

# Non-convertible debenture

## 20th March, 2018

Issue Details	
Issue Price (Rs)	1000
Face Value(Rs)	1000
Issue Opens	10-July-17
Issue Closes	28-July-17
Issue Size(Rs)	250 Cr with an option to retain subscription up to Rs 1750cr aggregating up to Rs 2000cr
Allotment	First Come First Serve basis
Minimum application	10 NCDs (Rs.10000) & in multiple
there after	there after
Listing	BSE
Issuance and trading	In physical and Demat form
Rating	IND AAA/ Outlook stable by India ratings & Research private Ltd and "BWR AAA" Outlook: Stable by Brickwork

Other Details	
Lead Manager	Edelweiss Broking Limited
Registrar	Karvy Computershare Private Limited

Category	Allocation
QIB	I
Corporate	II
HNI	III
Retail	IV

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## Mahindra & Mahindra Financial Services Limited

(Unsecured Subordinated Redeemable Non-Convertible Debenture)

### Company Background:

Mahindra & Mahindra Financial Services Limited (MMFSL) is one of India's leading non-banking finance companies ("NBFCs having customers, primarily in the rural and semi-urban markets of India). MMFSL is part of the Mahindra group, which is one of the largest business conglomerates in India. It is primarily engaged in providing finance for new and pre-owned auto and utility vehicles, tractors, cars, and commercial vehicles. Moreover, MMFS provides housing finance, personal loans, financing to small and medium enterprises, insurance broking, and mutual fund distribution services. Further, the company provides wholesale inventory financing to dealers and retail financing to customers in the US for purchase of Mahindra group products through Mahindra Finance USA LLC, a joint venture with a subsidiary of the Rabobank group.

MMFSL was incorporated in 1991 and commenced operations as a finance company in 1993. The company was registered as a deposit-taking NBFC in 1998. It caters to the financing needs of retail customers and small and medium-sized enterprises.

### Rationale:

- India Ratings has assigned AAA(ind)/Stable, CARE Ratings has assigned AAA/Stable, Brickwork has assigned AAA/Stable, and CRISIL has assigned AA+/Stable rating to the MMFSL's long-term and subordinated debt.
- MMFSL is a leader in financing the Mahindra range of vehicles and tractors. The company finances vehicles of other OEMs with a diversified product portfolio, which includes utility vehicles, cars, commercial vehicles, and construction equipment.
- MMFSL has an extensive branch network with presence in 27 states and 4 union territories through 1182 offices.
- During FY17, the company's revenue grew at 8% to Rs. 7201cr but profitability remained under pressure due to rise in provision. Poor monsoon during FY15-16 and the demonetization impact led to rural stress in FY17. This has led to rise in provisioning by 27% during FY17.
- Monsoon so far has been strong and with the IMD forecasting consecutive normal monsoons for the current year (2017), it will ensure good harvest, which will lead to multiple positive implications on the rural sector such as increasing farm income, improving agri-equipment demand such as tractors.
- We believe this will augur well for strong rural focus companies such as MMFSL, which derives maximum revenue from the rural market.

### Issue Break up:

Category	Allocation	Issue Size (Rs Cr)	
		Base Issue	Self Limit
QIB	20%	50	400
Corporate	10%	25	200
HNI	35%	87.5	700
Individual	35%	87.5	700
Total	100%	250	2000

## Effective yield (P.A.)

Series	I	II	III
Tenor	7 yrs	10 yrs	15 yrs
Frequent of Interest Payment	Annual	Annual	Annual
Category I & Category II	7.76	7.91	7.95
Category III & Category IV	7.86	8.01	8.05

# Asit C. Mehta

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