

30th April 2026

To

BSE Limited (Scrip 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: Transcript of Earnings Conference Call for the fourth quarter and year ended 31st March 2026, held on Friday, 24th April 2026

Further to our letter dated 16th April 2026 and in compliance with Regulation 46(2)(oa) and Regulation 30 read with Schedule III, Part A, Para A (15)(b) and other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ("SEBI Listing Regulations"), please find enclosed herewith the transcript of Earnings Conference Call for the fourth quarter and year ended 31st March 2026, held on Friday, 24th April 2026, which concluded at 7:08 p.m. (IST).

This intimation along with the transcript is also being uploaded on the website of the Company at <https://www.mahindrafinance.com/investor-relations/financial-information#transcript-of-earnings-call> .

Kindly take the same on record.

Thanking you,
For **Mahindra & Mahindra Financial Services Limited**

Brijbala Batwal
Company Secretary
FCS: 5220
Enclosure: As above



“Mahindra & Mahindra Financial Services Limited
Q4 FY26 Earnings Conference Call”

April 24, 2026



Management:

Mr. Raul Rebello:	Managing Director & CEO
Mr. Pradeep Agrawal:	Chief Financial Officer
Mr. Sandeep Mandrekar:	Chief Business Officer, Wheels

Moderator: Mr. Abhijit Tibrewal – Motilal Oswal

Moderator: Good day, and welcome to the Mahindra & Mahindra Financial Services Limited Q4 FY26 Earnings Conference Call. This call will be recorded and a recording will be made public by the company pursuant to its regulatory obligations. Certain personal information such as your name and organization may be asked during the call. If you do not wish to be disclosed, please immediately discontinue this call. As a reminder, all participant lines will be in a listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that the conference is being recorded.

I now hand the conference over to Mr. Abhijit Tibrewal from Motilal Oswal. Please go ahead.

Abhijit Tibrewal: Yes, Thank you, Rutuja. Good evening, everyone. I am Abhijit Tibrewal from Motilal Oswal. And it is our pleasure to welcome you all to this earnings call. Thank you very much for joining us for the Mahindra Finance call to discuss the company's Q4 FY26 performance and business update. To discuss the company's earnings, I am pleased to welcome Mr. Raul Rebello, Managing Director and CEO; Mr. Pradeep Agrawal, Chief Financial Officer; and Mr. Sandeep Mandrekar, Chief Business Officer - Wheels. On behalf of Motilal Oswal, we thank the senior management and the Investor Relations team of Mahindra Finance for giving us this opportunity to host you today.

I'll now invite Mr. Rebello for his opening remarks, post which we will open the floor for a Q&A. With that, over to you, sir.

Raul Rebello: Hi, good evening. Thank you, Abhijit and the Motilal Oswal team. And again welcome everyone and thank you for joining this call. As usual, I would request you to keep the deck handy which we have circulated some time back on the exchanges. I will refer to the page numbers as I walk you through the commentary.

So first and foremost, on behalf of all of us the Mahindra Finance team, we are very encouraged with our Q4 results, we think we ended the year on a very strong note. When I reflect on the entire FY26, on an overall basis, we have done very well in terms of a significant improvement in margins. And on the risk front, if you look at we have set some records, our GS2 and GS3 numbers are at an all-time low at 8.2%. So a very strong delivery. The franchise has delivered on margin and asset quality. And I would also underscore that growth has been quite reasonable. We did see the first half of the year being quite moderate and momentum started kicking in from Q3. And even in Q4, we continued with that momentum.

With that summary of how Q4 and the year has been, let me step into some key messages, which is on Page 4. So on profitability for the full year, these are messages for full year FY26, you see PAT up 19% and for Q4 PAT up 55%. I will talk about overlays in the next slide.

The second key message is, we've been speaking for a while on our business transformation through digital and AI. I'm happy to announce that all of this is now business as usual. At least on the digital front, we are making AI investments. But our entire lending stack, which is the wheels business has got 100% live.

Third update on the asset quality. GS3 at 3.4% big reduction from last quarter and same time last year and GS2+GS3 at an 8-year low. And finally, we have been making investments across the board in terms of new products, new channels, systems and we've also did a rights issue in the course of the year. So we are very well strengthened to scale.

Now I've received questions in the past on the overlay. So I'm going to jump straight to Slide Number 16 because there have been some questions on that, so that you can appreciate the commentary with-and-without the overlay. Giving you some color on why did we create the overlay, right? It's not about us seeing any visible stress, this is more about being prudent. And as any financial services company which is in the business of lending to customers across customer segments. We didn't want to be reactive, but we wanted to be proactive in our approach. And hence, we felt the best way to reflect this prudence was by creating an overlay. That overlay also is not a random number. It has been very well thought through, through different customer segments, risk profiles, etc. And learning from the past and baking in some edge-case scenarios if things go downside, being well calibrated on the ability to create a cushion to address that if things go south. So the management overlay that we have created in Q4 in rupee value is INR 217 crores. Besides this management overlay, as any lending company would be also prudent is creating a very strong liquidity chest, while you will not see that in the Q4 numbers. But clearly, we have also taken steps up there to make sure that we are well buffered up. We always keep very comfortable liquidity chest coverage. We have strengthened that a little more. So that's the broad message on creating that overlay. This was specifically to be more prudent.

Coming back to sequence of slides, I'll go back to Page Number 5, which is the highlights on profitability. So Q4 RoA very strong at 2.4%, full year RoA at 2% this is compared to 1.9% last year. Our Q4 PAT grew 55%, without the overlay this would have been at 84%. And full-year PAT growth at 19%, without overlay this would have been at 30%. NIM expansion, again very strong. As you would know, when we looked at the levers for ROA expansion, the biggest ones that have been in the past leverage were credit costs. We have come down significantly and that was giving us overall

ROA accretion. But one of the areas which we had actually gone in a different direction was in NIMs. And I've been over the last couple of quarters talking about very concerted efforts that we have put in place in terms of portfolio rebalancing, asset choices in terms of which segments to be over-indexed on, whether it's the used vehicle, tractor, etc. Good to report that we have been progressing well there. And our fee-based income also has been very steadily increasing. And the treasury office has been doing a commendable job in terms of cost of funds, which has given us an overall NIM expansion of 101 bps YoY and for the full year 60 bps increase in NIM.

