

# Mahindra & Mahindra

Estimate change



TP change



Rating change



Motilal Oswal values your support in the Asiamoney Brokers Poll 2020 for India Research, Sales and Trading team. We request your ballot.



Bloomberg	MM IN
Equity Shares (m)	1,209
M.Cap.(INRb)/(USD\$)	632.4 / 7.8
52-Week Range (INR)	675 / 246
1, 6, 12 Rel. Per (%)	22/16/-5
12M Avg Val (INR M)	2273

## Financials & Valuations (INR b)

Y/E March	FY20	FY21E	FY22E
Sales	455	415	481
EBITDA	58.0	48.2	63.5
Adj. PAT (incl MVML)	35.8	28.1	38.3
Adj. EPS (incl MVML)	30.0	23.5	32.1
EPS Gr. (%)	-30.3	-21.6	36.5
BV/Sh. (INR)	289	304	325

## Ratios

RoE (%)	6.4	7.2	9.3
RoCE (%)	5.9	6.7	8.6
Payout (%)	24	27	30

## Valuations

P/E (x)	17.0	21.6	15.8
P/BV (x)	1.8	1.7	1.6
Div. Yield (%)	0.5	1.0	1.5
FCF Yield (incl MVML)	0.3	4.0	7.2

## Shareholding pattern (%)

As On	Mar-20	Dec-19	Mar-19
Promoter	18.9	18.9	20.4
DII	26.9	23.2	22.5
FII	41.3	41.4	39.2
Others	12.9	16.6	17.9

FII Includes depository receipts

**CMP: INR509**
**TP: INR585 (+15%)**
**Buy**
**Above est.; 25% beat on EBITDA; focus on capital allocation**

- Mahindra & Mahindra (MM)'s 4QFY20 performance beat was led by a better mix and lower RM cost. While MM's core business would recover faster, the focus on tightening capital allocation could act as a rerating catalyst.
- We upgrade FY21/FY22E EPS by 8%/2% to reflect an improving mix. An improving core business and possible course correction on capital allocation would drive stock performance as valuations are still cheap. **Buy**, with TP of ~INR585.

## Strong operating performance; High tax, one-offs distort PAT

- MM (incl. MVML)'s revenue / EBITDA / adj. PAT declined by 5%/34%/69% in 4QFY20 and 15%/15%/30.3% in FY20.
- Net realizations grew 1.3% YoY (+6.2% QoQ) to INR593.5k (est.: INR567.5k).
- Gross margins improved ~400bp YoY (+300bp QoQ) to 35.7% (est.: 32.6%), driven by lower commodity prices and a favorable mix.
- EBITDA margins came in flat YoY (-120bp QoQ) at 13.6% (est.: ~11.4%). EBITDA margins were driven by a better mix (higher Tractors contribution at 34% of sales v/s 23% in 4QFY19) and lower employee cost, the benefit of which was diluted by higher other expenses.
- EBIT margins for Tractors improved 140bp YoY to 17.6% (-180bp QoQ), while it declined 470bp YoY (-320bp QoQ) to ~4.1% for Auto.
- Higher other income boosted recurring PBT to ~INR8.9b (est.: ~INR6b), implying decline of 41% YoY (-36% QoQ). Adj. PAT at ~INR3.23b (est.: ~INR4.1b) declined 69% YoY (-67% QoQ), impacted by higher tax. It provided for impairment of investments at ~INR35.8b due to the potential impact of COVID-19.

## Highlights from management commentary

- **Path to create value:** Dr Shah (designated CEO) has laid out a path to create value through: a) tough actions on loss-making subs, b) tightening capital norms, c) differentiating core SUV positioning, and d) realizing the potential of nine businesses identified as billion-dollar candidates.
- **Tightening of capital allocation:** Dr Shah has laid out a clear game plan for capital allocation for the past and future. For loss-making subsidiaries, excl. businesses of strategic importance, it would exit businesses (explore partnership or shutdown) where there is no clear path to profitability.
- **Status of operations:** The Tractors business is nearing normalcy, with over 90% of dealers operational, 85% plant utilization, and good demand on the ground. On the other hand, the Auto business has 80% of dealers operational and capacity utilization is at ~30% currently.
- Since operations resumed, demand for Tractors has been good thus far in the business season. It is seeing an upside on the rural side as there are many enablers for the rural economy.

Jinesh Gandhi – Research Analyst (Jinesh@MotilalOswal.com); +91 22 6129 1524

Vipul Agrawal – Research Analyst (Vipul.Agrawal@MotilalOswal.com) +91 22 7193 4322

Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&amp;P Capital.

- The Auto business outlook is unclear, and the company would wait until Jul'20 to give an outlook. However, given very low dealer inventory, it would fill up its inventory as production ramps up.
- **Capex:** The company sees scope to reduce FY21 planned capex by only 15% due to the on-going product development cycle. However, the FY22–24 cycle would see significant reduction in capex to INR90b over three years v/s INR120b earlier.

### Valuation and view

- Despite MM's recent outperformance, valuations are still at a substantial discount to its five-year average (which captures both pain points of deterioration in the UV market share and the subsidiaries' performances).
- Implied Core P/E for MM is ~16x/11.7x FY21/FY22E Core EPS and 1.3x/1.2x Core P/BV; this implies a ~26% discount to the five-year average P/E and ~38% discount to the five-year average P/B. Maintain Buy.

### Quarterly Performance (MM + MVML)

(INR m)

Y/E March	FY19				FY20				FY19	FY20	FY20
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE
<b>Total Volumes (nos)</b>	240,884	228,590	234,001	235,557	218,039	191,390	216,816	151,713	939,032	777,958	151,713
Growth YoY (%)	19.1	3.7	10.9	-2.2	-9.5	-16.3	-7.3	-35.6	8.1	-17.2	-35.6
<b>Net Realization</b>	554,527	559,524	550,959	586,180	587,302	571,349	559,012	593,536	562,795	576,833	567,540
Growth YoY (%)	3.1	2.6	1.2	5.7	5.9	2.1	1.5	1.3	2.8	2.5	-3.2
<b>Net Op. Income</b>	<b>133,577</b>	<b>127,902</b>	<b>128,925</b>	<b>138,079</b>	<b>128,055</b>	<b>109,351</b>	<b>121,203</b>	<b>90,047</b>	<b>528,482</b>	<b>448,751</b>	<b>86,103</b>
Growth YoY (%)	22.8	6.4	12.2	3.4	-4.1	-14.5	-6.0	-34.8	11.1	-15.1	-37.6
RM Cost (% of sales)	67.4	67.6	69.2	68.3	67.9	66.0	67.3	64.3	68.1	66.7	67.4
Staff (% of sales)	6.3	6.5	6.6	5.5	6.8	7.4	6.8	7.9	6.2	7.1	8.6
Oth. Exp. (% of Sales)	10.5	11.4	11.0	12.7	11.3	12.4	11.1	14.2	11.4	12.0	12.6
<b>EBITDA</b>	<b>21,101</b>	<b>18,493</b>	<b>17,029</b>	<b>18,678</b>	<b>17,936</b>	<b>15,408</b>	<b>17,888</b>	<b>12,275</b>	<b>75,301</b>	<b>63,839</b>	<b>9,847</b>
EBITDA Margins (%)	15.8	14.5	13.2	13.5	14.0	14.1	14.8	13.6	14.2	14.2	11.4
Interest	1,930	8,478	3,423	2,473	1,919	8,225	2,092	3,155	16,303	15,678	2,497
Depreciation	431	379	353	304	302	331	254	359	1,467	1,252	350
<b>EBIT</b>	<b>4,295</b>	<b>4,986</b>	<b>5,054</b>	<b>5,696</b>	<b>5,839</b>	<b>5,721</b>	<b>5,900</b>	<b>6,172</b>	<b>20,030</b>	<b>23,676</b>	<b>6,038</b>
EO Income/(Exp)	245	1,375	3,150	-1,047	13,671	0	-6,006	-35,776	3,723	-28,112	0
<b>PBT after EO</b>	<b>18,550</b>	<b>22,981</b>	<b>18,195</b>	<b>14,103</b>	<b>27,384</b>	<b>17,582</b>	<b>7,821</b>	<b>-26,877</b>	<b>73,829</b>	<b>26,477</b>	<b>5,957</b>
Effective Tax Rate (%)	32.2	22.6	23.3	31.3	17.5	22.9	51.4	-21.1	26.8	70.6	31.1
<b>Reported PAT</b>	<b>12,572</b>	<b>17,788</b>	<b>13,960</b>	<b>9,692</b>	<b>22,597</b>	<b>13,548</b>	<b>3,802</b>	<b>-32,550</b>	<b>54,012</b>	<b>7,793</b>	<b>4,104</b>
<b>Adj PAT</b>	<b>12,393</b>	<b>16,782</b>	<b>11,655</b>	<b>10,459</b>	<b>9,180</b>	<b>13,548</b>	<b>9,810</b>	<b>3,230</b>	<b>51,288</b>	<b>35,770</b>	<b>4,104</b>
Change (%)	64.9	19.1	12.5	-15.6	-25.9	-19.3	-15.8	-69.1	18.7	-30.3	-60.8

