

2 February 2022

**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, 5<sup>th</sup> Floor, Plot No. C/1, "G" Block,  
Bandra - Kurla Complex, Bandra (East),  
Mumbai – 400 051

Dear Sirs,

**Sub: Earnings Presentation for the quarter and nine months ended 31 December 2021 - Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations")**

**Ref: Our letter dated 27 January 2022 intimating about conference call on Financial Results for the third quarter and nine months ended 31 December 2021.**

In compliance with Regulation 30, Schedule III and other applicable provisions of the Listing Regulations, please find enclosed herewith Earnings Presentation, to be made at Investor/Analyst call scheduled today i.e., Wednesday 2 February 2022 at 6.00 p.m. IST, encompassing, inter-alia, an overview of the Financial Results of Mahindra & Mahindra Financial Services Limited ("the Company") for the quarter and nine months ended 31 December 2021.

The earnings presentation is being uploaded on the Company's website viz. <https://mahindrafinance.com/investor-zone#Latestupdate> in compliance with Regulation 46 of the Listing Regulations.

Kindly take the same on record and acknowledge receipt.

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  
December - 2021

**Corporate Office:**

Mahindra Towers, 4<sup>th</sup> Floor,  
Dr. G. M. Bhosale Marg, Worli,  
Mumbai-400 018, India

Tel: +91 22 6652 6000

Fax:+91 22 2495 3608

Email: [investorhelpline\\_mmfs@mahindra.com](mailto:investorhelpline_mmfs@mahindra.com)

**Regd. Office:**

Gateway Building, Apollo Bunder,  
Mumbai-400 001, India

Tel: +91 22 2289 5500

Fax:+91 22 2287 5485

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

CIN - L65921MH1991PLC059642



# Executive summary (1/2)

- **Financial Performance:**

- PAT for Q3FY22 at Rs. 894 crores, buoyed by improvement in asset quality and resultant reversals of provisions
- PPOP growth of 5% QoQ as NIMs expand

- **Growth Drivers:**

- Disbursement growth of 28% YoY; 24% QoQ
- Sequential growth in loan book in the current quarter; expect further growth with uptick in disbursements
- Regained No. 1 position in tractor financing
- Launched vehicle Leasing & Subscription business under the Quiklyz brand, plan to drive 'Retailisation'



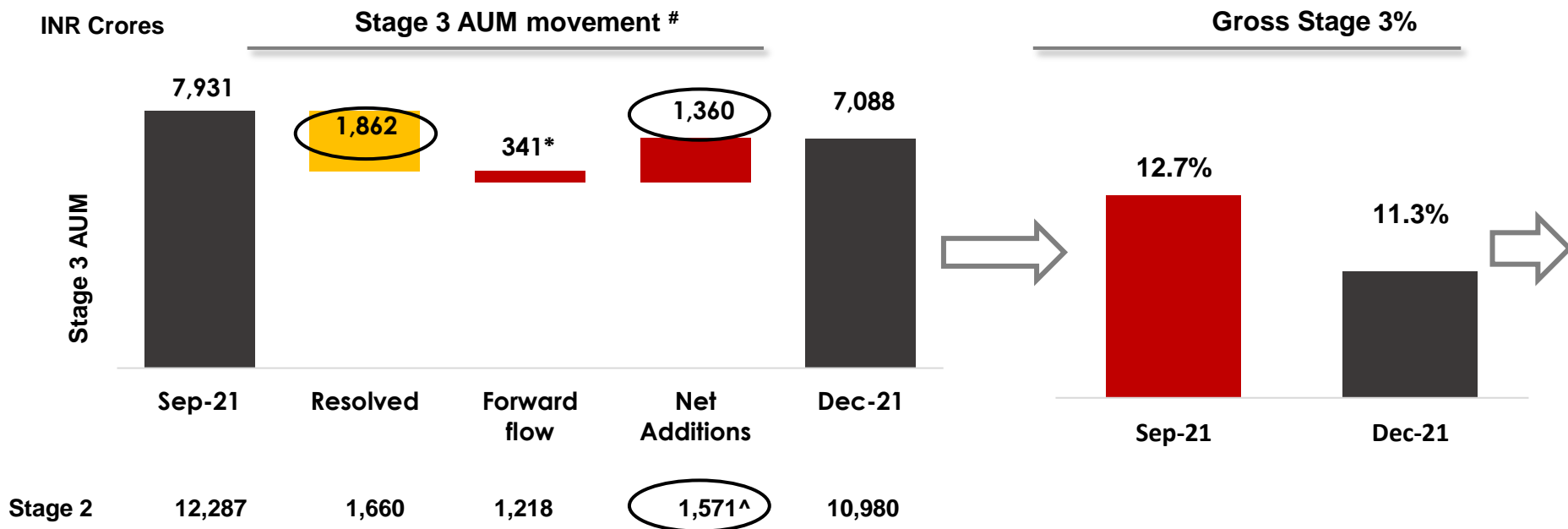
- **Business Operations:**

- Collection efficiency at 95% for the quarter; 100% in December, collection momentum to continue in Q4FY22
- With increased economic activity and collection efforts being strong, overheads were at 2.85% of Average Assets

## Executive summary (2/2)

- **Asset Quality: Gross Stage 3 reduction of 1.4% from 12.7% to 11.3%; simultaneous improvement in Stage 2 assets**
  - The Collection War Room set-up in Q2FY22 stepped up its execution on age-wise buckets;
  - Consequent to reduction in Stage - 3, company has been able to make provision reversals of Rs. 437 crores during Q3FY22
  - Stage 3 provision coverage ratio continues to be healthy at 53.2%; Shall ensure Net Stage 3 below 4.0% by year end FY22;
  - Stage 2 declined sequentially by 1.9%, from 19.7% to 17.8%
- **RBI circular on Income Recognition, Asset Classification and Provisioning pertaining to Advances – Clarifications**
  - RBI's recent circular highlights the IRACP norms
  - The Company has maintained such provisions in the books which adequately cover requirements under both IND-AS and IRACP norms
  - In addition, the Company has maintained overlay provisions of Rs. 2,038 Cr under IND-AS
  - Cumulatively, at Rs. 5,660 crores, provisions maintained under IND-AS are higher by Rs. 1,877 crores in comparison to IRACP norms
  - The Company has committed to reducing Net NPAs below 4% under IND-AS and below 6% under IRACP, which may require an additional overlay provision of Rs. 500 - Rs. 1,500 crores in Q4FY22.
  - The Gross NPA as per IND-AS is Rs. 7,223 crores and under IRACP norms is Rs. 10,897 crores as at Dec 31, 2021.
  - Enhanced collection and legal efforts, including repossessions and settlements shall help reduce Gross NPA in Q4FY22

# Asset Quality and Provisions



**Q3F22:**

- 60% of the provision of Rs. 2,517 Cr made in Q1 FY22 reversed till Q3 aggregating to Rs. 1,510 cr (Rs. 764 cr in Q2; Rs. 746 cr in Q3)
- On track to reverse ~80% of the Q1 provision by year end

## Key Drivers

- Improved collection on back of increased economic activity and higher earnings;
- Accelerated repossessions and settlement activities during the quarter;
- Wave 3 impact muted on earnings; Limited impact of lockdowns on business activity;

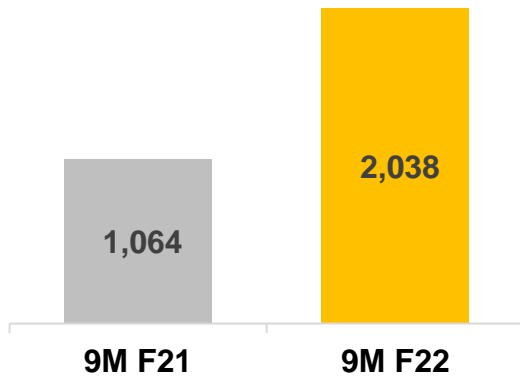
*#Refers to Retail Loans only*

\* Rs. 341 crores of AUM have been written off from Stage 3 during Q3 F22

^ includes reversals (AUM of Rs. 686 crores) from Stage-3

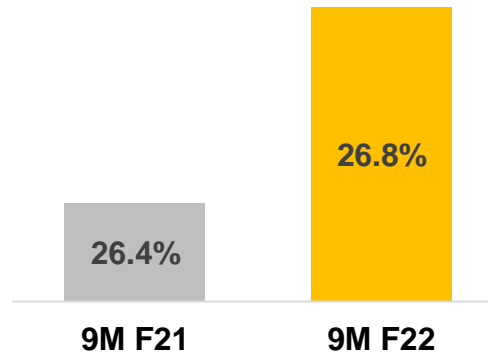
# Business strength

Overlay provisions (Rs. Crs)



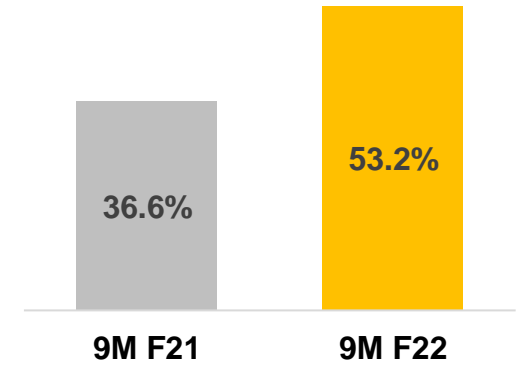
Overlay provisions maintained

Capital Adequacy



Well capitalized

Stage 3 - Coverage Ratio



Prudent







# Break down of Disbursements

on standalone basis

Asset Class	Nine month ended Dec – 21	Nine month ended Dec – 20	Year ended March – 21
Auto/ Utility vehicles	35%	35%	34%
Tractors	19%	20%	18%
Cars	20%	21%	21%
Commercial vehicles and Construction equipments	5%	5%	5%
Pre-owned vehicles	17%	10%	12%
SME and Others	4%	9%	10%

