

Mahindra & Mahindra

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	MM IN
Equity Shares (m)	1197
M.Cap.(INRb)/(USDb)	1697.2 / 20.6
52-Week Range (INR)	1392 / 671
1, 6, 12 Rel. Per (%)	4/6/59
12M Avg Val (INR M)	3836

Financials & Valuations (INR b)

Y/E MARCH	2023E	2024E	2025E
Sales	844	1,050	1,188
EBITDA	105.2	143.5	171.1
Adj. PAT	74.6	102.2	122.7
Adj. EPS (INR)	62.3	85.4	102.6
EPS Gr. (%)	45.0	37.0	20.1
BV/Sh. (INR)	369	439	524

Ratios

RoE (%)	18.0	21.1	21.3
RoCE (%)	16.3	19.9	20.3
Payout (%)	22	18	17

Valuations

P/E (x)	21.9	16.0	13.3
P/BV (x)	3.7	3.1	2.6
Div. Yield (%)	0.9	1.1	1.3
FCF Yield (%)	3.6	5.6	7.0

Shareholding pattern (%)

As On	Dec-22	Sep-22	Dec-21
Promoter	18.9	18.9	18.9
DII	27.1	27.8	27.0
FII	44.5	43.7	44.4
Others	9.5	9.6	9.7

FII Includes depository receipts

CMP: INR1365
TP: INR1550 (+14%)
Buy

In-line quarter; Auto business margin expansion continues

SUV order backlog at 266k; aims for 10x growth in farm machinery by FY27

- MM's 3QFY23 operating performance was in line, though PAT came in above our estimate thanks to higher other income. The Auto business remains on a strong growth path, led by a healthy order backlog. The Tractor segment is expected to cross its previous peak in FY23.
- We marginally upgrade our FY23E/FY24E EPS estimates by 3% each to account for higher other income. Maintain **Buy** with a TP of INR1,550 (Dec'24E based SOTP).

Auto business margins improve; FES yet to see benefit of RM costs

- MM merged Mahindra Electric and a few other SPVs w.e.f 1st Apr'21, and hence the numbers were restated. Standalone revenue/EBITDA/adj. PAT grew 41%/56%/52% YoY to INR216.5b/INR28.1b/INR20.3b. For 9MFY23, revenues/EBITDA/adj. PAT rose 54%/50%/46.5% YoY.
- Volumes grew 32% YoY. Net realizations increased 7% YoY (flat QoQ) to ~INR768.2k/unit (est. INR766.7k/unit), led by ~6%/5.5% YoY growth in Tractor/Auto realizations.
- Gross margins declined 130bp YoY (+60bp QoQ) to 24% (in line), hit by lower tractor contribution and higher RM costs. However, EBITDA margin expanded 130bp YoY (110bp QoQ) to 13% (vs est. 12.7%) owing to operating leverage.
- EBITDA grew 56% YoY to INR28.1b (vs est. INR27.3b). Adj. PAT rose 52% YoY to INR20.3b (vs est. INR18b), led by higher other income of INR6.7b (vs est. INR4.5b) due to higher-than-estimated dividend income.
- Auto business realizations improved 5.5% YoY to INR840k. PBIT margins improved 320bp YoY (+70bp QoQ) to 6.7%.
- FES business realizations improved 6% YoY to INR594k. PBIT margins declined 80bp YoY (+20bp QoQ) to 16.6%.

Highlights from the management commentary

- MM's SUV order backlog has increased to over 266k units as of 1st Feb'23 from 260k units as of 1st Nov'22. The cancellation rate stands at 7-8% and the waiting period has come down by 1.5 months.
- **Emission norms:** RDE norms related costs increased INR10-22k. For CAFE, it has optimized many of its products and does not see issues on meeting CAFE norms, especially after XUV400.
- The Tractor industry is expected to grow by over 10% in FY23, driven by improved government spending and better terms of trade as mandi prices of most of the crops are good.
- **Farm machinery business** is primed for growing 10x by 2027 (FY23 annualized revenues of INR6b), driven by 15 new products, in-house manufacturing, a rapid channel expansion and a global expansion. MM sees substantial scope for growth in the category and big upside on market share growth; hence, it is ramping up this segment without focusing on margins.

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Valuation and view

- While the outlook for Tractors has improved, we expect the Auto business to be a key growth driver for the next couple of years. Despite deterioration in the mix, we estimate revenue/EBITDA/EPS CAGR of ~19%/27.5%/~28% over FY23-25. Implied core P/E for MM stands at 12.3x/10.3x FY24E/FY25E EPS.
- While the stock is still cheap as compared to peers, it has been substantially re-rated for the last two quarters as the stock is now trading in line with its 5-year average core PE (against discount of 30% earlier). The discount to LPA has narrowed because of a strong performance in the SUV segment, a cyclical recovery in LCVs and an improvement in the outlook of the tractor business. We maintain our Buy rating with a TP of INR1,550/share (Dec'24E based SOTP).

