

Mahindra & Mahindra

Estimate change

TP change

Rating change



Bloomberg	MM IN
Equity Shares (m)	1,209
M.Cap.(INRb)/(USD\$)	1052 / 14.5
52-Week Range (INR)	952 / 424
1, 6, 12 Rel. Per (%)	5/1/33
12M Avg Val (INR M)	4337

Financials & Valuations (INR b)

Y/E March	FY21	FY22E	FY23E
Sales	449	538	607
EBITDA	63.5	68.4	83.9
Adj. PAT*	40.4	45.1	58.5
Adj. EPS*	33.8	37.7	48.9
EPS Gr. (%)	12.8	11.5	29.7
BV/Sh. (INR)	296	326	354

Ratios

RoE (%)	11.2	12.0	13.8
RoCE (%)	2.4	10.8	12.8
Payout (%)	389	21	22

Valuations

P/E (x)	25.0	22.4	17.3
P/BV (x)	2.9	2.6	2.4
Div. Yield (%)	1.0	0.9	1.2
FCF Yield *	6.7	3.9	5.3

* incl MVML

Shareholding pattern (%)

As On	Mar-21	Dec-20	Mar-20
Promoter	18.9	18.9	18.9
DII	26.8	27.7	26.9
FII	44.7	43.7	41.3
Others	9.6	9.7	12.9

FII Includes depository receipts

CMP: INR846
TP: INR980 (+16%)
Buy

Auto business to drive growth as tractors growth moderate

Tractor industry to grow in low single-digits; 9 SUVs launch in next 5 years

- MM's 4QFY21 performance was driven by higher realizations in the Auto segment and cost savings. While growth in Tractors is slowing down after robust growth in FY21, the Auto segment is expected to see strong momentum in both LCVs and SUVs (led by new products and easing of supply issues).
- We cut our FY22E/FY23E EPS estimate by 5%/2% to account for sales loss due to the ongoing lockdown. We maintain our **Buy** rating with a TP of INR980/share (Mar'23E SoTP).

Good performance supported by mix and lower costs

- MM's (including MVML) revenue/EBITDA/adjusted PAT increased by 48%/60%/210% YoY to INR133.4b/INR19.6b/INR10b in 4QFY21. The same for FY21 grew -1%/7.4%/13% to INR444b/INR68.2/INR40.4b.
- Net realizations grew 11% YoY (+6% QoQ) to INR659.6k/units (est. INR638.5k), driven by price hikes as well as improvements in SUV mix.
- Adjusted EBITDA margin expanded ~110bp YoY (-170bp QoQ). The sequential decline in margin is due to the impact of RM cost and negative operating leverage (volumes down ~10% QoQ).
- EBIT margin for Autos/Tractors improved 90bp/~440bp YoY (-240bp/-140bp QoQ) to 5%/22%.
- Lower other income restricted adjusted PAT to ~INR10b (est. ~INR10.2b). The company provided an impairment charge of ~INR8.4b.

Highlights from the management commentary

- The Tractor industry is expected to grow in the low single-digits in FY22, with MM focused on gaining share. After a weak Apr-May'21, it is seeing a change in sentiment in the last 4-5 days as land preparation and the sowing period nears. All the agronomic parameters are extremely strong.
- Both the Auto and Farm business commitments for CY25 are: a) 15-20% revenue/EPS CAGR, b) over 18% RoCE, c) leadership in the Core SUV segment, with a strong EV play, d) strengthen its numero uno position in LCVs less than 3.5t, and e) growth in market share in Tractors and quantum growth in the Farm Machinery business.
- Supply chain disruption is expected to ease from Jul-Aug'21. It doesn't expect shortages to impact launch of the XUV700 beyond Jul'21.
- Capital deployment over FY22-24: Capex of INR120b (INR90b/INR30b in Autos/Tractors v/s INR110b for the last three years) and investments of INR50b (INR15b in Auto and Tractor subsidiaries and INR35b in group companies; v/s INR65b for the last three years).
- It expects the losses in international Auto and Farm subsidiaries to reduce to INR3b in FY22E and near break-even in FY23E from INR23.6b in FY21.

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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&P Capital.

Valuation and view

- MM's valuations are still at a substantial discount to its five-year average, which captures both the pain points of deterioration in the UV market share and performance of its subsidiaries.
- Implied core P/E for MM stands at 15.5x/11.9x FY22E/FY23E EPS. This implies an over 20% discount (on an FY23E basis) to its five-year average Core P/E. We had increased our target multiple for the Auto business to 15x (in sync with multiple increases for AL/TTMT) from 12x. We maintain our Buy rating with a TP of INR980/share (Mar'23E SoTP).

Quarterly performance (including MVML)

									(INR b)		
Y/E March	FY20				FY21				FY20	FY21	FY21E
INR b	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE
Total Volumes ('000 units)	218.0	191.4	216.8	151.7	95.3	185.3	224.0	202.2	778.0	706.8	202.2
Growth YoY (%)	-9.5	-16.3	-7.3	-35.6	-56.3	-3.2	3.3	33.3	-17.2	-9.1	33.3
Net Realization (INR'000/unit)	587.3	571.3	559.0	593.5	586.5	621.9	623.6	659.6	576.7	628.4	638.5
Growth YoY (%)	5.9	2.1	1.5	1.3	-0.1	8.9	11.5	11.1	2.5	9.0	7.6
Net Op. Income	128.1	109.4	121.2	90.0	55.9	115.2	139.7	133.4	448.7	444.2	129.1
Growth YoY (%)	-4.1	-14.5	-6.0	-34.8	-56.4	5.4	15.2	48.1	-15.1	-1.0	43.4
RM Cost (% of sales)	67.9	66.0	67.3	64.3	64.8	66.8	68.9	69.2	66.6	68.0	70.2
Staff (% of sales)	6.8	7.4	6.8	7.9	13.8	6.9	6.3	6.0	7.2	7.3	6.6
Oth. Exp. (% of Sales)	11.3	12.4	11.1	14.2	11.1	9.1	8.3	10.2	12.1	9.4	9.3
EBITDA	17.9	15.4	17.9	12.3	5.7	19.9	23.0	19.6	63.5	68.2	17.8
Growth YoY (%)	-15.0	-16.7	5.0	-34.3	-68.0	29.1	28.3	59.7	-15.7	7.4	45.4
EBITDA Margin (%)	14.0	14.1	14.8	13.6	10.3	17.3	16.4	14.7	14.2	15.4	13.8
Other income	1.9	8.2	2.1	3.2	1.3	3.8	5.6	1.2	15.4	12.0	2.8
Interest	0.3	0.3	0.3	0.4	0.8	1.2	1.0	1.0	1.2	4.0	0.9
Depreciation	5.8	5.7	5.9	6.2	5.8	5.9	6.0	5.9	23.6	23.6	6.5
EO Income/(Exp.)	13.7	0.0	-6.0	-35.8	0.3	-10.8	-11.2	-8.4	-28.1	-30.2	0.0
PBT after EO	27.4	17.6	7.8	-26.9	0.8	5.9	10.3	5.5	25.9	22.4	13.2
Effective Tax Rate (%)	17.5	22.9	51.4	-21.1	12.7	72.4	48.2	70.5	71.5	58.8	23.0
Reported PAT	22.6	13.5	3.8	-32.6	0.7	1.6	5.3	1.6	7.4	9.2	10.2
Adj. PAT	9.2	13.5	9.8	3.2	0.4	12.9	17.1	10.0	35.8	40.4	10.2
Change (%)	-25.9	-19.3	-15.8	-69.1	-95.8	-4.7	74.1	210.2	-30.3	13.0	214.7

