

Mahindra & Mahindra

Estimate change	↔
TP change	↔
Rating change	↔

CMP: INR3,198 **TP: INR3,675 (+15%)** **Buy**

Operationally in line; healthy margin expansion

Auto and FES well-positioned to outperform in the coming quarters

- MM reported an in-line operating performance in 3QFY25. EBITDA margin expanded 160bp YoY to 14.6% (est. 14.2%) led by improved mix. The Farm Equipment Segment's (FES) core PBIT margin stood at an impressive 18.1% (+260bp YoY), while the auto segment's margin expanded 120bp YoY to 9.7%.
- We believe MM is well placed to outperform across its core businesses, driven by a healthy recovery in rural and new product launches in both UVs and tractors. We largely maintain our FY26E/27E EPS. Reiterate BUY with a TP of INR3,675 (based on Dec'26E SOTP).

Margins expand YoY for Auto and Farm Equipment divisions

- 3QFY25 revenue/EBITDA/adj. PAT grew 20%/36%/19% YoY to INR305.4b/INR44.7b/INR29.6b (est. INR312.3b/INR44.5b/INR31.9b). 9MFY25 revenue/EBITDA/PAT grew 15%/28%/18% YoY.
- Volumes expanded 18% YoY, where tractors grew ~20% YoY while UV grew 17%. 3W volumes grew 11% YoY. Realizations grew ~2% YoY to INR888.6k per vehicle (est. 908.8k).
- Revenue for Automotive and FES grew ~20%/21% YoY to INR224.1b/81.7b, respectively.
- Gross margin expanded 70bp YoY/(-20bp QoQ) to 25.4% (est. 25.8%), led by improved mix. EBITDA grew 36% YoY to INR44.7b (est. 44.5b). Consequently, EBITDA margin expanded 160bp YoY/30bp QoQ to 14.6% (est. 14.2%).
- PBIT margin** - Auto: 9.7% (+120bp YoY/20bp QoQ, est. 9%); Farm: 18.1% (+260bp YoY, 60bp QoQ, est. 18.5%). Excluding the Powerol and Farm Machinery segments, core tractor margin expanded 190bp YoY to 19.5%
- Higher depreciation and tax led to an adj. PAT miss at INR29.6b (+19% YoY, est. 32b).

Highlights from the management commentary

- FES:** Given strong rural sentiments led by favorable indicators, management expects the tractor industry to grow by 15%+ in Q4. This is likely to result in a 10% growth of the tractor industry for FY25E. While management has refrained from providing guidance for FY26, it expects the industry to post growth in FY26E as well.
- M&M has gained 240bp market share in Q3, reaching its highest-ever level at 44.2%. Even on a YTD basis, it has gained 170bp share, reaching 43.9%.
- Automotive:** Its market share in the <3.5T pick-up segment improved 230bp YoY to 51.9%. Management is hopeful of a demand recovery in the pick-up segment in the coming quarters, despite the current slowdown.
- The capacity for the Thar Roxx stands at 9k units per month and is now fully fungible between the 3-door and 5-door variants. The company plans to increase the capacity of this model by 2k units in a couple of months. Prior discounts on the 3-door Thar variant have now been withdrawn.

Bloomberg	MM IN
Equity Shares (m)	1244
M.Cap.(INRb)/(USDb)	3977.4 / 45.5
52-Week Range (INR)	3271 / 1623
1, 6, 12 Rel. Per (%)	4/22/78
12M Avg Val (INR M)	8853

Financials & Valuations (INR b)

Y/E MARCH	2025E	2026E	2027E
Sales	1,135	1,336	1,523
EBITDA	164.9	192.4	220.6
Adj. PAT	119.1	149.4	174.0
Adj. EPS (INR)	99.3	124.6	145.1
EPS Gr. (%)	11.9	25.4	16.4
BV/Sh. (INR)	512	611	726

Ratios

RoE (%)	21.0	22.2	21.7
RoCE (%)	20.1	21.4	21.0
Payout (%)	23.6	20.8	20.6

Valuations

P/E (x)	32.2	25.7	22.0
P/BV (x)	6.2	5.2	4.4
Div. Yield (%)	0.7	0.8	0.9
FCF Yield (%)	2.7	3.3	3.9

Shareholding pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	18.1	18.1	18.9
DII	28.8	26.5	25.8
FII	43.6	46.1	45.9
Others	9.5	9.3	9.5

FII Includes depository receipts

- **EVs:** M&M will commence bookings of the BE 6E and XE 9E from 14th Feb onwards. Given the encouraging initial response, management expects to sell 5k units per month in the initial months of launch. With the new EVs, it is attracting a fairly new customer profile, largely in the INR25-30 lakh price range, many of whom would not have considered purchasing an M&M vehicle earlier.

Valuation and view

- We largely maintain our FY26E/27E EPS. We estimate MM to post a CAGR of ~15%/19%/18% in revenue/EBITDA/PAT over FY24-27E. While MM has outperformed its own targets of earnings growth and RoE of 18% in FY24, it remains committed to delivering 15-20% EPS growth and 18% ROE, ensuring sustained profitability and shareholder value.
- The implied core P/E for MM stands at 26x/22x FY26E/FY27E EPS. Reiterate BUY with a revised TP of INR3,675 (based on Dec'26E SOTP).

