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# Mahindra & Mahindra Finance to raise up to Rs 1,000 crore via first retail bonds

By [Saikat Das](#), ET Bureau | Updated: May 20, 2016, 06.21 PM IST

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MUMBAI: [Mahindra and Mahindra Finance](#), the non-banking finance arm of the [Mahindra](#) group, is raising up to Rs 1,000 crore via retail bond sale, for the first time, as it aims to expand its retail franchise.

Amid falling interest rates those securities will effectively help you earn as much as 9 per cent yearly with 10 year maturity, three [people](#) with the direct knowledge of the matter told [ET](#).

For other maturities including five and half-year as well as seven-year, retail and wealthy investors could pocket interest income to the tune of 8.71-8.80 per cent with maturities.

The issue will open for subscription on next Wednesday, but will close on June 10. An oversubscription could prompt the company to close the sales window early. Subscription will be on first-come and first-served basis.

"For the first time, M&M [Financial Services](#) is offering a retail public issue of bond," said Ajay Manglunia, executive VP (fixed income) at [Edelweiss Financial](#). "In a soft interest rate regime, retail investors can bet on these [bonds](#) earning them more than 7 per cent post tax yields."

"People with surplus funds and looking for safety, should look at this," he said.

Retail investors can invest up to Rs 5 lakh while the category is capped at 30 per cent or Rs 300 crore of the total issue size.

High networth individuals, who cannot invest less than the retail upper limit, will form another 30 per cent of the bond-sale. Qualified institutional investors and companies will fill up the rest with 20 per cent each.

Non-individual investors will earn interest rates about 20 basis points less than others. Frequency of interest payment will both quarterly and annually. Rating companies Care and [India Ratings](#) have graded the bond sale as AAA, the top rank. Issuers can both invest in physical and demat forms. Edelweiss Financial, SBI Cap, Isec securities are some of the investment bankers.

In the past one month, Mahindra Financial shares soared more than 9 per cent versus 1.7 per cent fall in the broader index [Sensex](#) during the same period.

Religare securities has upgraded M&M Fin stock giving a 'buy' call from 'hold'. The brokerage has set a price target at Rs 320 by March next year.

During the Jan-March period, the company reported an 11 per cent year-on-year rise in its standalone net profit at Rs 333.4 crore. But, a dip in bad loans has actually triggered investor exuberance.

It reported an 18 per cent quarter-on-quarter decline in gross non-performing assets, which reduced the gross NPA ratio by 210 basis points to 8 per cent.

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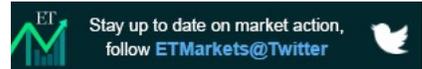
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