Historical Disbursements (INR crores)	Q1	Q2	Q3	Q4
FY 2022	3,872	6,475	8,032	-
FY 2021	2,733	4,028	6,270	5,970
FY 2020	8,074	7,487	9,778	7,041

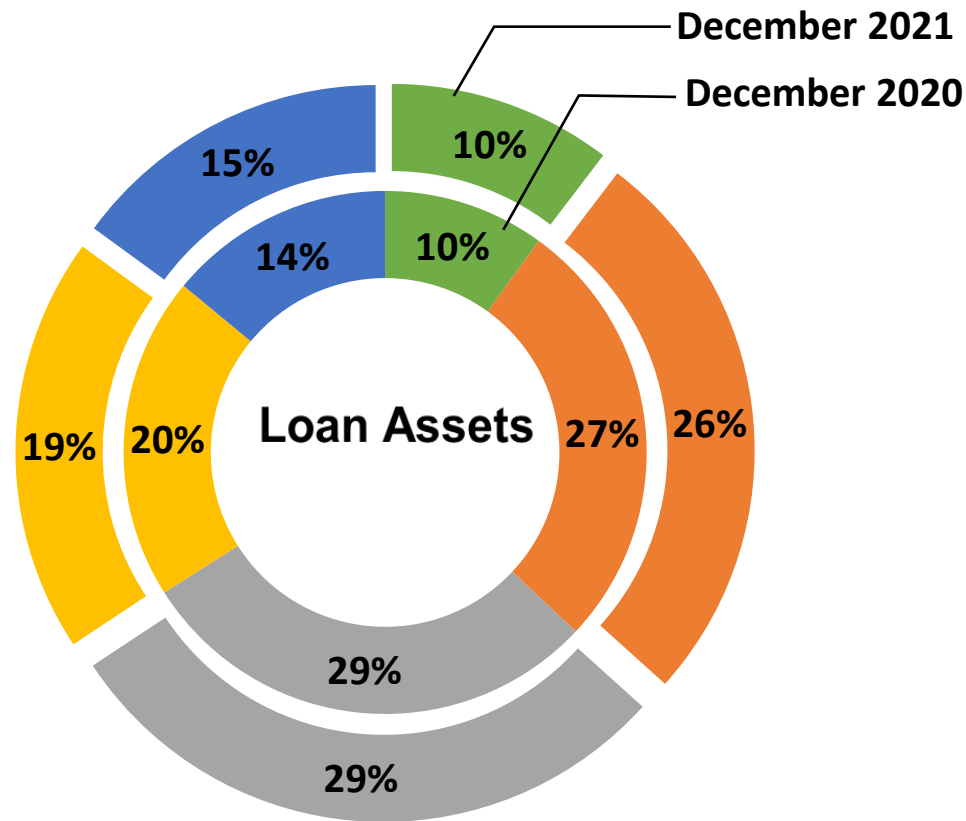
# Break down of Business Assets

on standalone basis

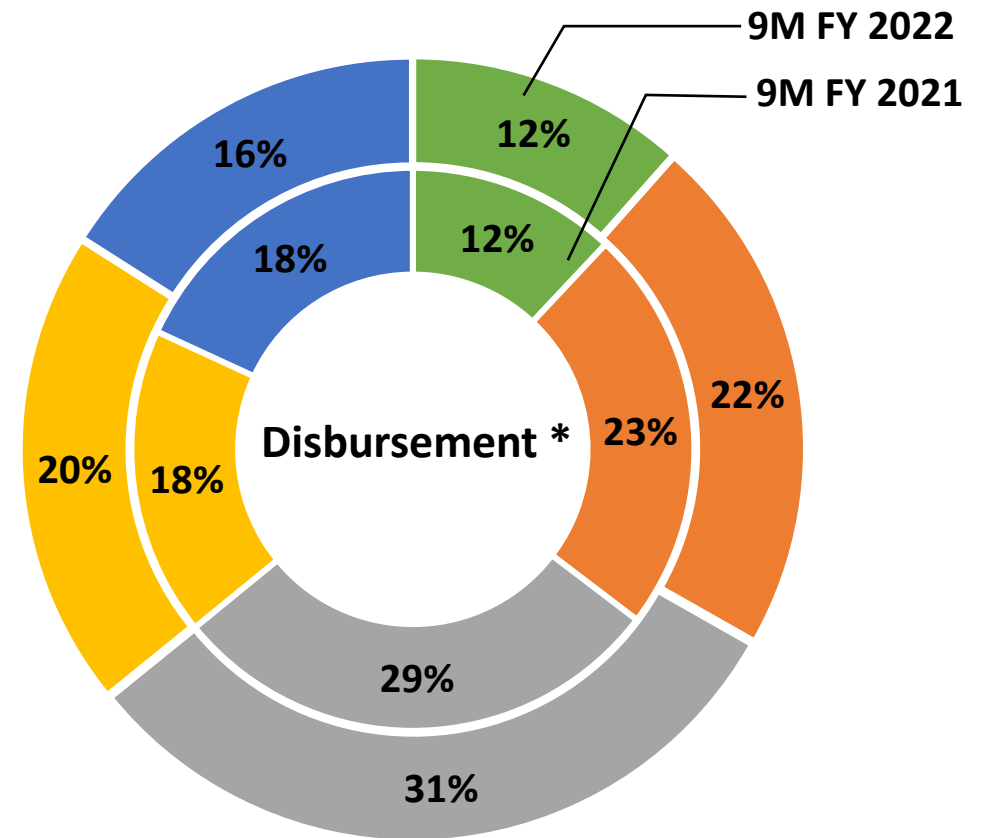
Asset Class	Nine month ended Dec – 21	Nine month ended Dec – 20	Year ended March – 21
Auto/ Utility vehicles	32%	30%	30%
Tractors	17%	17%	17%
Cars	22%	22%	22%
Commercial vehicles and Construction equipments	13%	17%	16%
Pre-owned vehicles	10%	9%	9%
SME and Others	6%	5%	6%
<b>Contribution of M&amp;M assets in AUM</b>	<b>46%</b>	<b>45%</b>	<b>45%</b>

\* Share of SME: 3%

# Break down by Geography



on standalone basis



■ CENTRAL ■ EAST ■ NORTH ■ SOUTH ■ WEST

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

**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	Dec'21		Mar'21
	Amount	% Share	% Share
Banks/ Dev. Institutions	26,287	46.0%	50.5%
Mutual Fund	6,448	11.3%	7.6%
Insurance & Pension Funds	10,229	17.9%	16.3%
FIs & Corporates	5,471	9.6%	8.7%
Others	8,718	15.2%	16.9%
<b>Total</b>	<b>57,153</b>	<b>100.0%</b>	<b>100.0%</b>

## Funding Mix by type of Instrument

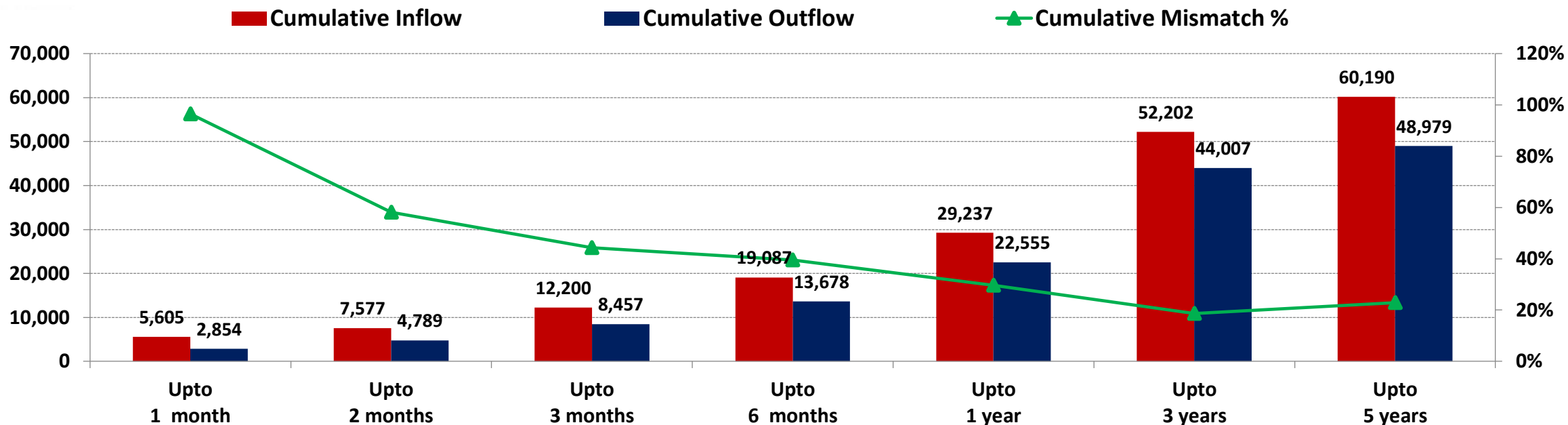
Instrument Type	Dec'21		Mar'21
	Amount	% Share	% Share
NCDs	16,028	28.0%	25.4%
Retail NCDs	4,243	7.4%	7.3%
Bank Loans	13,136	23.0%	24.5%
Offshore Borrowings	4,022	7.0%	6.9%
Fixed Deposits	9,103	15.9%	16.2%
CP, ICD, TREPS	2,298	4.0%	2.0%
Securitisation/ Assignment	8,323	14.6%	17.7%
<b>Total</b>	<b>57,153</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>	Jan-22	Feb-22	Mar-22	Q4 FY 22	Apr-22	May-22	Jun-22	Q1 FY 23	Next 6 months
Bank Loans	425	403	2,095	2,923	14	153	974	1,141	4,064
Market Instruments (NCD/ CP)	800	820	859	2,479	645	500	1,228	2,373	4,852
Others (FD/ ICD)	369	402	459	1,230	367	389	444	1,200	2,430
<b>Total</b>	<b>1,594</b>	<b>1,625</b>	<b>3,413</b>	<b>6,632</b>	<b>1,026</b>	<b>1,042</b>	<b>2,646</b>	<b>4,714</b>	<b>11,346</b>

