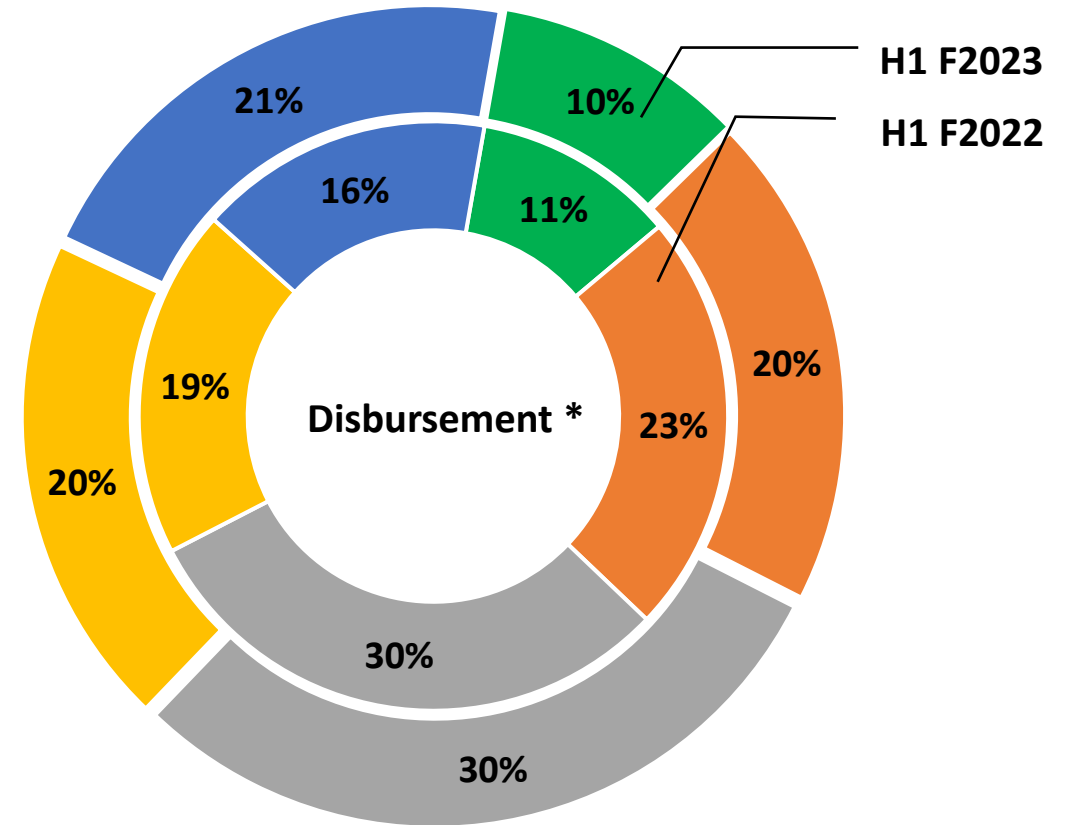
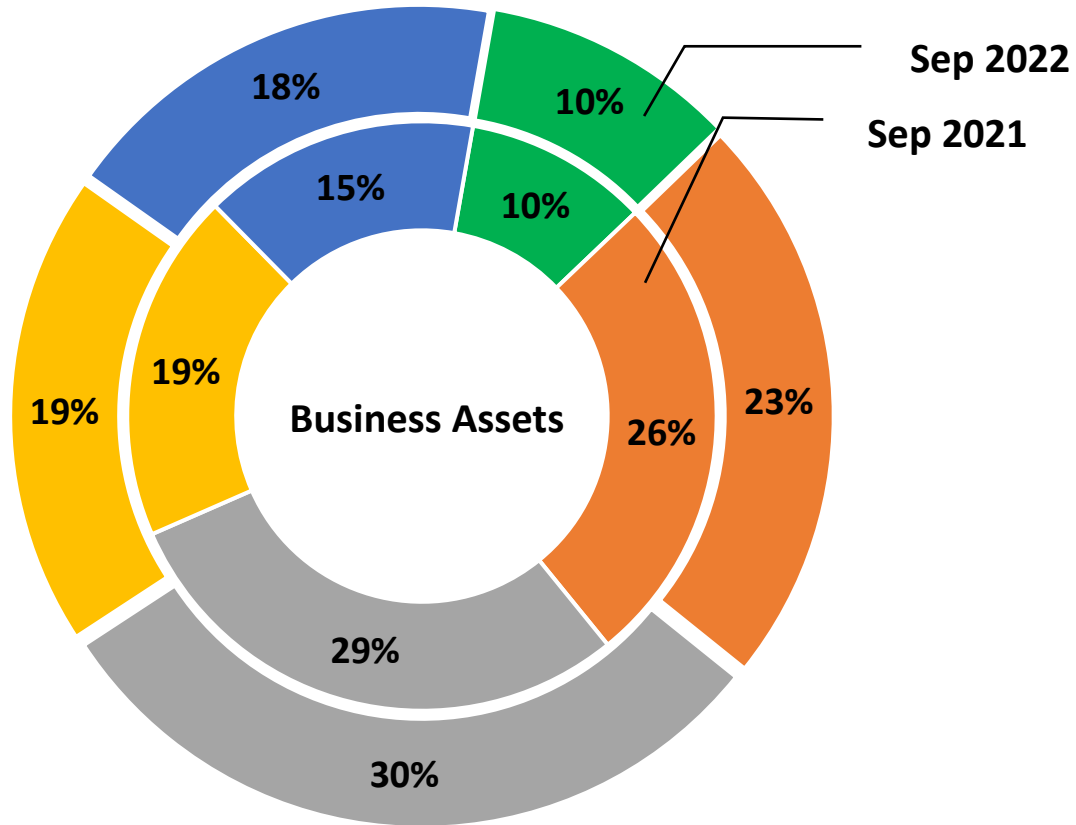
on standalone basis

Asset Class	Half Year ended Sep – 22	Half Year ended Sep – 21	Year ended March – 22
Auto/ Utility vehicles	31%	31%	32%
Tractors	14%	17%	16%
Cars	20%	22%	22%
Commercial vehicles and Construction equipments	11%	14%	12%
Pre-owned vehicles	11%	9%	11%
SME and Others	13%	7%	7%
<b>Contribution of M&amp;M assets in Business Assets</b>	<b>42%</b>	<b>45%</b>	<b>46%</b>

\* Share of SME: 5%

# Break down by Geography

on standalone basis



■ CENTRAL ■ EAST ■ NORTH ■ SOUTH ■ WEST

■ CENTRAL ■ EAST ■ NORTH ■ SOUTH ■ WEST

**NORTH:** Chandigarh, Delhi, Haryana, Himachal Pradesh, Jammu and Kashmir, Ladakh, Punjab, Rajasthan, Uttar Pradesh, Uttaranchal;

**EAST:** Arunachal Pradesh, Assam, Bihar, Jharkhand, Meghalaya, Mizoram, Orissa, Sikkim, Tripura, West Bengal;

**CENTRAL:** Chhattisgarh, Madhya Pradesh;

**WEST:** Dadra and Nagar Haveli, Gujarat, Maharashtra, Goa;

**SOUTH:** Andaman and Nicobar Island, Andhra Pradesh, Karnataka, Kerala, Pondicherry, Tamil Nadu, Telangana;

\* Prepared on Finance Amount

# Broad Based Liability Mix

on standalone basis

All figures in INR crores

## Funding Mix by Investor Category

Investor Type	Sep' 22		Jun'22	Mar'22
	Amount	% Share	% Share	% Share
Banks / Dev. Institutions	36,385	53.8%	52.1%	48.4%
Mutual Funds	5,970	8.8%	9.3%	9.1%
Insurance & Pension Funds	12,726	18.8%	16.7%	18.2%
FIs & Corporates	5,850	8.6%	9.9%	9.9%
Others	6,722	9.9%	11.9%	14.4%
<b>Total</b>	<b>67,653</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100%</b>

