

# Mahindra & Mahindra

06 August 2021

## Muted quarter

### RESULT UPDATE

Sector: Auto	Rating: SELL
CMP: Rs 764	Target Price: Rs 722

#### Stock Info

Sensex/Nifty	54,363 / 16,266
Bloomberg	MM IN
Equity shares (mn)	1,190mn
52-wk High/Low	Rs 952/566
Face value	Rs 5
M-Cap	Rs 950bn/ USD 12.8bn
3-m Avg volume	USD 40mn

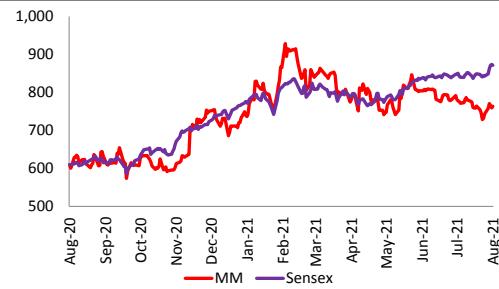
#### Financial Snapshot (Rs mn)

Y/E Mar	FY21	FY22E	FY23E
Auto volume growth (%)	-26	25	10
Tractor volume growth (%)	17	3	-6
Net Sales	445,744	520,677	549,588
EBIDTA	69,766	74,179	77,024
PAT	40,974	43,112	43,556
EPS (Rs)	34	36	37
PE (x)	16.6	15.9	15.9
EV/EBITDA (x)	7.9	8.0	7.7
RoE (%)	12	12	11
RoCE (%)	14	13	13

#### Shareholding Pattern (%)

	Jun'21	Mar'21	Dec'20
Promoter	19.4	19.4	19.4
-Pledged	1.3	1.3	1.3
FII	40.1	38.9	37.9
DII	26.1	27.6	28.2
Others	14.4	14.1	14.5

#### Stock Performance (1-year)



#### Ronak Sarda

ronaksarda@systematixgroup.in  
+91 22 6704 8059

#### Poorvi Banka

poorvibanka@systematixgroup.in  
+91 22 6704 8063

**Mahindra & Mahindra (M&M)**'s 1QFY22 EBITDA margin was 4%/10% below consensus/our estimates. Raw material inflation and operating deleverage hurt EBITDA margins sequentially despite an improvement in the product mix. EBIT margin was 20.3% (-170bps QoQ) for the tractor segment while 1.7% (-330bps QoQ) for the automotive segment. The management expects single-digit growth for the tractor industry and has built inventory for the upcoming festive season. In the automotive segment, order booking remains strong but supply chain constraints have restricted wholesale volumes. M&M took another impairment hit of Rs 785mn during 1Q, taking the total write-offs to Rs 83bn in the last two years. While the company has pruned loss-making subsidiaries, it has set aside Rs 65bn for investments in EVs and non-core group companies. The competitive intensity across these segments remains high and FCF turns sharply negative for the forecast period. We remain skeptical about the tractor industry growth beyond FY22E as it nears its cyclical peak. Our FY22/23 estimates remain largely unchanged. We maintain our SELL rating with a SoTP-based target price of Rs 722, valuing the core business at 15x FY23E earnings (at peak cycle multiple).

#### Key con-call takeaways:

- Tractor demand scenario and outlook:** The management highlighted that demand started picking up mid-June onwards (90% of auto dealers & 65% of tractor dealers were closed around mid-May). Region-wise, southern states saw a faster recovery compared to western states on the back of better monsoon. It has guided for a low- to mid-single-digit growth for the tractor industry in FY22 on a high base of FY21.
- Supply constraints & inventory levels:** For the auto segment, the continued industry-wide shortage of semiconductors is likely to hamper production in the near term; however, the management believes it can navigate the situation and is building up inventory to manage the same. It plans to launch *XUV700* this quarter as it has received a strong response. For the tractor segment, the company is building up inventory (currently at ~30 days) ahead of the festive season (partly to recoup the lost market share in FY21 owing to short supply).
- Bookings & waiting periods across models:** *Thar* has an order book of ~39K+ units currently and a waiting period of 10 months. *XUV300*, *Scorpio* & *Bolero* have waiting periods of ~2 months, 1.5 months & 1 month, respectively. Its latest launch, *Bolero Neo* (launched in July'21) has received 5.5K+ bookings since launch.
- RM headwinds & cost reduction efforts:** The management expects the commodity price surge to continue in 2Q as well; expected to stabilize by 3QFY22. For the farm equipment (FES) & automotive segments, the company has taken several price hikes to offset the commodity price rise. While it has been able to pass on the costs, margins remain impacted. It is focusing on value engineering (particularly in the auto segment with several new launches coming up) and fixed cost reduction to aid margin improvement over the near term.

- Capex and investments:** The company has set aside Rs 30bn as capex for EV product developments/collaborations and a further Rs 35bn for investment in non-core group companies over FY22-24; the management highlighted that no allocation has been made so far.

- Outlook for international subsidiaries:** The company has undertaken significant restructuring efforts for its international farm subsidiaries and has been able to turnaround most of them to profitability in 1QFY22.

**Outlook and valuation:** We estimate volume/revenue/EBITDA/APAT CAGRs of 8%/11%/5%/3% between FY21-23E. At the CMP, the stock trades at 15.9x core PER and 7.7x core EV/EBITDA on FY23E.

#### Exhibit 1: Reported numbers vs. expectations

Rs mn	Reported	Est	Var %	Consensus	Var %
Net Sales	117,628	124,426	(5.5)	122,758	(4.2)
EBITDA	16,317	18,131	(10.0)	17,007	(4.1)
EBITDA Margin (%)	13.9	14.6	(70)	13.9	2
Adjusted PAT	9,341	9,535	(2.0)	9,113	2.5
Adjusted EPS	7.8	8.0	(2.0)	7.7	2.5