Quarterly Performance (incl MVML)

Y/E March	FY22				FY23E				FY22	FY23E	
INR b	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE
Total Volumes ('000 units)	186.8	190.6	214.1	228.8	272.0	273.2	281.9	278.4	820.2	1105.5	281.9
Growth YoY (%)	96.0	2.9	-4.4	13.1	45.6	43.3	31.6	21.7	16.1	34.8	31.6
Net Realization (INR '000/unit)	629.8	698.1	716.8	753.5	725.3	769.0	768.2	791.0	704.5	763.6	766.8
Growth YoY (%)	7.4	12.2	15.0	14.1	15.2	10.2	7.2	5.0	12.0	8.4	7.7
Net Op. Income	117.6	133.1	153.5	172.4	197.3	210.1	216.5	220.2	577.9	844.1	216.1
Growth YoY (%)	110.4	15.5	9.9	29.1	67.7	57.9	41.1	27.8	29.9	46.1	41.8
RM Cost (% of sales)	69.6	72.8	74.7	76.3	76.6	76.5	76.0	75.0	73.7	76.0	76.0
Staff (% of sales)	7.5	6.0	5.8	4.4	4.3	4.4	4.2	4.4	5.8	4.3	4.2
Oth. Exp. (% of Sales)	9.0	8.8	7.8	9.2	7.3	7.2	6.7	7.6	8.4	7.2	7.1
EBITDA	16.3	16.6	18.0	19.4	23.3	25.0	28.1	28.7	70.3	105.2	27.3
Growth YoY (%)	184.7	-16.6	-21.5	-1.0	43.0	50.5	56.1	48.4	3.4	49.7	51.5
EBITDA Margins (%)	13.9	12.5	11.7	11.2	11.8	11.9	13.0	13.0	12.2	12.5	12.7
Other income	2.1	11.0	5.2	2.3	2.3	13.1	6.7	2.1	20.5	24.2	4.5
Interest	0.7	0.4	0.5	0.6	0.7	0.6	0.7	0.7	2.3	2.7	0.6
Depreciation	5.6	5.8	6.4	6.9	7.0	7.9	8.3	8.4	25.0	31.6	7.7
EO Income/(Exp)	-0.8	-2.6	0.0	1.2	-0.4	-2.5	-6.3	0.0	-2.1	-9.2	0.0
PBT after EO	11.3	18.9	16.2	15.4	17.5	27.1	19.6	21.8	61.5	86.0	23.5
Effective Tax Rate (%)	24.2	24.1	17.6	17.7	20.0	23.6	21.9	23.6	20.8	22.5	23.5
Reported PAT	8.6	14.3	13.4	12.7	14.0	20.7	15.3	16.6	48.7	66.6	18.0
Adj PAT	9.3	16.9	13.4	11.7	14.3	23.4	20.3	16.6	51.4	74.6	18.0
Change (%)	2,294.9	30.6	-21.8	16.9	52.8	38.6	52.0	42.6	26.4	45.0	32.9

E: MOFSL Estimates

Y/E March	FY22				FY23E				FY22	FY23E	
Segmental (M&M + MVML)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE
Realizations (INR '000/unit)											
Auto	697	779	797	782	802	829	840	850	772	836.2	836
Farm Equipment	532	551	561	594	564	592	594	600	557	586.0	595
Blended	630	698	717	753	725	769	768	791	705	763.6	767
Segment PBIT											
Auto	1,025	2,109	3,335	6,532	7,035	8,886	9,896	13,049	12,758	38,867	9,936
Farm Equipment	10,811	9,159	9,052	6,778	10,735	9,085	10,393	8,823	35,799	39,036	10,698
Others	139	419	330	465	418	551	481	538	1,353	1,989	506
Total	11,975	11,687	12,717	13,775	18,189	18,522	20,770	22,411	49,909	79,892	21,140
Segment PBIT Margins (%)											
Auto - PBIT Margins (%)	1.7	2.7	3.5	5.4	5.7	6.0	6.7	8.0	3.6	6.7	6.75
FES - PBIT Margins (%)	20.3	18.7	17.3	15.7	16.0	16.4	16.6	17.0	18.1	16.5	17.00
Others	3.0	7.6	6.0	6.0	6.2	8.4	7.1	7.5	5.8	7.3	8
Total	10.1	8.7	8.2	8.0	9.2	8.8	9.5	10.1	8.6	9.4	10

