



FIN 2RESEARCH

SHUBH SAMAY NIVESH

RATING

Business	★★★★★
Management	★★★★★
Valuation	★★★★★
Financial	★★★

Ranking 1 to 5, denoting lowest and 5 highest


FIN2RESEARCH
Investment Advisor Pvt. Ltd.

MAHINDRA FINANCE
mahindra FINANCE

DATE: 03-10-2024

BUY RANGE: @ 325-320

TARGET : @ 360

RATING : BUY

Research Report

Stock Info	Amount
Mkt Cap(cr)	40,074.00
52-weeks high	343.00
52-weeks low	237.00
No. of eq shares(cr)	123.45
Face Value	2.00
Bse Code	532720
Nse Code	M&MFN
Free Float Mcap(cr)	19096.00

Source : BSE,NSE

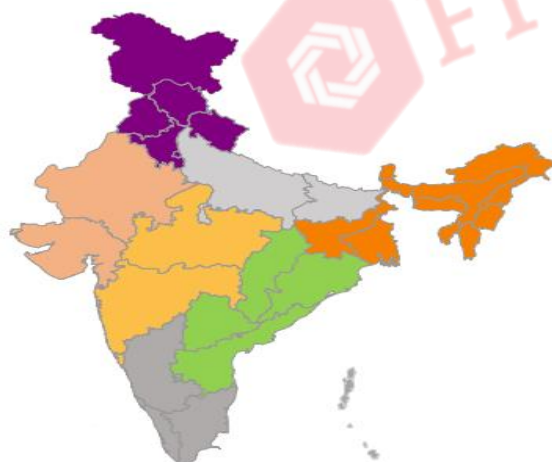
Particulars	ShareHolding
Promoter Holding	52.16%
DII's Holding	37.67%
FII's Holding	10.09%
ESOP Trust	0.09%
Total	100.00%

Source : Company ppt

(In cr)

Particulars	FY2023	FY2024
Loan Assets (CR)	86456	106344
Total Income (CR)	12832	15970
Profit After Tax (CR)	2 071	1 943
Networth (CR)	18560	1 9933
Gearin	4.39 x	4.93 x
CRAR(%)	22.50	18.86
GNPA(%)	4.49	3.40
NNPA (%)	1.87	1.28

Source : Company Report

**About :**

Mahindra & Mahindra Financial Services Limited (MMFSL) is a systemically important deposit-taking NBFC registered with the RBI. A subsidiary of Mahindra and Mahindra Limited, MMFSL focuses on rural and semi-urban financing, primarily serving the automotive, tractor, and SME segments. As of 31st March 2024, M&M held a 52.16% stake in MMFSL. The company operates from its corporate office in Mumbai and has a nationwide presence with 1,402 offices across 27 states and 7 union territories. Listed on the NSE and BSE, MMFSL also has subsidiaries in insurance broking, rural housing finance, and asset management.

Key Highlights :**Financial Update of fy 2024**

- The company witnessed a notable growth in its total income, increasing by 24.45% to ₹15,970.32 crore for FY2024, as compared to ₹12,832.40 crore in FY2023. However, the Profit Before Tax (PBT) saw a decline of 7.69%, amounting to ₹2,588.18 crore for FY2024, down from ₹2,803.76 crore in the previous year. Similarly, Profit After Tax (PAT), net of non-controlling interest, decreased by 11.32% to ₹1,759.62 crore, compared to ₹1,984.32 crore in FY2023.
- The company's Assets Under Management (AUM) stood at ₹1,02,596.77 crore as of 31st March 2024, reflecting a significant increase from ₹82,769.87 crore as of 31st March 2023. A focused collection strategy, combined with favorable macroeconomic conditions, contributed to an improvement in the Gross Stage 3 loan assets, which decreased to ₹3,490.90 crore as of 31st March 2024, from ₹3,717.10 crore in the previous year. Consequently, the Gross Stage 3 percentage to Business Assets improved, declining from 4.49% to 3.40%.
- The Profit After Tax (PAT) including non-controlling interest decreased by 6.74% to ₹1,932.69 crore for FY2024, compared to ₹2,072.40 crore in FY2023.

Q1 FY25 Financial Update:

- PAT Growth: Profit After Tax (PAT) grew by 45% year-on-year, reaching ₹513 crore, driven by a 23% AUM growth and a 20% rise in income.
- Disbursements: Disbursements grew moderately by 5% YoY to ₹12,741 crore, impacted by election disruptions, heat waves, and flooding in key regions.
- Asset Quality: GS3 assets increased slightly to 3.56% from 3.4% in Q4 FY24, while GS2 saw a rise from 5% to 6.1%. These movements are attributed to specific customer and product segments, with expectations for improvement.
- Corporate Agency License: The company received IRDAI approval, with six tie-ups already live, boosting fee-based income prospects.
- Cost of Funds & NIMs: Elevated cost of funds affected net interest margins (NIMs), but efforts are underway for cost moderation.
- Credit Costs: Credit costs showed improvement, with lower write-offs and provisions leading to better overall performance, at 1.5% versus 2.1% last year.
- Coverage Ratio: Decreased to 59%, reflecting improvements in collections and LGDs (Loss Given Defaults).

Key Risks:**Business Risks:**

- **Operational Challenges:** Disruptions in operations, especially in rural and semi-urban markets, could impact loan disbursements and collection efficiency.

Market Risks:

- **Interest Rate Fluctuations:** Changes in interest rates could affect borrowing costs, impacting profitability and margins.
- **Economic Slowdowns:** A downturn in the economy may lead to lower demand for vehicle financing and increased defaults.


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RATING SCALE: DEFINITION OF RATINGS

- BUY – We expect the stock to deliver more than 10%-20% returns over the next 9 months.
- ACCUMULATE – We expect the stock to deliver 5% - 12% returns over the next 9 months.
- REDUCE – We expect the stock to deliver 0% - 5% returns over the next 9 months.
- SELL – We expect the stock to deliver negative returns over the next 9 months.
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Fin2Research Investment Advisor Pvt Ltd (FIA)

CIN: U70200DL2023PTC413207IA

Registration No: INA000018425

Registered Office: Plot No A 2nd Floor, Street New Bungalow Road, Malka Ganj, Delhi North Delhi, 110007 Delhi

Phone no: 9711885801

 Email id: customer-care@fin2research.com

 Website: www.fin2research.com

 For Research Query- researchdesk@fin2research.com