

Mahindra & Mahindra

Estimate change 

TP change 

Rating change 

	MM IN
Bloomberg	
Equity Shares (m)	1198
M.Cap.(INRb)/(USD\$)	1895.3 / 22.7
52-Week Range (INR)	1670 / 1123
1, 6, 12 Rel. Per (%)	0/16/10
12M Avg Val (INR M)	3546

Financials & Valuations (INR b)

Y/E MARCH	2023	2024E	2025E
Sales	850	1,022	1,122
EBITDA	104.4	131.4	147.7
Adj. PAT	77.7	108.6	114.5
Adj. EPS (INR)	64.9	90.7	95.6
EPS Gr. (%)	51.6	39.8	5.4
BV/Sh. (INR)	362	433	506

Ratios

RoE (%)	19.1	22.8	20.4
RoCE (%)	17.0	20.8	19.3
Payout (%)	30	22	23

Valuations

P/E (x)	23.5	16.8	15.9
P/BV (x)	4.2	3.5	3.0
Div. Yield (%)	1.1	1.3	1.5
FCF Yield (%)	3.1	6.9	5.8

Shareholding pattern (%)

As On	Sep-23	Jun-23	Sep-22
Promoter	18.9	18.9	18.9
DII	26.2	26.3	27.8
FII	45.4	45.4	43.7
Others	9.5	9.5	9.6

FII Includes depository receipts

CMP: INR1,524

TP: INR1,775 (+16%)

Buy

Operationally lower; PAT beat led by high other income

FY24 tractor growth guidance flattish YoY; SUV demand better off

- M&M's 2QFY24 operating performance was lower as EBITDA came in at INR30.7b (vs est. INR32b). Adjusted PAT surpassed expectations at INR34.5b (vs est. INR28b), primarily driven by better-than-expected other income, attributable to higher dividends. We believe 2HFY24 will be a relatively better period vis-à-vis 1H, led by growth in tractor volumes and execution of SUV orders.
- We raised our FY24E/FY25E EPS by 5%/2% to account for higher 'other income' and lower tax despite a cut in EBITDA. We **reiterate our BUY rating with a TP of INR1,775 (based on Dec'25E SoTP)**.

Trend of PBIT margin expansion in auto division continues

- 2QFY24 revenue/EBITDA/adj. PAT grew 16%/23%/48% YoY to INR243.1b/INR30.7b/INR34.5b. 1HFY24 revenue/EBITDA/adj. PAT grew 19%/30%/66% YoY.
- Revenue growth during the quarter was driven by volumes growth of ~11% YoY, while ASPs grew 5% YoY to INR804.6k/unit (est. INR823.8k/unit).
- Gross margins expanded 100bps YoY (down 30bp QoQ) to 24.4% (vs. est.24.2%), driven by softer commodity costs. EBITDA margins came in at 12.6% (vs. est.12.9%).
- Further higher 'other income' combined with lower interest costs drove adj. PAT growth of 48% YoY to INR34.5b (vs est. INR28.1b)
- FCFE stood at INR6.9b (vs. INR15.1b in 1HFY23) despite improvement in CFO of INR50b (vs. INR41b in 1HFY23). Capex stood at INR24.7b (vs. INR18.8b in 1HFY23) and investment in subs. stood at INR18.4b (vs. INR7b in 1HFY23).
- **Auto:** Revenue grew 24% YoY to INR184.1b (vs. est. INR190b), wherein volume/ASP grew 18%/5% YoY. PBIT margin came in at 9% (up 310bp YoY/up 150bp QoQ vs. est.7.8%), while it was at 7.9% after adjusting for sale of assets to Mahindra Last Mile Mobility Limited (MLMML).
- **FES:** Revenue grew 7% YoY to INR59.2b (in line), wherein volumes declined 4% YoY, while ASPs grew 11% YoY. PBIT margin came in at 16% (down 30bp YoY/down 150bp QoQ vs. est.17.1%).

Highlights from the management commentary

- **Automotive-** There has been a healthy double-digit growth during the festive season. Bookings have been consistent. Demand momentum has been strong for higher-end products (priced over INR1.3m). XUV300 and Bolero have underperformed vis-à-vis other products.
- **Open bookings at 286k units** (vs. 281k units in 1QFY24), including ~70k/76k/119k open bookings for XUV700/Thar/Scorpio-N respectively. Cancellation rate is less than 8%. Average inventory stood at ~30 days in 2QFY24.

Jinesh Gandhi – Research Analyst (Jinesh@MotilalOswal.com)

Research Analyst: Amber Shukla (Amber.Shukla@MotilalOswal.com) | Aniket Desai (Aniket.Desai@MotilalOswal.com)

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.

- **Tractor/FES - Expect FY24 volumes to be flat YoY.** Monsoon spread in Southern regions and Maharashtra was not favorable, leading to weakness in demand. Demand in northern states is better off. Navratri was largely as per expectations. November is expected to see healthy volume growth.
- **Farm Machinery-** Revenue for 2QFY24 stood at INR2.23b and expect FY24 to end at 45% YoY growth. Market share in Rotavator stood at 21.5% in 1HFY24 (vs. 17.9% in 1HFY23).

Valuation and view

- While the outlook for tractors remains stable, we expect the Auto business to be the key growth driver for the next couple of years. Despite deterioration in the mix, we estimate revenue/EBITDA/PAT CAGR of ~15%/19%/21% over FY23-25E. The implied core P/E for MM stands at 16.2x/14.8x FY24E/FY25E EPS.
- While the valuation is still attractive vs. peers, MM has seen a substantial re-rating in FY23 as the stock is now trading in line with its five-year average core P/E (against discount of 30% earlier), driven by a strong performance in the SUV segment, market share gain in tractors, and a new launch pipeline in EVs. **We reiterate our BUY rating on the stock with a TP of INR1,775 (based on Dec'25E SOTP).**

Quarterly Performance (incl MVML)