Moving to Page Number 6. We've talked about our many years investments in reimagining the way in which we do our business front to back. Happy to report that close to 50% of our entire disbursements in financial year '26 was done on the Udaan digital stack. And this is a cultural change, our employees are much more productive now because of the enablers that we have given them in terms of the digital tool kits. And this in no ways creating any intimidation of customers as most of our customers need to be assisted, so this is both a physical and a digital stack, which encourages customers to do it yourself as well as assisted modes of onboarding through our many associates on the field.

The second visible step-up is our straight-through processing capabilities. We are seeing a 40% improvement in STPs. And we have our own CPC agent which we have nomenclature as *Samur.AI*, SamurAI in short. And very happy to report that the back office is using these toolkits to get us a that efficiency in the 20% that we have deployed right now, we are seeing a loan backoffice approval that is from sanction to disbursement now being 80% faster.

The last comment I would make in terms of our ability to significantly step up on our improvements is in using digital and AI for collections, 25% improvement in early bucket collections through the AI/ML model.

Quickly going into asset quality that we have seen benefits throughout the year. Our GS3 as I said, is down to 3.4%, 39 bps QoQ. Our GS3 plus GS2 at record lows, our credit cost at 1.5% accommodating for the overlay, without the overlay this is at 0.9%. Our full year credit cost, we've always said we'll operate between the 1.3 to 1.7 range. We closed the year at 1.7%, without the overlay this would have been at 1.6%. Our PCR cover which was close to 53% at the end of Q3, would have been in the similar range. But as we have buffered up the provision through the macro overlay provisions, the PCR cover is now gone to 58.6%.

Quickly moving up to Page Number 8, which is on growth and growth momentum. We continue to be very, very far ahead of the pack leadership in terms of tractor. Our disbursements grew at 63%, overall for the full year at 49%. Happy to report that our

mortgage business through MRHFL has also started picking up momentum after making sure that we have ticked all boxes in terms of asset quality, which is at 2.4%. We saw a reasonable 21% growth in the subsidiary. Our SME business, which we grow in the core NBFC has grown at 32%. Cross-sell, which is a key component as we look at product per customer has now gone up to 2.4. And the balance sheet is well capitalized at 18.8%, Tier 1 at 16.7%.

Quickly flipping to Page Number 10, what you would see in terms of our business AUM growth is at 12%. I am kind of now going to reflect on with and without overlay. So if you look at credit cost, in fact, our credit cost without overlay was at INR 343 crores. But because we baked in the overlay, it's at INR 560 crores, which is a 23% YoY growth. If that was not there, it's a 25% actually degrowth in terms of credit cost. And our PAT for the quarter at INR 873 crores is a 55% YoY growth in Q4. Of course, without overlay, it would have been INR 1,000 crores plus. So we did deliver 2.4% ROA for Q4, 2.9 if we made the adjustment in terms of overlay. Going to full-year PAT, our full year PAT at INR 2,782 crores is a strong 19% growth. Without overlay, as I mentioned earlier, would have been at 30% at INR 3,000-plus crores.

Moving on to Page Number 12. I just want to call out the structural changes that we have seen in our ROA tree. If you look at the row number 3, I think that's the most commendable change in terms of what's building in the ROA mix. 1.1% last year fee and other income has moved to 1.4%. So that's a good and this is not onetime, we do believe this will stay. We've been pointing out whole of last year every quarter as you've seen this come up. It's definitely encouraging to see us diversify our revenue streams.

I want to call out that because of the rights issue, we would have seen some benefit in terms of the interest cost. But structurally, what we have also done is we have created a very strong front-end treasury team, which is making sure that our incremental CoFs are always at the most formidable levels. You've seen a steep drop from 6.3 to 5.9. There are some one-offs here in terms of and we did mention the rights issue. But otherwise, we do see ourselves operating in a very prudent manner in terms of our cost of funds. Overheads have been range bound at 2.7. Credit cost has been in the range that we have committed to be at.

Quickly moving to Page Number 14. Our GS2 plus GS3 numbers, which I've said is commendable right now, together it's at 8.18%. GS2 climbing down significantly from Q3 and GS2 also climbing down significantly from Q3 levels.

Moving to Page number 15, credit cost. You can see the bifurcation of credit cost here with and without overlay. And finally, moving to Page Number 18, I do now provide some commentary on our subsidiaries. It's encouraging to note that our subsidiaries, if

you look at each of our subsidiaries, all of them have stepped up significantly from last year's PAT growth. MRHFL, INR 58 crores versus a negative last year. Our Sri Lanka subsidiary, INR 14 crores in INR terms. Our insurance broking company, 28% YoY growth and even our AMC for the first time in black. So the subsidiaries also are starting to show reasonable signs of step-up.

Before I conclude and hand it over to the question and answers, I am concluding with the last Slide on 17, which is our medium- to long-term priorities that keep all of us in the management team honest on our operating metrics. And we do believe if we are extremely disciplined on our operating metrics, it will keep showing up in our financial metrics. So these are our priorities going into FY27 also that we will continue to defend and grow our wheels leadership. We will continue to grow our mortgage business, our SME business, our leasing business and fee income. We will continue to have steady progress on our growth and margin aspirations and constantly keep our risks range bound to the business model. And from a resilience standpoint and investments in capabilities, we continue to invest in distribution, we continue to invest in our underwriting and collection teams. We do believe we are operating in the age of AI. And while we have made significant strides in digital and our digital spine today is giving us a lot of confidence in now leveraging the AI toolkits, we were not a very avid user of digital. The last 3 years with the digital maturity curve improving, most of these capabilities are now going to be sweated out for AI. AI, as I did call out, we are seeing material benefits in collections and in back office. We will soon sweat that out even in front office capabilities on business.