Source: Company, Bloomberg, Systematix Institutional Research

#### Exhibit 2: Quarterly performance

M&M + MVML (Rs mn)	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	YoY (%)	QoQ (%)
<b>Net Sales</b>	<b>55,894</b>	<b>115,903</b>	<b>139,665</b>	<b>133,382</b>	<b>117,628</b>	<b>110.4</b>	<b>(11.8)</b>
- Raw Material	36,240	76,979	96,292	92,255	81,922	126.1	(11.2)
(% of Net Sales)	64.8	66.4	68.9	69.2	69.6	481	48
- Staff Expenditure	7,704	7,920	8,841	7,964	8,855	14.9	11.2
(% of Net Sales)	13.8	6.8	6.3	6.0	7.5	(625)	156
- Other Expenditure	6,219	10,432	11,576	13,559	10,534	69.4	(22.3)
(% of Net Sales)	11.1	9.0	8.3	10.2	9.0	(217)	(121)
Total Expenditure	50,163	95,330	116,709	113,777	101,311	102.0	(11.0)
<b>EBITDA</b>	<b>5,732</b>	<b>20,573</b>	<b>22,956</b>	<b>19,605</b>	<b>16,317</b>	<b>184.7</b>	<b>(16.8)</b>
<b>EBITDA Margin (%)</b>	<b>10.3</b>	<b>17.8</b>	<b>16.4</b>	<b>14.7</b>	<b>13.9</b>	<b>362</b>	<b>(83)</b>
Depreciation	5,813	5,870	6,043	5,899	5,586	(3.9)	(5.3)
EBIT	-81	14,703	16,914	13,706	10,731	(13,364)	(21.7)
Interest	768	1,179	1,039	971	714	(7.0)	(26.5)
Other Income	1,338	3,839	5,618	1,178	2,052	53.4	74.2
<b>PBT</b>	<b>488</b>	<b>17,364</b>	<b>21,493</b>	<b>13,913</b>	<b>12,069</b>	<b>2,371.0</b>	<b>(13.3)</b>
Tax	99	4,252	4,944	3,888	2,728	2,658.1	(29.8)
Tax Rate (%)	20.2	24.5	23.0	27.9	22.6	235	(535)
<b>Adjusted PAT</b>	<b>389</b>	<b>13,112</b>	<b>16,548</b>	<b>10,024</b>	<b>9,341</b>	<b>2,298.1</b>	<b>(6.8)</b>
Exceptional Items	288	(11,495)	(11,240)	(8,399)	(785)	-	-
<b>Reported PAT</b>	<b>678</b>	<b>1,618</b>	<b>5,309</b>	<b>1,625</b>	<b>8,556</b>	<b>1,162.1</b>	<b>426.4</b>
EPS (Rs)	0.3	11.0	13.9	8.4	7.8	2,298.1	(6.8)
<b>Total Volumes (Nos)</b>	<b>95,308</b>	<b>185,270</b>	<b>223,978</b>	<b>202,223</b>	<b>186,777</b>	<b>96.0</b>	<b>(7.6)</b>
<b>Net Realisation (Rs)</b>	<b>586,460</b>	<b>625,591</b>	<b>623,567</b>	<b>659,576</b>	<b>629,777</b>	<b>7.4</b>	<b>(4.5)</b>
EBITDA / Vehicle (Rs)	60,139	111,044	102,493	96,945	87,359	45.3	(9.9)

Source: Company, Systematix Institutional Research

## Exhibit 3: Quarterly segment-wise performance

(Rs mn)	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	YoY (%)	QoQ (%)
<b>Revenues</b>							
Automotive Segment	20,395	63,565	83,111	78,581	60,502	196.7	(23.0)
(% to total)	36	55	59	59	51	1,475	(737)
Farm Equipment Segment	33,408	48,354	52,815	49,755	53,186	59.2	6.9
(% to total)	60	42	37	37	45	(1,467)	792
Other Segment	2,206	4,455	5,359	5,904	4,557	106.5	(22.8)
(% to total)	4	4	4	4	4	(9)	(54)
<b>Total</b>	<b>56,009</b>	<b>116,374</b>	<b>141,285</b>	<b>134,240</b>	<b>118,245</b>	<b>111.1</b>	<b>(11.9)</b>
<b>Net Realisation (Rs)</b>							
Automotive Segment	687,818	690,748	679,691	725,396	696,647	1.3	(4.0)
Farm Equipment Segment	508,832	518,561	519,320	529,906	532,235	4.6	0.4
<b>Results</b>							
Automotive Segment	-5,837	4,117	6,141	3,900	1,025	(117.6)	(73.7)
Margin (%)	(28.6)	6.5	7.4	5.0	1.7	3,032	(327)
Farm Equipment Segment	6,823	11,795	12,359	10,950	10,811	58.5	(1.3)
Margin (%)	20.4	24.4	23.4	22.0	20.3	(10)	(168)
Other Segment	-54	127	380	-192	139	(357.6)	(172.1)
Margin (%)	(2.4)	2.8	7.1	(3.3)	3.0	548	630
<b>Total</b>	<b>932</b>	<b>16,039</b>	<b>18,880</b>	<b>14,657</b>	<b>11,975</b>	<b>1,185.3</b>	<b>(18.3)</b>
Margin (%)	1.7	13.8	13.4	10.9	10.1	846	(79)
<b>Capital Employed</b>							
Automotive Segment	133,988	112,243	113,291	111,997	134,311	0.2	19.9
Farm Equipment Segment	25,304	22,547	18,323	25,120	35,041	38.5	39.5