Y/E March	FY23				FY24E				FY23	FY24E	2QE
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			
INR b											
Total Volumes ('000 units)	272.0	273.2	281.9	278.9	301.1	302.1	334.8	318.8	1105.4	1,257	302.1
Growth YoY (%)	45.6	43.3	31.6	21.9	10.7	10.6	18.8	14.3	34.8	13.7	10.6
Net Realization (INR '000/unit)	725.3	769.0	768.2	809.2	798.8	804.6	813.7	833.8	768.6	813	823.8
Growth YoY (%)	15.2	10.2	7.2	7.4	10.1	4.6	5.9	3.0	9.1	5.8	7.1
Net Op. Income	197.3	210.1	216.5	225.7	240.6	243.1	272.4	265.8	849.6	1,022	248.9
Growth YoY (%)	67.7	57.9	41.1	30.9	22.0	15.7	25.8	17.8	47.0	20.3	18.5
RM Cost (% of sales)	76.6	76.5	76.0	75.0	75.3	75.6	75.4	74.7	76.0	75.3	75.8
Staff (% of sales)	4.3	4.4	4.2	4.2	4.3	4.8	5.1	4.3	4.3	4.4	4.8
Oth. Exp. (% of Sales)	7.3	7.2	6.7	8.4	6.9	7.2	7.6	8.4	7.4	7.5	7.0
EBITDA	23.3	25.0	28.1	28.0	32.4	30.7	34.9	33.5	104.4	131	32.0
Growth YoY (%)	43.0	50.5	56.1	44.5	38.6	22.8	24.0	19.9	48.6	25.9	28.2
EBITDA Margins (%)	11.8	11.9	13.0	12.4	13.4	12.6	12.8	12.6	12.3	12.9	12.9
Other income	2.3	13.1	6.7	3.3	9.7	21.5	6.5	3.2	25.5	41	14.0
Interest	0.7	0.6	0.7	0.7	0.3	0.3	0.3	0.4	2.7	1	0.6
Depreciation	7.0	7.9	8.3	8.4	8.3	8.2	8.4	8.6	31.5	33	8.6
EO Income/(Exp)	-0.4	-2.5	-6.3	-5.1	0.0	0.0	0.0	0.0	-14.3	0	0.0
PBT after EO	17.5	27.1	19.6	17.1	33.4	43.7	32.6	27.7	81.3	137	36.8
Tax	3.5	6.4	4.3	1.6	5.7	9.2	7.5	6.5	15.8	29	8.6
Effective Tax Rate (%)	20.0	23.6	21.9	9.5	17.1	21.0	23.0	23.5	19.5	21.0	23.5
Reported PAT	14.0	20.7	15.3	15.5	27.7	34.5	25.1	21.2	65.5	109	28.1
Adj PAT	14.0	23.4	20.3	19.8	27.7	34.5	25.1	21.2	77.7	109	28.1
Change (%)	50.3	38.6	52.0	66.7	97.6	47.6	23.9	7.5	51.8	39.8	20.3

E: MOFSL Estimates

Y/E March	FY23				FY24E				FY23	FY24E	2Q
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			
Segmental (M&M + MVML)											
Realizations (INR '000/unit)											
Auto	825	840	850	877	893	868	890	905	850	897	897
Farm Equipment	598	636	634	670	648	657	661	663	632	657	653
Blended	725	769	768	809	799	805	814	834	768.6	813	824
Segment PBIT Margins (%)											
Auto	5.3	5.9	0.6	7.1	7.5	9.0	8.3	8.5	4.8	8.4	7.8
Farm Equipment	15.9	16.3	16.3	16.4	17.5	16.0	17.2	16.3	16.2	16.8	17.1

E: MOFSL Estimates

Key Performance Indicators	FY23				FY24E				FY23	FY24E	
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2Q
Y/E March											
Tractors ('000 units)	118.5	93.5	105.8	89.7	115.0	90.1	109.8	92.7	407.5	407.5	90.1
Change (%)	18.6	5.2	13.8	23.1	-3.0	-3.7	3.8	3.3	14.9	0.0	-3.7
Total UV ('000 units)	133.3	154.3	149.5	160.7	158.1	180.2	189.8	190.5	597.8	713.0	180.2
Change (%)	74.6	82.5	47.3	19.8	18.6	16.8	27.0	18.5	50.7	19.3	16.8
Other Autos ('000 units)	20.1	25.4	26.6	28.5	28.0	31.9	35.2	35.6	100.7	136.4	31.9
Change (%)	92.0	48.1	35.2	31.4	39.3	25.5	32.3	25.2	45.8	35.5	25.5
Cost Break-up											
RM Cost (% of sales)	76.6	76.5	76.0	75.0	75.3	75.6	75.4	74.7	76.0	75.3	75.8
Staff Cost (% of sales)	4.3	4.4	4.2	4.2	4.3	4.8	5.1	4.3	4.3	4.4	4.8
Other Cost (% of sales)	7.3	7.2	6.7	8.4	6.9	7.2	7.6	8.4	7.4	7.5	7.0
Gross Margins (%)	23.4	23.5	24.0	25.0	24.7	24.4	24.6	25.3	24.0	24.8	24.2
EBITDA Margins (%)	11.8	11.9	13.0	12.4	13.4	12.6	12.8	12.6	12.3	12.9	12.9
EBIT Margins (%)	8.3	8.1	9.2	8.7	10.0	9.3	9.7	9.4	8.6	9.6	9.4

E:MOFSL Estimates



Highlights from the management commentary

- **Autos:** Demand momentum strong for higher-end products (priced over INR1.3m).
- **Festive-** There has been a healthy double-digit growth. Bookings have been consistent. XUV300 and Bolero have underperformed vis-à-vis other products.
- Capacity of 49k units per month will be ready by the end of Mar'24. Anticipating an expansion in capacity upon reaching the current peak, the company will try to keep capacities fungible between ICE and EVs.
- **Open bookings at 286k units**, including ~70k/76k/119k open bookings for XUV700/Thar/Scorpio-N, respectively. Cancellation rate is less than 8%. Average inventory stood at ~30 days in 2QFY24.
- **Tractor/FES - Expect FY24 volumes to be flat YoY.** Monsoon spread in Southern regions and Maharashtra was not healthy, leading to weakness in demand.
- Demand in northern states is better off. Navratri was largely as per expectations. November is expected to see healthy volume growth.
- MM gained market share of 150bp YoY to 41.6% in 2QFY24.
- **Farm Machinery-** Revenue for 2QFY24 stood at INR2.23b and expect FY24 to end at 45% YoY growth. Market share in Rotavator stood at 21.5% in 1HFY24 (vs. 17.9% in 1HFY23).
- **Last Mile mobility-** EV penetration in L5 category is ~10.5% in 2QFY24 (~7.2% in 2QFY23). EV penetration in passenger and cargo stands at 10.1% and 12.5%, respectively.
- TCO- There is a benefit of ~INR300k over CNG and ~INR500k over diesel. Charging infrastructure is not very important as the coverage is very limited. In the long run, EBITDA margin between ICE and EVs will be similar.
- MM holds a dominant position in the market and anticipates sales of 74k units in FY24E.
- **EVs-** Born EVs will operate as a distinct entity within a separate company, emphasizing the desire to showcase the EV business independently. The transition is expected to take an additional 1-1.5 years to complete.
- **XUV400-** Looking to conclude backend sales by the end of FY24, as the company aims to implement a series of upgrades before initiating the ramp-up phase.