That's it for me in terms of how we're looking at our priorities for the year. I now will pause, take a pause and hand it over back to the moderator for question and answers.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Renish from ICICI Securities. Please go ahead.

Renish: Hi sir thanks for the opportunity. Sir, my first question is on the AUM growth side, right? So now I'm assuming we are largely done with the process restructuring and also might have built AI capabilities. So when do you see growth accelerating from current level of 12%?

Raul Rebello: Yes. Thanks, Renish. So see, when we look at the vectors for growth here, where we are, as you know, very dominant on is the tractor business, and we have demonstrated that last year. We see that momentum continuing into this year. Of course, since the denominator is quite high, we may not see the same YoY growth of what we demonstrated last year because the base is higher. Other segments is the used vehicle business, which in this environment is also something that we're over-indexing on. As you know, some of the OEMs have called out with the constraints, maybe the

inventories are also reducing so the used vehicle business becomes very attractive. It's one of our largest growing businesses. And that's also in a positive, I would say, category of growth. Our passenger vehicle business has grown in quarter 4, quite strong at 15% YoY, and the AUM growth also has been 14%. So that business, we have a dominant position. We are in the top 3 across banks and NBFCs, and we continue to look at that business as a very strong growth enabler. In the CV business, we have made certain shifts in our choice selection. We have moved more to the LCV, SCV segment and found some participation in the HCV segment. And we have also now double-clicked on the used CV business. So we do see this segment as and I'm not giving Q1 commentary of full year of next year. This is more...

Renish: Yes, yes, I get it.

Raul Rebello: And finally, on the diversification, our SME and mortgage business are also chugging along pretty well, and that gives us an ability to overall aim for mid-teen growth as we go forward.

Renish: So would you like to put any numbers to it or...?

Raul Rebello: Numbers to what? Next year, FY27?

Renish: Yeah, FY27. Yeah.

Raul Rebello: See, we don't give near-term guidance. But for any lender with our size and scale, aiming for less than teen growth won't be prudent, I think, or won't be competitive. We know that growth at the cost of risk and cost of margins is not something that we do. So, we will have to factor that in our choice framework. We are encouraged by the momentum we have seen in the H2 of last year, and we are making sure that, that momentum with all the other factors at play are factored in.

Renish: Got it. And my second question is on the SME segment outlook, right? So when we look at the full year FY26 business spend in SME remain flat at 2% or growing at 2% YoY. Even when most of the time in FY26, the underlying price was strong. But now with likely increase in input costs or maybe some impact on order book as well, so how do you see portfolio behaviour of this particular segment over the next 6 to 12 months? And internally, what's the outlook, you know, you may have in terms of growth in FY27 in SME?

Raul Rebello: So see the SME business, I just want to quantify here is we are reasonably, this is relatively late, right? And so our book at about INR 8,000 crores and our disbursements are -- I wouldn't say we are not a scale player right now. So while our disbursement last year has been because we moved completely secured, we still benefit from the recent growth for book growth at 32%. We do plan to continue to grow in the 30% -

40% kind of range, but the denominator being very low. Now you know that the MSME category is the second largest category in the lending business after mortgages and a very significant pool at least in the micro and small segment, NBFCs do play a big role. In the medium segment, banks are largely participants. We have in the last couple of years, selected areas where we will over-index on. And considering we are, still our denominator, I mean, our base is so low, we don't think that we will have to make very, I would say, conservative calls for the next year, considering where we are in our growth journey, right?

Renish: Got it.

Raul Rebello: It's built-in distribution, product, manufacturing services, trade choices as well as micro and small are good, we see the opportunity good enough for us to keep the good growth momentum on. We are not in this position of our cycle of constraint.

Renish: Got it. So I mean, we don't expect any derailment because of the ongoing Gulf war situation?

Raul Rebello: So it's not that we will throw all caution to the wind. We do know where the strains are, we do know where the stress points are. But as I mentioned earlier, we are relatively much earlier in our journey compared to much tenured players at INR 8,000 crores of book. As you know, this is still less than 5% - 6% of our portfolio. The choice framework available to us for our growth ahead is not constraining in nature.

Renish: Got it. This is very helpful, sir. Thank you and best of luck.

Raul Rebello: Thanks.

Moderator: Thank you. The next question is from the line of Piran Engineer from CLSA. Please go ahead.

Piran Engineer: Yeah. Hi, team congratulations on the quarter. So my first question is on CVs. When do we start seeing growth in the CV business step back – step back up. I understand you've been recalibrating for the last few quarters. When do we see that get over and growth pick back up there?

Raul Rebello: Yes, Piran, if you have anything, I'll address all your questions at once.

Piran Engineer: Second is on margins. Now margins, again, surprised positively. I think last quarter, when we hit the 7.5% number, you mentioned that there were one-offs and we should take the 9-month number of 7.1% as a more steady-state number. Do you still hold that belief or do we -- should we now think of 7.5% as a steady-state margin number? That's it.

Raul Rebello:

Yes. Thanks, Piran. Let me go in reverse order. I'll talk about the margin question first. See, for the full year, we are still at 7.1%, right? And as I commented, what we see as levers for margin, what is structurally moved up, which has helped us move to 7.1%, which I think is a more reasonable number to expect in the next few quarters; is the contribution of fee-based income, right? That has gone up significantly by 30 bps even from last year to this year. And while some of you had questions whether it's one-off, I have been mentioning for the last two, three quarters that we have made certain structural changes in the way in which we book this income and the way we prospect this income. So we think that's one big structural change to keep the NIM profile higher.