Quarterly Performance

Y/E March	FY24				FY25E				FY24	FY25E	3QE	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
INR b												
Total Volumes ('000 units)	301	303	292	264	315	301	344	297	1,120	1,257	344	0.0
Growth YoY (%)	10.7	10.9	3.5	-5.3	4.7	-0.5	17.8	12.5	1.4	12.2	17.8	
Net Realization (INR '000/unit)	802	805	870	954	857	914	889	956	884	903	909	-2.2
Growth YoY (%)	10.5	4.7	13.2	17.9	7.0	13.5	2.2	0.2	15.1	2.1	4.9	
Net Op. Income	241.4	243.9	253.8	251.8	270.4	275.5	305.4	283.9	991.0	1,135	312	-2.2
Growth YoY (%)	22.4	16.1	17.2	11.6	12.0	12.9	20.3	12.8	16.6	14.6	23.5	
RM Cost (% of sales)	75.1	75.3	75.1	73.2	73.7	74.2	74.4	74.2	74.7	74.2	74.2	20bp
Staff (% of sales)	4.4	4.7	4.5	4.5	4.3	4.2	4.2	4.4	4.5	4.3	4.1	10bp
Oth. Exp. (% of Sales)	7.0	7.2	7.4	9.2	7.0	7.3	6.7	7.1	7.6	7.0	7.5	-70bp
EBITDA	32.9	31.2	33.0	33.0	40.2	39.5	44.7	40.5	131.5	164.9	44	0.5
EBITDA Margins (%)	13.6	12.8	13.0	13.1	14.9	14.3	14.6	14.2	13.3	14.5	14.2	40bp
Other income	9.3	20.6	7.4	3.5	3.5	20.0	6.1	4.0	39.4	33.5	6.0	
Interest	0.3	0.3	0.3	0.4	0.5	0.6	0.6	0.6	1.4	2.3	0.6	
Depreciation	8.4	8.3	8.3	9.9	9.1	9.6	10.5	10.5	34.9	39.7	9.7	
PBT after EO	33.4	43.2	31.7	26.2	34.1	49.3	39.7	33.3	134.6	156.3	40.2	-1.4
Tax	5.8	9.3	6.8	6.2	7.9	10.9	10.0	8.3	28.2	37.2	8.2	
Effective Tax Rate (%)	17.4	21.5	21.5	23.8	23.3	22.1	25.3	25.0	20.9	23.8	20.5	
Reported PAT	27.6	33.9	24.9	20.0	26.1	38.4	29.6	25.0	106.4	119.1	32.0	-7.3
Adj PAT	21.2	33.9	24.9	20.0	26.1	38.4	29.6	25.0	106.4	119.1	32.0	-7.3
Change (%)	51.0	45.1	12.4	1.3	23.2	13.2	19.1	24.8	34.2	11.9	30.3	

Y/E March	FY24				FY25E				FY24	FY25E	2QE
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			
Segmental (M&M + MVML)											
Realizations (INR '000/unit)											
Auto	900	870	983	1,040	977	1,015	1,010	1,040	997	1011	1,025
Farm Equipment	648	657	662	730	670	696	671	734	670	688	703
Blended	802	805	870	954	857	914	889	956	884	903	909
Segment PBIT Margins (%)											
Auto	7.7	9.2	8.5	9.0	9.5	9.5	9.7	9.7	8.6	9.6	9.0
Farm Equipment	17.5	16.0	15.5	15.8	18.5	17.5	18.1	16.7	16.2	17.8	18.5

Key Performance Indicators Y/E March	FY24				FY25E				FY24	FY25E	3QE
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			
Tractors ('000 units)	115.0	90.1	101.7	71.6	121.5	93.4	121.8	77.2	378.4	415.5	121.8
Change (%)	-3.0	-3.7	-3.9	-20.2	5.6	3.7	19.8	7.8	-7.2	9.8	19.8
Total UV ('000 units)	156.3	177.7	181.7	182.7	177.6	190.6	209.7	203.6	698.5	788.9	209.7
Change (%)	17.2	15.2	21.6	13.7	13.6	7.2	15.4	11.4	16.8	12.9	15.4
Other Autos ('000 units)	29.8	35.1	29.7	26.8	34.0	40.4	35.8	28.3	121.4	133.8	35.8
Change (%)	48.2	38.2	11.6	-6.0	13.9	15.1	20.5	5.8	20.6	10.2	20.5
Cost Break-up											
RM Cost (% of sales)	75.1	75.3	75.1	73.2	73.7	74.2	74.4	74.2	74.7	74.2	74.2
Staff Cost (% of sales)	4.4	4.7	4.5	4.5	4.3	4.2	4.2	4.4	4.5	4.3	4.1
Other Cost (% of sales)	7.0	7.2	7.4	9.2	7.0	7.3	6.7	7.1	7.6	7.0	7.5
Gross Margins (%)	24.9	24.7	24.9	26.8	26.3	25.8	25.6	25.8	25.3	25.9	25.8
EBITDA Margins (%)	13.6	12.8	13.0	13.1	14.9	14.3	14.6	14.2	13.3	14.5	14.2
EBIT Margins (%)	10.1	9.4	9.7	9.2	11.5	10.8	11.2	10.5	9.7	11.0	11.1

E:MOFSL Estimates



Highlights from the management commentary

Auto update

- Its market share in the <3.5T pick-up segment improved 230bp YoY to 51.9%. Management is hopeful of demand recovery in the segment in the coming quarters as the current slowdown remains puzzling.
- Additionally, in the e-3W segment, it continues to maintain its market leadership, with a 41.8% share in Q3. With the launch from large OEMs, the L5 EV penetration has now increased to 24.9%.
- M&M has implemented a 0.7% price hike in YTD FY25 and another 0.8% hike in Jan'25.
- The auto segment margin expanded 120bp YoY to 9.7%.
- The marketing spend for the new EV launches is allocated to MEAL and, hence, is not part of the standalone auto division performance.
- They are currently constrained by the gasoline powertrain capacity for XUV 3XO. While they had planned for a 65% gasoline mix for the model, it is currently trending much higher at 80%. It expects to raise XUV3XO's capacity by 2k units per month, bringing its capacity to 9k units per month.
- The capacity for the Thar Roxx stands at 9k units per month and is fully fungible now between the 3-door and 5-door variants. It plans to further increase the capacity of this model by 2k units in a couple of months. Prior discounts on the 3-door Thar variant have now been withdrawn.
- In exports, there is a strong demand for XUV3XO in South Africa. Currently, the company is focused on leveraging existing models in existing markets (South Africa, Chile, Australia, New Zealand, etc). Phase 2 will involve M&M launching a lifestyle pick-up for global markets. At a later stage, the company plans to explore exporting its EVs globally.

FES segment update

- Tractor volumes in Q3 were up 20% YoY. M&M has gained 240bp market share in Q3, reaching its highest-ever level at 44.2%. Even on a YTD basis, it has gained 170bp share, reaching 43.9%.
- One of the reasons for M&M's strong outperformance is the successful refresh and transformation of Swaraj, which has been well-received by customers. It has now entered the 20-30 HP segment with a good product and has gained market

share. Additionally, its strong markets of South and West are now seeing a demand revival.