- **Hybrid products incur relatively higher costs**, and their efficiency is dependent on increased usage. While the company may explore hybrid programs at a later stage, the current primary focus is solely on EVs.
- **Mahindra Finance-** Structural improvement in asset quality will result in lower credit costs over time.
- A provision of INR 3.45b was reversed last year, attributable to a notable decrease in GS2% + GS3%, leading to a substantial INR 6.21b swing in provisions. This reversal significantly contributed to the reduction in PAT.
- NIM was 30bp lower than budgeted, due to higher borrowing cost and customer mix. FY24 provision was budgeted at INR2.76b.
- It is on track to achieve ROA of 2.5% in the next 1.5 years.
- The company generated a net cash of INR48.9b in 1HFY24. Gross debt stood at INR15b and cash balance at INR16.2b as on Sep'23.

Exhibit 1: Trend in Passenger UV volumes

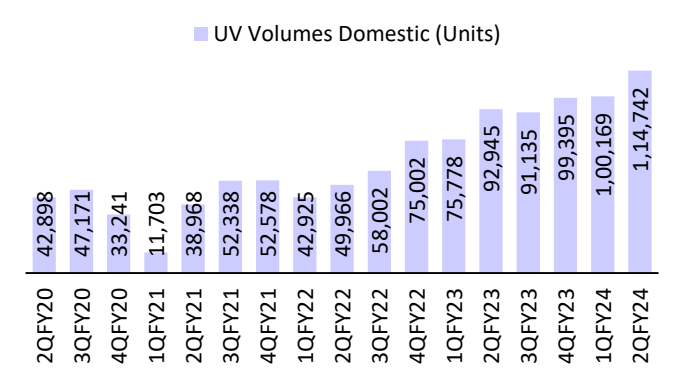


Exhibit 2: Trend in Passenger UV market share

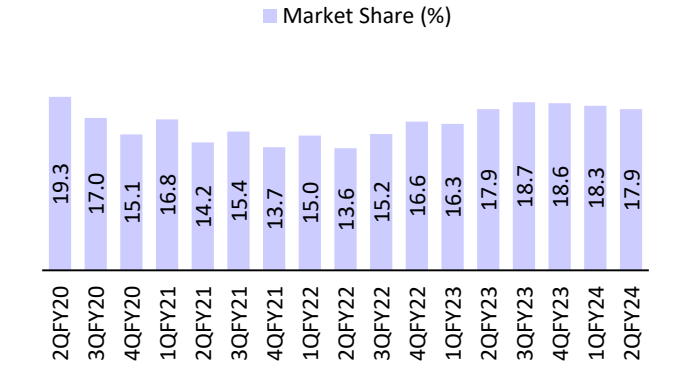


Exhibit 3: Trend in Tractor volumes

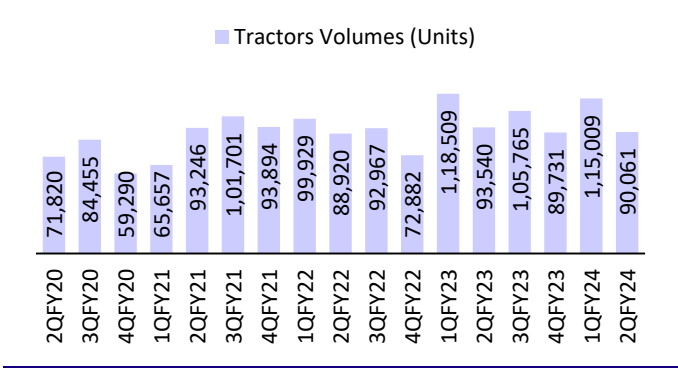