Segmental (MM + MVML)	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	FY19	FY20E	3QFY20
<b>Realizations (INR '000/ unit)</b>											
Auto	573	561	552	585	606	576	561	596	569	584	569
Farm Equipment	497	516	511	527	507	506	507	525	511	510	508
<b>Blended</b>	<b>555</b>	<b>560</b>	<b>551</b>	<b>586</b>	<b>587</b>	<b>571</b>	<b>559</b>	<b>594</b>	<b>563</b>	<b>577</b>	<b>568</b>
<b>Seg. PBIT Margins (%)</b>											
Auto - PBIT Margins (%)	9.4	7.9	5.8	8.8	6.5	5.8	7.3	4.1	8.0	6.1	2.0
FES - PBIT Margins (%)	20.9	20.2	19.2	16.2	19.3	19.3	19.4	17.6	19.3	19.0	16.5
Others	3.3	3.9	3.2	1.6	5.5	3.8	3.5	2.0	2.9	3.7	-6
<b>Total</b>	<b>13.5</b>	<b>11.6</b>	<b>10.5</b>	<b>10.3</b>	<b>10.8</b>	<b>10.1</b>	<b>11.4</b>	<b>8.6</b>	<b>11.5</b>	<b>10.4</b>	<b>7</b>

## Key Performance Indicators

Y/E March	FY19				FY20				FY19	FY20	FY20
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE
Tractors (incl Exports)	100,784	78,045	90,729	60,878	86,350	71,820	84,455	59,290	330,436	301,915	59,290
Change (%)	18.6	-4.1	10.6	-14.5	-14.3	-8.0	-6.9	-2.6	3.4	-8.6	-2.6
Total UV ('000 units)	112,162	118,542	112,569	140,780	106,868	91,398	103,392	73,179	466,703	367,264	73,179
Change (%)	13.3	3.9	9.2	5.1	-4.7	-22.9	-8.2	-48.0	7.3	-21.3	-48.0
Other Autos ('000 units)	27,938	32,003	30,703	33,899	24,821	28,172	28,969	19,244	141,893	101,206	19,244
Change (%)	53.7	27.9	18.8	8.0	-11.2	-12.0	-5.6	-43.2	22.8	-28.7	-43.2
<b>Cost Break-up</b>											
RM Cost (% of sales)	67.4	67.6	69.2	68.3	67.9	66.0	67.3	64.3	68.1	66.7	67.4
Staff Cost (% of sales)	6.3	6.5	6.6	5.5	6.8	7.4	6.8	7.9	6.2	7.1	8.6
Other Cost (% of sales)	10.6	11.4	11.0	12.7	11.3	12.4	11.1	14.2	11.4	12.0	12.6
Gross Margins (%)	15.7	19.7	13.4	12.5	25.4	19.8	10.0	-14.9	15.3	11.7	12.1
EBITDA Margins (%)	15.8	14.5	13.2	13.5	14.0	14.1	14.8	13.6	14.2	14.2	11.4
EBIT Margins (%)	12.6	10.6	9.3	9.4	9.4	8.9	9.9	6.8	10.5	8.9	4.4

E:MOFSL Estimates



## Earnings call highlights

- Dr Shah (designated CEO) has laid out the path to create value and offered clarity on tighter capital allocation. This process was initiated with the decision to further invest in SsangYong and the closure of the E-Scooter business in the US (running into loss of ~INR1.3b).
- Operations are nearing normalcy in the Tractors business, with good demand and capacity utilization reaching 85%. The outlook is also positive owing to various enablers in place for the rural market.
- The Auto business' near-term outlook is uncertain; however, the medium-term focus is on differentiating the SUV positioning and optimizing capex.
- FY22–24 capex could reduce to ~INR90b over three years v/s the earlier three years' rolling budget of ~INR120b.
- **Path to create value:** Dr Shah (designated CEO) has laid out the path to create value through: a) tough actions on loss-making subs, b) tightening capital norms, c) a differentiating core SUV positioning, and d) realizing the potential of nine businesses identified as billion-dollar candidates.
- **Tightening capital allocation norms and action on loss-making subs:** Dr Shah has laid out a clear game plan on capital allocation for the past and future. For loss-making subsidiaries, excl. businesses of strategic importance, it would exit businesses (explore partnership or shutdown) where there is no clear path to profitability. While it has decided against injecting further funds in SsangYong, the company has closed the GenZe (E-Scooter) business in the US. Although it would tighten capital allocation norms, the company is not scaling back its growth ambition and would continue to invest in growth with a hurdle rate of 18% RoE.
- **Status of operations:** The Tractors business is nearing normalcy with over 90% of dealers operational, 85% plant utilization, and good demand on the ground. On the other hand, the Auto business has 80% of dealers operational and capacity utilization is at ~30% currently.
- 4QFY20 PBIT was impacted by COVID-19, with loss of PBIT of ~INR6.67b due to volume loss in both Tractors (~14.7k units lost volumes) and Auto (~45.7k units lost volumes).

- **Tractors – big upside in rural:** Since the resumption of operations, demand for Tractors has thus far been good in the business season. It sees good momentum on the ground. This is reflected in its internal index for rural spend, which has been at the highest levels for many quarters. It sees a big upside in rural as there are many enablers for the rural economy.
- **US Tractors business:** The business is expected to achieve breakeven in FY22 through the correction of: a) the price-value proposition and b) cost structure (manpower, inventory, and financing cost).
- **Project K2 (Tractors):** The focus is on developing lightweight compact tractors in alliance with Mitsubishi. The company is working on four platforms (in the 13–70HP range) with 38 models. Work on this project commenced 18 months back and the launch is expected in another 18 months.
- The Auto business outlook is unclear and the company would wait until Jul'20 to give the outlook. However, given very low dealer inventory, it would fill up inventory as production ramps up.
- Medium-term (FY22 onward) priorities for the Auto business comprise: a) building a distinctive SUV brand, b) leveraging upcoming new products, c) optimizing capex as investments in platform and powertrain are largely complete, and d) driving global subs to profitability.
- **Capex + investment:** The company sees scope to reduce FY21 planned capex by only 15% due to the on-going product development cycle. However, the FY22–24 cycle would see significant reduction in capex to INR90b over three years v/s INR120b earlier, driven by leveraging platforms/powertrain and the Ford JV. Investment would be minimal and have a rigorous allocation policy. However, the company would continue to invest as its growth aspirations are not dampened.
- **Agri reforms:** As per Mr Mahindra and Dr Goenka, recent agri reforms on the APMC Act dilution are major reforms as they address the core problem of farmers not getting the right price for their produce. Based on Dr Goenka's interaction with policymakers, the intent to convert this to reality is very high at the government level, although it would take time. This would transform the agricultural landscape in India through disintermediation and digitalization.