Source: Company, Systematix Institutional Research

## Exhibit 4: Subsidiaries' losses narrowing

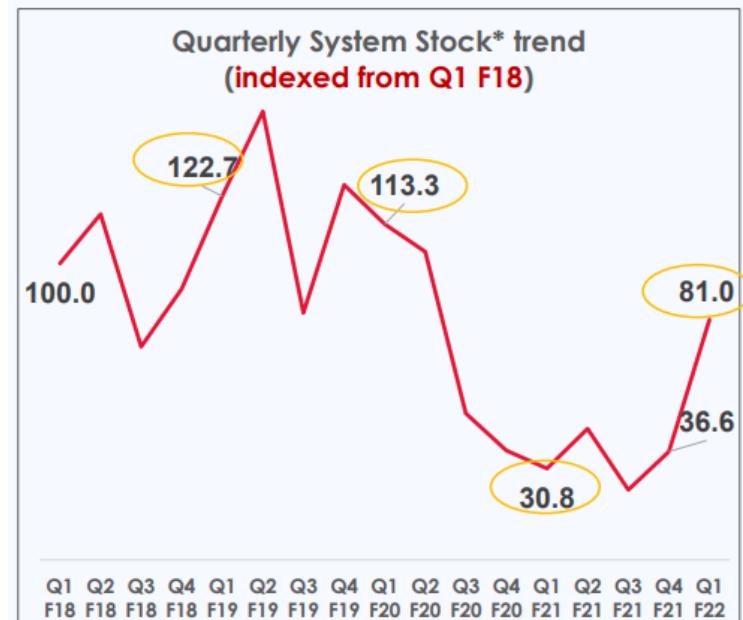
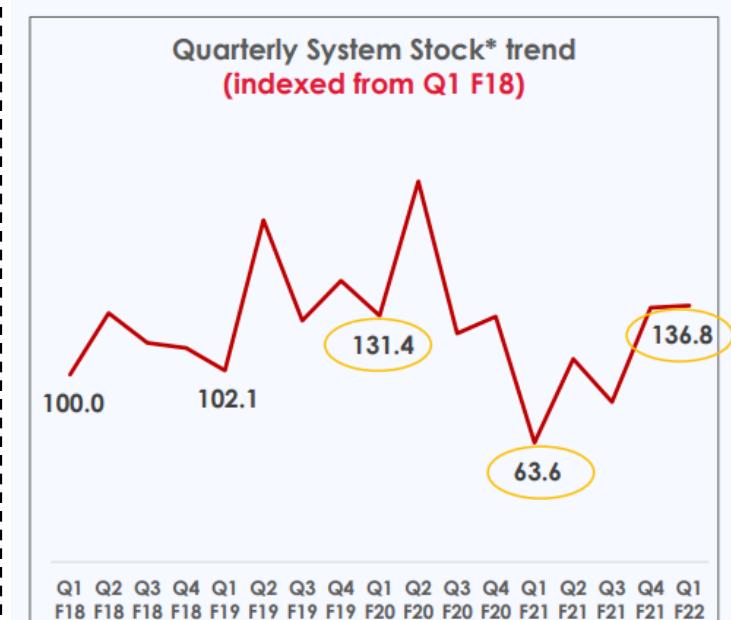
	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21
<b>Automotive segment</b>									
<b>Consolidated</b>									
Revenue	135,478	120,588	133,016	97,335	65,086	110,809	86,062	85,045	63,168
EBIT	1,121	(3,676)	(5,085)	(4,921)	(14,764)	(2,429)	5,766	5,051	808
EBIT margin (%)	0.8%	-3.0%	-3.8%	-5.1%	-22.7%	-2.2%	6.7%	5.9%	1.3%
<b>Standalone</b>									
Revenue	79,858	68,928	74,238	55,058	20,395	63,565	83,111	78,581	60,502
EBIT	5,180	3,973	5,417	2,253	(5,837)	4,117	6,141	3,900	1,025
EBIT margin (%)	6.5%	5.8%	7.3%	4.1%	-28.6%	6.5%	7.4%	5.0%	1.7%
<b>Overseas subs</b>									
Revenue	55,620	51,660	58,777	42,277	44,692	47,244	2,951	6,463	2,666
EBIT	(4,059)	(7,649)	(10,502)	(7,174)	(8,927)	(6,546)	(375)	1,151	(217)
EBIT margin (%)	-7.3%	-14.8%	-17.9%	-17.0%	-20.0%	-13.9%	-12.7%	17.8%	-8.1%
<b>Farm equipment segment</b>									
<b>Consolidated</b>									
Revenue	60,779	53,699	54,566	42,088	49,069	64,782	68,148	65,926	71,887
EBIT	7,664	6,463	6,248	2,299	6,134	11,834	12,369	11,241	11,875
EBIT margin (%)	12.6%	12.0%	11.4%	5.5%	12.5%	18.3%	18.2%	17.1%	16.5%
<b>Standalone</b>									
Revenue	43,822	36,315	42,778	31,110	33,408	48,354	52,815	49,755	53,186
EBIT	8,447	7,019	8,309	5,488	6,823	11,795	12,359	10,950	10,811
EBIT margin (%)	19.3%	19.3%	19.4%	17.6%	20.4%	24.4%	23.4%	22.0%	20.3%
<b>Overseas subs</b>									
Revenue	16,957	17,384	11,788	10,978	15,661	16,429	15,333	16,171	18,702
EBIT	(784)	(556)	(2,061)	(3,189)	(689)	38	10	291	1,064
EBIT margin (%)	-4.6%	-3.2%	-17.5%	-29.1%	-4.4%	0.2%	0.1%	1.8%	5.7%

Source: Company, Systematix Institutional Research; Note: Ssangyong ceases to be subsidiary &amp; losses are not consolidated from 3QFY21. Prior quarters include losses from Ssangyong.

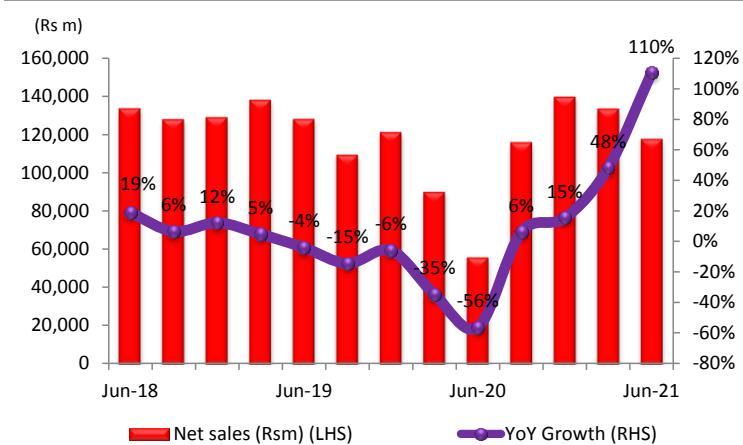
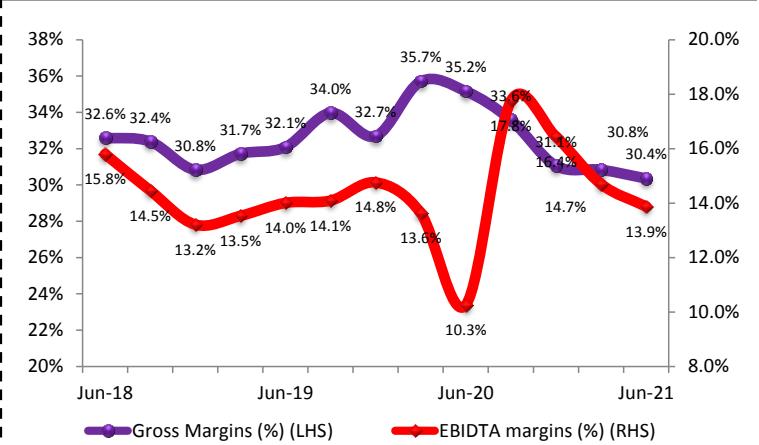
**Exhibit 5: Volume trend**