E: MOFSL estimates

Key performance indicators

	FY20				FY21				FY20	FY21	FY21E
Y/E March	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE
Tractors ('000 units)	86.4	71.8	84.5	59.3	65.7	93.2	101.7	93.9	301.9	354.5	93.9
Change (%)	-14.3	-8.0	-6.9	-2.6	-24.0	29.8	20.4	58.4	-8.6	17.4	58.4
Total UV ('000 units)	107	91	103.4	73.2	27.4	86.2	105.0	90.5	367.3	318.2	90.5
Change (%)	-4.7	-22.9	-8.2	-48.0	-74.4	-5.7	1.6	23.7	-21.3	-13.4	23.7
Other Autos ('000 units)	25	28	29.0	19.2	2.3	5.8	17.3	17.8	108.8	43.2	17.8
Change (%)	-11.2	-12.0	-5.6	-43.2	-90.9	-79.3	-40.4	-7.4	-23.3	-60.3	-7.4
Cost Break-up											
RM Cost (% of sales)	67.9	66.0	67.3	64.3	64.8	66.8	68.9	69.2	66.6	68.0	70.2
Staff Cost (% of sales)	6.8	7.4	6.8	7.9	13.8	6.9	6.3	6.0	7.2	7.3	6.6
Other Cost (% of sales)	11.3	12.4	11.1	14.2	11.1	9.1	8.3	10.2	12.1	9.4	9.3
Gross Margin (%)	32.1	34.0	32.7	35.7	35.2	33.2	31.1	30.8	33.4	32.0	29.8
EBITDA Margin (%)	14.0	14.1	14.8	13.6	10.3	17.3	16.4	14.7	14.2	15.4	13.8
EBIT Margin (%)	9.4	8.9	9.9	6.8	-0.1	12.2	12.1	10.3	8.9	10.0	8.8

E: MOFSL estimates



Highlights from the management commentary

- The Tractor industry is expected to grow in the low single-digits in FY22, with MM focused on gaining share. There has been higher impact of COVID-19 in rural India, resulting in weak demand in Apr-May'21. However, in the last 4-5 days, it is seeing a change in sentiment as land preparation and the sowing period nears. All the agronomic parameters are extremely strong.
- Thar has crossed bookings of 55,000 units since its launch. XUV300 has also seen strong demand, with 90% growth in bookings (over 6k bookings per month) in 2H FY21. It now has a 12-week waiting period. Bolero and Scorpio have a waiting period of 6-8 weeks.
- In the Auto business, it plans to launch 23 new products over the next five years (nine/14 in SUVs/LCVs). In the Tractors business, it would be launching the K2 platform globally (four platforms and 37 models starting CY23).
- Both the **Auto and Farm business** commitments for CY25 are: a) 15-20% revenue/EPS CAGR, b) over 18% RoCE, c) leadership in the Core SUV segment, with a strong EV play, d) strengthen its numero uno position in LCVs less than 3.5t, and e) growth in market share in Tractors and quantum growth in the Farm Machinery business.
- Revenue from domestic Farm Machinery grew 45% in FY21 to INR5b. This business is expected to see strong double-digit growth over the next few years, driven by increasing penetration and market share in harvesters and rotovators, and demand for pioneering products like transplanters (rice, vegetable, etc.).
- Fixed cost reduced in the Auto business by ~INR9b in the last two years to ~INR12b in FY21, which is expected to sustain going forward.
- Subsidiaries in the Farm Equipment sector registered a positive PBIT for the third consecutive quarter, with a turnaround in its international operations. Losses in international subsidiaries reduced in FY21, with the same in key Farm/Auto subsidiaries reducing to INR1.3b/INR5.9b from INR8.1b/INR9.7b. It expects international Auto and Farm subsidiary losses to reduce to INR3b in FY22E and near break-even in FY23E from INR23.6b in FY21.
- For its **GEMs businesses**, it is aspiring at a market cap of USD1b in 3-5 years. This includes smaller listed entities like Logistics, Hospitality, and Real Estate.
- **Capital deployment** over FY22-24: Capex of INR120b (INR90b/INR30b in Autos/Tractors v/s INR110b for the last three years) and investments of INR50b (INR15b in Auto and Tractor subsidiaries and INR35b in group companies; v/s INR65b for the last three years). Capex includes INR30b for EVs for its Born EV platforms and would be focused on products as technology access would be driven by partnerships. Investments of INR35b in group companies will be funded through dividends/income from group companies and would be for the GEMs business and digital platform.
- **Supply chain disruption** is affecting three key components: engine ECU, infotainment, and airbags. Engine ECU affects large parts of its portfolio, forcing it to prioritize products in high demand. It expects supplies to improve from Jul-Aug'21. It doesn't expect shortages to impact launch of the XUV700 beyond Jul'21.