## Funding Mix by type of Instrument

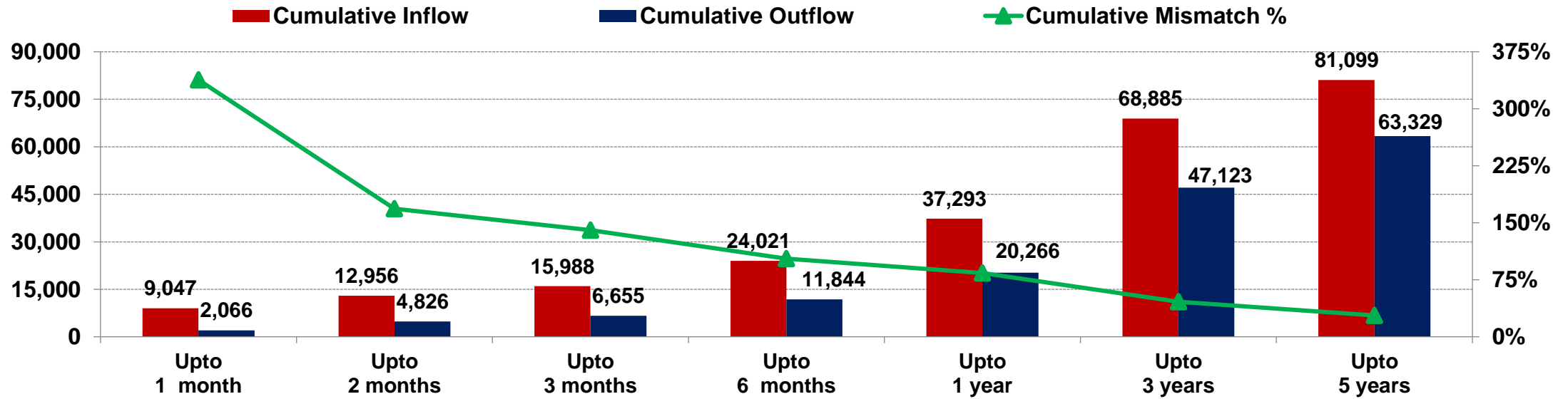
Instrument Type	Sep' 22		Jun'22	Mar'22
	Amount	% Share	% Share	% Share
NCDs	18,253	27.0%	25.4%	29.2%
Retail NCDs	3,837	5.7%	6.5%	7.6%
Bank Loans	24,613	36.4%	31.1%	27.5%
Offshore Borrowings	1,953	2.9%	4.4%	4.6%
Fixed Deposits	6,728	9.9%	12.9%	15.1%
CP, ICD, TREPS	4,403	6.5%	6.6%	1.5%
Securitisation/ Assignment	7,866	11.6%	13.2%	14.5%
<b>Total</b>	<b>67,653</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Computed based on FV/ Principal value

^ Based on holding as at respective period ends

# ALM Position and Liability Maturity

All figures in INR crores



Liability Maturity <sup>^</sup>	Oct-22	Nov-22	Dec-22	Q3 FY 23	Jan-23	Feb-23	Mar-23	Q4 FY 23	Next 6 months
Bank Loans	62	682	1,446	2,190	820	300	1,496	2,616	4,806
Market Instruments (NCD/ CP)	455	975	750	2,180	1,290	810	700	2,800	4,980
Others (FD/ ICD)	415	538	375	1,328	399	322	194	915	2,243
<b>Total</b>	<b>932</b>	<b>2,195</b>	<b>2,571</b>	<b>5,698</b>	<b>2,509</b>	<b>1,432</b>	<b>2,390</b>	<b>6,331</b>	<b>12,029</b>

In addition to undrawn sanctioned lines, the Company held Cash/ Liquid investments of ~ INR 10,600 crores

\* Based on provisional ALM as on Sep 30, 2022

<sup>^</sup> excl. Securitisation and as on Sep 30, 2022

# Key Financials

on standalone basis

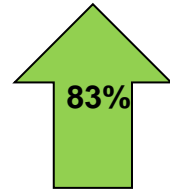
Disbursement

Total Income

Profit after Tax

Q2 FY 23

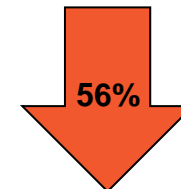
Rs. 11,824 crores



Rs. 2,609 crores



Rs. 448 crores



Q2 FY 22

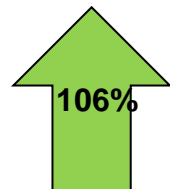
Rs. 6,475 crores

Rs. 2,522 crores

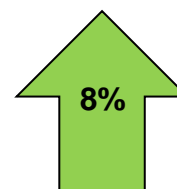
Rs. 1,023 crores

H1 FY 23

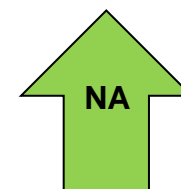
Rs. 21,296 crores



Rs. 5,108 crores



Rs. 671 crores



H1 FY 22

Rs. 10,347 crores

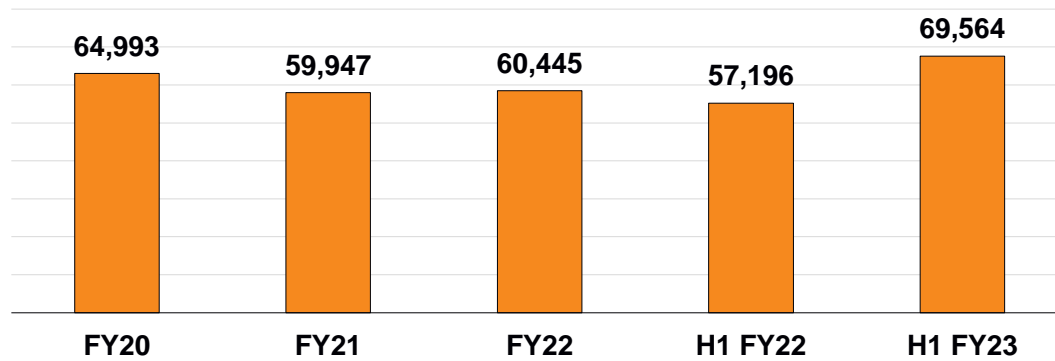
Rs. 4,709 crores

Rs. (506) crores

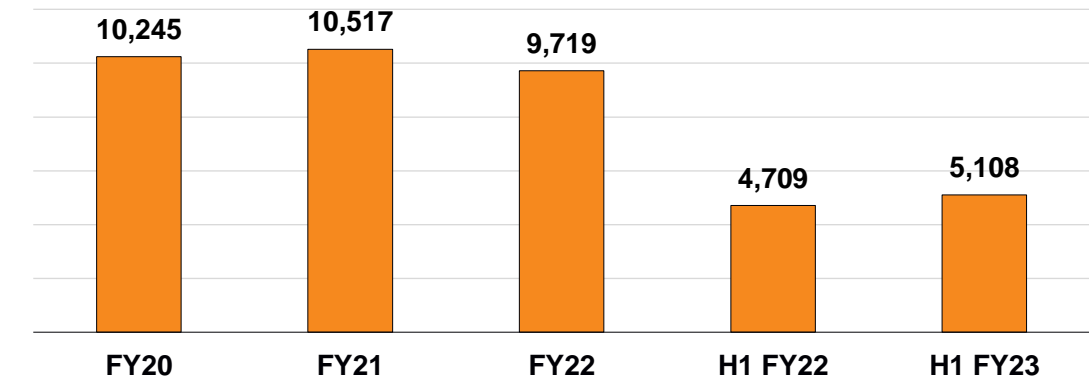
# Growth Trajectory

on standalone basis

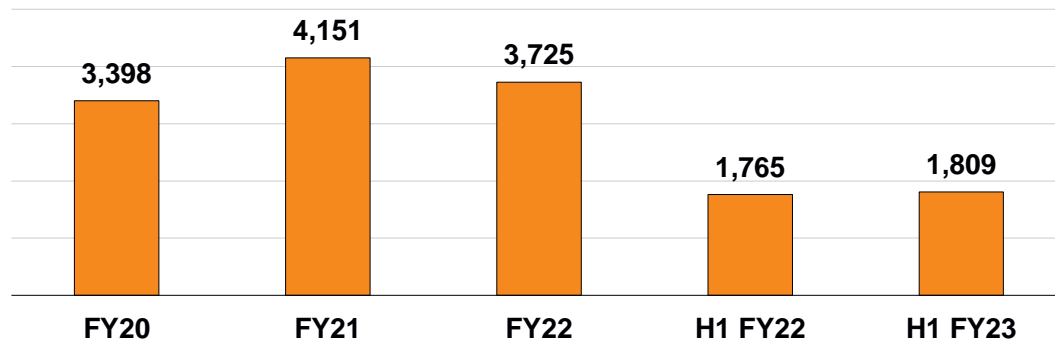
**Loan Book <sup>(1)</sup> (Rs. crores)**



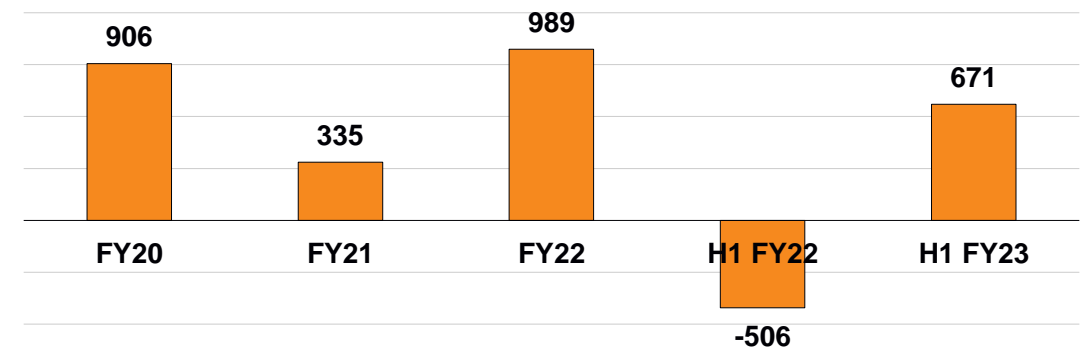
**Revenues (Rs. crores)**



**Pre-Provisioning Operating Profit (Rs. crores)**



**Profit after Tax <sup>(2)</sup> (Rs. crores)**



Note : <sup>(1)</sup> Loan Book net of provisions.