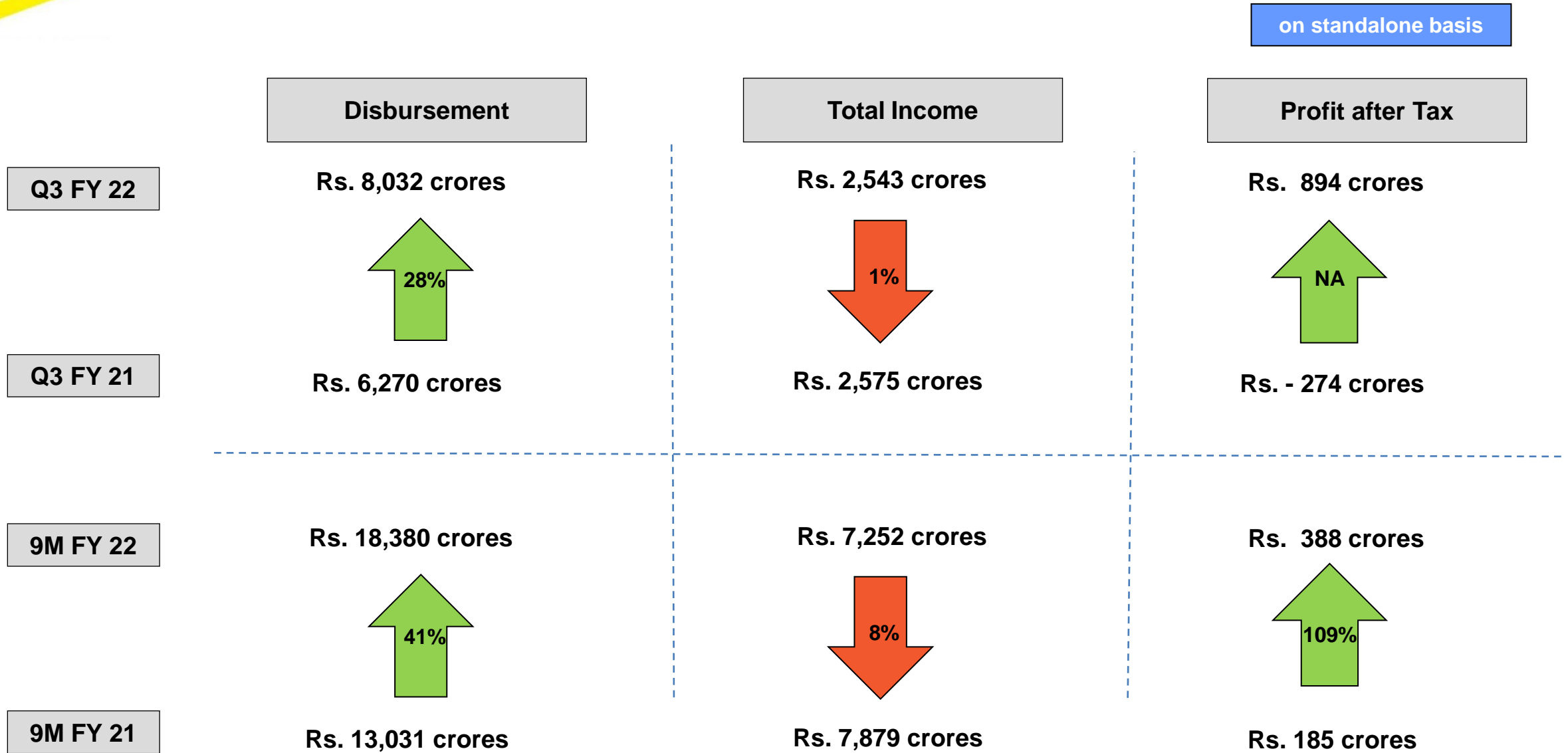
In addition to undrawn sanctioned lines, the Company held Cash/ Liquid investments of ~ INR 11,000 crores

\* Based on provisional ALM as on Dec 31, 2021

<sup>^</sup> excl. Securitisation and as on Dec 31, 2021

# Key Financials

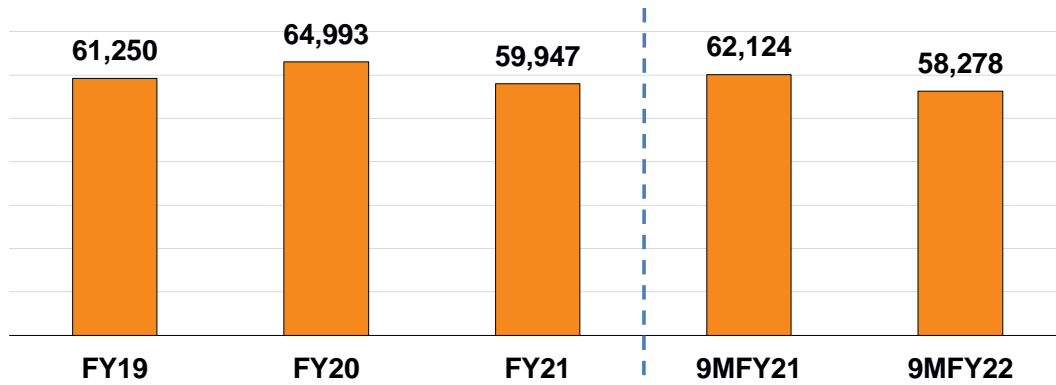
on standalone basis



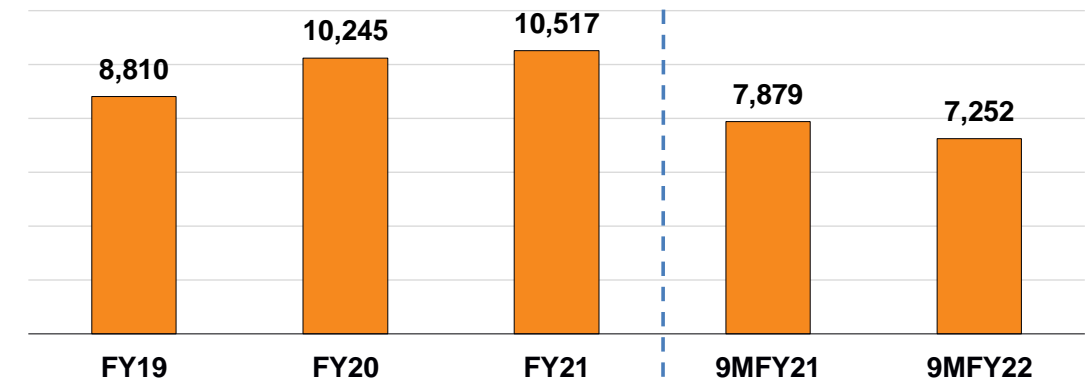
# Growth Trajectory

on standalone basis

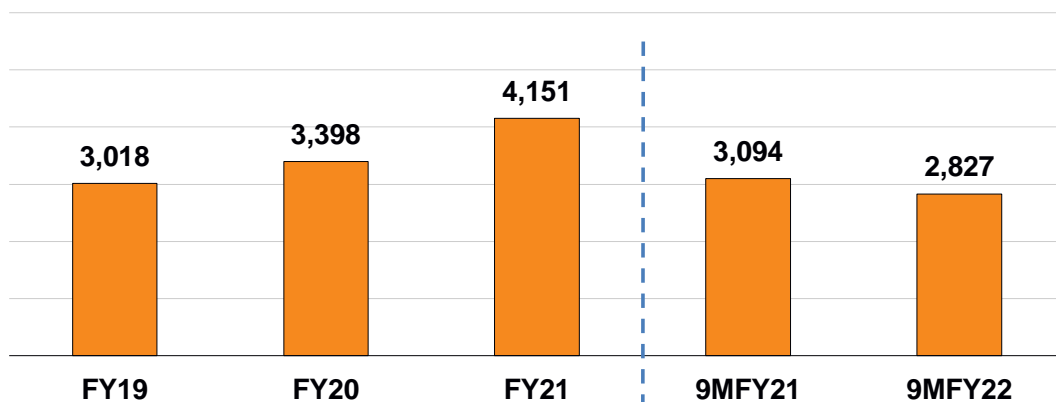
Loan Book <sup>(1)</sup> (Rs. crores)