Volumes (Nos)	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	YoY (%)	QoQ (%)
PVs	11,942	39,533	53,016	52,725	43,202	261.8	(18.1)
CVs (incl MHCV)	15,587	47,309	53,557	39,706	34,034	118.3	(14.3)
3Ws	52	977	9,837	9,659	3,065	5,794.2	(68.3)
Exports	2,070	4,205	5,867	6,239	6,547	216.3	4.9
<b>Total Auto Volumes</b>	<b>29,651</b>	<b>92,024</b>	<b>122,277</b>	<b>108,329</b>	<b>86,848</b>	<b>192.9</b>	<b>(19.8)</b>
Tractor Volumes	65,657	93,246	101,701	93,894	99,929	52.2	6.4
<b>Total Volumes</b>	<b>95,308</b>	<b>185,270</b>	<b>223,978</b>	<b>202,223</b>	<b>186,777</b>	<b>96.0</b>	<b>(7.6)</b>

Source: Company, Systematix Institutional Research

**Exhibit 6: Inventory levels for the auto segment****Exhibit 7: Inventory level for the farm segment**

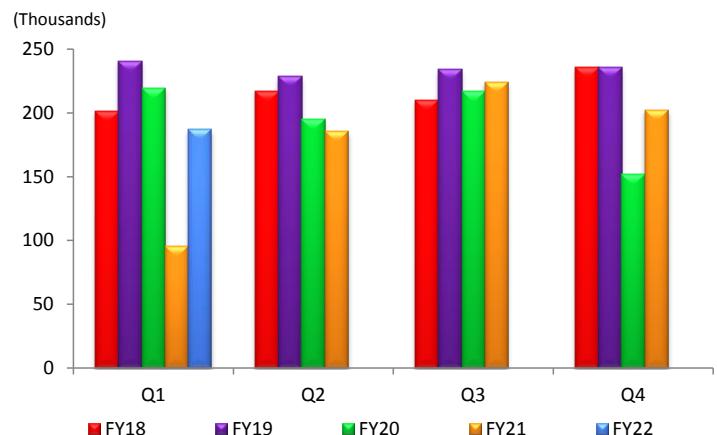
Source: M&amp;M 1QFY22 presentation

**Exhibit 8: Revenue and YoY growth trend****Exhibit 9: Gross & EBITDA margin trend**

Source: Company, Systematix Institutional Research

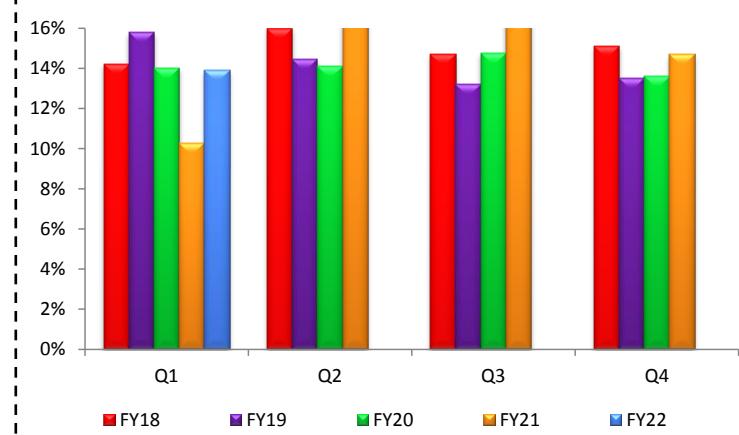
Source: Company, Systematix Institutional Research

Exhibit 10: Quarterly volume trend



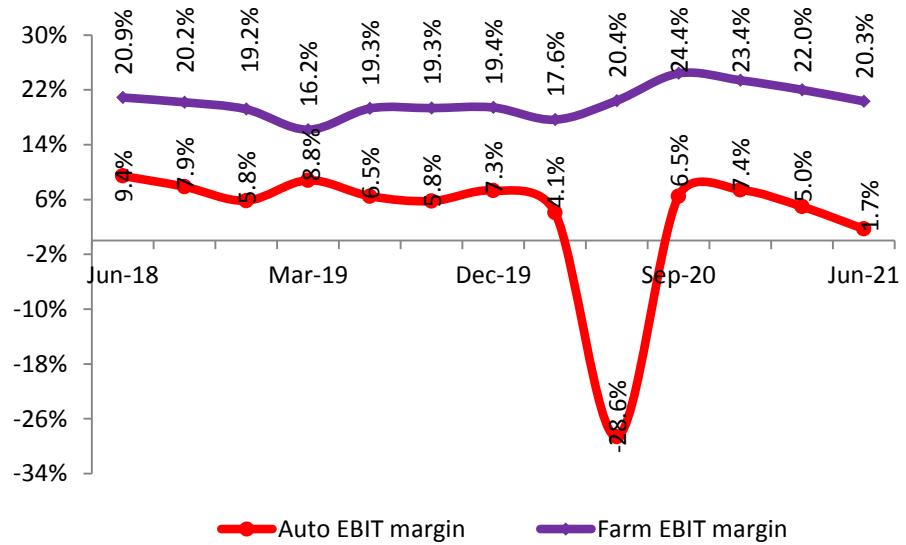
Source: Company, Systematix Institutional Research