Exhibit 1: Dr Shah's plan for tightening capital allocation

ACTION ON LOSS-MAKING SUBS			
<b>Tighter Capital Allocation Norms</b>			
Loss-making businesses/entities to be closely scrutinized & put under 3 categories, viz. A, B and C			
Category	A	B	C
Logic	Entities with clear path to 18% RoE	<i>Delayed or unclear path to profitability but quantifiable strategic impact</i>	Unclear path to profitability
Action	Continue	Continue	Exit (Explore partnership, alliance or shut-down)

Source: Company

Exhibit 2: Realizing potential of nine businesses identified as billion-dollar candidates a strategy to create value



Source: Company

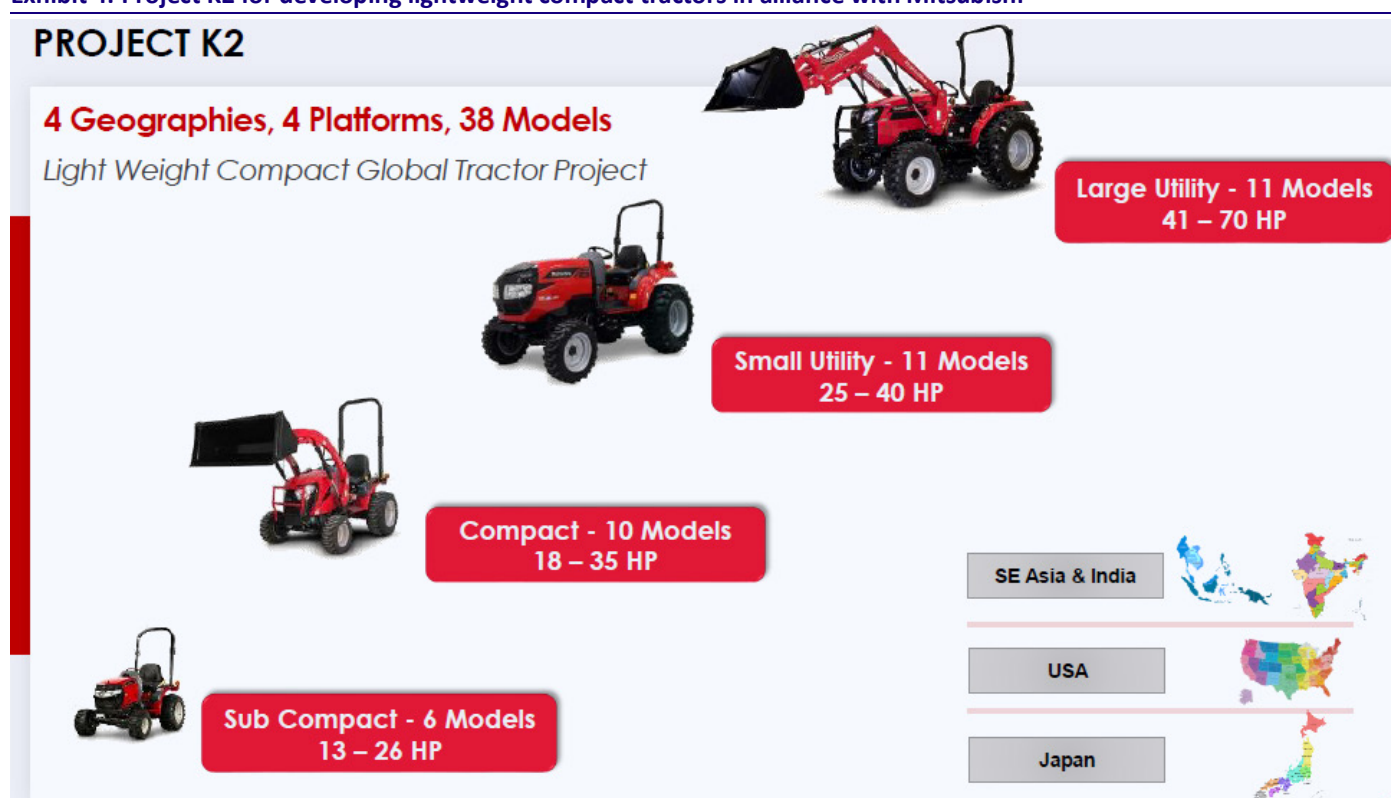


Exhibit 3: Focus areas for near, medium, and long terms for both Auto and FES businesses

AUTOMOTIVE AND FARM SECTORS		
<b>WALK</b> <b>April - August</b> <b>PROTECT THE BUSINESS TODAY</b>	<b>RUN</b> <b>Sept - March</b> <b>RAMP UP WITH FOCUS</b>	<b>FLY</b> <b>F22 &amp; beyond...</b> <b>DIFFERENTIATED &amp; PROFITABLE GROWTH</b>
<ul style="list-style-type: none"> <li>Manage Cash</li> <li>Manage Margin</li> <li>Manage Safety</li> </ul>	<ul style="list-style-type: none"> <li>Focus on Domestic Core</li> <li>Capex and Investment prioritization</li> <li>Build a Moat through Krish-e(FaaS)</li> <li>Simplifying the business</li> </ul>	<ul style="list-style-type: none"> <li>SUV Core brand differentiation</li> <li>Launch New Yuvo Star and K2</li> <li>Digital transformation</li> <li>Leverage Platform synergy to optimise capex</li> </ul>
Conserve today for a secure tomorrow	Turnaround Global Businesses, Manage cash	Turnaround Global Businesses, New Auto Launches

Source: Company

Exhibit 4: Project K2 for developing lightweight compact tractors in alliance with Mitsubishi