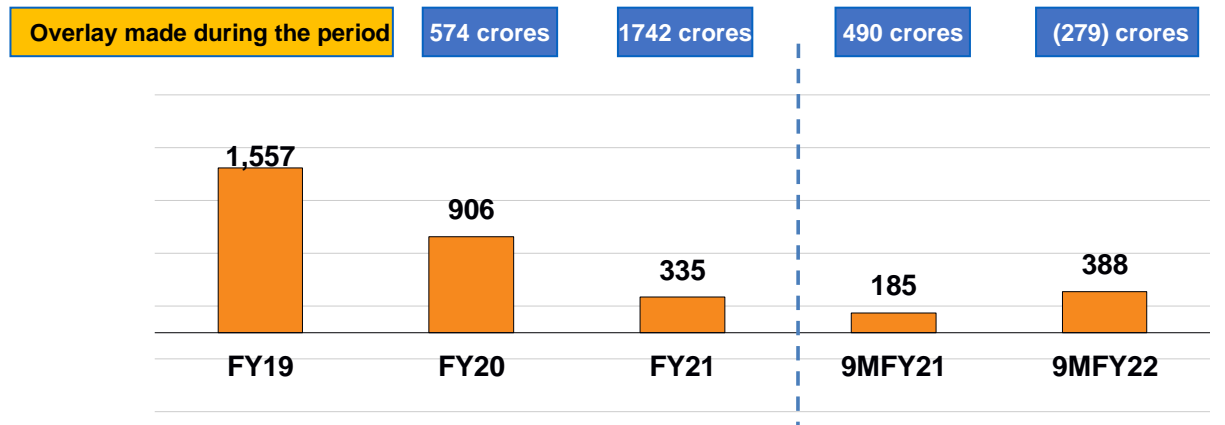
Revenues (Rs. crores)



Pre-Provisioning Operating Profit (Rs. crores)



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



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

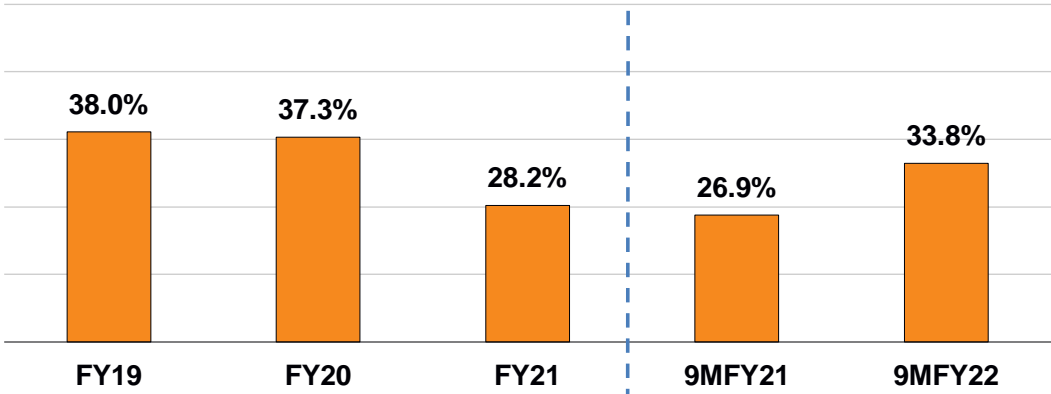
<sup>(2)</sup> PAT post exceptional items.



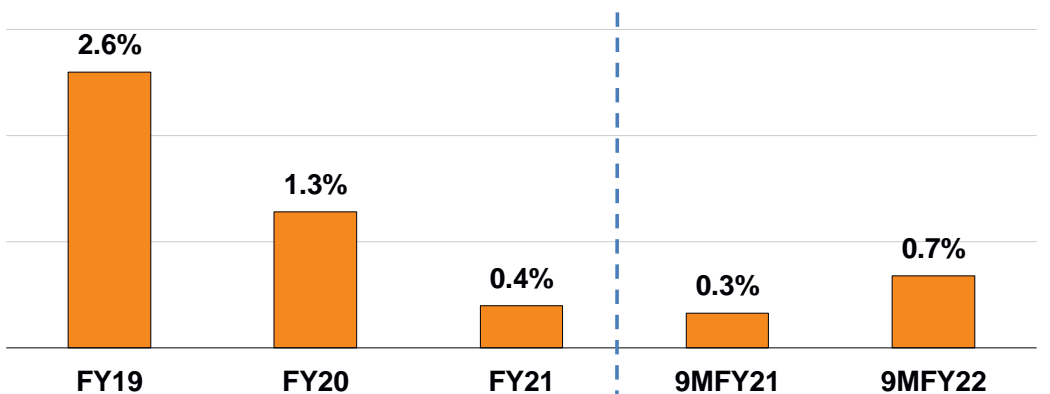
# Financial Performance

on standalone basis

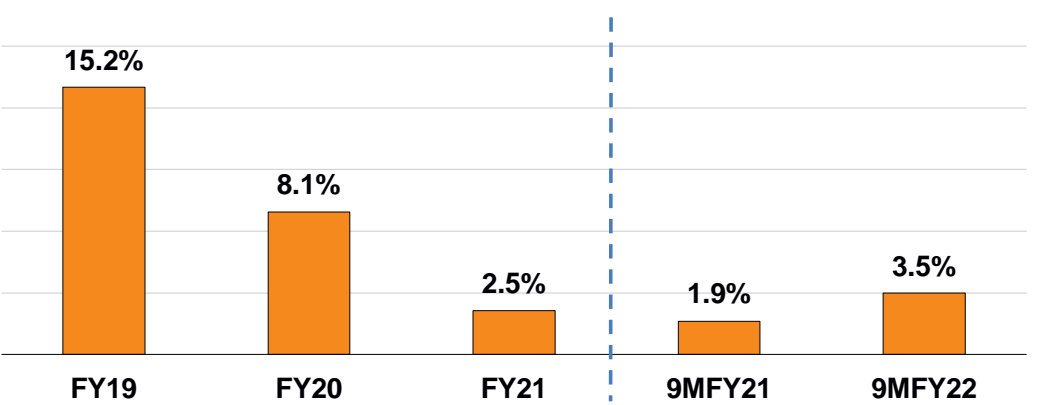
Cost to income ratio <sup>(1)</sup> (%)



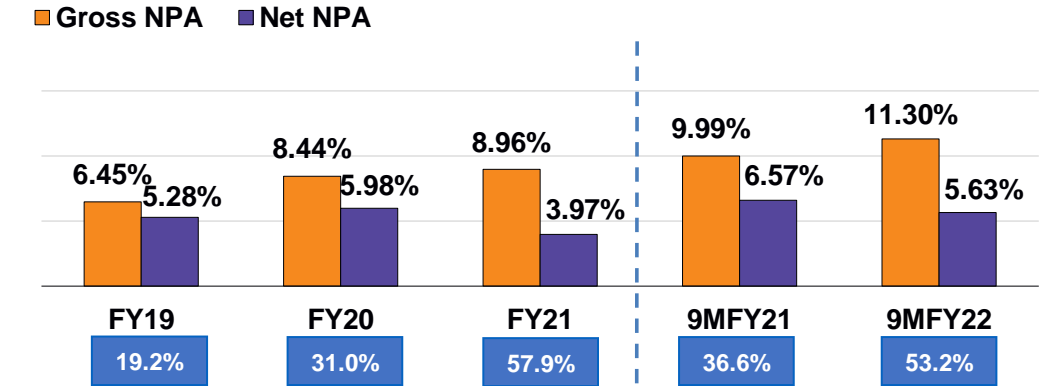
Return on Assets (ROA) <sup>(2)</sup> (%)



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



Asset Quality (%)



Provision Coverage Ratio: Stage -3 Provisions/ Stage -3 Assets

\* 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)	Q3FY22	Q2FY22	Q-o-Q	Q3FY21	Y-o-Y	FY21
Revenue from operations (A)	2,531	2,508	1%	2,542	0%	10,395
Less: Finance cost (B)	951	1,015	-6%	1,158	-18%	4,733
<b>NII (C= A+B)</b>	<b>1,580</b>	<b>1,493</b>	<b>6%</b>	<b>1,384</b>	<b>14%</b>	<b>5,662</b>
Other Income (D)	11	14	-22%	33	-66%	122
<b>Total Income (E=C+D)</b>	<b>1,591</b>	<b>1,507</b>	<b>6%</b>	<b>1,417</b>	<b>12%</b>	<b>5,784</b>
Employee benefits expense (F)	303	279	9%	247	22%	1,015
Other expenses (G)	197	184	7%	121	64%	492
Depreciation and amortization (H)	29	28	4%	31	-4%	126
<b>Total Expenses (I=F+G+H)</b>	<b>529</b>	<b>491</b>	<b>8%</b>	<b>399</b>	<b>33%</b>	<b>1,633</b>
<b>Pre-Provisioning Operating Profit (J=E-I)</b>	<b>1,062</b>	<b>1,016</b>	<b>5%</b>	<b>1,018</b>	<b>4%</b>	<b>4,151</b>
Provisions and write-offs (K) ^	(148)	(367)	-60%	1,387	-	3,735
<b>Profit before Exceptional items (L=J-K)</b>	<b>1,210</b>	<b>1,383</b>	<b>-13%</b>	<b>-369</b>	<b>-</b>	<b>416</b>
Exceptional Items (M)	-	-	-	-	-	6*
<b>Profit before Tax (N=L+M)</b>	<b>1,210</b>	<b>1,383</b>	<b>-13%</b>	<b>-369</b>	<b>-</b>	<b>422</b>
Tax expense (O)	316	360	-12%	-95	-	87
<b>Net Profit after Taxes (P=N-O)</b>	<b>894</b>	<b>1,023</b>	<b>-13%</b>	<b>-274</b>	<b>-</b>	<b>335</b>