Exhibit 11: Quarterly EBITDA margin trend



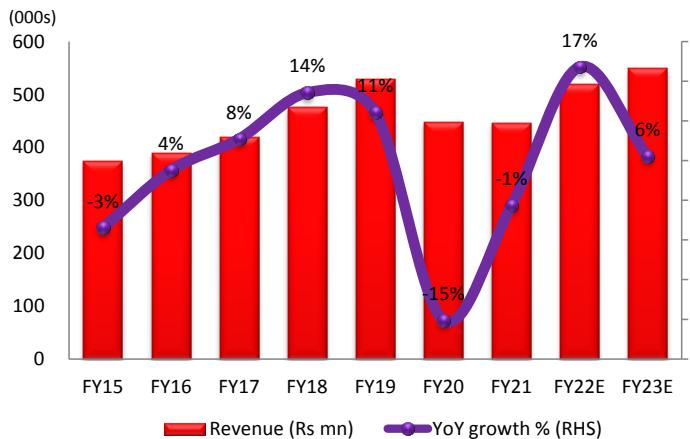
Source: Company, Systematix Institutional Research

Exhibit 12: Automotive and tractor EBIT margin quarterly trend



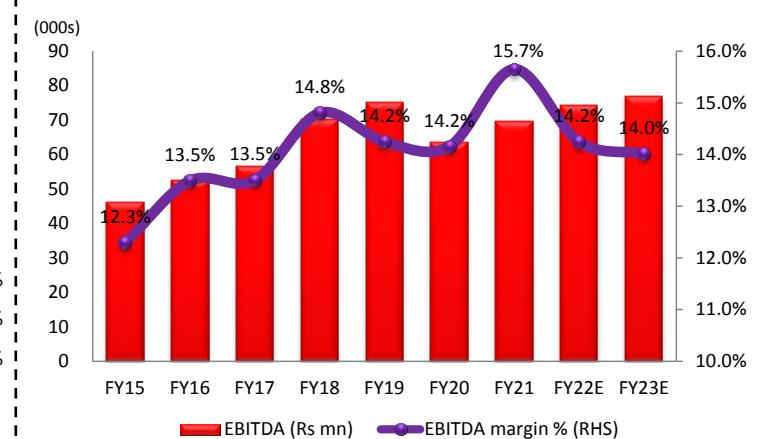
Source: Company, Systematix Institutional Research

Exhibit 13: M&amp;M annual revenue &amp; YoY growth (RHS)



Source: Company, Systematix Institutional Research

Exhibit 14: M&amp;M annual EBITDA &amp; EBITDA margin (RHS)



Source: Company, Systematix Institutional Research

**Exhibit 15: Segment-wise annual volume trend**

<b>Volumes (units)</b>	<b>FY15</b>	<b>FY16</b>	<b>FY17</b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22E</b>	<b>FY23E</b>
Passenger vehicles	223,968	236,307	236,980	249,505	254,701	186,978	157,216	201,289	214,399
Commercial vehicles	153,836	166,783	180,948	216,803	248,601	199,135	156,159	185,513	205,858
Three-Wheelers	56,764	54,975	52,306	54,625	66,699	62,187	20,525	31,814	41,358
Exports	30,196	36,033	37,364	28,221	38,595	27,743	18,381	22,976	25,274
<b>Total Automotive volume</b>	<b>464,764</b>	<b>494,098</b>	<b>507,598</b>	<b>549,154</b>	<b>608,596</b>	<b>476,043</b>	<b>352,281</b>	<b>441,592</b>	<b>486,889</b>
YoY growth %	-7%	6%	3%	8%	11%	-22%	-26%	25%	10%
<b>Total Tractors</b>	<b>234,023</b>	<b>213,591</b>	<b>262,992</b>	<b>317,383</b>	<b>330,436</b>	<b>301,915</b>	<b>354,498</b>	<b>365,133</b>	<b>343,225</b>
YoY growth %	-13%	-9%	23%	21%	4%	-9%	17%	3%	-6%
Total Volume	698,787	707,689	770,590	866,537	939,032	777,958	706,779	806,725	830,114
YoY growth %	-9%	1%	9%	12%	8%	-17%	-9%	14%	3%

Source: Company, Systematix Institutional Research

## FINANCIALS (M&M + MVML)

### Profit & Loss Statement

YE: Mar (Rs mn)	FY19	FY20	FY21	FY22e	FY23e
<b>Net sales</b>	<b>528,482</b>	<b>448,655</b>	<b>445,744</b>	<b>520,677</b>	<b>549,588</b>
Growth, %	11	(16)	(1)	17	6
<b>RM expenses</b>	<b>-359,977</b>	<b>-298,668</b>	<b>-301,766</b>	<b>-364,474</b>	<b>-384,712</b>
<b>Employee expenses</b>	<b>-32,830</b>	<b>-32,237</b>	<b>-32,428</b>	<b>-36,644</b>	<b>-39,942</b>
<b>Other expenses</b>	<b>-60,375</b>	<b>-54,245</b>	<b>-41,785</b>	<b>-45,381</b>	<b>-47,910</b>
<b>EBITDA</b>	<b>75,301</b>	<b>63,506</b>	<b>69,766</b>	<b>74,179</b>	<b>77,024</b>
Growth, %	7	(16)	10	6	4
Margin, %	14.2	14.2	15.7	14.2	14.0
<b>Depreciation</b>	<b>-20,030</b>	<b>-23,631</b>	<b>-23,624</b>	<b>-26,153</b>	<b>-29,678</b>
<b>EBIT</b>	<b>55,271</b>	<b>39,875</b>	<b>46,142</b>	<b>48,026</b>	<b>47,346</b>
Growth, %	2	(28)	16	4	(1)
Margin, %	10.5	8.9	10.4	9.2	8.6
<b>Interest paid</b>	<b>-1,467</b>	<b>-1,245</b>	<b>-3,957</b>	<b>-4,029</b>	<b>-3,805</b>
<b>Other Income</b>	<b>16,303</b>	<b>15,391</b>	<b>11,973</b>	<b>12,729</b>	<b>13,769</b>
<b>Non-recurring Items</b>	<b>(227)</b>	<b>(28,112)</b>	<b>(31,745)</b>	<b>0</b>	<b>0</b>
<b>Pre-tax profit</b>	<b>70,106</b>	<b>54,021</b>	<b>54,157</b>	<b>56,726</b>	<b>57,310</b>
Tax provided	-15,867	-18,513	-13,183	-13,614	-13,754
<b>Profit after tax</b>	<b>54,239</b>	<b>35,509</b>	<b>40,974</b>	<b>43,112</b>	<b>43,556</b>
Others (Minorities, Associates)	-	-	-	-	-
<b>Net Profit</b>	<b>54,012</b>	<b>7,397</b>	<b>9,229</b>	<b>43,112</b>	<b>43,556</b>
Growth, %	17	(86)	25	367	1
<b>Net Profit (adjusted)</b>	<b>54,239</b>	<b>35,509</b>	<b>40,974</b>	<b>43,112</b>	<b>43,556</b>