Source: Company

Exhibit 5: Trend in passenger UV volumes

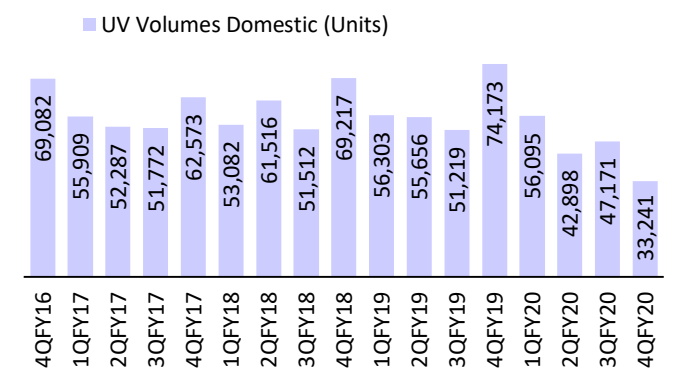


Exhibit 6: Trend in passenger UV market share

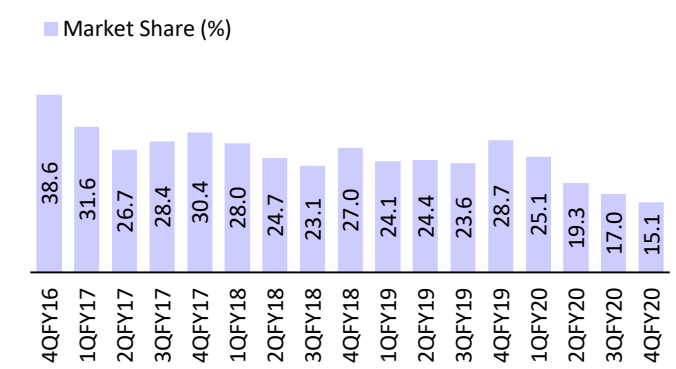


Exhibit 7: Trend in tractor volumes

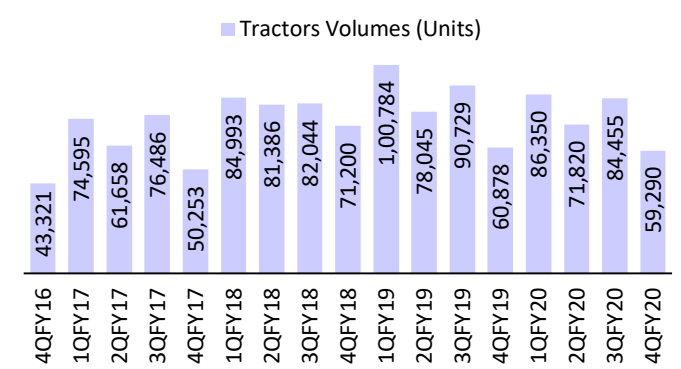


Exhibit 8: Trend in tractor market share

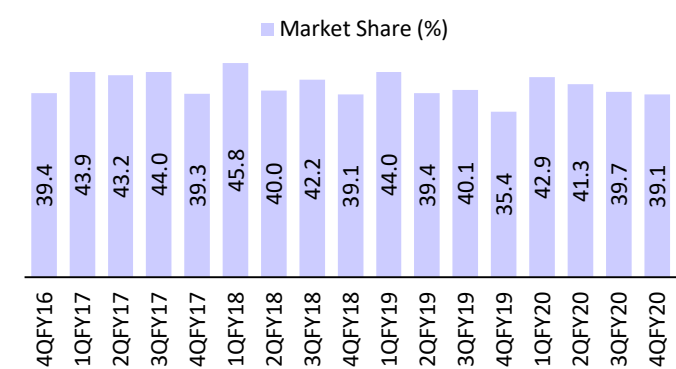


Exhibit 9: Trend in Auto realization

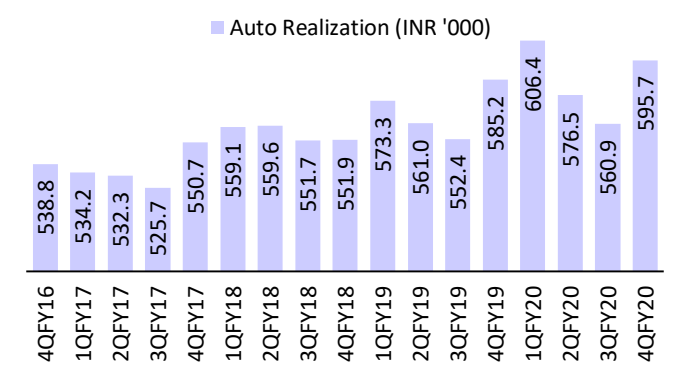


Exhibit 10: Trend in FES realization

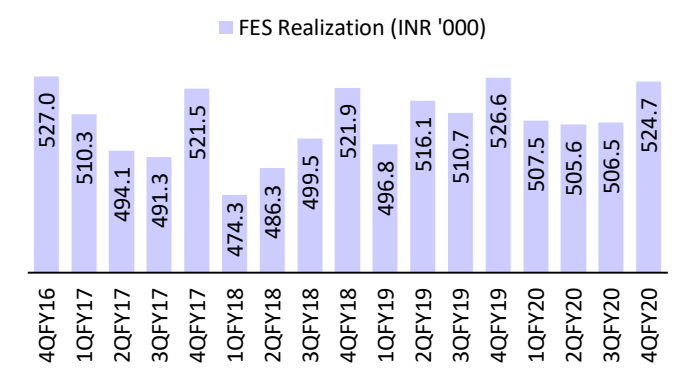
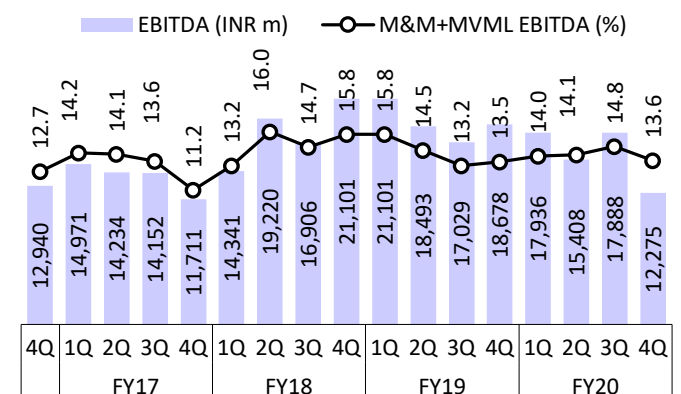
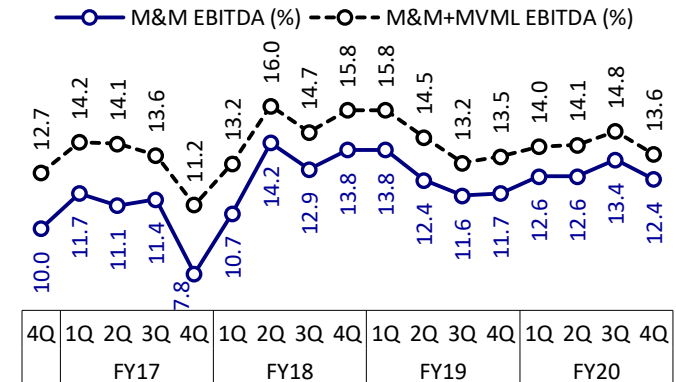