# Standalone Profit & Loss Account

Particulars (Rs. in crores)	9MFY22	9MFY21	Y-o-Y	FY21
Revenue from operations (A)	7,215	7,795	-7%	10,395
Less: Finance cost (B)	2,984	3,644	-18%	4,733
<b>NII (C= A+B)</b>	<b>4,231</b>	<b>4,151</b>	<b>2%</b>	<b>5,662</b>
Other Income (D)	37	84	-56%	122
<b>Total Income (E=C+D)</b>	<b>4,268</b>	<b>4,235</b>	<b>1%</b>	<b>5,784</b>
Employee benefits expense (F)	851	733	16%	1,015
Other expenses (G)	505	312	62%	491
Depreciation and amortization (H)	85	96	-11%	126
<b>Total Expenses (I=F+G+H)</b>	<b>1,441</b>	<b>1,141</b>	<b>26%</b>	<b>1,632</b>
<b>Pre-Provisioning Operating Profit (J=E-I)</b>	<b>2,827</b>	<b>3,094</b>	<b>-9%</b>	<b>4,151</b>
Provisions and write-offs (K) ^	2,304	2,849	-19%	3,735
<b>Profit before Exceptional items (L=J-K)</b>	<b>523</b>	<b>245</b>	<b>113%</b>	<b>416</b>
Exceptional Items (M)	-	6	-100%	6
<b>Profit before Tax (N=L+M)</b>	<b>523</b>	<b>251</b>	<b>108%</b>	<b>422</b>
Tax expense (O)	135	66	105%	87
<b>Net Profit after Taxes (P=N-O)</b>	<b>388</b>	<b>185</b>	<b>109%</b>	<b>335</b>

# Standalone Balance Sheet

Particulars (Rs. in crores)	As on Dec 31, 2021	As on Dec 31, 2020	As on Mar 31, 2021
<b>ASSETS</b>			
<b>Financial Asset</b>			
a) Cash and cash equivalents	337	1,252	571
b) Bank balance other than (a) above	3,436	2,360	2,699
c) Derivative financial instruments	66	16	26
d) Trade Receivables	6	8	8
e) Loans	58,278	62,124	59,947
f) Investments	10,961	9,591	11,607
g) Other Financial Assets	520	600	514
<b>Financial Asset</b>	<b>73,604</b>	<b>75,951</b>	<b>75,372</b>
<b>Non-Financial Asset</b>			
a) Current tax assets (Net)	594	533	402
b) Deferred tax assets (Net)	862	540	862
c) Property, plant and equipment	337	307	311
d) Capital work-in-progress			10
e) Intangible assets	11	18	19
f) Other non-financial assets	162	64	60
<b>Non-Financial Assets</b>	<b>1,966</b>	<b>1,462</b>	<b>1,664</b>
<b>Total Assets</b>	<b>75,570</b>	<b>77,413</b>	<b>77,036</b>

Figures re-grouped and rounded where found relevant

# Standalone Balance Sheet (Contd.)

Particulars (Rs. in crores)	As on Dec 31, 2021	As on Dec 31, 2020	As on Mar 31, 2021
<b>LIABILITIES AND EQUITY</b>			
<b>Financial Liabilities</b>			
a) Derivative financial instruments	203	100	173
b) Payables			
i) Trade payables	683	824	596
ii) Other payables	24	21	47
c) Debt Securities	19,363	18,448	16,835
d) Borrowings (Other than Debt Securities)	25,492	27,938	29,142
e) Deposits	9,080	9,435	9,451
f) Subordinated Liabilities	3,128	3,347	3,149
g) Other financial liabilities	2,290	2,393	2,604
<b>Financial Liabilities</b>	<b>60,263</b>	<b>62,506</b>	<b>61,997</b>
<b>Non-Financial liabilities</b>			
a) Current tax liabilities (Net)	14	14	14
b) Provisions	196	181	215
c) Other non-financial liabilities	64	58	99
<b>Non-Financial Liabilities</b>	<b>274</b>	<b>253</b>	<b>328</b>
<b>Equity</b>			
a) Equity Share capital	247	246	246
b) Other Equity	14,786	14,408	14,465
<b>Equity</b>	<b>15,033</b>	<b>14,654</b>	<b>14,711</b>
<b>Total Equities and Liabilities</b>	<b>75,570</b>	<b>77,413</b>	<b>77,036</b>

Figures re-grouped and rounded where found relevant

# Summary & Key Ratios

on standalone basis

Particulars	Nine-Month ended Dec – 21	Nine-Month ended Dec – 20	Year ended March – 21
RONW (Avg. Net Worth) - annualised	3.5%	1.9%	2.5%
Debt / Equity	3.80:1	4.04:1	3.98:1
<b>Capital Adequacy<sup>\$</sup></b>	<b>26.8%</b>	<b>26.4%</b>	<b>26.0%</b>
Tier I	23.3%	21.9%	22.2%
Tier II	3.5%	4.5%	3.8%
EPS (Basic) (Rs.)*	3.15	1.74	3.03
Book Value (Rs.)	121.7	118.6	119.1
Dividend %	-	-	40%
New Contracts during the period (Nos.)	441,605	289,588	453,593
No. of employees	19,958	20,544	19,952

\* Pursuant to Ind AS - 33, Earnings Per Share for the previous periods have been restated for the bonus element in respect of the Rights issue

<sup>\$</sup> Computed post considering dividend for the year

# Spread Analysis

on standalone basis

Particulars	Nine-Month ended Dec – 21	Nine-Month ended Dec – 20	Year ended March – 21
Total Loan Income / Average Business Assets	13.8%	14.7%	14.8%
Total Income / Average Assets	12.7%	13.9%	13.9%
Interest cost / Average Assets	5.2%	6.4%	6.2%
<b>Gross Spread</b>	<b>7.5%</b>	<b>7.5%</b>	<b>7.7%</b>
Overheads / Average Assets	2.5%	2.0%	2.2%
Write offs & provisions / Average Assets	4.0%	5.0%	4.9%
Net Spread	0.9%	0.4%	0.6%
<b>Net Spread after Tax</b>	<b>0.7%</b>	<b>0.3%</b>	<b>0.4%</b>

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



# Collection Efficiency and Restructuring

on standalone basis

Collection Efficiency <sup>^</sup>	Oct	Nov	Dec	Q3 FY22	Q2 FY22
FY 2022	91%	94%	100%	95%	98%
FY 2021	82%	84%	96%	88%	82%

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

Restructuring*	Number of Contracts		Amount (INR crores)	
	LR 2.0	LR 1.0	LR 2.0	LR 1.0
Restructuring	102,495	229	4,321	57

\* Cumulative as on Dec 31, 2021

# Stage 3 - Analysis

on standalone basis

Particulars (Rs. in crores) except figures in %	As on Dec 31, 2021	As on Sep 30, 2021	As on Dec 31, 2020	As on Mar 31, 2021
Business Assets (including Provisions)	63,944	63,618	66,525	64,608
<b>Gross Stage 3</b>	<b>7,223</b>	<b>8,069</b>	<b>6,642</b>	<b>5,786</b>
Less: Stage 3 ECL Provisions	3,842	4,278	2,431	3,352
<b>Net Stage 3</b>	<b>3,381</b>	<b>3,791</b>	<b>4,211</b>	<b>2,434</b>
Gross Stage 3 as % of Business Assets	11.30%	12.68%	9.99%	8.96%
Net Stage 3 as % of Business Assets	5.63%	6.39%	6.57%	3.97%
<b>Coverage Ratio (%) – based on Stage 3 ECL</b>	<b>53.2%</b>	<b>53.0%</b>	<b>36.6%</b>	<b>57.9%</b>
Stage 1 & 2 provision to Business Assets (%)	2.8%	3.3%	3.0%	2.0%
<b>Coverage Ratio (%) – including Stage 1 &amp; 2 provision</b>	<b>78.4%</b>	<b>79.4%</b>	<b>66.2%</b>	<b>80.4%</b>

Particulars (in units) except figures in %	As on Dec 31, 2021	As on Sep 30, 2021	As on Dec 31, 2020	As on Mar 31, 2021
Contracts under Stage 3 (90 dpd)	184,743	216,994	155,437	139,038
% of Live Cases under Stage 3	7.1%	8.5%	6.0%	5.4%
Repossessed Assets (out of above Stage 3 contracts)	15,064	14,111	10,836	8,556