Source: Company, Systematix Institutional Research

### Balance Sheet

YE: Mar (Rs mn)	FY19	FY20	FY21	FY22e	FY23e
Cash & bank	38,321	42,365	62,556	7,441	9,280
Marketable securities cost	17,330	21,896	44,889	56,072	41,055
Debtors	38,119	29,012	22,012	28,530	30,114
Inventory	47,631	40,408	47,827	49,928	52,700
Loans & advances	8,612	6,511	19,399	20,757	22,210
Other current assets	64,435	55,460	63,130	66,287	69,601
Total current assets	197,117	173,757	214,923	172,943	183,905
Investments	188,934	153,433	177,973	200,220	215,236
Gross fixed assets	230,292	254,904	278,087	315,587	358,087
Less: Depreciation	-110,762	-134,393	-158,017	-184,170	-213,847
Add: Capital WIP	26,457	48,582	61,255	73,927	86,599
Net fixed assets	119,530	120,511	120,070	131,418	144,240
<b>Total assets</b>	<b>549,369</b>	<b>518,179</b>	<b>619,110</b>	<b>634,579</b>	<b>671,035</b>
Current liabilities	148,581	109,509	164,182	152,642	160,782
Provisions	16,152	15,781	15,077	16,584	18,243
Total current liabilities	164,733	125,290	179,258	169,226	179,025
Non-current liabilities	7,896	15,068	14,497	14,497	14,497
Total liabilities	172,629	140,358	193,755	183,722	193,521
Paid-up capital	5,958	5,965	5,974	5,974	5,974
Reserves & surplus	343,979	340,326	347,239	379,896	412,998
Shareholders' equity	349,937	346,291	353,212	385,870	418,972
<b>Total equity &amp; liabilities</b>	<b>549,369</b>	<b>518,179</b>	<b>619,110</b>	<b>634,579</b>	<b>671,035</b>

Source: Company, Systematix Institutional Research

### Cash Flow

YE: Mar (Rs mn)	FY19	FY20	FY21	FY22e	FY23e
<b>Pre-tax profit</b>	<b>69,879</b>	<b>25,910</b>	<b>22,413</b>	<b>56,726</b>	<b>57,310</b>
Depreciation	20,030	23,631	23,624	26,153	29,678
Chg in working capital	-5,802	-12,037	32,992	-23,166	675
Total tax paid	-15,867	-18,513	-13,183	-13,614	-13,754
<b>CFO</b>	<b>39,832</b>	<b>39,942</b>	<b>95,896</b>	<b>37,398</b>	<b>63,945</b>
Capital expenditure	-15,918	-45,902	-33,119	-50,172	-55,172
Chg in investments	-1,447	-1,519	-1,595	-1,675	-1,759
Chg in marketable securities	-10,818	32,454	-45,937	-31,754	1,759
<b>CFI</b>	<b>-11,880</b>	<b>-29,478</b>	<b>-146,677</b>	<b>-70,872</b>	<b>-41,403</b>
Free cash flow	22,468	-7,479	61,181	-14,450	7,014
Debt raised/(repaid)	-5,339	4,728	40,613	-7,157	-6,444
Dividend (incl. tax)	-12,076	-9,909	34,308	-10,454	-10,454
<b>CFF</b>	<b>-18,874</b>	<b>-6,419</b>	<b>70,972</b>	<b>-21,640</b>	<b>-20,703</b>
<b>Net chg in cash</b>	<b>9,079</b>	<b>4,045</b>	<b>20,190</b>	<b>(55,114)</b>	<b>1,839</b>
Opening cash balance	29,242	38,321	42,365	62,556	7,441
<b>Closing cash balance</b>	<b>38,321</b>	<b>42,365</b>	<b>62,556</b>	<b>7,441</b>	<b>9,280</b>

Source: Company, Systematix Institutional Research

### Ratios

YE: Mar	FY19	FY20	FY21	FY22e	FY23e
EPS (INR)	46	30	34	36	37
PER (x)	13.0	16.0	16.6	15.9	15.9
Price/Book (x)	2.6	2.6	2.6	2.4	2.2
EV/EBITDA (x)	7.4	8.7	7.9	8.0	7.7
EV/Net sales (x)	1.7	2.0	2.0	1.8	1.7
RoE (%)	17	10	12	12	11
RoCE (%)	20	14	14	13	13
Fixed Asset turnover (x)	2.3	1.8	1.6	1.6	1.5
Dividend Yield (%)	1.1	1.1	0.0	0.0	0.0
Receivable (days)	27	24	19	21	21
Inventory (days)	38	38	46	41	41
Payable (days)	83	68	103	75	75
Revenue Growth (%)	11	(16)	(1)	17	6
EBIDTA Growth (%)	7	(16)	10	6	4
EPS Growth, %	29	(35)	15	5	1
Net D/E ratio (x)	(0.1)	(0.1)	(0.1)	0.0	0.0