- Most of the inventory correction required for M&M in tractors is now complete.
- The farm machinery business has grown 12% YoY in Q3 and at 20% on a YTD basis. Management believes there is still significant potential for further growth in this segment.
- Some of its international subsidiaries are seeing subdued performance, partly due to hyperinflation in Turkey and weak demand in key regions. The company is currently evaluating some of these subsidiaries, with the process expected to be completed by Q4.
- Standalone FES margins have expanded 260bp YoY to 18.1%. Excluding the Powerol and Farm Machinery segments, core tractor margin expanded 190bp YoY to 19.5%
- Given the strong rural sentiments driven by favorable indicators, management expects the tractor industry to grow by 15%+ in Q4. This is likely to lead to a 10% growth in the tractor industry for FY25E. While management has refrained from providing guidance for FY26, it expects the industry to post growth in FY26E as well.

EV update

- M&M will commence bookings of the BE 6E and XE 9E from 14th Feb onwards. Given the encouraging initial response, management expects to sell 5k units per month in the initial months of the launch.
- With the new EVs, it is attracting a fairly new profile of customers, largely in the INR25-30 lakh price range, many of whom would not have considered purchasing an M&M vehicle earlier.
- From Q4 onwards, the impact of the EV ramp-up will be visible on standalone financials, as the standalone entity is engaged in contract manufacturing for MEAL.

