

Summary:

Partnering Rural Resurgence

MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED**Recommendation: Buy****CMP: Rs. 204/-****TARGET: Rs. 250/-****SENSEX: 36594****NIFTY: 10768****KEY STOCK STATISTICS:**

Market Capitalization (crs): 12460/-

Book Value: Rs. 193.75/-

Face Value: Rs. 2/-

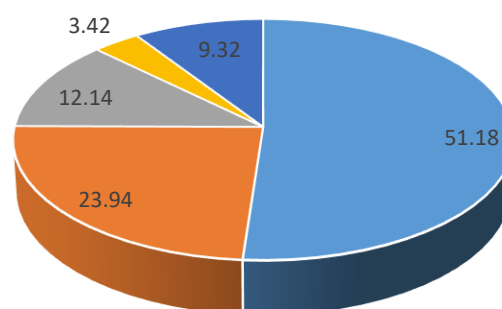
52 week High/Low: 403/125

P/E Ratio: 11.59

Industry P/E:28.45

Company Background:

- ✓ MMFSL is one of leading Non-banking Finance Companies (NBFCs) with customers primarily in the rural and semi urban markets of India.
- ✓ MMFSL benefits from its close relationships with dealers & its longstanding relationships with original Equipment Manufacturers (OEMs) which allow it to provide on -site financing at dealerships.
- ✓ MMFSL is primarily engaged in providing financing for new and Pre-owned Auto and utility vehicles, Tractors, cars and commercial vehicles.
- ✓ It also provide housing finance, personal loans, financing to small and medium enterprises, insurance broking and mutual fund distribution services.
- ✓ In addition, among other services, MMFSL offers wholesale inventory financing to dealers and retail financing to customers in the USA for the purchase of tractor products through Mahindra finance USA LLC its joint venture with a subsidiary of the Rabo bank group.

SHAREHOLDING PATTERN

■ Promoter ■ FIIs ■ MFs ■ DII ■ Public

Source: Company, KFO Research

RETURNS (%):

	3 MONTHS	6 MONTHS	12 MONTHS
SENSEX	-2.50	4.55	6.67
MMFSL	-11.02	-17.80	-19.07

Source: Company, KFO Research

Analyst:

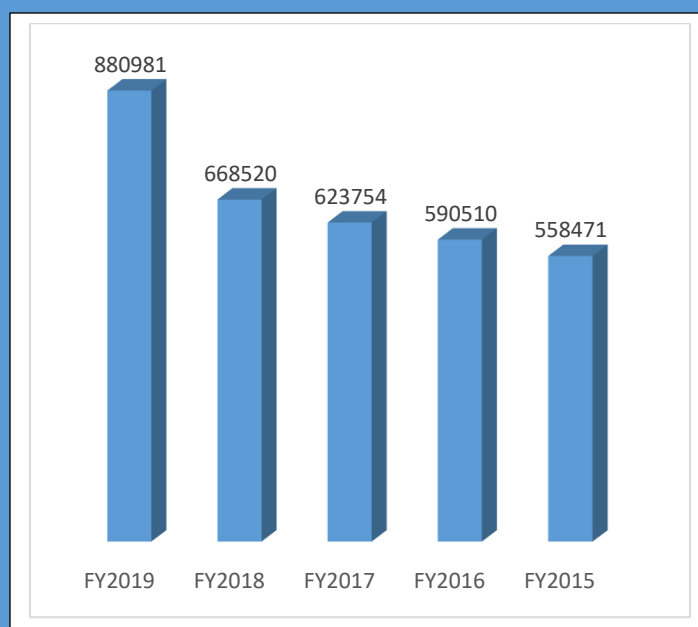
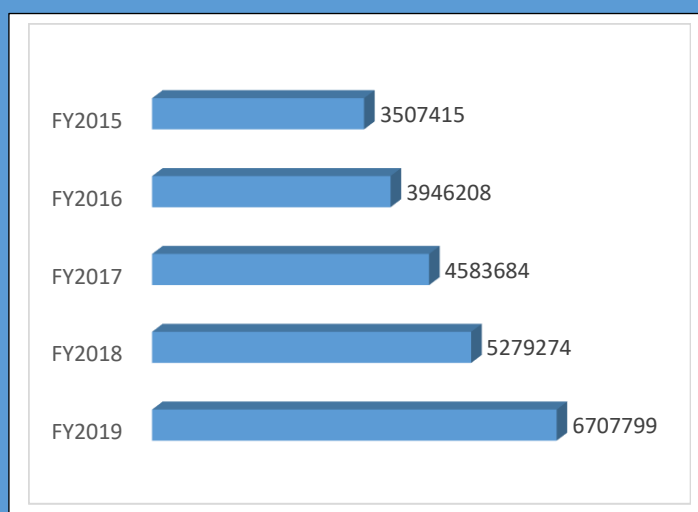
Nilesh Soman

research@thekeynotes.in

SEBI NO:: INH000005485

Business Model:

- ✓ The Financial capital to drive company's business includes strong parent support and a credible reputation among investors.
- ✓ Our people represent our strongest competitive advantage. The focus is on attracting, nurturing and inspiring teams to apply their expertise to serve our diverse clients within the boundaries of our risk appetite and compliance requirements.
- ✓ We foster enduring relationships with our clients, capital providers, regulators and other stakeholders to remain commercially and socially relevant. These relationships underpin our legitimacy as an organization, our reputation and the trust that stakeholders have responded in us forming the basis on which we compete and win.
- ✓ Solutions to meet clients evolving requirements like loans, investments and insurance broking.
- ✓ Continue to invest in technology and digitalization to empower people and improve processes and products.
- ✓ Enhanced brand visibility
- ✓ We will also continue to deliver value to our customers through both physical and digital touch points.
- ✓ Our customer centricity has enabled the Mahindra finance brand to emerge as a symbol of continued trust.
- ✓ We have been able to deepen and widen our penetration across market segments of the social pyramid.