Exhibit 4: Market share trend for the Tractor segment

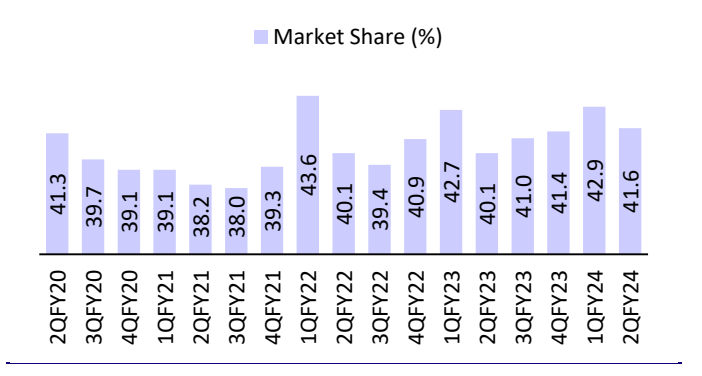


Exhibit 5: Trend in realization for the Auto segment

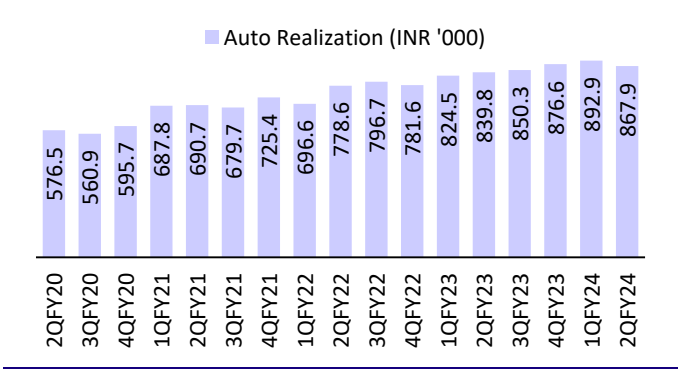


Exhibit 6: Trend in realization for FES

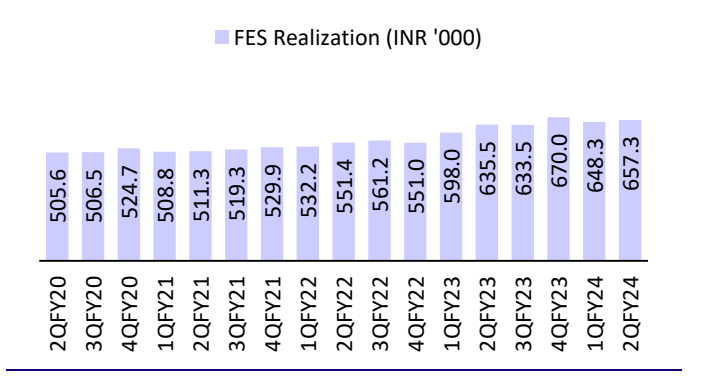
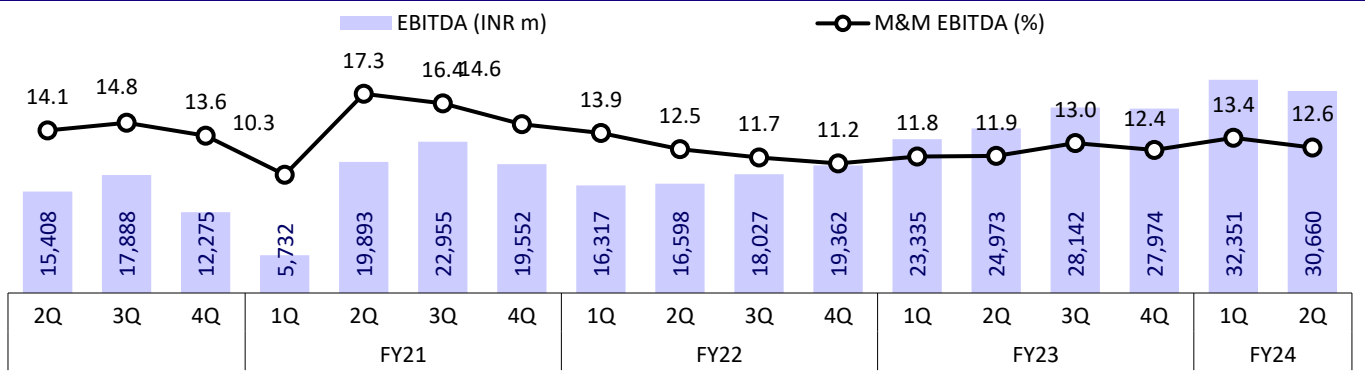
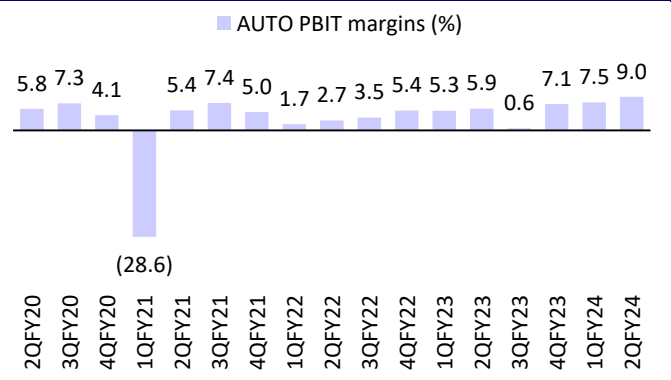


Exhibit 7: Trend in EBITDA margin



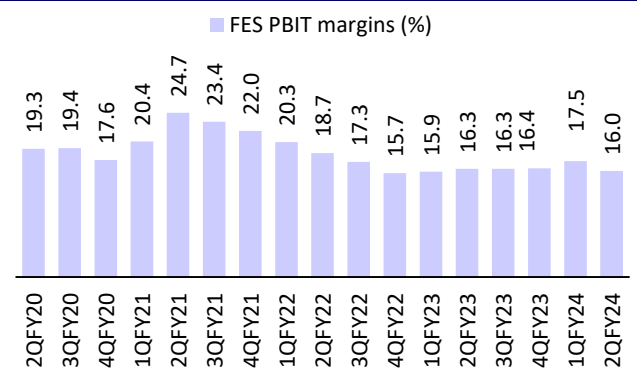
Source: Company, MOFSL

Exhibit 8: Trend in PBIT margin for the Auto segment



Source: Company, MOFSL

Exhibit 9: Trend in PBIT margin for FES



Source: Company, MOFSL

Exhibit 10: MM's strong UV performance and pipeline

STRONG UV PERFORMANCE & PIPELINE

Open Bookings: ~286k

<p>10k open bookings ~6k per month</p> <p>XUV300 & XUV400</p>	<p>70k open bookings ~9k per month</p> <p>XUV700</p>	<p>76k open bookings ~10k per month</p> <p>THAR (incl RWD)</p>	<p>11k open bookings ~9k per month</p> <p>BOLERO (incl NEO)</p>	<p>119k open bookings ~17k per month</p> <p>SCORPIO-N (incl Classic)</p>
---	--	--	---	--

~51k new bookings p.m.

~38k billings p.m.

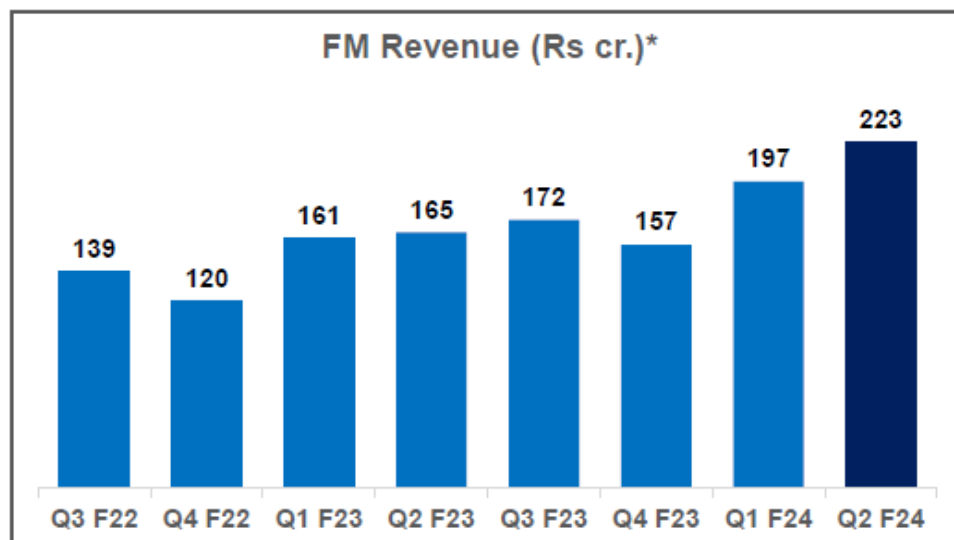
Cancellations < 8% p.m.