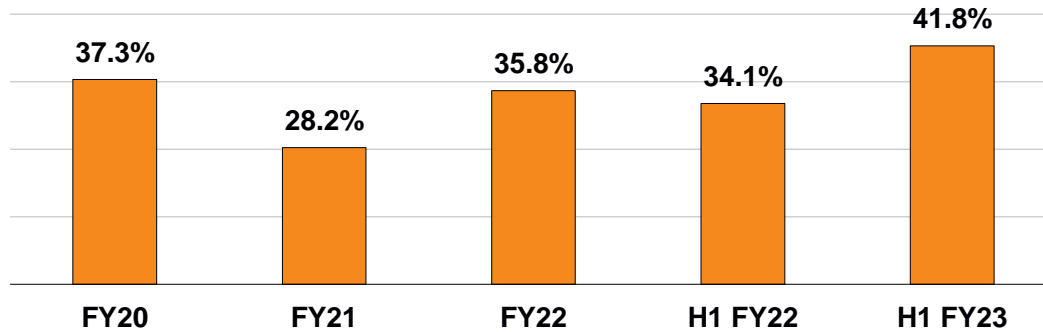
<sup>(2)</sup> PAT post exceptional items.



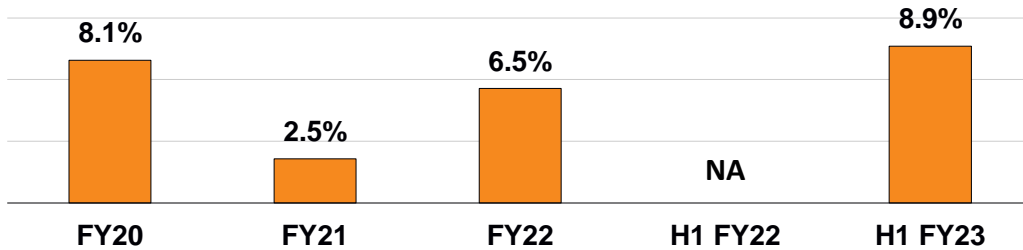
# Financial Performance

on standalone basis

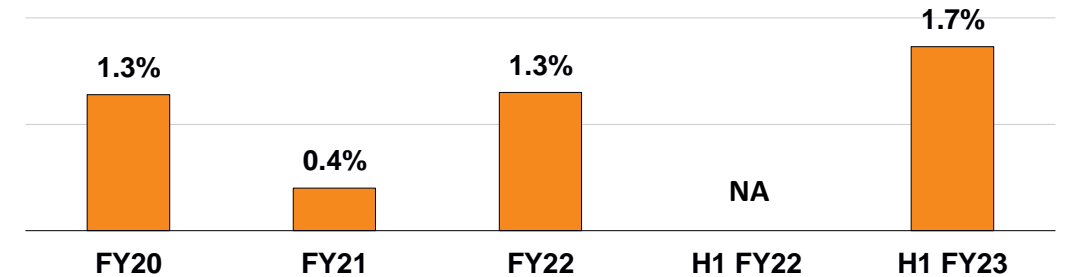
**Cost to income ratio <sup>(1)</sup> (%)**



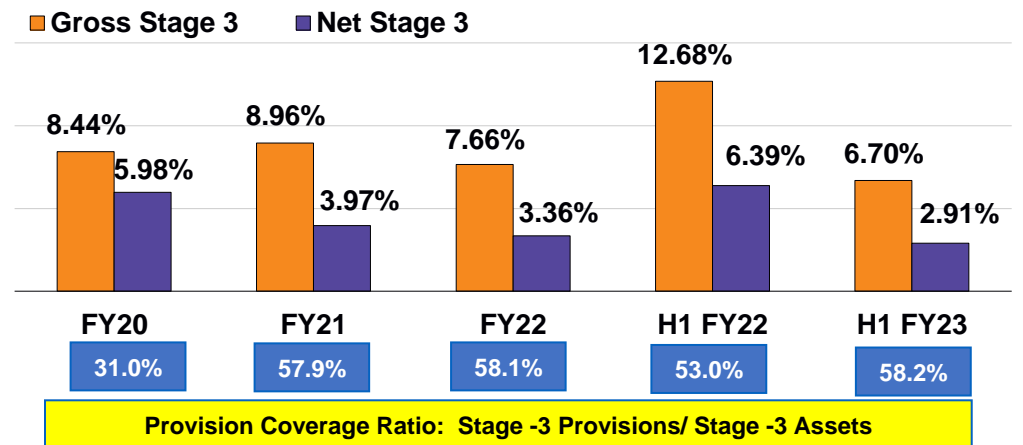
**Return on Net Worth (RONW) <sup>(2)</sup> (%)**



**Return on Assets (ROA) <sup>(2)</sup> (%)**



**Asset Quality (%)**



\* Stage 3 information provided as a percentage of Total Business Assets

Note : <sup>(1)</sup> Cost to Income calculated as Operating Expenses (including depreciation)/(Net Interest Income + Other Income).

<sup>(2)</sup> Annualised - Calculated based on average total assets/ average network

# Standalone Profit & Loss Account

Particulars (Rs. in crores)	Q2FY23	Q1FY23	Q-o-Q	Q2FY22	Y-o-Y	FY22
Revenue from operations (A)	2,586	2,486	4%	2,508	3%	9,658
Less: Finance cost (B)	1,069	931	15%	1,015	5%	3,920
<b>NII (C= A+B)</b>	<b>1,517</b>	<b>1,555</b>	<b>(2%)</b>	<b>1,493</b>	<b>2%</b>	<b>5,738</b>
Other Income (D)	23	12	92%	14	68%	61
<b>Total Income (E=C+D)</b>	<b>1,540</b>	<b>1,567</b>	<b>(2%)</b>	<b>1,507</b>	<b>2%</b>	<b>5,799</b>
Employee benefits expense (F)	376	353	7%	279	35%	1,172
Other expenses (G)	255	232	10%	184	38%	775
Depreciation and amortization (H)	46	36	28%	28	64%	127
<b>Total Expenses (I=F+G+H)</b>	<b>677</b>	<b>621</b>	<b>9%</b>	<b>491</b>	<b>38%</b>	<b>2,074</b>
<b>Pre-Provisioning Operating Profit (J=E-I)</b>	<b>863</b>	<b>946</b>	<b>(9%)</b>	<b>1,016</b>	<b>(15%)</b>	<b>3,725</b>
Provisions and write-offs (K)	198	645	(69%)	(367)	-	2,368
<b>Profit before Exceptional items (L=J-K)</b>	<b>665</b>	<b>301</b>	<b>121%</b>	<b>1,383</b>	<b>(52%)</b>	<b>1,357</b>
Exceptional Items (M)*	(55)	-	-	-	-	-
<b>Profit before Tax (N=L+M)</b>	<b>610</b>	<b>301</b>	<b>103%</b>	<b>1,383</b>	<b>(56%)</b>	<b>1,357</b>
Tax expense (O)	162	78	109%	360	(55%)	368
<b>Net Profit after Taxes (P=N-O)</b>	<b>448</b>	<b>223</b>	<b>101%</b>	<b>1,023</b>	<b>(56%)</b>	<b>989</b>

\* Provision towards impairment made on investment in the Sri Lanka subsidiary due to evolving economic crisis resulting in currency devaluation

Figures re-grouped and rounded where found relevant

# Standalone Profit & Loss Account

Particulars (Rs. in crores)	H1FY23	H1FY22	Y-o-Y	FY22
Revenue from operations (A)	5,072	4,687	8%	9,658
Less: Finance cost (B)	2,001	2,033	(2%)	3,920
<b>NII (C= A+B)</b>	<b>3,071</b>	<b>2,654</b>	<b>16%</b>	<b>5,738</b>
Other Income (D)	36	22	43%	61
<b>Total Income (E=C+D)</b>	<b>3,107</b>	<b>2,676</b>	<b>16%</b>	<b>5,799</b>
Employee benefits expense (F)	729	549	33%	1,172
Other expenses (G)	487	307	58%	775
Depreciation and amortization (H)	82	55	49%	127
<b>Total Expenses (I=F+G+H)</b>	<b>1,298</b>	<b>911</b>	<b>42%</b>	<b>2,074</b>
<b>Pre-Provisioning Operating Profit (J=E-I)</b>	<b>1,809</b>	<b>1,765</b>	<b>3%</b>	<b>3,725</b>
Provisions and write-offs (K)	844	2,452	(66%)	2,368
<b>Profit before Exceptional items (L=J-K)</b>	<b>965</b>	<b>(687)</b>	<b>-</b>	<b>1,357</b>
Exceptional Items (M)*	(55)	-	-	-
<b>Profit before Tax (N=L+M)</b>	<b>910</b>	<b>(687)</b>	<b>-</b>	<b>1,357</b>
Tax expense (O)	240	(181)	-	368
<b>Net Profit after Taxes (P=N-O)</b>	<b>671</b>	<b>(506)</b>	<b>-</b>	<b>989</b>