Exhibit 11: Trend in EBITDA margin



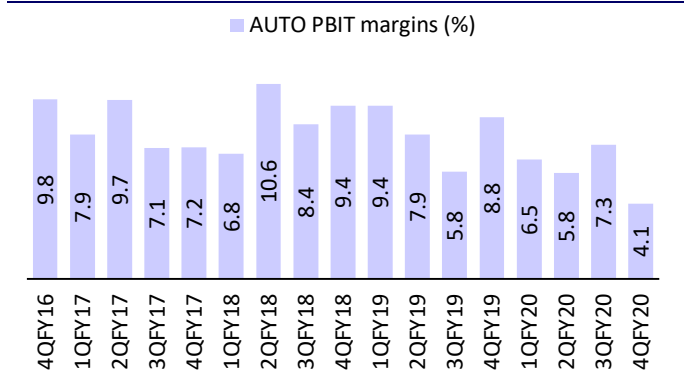
Source: Company, MOFSL

Exhibit 12: Trend in S/A and MM (incl. MVML) margins



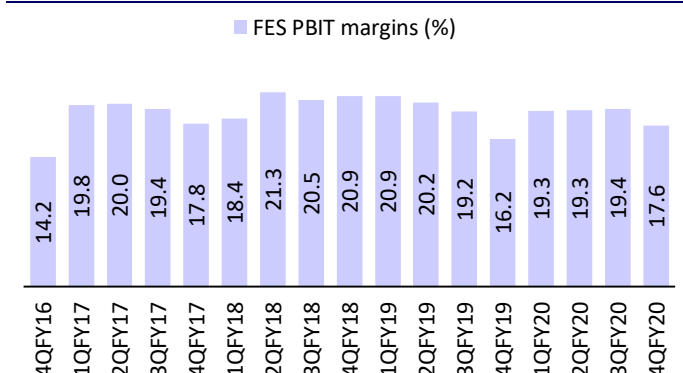
Source: Company, MOFSL

Exhibit 13: Trend in Auto PBIT margins



Source: Company, MOFSL

Exhibit 14: Trend in FES PBIT margins



Source: Company, MOFSL

## Valuation and view

- **Management change – a generational shift underway:** After a gap of almost 24 years, MM would see a leadership change, with both the Executive Chairman (Mr Anand Mahindra) and MD & CEO (Dr Pawan Goenka) retiring in 2021. Dr Anish Shah would take over as MD & CEO from 2<sup>nd</sup> Apr'21, in turn becoming the 5<sup>th</sup> MD of MM over the last 40 years. Dr Shah's priorities seem to be clearly set out for the next few years. This includes: a) revisiting capital allocation in subsidiaries (over the next 12 months), b) funding other group businesses, and c) evaluating the segregation of the Auto and FES businesses (over the next three to five years). We believe there are several low-hanging fruits in the form of loss-making, non-core businesses (Aerospace, Global 2Ws, Retail, etc.) that could be divested or closed.
- **Best rural proxy, with two of three core businesses on strong footing:** MM has one of the highest exposures to the rural markets (~65% of volumes), which are expected to be less impacted by the on-going impact of COVID-19. According to our estimates, rural markets should contribute ~62% to revenues, 81% to core PAT, and ~70% to SOTP in FY22E. We have slotted MM's core business into three buckets: Tractors, Pick-up UVs, and Passenger UVs. Tractors and Pick-up UVs are on a strong footing in terms of outlook, MM's competitive positioning, and industry-level consolidation. However, MM's SUVs business is severely challenged, and we do not see any respite for MM in this category in the foreseeable future.
- **Tractors primed for fastest recovery in Auto; reforms to potentially drive next phase of farm mechanization:** The Tractors segment has been seeing volume recovery since Dec'19, driven by improvement in farm-level indicators such as output prices, lower input prices, higher government spend in rural areas, and unusually strong water reservoir levels. Furthermore, a good rabi crop and expected normal monsoons have further improved the outlook for farm income. The supply side is getting back in shape post the lifting of restrictions (expect normalized production by Aug'20). This also augurs well for the Tractors segment's volume recovery from Sep'20. We estimate Tractors industry volumes to be flat in FY21E (due to supply-side constraints) and grow 12–14% in FY22E, with MM also growing in-line.
- **MM's positioning in LCVs to further strengthen under BS6:** Looking beyond the cyclical downturn, we believe the fundamentals of the LCV segment are strong.



Also, LCVs should continue to benefit from the increasing emergence of the 'Hub and Spoke' model. We estimate the LCV industry to deliver an 8–10% CAGR over the next five years. MM enjoys market share of ~42.5% in the overall LCV segment and ~65% in the 2–3.5 ton LCV segment. Under BS6, MM's Pick-up business' competitive positioning should improve v/s SCVs/LCVs due to lower price inflation. While near-term volumes would be impacted due to COVID-19 and the BS6 transition, we estimate a volume CAGR of 7.5% over FY20–22E.

- **Competitive intensity in fast-growing SUV segment to remain high; MM remains vulnerable:** While MM is trying to catch up with competition on the products side, we see limited visibility for MM to make a comeback. Over the next 12–18 months, the company has several upgrades and new launches lined-up : a) e-KUV100 (1HFY21), b) new Thar (1HFY21), c) new XUV500 (4QFY21), d) new Scorpio (1QFY22), and e) e-XUV300 (mid-CY21). We have not built-in benefits from any imminent launches or material benefit on product development from MM's recent JV with Ford India. We estimate Passenger UVs volumes to decline at a ~1% CAGR over FY20–23E.
- **Valuation and view:** We upgrade FY21/FY22 S/A EPS by ~8%/2% to factor the benefit of the mix. Despite MM's recent outperformance, valuations are still at a substantial discount to its five-year average (which captures both pain points of deterioration in the UV market share and the subsidiaries' performance). Implied Core P/E for MM is ~16x/11.7x FY21/FY22E Core EPS and 1.3x/1.2x Core P/BV. This implies a ~26% discount to the five-year average P/E and ~38% discount to the five-year average P/B. Our Jun'22E-based SOTP TP is ~INR585/share, implying core P/E of ~13.5x (v/s five-year average core P/E of ~15.9x and 10-year average of ~14.3x). Maintain **Buy**.

Exhibit 15: Revised estimates

	FY21E			FY22E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Volumes ('000 units)	683	683	0.0	776	776	0.0
Net Sales	415	416	-0.1	481	482	-0.1
EBITDA (% incl MVML)	13.3	12.4	90bp	14.9	14.3	60bp
Net Profit	25	24	6.4	35	35	-0.1
EPS (INR)	21	20	6.2	29	29	-0.2
EPS (INR, incl MVML)	23.5	21.7	8.2	32.1	31.5	1.8

Source: MOFSL

Exhibit 16: MM: Sum-of-the-parts (INR/share)

INR/sh	Target P/E (x)	FY21E	FY22E	FY23E
Tractors	15	265	313	349
Autos	12	13	66	82
Others	10	47	56	80
<b>Value of Core Business</b>		<b>324</b>	<b>435</b>	<b>510</b>
Value of subs post hold-co	40% Hold-Co	132	132	132
- Tech Mahindra		70	70	70
- MMFSL		26	26	26
- Mah. Lifespaces		3	3	3
- Mah. Holidays		7	7	7
- SYMC		7	7	7
- Mah. Logistics		9	9	9
- Others		9	9	9
<b>Fair Value (INR/sh)</b>		<b>456</b>	<b>567</b>	<b>642</b>

Source: MOFSL

Exhibit 17: MM: Core P/E trend

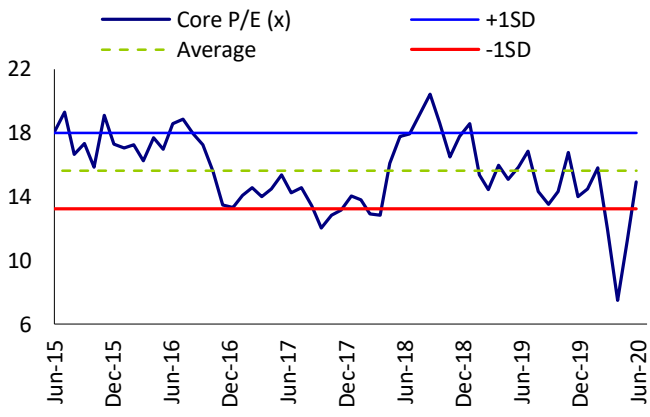
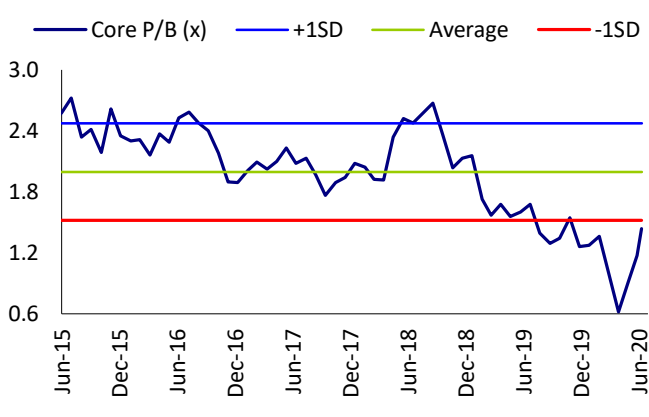