The second lever, while you would see our interest cost has come down, I did mention that one of the benefit was the rights issue, which will slowly start as the debt equity moves. It will start giving up some of those gains. But what's again structurally shifted there is we have created a very strong treasury team and the way in which we get our incremental CoF. And we see that very, very sharply on a month-on-month basis. I think there's efficiency that we have built there. So I do think that, that will stay for a while. Loan income, which has been range bound as interest has fallen off, you would see our loan income, while we have given up about 10 bps. What's moving over there and what is structurally changing is the composition of tractor and used in some of the asset categories, which will hold us in good stead. So these are the ways in which we have influenced the NIM profile, which will have structural benefits for us in the medium-to-long term. But I would not want to call 7.5% as a new normal. I would think 7.1% with some few bps here and there improvement as possibilities, but not a 7.1% to 7.5%, for sure. That's on the margin commentary.

On CV, see Piran, we have been, you know, we've seen we look at CV from a cross-cycle ROA attractiveness and we have made some calibrations in terms of what do we do in the CV playbook. We have swapped in used CV for certain segments. We have swapped out some segments which are extremely volatile. And we have also swapped out some segments where the whole movement to fleet operators makes it not very ROA accretive for players like us. But what we've also swapped in is fleet operators with co-lending with some big banks. Now that's yet to play out. But in this environment as you know, with all the clouds above us, CV typically gets impacted first. So we would not very adventurously ramp up CV in this environment. We will do it in a calibrated manner going forward.

Piran Engineer:

Got it. Got it. Okay. And just if I can squeeze in one more question. Before the conflict started and today what has been the change in your cost of funds across bond markets and bank borrowing incremental obviously?

- Raul Rebello:** Incremental, I'll invite Pradeep in here for his comments, but I don't think we've seen any stated reset.
- Pradeep Agrawal:** So if you look at the quarter 4 of FY26, the interest rates were already elevated in Jan, Feb and March because of the March being March, the year-end pressure on the liquidity as well as cash outflows, along with the gulf prices, I think March rates were much more elevated. After March, we have seen certain spike in the capital market rates in the month of April. And still the uncertainty is ongoing. So it's very difficult to predict the overall change, what kind of incremental CoF and all because compared to March, April is much, you can say, lower.
- Piran Engineer:** No. But sir, compared to Feb, would April be the same because our bond yields are still 30 bps higher, right, 10-year yield versus pre-war levels. Just trying to get a sense whether our cost of funds incrementally will also be 30 bps higher or maybe 40, 50 bps higher because the spread could have increased?
- Pradeep Agrawal:** So again, only one instrument doesn't give the market flavor. We may not be in the 10 years bucket to borrow any incremental fund. We may be, there are other instruments. For example, we do a lot of PSL lending, we do a lot of securitization pools, we do short term, we do working capital, we do EBLR linked loans and all that. So I think it's a mixed portfolio. So pegging the entire portfolio to 10-year period of 30 basis points may not be the right approach to decipher the cost of capital.
- Piran Engineer:** Okay. Got it. I will take it offline. Thank you so much and wish you all the best.
- Moderator:** Thank you. The next question is from the line of Shubhranshu Mishra from Phillip Capital. Please go ahead.
- Shubhranshu Mishra:** Hi, Raul. Good evening. Thanks for the opportunity. The first one is on the cross-sell. We have pointed out cross-sell and around 2.4 PPC. So I just wanted to understand, what is the cross-sell opportunity within our client base? What is it presently as a percentage of disbursement and AUM and what is our total client base that we are banking on a monthly basis? What are the NACH presentations on a monthly basis? The second is on the OPEX. What percentage of the OPEX would be cost of acquisition? And what percentage of the OPEX would be cost of collections? And the third is you did mention about some clarity about the mortgage business being run either in the HFC subsidiary or in our standalone NBFC license. So have we got any clarity about it from the Board yet or we'll take some time on that?
- Raul Rebello:** Yes, a lot of questions there, Shubhranshu, good to connect, first and foremost. Let me just make sure that whatever I disclose here, I will always have to be consistent with what we put out in the public domain. So I may not be able to give you the granularity

that you asked for, but since we put up the PPC number and I don't think we have put that out earlier, let me tell you why we think it's a good time for now servicing PPC. As you know, we have been on this path of diversification for a while now and you can't talk about PPC if you are a single trick pony and just do the vehicle business. So now that we have unleashed many more asset products and we've also got a corporate agency and we are looking at canvassing fee-based products and we also have a deposit-taking license and we're looking at fixed deposits very actively. We think it's the right time for us to sweat the customer franchise from an overall PPC on the asset as well as non-asset products. This number was under 2 a year and half back, which has now come up to 2.4. What is the base that we can lever up? We have today close to 24 lakh customer base, which is live. We have a INR 1.3 crores customer base, which has banked with us so far, where we have data. So we look at the matured and not live customer base and we also look at the live customer base. And wherever we have consent from the across the group, the B2C businesses across the group, which give us consent to canvas financial service products, we are actively looking at cross-sell opportunities there too. So it's a large franchise. We are just starting to, I would say, scratch the tip of the opportunity. There is potential to go ahead. We are very, very clear that we use this opportunity only when we have full consent. So we don't just randomly knock on any door. But the potential to lever up this 2.4 is also there and we will keep disclosing these numbers on a regular basis as we are able to, not as we're able to, but we'll keep giving you clarity on this.

Regards to our OPEX, again, we don't have a separate acquisition versus non-acquisition. So maybe in the future, when we do our Investor Day and we can think about double-clicking on all these granularities. On jump to mortgages, I did mention that the Boards are evaluating the best format of currently doing mortgages. Needless to say, while we will come to you and I did come, the outer timeline is Q2 to formalize our plans on doing it, but we are not wasting time in the participation. If you've seen the way in which the mortgage book has been growing, it's, after we have solved the pain points of asset quality and putting that at the back office, growth has now come back.