BUSINESS MIX IN FY 2018-19**INCOME (Rs. In Lakhs)****ASSETS (Rs. In Lakhs)**

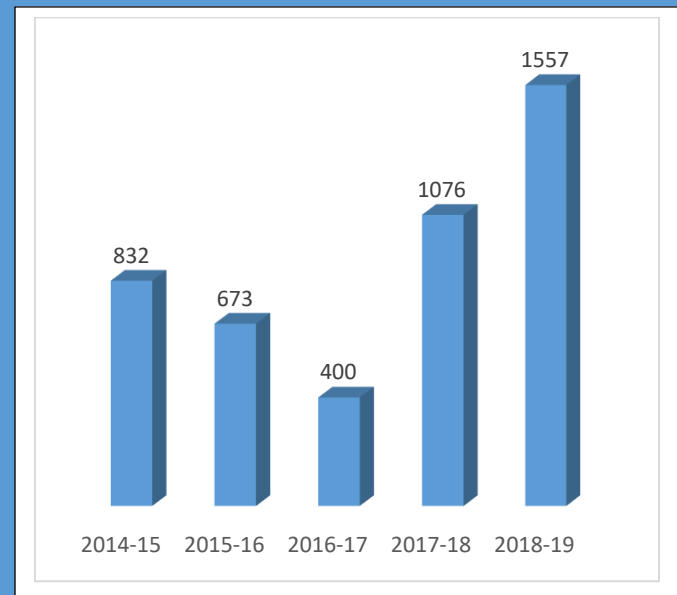
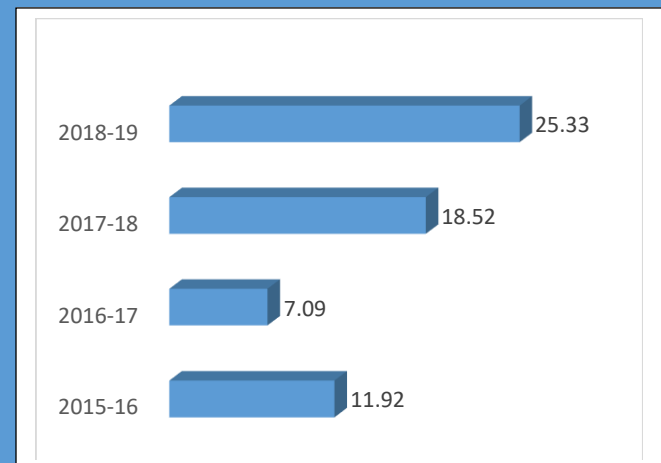
Source: Company, KFO Research

KEY STRENGTHS

- ✓ Accelerating access to financial solutions for semi-urban and rural India.
- ✓ Semi-urban and rural India is gradually emerging as India's next consumption and economic powerhouse as infrastructure creation and inclusive growth continue to bring millions of the people to the economic mainstream.
- ✓ The penetration of financial services in rural India has increased significantly. There are a collective set of mandates, which has been initiated by the government to accelerate financial inclusion across India.
- ✓ Financial inclusion continues to facilitate rural India's socio-economic development.
- ✓ With better rural infrastructure and opportunity, we expect a surge in automotive and housing demand over the medium and long term.
- ✓ Our multiple businesses are a logical extension of being a facilitator of rural transformation in more ways than one.
- ✓ Transparency and simplicity of our business model differentiates us in a hyper competitive and challenging operating scenario.
- ✓ We have always welcomed the industry's stringent regulatory changes.

VALUATIONS:

- ✓ On the basis of Discount Cash Flow Valuation Method, we are recommending 'Buy' for the stock. Since the stock offers good opportunity, we initiate a '**BUY**' signal on the stock with 12-month price target of **Rs 250/-** share an upside of 23% from current levels.

PROFIT AFTER TAX (IN CRORES)**EARNING PER SHARE**

Source: Company, KFO Research.

Disclaimer:

This document is not for public distribution and has been furnished to you solely for your information and must not be reproduced or redistributed to any other person. Persons into whose possession this document may come are required to observe these restrictions.

This material is for the personal information of the authorized recipient and we are not soliciting any action based upon it. This report is not to be construed as an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. It is for the general information of clients of Keynotes Financial Opiniery (KFO). It does not constitute a personal recommendation or take into account the particular investment objective, financial situations or needs of individual clients.

Analyst Certification:

The view expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues and no part of the compensation of the research analyst(s) was, is or will directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report. The research analysts, strategists or research associates principally responsible for preparation of KFO research receive compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors and firm revenues.