

MMFS is one of India's leading NBFCs with gross loan book of Rs 1.15 lakh crore with network of 1,370 branches. The company finances various segments, including tractors (11%), commercial vehicles and construction equipment (22%), PV and UV (41%), pre-owned vehicles (12%), SME (5%) and Others (9%). MMFS continues to expand into new categories beyond vehicles, focusing on SME lending, leasing, insurance, payments, mortgages & cross-selling. As a result, there is an improvement in the NIM, which, over the mid to long-term, is expected to benefit in the form of asset diversification and fee income.

The company has secured an exclusive lending partnership with M&M for its electric vehicle portfolio. Additionally, they have partnered with RBL Bank for credit card services and tied up with IDFC Bank for Fast Tag services.

With the RBI entering a rate cut cycle, the NBFC sector is expected to benefit in FY26. Thus we expect MMFS' NIM to expand to the management's long term target of 7.0% in FY26 itself (from 6.7% in FY25E).

With a revival in rural demand, we expect MMFS to witness a positive trend across all its products especially the tractor and UV segments.

Management has guided for mid to high- teen loan growth in FY26.

We expect loans/PAT to grow by 15/24% CAGR over FY25-27E. ROA/ROE is expected to improve from 2.0%/12.3% in FY25E to 2.3%/15.8% in FY27E on the back of expansion in NIM and moderation in opex. We value MMFS at 2.0x (10 year average) FY26E P/BV and arrive at target price of Rs 370. *Figures in Rs Cr*

Year	NII	Growth	PAT	Growth	EPS	PE (x)	BVPS (Rs)	P/ABV (x)	RoA	RoE
FY24	6,682	9%	1,760	-11%	14.3	20.3	155	1.9	1.7%	9.9%
FY25E	7,509	12%	2,458	40%	19.9	14.6	168	1.7	2.0%	12.3%
FY26E	9,031	20%	3,025	23%	24.5	11.8	185	1.6	2.1%	13.9%
FY27E	10,467	16%	3,804	26%	30.8	9.4	206	1.4	2.3%	15.8%

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