Shubhranshu Mishra: Right. If I can just squeeze in one last question. What kind of credit cost are we looking at in '27, '28 and OPEX growth should be in tandem with the AUM growth?

Raul Rebello: You've jumped one fiscal. Okay, you're talking about not '27. You're looking at '28?

Shubhranshu Mishra: Or maybe you can just talk about '27, if that's okay?

Raul Rebello: Okay. Thank you because we don't give 1 year guidance. I was hoping to give you. So credit cost, we have always said that our business model should factor or stomach 1.3 to 1.7. We are confident to stay within that. There are clouds above us and part of the

reason why we create some of those buffers are to make sure that we operate within the business model operates within those boundaries. What was the second question other than credit cost?

Shubhranshu Mishra: The OPEX growth in '27, '28, would it be as much as the balance sheet or more than the balance sheet, less than the balance sheet how do you look at it?

Raul Rebello: We keep and if you've seen over the last 2 - 3 years, the operating jaw between revenue growth and OPEX growth has been widening to some extent. And for any organization our side, we believe that operating leverage should kick in and our revenue growth should ideally outpace our OPEX growth. So our OPEX to average assets has been range bound, but I don't know whether we put that out, our cost-to-income has seen a decent reduction.

Shubhranshu Mishra: Understood. Thank you so much Raul. Best of luck for ensuing quarters.

Moderator: Thank you. The next question is from the line of Kunal Shah from Citigroup. Please go ahead.

Kunal Shah: So firstly, again, on this entire overlay provisioning, so again what quantum of book we would have created this? You mentioned like maybe this is against some portfolio, which maybe it might, if there is a slowdown or something, we might see a risk to that portfolio. And given that it's again created in GS3, so if you can quantify that proportion of pool against which 217 is created?

Raul Rebello: Yes. So Kunal, this provision, I'll invite Pradeep here to kind of give more color on the mechanics of the provision creation.

Pradeep Agrawal: So Kunal, what we have done is that we have basis the current geopolitical situation, we have taken certain macroeconomic variables, which can have an probable impact on the portfolio. And this is that probable impact, we have quantified what could be the gross slippages in my portfolio and after calculating that probable gross slippages, we have kind of worked out this overlay number.

Raul Rebello: So Kunal just to add to that.

Pradeep Agrawal: Sorry, this is not any specific or segment specific. It's more or less overall macro overlay in the entire portfolio.

Raul Rebello: Yes. Kunal just the geopolitical, I'm sure you would have got the updates on both, the monsoon, IMD, etc. And we know we have a tractor portfolio, which can get -- can see some temporary or some kind of a stress. So we just thought it's best to factor in these two, three headwinds in creating the INR 217 crores overlay. I must also mention

in the same breath that April 23 days are upon us, 24th actually today. We have not seen any material shift in our collection efficiencies or the April, all the collection days of April are done in terms of we finish it by the 15th – 20th of the month. Things are progressing quite well. This is just being prudent. And as I mentioned in the commentary upfront, being prudent is a good posture to take right now and that's the reason and rationale for creating this.

Kunal Shah: Yes, absolutely agree because when we look at it overall, at least in terms of the trend, GS2, GS3, that's directionally coming off. And maybe we had quite a volatile coverage all through. Maybe earlier, it was higher. We brought it down again, we took it up to 53% then we mentioned like it should be between 53% to 55%-odd. Now again, maybe because of overlay, it's getting back to 59%-odd. So a lot of volatility out there in terms of the coverage, but now maybe should we see this remaining in this zone or could there be a further risk? Have we adequately provided for this? And that's the reason you are confident that 1.3 -1.7 is now a reasonable trajectory of credit cost after this provisioning?

Raul Rebello: Absolutely. I mean, see, the 53% to 55%, which I had given PCR was in a steady state. And you would agree that businesses have to be agile. And if we see certain things which are a departure from normal and you would agree this is not extremely normal, it is prudent for us to factor that in. And I did mention that if you take out this INR 217 crores, we would be in that 53% to 55%. Now tomorrow, when I mean in the upcoming quarters, if we believe that there is no crystallization of the headwinds, we will be happy to revisit the PCR cover. But it's not going to be just an adjustment. It will be specifically, since this has been created specific for the current geopolitical and the monsoon-related headwinds that we see. We won't be in any ways, shying away from going back and releasing that.

Kunal Shah: Sure. And one last clarification on this. So even if something pans out, okay because of this extreme situation, we will now see increase in GS3, but we will not require any provisioning against it or maybe we have classified that pool as well into GS3 at this point in time, not really?

Raul Rebello: See, these are specific provisions created for these two occasions. So it gives us the ability when and if there is no stress on this specific of these two incidents to kind of revisit the release of it.

Kunal Shah: No, not release. I'm saying even is it considered in GS3 pool in terms of the portion on which we have created this that is also the part of INR 4,570 GS3 or this is just the provisioning which is taken of INR 217 crores?