Open Bookings as on 1st November 2023
Avg Monthly booking of Q2 F24

16

Source: Company, MOFSL

Exhibit 11: Steady growth in the farm machinery business



- **Revenue:** Q2 F24 Rs 223 cr. (35% YoY Growth); H1 F24 Rs 420 cr. (29% YoY Growth)
- **Market Share:** No. 2 in Rotavators; 21.5% MS in H1 F24 (17.9% in H1 F23)
- **Product Portfolio:** launch of Swaraj 8200 Wheel Harvester

INR1cr=INR10m Source: Company, MOFSL

Valuation and view

- **Best rural proxy, with two of the three core businesses on a strong footing:** MM has one of the highest exposures to the rural market (~65% of volumes), which is likely to recover considering the rural cash flows. We have slotted MM's core business into three buckets: Tractor, Pickup UV, and Passenger UV. Tractor growth is expected to remain stable in FY24. UVs are on a strong footing in terms of outlook, MM's competitive positioning, and industry-level consolidation. Its SUV business is firing on all cylinders, owing to big launches and improving supply chain.
- **FY24E tractor industry to remain flat YoY; M&M likely to outperform the industry:** Positive farm-level indicators, such as higher output prices, higher government spending in rural areas and high water reservoir levels, augur well for tractor demand. Moreover, MM is focusing on lightweight tractors and has launched Oja range. We estimate MM's tractor volumes to remain flat YoY for FY24E, while grow 5% YoY in FY25E.
- **MM's positioning in LCVs to strengthen further:** The LCV business is witnessing a cyclical recovery, as the semiconductor shortage is largely behind. LCVs should continue to benefit from the emergence of the 'Hub and Spoke' model. We expect the LCV industry to deliver a 6-8% CAGR over the next two years. MM enjoys a more than 40% market share in Cargo LCV and over 55% in the 2-3.5t segment. We estimate a 5% volume CAGR over FY23-25E.
- **Recovery in the SUV segment to continue, led by successful new launches:** MM's reorientation of its SUV business to maintain its DNA and brand positioning has led to a revival in its fortunes and has resulted in robust demand

momentum for its SUVs. This has led to a strong order backlog as production is lagging demand, which offers visibility of continued volume traction over the next 12-15 months. However, there are no new ICE launches in the next 12 months, except for variants and refreshes of the existing lineup. We expect a 19% volume CAGR in Passenger UVs over FY23-25E.

- Valuation and view:** We raised our FY24E/FY25E EPS by 5%/2% to account for higher 'other income' and lower tax despite cut in EBITDA. We expect the Auto business to be the key growth driver for the next couple of years. Despite deterioration in the mix, we estimate revenue/EBITDA/PAT CAGR of ~15%/19%/21% over FY23-25E. The implied core P/E for MM stands at 16.2x/14.8x FY24E/FY25E EPS. While the valuation is still attractive vs. peers, MM has seen a substantial re-rating in FY23 as the stock is now trading in line with its five-year average core P/E (against discount of 30% earlier). The narrowing of discount to LPA is a reflection of a strong performance in the SUV segment, market share gains in tractors, and new EV launch pipeline. **We reiterate our BUY rating with a TP of INR1,775 (based on Dec'25E SOTP).**

Exhibit 12: Our revised forecasts:

	FY24E			FY25E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Volumes ('000 units)	1,257	1,251	0.4	1,350	1,342	0.6
Net Sales	1,022	1,022	0.0	1,122	1,118	0.4
EBITDA (%)	12.9	13.2	-40bp	13.2	13.7	-50bp
Net Profit	109	103	5.3	115	113	1.7
EPS (INR)	90.7	86.1	5.3	95.6	93.9	1.7

Exhibit 13: SoTP valuation

SOTP (INR/sh)	Target P/E (x)	FY24E	FY25E	FY26E
Tractors	18	532	577	636
Autos	16	648	719	792
Others	10	0	0	0
Value of Core Business		1181	1296	1428
Value of subs post hold-co discount	20%	380	380	380
- Tech Mahindra	236	189	189	189
- MMFSL	146	117	117	117
- Mah. Lifespaces	11	9	9	9
- Mah. Holidays	30	24	24	24
- Mah. Logistics	15	12	12	12
- Others	36	29	29	29
Fair Value (INR/sh)		1561	1676	1808
Dec-25 TP		1775		

Source: MOFSL

Exhibit 14: Core P/E trend

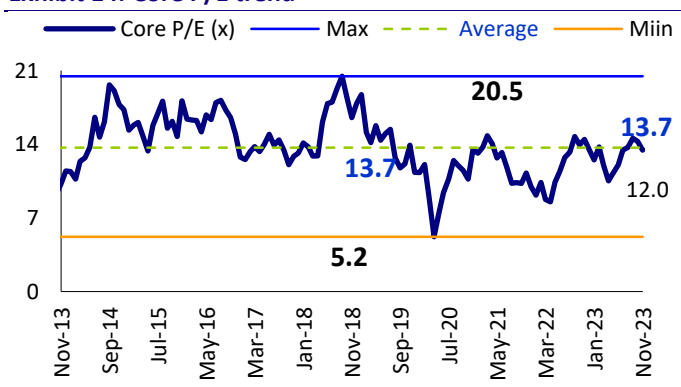
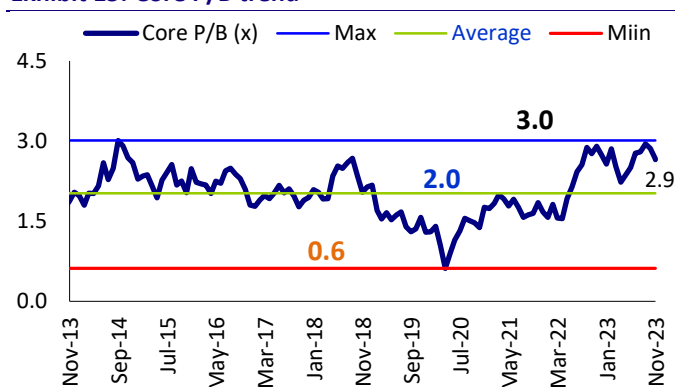


Exhibit 15: Core P/B trend



Source: Bloomberg, MOFSL

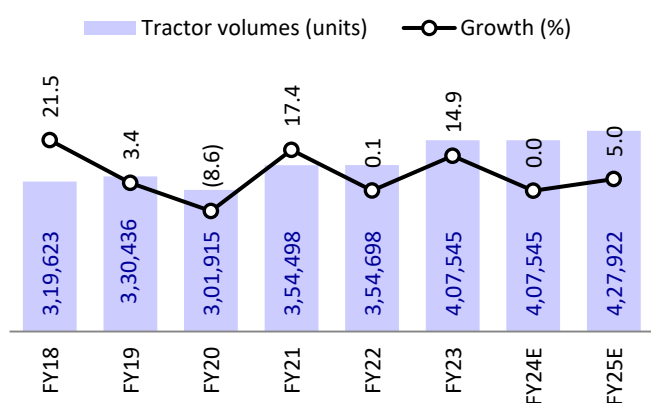
Exhibit 16: Snapshot of the revenue model (standalone)