Exhibit 1: Trend in Passenger UV volumes

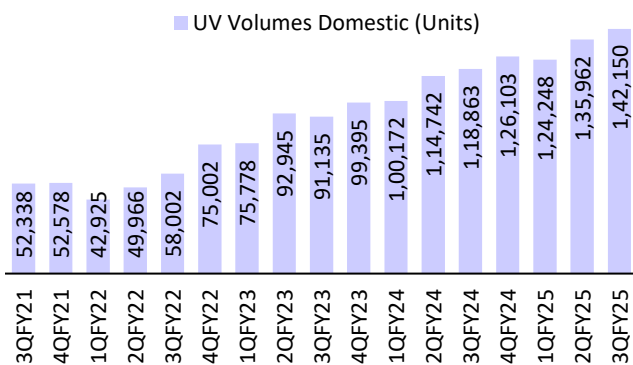


Exhibit 2: Trend in Passenger UV market share

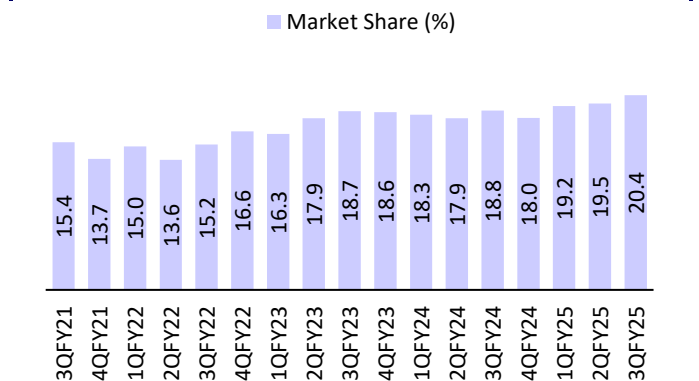


Exhibit 3: Trend in Tractor volumes

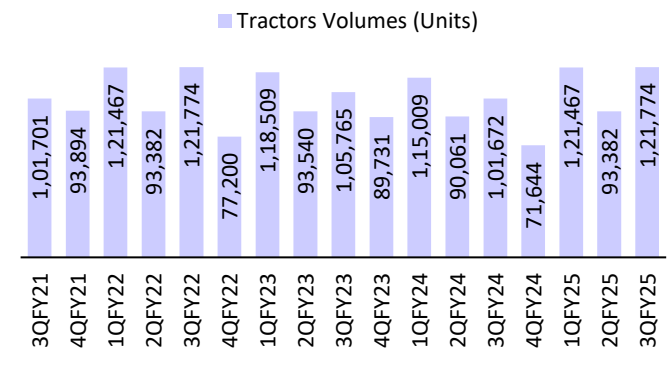


Exhibit 4: Market share trend for the Tractor segment

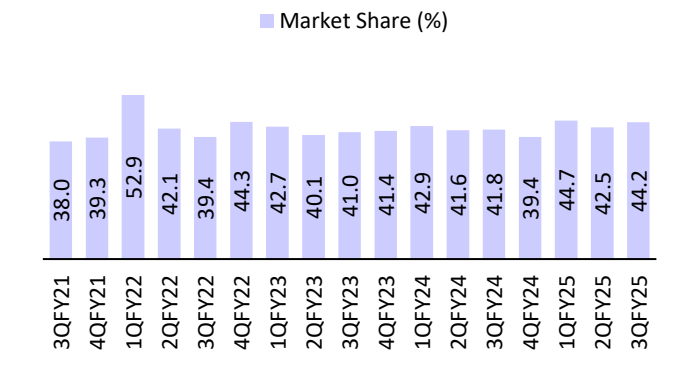


Exhibit 5: Trend in realization for the Auto segment

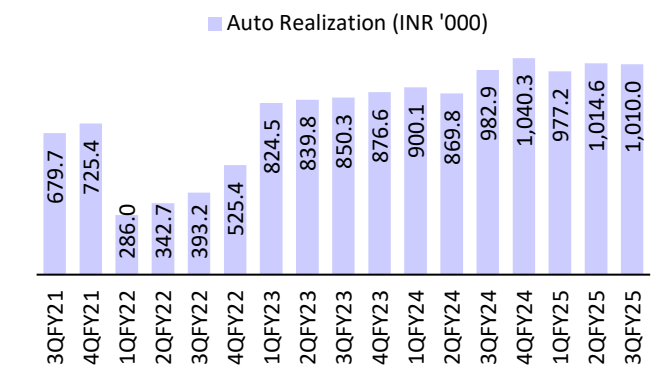


Exhibit 6: Trend in realization for FES

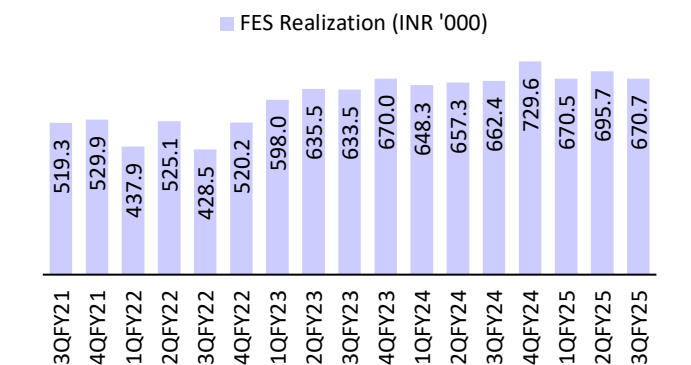
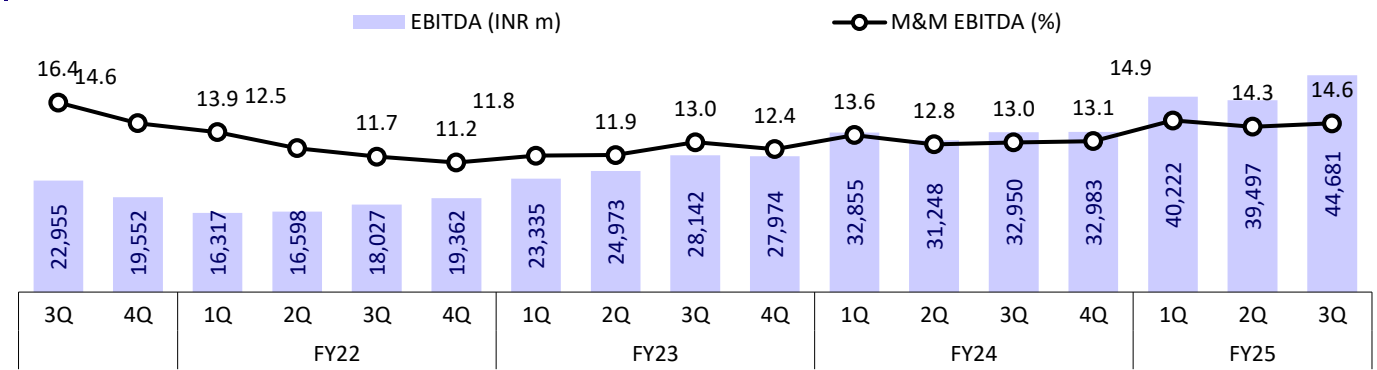
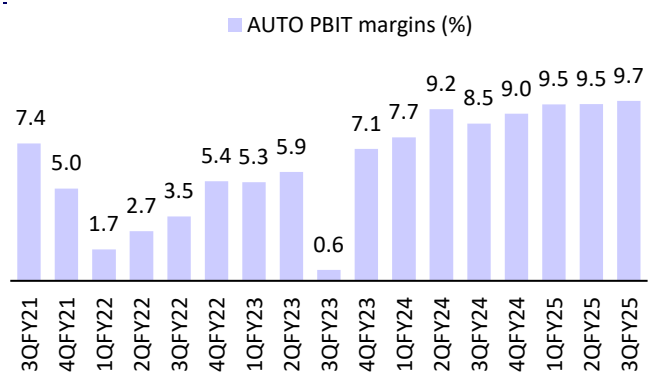


Exhibit 7: Trend in EBITDA margin



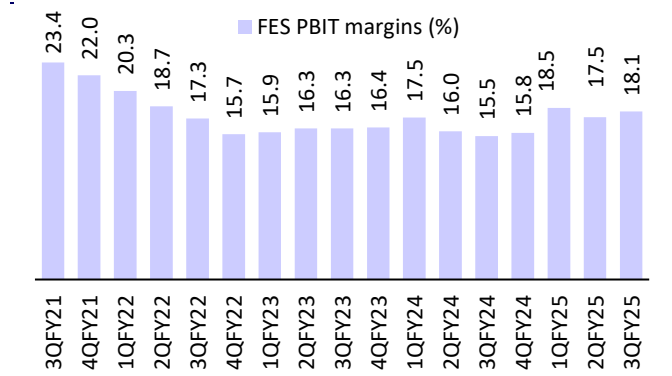
Source: Company, MOFSL

Exhibit 8: Trend in PBIT margin for the Auto segment



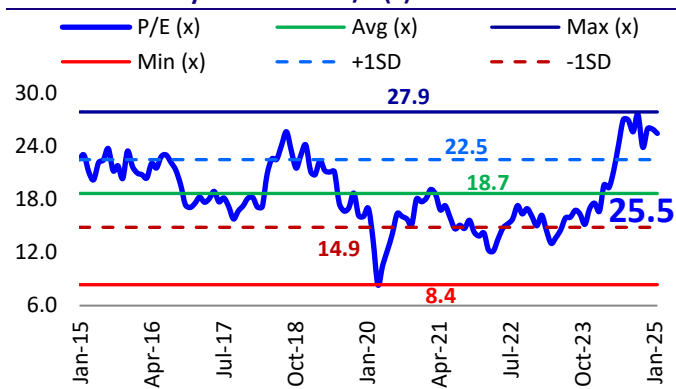
(3QFY23 margins w/o MTBD impairment at 6.6%)Company, MOFSL

