

3rd February 2023

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

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

Dear Sir/ Madam,

Sub: Press Release - Unaudited financial results of the Company for the third quarter and nine months ended 31st December 2022

Please find enclosed Press Release on the unaudited financial results of the Company for the third quarter and nine months ended 31st December 2022, which were subjected to limited review by the joint Statutory Auditors of the Company.

This intimation is also being uploaded on the Company's website:

<https://mahindrafinance.com/investors/disclosures-reg-46-62/investor-information#corporate-filings>

Kindly take the same on record.

Thanking you,

For **Mahindra & Mahindra Financial Services Limited**

Brijbala Batwal
Company Secretary

Enclosure: As above

PRESS RELEASE**Financial Results – Quarter 3, FY2022-23, Standalone & Consolidated Results**

Mumbai, February 3, 2023: 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 nine months ended December 31, 2022. The performance during Q3 was characterized by further improvement in asset quality coupled with healthy growth in disbursements and asset book.

Standalone:

Disbursement growth 80% YoY; sequential growth of 22%

Loan Book - Rs. 77,344 Crores; YoY growth of 21%; sequential growth of 5%

Gross Stage 3 (GS 3) at 5.9%; Net Stage 3 at 2.5%

Revenue at Rs. 2,892 Crores (14% YoY growth)

9MFY23 PAT at Rs. 1,300 Crores (235% YOY growth)

FY 2023 Q3 Standalone Results:

The Key highlights of the Financial Performance are:

- Continued & Steady improvement in asset quality – gross stage 3 improves to 5.9% (6.7% in Q2 FY23) and gross stage 2 improves to 8.4% (9.7% in Q2 FY23). Provision coverage on Stage 3 loans was maintained at 59.0%.
- Loan Book increased by 21% to Rs. 77,344 Crores compared to Q3FY22. Disbursement for the quarter at Rs. 14,467 Crores was up 80% on YoY basis.
- Total Income was at Rs. 2,892 Crores, up 14% YoY. Net Interest Margin for the quarter was at 7.4%; Net Interest Income (NII) at Rs. 1,650 Crores was up 7% YoY.
- The Company reported PAT of Rs. 629 Crores during the quarter. 9M FY23 PAT was at Rs. 1,300 Crores vs Rs. 388 Crores in 9M FY22, growth of 235%. Third quarter of the previous year continued with 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. 894 Crores for Q3 FY22.
- The Company's Capital Adequacy stood at a healthy 23.4%.
- As of December end, the Company carried a total liquidity buffer of approximately Rs. 10,800 Crores - covering more than 3 months' obligations.

FY 2023 9M Standalone Results:

Total Income grew by 10% at Rs. 7,999 Crores during the nine-month ended December 31, 2022, as against Rs. 7,252 Crores during the corresponding nine-month last year. The Profit after tax stood at Rs. 1,300 Crores during the nine-month ended December 31, 2022, as against Rs. 388 Crores during the corresponding nine-month year last year.

During the nine-month ended December 31, 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. This provision was made during Q2 FY23.

Consolidated:**FY 2023 Q3 Consolidated Results:**

Total Income increased by 12% to Rs. 3,353 Crores during the quarter ended December 31, 2022, as against Rs. 2,986 Crores during the corresponding quarter last year. The Profit After Tax (PAT) stood at Rs. 664 Crores during the quarter ended December 31, 2022, as against PAT of Rs. 992 Crores during the corresponding quarter last year.

FY 2022 9M Consolidated Results

Total Income increased by 9% at Rs. 9,296 Crores during the nine-month ended December 31, 2022, as against Rs. 8,503 Crores during the corresponding nine-month last year. The Profit after tax stood at Rs. 1,396 Crores during the nine-month ended December 31, 2022, as against Profit after Tax of Rs. 522 Crores during the corresponding nine-month last year.

During the nine-month ended December 31, 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 nine months FY22 consolidated financials.

Operations

Our leadership position was further strengthened in the financing of Tractor, Mahindra Auto & non-Mahindra segments with improvement in market shares during the current quarter. Increasing penetration in the used vehicles financing continues to be our focus area to help improve margins. Improved rural cash-flows during the quarter supported demand sentiments. SME asset book which is over Rs. 4,000 Crores has grown 10% sequentially and contributes 5% of the Business Assets aided by disbursement towards supply-chain funding. Our leasing business Quiklyz recently signed MOUs with five last mile mobility players to deliver 1000 electric 3-wheelers, opening up newer opportunities in EV leasing.