Exhibit 18: MM: Core P/B trend



Source: Bloomberg, MOFSL

## Operating metrics

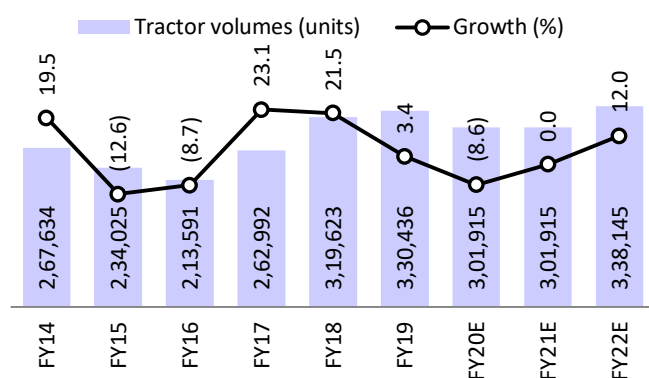
### Exhibit 19: Snapshot of Revenue model

000 units	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
<b>Tractors</b>	<b>214</b>	<b>263</b>	<b>320</b>	<b>330</b>	<b>302</b>	<b>302</b>	<b>338</b>
Growth (%)	-8.7	23.1	21.5	3.4	-8.6	0.0	12.0
% of total volumes	30.3	34.3	36.8	35.2	38.8	44.2	43.6
<b>Autos</b>							
Pick-up/LCVs (<3.5t)	156	168	200	229	188	150	183
Growth (%)	6.7	7.7	19.1	14.9	-18.1	-20.0	22.0
SUVs	233	223	235	237	179	150	165
Growth (%)	-41.4	-4.4	5.7	0.9	-24.4	-16.6	10.1
3-Ws	55	52	55	67	62	52	56
Growth (%)	-3.2	-4.9	4.4	22.1	-6.8	-17.0	8.0
LCVs (>3.5t)	6	8	8	8	6	4	5
Growth (%)	20.6	18.7	1.6	8.6	-26.5	-35.0	20.0
M&HCVs (MTBL)	6	7	9	11	5	3	4
Growth (%)	63.1	17.7	41.2	14.3	-53.0	-35.0	20.0
Others & Exports	36	47	42	56	35	22	26
Growth (%)	0.1	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Autos</b>	<b>492</b>	<b>504</b>	<b>549</b>	<b>609</b>	<b>476</b>	<b>381</b>	<b>438</b>
Growth (%)	6.1	2.5	8.9	10.8	-21.8	-20.0	15.0
% of total volumes	69.7	65.7	63.2	64.8	61.2	55.8	56.4
<b>Total volumes ('000 units)</b>	<b>705</b>	<b>767</b>	<b>869</b>	<b>939</b>	<b>778</b>	<b>683</b>	<b>776</b>
Growth (%)	<b>1.3</b>	<b>8.8</b>	<b>12.9</b>	<b>8.1</b>	<b>-17.2</b>	<b>-12.2</b>	<b>13.7</b>
<b>ASP (INR '000/Unit)</b>	<b>571</b>	<b>572</b>	<b>560</b>	<b>571</b>	<b>580</b>	<b>608</b>	<b>620</b>
Growth (%)	5.2	0.3	-2.1	1.9	1.5	4.0	2.0
<b>Net Sales (INR b)</b>	<b>404</b>	<b>441</b>	<b>487</b>	<b>536</b>	<b>451</b>	<b>415</b>	<b>481</b>
Growth (%)	6.6	9.1	10.5	10.1	-15.9	-8.7	15.9