Exhibit 1: Trend in Passenger UV volumes

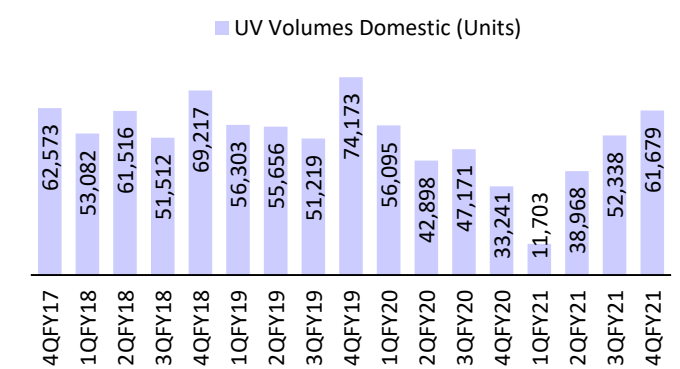


Exhibit 2: Trend in Passenger UV market share

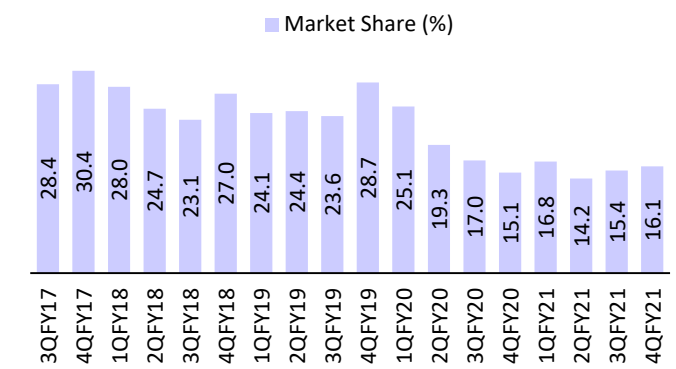


Exhibit 3: Trend in Tractor volumes

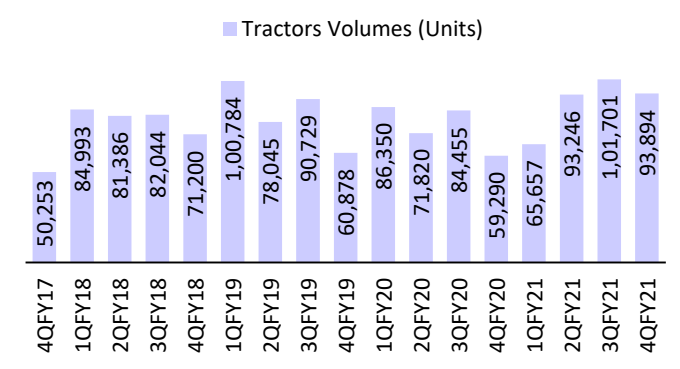


Exhibit 4: Trend in Tractor market share

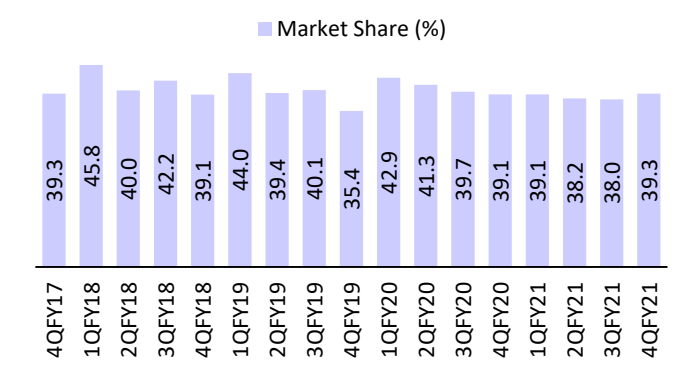


Exhibit 5: Trend in Auto realization

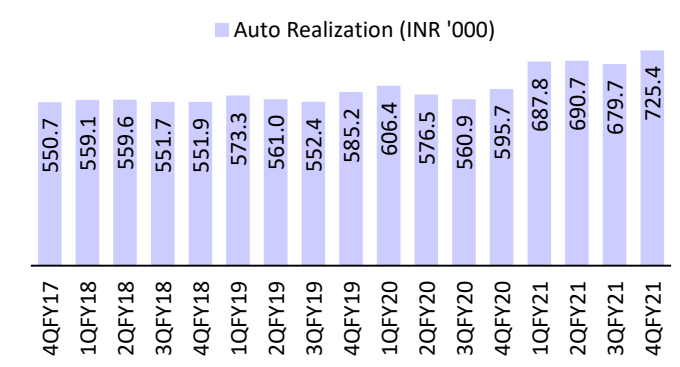


Exhibit 6: Trend in FES realization

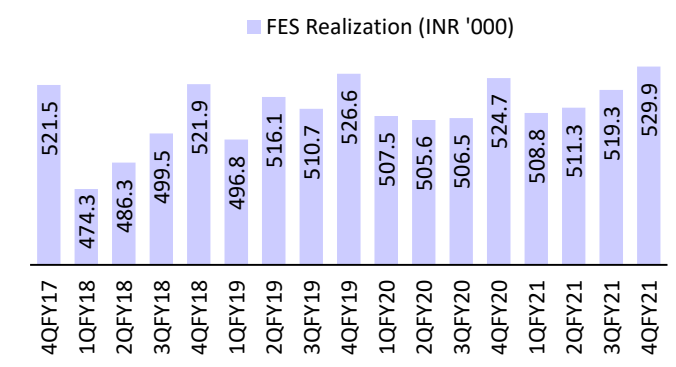
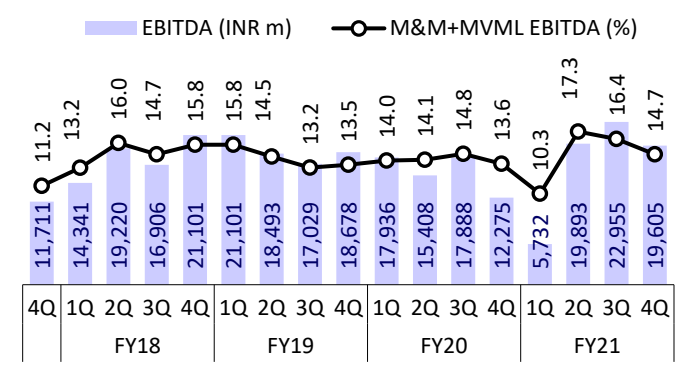
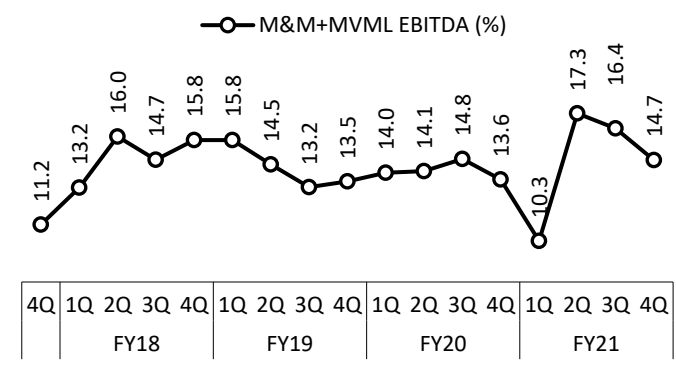