Exhibit 9: Trend in PBIT margin for FES



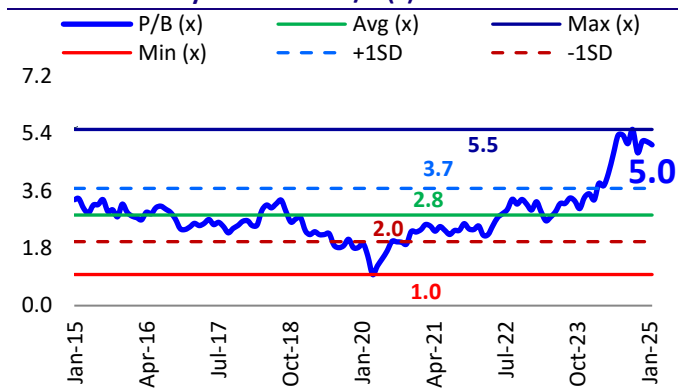
Source: Company, MOFSL

Exhibit 10: One-year forward P/E (x) band



Source: MOFSL

Exhibit 11: One-year forward P/B (x) band



Source: MOFSL

Valuation and view

- Healthy launch pipeline to drive market share gains in the UV segment:** MM's recently unveiled new XUV 3XO and Thar Roxx have received a healthy response. The company will continue to have a healthy launch pipeline, even in the long run, and targets to launch nine ICE SUVs (including six new launches and three mid-cycle upgrades), seven BEVs, and seven LCVs by 2030. Driven by a strong order backlog and new launches, we expect MM to continue to outperform industry growth, even in FY25. We have assumed MM to post a 17% volume CAGR in passenger UVs over FY24-27E.
- Tractor industry to see double-digit growth in 2HFY25E:** Farm sentiments are now positive given: 1) good kharif output 2) healthy reservoir levels 3) healthy rabi sowing 4) positive terms of trade for farmers where output inflation is higher than input inflation. Given this and the current demand momentum, management expects the tractor industry to post 15% YoY growth in volumes in Q4FY25. This will in turn translate to 10% YoY growth for FY25E. While management refrained from giving a clear guidance, given the positive sentiments, management expects industry to post growth in FY26 as well. MM continues to gain market share in the domestic tractor market, with 9MFY25 market share up 170bp YoY. Post a 10% growth expected in FY25E, we have factored in M&M to post 5% CAGR over FY25-27E.
- MM to capitalize on market leadership in the below-3.5T LCV category:** MM maintains a dominant position in the below-3.5T segment, where its market share improved to 51.9% in 3QFY25 from 49% in FY24 and 41.5% in FY21. While the pick-up segment seems to have seen subdued demand for YTFY25, we anticipate its growth to rebound from FY26 onwards. The resurgence will be backed by the ongoing e-commerce boom in India and the demand stemming from the hub-and-spoke transport arrangement within the industry. We assume MM to clock a 6% volume CAGR over FY24-27E in this segment on a corrected base of FY24.
- Strategy in place for EV transition:** MM has articulated a clear roadmap for its EV transition and has already partnered with VW. Under this partnership, VW will supply components of its MEB platform to MM's INGLO platform. On this platform, MM plans to launch five all-electric SUVs in India starting from Nov'24. MM has lined up investments of INR120b in EVs over the next three years. It expects EVs to contribute to 20-30% of its mix in five years.

- **Value unlocking in growth gems provides option value:** MM has identified nine businesses as its growth gems and has set an ambitious target of achieving 5x growth in 5-7 years for each of these segments. Any incremental value unlocked in any or all of the growth gems in the coming years is likely to provide additional returns for MM shareholders.
- **Valuation and view:** We believe MM is well placed to outperform across its core businesses, led by a healthy recovery in rural and new product launches in both UVs and tractors. We largely maintain our FY26E/27E EPS. We estimate MM to post a CAGR of ~15%/19%/18% in revenue/EBITDA/PAT over FY24-27E. While MM has outperformed its own targets of earnings growth and RoE of 18% in FY24, it remains committed to delivering 15-20% EPS growth and 18% ROE, ensuring sustained profitability and shareholder value. The implied core P/E for MM stands at 26x/22x FY26E/FY27E EPS. Reiterate BUY with a revised TP of INR3,675 (based on Dec'26E SOTP).

Exhibit 12: Our revised forecasts

	FY25E			FY26E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Volumes ('000 units)	1,257	1,253	0.3	1,412	1,374	2.7
Net Sales	1,135	1,134	0.1	1,336	1,300	2.8
EBITDA (%)	14.5	14.2	30bp	14.4	14.3	10bp
Net Profit	119	121	-1.9	149	145	3.3
EPS (INR)	99.3	101.3	-1.9	124.6	120.6	3.3

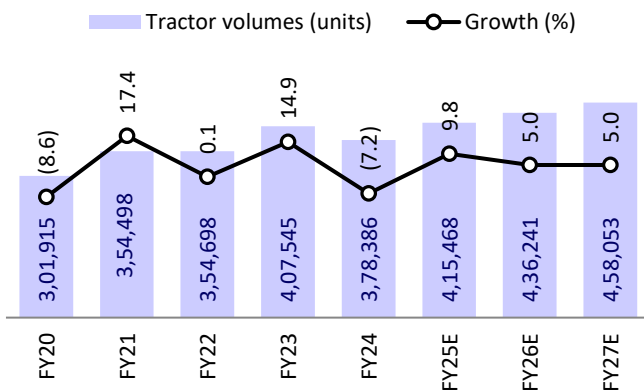
SOTP (INR/sh)	Target P/E (x)FY25E	FY26E	FY27E
Tractors	24	786	1043
Autos	22	1123	1731
Value of ePV business (50% HoldCo discount)		483	483
Value of Core Business		2392	3258
Value of subs post hold-co discount	20%	513	513
- Tech Mahindra	350	298	298
- MMFSL	160	136	136
- Mah. Lifespaces	11	22	22
- Mah. Holidays	28	33	33
- Mah. Logistics	13	10	10
- Others	21	14	14
Fair Value (INR/sh)		2905	3771

Snapshot of Revenue model

000 units	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Tractors	302	354	355	408	378	415	436	458
Growth (%)	-8.6	17.4	0.1	14.9	-7.2	9.8	5.0	5.0
% of total volumes	38.8	50.2	43.2	38.9	33.8	33.0	30.9	29.7
Autos								
Pick-up/LCVs (<3.5t)	188	154	171	239	239	235	259	284
Growth (%)	-18.1	-18.3	11.2	39.8	0.0	-1.5	10.0	10.0
SUVs	179	156	226	359	460	554	655	730
Growth (%)	-24.4	-13.3	45.2	59.0	28.0	20.4	18.3	11.5
3-Ws	62	21	30	59	78	81	92	103
Growth (%)	-6.8	-67.0	46.5	94.6	32.6	4.0	14.0	12.0
LCVs (>3.5t)	6	2	2	4	12	13	15	16
Growth (%)	-26.5	-75.0	31.0	84.9	225.0	7.0	12.0	12.0
M&HCVs (MTBL)	5	3	4	6	7	7	7	8
Growth (%)	-53.0	-50.0	60.0	30.0	20.0	0.0	9.0	9.0
Others & Exports	35	18	33	-26	-53	-47	-52	-59
Growth (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Autos	476	352	466	640	742	842	976	1,083
Growth (%)	-21.8	-26.0	32.2	37.4	16.0	13.4	15.9	11.0
% of total volumes	61.2	49.8	56.8	61.1	66.2	67.0	69.1	70.3
Total volumes ('000 units)	778	707	820	1,047	1,121	1,257	1,412	1,541
Growth (%)	-17.2	-9.1	16.1	34.8	1.4	12.2	12.3	9.1
ASP (INR '000/Unit)	577	629	705	769	884	903	909	0
Growth (%)	2.5	9.1	12.0	9.1	15.1	2.1	0.7	-100.0
Net Sales (INR b)	449	445	578	850	991	1,135	1,336	1,523
Growth (%)	-15.1	-0.9	29.9	47.0	16.6	14.6	17.7	14.0