- Pradeep Agrawal:** So I'll tell you how it works. Maybe that will give us some sort of insight into this. See, this is a macro prudential overlay as I explained, it's an overall asset quality and it lies in the overall GS3 provisioning. So that's why you are looking at the PCR inching up to 58% or 59%, whatever number. Now how it works out is that when we kind of take this kind of overlay, we also articulate the quarterly revaluation of this overlay because good governance cost for this overlays to be re-evaluated on the quarterly basis. And the revaluation also is basis a certain macroeconomic variables, portfolio quality, collection efficiency basis that we need to calibrate that evaluation every quarter. And if that evaluation comes to a point where we can release the certain amount of overlay along with the GST increase, that can be a scenario.
- Kunal Shah:** Got it. Perfect. This is useful.
- Moderator:** Thank you. The next question is from the line of Abhishek M from HSBC. Please go ahead.
- Abhishek M:** Yes. Hi, Raul. Good evening and thanks for taking my question. Just one question on the fee part. So fee to assets of 1.4, now you've got a lot of things that you planned for fees and increasing that. Where do you see that settling ideally, if not a year down the line, maybe 2 years or 3 years, but what do you think is a level you would want to achieve?
- Raul Rebello:** See, I think in the medium term, this 1.4 to 1.5 is itself a reasonable number. We have covered good ground. What are the levers to further take this up? We have reconstituted our distribution channel, our branch. We have 1,400 branches, which were earlier mostly fulfilment centers. They have been re-orchestrated to become very active acquisition centers and cross-sell centers.
- So the larger, if you see what goes into that fee is basically investment income, you have dividend that comes in from the MIBL subsidiary and you have insurance income. All of this will keep growing, but as they grow, their composition might be in the same range. The only way in which we can expand the headroom is by bringing in the core distribution to fire more. So as I said, the branch channel today has been re-orchestrated well and I see good headroom for them to over-index on to take this to 1.5 - 1.6. But beyond that, in the medium term would be a little too stretched.
- Abhishek M:** Got it. And just in terms of your cost of funds, from here and I'm just talking about the cost of borrowing, not including the equity, etcetera, not all of that. Do you expect it to go up or you still have a lot of high-cost stuff maturing this year and therefore, you may still be flattish during the year?
- Raul Rebello:** Pradeep will have a more accurate view. Pradeep?

- Pradeep Agrawal:** Yes. So, looks like if you look at the overall stock of borrowings, which we carry in our books of accounts as well as the incremental kind of borrowings, we may call it like the cost of funds, which we have seen of the overall stock of borrowings in this quarter maybe towards the bottom. So because of, again, we just discussed about the March like rates were elevated. April again has some spike, but it's still elevated compared to previous quarter. So that's the kind of guidance I can give you overall.
- Abhishek M:** How much of your borrowings are maturing this year?
- Raul Rebello:** Can we get back to you on that? I don't think we have it right now handy and I'm not sure whether we have a page on that.
- Abhishek M:** Yes, it's just like next 1 year residual maturity. Okay anyway I'll take that offline. Just trying to figure out what is running off and what is the incoming cost, but we can take it offline. Anyway. Thank you and all the best.
- Raul Rebello:** INR 35,000 crores to INR 40,000 crores.
- Abhishek M:** Which would be at what weighted average cost?
- Raul Rebello:** We'll have to get back. We don't have that handy right now.
- Abhishek M:** No worries. I will connect it. All right. Thank you and all the best.
- Moderator:** Thank you. The next question is from the line of Mayur Parkeria from Wealth Managers India Private Limited.
- Mayur Parkeria:** Good evening, gentlemen and thank you for taking my question. My first question is a slightly very broad-level question. And just two background liner before I go to the question. This is coming from a very longish perspective of our, at the parent level also, we had aspirations of 18% ROE and we have met that. And the group has gone through significant transformations in terms of efficiency and growth. From that perspective, that's the background I'm just putting. And even our own company has undergone changes with respect to across management, across financials and operating. There is a lot of appreciation for that. But still, I want to make a point here and that's the question. When we look at the ROE structure, despite clocking 2.4% ROA for the quarter, we are still at 12.5% ROE. And I understand that it's partly because of rights issue, which is lying there. But even if we have to remove over the next 1 year, even if that goes out and say that the leverage becomes 5.7, we would be sub 14% or close to 14% max, which we can go there in terms of the ROE levels.
- I want to understand that does the management or do we have aspirations to move ROEs to a slightly more higher teen levels? And if so, what would be the single largest

lever for that, given that the top line, which is the NIM is a market determined factor in terms of competitiveness and challenges and you yourself are saying beyond 7% going to be slight very difficult? And even that will not move the needle. The asset quality is at its best in terms of where we are in terms of credit cost. So that is a lever, which is not going to move the needle again. The third lever is obviously the costs in between, so which you can guide. But overall, trying to understand is over the next 2 years, 3 years, do we have aspirations to move to higher teens? And if so, what will be the levers for that?

Raul Rebello:

Thanks, Mayur, for a longish, but important question. I'd invite you to just look at Page number 32 in your panel. It's a reflection of , while we are clearly not in any ways, happy to be delivering a 12.5% ROE. But if you look at where we are coming from, it's from 10% to 12.4% to 12.5%. And, of course, the rights issue would have maybe muted that a bit. I would just remind you that while the group chases an 18% ROE, we did say our first stop would be to get to 15. And if you look at the trend that I request you to look at in Page 32, we have been trending in that direction. Clearly, we are not hosting our flag and saying this is the best we can get. I've shared in the past the levers to expand ROE. And simplistically, ROE is the big lever. Now in ROE, if you tell me what are the levers, NIM is a lever, OPEX is a lever, credit cost is a lever, right? Have we structurally attempted the ROA and is ROA moving in the right direction? Again, if you go back and look at how we have, I mean, today, we have hit 2, but that's been through not any onetime gains here and there. Structurally, the NIM profile has improved 60 bps in a year is a significant improvement. OPEX has been range bound because they've been investing, but I do believe OPEX is capped out now. We'll be in the same range or maybe as operating leverage kicks in, possibly go down a little bit there.

And finally, at a credit cost level, we are at the higher end of the spectrum, right? At 1.7, we are at the higher end of the spectrum. So there could be, if things play out well, there could be even ROA expansions on that side. So is 12.5 normal for us? No. We do want to get to a 15 very soon. And the 15 will be, we are trending in the right direction. The 15, as I said, will be the ROE expansion with the levers that I just articulated.

Mayur Parkeria:

Okay, so to summarize, you mean to say that there will be 20, 20 bps across the spectrum of all the 3 levers, which are easily possible over the next 2, 3 years, which one should be looking at, right?