Source: Company, MOFSL

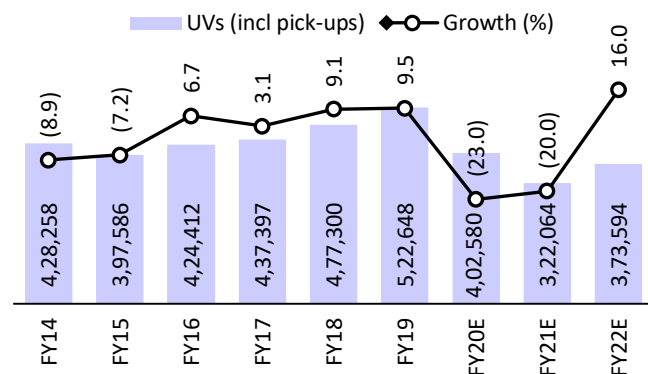
## Story in charts

Exhibit 20: Trend in Tractors volumes



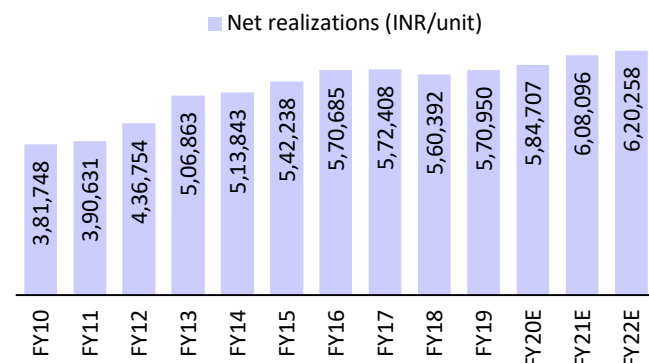
Source: Company, MOFSL

Exhibit 21: New product launches to drive UV sales



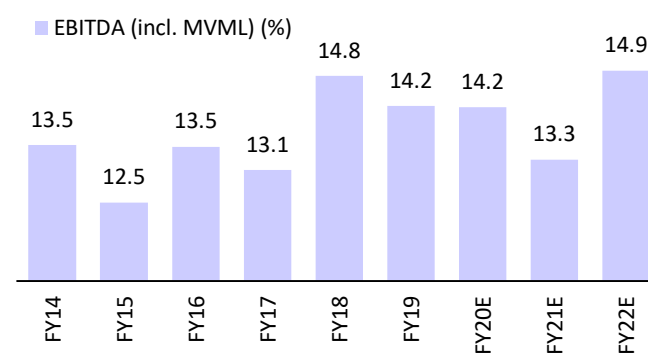
Source: Company, MOFSL

Exhibit 22: Realization trend



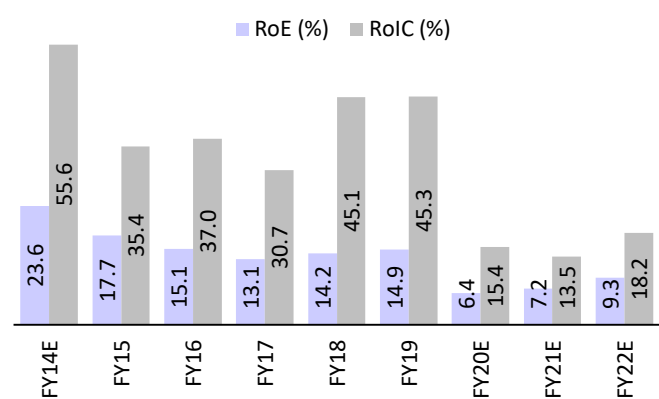
Source: Company, MOFSL

Exhibit 23: Trend in EBITDA margins



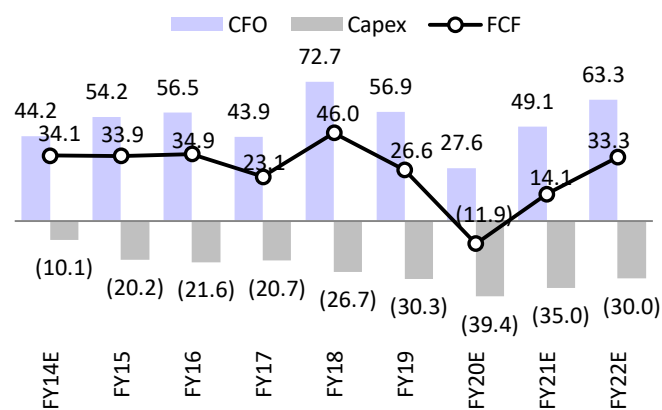
Source: Company, MOFSL

Exhibit 24: Trend in return profile



Source: Company, MOFSL

Exhibit 25: FCF to improve despite high capex plans



Source: Company, MOFSL

## Financials and valuations

Income Statement						(INR m)	
Y/E March	2016	2017	2018	2019	2020	2021E	2022E
<b>Net Op. Income</b>	<b>408,751</b>	<b>440,535</b>	<b>486,856</b>	<b>536,140</b>	<b>454,878</b>	<b>415,283</b>	<b>481,493</b>
Change (%)	6.3	7.8	10.5	10.1	-15.2	-8.7	15.9
Total Expenditure	362,551	395,388	424,615	469,744	396,897	367,062	418,016
<b>EBITDA</b>	<b>46,199</b>	<b>45,147</b>	<b>62,240</b>	<b>66,396</b>	<b>57,981</b>	<b>48,221</b>	<b>63,477</b>
Margins (%)	11.3	10.2	12.8	12.4	12.7	11.6	13.2
<b>Margins (% incl MVML)</b>	<b>13.5</b>	<b>13.1</b>	<b>14.8</b>	<b>14.2</b>	<b>14.2</b>	<b>13.3</b>	<b>14.9</b>
Depreciation	10,681	15,264	14,794	18,604	22,226	26,181	30,092
<b>EBIT</b>	<b>35,518</b>	<b>29,883</b>	<b>47,446</b>	<b>47,792</b>	<b>35,754</b>	<b>22,039</b>	<b>33,385</b>
Deferred Revenue Exp.	0	0	0	0	0	0	0
Int. & Finance Charges	1,861	1,596	1,122	1,134	1,132	1,319	1,189
Other Income	8,499	13,455	10,364	16,890	16,678	13,203	14,408
Non-recurring Income	687	5,485	4,336	-297	-20,140	0	0
<b>Profit before Tax</b>	<b>42,845</b>	<b>47,226</b>	<b>61,024</b>	<b>63,250</b>	<b>31,160</b>	<b>33,923</b>	<b>46,604</b>
Tax	10,799	10,792	17,464	15,290	17,855	8,481	11,651
Eff. Tax Rate (%)	25.2	22.9	28.6	24.2	57.3	25.0	25.0
<b>Adj. Profit after Tax</b>	<b>31,532</b>	<b>32,203</b>	<b>40,465</b>	<b>48,186</b>	<b>21,905</b>	<b>25,442</b>	<b>34,953</b>
Change (%)	(1.2)	2.1	25.7	19.1	(54.5)	16.1	37.4
<b>Adj. PAT (incl MVML)</b>	<b>33,394</b>	<b>35,133</b>	<b>43,202</b>	<b>51,288</b>	<b>35,770</b>	<b>28,059</b>	<b>38,311</b>

Balance Sheet						(INR m)	
Y/E March	2016	2017	2018	2019	2020	2021E	2022E
Share Capital	2,963	2,968	5,950	5,958	5,965	5,965	5,965
Reserves	221,269	264,888	296,991	336,135	338,713	357,224	381,780
<b>Net Worth</b>	<b>224,232</b>	<b>267,856</b>	<b>302,941</b>	<b>342,093</b>	<b>344,679</b>	<b>363,189</b>	<b>387,745</b>
Deferred tax	-54	2,548	2,772	6,341	14,082	14,082	14,082
Loans	18,436	27,729	28,644	24,803	29,320	29,320	27,320
<b>Capital Employed</b>	<b>242,614</b>	<b>298,134</b>	<b>334,357</b>	<b>373,237</b>	<b>388,081</b>	<b>406,591</b>	<b>429,147</b>
Application of Funds							
Gross Fixed Assets	139,386	154,778	182,295	223,122	248,477	308,571	338,571
Less: Depreciation	63,426	77,068	103,700	122,304	144,531	170,712	200,804
<b>Net Fixed Assets</b>	<b>75,960</b>	<b>77,710</b>	<b>78,594</b>	<b>100,818</b>	<b>103,946</b>	<b>137,859</b>	<b>137,767</b>
Capital WIP	15,622	20,404	31,287	24,198	40,095	15,000	15,000
Investments	135,474	179,084	205,830	220,160	199,381	207,029	219,029
<b>Curr.Assets, L &amp; Adv.</b>	<b>123,286</b>	<b>125,034</b>	<b>158,457</b>	<b>181,795</b>	<b>161,599</b>	<b>160,243</b>	<b>183,588</b>
Inventory	26,879	27,580	27,017	38,393	34,009	29,738	34,479
Sundry Debtors	25,116	29,388	31,730	39,463	29,990	27,306	31,660
Cash & Bank Bal.	22,870	16,875	28,937	37,317	42,365	45,939	58,829
Loans & Advances	17,103	5,406	10,182	7,110	6,509	8,533	9,894
Others	31,317	45,784	60,591	59,513	48,726	48,726	48,726
<b>Current Liab. &amp; Prov.</b>	<b>107,728</b>	<b>104,098</b>	<b>139,811</b>	<b>153,734</b>	<b>116,940</b>	<b>113,540</b>	<b>126,238</b>
Sundry Creditors	66,780	68,811	86,034	96,782	67,858	68,266	79,150
Other Liabilities	30,300	21,388	38,485	41,236	33,897	33,897	33,897
Provisions	10,648	13,899	15,292	15,716	15,185	11,378	13,192
<b>Net Current Assets</b>	<b>15,558</b>	<b>20,935</b>	<b>18,646</b>	<b>28,061</b>	<b>44,659</b>	<b>46,703</b>	<b>57,351</b>
<b>Application of Funds</b>	<b>242,614</b>	<b>298,134</b>	<b>334,357</b>	<b>373,237</b>	<b>388,080</b>	<b>406,591</b>	<b>429,147</b>

E: MOFSL Estimates



## Financials and valuations

### Ratios

Y/E March	2016	2017	2018	2019	2020	2021E	2022E
<b>Basic (INR)</b>							
Fully diluted EPS	26.6	27.1	34.0	40.4	18.4	21.3	29.3
FD EPS (incl MVML)	28.2	29.6	36.3	43.0	30.0	23.5	32.1
Cash EPS	35.6	40.0	46.4	56.1	37.0	43.3	54.5
Book Value per Share	189.2	225.6	254.6	287.1	288.9	304.4	325.0
DPS	6.0	6.5	7.5	8.5	10.0	5.0	7.5
Payout (Incl. Div. Tax) %	26.3	12.3	23.8	24.5	104.2	27.2	29.7
<b>Valuation (x)</b>							
P/E	18.1	17.2	14.0	11.8	17.0	21.6	15.8
Cash P/E	14.3	12.7	11.0	9.1	13.8	11.8	9.3
EV/EBITDA	5.9	6.1	9.1	8.5	10.2	11.7	8.7
EV/Sales	0.7	0.6	1.2	1.1	1.3	1.4	1.1
Price to Book Value	2.7	2.3	2.0	1.8	1.8	1.7	1.6
Dividend Yield (%)	1.2	1.3	1.5	1.7	2.0	1.0	1.5
<b>Profitability Ratios (%)</b>							
RoE	15.1	13.1	14.2	14.9	6.4	7.2	9.3
RoCE	13.4	12.4	13.0	13.9	5.9	6.7	8.6
ROIC	37.0	30.7	45.1	45.3	15.4	13.5	18.2
<b>Turnover Ratios</b>							
Debtors (Days)	23	24	24	27	24	24	24
Inventory (Days)	24	23	20	26	27	26	26
Creditors (Days)	60	57	65	66	54	60	60
Working Capital (Days)	14	17	14	19	36	41	43
Asset Turnover (x)	1.7	1.5	1.5	1.4	1.2	1.0	1.1
<b>Leverage Ratio</b>							
Net Debt/Equity (x)	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1