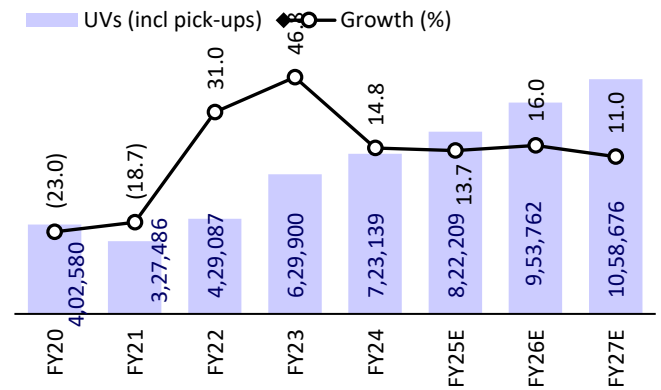
Story in charts

Exhibit 13: Trend in Tractor volumes



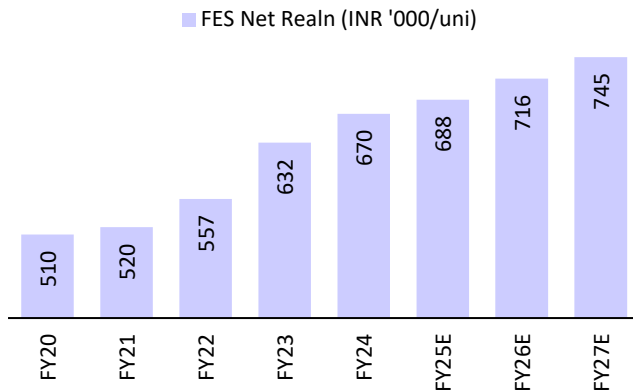
Source: Company, MOFSL

Exhibit 14: New product launches to drive UV sales



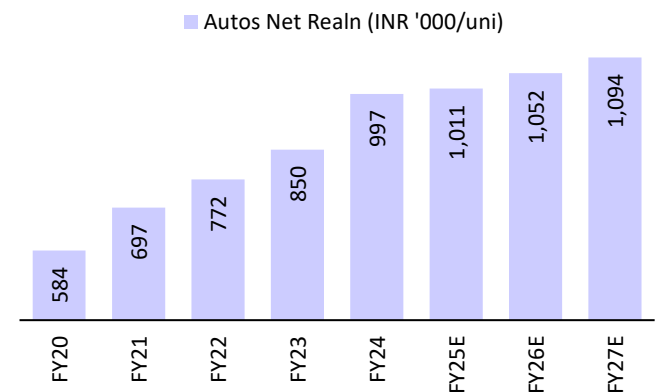
Source: Company, MOFSL

Exhibit 15: Trend in FES business realizations



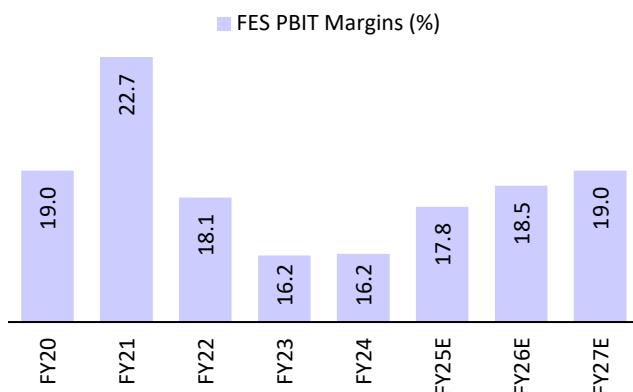
Source: Company, MOFSL

Exhibit 16: Trend in Auto business realizations



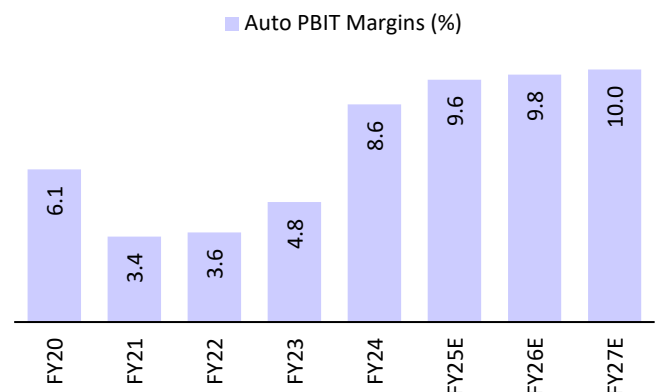
Source: Company, MOFSL

Exhibit 17: Trend in FES business PBIT margin



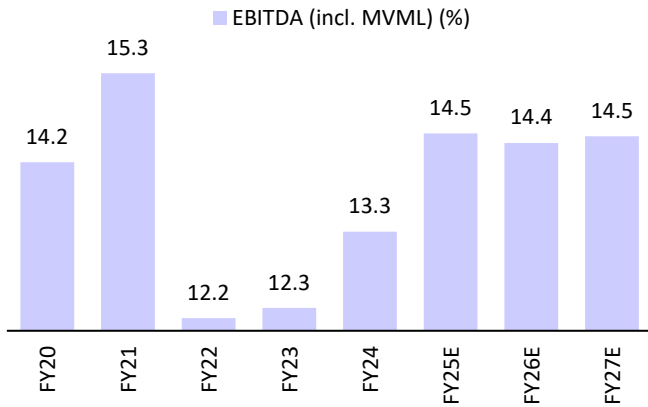
Source: Company, MOFSL

Exhibit 18: Trend in Auto business PBIT margin



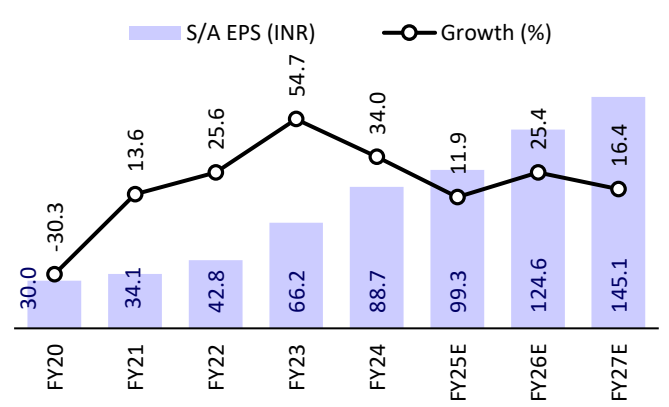
Source: Company, MOFSL

Exhibit 19: Trend in EBITDA margin



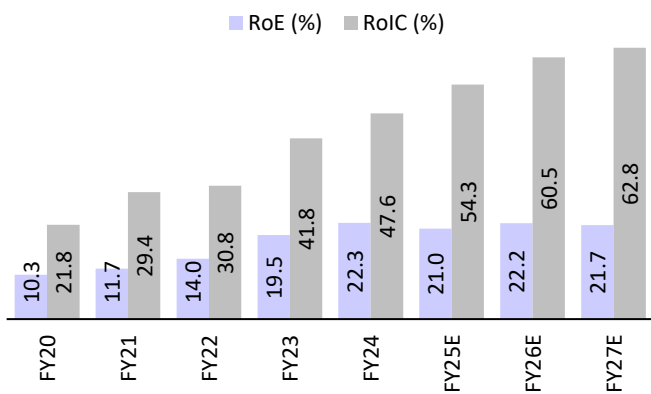
Source: Company, MOFSL

Exhibit 20: Trend in standalone EPS



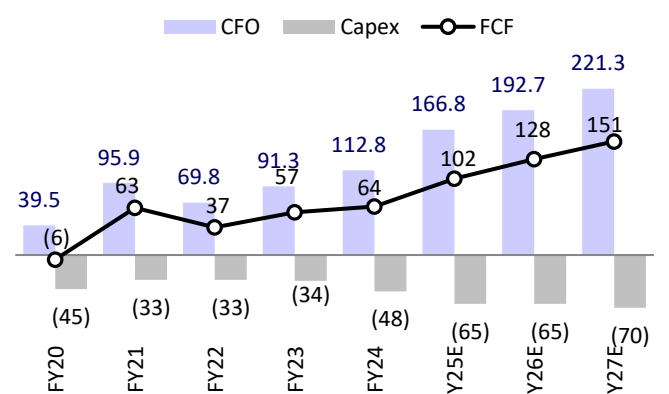
Source: Company, MOFSL

Exhibit 21: Trend in capital efficiencies (standalone)



Source: Company, MOFSL

Exhibit 22: FCF to improve despite higher capex plans



Source: Company, MOFSL

Financials and valuations