Figures re-grouped and rounded where found relevant

# Movement of Provisions and Management Overlay

on standalone basis

Rs. in crores	Q3FY22			9MFY22		
	ECL Provisions	Overlay	Total	ECL Provisions	Overlay	Total
Stage-1 Provisions	(39)	0	(39)	(52)	7	(45)
Stage-2 Provisions	(271)	1	(270)	559 <sup>^</sup>	3	562
Stage-3 Provisions	(362)	(75)	(437)	778	(288)	490
<b>Provisions – P&amp;L Charge</b>	<b>(672)</b>	<b>(74)</b>	<b>(746)</b>	<b>1,285</b>	<b>(278)</b>	<b>1,007</b>
<b>Write-Offs</b>	<b>599</b>	<b>-</b>	<b>599</b>	<b>1297</b>	<b>-</b>	<b>1297</b>
<b>Total</b>	<b>(73)</b>	<b>(74)</b>	<b>(147)</b>	<b>2,582</b>	<b>(278)</b>	<b>2,304</b>

<sup>^</sup> Includes additional provision (over and above model provisions) of Rs. 289 crores for 9MFY22 restructured contracts

## Cumulative Management Overlay

Rs. in crores	Dec 31, 2021	Sep 30, 2021	Mar 31, 2021	Dec 31, 2020	Mar 31, 2020
Stage – 1 Overlay	7	7	-	-	58
Stage – 2 Overlay	3	2	-	17	42
Stage – 3 Overlay	2,028	2,103	2,316	1,047	474
<b>Total Overlay</b>	<b>2,038</b>	<b>2,112</b>	<b>2,316</b>	<b>1,064</b>	<b>574</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 31 <sup>st</sup> Dec 2021				As on 30 <sup>th</sup> Sep 2021				As on 31 <sup>st</sup> Mar 2021			
	Business Assets (Amount and %)		Provisions & Coverage		Business Assets (Amount and %)		Provisions & Coverage		Business Assets (Amount and %)		Provisions & Coverage	
Stage - 1 Assets	45,350	70.92%	377	0.8%	42,993	67.58%	416	1.0%	50,713	78.49%	423	0.8%
Stage - 2 Assets	11,371	17.78%	1,441	12.7%	12,556	19.74%	1,712	13.6%	8,109	12.55%	879	10.8%
Stage - 3 Assets	7,223	11.30%	3,842	53.2%	8,069	12.68%	4,279	53.0%	5,786	8.96%	3,352	57.9%
<b>Total</b>	<b>63,944</b>		<b>5,660</b>	<b>8.9%</b>	<b>63,618</b>		<b>6,407</b>	<b>10.1%</b>	<b>64,608</b>		<b>4,654</b>	<b>7.2%</b>

Restructured assets are predominantly classified under Stage 2 i.e Rs. 4,033 crores as of Q3 FY22, Rs.4,104 crores as of Q2 FY22 and Rs. 63 crores as of FY 21. Stage 3 includes restructured assets of Rs. 345 crores as of Q3 FY22, Rs. 286 crores as of Q2 FY22

Comparison of Stage-3 (as per IND-AS) & GNPA (as per IRACP) and related Provisioning requirement							
IND-AS	IND-AS (A)		IRACP	IRACP (B)		Difference (A-B)	
	Business Assets	Provisions		Business Assets	Provisions	Business Assets	Provisions
Stage 1	45,350	377	Standard (S-1)	44,967	180	383	197
Stage 2	11,371	1,441	Standard (S-2)	8,080	414	3,291	1,027
Stage 3	7,223	3,842	GNPA	10,897	3,189	-3,674	653
<b>Total</b>	<b>63,944</b>	<b>5,660</b>	<b>Total</b>	<b>63,944</b>	<b>3,783</b>	<b>-</b>	<b>1,877</b>

Figures re-grouped and rounded where found relevant



# Key Financials (Consolidated)

on consolidated basis

	Disbursement	Total Income	Profit after Tax
Q3 FY 22	Rs. 8,520 crores ↑ 30%	Rs. 2,986 crores ↓ 0%	Rs. 992 crores ↑ NA
Q3 FY 21	Rs. 6,537 crores	Rs. 2,993 crores	Rs. -223 crores
9M FY 22	Rs. 19,330 crores ↑ 44%	Rs. 8,503 crores ↓ 7%	Rs. 522 crores ↓ 7%
9M FY 21	Rs. 13,404 crores	Rs. 9,132 crores	Rs. 561 crores

# Consolidated Profit & Loss Account

Particulars (Rs. in crores)	Q3FY22	Q2FY22	Q-o-Q	Q3FY21	Y-o-Y	FY21
Revenue from operations (A)	2,974	2,929	2%	2,958	1%	12,050
Less: Finance cost (B)	1,070	1,143	-6%	1,312	-18%	5,307
<b>NII (C= A+B)</b>	<b>1,904</b>	<b>1,786</b>	<b>7%</b>	<b>1,646</b>	<b>16%</b>	<b>6,743</b>
Other Income (D)	11	22	-48%	35	-68%	120
<b>Total Income (E=C+D)</b>	<b>1,915</b>	<b>1,808</b>	<b>6%</b>	<b>1,681</b>	<b>14%</b>	<b>6,863</b>
Employee benefits expense (F)	415	382	8%	336	23%	1,384
Other expenses (G)	271	251	8%	172	58%	663
Depreciation and amortization (H)	35	34	3%	36	-3%	151
<b>Total Expenses (I=F+G+H)</b>	<b>721</b>	<b>667</b>	<b>8%</b>	<b>544</b>	<b>32%</b>	<b>2,198</b>
<b>Pre-Provisioning Operating Profit (J=E-I)</b>	<b>1,194</b>	<b>1,141</b>	<b>5%</b>	<b>1,137</b>	<b>5%</b>	<b>4,665</b>
Provisions and write-offs (K)	(130)	(315)	-59%	1,474	-	3,999
<b>Profit before Exceptional items (L=J-K)</b>	<b>1,324</b>	<b>1,456</b>	<b>-9%</b>	<b>-337</b>	<b>-</b>	<b>666</b>
Exceptional Items (M)	-	21*	-	-	-	229
Share of Profit of Associates (N)	10	11	-9%	24	-57%	39
<b>Profit before taxes (O= L+M+N)</b>	<b>1,334</b>	<b>1,488</b>	<b>-10%</b>	<b>-313</b>	<b>-</b>	<b>934</b>
Tax expense (P)	342	385	-11%	-90	-	154
<b>Net Profit after Taxes (Q=O-P)</b>	<b>992</b>	<b>1,103</b>	<b>-10%</b>	<b>-223</b>	<b>-</b>	<b>780</b>

\* On account of recognition of capital gain, based on fair valuation, due to consolidation of Ideal Finance as a subsidiary of the Company



# Consolidated Profit & Loss Account

Particulars (Rs. in crores)	9MFY22	9MFY21	Y-o-Y	FY21
Revenue from operations (A)	8,452	9,050	-7%	12,050
Less: Finance cost (B)	3,364	4,081	-18%	5,307
<b>NII (C= A+B)</b>	<b>5,088</b>	<b>4,968</b>	<b>2%</b>	<b>6,743</b>
Other Income (D)	50	82	-39%	120
<b>Total Income (E=C+D)</b>	<b>5,138</b>	<b>5,051</b>	<b>2%</b>	<b>6,863</b>
Employee benefits expense (F)	1,162	986	18%	1,384
Other expenses (G)	693	437	58%	663
Depreciation and amortization (H)	102	114	-10%	151
<b>Total Expenses (I=F+G+H)</b>	<b>1,957</b>	<b>1,538</b>	<b>27%</b>	<b>2,198</b>
<b>Pre-Provisioning Operating Profit (J=E-I)</b>	<b>3,181</b>	<b>3,513</b>	<b>-9%</b>	<b>4,665</b>
Provisions and write-offs (K)	2,560	3,089	-17%	3,999
<b>Profit before Share of associates(L=J-K)</b>	<b>621</b>	<b>424</b>	<b>46%</b>	<b>666</b>
Exceptional items (M)	21	229	-91%	229
Share of Profit of Associates (N)	39	25	53%	39
<b>Profit before taxes (O= L+M+N)</b>	<b>681</b>	<b>678</b>	<b>0%</b>	<b>934</b>
Tax expense (P)	159	117	36%	154
<b>Net Profit after Taxes (Q=O-P)</b>	<b>522</b>	<b>561</b>	<b>-7%</b>	<b>780</b>

Figures re-grouped and rounded where found relevant

# Consolidated Balance Sheet

Particulars (Rs. in crores)	As on Dec 31, 2021	As on Dec 31, 2020	As on Mar 31, 2021
<b>ASSETS</b>			
<b>Financial Asset</b>			
a) Cash and cash equivalents	466	1,717	808
b) Bank balance other than (a) above	3,693	3,145	3,174
c) Derivative financial instruments	67	16	26
d) Trade Receivables	61	44	55
e) Loans	65,531	69,399	67,076
f) Investments	11,246	9,855	12,028
g) Other Financial Assets	566	666	551
<b>Financial Asset</b>	<b>81,630</b>	<b>84,842</b>	<b>83,718</b>
<b>Non-Financial Asset</b>			
a) Current tax assets (Net)	645	572	414
b) Deferred tax Assets (Net)	934	610	945
c) Property, plant and equipment	409	374	379
d) Capital Work-in-progress	-	-	10
e) Intangible assets under development	2	1	2
f) Goodwill	43	-	
g) Other Intangible assets	13	19	20
h) Other non-financial assets	187	83	113
<b>Non-Financial Assets</b>	<b>2,233</b>	<b>1,659</b>	<b>1,883</b>
<b>Total Assets</b>	<b>83,863</b>	<b>86,501</b>	<b>85,601</b>