Exhibit 7: Trend in EBITDA margin



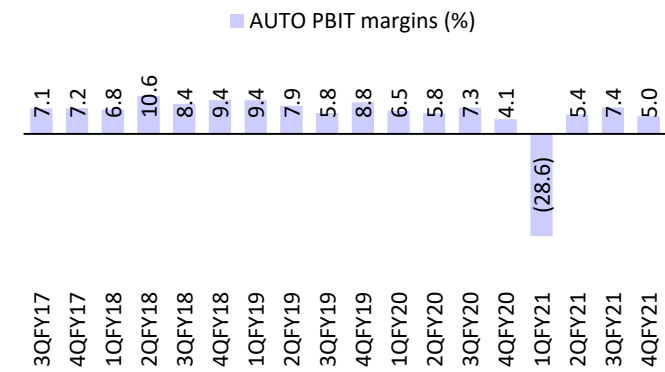
Source: Company, MOFSL

Exhibit 8: Trend in standalone and MM (including MVML) margin



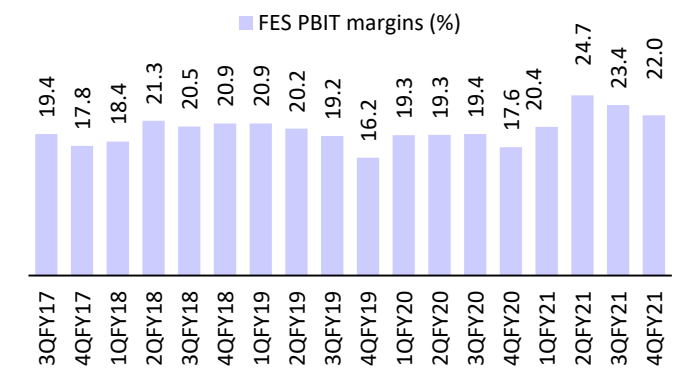
Source: Company, MOFSL

Exhibit 9: Trend in Auto PBIT margin



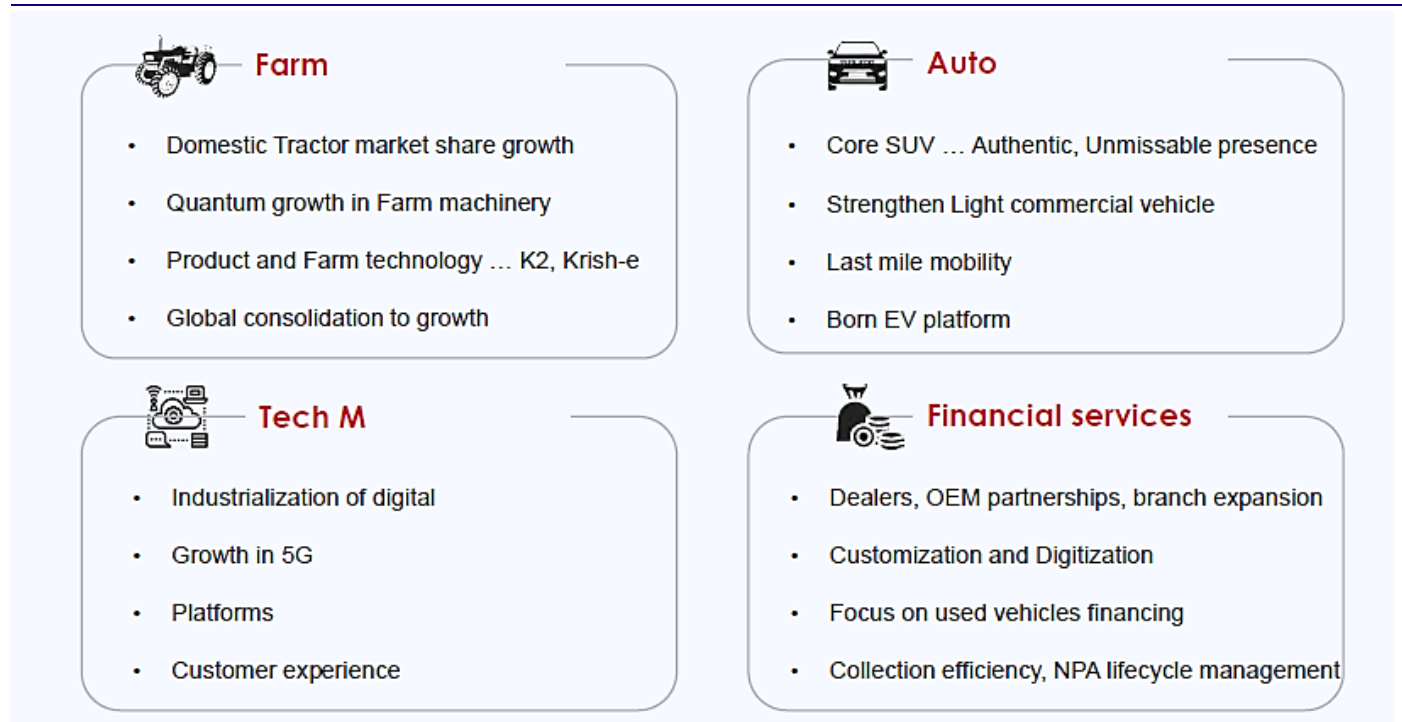
Source: Company, MOFSL

Exhibit 10: Trend in FES PBIT margin



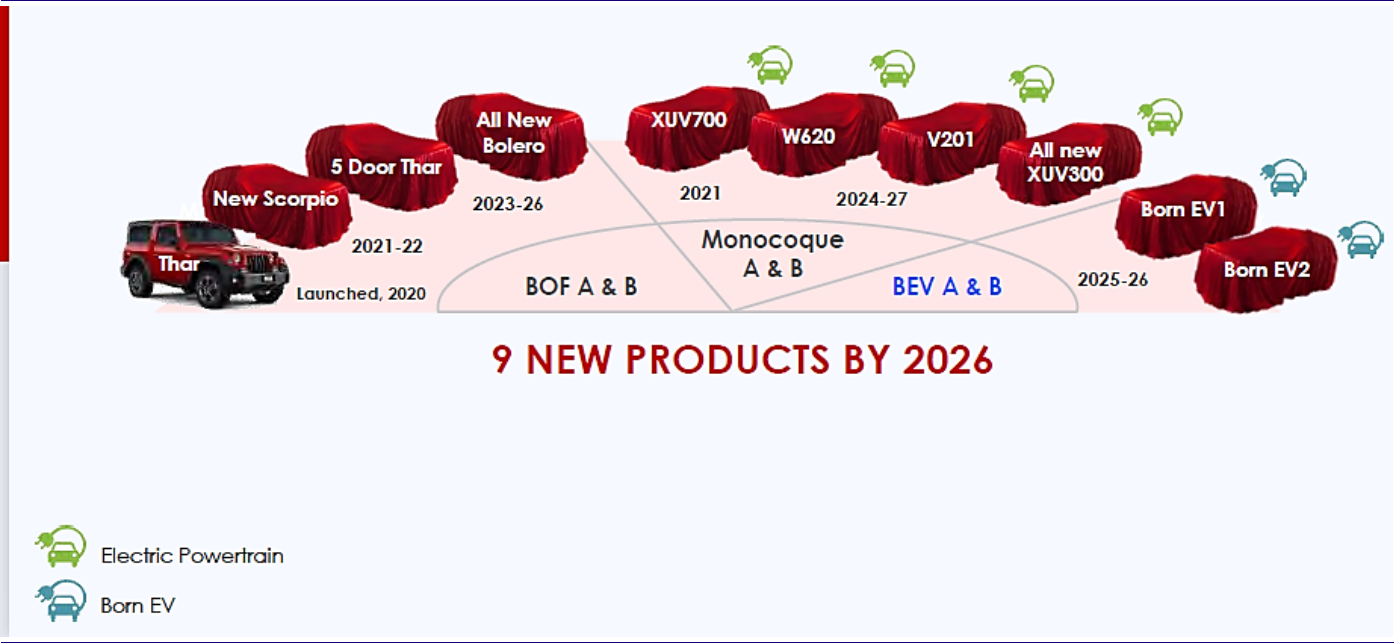
Source: Company, MOFSL

Exhibit 11: MM's focus is on accelerating growth in its core businesses



Source: Company

Exhibit 12: SUV business to have nine new products by CY26