S/A Income Statement (incl MVML)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Net Op. Income	4,48,655	4,44,719	5,77,869	8,49,603	9,90,977	11,35,244	13,36,126	15,23,161
Change (%)	-15.1	-0.9	29.9	47.0	16.6	14.6	17.7	14.0
EBITDA	63,506	67,995	70,275	1,04,424	1,31,454	1,64,851	1,92,391	2,20,607
Margins (%)	14.2	15.3	12.2	12.3	13.3	14.5	14.4	14.5
Margins (% incl MVML)	14.2	15.3	12.2	12.3	13.3	14.5	14.4	14.5
Depreciation	23,631	23,699	24,984	31,545	34,880	39,727	42,327	46,453
EBIT	39,875	44,296	45,291	72,879	96,574	1,25,124	1,50,065	1,74,154
Int. & Finance Charges	1,245	3,963	2,262	2,728	1,405	2,305	1,257	1,137
Other Income	15,391	11,995	20,538	25,452	39,409	33,525	39,177	45,803
Non-recurring Income	-28,112	-29,293	-2,087	-14,295	0	0	0	0
Profit before Tax	25,910	23,035	61,480	81,308	1,34,578	1,56,344	1,87,985	2,18,821
Tax	18,513	13,193	12,781	15,821	28,155	37,210	38,537	44,858
Eff. Tax Rate (%)	71.5	57.3	20.8	19.5	20.9	23.8	20.5	20.5
Profit after Tax	7,397	9,842	48,699	65,486	1,06,423	1,19,134	1,49,448	1,73,962
Adj. Profit after Tax	35,770	40,710	51,200	79,330	1,06,423	1,19,134	1,49,448	1,73,962
Change (%)	(30.3)	13.8	25.8	54.9	34.2	11.9	25.4	16.4