Figures re-grouped and rounded where found relevant

# Consolidated Balance Sheet (Contd.)

Particulars (Rs. in crores)	As on Dec 31, 2021	As on Dec 31, 2020	As on Mar 31, 2021
<b>LIABILITIES AND EQUITY</b>			
<b>Financial Liabilities</b>			
a) Derivative financial instruments	204	100	173
b) Payables			
i) Trade payables	843	981	732
ii) Other payables	24	20	47
c) Debt Securities	22,595	21,149	19,671
d) Borrowings (Other than Debt Securities)	28,020	32,001	32,454
e) Deposits	9,016	9,351	9,366
f) Subordinated Liabilities	3,588	3,808	3,609
g) Other financial liabilities	2,858	3,066	3,283
<b>Financial Liabilities</b>	<b>67,148</b>	<b>70,476</b>	<b>69,335</b>
<b>Non-Financial liabilities</b>			
a) Current tax liabilities (Net)	16	17	14
b) Provisions	251	238	271
c) Other non-financial liabilities	71	59	105
<b>Non-Financial Liabilities</b>	<b>338</b>	<b>314</b>	<b>390</b>
<b>Equity</b>			
a) Equity Share capital	247	246	246
b) Other Equity	15,982	15,370	15,530
c) Non-controlling interests	148	95	99
<b>Equity (incl attributable to minority investors)</b>	<b>16,377</b>	<b>15,711</b>	<b>15,876</b>
<b>Total Equities and Liabilities</b>	<b>83,863</b>	<b>86,501</b>	<b>85,601</b>

Figures re-grouped and rounded where found relevant



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# Mahindra Rural Housing Finance Limited

Particulars (Rs. in crores)	Q3FY22	Q3FY21	9M FY22	9M FY21	Year ended March – 21
Loans disbursed	488	267	951	373	797
No. of Customer Contracts (nos.)	23,806	11,558	45,412	14,622	34,559
Loans & Advances (net)	7,030	7,275	7,030	7,275	7,128
Total income	353	354	1,047	1,117	1,455
PBT	85	11	59	150	195
PAT	67	11	48	117	151
Net-worth	1,454	1,367	1,454	1,367	1,403
Gross Stage 3 %	16.19%	14.87%	16.19%	14.87%	13.16%
Net Stage 3 %	11.75%	10.73%	11.75%	10.73%	9.87%

- **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

<sup>^</sup> The Company has cumulative management overlay of Rs. 80.2 crores as at 31 December 2021 for covering the contingencies that may arise due to COVID – 19 pandemic.

# Mahindra Insurance Brokers Limited

Particulars (Rs. in crores)	Q3FY22	Q3FY21	9M FY22	9M FY21	Year ended March – 21
No. of Policies for the Period (nos.)	5,25,623	4,56,223	12,71,491	9,78,443	1,439,023
Net Premium	610	528	1,538	1,210	1,794
Total income	97	81	234	182	269
PBT	24	20	42	28	44
PAT	18	15	31	20	32
No. of employees (nos.)	1,047	1,127	1,047	1,127	1,117

- **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%



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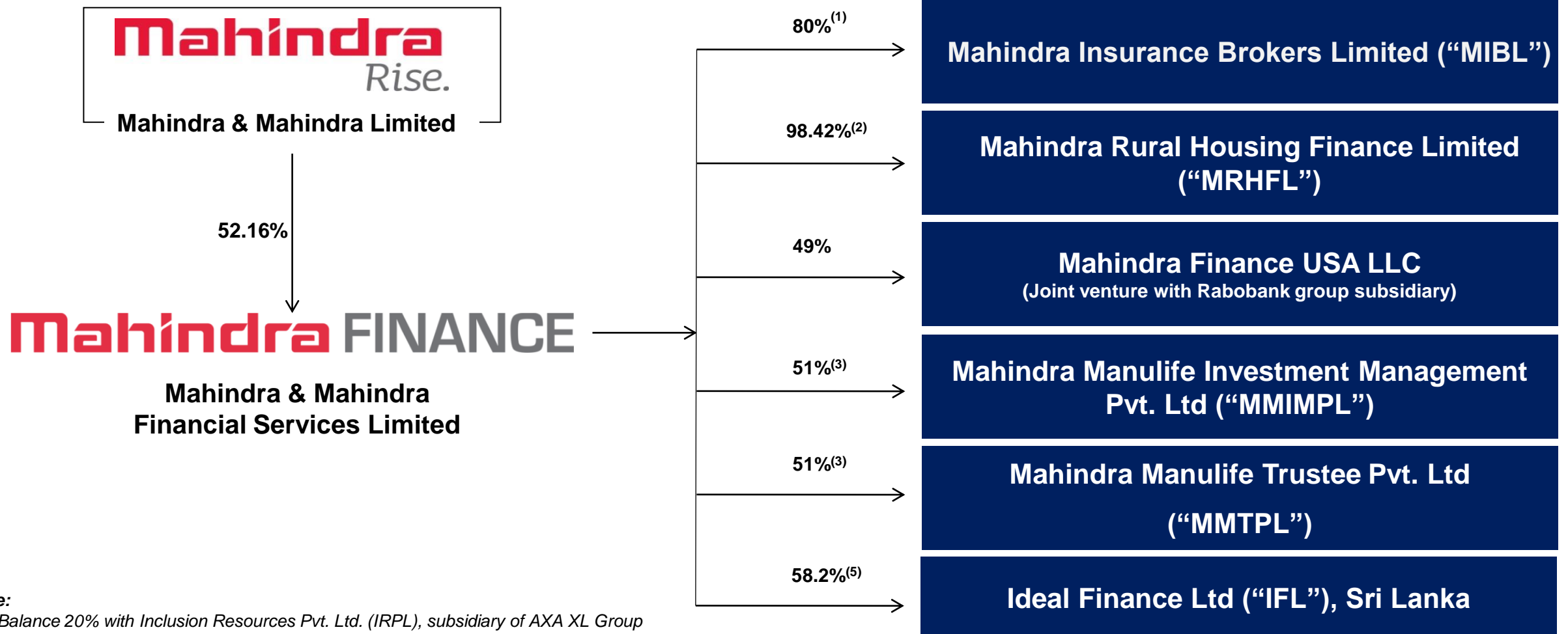


# Company Background

- Parentage:** Mahindra & Mahindra Financial Services Limited (“MMFSL”) is a subsidiary of Mahindra and Mahindra Limited (*Mcap: Rs 1.1 trillion*)\*
- About MMFSL:** MMFSL (*Mcap: Rs 206 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 1,385 offices covering 27 states and 7 union territories in India, with over 7.7 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 February 1, 2022 from BSE website*

# MMFSL Group structure



**Note:**

1. Balance 20% with Inclusion Resources Pvt. Ltd. (IRPL), subsidiary of AXA XL Group
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. IFL wef 8<sup>th</sup> July 2021 is a subsidiary of the Company, consequent to the Company acquiring an additional 20% in IFL.

# Our Journey

Completed **IPO**,  
Subscribed ~ **27**  
times

Commenced Housing Finance  
business through MRHFL

Equity participation of  
**12.5%** by NHB in  
MRHFL

Recommended **Fixed  
Deposit** Program

Crossed **1 million**  
cumulative customer  
contracts

**QIP Issue of Rs. 426 crores**

**JV with Rabobank subsidiary** for tractor  
financing in USA

Stake sale in MIBL to  
Inclusion Resources Pvt.  
Ltd.

**QIP Issue of Rs. 867  
crores**

**Long term debt rating** upgraded  
to **AAA** by India Ratings and  
Brickwork.

CARE Ratings assigned **AAA**  
rating to long term debt

Certificate of  
Registration received from  
SEBI by  
**Mahindra Mutual  
Fund**

Maiden **Retail NCD Issue of Rs.  
1000 crores**  
**Oversubscribed** over **7x** of base  
issue size of Rs. 250 crores

Sale of 5% of **MIBL**  
at a **valuation of  
Rs. 1,300 crores**

**QIP Issuance :**  
Rs. 1,056 crores;  
**Preferential Issue to  
M&M :** Rs. 1,055 crores

Maiden issue of **ECB**  
undertaken. Raised **over  
\$200 million**

Crossed **6 million**  
cumulative customer  
contracts

**Partnered with Manulife**  
for Mutual Fund business

Invested in Ideal Finance  
for providing **financial  
services in  
Sri Lanka**