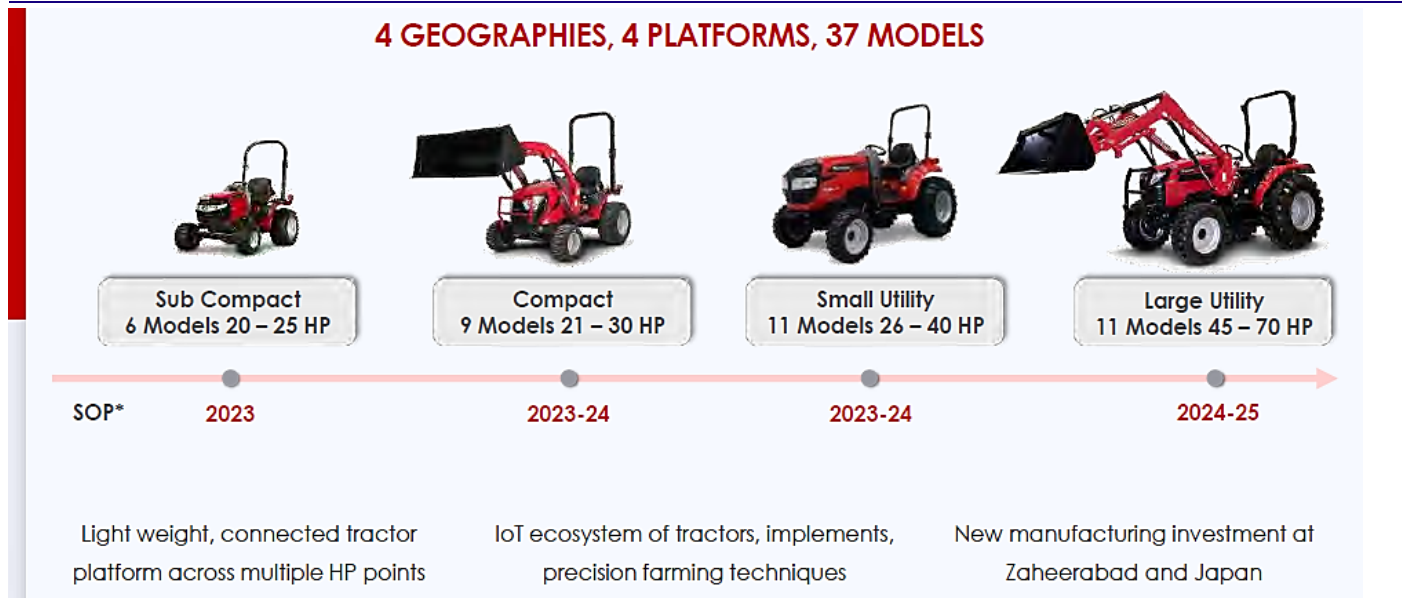
Source: Company

Exhibit 13: LCV (less than 3.5t) business to have 14 new product launches



Source: Company

Exhibit 14: Tractors – K2 platform to be launched from CY23



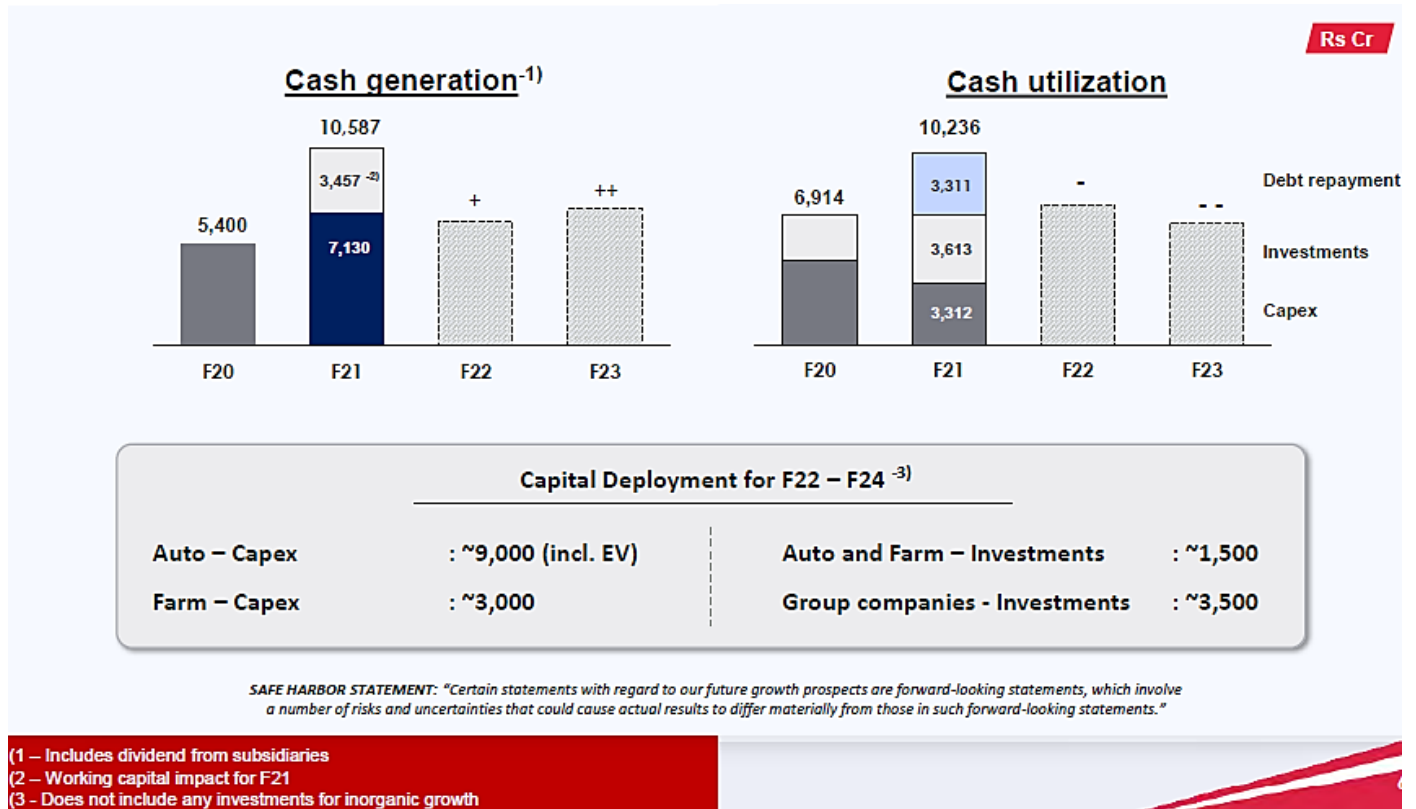
Source: Company

Exhibit 15: Auto and Farm business commitments for CY25

- 1 Revenue Growth of 15-20%+ CAGR
- 2 Leadership in Core SUV segment with strong EV play
- 3 Strengthen #1 position in LCV<3.5T
- 4 Grow Market share in Tractors; Quantum growth in FM
- 5 Be at Top of Brand Affinity & Customer Satisfaction Scores
- 6 Deliver ROCE of 18%++