\* Provision towards impairment made on investment in the Sri Lanka subsidiary due to evolving economic crisis resulting in currency devaluation

Figures re-grouped and rounded where found relevant

# Standalone Balance Sheet

Particulars (Rs. in crores)	As on Sep 30, 2022	As on Sep 30, 2021	As on Mar 31, 2022
<b>ASSETS</b>			
<b>Financial Asset</b>			
a) Cash and cash equivalents	383	716	328
b) Bank balance other than (a) above	3,277	3,515	3,823
c) Derivative financial instruments	22	55	27
d) Trade Receivables	17	16	9
e) Loans	69,564	57,196	60,445
f) Investments	10,428	9,240	8,440
g) Other Financial Assets	420	389	223
<b>Financial Asset</b>	<b>84,111</b>	<b>71,127</b>	<b>73,295</b>
<b>Non-Financial Asset</b>			
a) Current tax assets (Net)	506	584	462
b) Deferred tax assets (Net)	901	1,027	837
c) Property, plant and equipment	468	317	383
d) Intangible assets	13	14	9
e) Other non-financial assets	387	150	303
<b>Non-Financial Assets</b>	<b>2,275</b>	<b>2,092</b>	<b>1,994</b>
<b>Total Assets</b>	<b>86,386</b>	<b>73,219</b>	<b>75,289</b>

# Standalone Balance Sheet (Contd.)

Particulars (Rs. in crores)	As on Sep 30, 2022	As on Sep 30, 2021	As on Mar 31, 2022
<b>LIABILITIES AND EQUITY</b>			
<b>Financial Liabilities</b>			
a) Derivative financial instruments	226	187	182
b) Payables			
i) Trade payables	766	529	955
ii) Other payables	22	24	50
c) Debt Securities	22,391	18,838	18,253
d) Borrowings (Other than Debt Securities)	34,761	24,614	26,006
e) Deposits	6,710	9,199	8,426
f) Subordinated Liabilities	3,486	3,282	3,130
g) Other financial liabilities	1,857	2,122	2,316
<b>Financial Liabilities</b>	<b>70,219</b>	<b>58,795</b>	<b>59,318</b>
<b>Non-Financial liabilities</b>			
a) Current tax liabilities (Net)	124	14	14
b) Provisions	216	179	221
c) Other non-financial liabilities	81	70	108
<b>Non-Financial Liabilities</b>	<b>421</b>	<b>263</b>	<b>343</b>
<b>Equity</b>			
a) Equity Share capital	247	246	247
b) Other Equity	15,499	13,915	15,381
<b>Equity</b>	<b>15,746</b>	<b>14,161</b>	<b>15,628</b>
<b>Total Equities and Liabilities</b>	<b>86,386</b>	<b>73,219</b>	<b>75,289</b>

Figures re-grouped and rounded where found relevant

# Summary & Key Ratios

on standalone basis

Particulars	Half year ended Sep – 22	Half year ended Sep – 21	Year ended March – 22
RONW (Avg. Net Worth) - annualised	8.9%	NA	6.5%
Debt / Equity	4.28:1	3.95:1	3.57:1
<b>Capital Adequacy</b>	<b>23.8%</b>	<b>26.1%</b>	<b>27.8%</b>
Tier I	20.5%	22.3%	24.3%
Tier II	3.3%	3.8%	3.5%
EPS (Basic) (Rs.)	5.45	(4.11)	8.02
Book Value (Rs.)	127.4	114.6	126.5
Dividend %	-	-	180%
New Contracts during the period (Nos.)	455,563	245,789	647,222
No. of employees	25,615*	19,512	19,998

\* The Management has reviewed its current process of hiring from manpower staffing agencies and has migrated ~ 6,000 employees on its rolls under a fixed term contract. This action is expected to be cost- neutral

*Figures restated where found relevant*

# Spread Analysis

on standalone basis

Particulars	Half year ended Sep – 22	Half year ended Sep – 21	Year ended March – 22
Total Loan Income / Average Business Assets	13.4%	13.5%	13.8%
Total Income / Average Assets	12.7%	12.5%	12.8%
Interest cost / Average Assets	5.0%	5.4%	5.2%
<b>Gross Spread</b>	<b>7.7%</b>	<b>7.1%</b>	<b>7.6%</b>
Overheads / Average Assets	3.2%	2.4%	2.7%
Write offs & provisions / Average Assets	2.1%	6.5%	3.1%
<b>Net Spread before Tax</b>	<b>2.3%*</b>	-1.8%	1.8%
<b>Net Spread after Tax</b>	<b>1.7%*</b>	-1.3%	1.3%

\* After factoring exceptional items of Rs. 55 crores on account of impairment of investment in Mahindra Ideal Finance Ltd, Sri Lanka

Average Assets is computed based on Net Total Assets i.e Total Assets less Provisions

# Stage 3 - Analysis

on standalone basis

Particulars (Rs. in crores) except figures in %	Sep 30, 2022	Jun 30, 2022	Sep 30, 2021	Mar 31, 2022	Mar 31, 2021
Business Assets (including Provisions)	73,817	67,693	63,618	64,961	64,608
<b>Gross Stage 3</b>	<b>4,942</b>	<b>5,436</b>	<b>8,069</b>	<b>4,976</b>	<b>5,786</b>
Less: Stage 3 ECL Provisions	2,876	3,157	4,278	2,890	3,352
<b>Net Stage 3</b>	<b>2,066</b>	<b>2,279</b>	<b>3,791</b>	<b>2,086</b>	<b>2,434</b>
Gross Stage 3 as % of Business Assets	6.70%	8.03%	12.68%	7.66%	8.96%
Net Stage 3 as % of Business Assets	2.91%	3.53%	6.39%	3.36%	3.97%
<b>Coverage Ratio (%) – based on Stage 3 ECL</b>	<b>58.2%</b>	<b>58.1%</b>	<b>53.0%</b>	<b>58.1%</b>	<b>57.9%</b>
Stage 1 & 2 provision to Business Assets (%)	1.8%	2.1%	3.3%	2.5%	2.0%
<b>Coverage Ratio (%) – including Stage 1 &amp; 2 provision</b>	<b>85.8%</b>	<b>84.3%</b>	<b>79.4%</b>	<b>90.6%</b>	<b>80.4%</b>

Particulars (in units) except figures in %	Sep 30, 2022	Jun 30, 2022	Sep 30, 2021	Mar 31, 2022	Mar 31, 2021
Contracts under Stage 3 (90 dpd)	116,746	135,596	216,994	119,202	139,038
% of Live Cases under Stage 3	5.6%	6.7%	8.5%	5.8%	6.7%
Repossessed Assets (out of above Stage 3 contracts)	9,642	12,626	14,111	9,059	8,556

Figures restated, re-grouped and rounded where found relevant



# Credit Charge

on standalone basis

	Q2FY23	Q1FY23	Q2FY22	H1FY23	H1FY22	FY22	FY21
Stage-1 Provisions	59	68	27	127	(7)	22	(127)
Stage-2 Provisions	(123)	(260)	212	(383)	833	295	119
Stage-3 Provisions	(281)	267	(1,002)	(14)	927	(462)	1,572
<b>Provisions – P&amp;L Charge</b>	<b>(345)</b>	<b>75</b>	<b>(763)</b>	<b>(270)</b>	<b>1,753</b>	<b>(145)</b>	<b>1,564</b>
<b>Write-Offs</b>	<b>543</b>	<b>570</b>	<b>396</b>	<b>1,114</b>	<b>699</b>	<b>2,513</b>	<b>2,171</b>
<b>Total</b>	<b>198</b>	<b>645</b>	<b>(367)</b>	<b>844</b>	<b>2,452</b>	<b>2,368</b>	<b>3,735</b>