The YTD disbursement of Rs. 35,764 crores registered a YoY growth of 95%. This led to a asset book of Rs. 77,344 crores, a growth of 21% YoY and 5% sequentially. During Q3, the Company was able to pass on the increase in borrowing costs, which improved yields.

The Collection War Room set up by the Company continued to focus on early bucket resolutions and use of legal tool-kits for enhanced outcomes. Collection Efficiency for the quarter stood at 95%, similar to the third quarter of previous year. Consequently, the asset quality improved during the quarter with Stage 3 and Stage 2 assets at 5.9% (vs. 6.7% in Q2FY23) and 8.4% (vs. 9.7% in Q2FY23) respectively.

The gap between IRACP NPA and Gross Stage 3 (as on December 31, 2022) stands at Rs. 1,277 crores. We expect this gap to be range-bound and are confident of no additional provisioning requirement on account of IRACP.

The Company continues to invest in various technology, digital & process initiatives as part of its transformation project.

Our long-term debt rating has been upgraded by CRISIL to 'CRISIL AAA/ Stable' reaffirming our continued effort towards improving asset quality and stable resource profile.

Subsidiaries**Mahindra Rural Housing Finance Limited (MRHFL)**

During the quarter ended December 31, 2022, MRHFL registered income at Rs. 338.0 Crores as against Rs. 352.6 Crores during the corresponding quarter last year, a decline of 4% over the same period previous year. The Profit After Tax (PAT) registered was Rs. 14.2 Crores during the quarter ended December 31, 2022, as against Rs. 66.9 Crores during the corresponding quarter last year.

Mahindra Insurance Brokers Limited (MIBL)

During the quarter ended December 31, 2022, MIBL registered income at Rs. 123.0 Crores as against Rs. 96.9 Crores during the corresponding quarter last year, a growth of 27% over the same period previous year. The Profit After Tax (PAT) registered was Rs. 13.4 Crores during the quarter ended December 31, 2022, as against Rs. 18.1 Crores during the corresponding quarter last year, a de-growth of 26% over the same period previous year.

Mahindra Manulife Investment Management Private Limited (MMIMPL)

During the quarter ended December 31, 2022, MMIMPL earned total income of Rs. 12 Crores as compared to Rs. 8.5 Crores in the same period previous year. MMIMPL incurred a loss of Rs. 7.2 Crores compared to a loss of Rs. 9 Crores during the same period previous year.

The Average Assets under Management (AUM) of MMIMPL for the quarter ended December 31, 2022, are Rs. 9,277 Crores across 20 schemes, an increase of 17% over the same period previous year. Of these assets, the Company managed Rs. 7,865 Crores of average equity assets in the quarter ended December 31, 2022, a growth of 62% compared to Rs. 4,841 Crores in the same period last year.

Mahindra Manulife Trustee Private Limited (MMTPL)

During the quarter ended December 31, 2022, MMTPL earned total income of Rs. 0.2 Crore maintaining the same level as in the corresponding previous year. MMTPL was at a no profit / no loss position during the current year quarter compared to a profit of Rs. 0.1 Crore during the same period previous year.

Mahindra Ideal Finance Ltd (MIFL)*

During the quarter ended December 31, 2022, MIFL registered income of LKR 491.1 Million as against LKR 344.1 Million during the corresponding quarter last year, registering a growth of 43% over the same period previous year. The Profit After Tax (PAT) during the quarter ended December 31, 2022, was LKR 14.1 Million as against LKR 76.6 Million during the corresponding quarter last year, a decline of 82% over the same period previous year.

Mahindra Finance USA, LLC (MFUSA)*

During the quarter ended December 31, 2022, MFUSA registered income at USD 16.8 Million as against USD 14.2 Million during the corresponding quarter last year, registering an increase of 18% over the same period previous year. The Profit After Tax (PAT) during the quarter ended December 31, 2022, registered was USD 2.7 Million as against USD 4.1 Million during the corresponding quarter last year, registering a decline of 34% over the same period previous year.

* LKR Closing Exchange Rate: 1 LKR = 0.225 INR; USD Closing Exchange Rate: 1 USD = 82.74 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 8.7 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/ For updates subscribe to <https://www.mahindra.com/news-room>

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