Raul Rebello:

So just to add over here, I think when you refer to the ROA being 2.4, I think the ROE, which is computed at 12.5%, this is the full year ROA of 2%. So that's point number one. Point number two, if you look at today, I'm trending at a leverage of 4 point -- around 5:1 maybe. And that I think endeavour is very clear that if you want to deliver

an ROE of 15% plus, then my one of the lever is very clearly I have to move to a debt equity ratio of almost 6:1. The moment I lever that much along with the 2% and 2.2% of ROA, our endeavour is clearly to deliver a 15% of return on equity. And that's the first.

Mayur Parkeria: Yeah. So actually, the leverage part itself will be a very big kicker, you mean to say, in terms of delivering the first leg of ROE of 15%?

Raul Rebello: Yes. Today, if you look at, as you look at our, we are not, we have aspiration to grow much faster compared to what we have been growing for a couple of years. And the moment you grow faster, of course you need capital and accordingly your leverage keeps on going up and that keeps helping you towards achieving the right return on equity compared to along with the ROA.

Mayur Parkeria: Okay. The second question I had was slightly near-term picture. Being an auto-focused NBFC, I understand there is diversification happening but largely, I'm saying today, it's actually at the midst of many things in terms of possibility of fuel price hike, energy cost, inflation possibly happening. And if, I'm not predicting, but just trying to say if inflation goes and there is a medium-term interest rate situation, then we are, El Nino taking effect. So our rural demand is at a risk. The rural cash flows can be at risk, collection efficiencies at risk. With all this coming in play in this 6 months' time period, possibly, are we, whatever aspiration we have in FY '27 optimistically in your opening comments, does that factor into these very large macro concerns which are expected to play out in various degrees? And I understand it's very difficult to have a crystal clear but does it factor? And do we still believe that the next year is going to be steady and we can deliver into our growth path as we go ahead?

Raul Rebello: Yes. So Mayur, again, to keep it sharp, we have to be agile to what's happening around this. We don't trade off growth for risk or margins, as I mentioned. We are across the length and breadth of the country. We can take calls very quickly. We monitor every day, every situation. I think we have to lead with being prudent also. And you would see the reflection of being prudent is what I put out in Page 16 which factors in some of the clouds which are hovering around us, right? It would be not so prudent if we didn't recognize those clouds. And the reflection of us being prudent was in creating a kind of an overlay of INR 217 crores. We are very agile, watching the situation. We all hope touchwood the monsoons are not as per what the forecasts are, if they are positive, we will clearly ramp up. If things settle faster we will clearly ramp up. There are pockets of opportunity even in this environment and that agility is very well baked into our playbook.

Moderator: Sorry to interrupt. May we request Mr. Mayur to please rejoin the queue? We have participants waiting for their turn. The next question is from the line of Shreya Shivani from Nomura. Please go ahead.

Shreya Shivani: Hi thank you for the opportunity. So my one question is going to be on the AI implementation that you spoke about. Good to hear that it's become more AI/ML in the back operations team and the collections team. Is there any pilot or any other program on the AI front being done for any other department? Also, if you can help us understand if there will be investments, OPEX investments made towards those in the coming years?

Raul Rebello: If you just look at Page Number 6 where I've tried to detail out where we are looking at AI adding to dollar value for our franchise, clearly, the low-hanging fruit was deploying it in collections and in our AI/ML models for underwriting. We are seeing good fruits of those investments right now in terms of early bucket efficiency. I have detailed 25% improvement as well as release of costs in our calls in our call centre because a lot of our calls, pre-due calls, early bucket calls are happening through 8 multilingual BOTs giving us a steep reduction in the otherwise cost that we had in collections.

The second use case, which is in the back offices from a processing, I have detailed in serial number 3. We have gone live in 20% of our business and we are seeing through our agentic, which we have called *SamurAI*, we are already seeing a very strong benefit in terms of TAT. These are quantifiable benefits here and now in the deploy of our AI toolkits. We are still in the very early stages. As you know, the whole AI for BFSI segment is much more deployable. We have swapped in the AI toolkits where we think the here and now benefits are large. But we are not shying away from making the most sustainable investments where we think the transformational elements of AI can kick in, right, in the whole re-imagination of our loan journeys in terms of looking at AI resetting some of the workflows which will result into workforce, I'm not saying workforce readjustments, but workflow to workforce kind of playbooks getting resets. All of that is part of the mix. So we have swapped in what we think are the here and now as well as long-term factoring of the AI toolkits.

Shreya Shivani: So fair to say that the OPEX investment will continue, right? And at least, I mean, maybe not very quantifiable right now, but we should account for this in the years to come?

Raul Rebello: Yes, yes. Some of it is capex, some of it is OPEX.

Shreya Shivani: Right that's useful. Thank you and all the best.

- Moderator:** The next question is from the line of Raghav from Ambit Capital. Please go ahead.
- Raghav:** Hi thanks for the opportunity I just have one question. So as per your FY '25 Annual Report, you waived fee income from life insurance sales of about INR 150 crores out of the total fee income of INR 510 crores. What is that like-to-like figure for this year, FY '26? So what is the fee income from life insurance sales this year, which was INR 150 crores last year?
- Raul Rebello:** I don't think we have disclosed specifically because our fee income is a combination of three to four elements. There is insurance across motor insurance, life insurance, health insurance. In that fee income, we have investment income, we have dividend income. I'm not sure whether.
- Raghav:** So, in FY '25 Annual Report that number is disclosed that income from commission services on life insurance is about INR 150 crores. I just wanted a like-for-like figure for this year.
- Raul Rebello:** Yes, fair to say if most of our fee income has doubled, this possibly would have doubled also.
- Raghav:** Okay. So about INR 300 crores?
- Raul Rebello:** Yes. I can get back to you, Raghav, in specific. But as I said, our overall fee income through has doubled. So in most parameters, this would have doubled because the corporate agency license came in late last year, and hence, we've seen a good clip for this year. Fair to say it will normalize. You won't see this kind of 2x growth in the coming year.
- Raghav:** Understood. And see, there's been some chatter around the insurance regulator cutting down on first-year commissions. What kind of risk would that post year fee income if that were to happen?
- Raul Rebello:** See, we got a corporate agency only last year, right, in the later half. So, whatever we do in terms of insurance is fully consented. We don't sell any hybrid products. We sell all protection, good for customer products. They see it in the way in which our claim payouts are very high. It saves many of our new-to-credit customers getting into family bankruptcy. So, we are clearly not canvassing any product or our products are really, products which the insurance company. I mean, the regulator would love us to sell. I don't see us in terms of our, the kind of clip growth, which we saw from last year may, not be matchable because the corporate agency came in last year. But sustaining in this growing in the same clip as our loan book growth in the teen growth seems like a very reasonable delivery.