Source: Company, Systematix Institutional Research

## Institutional Equities Team

Nikhil Khandelwal	Managing Director	+91-22-6704 8001	nikhil@systematixgroup.in
Navin Roy Vallabhaneni	President & Head – IE & ECM	+91-22-6704 8065	navin@systematixgroup.in
<b>Equity Research</b>			
<b>Analysts</b>	<b>Industry Sectors</b>	<b>Desk-Phone</b>	<b>E-mail</b>
Rahul Jain	Metals & Mining	+91-22-6704 8066	rahuljain@systematixgroup.in
Ronak Sarda	Auto, Auto Ancillaries	+91-22-6704 8059	ronaksarda@systematixgroup.in
Rakesh Kumar	Banking, Insurance	+91-22-6704 8041	rakeshkumar@systematixgroup.in
Praful Bohra	Pharmaceuticals and Healthcare	+91-22-6704 8064	prafulbohra@systematixgroup.in
Shubhranshu Mishra	NBFCs & Diversified Financials	+91-22-6704 8024	shubhranshumishra@systematixgroup.in
Sanjeev Kumar Singh	Cement, Building Materials, Paints	+91-22-6704 8017	sanjeevsingh@systematixgroup.in
Premal Kamdar	Consumer Staples	+91-22-6704 8090	premalkamdar@systematixgroup.in
Amar Kedia	Infra, Cap Goods, Logistics, Consumer Durables	+91-22-6704 8084	amarkedia@systematixgroup.in
Ashutosh Joytiraditya	Consumer, Retail	+91-22-6704 8068	ashutoshj@systematixgroup.in
Naushad Chaudhary	Chemicals, Textiles, Building Materials, Midcaps	+91-22-6704 8036	naushadchaudhary@systematixgroup.in
Harsh Mittal	Cement, Building Materials, Paints	+91-22-6704 8098	harshmittal@systematixgroup.in
Poorvi Banka	Auto, Auto Ancillaries	+91-22-6704 8063	poorvibanka@systematixgroup.in
Nikhil Shah	Banking, Insurance	+91-22-6704 8091	nikhilshah@systematixgroup.in
Tausif Shaikh	Pharmaceuticals and Healthcare	+91-22-6704 8046	tausifshaikh@systematixgroup.in
Shweta Dikshit	Metals & Mining	+91-22-6704 8042	shwetadikshit@systematixgroup.in
Shilpashree Venkatesh	Macro-Strategy	+91-22-6704 8078	shilpav@systematixgroup.in
<b>Equity Sales &amp; Trading</b>			
<b>Name</b>		<b>Desk-Phone</b>	<b>E-mail</b>
Vipul Sanghvi	Director and Head - Sales	+91-22-6704 8062	vipulsanghvi@systematixgroup.in
Ashok Kumar Agarwal	Sales	+91-22-6704 8058	ashokagarwal@systematixgroup.in
Jigar Kamdar	Sales	+91-22-6704 8060	jigarkamdar@systematixgroup.in
Rahul Khandelwal	Sales	+91-22-6704 8033	rahul@systematixgroup.in
Pawan Sharma	Director and Head - Sales Trading	+91-22-6704 8067	pawansharma@systematixgroup.in
Mukesh Chaturvedi	Vice President and Co Head - Sales Trading	+91-22-6704 8074	mukeshchaturvedi@systematixgroup.in
Vinod Bhuwad	Sales Trading	+91-22-6704 8051	vinodbhuwad@systematixgroup.in
Rashmi Solanki	Sales Trading	+91-22-6704 8097	rashmisolanki@systematixgroup.in
Rahul Thakar	Sales Trading - Derivatives	+91-22-6704 8073	rahulthakar@systematixgroup.in
Vipul Chheda	Dealer	+91-22-6704 8050	vipulchheda@systematixgroup.in
Amit Sawant	Dealer	+91-22-6704 8054	amitsawant@systematixgroup.in
Paras Shah	Dealer	+91-22-6704 8047	parasshah@systematixgroup.in
Suketu Vyas	Dealer	+91-22-6704 8050	suketuvyas@systematixgroup.in
<b>Corporate Access</b>			
Audrey Leolyn Mendonca	Assistant Vice President	+91-22-6704 8088	audreymendonca@systematixgroup.in
<b>Production</b>			
Yukti Vidyarthi	Editor	+91-22-6704 8071	yukti@systematixgroup.in
Mrunali Pagdhare	Production	+91-22-6704 8057	mrunalip@systematixgroup.in
Vijayendra Achrekar	Production	+91-22-6704 8089	vijayendraachrekar@systematixgroup.in
<b>Operations</b>			
Sachin Malusare	Vice President	+91-22-6704 8055	sachinmalusare@systematixgroup.in
Sugandha Rane	Assistant Vice President	+91-22-6704 8056	sugandha@systematixgroup.in
Jignesh Mistry	Manager	+91-22-6704 8049	jigneshmistry@systematixgroup.in
Ravikiran Dasaka	Manager	+91-22-6704 8622	ravikiran@systematixgroup.in
Ravi Agarwal	Assistant Manager	+91-22-6704 8016	raviagarwal@systematixgroup.in

## DISCLOSURES/APPENDIX

## I. ANALYST CERTIFICATION

I, **Ronak Sarda, Poorvi Banka**; hereby certify that (1) views expressed in this research report accurately reflect my/our personal views about any or all of the subject securities or issuers referred to in this research report, (2) no part of my/our compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report by **Systematix Shares and Stocks (India) Limited (SSSIL)** or its group/associate companies, (3) reasonable care is taken to achieve and maintain independence and objectivity in making any recommendations.

Disclosure of Interest Statement	Update
Analyst holding in the stock	No
Served as an officer, director or employee	No

## II. ISSUER SPECIFIC REGULATORY DISCLOSURES, unless specifically mentioned in point no. 9 below:

1. The research analyst(s), SSSIL, associates or relatives do not have any financial interest in the company(ies) covered in this report.
2. The research analyst(s), SSSIL, associates or relatives collectively do not hold more than 1% of the securities of the company(ies) covered in this report as of the end of the month immediately preceding the distribution of the research report.
3. The research analyst(s), SSSIL, associates or relatives did not have any other material conflict of interest at the time of publication of this research report.
4. The research analyst, SSSIL and its associates have not received compensation for investment banking or merchant banking or brokerage services or any other products or services from the company(ies) covered in this report in the past twelve months.
5. The research analyst, SSSIL or its associates have not managed or co-managed a private or public offering of securities for the company(ies) covered in this report in the previous twelve months.
6. SSSIL or its associates have not received compensation or other benefits from the company(ies) covered in this report or from any third party in connection with this research report.
7. The research analyst has not served as an officer, director or employee of the company(ies) covered in this research report.
8. The research analyst and SSSIL have not been engaged in market making activity for the company(ies) covered in this research report.
9. Details of SSSIL, research analyst and its associates pertaining to the companies covered in this research report:

Sr. No.	Particulars	Yes / No.
1	Whether compensation was received from the company(ies) covered in the research report in the past 12 months for investment banking transaction by SSSIL.	No
2	Whether research analyst, SSSIL or its associates and relatives collectively hold more than 1% of the company(ies) covered in the research report.	No
3	Whether compensation has been received by SSSIL or its associates from the company(ies) covered in the research report.	No
4	Whether SSSIL or its affiliates have managed or co-managed a private or public offering of securities for the company(ies) covered in the research report in the previous twelve months.	No
5	Whether research analyst, SSSIL or associates have received compensation for investment banking or merchant banking or brokerage services or any other products or services from the company(ies) covered in the research report in the last twelve months.	No

10. There is no material disciplinary action taken by any regulatory authority that impacts the equity research analysis activities.