Figures re-grouped and rounded where found relevant

# Stage Wise Provisioning

on standalone basis

Stage-Wise Assets and Provisioning												
Rs. in crores	As on 30 <sup>th</sup> Sep 2022				As on 30 <sup>th</sup> Jun 2022				As on 31 <sup>st</sup> Mar 2022			
	Business Assets (Amount and %)		Provisions & Coverage		Business Assets (Amount and %)		Provisions & Coverage		Business Assets (Amount and %)		Provisions & Coverage	
Stage - 1 Assets	61,684	83.6%	572	0.9%	54,323	80.3%	512	0.9%	50,727	78.1%	444	0.9%
Stage - 2 Assets	7,190	9.7%	791	11.0%	7,934	11.7%	914	11.5%	9,257	14.2%	1,174	12.7%
Stage - 3 Assets	4,943	6.7%	2,876	58.2%	5,436	8.0%	3,157	58.1%	4,976	7.7%	2,890	58.1%
<b>Total</b>	<b>73,817</b>		<b>4,239</b>	<b>5.8%</b>	<b>67,693</b>		<b>4,583</b>	<b>6.8%</b>	<b>64,961</b>		<b>4,508</b>	<b>6.9%</b>

Stage 2 includes restructured assets of Rs. 2,128 crores as of Q2 FY23; Out of these, assets of Rs. 698 crores (0.9% of the Business Assets) have Nil overdues  
 Stage 3 includes restructured assets of Rs. 875 crores as of Q2 FY23

Comparison of IRACP and IND-AS Provisioning requirement			
Rs. in crores	IRACP (A)	IND-AS (B)	Difference (B-A)
Stage 1 and Stage 2	484	1,363	879
Stage 3	1,970	2,876	906
<b>Total</b>	<b>2,454</b>	<b>4,239</b>	<b>1,785</b>

Figures re-grouped and rounded where found relevant



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# Key Financials

on consolidated basis

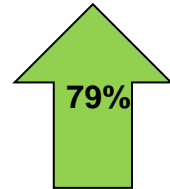
Disbursement

Total Income

Profit after Tax

Q2 FY 23

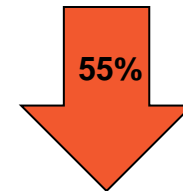
Rs. 12,249 crores



Rs. 3,029 crores



Rs. 492 crores



Q2 FY 22

Rs. 6,839 crores

Rs. 2,951 crores

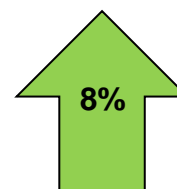
Rs. 1,103 crores

H1 FY 23

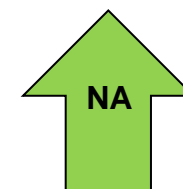
Rs. 22,117 crores



Rs. 5,943 crores



Rs. 732 crores



H1 FY 22

Rs. 10,810 crores

Rs. 5,517 crores

Rs. (470) crores

# Consolidated Profit & Loss Account

Particulars (Rs. in crores)	Q2FY23	Q1FY23	Q-o-Q	Q2FY22	Y-o-Y	FY22
Revenue from operations (A)	3,011	2,902	4%	2,929	3%	11,318
Less: Finance cost (B)	1,192	1,052	13%	1,143	4%	4,418
<b>NII (C= A+B)</b>	<b>1,819</b>	<b>1,850</b>	<b>(2%)</b>	<b>1,786</b>	<b>2%</b>	<b>6,900</b>
Other Income (D)	18	12	55%	22	(16%)	83
<b>Total Income (E=C+D)</b>	<b>1,837</b>	<b>1,862</b>	<b>(1%)</b>	<b>1,808</b>	<b>2%</b>	<b>6,983</b>
Employee benefits expense (F)	506	476	6%	382	32%	1,613
Other expenses (G)	357	327	9%	251	42%	1,044
Depreciation and amortization (H)	54	43	26%	34	60%	152
<b>Total Expenses (I=F+G+H)</b>	<b>917</b>	<b>846</b>	<b>8%</b>	<b>667</b>	<b>38%</b>	<b>2,809</b>
<b>Pre-Provisioning Operating Profit (J=E-I)</b>	<b>920</b>	<b>1,016</b>	<b>(9%)</b>	<b>1,141</b>	<b>(19%)</b>	<b>4,174</b>
Provisions and write-offs (K) ^	208	709	(71%)	(315)	-	2,691
<b>Profit before Exceptional items (L=J-K)</b>	<b>712</b>	<b>307</b>	<b>132%</b>	<b>1,456</b>	<b>(51%)</b>	<b>1,483</b>
Exceptional Items (M)	(56)	-	-	21	-	21
Share of Profit of Associates (N)	12	12	1%	11	3%	45
<b>Profit before taxes (O= L+M+N)</b>	<b>668</b>	<b>319</b>	<b>110%</b>	<b>1,488</b>	<b>(55%)</b>	<b>1,549</b>
Tax expense (P)	176	79	124%	385	(54%)	399
<b>Net Profit after Taxes (Q=O-P)</b>	<b>492</b>	<b>240</b>	<b>105%</b>	<b>1,103</b>	<b>(55%)</b>	<b>1,150</b>

Figures re-grouped and rounded where found relevant

# Consolidated Profit & Loss Account

Particulars (Rs. in crores)	H1FY23	H1FY22	Y-o-Y	FY22
Revenue from operations (A)	5,913	5,478	8%	9,658
Less: Finance cost (B)	2,244	2,293	(2%)	3,920
<b>NII (C= A+B)</b>	<b>3,669</b>	<b>3,185</b>	<b>15%</b>	<b>5,738</b>
Other Income (D)	30	39	(23%)	61
<b>Total Income (E=C+D)</b>	<b>3,699</b>	<b>3,224</b>	<b>15%</b>	<b>5,799</b>
Employee benefits expense (F)	982	747	31%	1,172
Other expenses (G)	684	422	62%	775
Depreciation and amortization (H)	98	67	46%	127
<b>Total Expenses (I=F+G+H)</b>	<b>1,764</b>	<b>1,236</b>	<b>43%</b>	<b>2,074</b>
<b>Pre-Provisioning Operating Profit (J=E-I)</b>	<b>1,935</b>	<b>1,988</b>	<b>(3%)</b>	<b>3,725</b>
Provisions and write-offs (K) ^	916	2,690	(66%)	2,368
<b>Profit before Exceptional items (L=J-K)</b>	<b>1,019</b>	<b>(702)</b>	<b>-</b>	<b>1,357</b>
Exceptional Items (M)	(56)	21	-	-
Share of Profit of Associates (N)	23	28	(17%)	-
<b>Profit before taxes (O= L+M+N)</b>	<b>986</b>	<b>(653)</b>	<b>-</b>	<b>1,357</b>
Tax expense (P)	254	(183)	-	368
<b>Net Profit after Taxes (Q=O-P)</b>	<b>732</b>	<b>(470)</b>	<b>-</b>	<b>989</b>

Figures re-grouped and rounded where found relevant

# Consolidated Balance Sheet

Particulars (Rs. in crores)	As on Sep 30, 2022	As on Sep 30, 2021	As on Mar 31, 2022
<b>ASSETS</b>			
<b>Financial Asset</b>			
a) Cash and cash equivalents	556	944	765
b) Bank balance other than (a) above	3,485	3,770	4,062
c) Derivative financial instruments	22	55	27
d) Trade Receivables	77	68	65
e) Loans	76,621	64,314	67,660
f) Investments	10,461	9,636	8,654
g) Other Financial Assets	474	604	271
<b>Financial Asset</b>	<b>91,696</b>	<b>79,391</b>	<b>81,504</b>
<b>Non-Financial Asset</b>			
a) Current tax assets (Net)	547	625	486
b) Deferred tax Assets (Net)	1,015	1,117	952
c) Property, plant and equipment	581	389	461
d) Intangible assets under development	2	2	2
e) Goodwill	-	43	43
f) Other Intangible assets	14	15	11
g) Other non-financial assets	441	205	350
<b>Non-Financial Assets</b>	<b>2,600</b>	<b>2,396</b>	<b>2,305</b>
<b>Total Assets</b>	<b>94,296</b>	<b>81,787</b>	<b>83,809</b>

Figures re-grouped and rounded where found relevant

# Consolidated Balance Sheet (Contd.)

Particulars (Rs. in crores)	As on Sep 30, 2022	As on Sep 30, 2021	As on Mar 31, 2022
<b>LIABILITIES AND EQUITY</b>			
<b>Financial Liabilities</b>			
a) Derivative financial instruments	226	187	182
b) Payables			
i) Trade payables	894	693	1,113
ii) Other payables	22	24	51
c) Debt Securities	25,378	22,095	21,597
d) Borrowings (Other than Debt Securities)	37,177	27,523	28,653
e) Deposits	6,577	9,167	8,286
f) Subordinated Liabilities	3,946	3,742	3,590
g) Other financial liabilities	2,239	2,630	2,875
<b>Financial Liabilities</b>	<b>76,559</b>	<b>66,061</b>	<b>66,347</b>
<b>Non-Financial liabilities</b>			
a) Current tax liabilities (Net)	127	16	28
b) Provisions	264	231	276
c) Other non-financial liabilities	89	73	121
<b>Non-Financial Liabilities</b>	<b>480</b>	<b>320</b>	<b>425</b>
<b>Equity</b>			
a) Equity Share capital	247	246	247
b) Other Equity	16,870	15,018	16,649
c) Non-controlling interests	140	142	141
<b>Equity (incl attributable to minority investors)</b>	<b>17,257</b>	<b>15,406</b>	<b>17,037</b>
<b>Total Equities and Liabilities</b>	<b>94,296</b>	<b>81,787</b>	<b>83,809</b>