Balance Sheet

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
(INR M)								
Sources of Funds								
Share Capital	5,965	5,974	5,983	5,991	5,996	5,996	5,996	5,996
Reserves	3,40,326	3,43,536	3,75,998	4,27,577	5,16,769	6,07,826	7,26,210	8,64,329
Net Worth	3,46,291	3,49,510	3,81,981	4,33,567	5,22,766	6,13,822	7,32,206	8,70,325
Deferred tax	15,068	14,497	17,622	14,703	15,551	15,551	15,551	15,551
Loans	31,530	77,863	67,431	50,255	20,365	15,365	15,365	15,365
Capital Employed	3,92,889	4,41,870	4,67,033	4,98,525	5,58,681	6,44,738	7,63,121	9,01,240
Application of Funds								
Gross Fixed Assets	2,66,446	2,88,343	3,15,772	3,62,150	3,94,670	4,59,670	5,24,670	5,94,670
Less: Depreciation	1,45,935	1,68,230	1,66,733	1,92,388	2,19,390	2,59,116	3,01,443	3,47,895
Net Fixed Assets	1,20,511	1,20,113	1,49,040	1,69,762	1,75,280	2,00,554	2,23,227	2,46,774
Capital WIP	48,582	61,255	52,627	27,846	37,558	37,558	37,558	37,558
Investments	1,75,329	2,17,826	2,42,045	2,70,871	2,99,954	3,69,954	4,59,954	5,69,954
Curr.Assets, L & Adv.	1,73,757	2,16,451	2,22,353	2,89,319	3,25,322	3,53,427	4,01,952	4,46,387
Inventory	40,408	47,830	59,704	88,814	95,048	1,11,969	1,31,782	1,50,230
Inventory Days	33	39	38	38	35	36	36	36
Sundry Debtors	29,012	22,028	30,386	40,417	45,495	54,006	63,562	72,460
Debtor Days	24	18	19	17	17	17	17	17
Cash & Bank Bal.	42,365	63,952	36,506	44,818	55,259	51,640	57,036	61,315
Loans & Advances	6,511	19,324	49,264	51,792	71,464	77,756	91,515	1,04,326
Others	55,460	63,317	46,494	63,479	58,056	58,056	58,056	58,056
Current Liab. & Prov.	1,25,290	1,73,775	1,99,032	2,59,273	2,79,433	3,16,755	3,59,570	3,99,433
Sundry Creditors	72,006	1,06,427	1,29,701	1,71,456	1,85,920	2,17,718	2,56,243	2,92,113
Creditor Days	59	87	82	74	68	70	70	70
Other Liabilities	37,503	52,271	55,442	69,677	74,800	74,800	74,800	74,800
Provisions	15,781	15,077	13,889	18,139	18,714	24,238	28,527	32,520
Net Current Assets	48,467	42,676	23,321	30,046	45,888	36,672	42,382	46,954
Working Capital	6,101	-21,276	-13,185	-14,771	-9,371	-14,968	-14,654	-14,361
Application of Funds	3,92,889	4,41,870	4,67,033	4,98,525	5,58,681	6,44,738	7,63,121	9,01,240

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Basic (INR)								
Fully diluted EPS	30.0	34.1	42.8	66.2	88.7	99.3	124.6	145.1
FD EPS (incl MVML)	30.0	34.1	42.8	66.2	88.7	99.3	124.6	145.1
Cash EPS	49.8	53.9	63.7	92.5	117.8	132.5	159.9	183.8
Book Value per Share	290.3	292.5	319.2	361.9	435.9	511.8	610.6	725.7
DPS	2.4	8.8	11.5	16.3	21.1	23.5	26.0	30.0
Div. Payout (%)	44.0	106.2	28.2	29.6	23.7	23.6	20.8	20.6
Valuation (x)								
P/E	106.7	93.9	74.7	48.3	36.0	32.2	25.7	22.0
Cash P/E	64.2	59.3	50.2	34.6	27.1	24.1	20.0	17.4
EV/EBITDA	59.5	55.7	52.5	34.9	27.3	21.7	18.4	15.8
EV/Sales	8.4	8.5	6.4	4.3	3.6	3.2	2.7	2.3
Price to Book Value	11.0	10.9	10.0	8.8	7.3	6.2	5.2	4.4
Dividend Yield (%)	0.1	0.3	0.4	0.5	0.7	0.7	0.8	0.9
Profitability Ratios (%)								
RoE	10.3	11.7	14.0	19.5	22.3	21.0	22.2	21.7
RoCE	9.3	10.1	11.6	17.0	20.3	20.1	21.4	21.0
RoIC	21.8	29.4	30.8	41.8	47.6	54.3	60.5	62.8
Turnover Ratios								
Debtors (Days)	24	18	19	17	17	17	17	17
Inventory (Days)	33	39	38	38	35	36	36	36
Creditors (Days)	59	87	82	74	68	70	70	70
Core. Work. Cap (Days)	-2	-30	-25	-18	-17	-17	-17	-17
Asset Turnover (x)	1.1	1.0	1.2	1.7	1.8	1.8	1.8	1.7
Leverage Ratio								
Net Debt/Equity (x)	-0.1	-0.1	-0.4	-0.4	-0.5	-0.4	-0.4	-0.4

Cash Flow Statement

(INR M)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
OP/(Loss) before Tax	54,021	53,907	63,567	95,603	1,34,830	1,25,124	1,50,065	1,74,154
Int./Dividends Received	-12,918	-9,458	-18,167	-20,468	-25,213	33,525	39,177	45,803
Depreciation & Amort.	23,631	23,699	24,984	31,545	34,389	39,727	42,327	46,453
Direct Taxes Paid	-11,986	-11,381	-5,984	-19,380	-28,509	-37,210	-38,537	-44,858
(Inc)/Dec in Wkg. Capital	-14,954	35,866	3,913	3,871	8,681	5,597	-314	-293
Other Items	1,657	3,302	1,455	121	-11,386			
CF from Oper. Activity	39,451	95,936	69,767	91,293	1,12,792	1,66,763	1,92,717	2,21,259
(Inc)/Dec in FA+CWIP	-45,418	-33,113	-32,916	-34,313	-48,328	-65,000	-65,000	-70,000
Free Cash Flow	-5,967	62,824	36,852	56,980	64,464	1,01,763	1,27,717	1,51,259
(Pur)/Sale of Invest.	16,423	-1,12,247	-6,720	-13,222	-3,496	-70,000	-90,000	-1,10,000
CF from Inv. Activity	-28,994	-1,45,638	-39,636	-47,535	-51,824	-1,35,000	-1,55,000	-1,80,000
Change in Net Worth	0	0	33	83	0	0	0	0
Inc/(Dec) in Debt	3,892	42,723	-15,978	-19,752	-32,148	-5,000	0	0
Interest Paid	-1,904	-4,645	-4,824	-3,810	-3,016	-2,305	-1,257	-1,137
Dividends Paid	-12,132	-2,936	-10,891	-14,359	-20,211	-28,245	-31,232	-36,011
CF from Fin. Activity	-10,144	35,142	-31,660	-37,838	-55,375	-35,550	-32,489	-37,148
Inc/(Dec) in Cash	312	-14,560	-1,528	5,921	5,593	-3,787	5,228	4,111
Add: Beginning Balance	22,923	23,235	8,701	7,180	13,101	18,694	15,075	20,471
Closing Balance	23,235	8,675	7,173	13,101	18,694	15,075	20,471	24,750

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SELL	< - 10%
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NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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Nainesh Rajani

Email: nainesh.rajani@motilaloswal.com

Contact: (+65) 8328 0276

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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

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