000 units	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Tractors	320	330	302	354	355	408	408	428
Growth (%)	21.5	3.4	-8.6	17.4	0.1	14.9	0.0	5.0
% of total volumes	36.8	35.2	38.8	50.2	43.2	36.8	32.4	31.7
Autos								
Pick-up/LCVs (<3.5t)	200	229	188	154	171	239	250	263
Growth (%)	19.1	14.9	-18.1	-18.3	11.2	39.8	5.0	5.0
SUVs	235	237	179	156	226	359	463	506
Growth (%)	5.7	0.9	-24.4	-13.3	45.2	59.0	28.7	9.5
3-Ws	55	67	62	21	30	59	88	98
Growth (%)	4.4	22.1	-6.8	-67.0	46.5	94.6	50.0	12.0
LCVs (>3.5t)	8	8	6	2	2	4	7	9
Growth (%)	1.6	8.6	-26.5	-75.0	31.0	84.9	90.0	25.0
M&HCVs (MTBL)	9	11	5	3	4	6	6	7
Growth (%)	41.2	14.3	-53.0	-50.0	60.0	30.0	9.0	10.0
Others & Exports	42	56	35	18	33	32	35	39
Growth (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Autos	549	609	476	352	466	698	849	922
Growth (%)	8.9	10.8	-21.8	-26.0	32.2	50.0	21.6	8.6
% of total volumes	63.2	64.8	61.2	49.8	56.8	63.2	67.6	68.3
Total volumes ('000 units)	869	939	778	707	820	1,106	1,257	1,350
Growth (%)	12.9	8.1	-17.2	-9.1	16.1	34.8	13.7	7.4
ASP (INR '000/Unit)	548	563	577	629	705	769	813	831
Growth (%)	1.9	2.8	2.5	9.1	12.0	9.1	5.8	2.2
Net Sales (INR b)	476	528	449	445	578	850	1,022	1,122
Growth (%)	15.0	11.1	-15.1	-0.9	29.9	47.0	20.3	9.8