## STOCK RATINGS

**BUY (B):** The stock's total return is expected to exceed 15% over the next 12 months.

**HOLD (H):** The stock's total return is expected to be within -15% to +15% over the next 12 months.

**SELL (S):** The stock's total return is expected to give negative returns of more than 15% over the next 12 months.

**NOT RATED (NR):** The analyst has no recommendation on the stock under review.

## INDUSTRY VIEWS

**ATTRACTIVE (AT):** Fundamentals/valuations of the sector are expected to be attractive over the next 12-18 months.

**NEUTRAL (NL):** Fundamentals/valuations of the sector are expected to neither improve nor deteriorate over the next 12-18 months.

**CAUTIOUS (CS):** Fundamentals/valuations of the sector are expected to deteriorate over the next 12-18 months.

## III. DISCLAIMER

The information and opinions contained herein have been compiled or arrived at based on the information obtained in good faith from 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.

This document is for information purposes only. This report is based on information that we consider reliable; we do not represent that it is accurate or complete and one should exercise due caution while acting on it. Description of any company(ies) or its/their securities mentioned herein are not complete and this document is not and should not be construed as an offer or solicitation of an offer to buy or sell any securities or other financial instruments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur. All opinions, projections and estimates constitute the judgment of the author as on the date of the report and these, plus any other information contained in the report, are subject to change without notice. Prices and availability of financial instruments are also subject to change without notice. This report is intended for distribution to institutional investors.

This report is not directed to or intended for display, downloading, printing, reproducing or for distribution to or use by, any person or entity that is a citizen or resident or located in any locality, state, country or other jurisdiction where such distribution, publication, reproduction, availability or use would be contrary to law or regulation or what would subject to SSSIL or its affiliates to any registration or licensing requirement within such jurisdiction. If this report is inadvertently sent or has reached any individual in such country, especially USA, the same may be ignored and brought to the attention of the sender. Neither this document nor any copy of it may be taken or transmitted into the United States (to U.S. persons), Canada, or Japan or distributed, directly or indirectly, in the United States or Canada or distributed or redistributed in Japan or to any resident thereof. Any unauthorized use, duplication,

redistribution or disclosure of this report including, but not limited to, redistribution by electronic mail, posting of the report on a website or page, and/or providing to a third party a link, is prohibited by law and will result in prosecution. The information contained in the report is intended solely for the recipient and may not be further distributed by the recipient to any third party.

SSSL generally prohibits its analysts, persons reporting to analysts, and members of their households from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. Additionally, SSSL generally prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that they cover. Our salespeople, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein. Our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. The views expressed in this research report 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. The compensation of the analyst who prepared this document is determined exclusively by SSSL; however, compensation may relate to the revenues of the Systematix Group as a whole, of which investment banking, sales and trading are a part. Research analysts and sales persons of SSSL may provide important inputs to its affiliated company(ies).

Foreign currencies denominated securities, wherever mentioned, are subject to exchange rate fluctuations which could have an adverse effect on their value or price or the income derived from them. In addition, investors in securities such as ADRs, the values of which are influenced by foreign currencies, effectively assume currency risk. SSSL, its directors, analysts or employees do not take any responsibility, financial or otherwise, of the losses or the damages sustained due to the investments made or any action taken on the basis of this report including but not restricted to fluctuation in the prices of shares and bonds, changes in the currency rates, diminution in the NAVs, reduction in the dividend or income, etc.

SSSL and its affiliates, officers, directors, and employees subject to the information given in the disclosures may: (a) from time to time, have long or short positions in, and buy or sell, the securities thereof, of company (ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation (financial interest) or act as a market maker in the financial instruments of the company (ies) discussed herein or act as advisor or lender / borrower to such company (ies) or have other potential material conflict of interest with respect to any recommendation and related information and opinions. The views expressed are those of the analyst and the company may or may not subscribe to the views expressed therein.

SSSL, its affiliates and any third party involved in, or related to, computing or compiling the information hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any of this information. Without limiting any of the foregoing, in no event shall SSSL, any of its affiliates or any third party involved in, or related to, computing or compiling the information have any liability for any damages of any kind. The company accepts no liability whatsoever for the actions of third parties. The report may provide the addresses of, or contain hyperlinks to, websites. Except to the extent to which the report refers to website material of the company, the company has not reviewed the linked site. Accessing such website or following such link through the report or the website of the company shall be at your own risk and the company shall have no liability arising out of, or in connection with, any such referenced website.

SSSL will not be liable for any delay or any other interruption which may occur in presenting the data due to any technical glitch to present the data. In no event shall SSSL be liable for any damages, including without limitation, direct or indirect, special, incidental, or consequential damages, losses or expenses arising in connection with the data presented by SSSL through this presentation.

**SSSL or any of its other group companies or associates will not be responsible for any decisions taken on the basis of this report. Investors are advised to consult their investment and tax consultants before taking any investment decisions based on this report.**



**Systematix Shares and Stocks (India) Limited:**

**Registered and Corporate address:** The Capital, A-wing, No. 603 – 606, 6th Floor, Plot No. C-70, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051  
 CIN - U65993MH1995PLC268414 | BSE SEBI Reg. No.: INZ000171134 (Member Code: 182) | NSE SEBI Reg. No.: INZ000171134 (Member Code: 11327) | MCX SEBI Reg. No.: INZ000171134 (Member Code: 56625) | NCDEX SEBI Reg. No.: INZ000171134 (Member Code: 1281) | Depository Participant SEBI Reg. No.: IN-DP-480-2020 (DP Id: 34600) | PMS SEBI Reg. No.: INP000002692 | Research Analyst SEBI Reg. No.: INH200000840 | Investment Advisor SEBI Reg. No. INA000010414 | AMFI : ARN - 64917