Source: Company

Exhibit 16: MM's cash utilization plan



Note: INR1cr = INR10m; Source: Company

Valuation and view

- **Best rural proxy with two of three core businesses on a strong footing:** MM has one of the highest exposures to rural markets (~65% of volumes), which would likely be less impacted by the on-going COVID-19 disruption. According to our estimates, the rural market should contribute over 60%/~80%/~70% to revenue/core PAT/SoTP in FY22E. We have slotted MM's core business into three buckets – Tractors, Pick-up UVs, and Passenger UVs. Tractors and Pickup UVs are on a strong footing in terms of outlook, MM's competitive positioning, and industry-level consolidation. However, MM's SUV business is severely challenged, and we do not see any respite for the company in this category in the foreseeable future.
- **Recovery in Tractors to continue; reforms to potentially drive the next phase of farm mechanization:** The Tractors segment has seen a 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. A good Rabi crop and expected normal monsoons have further improved the outlook for the farm income. We estimate Tractors industry volumes to grow ~5% in FY22E (supply-side disruption is the key risk), with MM also growing in line.
- **MM's positioning in LCVs to further strengthen under BS-VI:** Looking beyond the cyclical downturn, fundamentals of the LCV segment are strong. LCVs should also continue to benefit from the increasing emergence of the 'Hub and Spoke' model. We estimate the LCV industry to deliver 8-10% CAGR over the next five years. MM enjoys a market share of ~42.5% in overall LCVs and ~65% in the 2-3.5t segment. Under BS-VI, the competitive positioning of MM's Pickups business should improve v/s SCVs/LCVs due to lower price inflation. We estimate 25% volume CAGR over FY21-23E.
- **MM to see a volume recovery in the SUV segment, though the competitive intensity remains high:** The company is reorienting its SUV business to maintain its DNA and brand positioning, and to garner market share. Based on its learnings from the Thar success as well as past failures, it is reorienting its SUV business to focus on maintaining its DNA and brand positioning. While the new Thar is the first product based on this renewed strategy, its upcoming new products – XUV700 (2Q) and Scorpio (4QFY22) – will further extend this focus. We estimate Passenger UV volumes to grow at 12% CAGR over FY21-23E.
- **Valuation and view:** We cut our FY22E/FY23E EPS estimates by 5%/2% to account for sales loss due to the ongoing lockdown. We estimate revenue/EBITDA/PAT to grow at 16%/15%/20% CAGR over FY21-23E. MM's valuations are still at a substantial discount to its five-year average, which captures both the pain points of deterioration in the UV market share and performance of its subsidiaries. Implied core P/E for MM stands at 15.5x/11.9x FY22E/FY23E EPS. This implies an over 20% discount (on an FY23E basis) to its five-year average P/E and P/B. We maintain our Buy rating with a TP of INR980/share (Mar'23E SoTP) – implying a core P/E of ~14.7x (v/s five-year average core P/E of ~15.6x). We had increased our target multiple for the Auto business to 15x (in sync with multiple increases for AL/TTMT) from 12x.

Exhibit 17: Revised estimates

	FY22E			FY23E		
	Revised	Old	Change (%)	Revised	Old	Change (%)
Volumes ('000 units)	823	856	-3.9	915	964	-5.1
Net Sales	538	549	-1.9	607	628	-3.2
EBITDA (% incl. MVML)	13.6	13.8	-10bp	14.9	14.6	30bp
Net Profit	43	46	-5.3	55	57	-3.1
EPS (INR)	36.3	38.4	-5.5	46.4	47.9	-3.3
EPS (INR, incl. MVML)	37.7	39.7	-4.9	48.9	50.0	-2.0

Source: MOFSL

Exhibit 18: Sum-of-the-parts (INR/share) valuation

SoTP (INR/share)	Target P/E (x)	FY22E	FY23E
Tractors	16	433	460
Autos	15	77	207
Others	8	44	51
Value of Core Business		554	717
Value of subsidiaries post holding company discount	20%	263	263
- Tech Mahindra		130	130
- MMFSL		25	25
- Mah. Lifespaces		7	7
- Mah. Holidays		12	12
- Mah. Logistics		9	9
- Others		80	80
Fair Value (INR/share)		817	980

Source: MOFSL

Exhibit 19: Core P/E trend

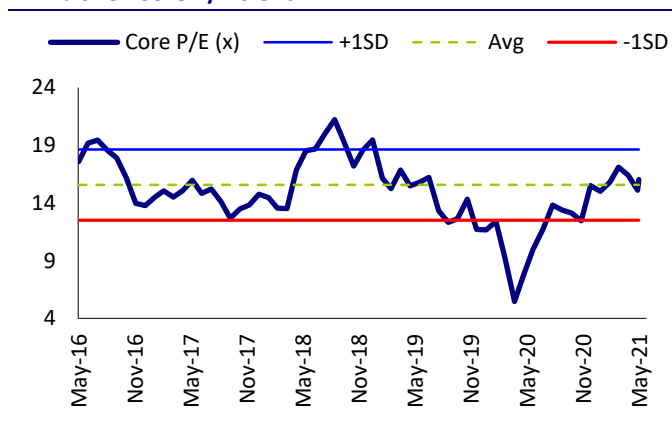
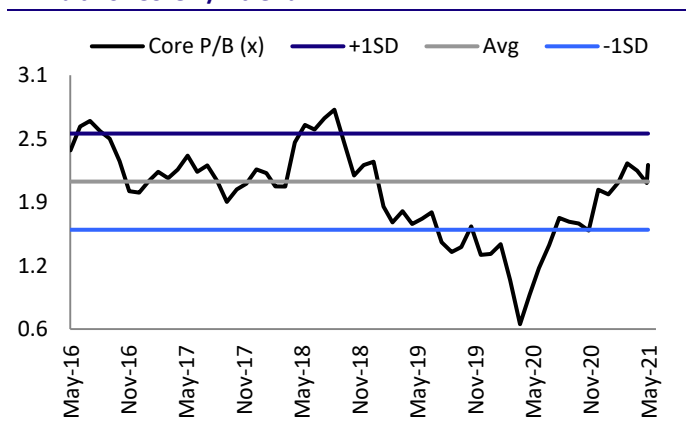


Exhibit 20: Core P/B trend



Source: Bloomberg, MOFSL

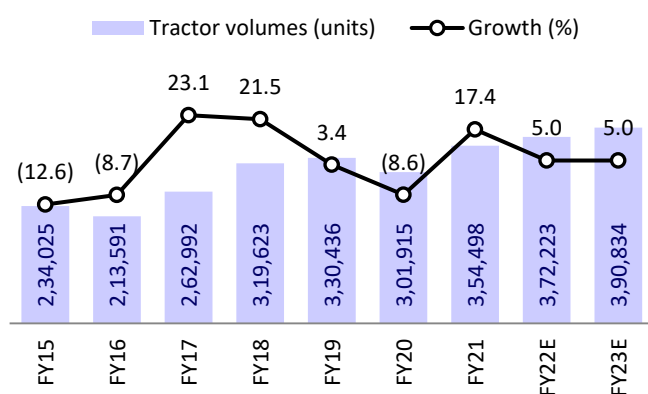
Exhibit 21: Snapshot of the revenue model (standalone)