Source: Company, MOFSL

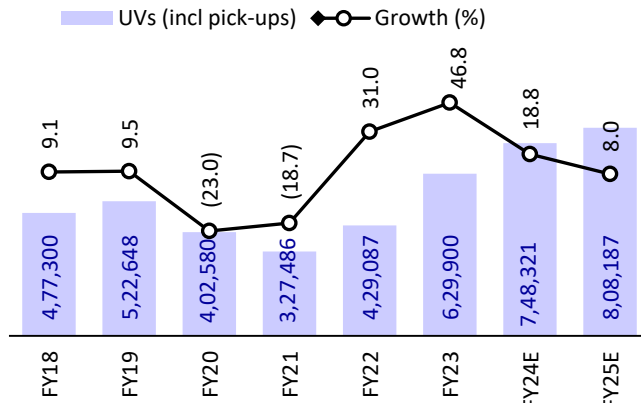
Story in charts

Exhibit 17: Trend in Tractor volumes



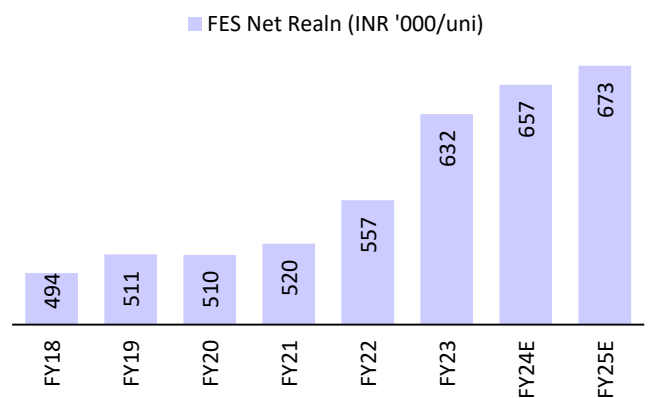
Source: Company, MOFSL

Exhibit 18: New product launches to drive UV sales



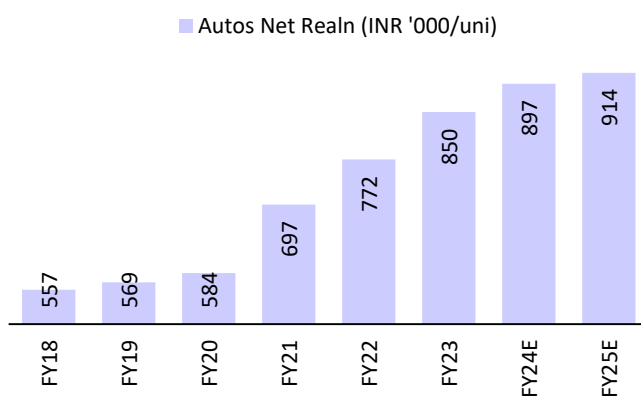
Source: Company, MOFSL

Exhibit 19: Trend in FES business realizations



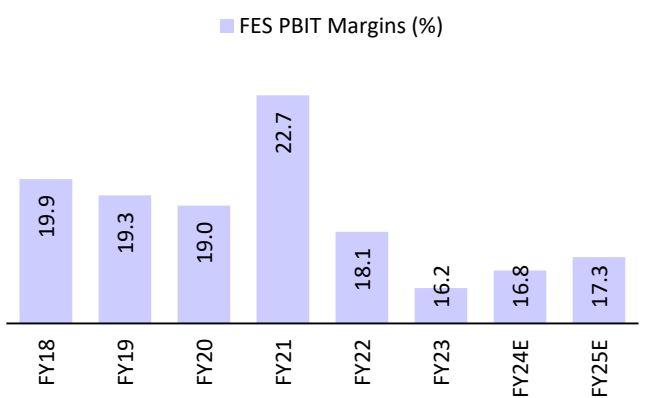
Source: Company, MOFSL

Exhibit 20: Trend in Auto business realizations



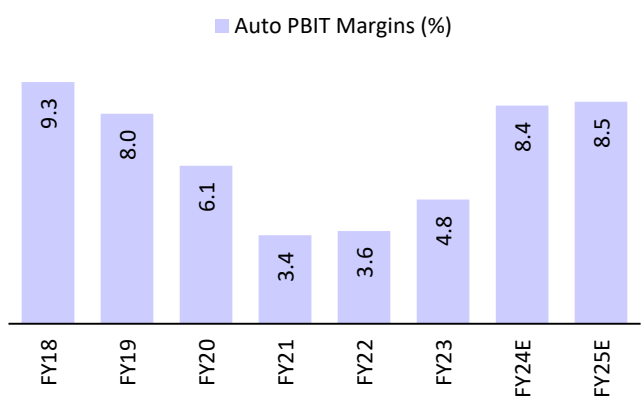
Source: Company, MOFSL

Exhibit 21: Trend in FES business PBIT margin



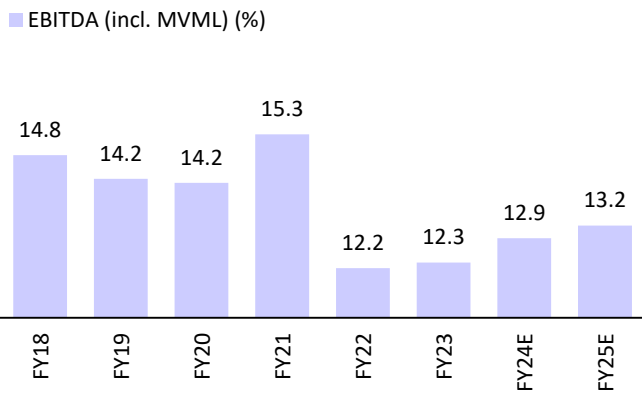
Source: Company, MOFSL

Exhibit 22: Trend in Auto business PBIT margin



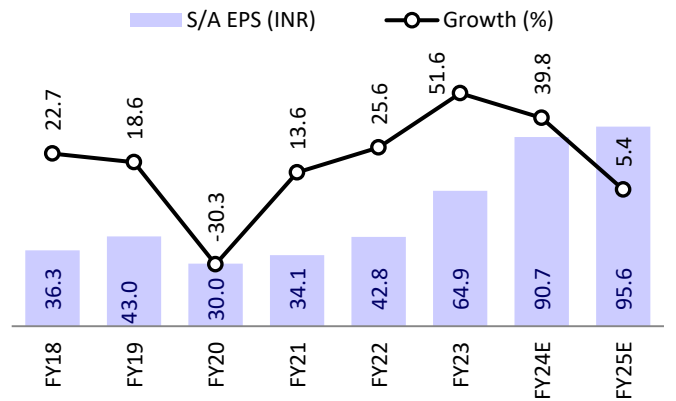
Source: Company, MOFSL

Exhibit 23: Trend in EBITDA margin



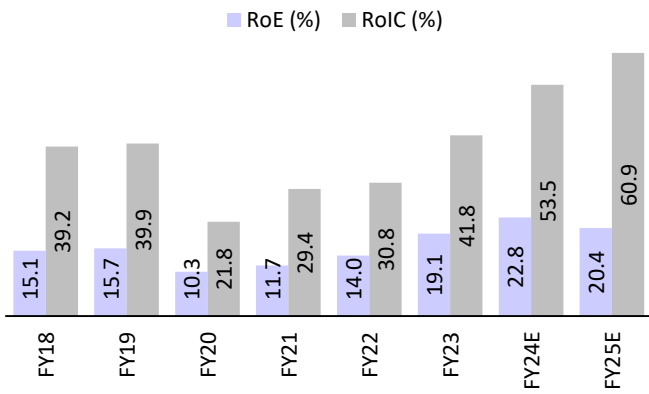
Source: Company, MOFSL

Exhibit 24: Trend in standalone EPS



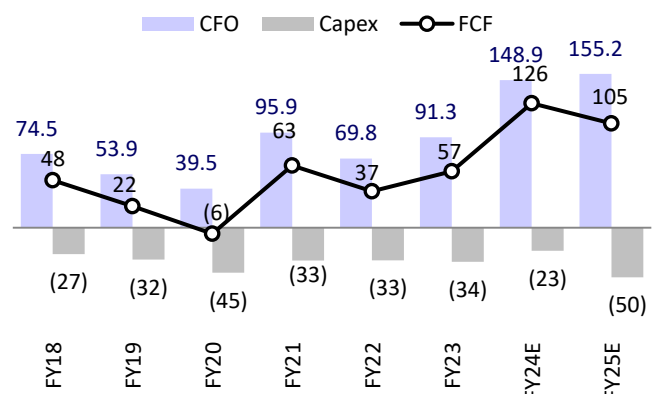
Source: Company, MOFSL

Exhibit 25: Trend in capital efficiencies (standalone)



Source: Company, MOFSL

Exhibit 26: FCF to improve despite higher capex plans



Source: Company, MOFSL

Financials and valuations

S/A Income Statement (incl MVML)							(INR M)
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Net Op. Income	5,28,482	4,48,655	4,44,719	5,77,869	8,49,603	10,21,955	11,22,361
Change (%)	11.1	-15.1	-0.9	29.9	47.0	20.3	9.8
EBITDA	75,301	63,506	67,995	70,275	1,04,424	1,31,434	1,47,655
Margins (%)	14.2	14.2	15.3	12.2	12.3	12.9	13.2
Depreciation	20,030	23,631	23,699	24,984	31,545	33,465	38,029
EBIT	55,271	39,875	44,296	45,291	72,879	97,969	1,09,626
Int. & Finance Charges	1,467	1,245	3,963	2,262	2,728	1,377	1,257
Other Income	16,303	15,391	11,995	20,538	25,452	40,893	39,400
Non-recurring Income	3,723	-28,112	-29,293	-2,087	-14,295	0	0
Profit before Tax	73,829	25,910	23,035	61,480	81,308	1,37,485	1,47,769
Eff. Tax Rate (%)	26.8	71.5	57.3	20.8	19.5	21.0	22.5
Profit after Tax	54,012	7,397	9,842	48,699	65,486	1,08,613	1,14,521
Adj. Profit after Tax	51,288	35,770	40,710	51,200	77,700	1,08,613	1,14,521
Change (%)	18.7	(30.3)	13.8	25.8	51.8	39.8	5.4