- Raghav:** Can you give me the total new business premium sold under life for last year and this year, if that's something that you can share?
- Raul Rebello:** Not off the hand, I might have to kind of connect or you can connect offline to see if we can bring that out.
- Raghav:** No problem. And I have one more question. Can I ask?
- Moderator:** Sorry to interrupt you, Mr. Raghav. We request you to please rejoin the queue. Thank you. The next question is from the line of Meghna Luthra from InCred Equities. Please go ahead.
- Meghna Luthra:** Thank you for the opportunity, sir, I just had one quick question. Is there any particular geography that you are seeing is behaving differently, say, in April or March?
- Raul Rebello:** So, what we usually see for a business like ours is any state or geography which gets into elections has temporary disruptions, which is not an outlier. This has been the template that any kind of lender would see, especially if you're lending to not the primmest of prime customers, there are temporary disruptions. So fair to say with the Tamil Nadu and West Bengal and Assam, we did see that and we do categorize that as temporary disruptions and not structural shifts in collection efficiency. Having said that, the West East crisis has created a little bit of remittance problem in some states. So, wherever geographies like Kerala, etcetera, depend a lot on remittance-based income. There could be some temporary stress there, but we do have ways of overmanaging some of that through collection and more intense engagement with customers in overcoming some of that. So that's long story short in terms of where disruptions have impact, but I'm not calling out any serious red flags as we see it from now.
- Meghna Luthra:** Got it, that's it for now.
- Moderator:** Thank you, Next question is from the line of Ashish Agarwal from Renaissance Investment Managers. Please go ahead.
- Ashish Agarwal:** Yeah hi, thank you sir for giving me the opportunity. Now coming back to growth again, like we have and we mentioned in our parent's investor deck released in November '25 parent aspirations as well that growth is expected at 18% to 20% in medium term. So, are we towards that trajectory? I know you have mentioned that this year, we will it would be a function of risk as well. But are we on that trajectory? Or how do you see that growth in the medium term?
- Raul Rebello:** Yes. No, thank you, and the reference was important just to get every piece of understanding right. We said growth in the decade at 18% to 20%, that means from '21

to '31 we were citing that period, which means for the next 5 years, we are baked in a 16% to 18% growth. Do we hold to that 16% to 18% growth CAGR for the next 4 to 5 years? Yes. What are the levers to get to that growth? The wheels business will grow at close to market trends. The bigger growth will come in from 2 - 3 categories which are more relatively new. So, we don't look at 20-30% growth there. We look at 30% to 40% growth there in the SME business, the mortgage business, some of the new businesses in leasing and sweating out cross-sell in PL for our existing customers. So, the long answer short is, yes 16% to 18% is the CAGR growth for the medium term.

Ashish Agarwal: Okay. Thank you, sir, that was helpful.

Moderator: Thank you, the next question is from the line of Vinod Rajamani from Nirmal Bang. Please go ahead.

Vinod Rajamani: Yes sir, thank you taking my question. I apologize, I joined slightly late. So just on this management overlay so your Q4 collection efficiency is quite strong at around 98%. Yet you've taken this additional management overlay this quarter. So, any specific localized stress that you, that sort of prompted you to take this management overlay, especially when collections are doing well? That's the question I have.

Raul Rebello: Yes. Vinod, I think you missed our opening commentary. The management overlay has nothing to do with what happened in FY '26. We just spelled out and for your benefit, I'll repeat it. The management overlay is more keeping in mind the current headwinds, which you are very aware of, which is the West Asia Crisis, some of the monsoon related guidance's given by the two meteorological departments. Our April collection numbers also are pretty much in the clip that we want it to be. This is more prudence-based overlay created, more from an overall FY27 headwinds that we see right now. If those headwinds pass us and are not headwinds, we don't mind specifically releasing those provisions back. But this has nothing to do with the collection efficiency or FY26 in total.

Vinod Rajamani: Yeah, understood thanks so much. That is the only thing.

Moderator: Thank you, Ladies and gentlemen, that was the last question for today. With that, I now hand the conference over to management for closing comments.

Raul Rebello: Thank you, nothing much to add in closing comments. I'll just repeat what I said at the start. It's good to close the year on a positive note. Q4 was extremely, I would say, robust in terms of serious profitability uptick, which we have seen through margin accretion and through very strong credit cost and asset quality progress. I also want to call out a very hearty climb back to some of the growth which we didn't see in the first half of the year. We were able to use the tailwinds of growth, especially in the wheels

business and overall has ended in FY '26 in reflection, which has been which was, in my view, a very strong year of climb back. So as part of the enthused management, it's for us a good year '26, which gives us a lot of courage going into '27 to continue momentum, at the same time being calibrated with certain headwinds, but the franchise is well set for sustainable growth over the long period. Thank you.

Moderator:

Thank you. Ladies and gentlemen, on behalf of Mahindra & Mahindra Financial Services Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.

Note: Minor refinements made to this transcript in case contents not captured accurately and/ or for correct representation of the deliberations.