'000 units	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
Tractors	263	320	330	302	354	372	391
Growth (%)	23.1	21.5	3.4	-8.6	17.4	5.0	5.0
% of total volumes	34.3	36.8	35.2	38.8	50.2	45.2	42.7
Autos							
Pick-up/LCVs (less than 3.5t)	168	200	229	188	154	200	239
Growth (%)	7.7	19.1	14.9	-18.1	-18.3	30.0	20.0
SUVs	223	235	237	179	165	188	206
Growth (%)	-4.4	5.7	0.9	-24.4	-8.2	14.0	9.7
3Ws	52	55	67	62	21	35	45
Growth (%)	-4.9	4.4	22.1	-6.8	-69.5	70.0	30.0
LCVs (over 3.5t)	8	8	8	6	2	2	2
Growth (%)	18.7	1.6	8.6	-26.5	-75.0	35.0	15.0
M&HCVs (MTBL)	7	9	11	5	3	4	6
Growth (%)	17.7	41.2	14.3	-53.0	-50.0	60.0	30.0
Others and Exports	47	42	56	35	9	22	25
Growth (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Autos	504	549	609	476	352	451	524
Growth (%)	2.5	8.9	10.8	-21.8	-26.0	27.9	16.3
% of total volumes	65.7	63.2	64.8	61.2	49.8	54.8	57.3
Total volumes ('000 units)	767	869	939	778	707	823	915
Growth (%)	8.8	12.9	8.1	-17.2	-9.1	16.4	11.2
ASP (INR'000/unit)	572	560	571	585	635	654	664
Growth (%)	0.3	-2.1	1.9	2.4	7.5	3.0	1.5
Net Sales (INR b)	441	487	536	455	449	538	607
Growth (%)	9.1	10.5	10.1	-15.2	-1.3	19.9	12.9

Source: Company, MOFSL

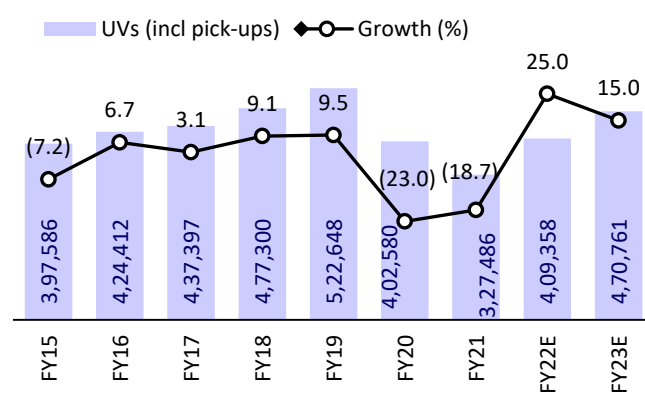
Story in charts

Exhibit 22: Trend in Tractor volumes



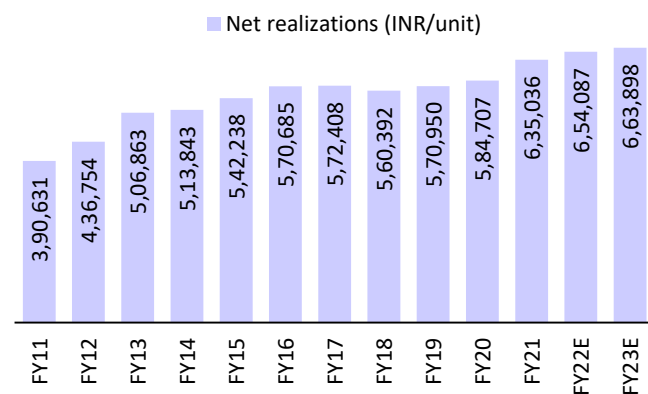
Source: Company, MOFSL

Exhibit 23: New product launches to drive UV sales



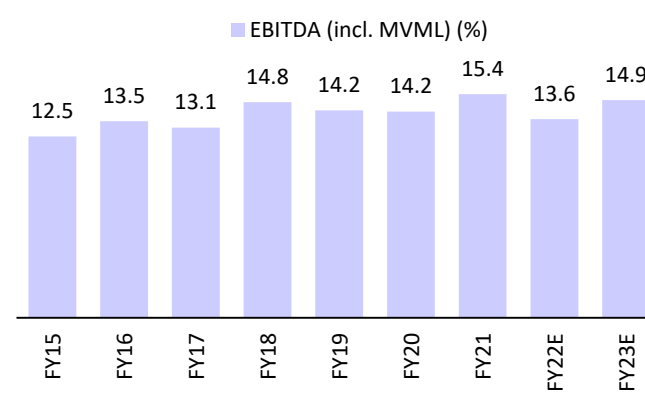
Source: Company, MOFSL

Exhibit 24: Realization trend



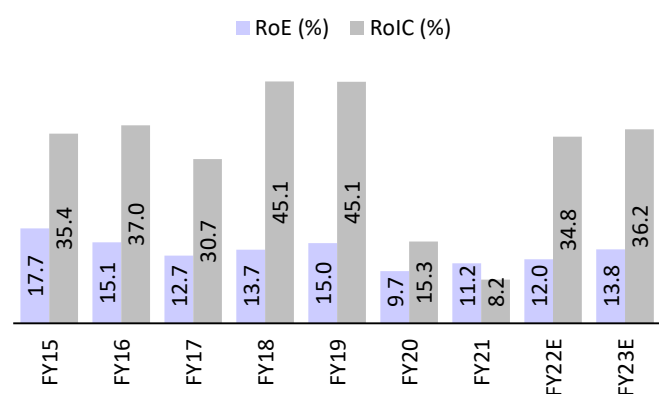
Source: Company, MOFSL

Exhibit 25: Trend in EBITDA margin



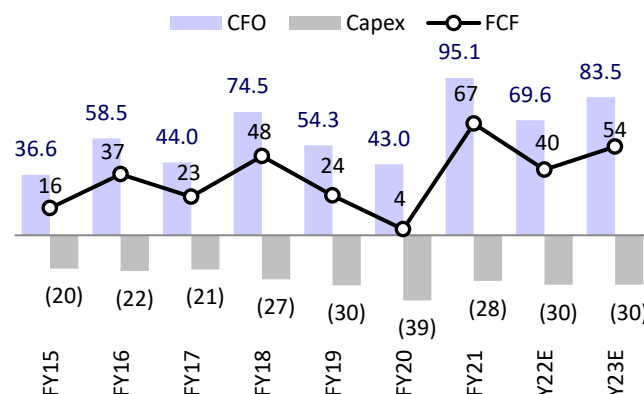
Source: Company, MOFSL

Exhibit 26: Trend in return profile



Source: Company, MOFSL

Exhibit 27: FCF to improve despite higher capex plans



Source: Company, MOFSL

Financials and valuations

Income Statement						(INR m)	
Y/E March	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
Net Op. Income	4,40,535	4,86,856	5,36,140	4,54,878	4,48,830	5,38,260	6,07,481
Change (%)	7.8	10.5	10.1	-15.2	-1.3	19.9	12.9
Total Expenditure	3,95,388	4,24,615	4,69,744	3,96,897	3,85,349	4,69,826	5,23,572
EBITDA	45,147	62,240	66,396	57,981	63,481	68,434	83,909
Margin (%)	10.2	12.8	12.4	12.7	14.1	12.7	13.8
Margin (% incl. MVML)	13.1	14.8	14.2	14.2	15.4	13.6	14.9
Depreciation	15,264	14,794	18,604	22,226	22,330	24,363	26,479
EBIT	29,883	47,446	47,792	35,754	41,151	44,070	57,430
Deferred Revenue Exp.	0	0	0	0	0	0	0
Int. and Finance Charges	1,596	1,122	1,134	1,132	3,709	3,566	2,246
Other Income	13,455	10,364	16,890	16,678	12,213	17,265	18,716
Non-recurring Income	5,485	4,336	-297	-20,140	-35,053	0	0
Profit before Tax	47,226	61,024	63,250	31,160	14,603	57,769	73,900
Eff. Tax Rate (%)	22.9	28.6	24.2	57.3	81.6	25.0	25.0
Profit after Tax	36,434	43,560	47,960	13,306	2,687	43,327	55,425
Adj. Profit after Tax	31,130	39,220	48,260	33,450	38,683	43,327	55,425
Change (%)	(1.3)	26.0	23.0	(30.7)	15.6	12.0	27.9
Adj. PAT (incl. MVML)	35,133	43,202	51,288	35,770	40,405	45,070	58,465