Figures re-grouped and rounded where found relevant





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Particulars (Rs. in crores)	Q2FY23	Q2FY22	H1FY23	H1FY22	Year ended March – 22
Loans disbursed	425	364	821	463	1,602
No. of Customer Contracts (nos.)	12,719	18,546	28,881	21,606	75,327
Loans & Advances (net)	6,927	6,931	6,927	6,931	7,029
Total income	328	361	657	695	1,377
PBT	42	67	44	-27	58
PAT	31	47	34	-19	48
Net-worth	1,489	1,385	1,489	1,385	1,455
Gross Stage 3 %	15.13%	16.98%	15.13%	16.98%	11.33%
Net Stage 3 %	11.38%	12.72%	11.38%	12.72%	8.47%

- **Business Area:** Provide loans for home construction, extension, purchase and improvement to customers in rural and semi-urban India
- **Shareholding pattern:** MMFSL – 98.43%; MRHFL Employee Welfare Trust and Employees – 1.57%
- **Reach:** Currently spread in 14 States & 1 Union Territory

^ The Company has cumulative management overlay of Rs. 22.8 crores as on 30 September 2022

Particulars (Rs. in crores)	Q2FY23	Q2FY22	H1FY23	H1FY22	Year ended March – 22
No. of Policies for the Period (nos.)	6,35,351	4,30,233	11,51,327	7,46,095	18,63,160
Net Premium	743	479	1,370	928	2360
Total income	94	77	183	137	348
PBT	8	13	11	18	70
PAT	6	10	8	13	52
No. of employees (nos.)	857	1072	857	1072	1027

- **Business Area:** Licensed by IRDAI for undertaking insurance broking in Life, Non-Life and reinsurance businesses
- **Shareholding pattern\*:** MMFSL – 80%; Inclusion Resources Pvt. Ltd. – 20%

\* On 21st October 2022, the Company entered into a Share Purchase Agreement with Inclusion Resources Private Limited (IRPL) to acquire 20% equity stake in its subsidiary Mahindra Insurance Brokers Ltd (MIBL) at a consideration of Rs. 206.39 Crore. This proposed transaction is subject to the approval of Insurance Regulatory and Development Authority of India (IRDAI). Subsequent to the acquisition, MIBL will become a wholly owned subsidiary of the Company.



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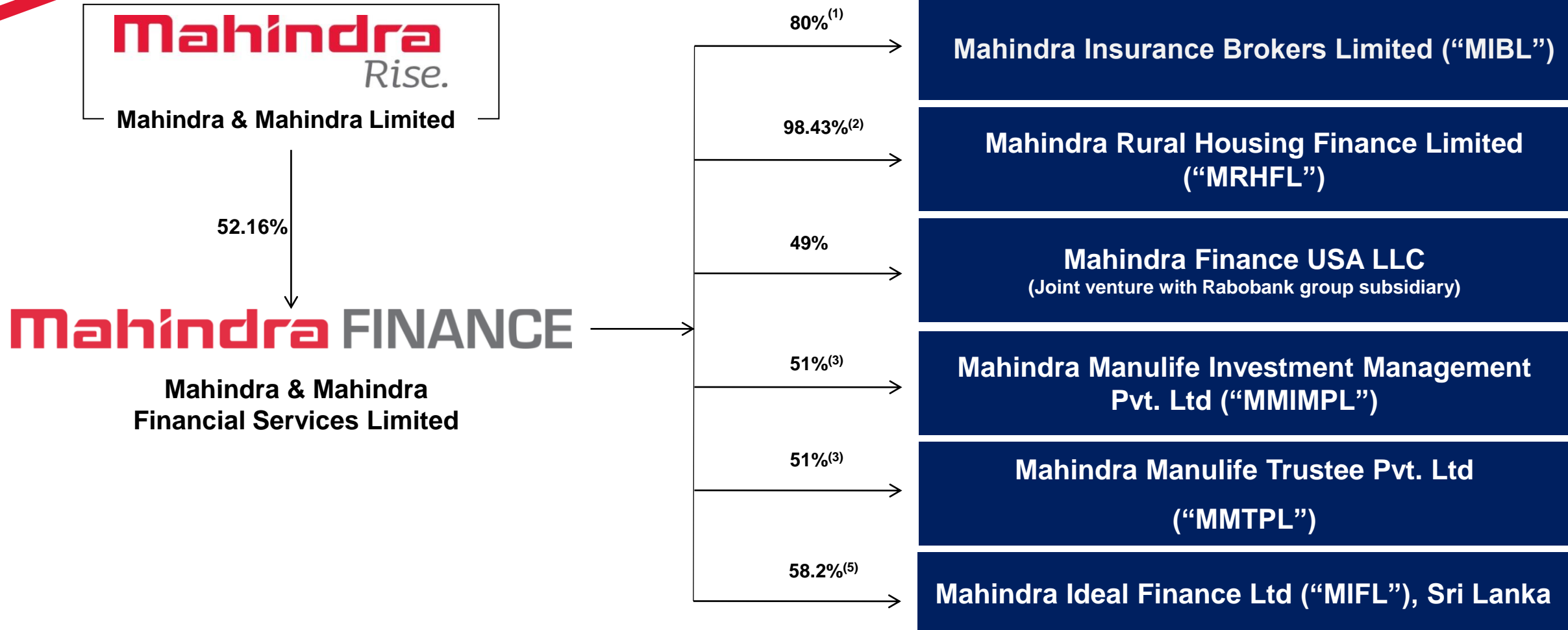
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# Company Background

- Parentage:** Mahindra & Mahindra Financial Services Limited (“MMFSL”) is a subsidiary of Mahindra and Mahindra Limited (*Mcap: Rs 1.68 trillion*)\*
- About MMFSL:** MMFSL (*Mcap: Rs 239 billion*)\*, one of India’s leading non-banking finance companies focused in the rural and semi-urban sector
- Key Business Area:** Primarily in the business of financing purchase of new and pre-owned auto and utility vehicles, tractors, cars, commercial vehicles, construction equipment and SME Financing
- Vision:** MMFSL’s vision is to be a leading provider of financial services in the rural and semi-urban areas of India
- Reach:** Has 1,386 offices covering 27 states and 7 union territories in India, with over 8.4 million customer contracts since inception
- Credit Ratings:** India Ratings has assigned AAA/Stable, CARE Ratings has assigned AAA/Stable, Brickwork has assigned AAA/Stable and CRISIL has assigned AA+/Stable rating to the Company’s long term and subordinated debt