Balance Sheet							(INR M)
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Sources of Funds							
Share Capital	5,958	5,965	5,974	5,983	5,991	5,991	5,991
Reserves	3,43,979	3,40,326	3,43,536	3,75,998	4,27,577	5,12,294	5,99,933
Net Worth	3,49,937	3,46,291	3,49,510	3,81,981	4,33,567	5,18,285	6,05,923
Deferred tax	7,896	15,068	14,497	17,622	14,703	14,703	14,703
Loans	26,803	31,530	77,863	67,431	50,255	21,948	19,948
Capital Employed	3,84,636	3,92,889	4,41,870	4,67,033	4,98,525	5,54,936	6,40,574
Application of Funds							
Gross Fixed Assets	2,42,262	2,66,446	2,88,343	3,15,772	3,62,150	4,07,150	4,57,150
Less: Depreciation	1,23,730	1,45,935	1,68,230	1,66,733	1,92,388	2,52,580	2,90,609
Net Fixed Assets	1,18,532	1,20,511	1,20,113	1,49,040	1,69,762	1,54,570	1,66,541
Capital WIP	26,437	48,582	61,255	52,627	27,846	32,846	32,846
Investments	2,06,262	1,75,329	2,17,826	2,42,045	2,70,871	3,09,871	3,26,871
Curr.Assets, L & Adv.	1,97,940	1,73,757	2,16,451	2,22,353	2,89,319	3,59,136	4,38,578
Inventory	47,631	40,408	47,830	59,704	88,814	1,06,830	1,17,326
Inventory Days	33	33	39	38	38	38	38
Sundry Debtors	38,119	29,012	22,028	30,386	40,417	48,616	53,393
Debtor Days	26	24	18	19	17	17	17
Cash & Bank Bal.	38,321	42,365	63,952	36,506	44,818	77,911	1,35,961
Loans & Advances	8,612	6,511	19,324	49,264	51,792	62,299	68,419
Others	65,257	55,460	63,317	46,494	63,479	63,479	63,479
Current Liab. & Prov.	1,64,535	1,25,290	1,73,775	1,99,032	2,59,273	3,01,487	3,24,262
Sundry Creditors	1,03,607	72,006	1,06,427	1,29,701	1,71,456	2,09,991	2,30,622
Creditor Days	72	59	87	82	74	75	75
Other Liabilities	44,775	37,503	52,271	55,442	69,677	69,677	69,677
Provisions	16,154	15,781	15,077	13,889	18,139	21,819	23,963
Net Current Assets	33,405	48,467	42,676	23,321	30,046	57,649	1,14,316
Working Capital	-4,916	6,101	-21,276	-13,185	-14,771	-20,263	-21,645
Application of Funds	3,84,636	3,92,889	4,41,870	4,67,033	4,98,525	5,54,936	6,40,574

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Basic (INR)							
Fully diluted EPS	43.0	30.0	34.1	42.8	64.9	90.7	95.6
FD EPS (incl MVML)	43.0	30.0	34.1	42.8	64.9	90.7	95.6
Cash EPS	59.9	49.8	53.9	63.7	91.2	118.6	127.3
Book Value per Share	293.7	290.3	292.5	319.2	361.9	432.6	505.7
DPS	8.5	2.4	8.8	11.5	16.3	20.0	22.5
Div. Payout (%)	21.8	44.0	106.2	28.2	29.6	22.0	23.5
Valuation (x)							
P/E	35.4	50.8	44.7	35.6	23.5	16.8	15.9
Cash P/E	25.5	30.6	28.3	23.9	16.7	12.9	12.0
EV/EBITDA	23.6	28.0	26.3	24.0	15.7	11.8	10.1
EV/Sales	3.4	4.0	4.0	2.9	1.9	1.5	1.3
Price to Book Value	5.2	5.3	5.2	4.8	4.2	3.5	3.0
Dividend Yield (%)	0.6	0.2	0.6	0.8	1.1	1.3	1.5
Profitability Ratios (%)							
RoE	15.7	10.3	11.7	14.0	19.1	22.8	20.4
RoCE	14.1	9.3	10.1	11.6	17.0	20.8	19.3
RoIC	39.9	21.8	29.4	30.8	41.8	53.5	60.9
Turnover Ratios							
Debtors (Days)	26	24	18	19	17	17	17
Inventory (Days)	33	33	39	38	38	38	38
Creditors (Days)	72	59	87	82	74	75	75
Core. Work. Cap (Days)	-12	-2	-30	-25	-18	-19	-19
Asset Turnover (x)	1.4	1.1	1.0	1.2	1.7	1.8	1.8
Leverage Ratio							
Net Debt/Equity (x)	-0.1	-0.1	-0.1	-0.4	-0.4	-0.5	-0.6

Cash Flow Statement

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
(INR M)							
OP/(Loss) before Tax	70,106	54,021	53,907	63,567	95,603	97,969	1,09,626
Int./Dividends Received	-12,339	-12,918	-9,458	-18,167	-20,468	40,893	39,400
Depreciation & Amort.	20,030	23,631	23,699	24,984	31,545	33,465	38,029
Direct Taxes Paid	-17,006	-11,986	-11,381	-5,984	-19,380	-28,872	-33,248
(Inc)/Dec in Wkg. Capital	-6,722	-14,954	35,866	3,913	3,871	5,492	1,382
Other Items	-153	1,657	3,302	1,455	121		
CF from Oper. Activity	53,916	39,451	95,936	69,767	91,293	1,48,946	1,55,189
(Inc)/Dec in FA+CWIP	-32,150	-45,418	-33,113	-32,916	-34,313	-23,273	-50,000
Free Cash Flow	21,766	-5,967	62,824	36,852	56,980	1,25,674	1,05,189
(Pur)/Sale of Invest.	4,431	16,423	-1,12,247	-6,720	-13,222	-39,000	-17,000
CF from Inv. Activity	-27,720	-28,994	-1,45,638	-39,636	-47,535	-62,273	-67,000
Change in Net Worth	0	0	0	33	83	0	0
Inc/(Dec) in Debt	-5,224	3,892	42,723	-15,978	-19,752	-28,308	-2,000
Interest Paid	-2,016	-1,904	-4,645	-4,824	-3,810	-1,377	-1,257
Dividends Paid	-10,267	-12,132	-2,936	-10,891	-14,359	-24,064	-27,051
CF from Fin. Activity	-17,507	-10,144	35,142	-31,660	-37,838	-53,748	-30,307
Inc/(Dec) in Cash	8,689	312	-14,560	-1,528	5,921	32,926	57,881
Add: Beginning Balance	14,234	22,923	23,235	8,701	7,180	13,101	46,195
Closing Balance	22,923	23,235	8,675	7,173	13,101	46,195	1,04,244

E: MOFSL Estimates;

Investment in securities market are subject to market risks. Read all the related documents carefully before investing

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 be 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, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on 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, 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 at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.
- received compensation/other benefits from the subject company in the past 12 months
- 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.
- 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.
- Served subject company as its clients during twelve months preceding the date of distribution of the research report.

The associates of MOFSL has 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, nor 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.

This report is meant for the clients of Motilal Oswal only.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263;

www.motilaloswal.com. Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000.

Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI: ARN : 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.