Balance Sheet						(INR m)	
Y/E March	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
Share Capital	2,968	5,950	5,958	5,965	5,974	5,974	5,974
Reserves	2,64,888	2,96,991	3,36,135	3,38,713	3,39,046	3,73,411	4,16,888
Net Worth	2,67,856	3,02,941	3,42,093	3,44,679	3,45,019	3,79,385	4,22,862
Deferred tax	2,548	2,772	6,341	14,082	13,432	13,432	13,432
Loans	27,729	28,644	25,713	30,680	70,948	30,948	28,948
Capital Employed	2,98,134	3,34,357	3,74,147	3,89,440	4,29,399	4,23,764	4,65,241
Application of Funds							
Gross Fixed Assets	1,54,778	1,82,295	2,23,122	2,48,477	2,68,654	3,21,976	3,56,976
Less: Depreciation	77,068	1,03,700	1,22,304	1,44,531	1,66,861	1,91,224	2,17,703
Net Fixed Assets	77,710	78,594	1,00,818	1,03,946	1,01,794	1,30,752	1,39,273
Capital WIP	20,404	31,287	24,198	40,095	48,322	25,000	20,000
Investments	1,79,084	2,05,830	2,20,160	1,99,381	2,40,651	2,22,029	2,39,029
Curr. Assets, L. and Adv.	1,25,034	1,58,457	1,81,795	1,61,599	2,05,122	2,08,774	2,35,632
Inventory	27,580	27,017	38,393	34,009	39,555	41,291	46,601
Sundry Debtors	29,388	31,730	39,463	29,990	23,429	32,443	36,615
Cash and Bank Bal.	16,875	28,937	37,317	42,365	62,554	64,805	80,284
Loans and Advances	5,406	10,182	7,110	6,509	24,097	14,747	16,643
Others	45,784	60,591	59,513	48,726	55,488	55,488	55,488
Current Liab. and Prov.	1,04,098	1,39,811	1,52,824	1,15,581	1,66,490	1,62,790	1,68,692
Sundry Creditors	68,811	86,034	96,782	67,858	99,882	95,855	99,860
Other Liabilities	21,388	38,485	40,326	32,537	52,189	52,189	52,189
Provisions	13,899	15,292	15,716	15,185	14,419	14,747	16,643
Net Current Assets	20,935	18,646	28,971	46,018	38,633	45,984	66,940
Application of Funds	2,98,134	3,34,357	3,74,147	3,89,440	4,29,398	4,23,764	4,65,241

E: MOFSL estimates

Financials and valuations

Ratios

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
Basic (INR)							
Fully diluted EPS	26.2	33.0	40.5	28.0	32.4	36.3	46.4
FD EPS (incl. MVML)	29.6	36.3	43.0	30.0	33.8	37.7	48.9
Cash EPS	39.1	45.4	56.1	46.7	51.1	56.7	68.6
Book Value per Share	225.1	256.2	293.7	290.3	295.6	325.9	353.9
DPS	6.5	7.5	8.5	2.4	8.8	7.5	10.0
Payout (Incl. Div. Tax, %)	12.3	23.8	24.5	24.5	389.1	20.7	21.6
Valuation (x)							
P/E	28.6	23.3	19.7	28.2	25.0	22.4	17.3
Cash P/E	21.7	18.6	15.1	18.1	16.6	14.9	12.3
EV/EBITDA	10.6	15.5	14.6	16.7	15.1	13.9	11.1
EV/Sales	1.1	2.0	1.8	2.1	2.1	1.8	1.5
Price-to-Book Value	3.8	3.3	2.9	2.9	2.9	2.6	2.4
Dividend Yield (%)	0.8	0.9	1.0	0.3	1.0	0.9	1.2
Profitability Ratios (%)							
RoE	12.7	13.7	15.0	9.7	11.2	12.0	13.8
RoCE	12.4	13.0	13.8	5.9	2.4	10.8	12.8
ROIC	30.7	45.1	45.1	15.3	8.2	34.8	36.2
Turnover Ratios							
Debtors (Days)	24	24	27	24	19	22	22
Inventory (Days)	23	20	26	27	32	28	28
Creditors (Days)	57	65	66	54	81	65	60
Working Capital (Days)	17	14	20	37	31	31	40
Asset Turnover (x)	1.5	1.5	1.4	1.2	1.0	1.3	1.3
Leverage Ratio							
Net Debt/Equity (x)	-0.1	-0.1	-0.1	-0.1	-0.1	-0.2	-0.2

Cash Flow Statement

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
(INR m)							
OP/(Loss) before Tax	41,742	56,688	63,547	51,300	51,236	44,070	57,430
Int./Dividends Received	-9,800	-8,084	-13,184	-14,327	-9,733	17,265	18,716
Depreciation and Amort.	15,264	14,794	18,604	22,226	22,330	24,363	26,479
Direct Taxes Paid	-9,929	-12,887	-14,341	-10,823	-10,646	-14,442	-18,475
(Inc.)/Dec. in Wkg. Capital	-508	17,803	-5,060	-13,260	35,001	-5,101	-5,477
Other Items	332	1,957	-327	1,662	3,011		
CF from Oper. Activity	37,100	70,271	49,239	36,778	91,198	66,156	78,673
(Inc.)/Dec. in FA+CWIP	-20,743	-26,688	-30,316	-39,437	-27,653	-30,000	-30,000
Free Cash Flow	16,358	43,583	18,923	-2,658	63,545	36,156	48,673
(Pur.)/Sale of Invest.	-7,076	-24,416	4,826	13,672	-1,17,985	18,622	-17,000
CF from Inv. Activity	-27,818	-51,104	-25,490	-25,764	-1,45,638	-11,378	-47,000
Change in Net Worth	0	0	0	0		0	0
Inc./(Dec.) in Debt	-1,742	592	-3,725	3,289	45,261	-40,000	-2,000
Interest Paid	-1,482	-1,695	-1,710	-1,570	-3,727	-3,566	-2,246
Dividends Paid	-8,391	-9,230	-10,117	-11,874	-2,936	-9,129	-12,116
CF from Fin. Activity	-11,615	-10,333	-15,552	-10,155	38,598	-52,695	-16,362
Inc./(Dec.) in Cash	-2,333	8,834	8,196	859	-15,842	2,082	15,311
Add: Beginning Balance	7,679	5,346	14,180	22,376	23,235	7,393	9,476
Closing Balance	5,346	14,180	22,376	23,235	7,393	9,476	24,955

E: MOFSL estimates

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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

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