\***Source:** Market capitalisation as of November 1, 2022 from BSE website

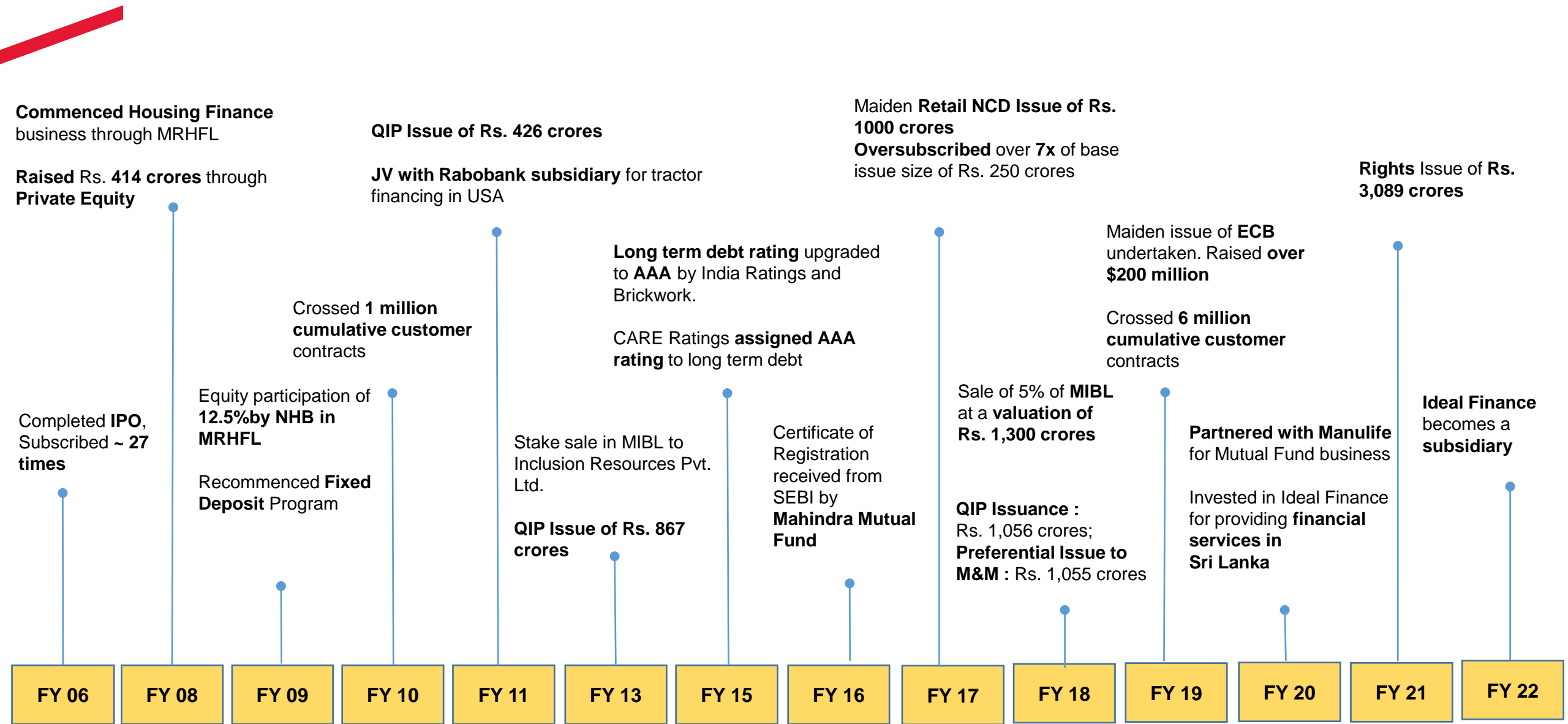
# MMFSL Group structure



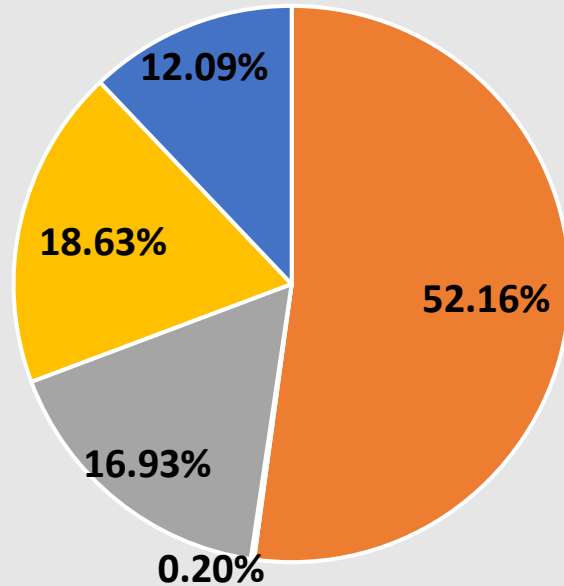
**Note:**

1. Balance 20% with Inclusion Resources Pvt. Ltd. (IRPL), subsidiary of AXA XL Group. The Company, on 21<sup>st</sup> October 2022, has entered in definitive documents to acquire 20% equity stake in MIBL held by IRPL, subject to regulatory approvals. Subsequent to the acquisition, MIBL will become a wholly owned subsidiary of the Company.
2. Balance 1.58% held by MRHFL Employee Welfare Trust and employees
3. Manulife Investment Management (Singapore) Pte. Ltd. holds 49% of the shareholding of MMIMPL and MMTPL.
4. Mahindra Finance CSR Foundation is a wholly owned subsidiary to undertake all CSR initiatives under one umbrella
5. MIFL wef 8<sup>th</sup> July 2021 is a subsidiary of the Company

# Our Journey



## Shareholding Pattern



- Promoter
- FII
- Non-Institutions
- Esop Trust
- Mutual Funds and DII

## Top 10 Public Shareholders

- Life Insurance Corporation Of India
- Wishbone Fund, Ltd.
- HDFC Life Insurance Company Limited
- HDFC Trustee Company Ltd
- Ashish Dhawan
- Nippon Life India Trustee Ltd.
- SBI Long Term Equity Fund
- Bank Muscat India Fund
- SBI Life Insurance Co. Ltd.
- Kotak Emerging Equity Scheme

Mahindra & Mahindra Limited holds a stake of 52.16% in the Company





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**Grow in rural and semi urban markets by providing financing, investment and insurance solutions**

**Expand Branch Network**

**Leverage existing customers base through Direct Marketing Initiatives**

**Diversify Product Portfolio: Nurture new businesses of Digital Finance and Leasing**

**Broad base Liability Mix**

**Continuing to attract, train and retain talented employees**

**Effective use of technology to improve productivity**

**Leverage the “Mahindra” Ecosystem**

1 ***Stabilize Asset Quality*** Focus on bringing the volatility down

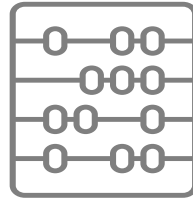
2 ***Recharge Growth*** Build high quality diversified business

3 ***Strengthen Tech & Digital*** Data informed thinking

4 ***Future Ready Human Capital*** High Performing Organisation

# Sustainable profitable growth: Vision 2025

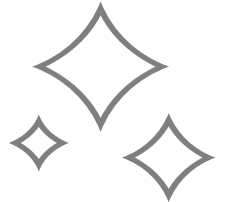
**Stable asset quality**  
**GS-3 < 6%**



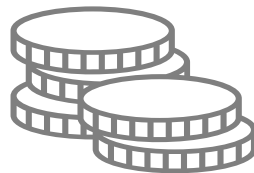
**2x AUM**



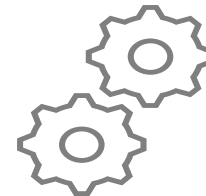
**New business contribution:**  
**15%**