### Cash Flow Statement

Y/E March	2016	2017	2018	2019	2020	2021E	2022E
<b>(INR m)</b>							
OP/(Loss) before Tax	41,612	41,742	56,688	63,547	51,300	22,039	33,385
Int./Dividends Received	-3,027	-9,800	-8,084	-13,184	-14,327	13,203	14,408
Depreciation & Amort.	11,086	15,264	14,794	18,604	22,226	26,181	30,092
Direct Taxes Paid	-9,279	-9,929	-12,887	-14,341	-10,823	-8,481	-11,651
(Inc)/Dec in Wkg. Capital	14,393	-508	17,803	-5,060	-13,260	1,530	2,243
Other Items		332	1,957	-327	1,662		
<b>CF from Oper. Activity</b>	<b>54,785</b>	<b>37,100</b>	<b>70,271</b>	<b>49,239</b>	<b>36,778</b>	<b>54,473</b>	<b>68,477</b>
(Inc)/Dec in FA+CWIP	-21,597	-20,743	-26,688	-30,316	-39,437	-35,000	-30,000
<b>Free Cash Flow</b>	<b>33,189</b>	<b>16,358</b>	<b>43,583</b>	<b>18,923</b>	<b>-2,658</b>	<b>19,473</b>	<b>38,477</b>
(Pur)/Sale of Invest.	-13,865	-7,076	-24,416	4,826	13,672	-7,648	-12,000
<b>CF from Inv. Activity</b>	<b>-35,461</b>	<b>-27,818</b>	<b>-51,104</b>	<b>-25,490</b>	<b>-25,764</b>	<b>-42,648</b>	<b>-42,000</b>
Change in Net Worth	0	0	0	0	0	0	0
Inc/(Dec) in Debt	-9,500	-1,742	592	-3,725	3,289	0	-2,000
Interest Paid	-2,110	-1,482	-1,695	-1,710	-1,570	-1,319	-1,189
Dividends Paid	-8,461	-8,391	-9,230	-10,117	-11,874	-6,133	-9,116
<b>CF from Fin. Activity</b>	<b>-20,071</b>	<b>-11,615</b>	<b>-10,333</b>	<b>-15,552</b>	<b>-10,155</b>	<b>-7,453</b>	<b>-12,305</b>
<b>Inc/(Dec) in Cash</b>	<b>-747</b>	<b>-2,333</b>	<b>8,834</b>	<b>8,196</b>	<b>859</b>	<b>4,372</b>	<b>14,172</b>
Add: Beginning Balance	20,648	22,870	16,875	14,180	22,376	42,365	45,939
<b>Closing Balance</b>	<b>20,069</b>	<b>20,705</b>	<b>25,876</b>	<b>22,376</b>	<b>23,235</b>	<b>46,737</b>	<b>60,111</b>

E: MOFSL Estimates

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

\*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

#### Disclosures

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Investment Advisory Services, Depository participant services & distribution of various financial products. MOFSL is a subsidiary company of Passionate Investment Management Pvt. Ltd.. (PIMPL). MOFSL is a listed public company, the details in respect of which are available on [www.motilaloswal.com](http://www.motilaloswal.com). MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL), NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Limited are available on the website at <http://onlinereports.motilaloswal.com/Dormant/documents/List%20of%20Associate%20companies.pdf>

MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at <https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx>

A graph of daily closing prices of securities is available at [www.nseindia.com](http://www.nseindia.com), [www.bseindia.com](http://www.bseindia.com). Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

#### Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

#### For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

#### For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts"), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

#### For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets Singapore Pte Ltd ("MOCMSPL") (Co.Reg. NO. 201129401Z) which is a holder of a capital markets services license and an exempt financial adviser in Singapore. As per the approved agreement under Paragraph 9 of Third Schedule of Securities and Futures Act (CAP 289) and Paragraph 11 of First Schedule of Financial Advisors Act (CAP 110) provided to MOCMSPL by Monetary Authority of Singapore. Persons in Singapore should contact MOCMSPL in respect of any matter arising from, or in connection with this report/publication/communication. This report is distributed solely to persons who qualify as "Institutional Investors", of which some of whom may consist of "accredited" institutional investors as defined in section 4A(1) of the Securities and Futures Act, Chapter 289 of Singapore ("the SFA"). Accordingly, if a Singapore person is not or ceases to be such an institutional investor, such Singapore Person must immediately discontinue any use of this Report and inform MOCMSPL.

#### Specific Disclosures

- 1 MOFSL, Research Analyst and/or his relatives does not have financial interest in the subject company, as they do not have equity holdings in the subject company.
- 2 MOFSL, Research Analyst and/or his relatives do not have actual/beneficial ownership of 1% or more securities in the subject company
- 3 MOFSL, Research Analyst and/or his relatives have not received compensation/other benefits from the subject company in the past 12 months
- 4 MOFSL, Research Analyst and/or his relatives do not have material conflict of interest in the subject company at the time of publication of research report
- 5 Research Analyst has not served as director/officer/employee in the subject company
- 6 MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- 7 MOFSL has not received compensation for investment banking/ merchant banking/brokerage services from the subject company in the past 12 months
- 8 MOFSL has not received compensation for other than investment banking/merchant banking/brokerage services from the subject company in the past 12 months

9 MOFSL has not received any compensation or other benefits from third party in connection with the research report

10 MOFSL has not engaged in market making activity for the subject company

The associates of MOFSL may have:

- financial interest in the subject company
- actual/beneficial ownership of 1% or more securities in the subject company
- received compensation/other benefits from the subject company in the past 12 months
- other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
- acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies)
- received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.

The associates of MOFSL have not received any compensation or other benefits from third party in connection with the research report

Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

#### Analyst Certification

The views 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 be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

#### Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

#### Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 71934200/ 022-71934263; Website [www.motilaloswal.com](http://www.motilaloswal.com). CIN no.: L67190MH2005PLC153397. Correspondence Office Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad(West), Mumbai- 400 064. Tel No: 022 7188 1000.

Registration Nos.: Motilal Oswal Financial Services Limited (MOFSL)\*: INZ000158836(BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412. AMFI: ARN - 146822; Investment Adviser: INA000007100; Insurance Corporate Agent: CA0579;PMS:INP000006712. Motilal Oswal Asset Management Company Ltd. (MOAMC): PMS (Registration No.: INP000000670); PMS and Mutual Funds are offered through MOAMC which is group company of MOFSL. Motilal Oswal Wealth Management Ltd. (MOWML): PMS (Registration No.: INP000004409) is offered through MOWML, which is a group company of MOFSL. Motilal Oswal Financial Services Limited is a distributor of Mutual Funds, PMS, Fixed Deposit, Bond, NCDs, Insurance Products and IPOs. Real Estate is offered through Motilal Oswal Real Estate Investment Advisors II Pvt. Ltd. which is a group company of MOFSL. Private Equity is offered through Motilal Oswal Private Equity Investment Advisors Pvt. Ltd which is a group company of MOFSL. Research & Advisory services is backed by proper research. Please read the Risk Disclosure Document prescribed by the Stock Exchanges carefully before investing. There is no assurance or guarantee of the returns. Investment in securities market is subject to market risk, read all the related documents carefully before investing. Details of Compliance Officer: Name: Neeraj Agarwal, Email ID: [na@motilaloswal.com](mailto:na@motilaloswal.com), Contact No.:022-71881085.

\* MOFSL has been amalgamated with Motilal Oswal Financial Services Limited (MOFSL) w.e.f August 21, 2018 pursuant to order dated July 30, 2018 issued by Hon'ble National Company Law Tribunal, Mumbai Bench.