**Rights Issue of Rs.  
3,089 crores**

**Ideal Finance**  
becomes a  
**subsidiary**

FY 06

FY 08

FY 09

FY 10

FY 11

FY 13

FY 15

FY 16

FY 17

FY 18

FY 19

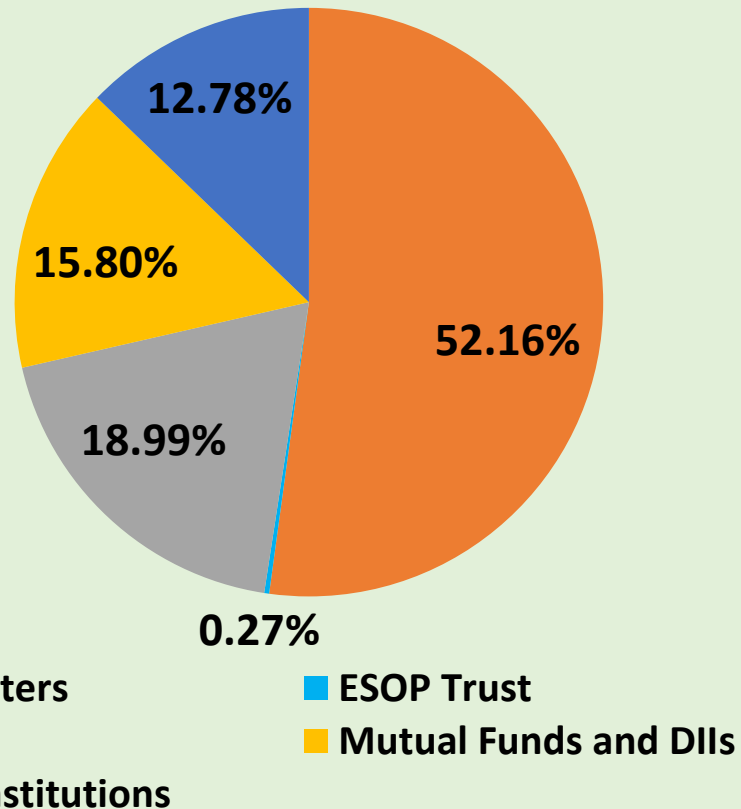
FY 20

FY 21

FY 22

# Shareholding Pattern (as on December 31, 2021)

## Shareholding Pattern



## Top 10 Public Shareholders

- Life Insurance Corporation Of India
- Wishbone Fund, Ltd.
- HDFC Life Insurance Company Limited
- Valiant Mauritius Partners Offshore Limited
- HDFC Trustee Company Ltd
- Ashish Dhawan
- Bank Muscat India Fund
- Nippon Life India Trustee Ltd
- Kotak Emerging Equity Scheme
- Life Insurance Corporation of India – P & GS Fund

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



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# Business Strategy

**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**

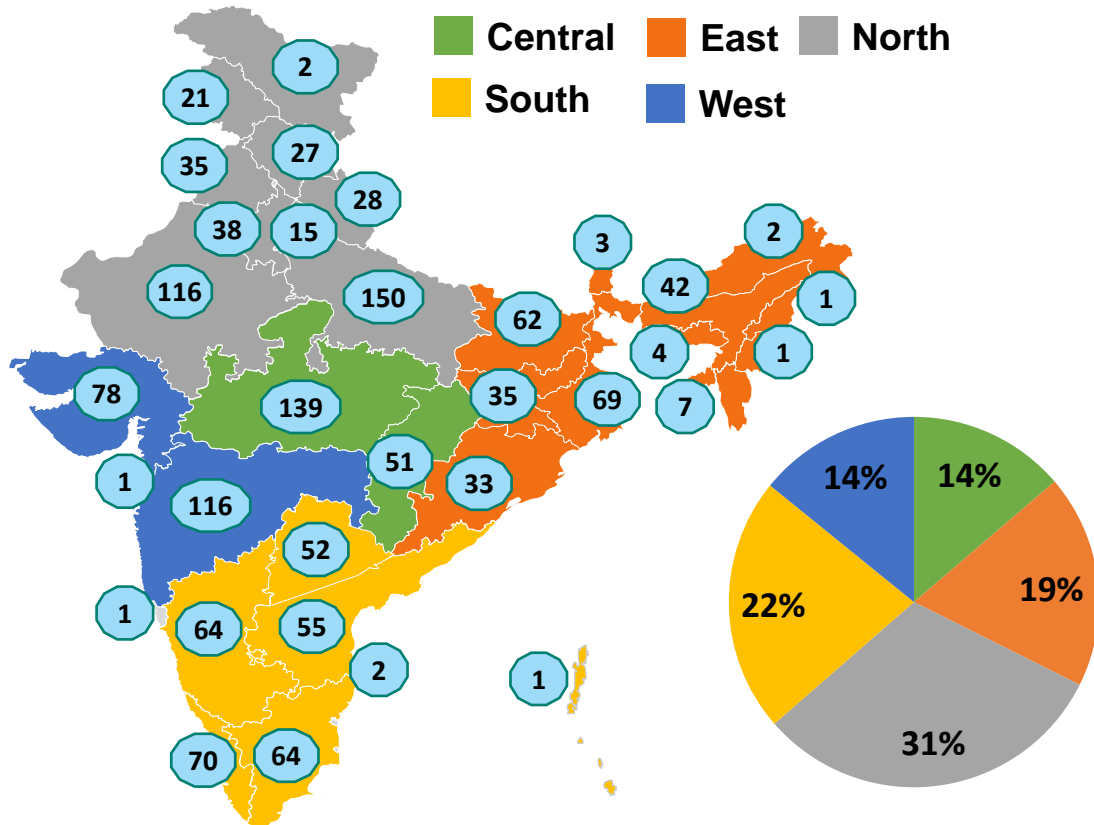
**Effective use of technology to improve productivity**

**Leverage the “Mahindra” Ecosystem**

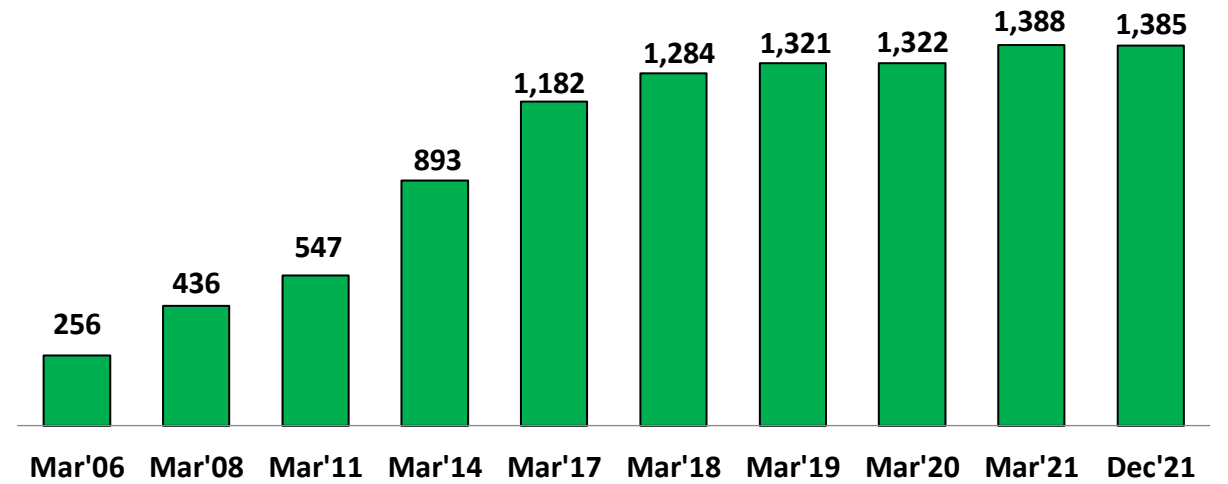
# Extensive Branch Network

- Extensive branch network with presence in 27 states and 7 union territories in India through 1,385 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 Management and Technology Initiatives

## 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

- All our offices are connected to the centralised data centre in Mumbai through Lease line/tablets
- Through tablets and mobile applications connected by GPRS to the central server, we transfer data which provides
  - Prompt intimation by SMS to customers
  - Complete information to handle customer queries with transaction security
  - On-line collection of MIS on management’s dashboard
  - Recording customer commitments
  - Enables better internal checks & controls
- Continues to enhance digital capabilities and use of technology to improve efficiency and function normally in current scenario
  - Providing computers and tablets to employees to operate from home
  - On-line training and learning sessions to improve capabilities
  - Promoting digital/ non-cash collections

# 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+	--
	CARE Ratings	Outlook
Long term and Subordinated debt	CARE AAA	Stable
	Brickwork	Outlook
Long term and Subordinated debt	BWR AAA	Stable
	CRISIL	Outlook
Fixed Deposit Programme	FAAA	Stable
Short term debt	CRISIL A1+	--
Long term and Subordinated debt; Bank Facilities	CRISIL AA+	Stable



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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 3<sup>rd</sup> time in the renowned FTSE4Good Index Series for ESG (Environmental, Social & Governance) performance.
- Included in '**DJSI Sustainability Yearbook 2021**'.
- Ranked 29<sup>th</sup> amongst Top 100 Indian companies for Sustainability & CSR 2021 by Futurescape



# CSR Initiatives

- Launched flagship program for the holistic development of our driver community and their family members.
- This multi-year program focuses on the empowerment and generation of livelihood for our driver communities.
- The program aims to benefit the targeted segment through various 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
  - ❑ Health and Accidental Insurance for Drivers
- **Covid-19 Care Initiatives for Community**
  - Ambulance Donation
  - Setting Up Covid Care Centres
  - Distribution Of PPE Kits



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# Risk Management Policies

## 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;*

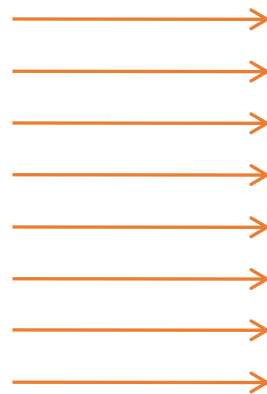
*EAD – Exposure at Default*

*\*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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