**Maintain NIMs ~7.5%**



**Operating leverage: Cost to**  
**Assets ~2.5%**



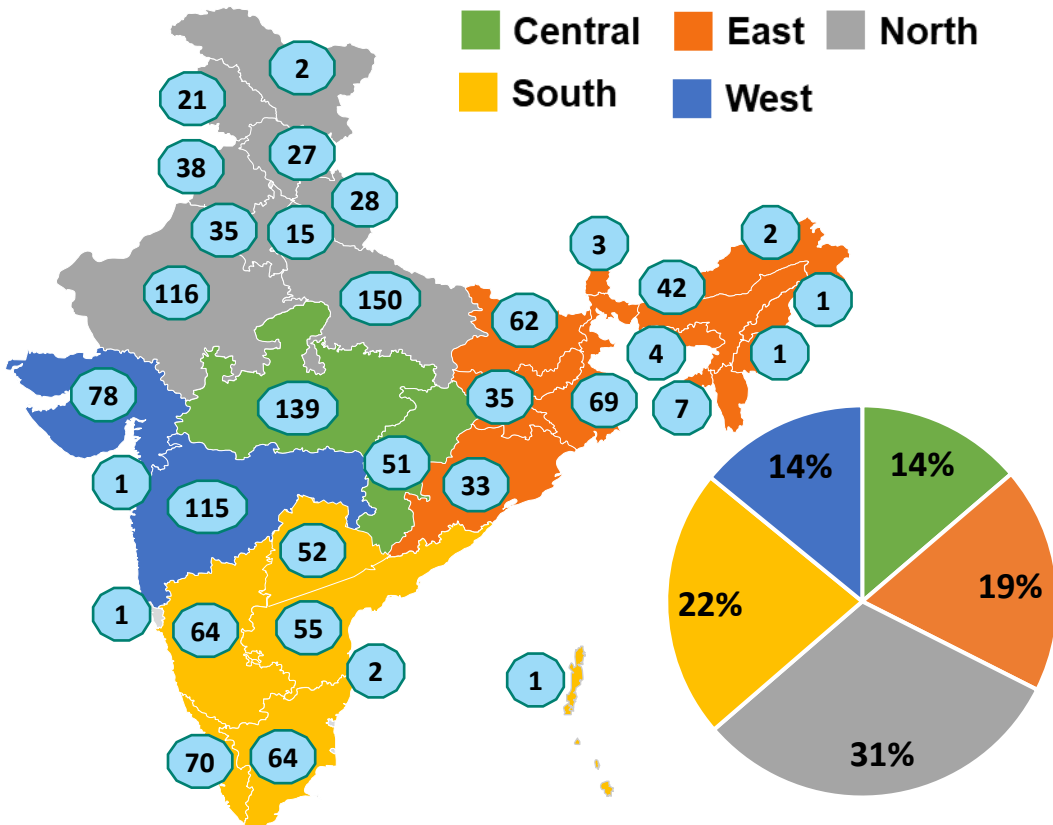
**RoA ~2.5%**



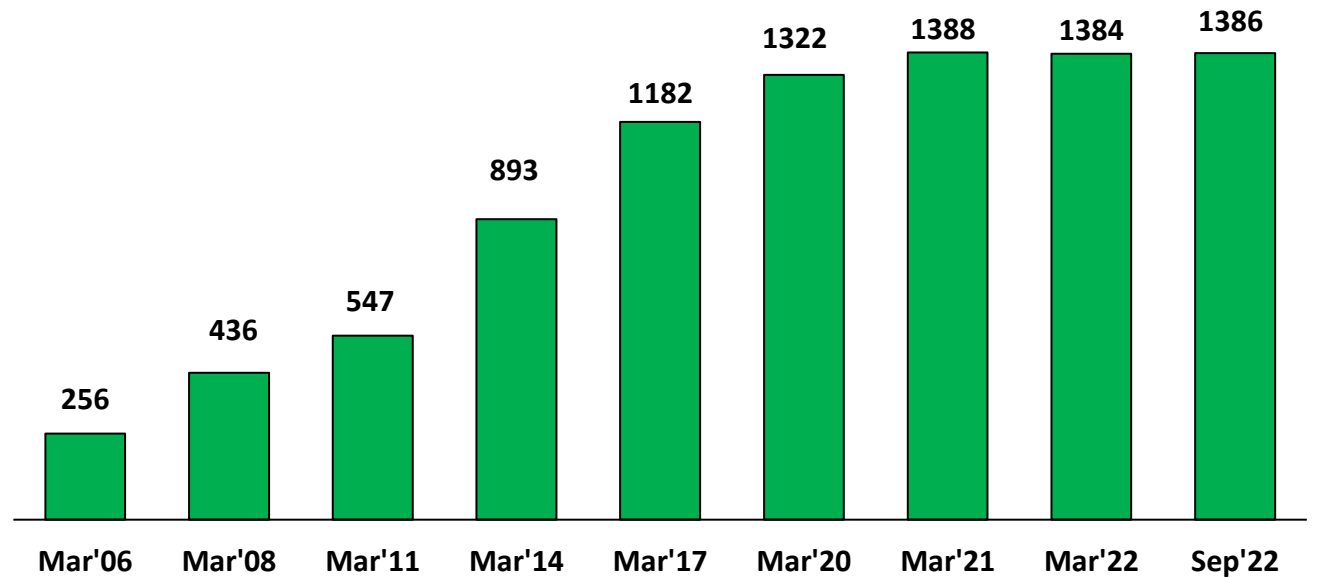
# Extensive Branch Network

- Extensive branch network with presence in 27 states and 7 union territories in India through 1,386 offices
- Branches have authority to approve loans within prescribed guidelines

Coverage



Branch Network as of



# Diversified Product Portfolio

## Vehicle Financing

- Loans for auto and utility vehicles, tractors, cars, commercial vehicles and construction equipments



## Pre-Owned Vehicles

- Loans for pre-owned cars, multi-utility vehicles, tractors and commercial vehicles



## SME Financing

- Loans for varied purposes like project finance, equipment finance and working capital finance



## Personal Loans

- Offers personal loans typically for weddings, children's education, medical treatment and working capital



## Mutual Fund Distribution

- Advises clients on investing money through AMFI certified professionals



## Insurance Broking

- Insurance solutions to retail customers as well as corporations through our subsidiary MIBL



## Housing Finance

- Loans for buying, renovating, extending and improving homes in rural and semi-urban India through our subsidiary MRHFL



## Mutual Fund & AMC

- Asset Management Company/ Investment Manager to 'Mahindra Manulife Mutual Fund',



## Employee engagement & training

- Foster a Digital Learning ecosystem that drives a culture of anytime-anywhere learning.
- Structured framework which nurtures the functional and leadership capabilities of all employees across verticals.
- In times of an unforeseen event, like the COVID-19 pandemic, psychological and financial support is provided to our employees
- Ekincare, our AI-driven health & wellness app, closely monitors employee health needs.
- Virtual engagement platform “MF-People First” has been launched to drive all celebrations & recognition activities.
- Participate in Group’s Talent Management & Retention program

## Covid initiatives taken for employees

- Financial assistance to employees tested positive; monthly payout to family and reimbursement of children education for employees who have lost life
- Facilitating Covid vaccination & reimbursing hospitalization expenses through insurance policy

## Technology initiatives

- Next gen API commissioned for scaling partnerships, integrating fintech ecosystem & create enterprise wide microservices layer
- Deployed digital assets on the cloud to auto scale as we grow & strengthened the resiliency for technology platforms
- Modernising applications by implementing digital processes:
  - Omnichannel communication interface (SMS/Email/WhatsApp)
  - Integrated customer service – with click of a button
  - Direct OEM integrations & lead sourcing in low bandwidth area
  - Enabling digital collections thru BBPS, Fino & CSC
- Provide outcome-based data driven visual dashboards for quicker and strategic business decisions
- Continues to harness the power of end users thru secured and digital practices and tools
  - Agile practices and workforce across various verticals
  - Moving towards DevSecOps model of software development
  - New gen device agnostic e-learning module
  - Moving towards Zero trust architecture

# Credit Rating

MMFSL believes that its credit rating and strong brand equity enables it to borrow funds at competitive rates

Credit Rating	India Ratings	Outlook
Long term and Subordinated debt (incl. MLD); Bank Facilities	IND AAA IND PP-MLD AAA emr	Stable
Short term debt	IND A1+	--
Fixed Deposit Programme	IND AAA	Stable
	CARE Ratings	Outlook
Long term and Subordinated debt	CARE AAA	Stable
	Brickwork	Outlook
Long term and Subordinated debt	BWR AAA	Stable
	CRISIL	Outlook
Long term and Subordinated debt; Bank Facilities	CRISIL AA+	Stable
Short term debt	CRISIL A1+	--





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## Awards & Accolades

- Ranked **54<sup>th</sup>** among India Best Companies to Work 2021 by Great Place to Work<sup>®</sup> Institute
- India's **30<sup>th</sup>** Best workplaces in BFSI 2021 by Great Place to Work<sup>®</sup> Institute
- India's Best workplaces in NBFCs 2021 by Great Place to Work<sup>®</sup> Institute
- Included 3rd time in FTSE4Good Index Series demonstrating strong Environmental, Social and Governance (ESG) practices
- Ranked 29th amongst Top 100 Indian companies for Sustainability & CSR 2021 by Futurescapes
- Included in the 'CRISIL Sustainability Yearbook 2022' in the Leadership category for ESG performance
- Participating in the Dow Jones Sustainability Index (DJSI) Corporate Sustainability Assessment for 8 years and have been included in the DJSI Sustainability yearbook 5 times



## CSR Initiatives

- To further solidify our adherence towards the well-being of the driver communities, your Company successfully completed the Phase I of its flagship program – 'Swabhimaan' impacting the lives of 50,000+ beneficiaries across India and launched the Phase II of this program
- This multi-year program's focus has been to address the professional, financial, and familial challenges faced by the drivers and their families and further contributes to their overall well-being. Through the Phase II of this program, we aim to benefit additional 33,500+ beneficiaries through key interventions initiatives like:
  - ❑ Training New Drivers; Auto Mechanic Training for Women
  - ❑ Road Safety Training for Existing Drivers
  - ❑ A Financial Planning Workshop for Drivers
  - ❑ Scholarship for Drivers' Children
- Supporting Skills development for Persons with Disabilities at Mumbai & Vizag.
- Released FSS CSR Calendar interventions for employees volunteering which includes various physical and virtual interventions like tree plantation, blood donation, Samantar, health camps etc.



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## Provisioning Norms

Stage	Description	Provision Mechanism
Stage 1	0- 30 days past due	PD * LGD * Stage 1 Asset
Stage 2	> 30 to <= 90days past due	PD * LGD * Stage 2 Asset
Stage 3	> 90 days past due	LGD * EAD of Stage 3 Asset*

The Company may also make additional management overlays based on its assessment of risk profile and to create safeguard from potential future events

*PD – Probability of Default;*

*LGD – Loss given Default;*

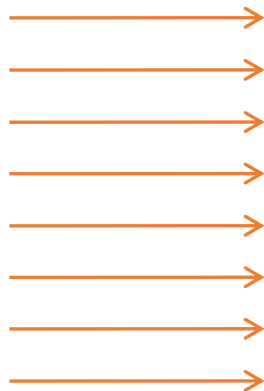
*EAD – Exposure at Default*

*\*Fair valued at reporting date*

## Key Risks & Management Strategies

### Key Risks

- Volatility in interest rates
- Rising competition
- Raising funds at competitive rates
- Dependence on M&M
- Occurrence of natural disasters
- Adhering to write-off standards
- Employee retention
- Physical cash management



### Management Strategies

- Matching of asset and liabilities
- Increasing branch network
- Maintaining credit rating & improving asset quality
- Increasing non-M&M Portfolio
- Increasing geographical spread
- Diversify the product portfolio
- Job rotation / ESOP/ Recovery based performance initiatives
- Insurance & effective internal control

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**Thank You**

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