E: MOFSL Estimates

Key Performance Indicators

Y/E March	FY22				FY23E				FY22	FY23	3QE
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			
Tractors ('000 units)	99.9	88.9	93.0	72.9	118.5	93.5	105.8	86.5	354.7	404.4	105.8
Change (%)	52.2	-4.6	-8.6	-22.4	18.6	5.2	13.8	18.7	0.1	14.0	13.8
Total UV ('000 units)	76.4	84.5	101.5	134.2	133.3	154.3	149.5	164.2	395.8	579.8	149.5
Change (%)	178.8	-1.9	-3.4	48.3	74.6	82.5	47.3	22.3	28.0	46.5	47.3
Other Autos ('000 units)	10.5	17.2	19.7	21.7	20.1	25.4	26.6	27.6	69.0	121.3	26.6
Change (%)	364.5	194.1	14.1	21.6	92.0	48.1	35.2	27.5	59.9	75.7	35.2
Cost Break-up											
RM Cost (% of sales)	69.6	72.8	74.7	76.3	76.6	76.5	76.0	75.0	73.7	76.0	76.0
Staff Cost (% of sales)	7.5	6.0	5.8	4.4	4.3	4.4	4.2	4.4	5.8	4.3	4.2
Other Cost (% of sales)	9.0	8.8	7.8	9.2	7.3	7.2	6.7	7.6	8.4	7.2	7.1
Gross Margins (%)	30.4	27.2	25.3	23.7	23.4	23.5	24.0	25.0	26.3	24.0	24.0
EBITDA Margins (%)	13.9	12.5	11.7	11.2	11.8	11.9	13.0	13.0	12.2	12.5	12.7
EBIT Margins (%)	9.1	8.1	7.5	7.2	8.3	8.1	9.2	9.2	7.8	8.7	9.1

E:MOFSL Estimates



Highlights from the management commentary

Autos

- MM's SUV revenue market share was at 20.6% in 3QFY23 (v/s 19% in 2QFY23).
- Its SUV order backlog rose to over 266k (as on 1st Feb'23, v/s 260k as of 1st Nov'22). The cancellation rate stands at 7-8% and waiting period has come down by 1.5 months.
- Its average monthly order in-take remained strong in 3Q at ~50.7k units, with key models like XUV700 in-take at 9.9k/month (vs avg 11.1k/month in 2Q) and Scorpio at 16.5k/month.
- In LCV 2-3.5t, it has consolidated market leadership with 60.1% market share in 3QFY23. Its market share in LCVs <3.5t was at 46.5% (vs 46.9% in 2Q).
- **Emission norms:** RDE norms related costs increased INR10-22k. For CAFE, it has optimized lots of its products and doesn't see issues on meeting CAFE norms, especially after XUV400.
- The <2 ton segment is more price sensitive and the current slowdown may be a reflection of it. However, it is not seeing similar pressures on last mile mobility electric.
- **Electric 3Ws** is seeing good penetration and is well distributed across key markets with over 330 dealers (may add 100-150 more). Unlike the <2 tons SCV category, it is not seeing any pressure on demands as there is good demand from the e-commerce segment. It has entered into a MoU with Telangana for an expansion at the Zaheerabad plant to manufacture e-3W. The management believes this is the latest addition to its Growth Gems and has scope to add USD1b to the market cap in the next 3-5 years.
- It does not plan to separate the electric SUV sales channel.

Tractor/FES

- In FY23, the industry is expected to grow by over 10%. The improved demand outlook has been driven by improved government spending and improved terms of trade as mandi prices of most of the crops are good.
- Tractor market share in 3QFY23 improved to 41% (+160bp YoY).

- **Farm machinery business** is primed for growing 10x by 2027 (FY23 annualized revenues of INR6b), driven by 15 new products, in-house manufacturing at Pithampur (from being outsourced), a rapid channel expansion and a global expansion. While it sees substantial scope in growth in the category, but sees big upside on market share growth. It currently has ~7.5% market share (v/s 6% earlier) and sees no reason to have similar 40% market share as tractor, and hence it is ramping up this segment without focusing on margins.
- **Commodity costs:** It has passed on all the material costs so far, but the benefits of lower commodity costs have yet to come materially. It estimates a 4pp impact of not passing on margins on cost pass through.

Others

- **Impairments:** In 3QFY23, it took an impairment of INR6.8b (pre-tax) for Mahindra Truck & Bus Division. There was a gain on the stake sale of Susten (renewable energy) and revaluation of its remaining stake. In 4QFY23, it would provide for impairment of Peugeot Motorcycles. After this, the only business that remains in the 'C' category is Pininfarina, which does not have any carrying value today.

Exhibit 1: Trend in Passenger UV volumes

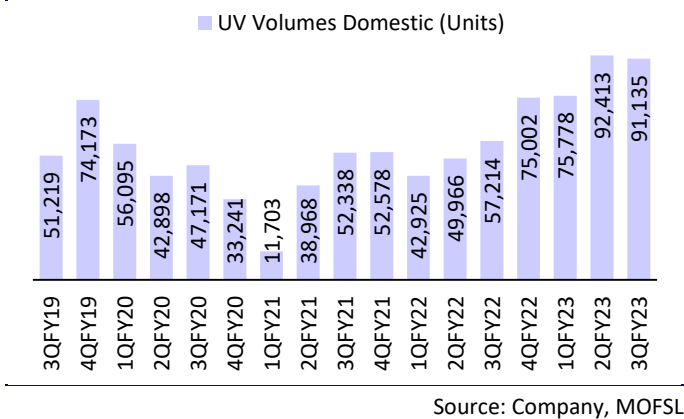


Exhibit 2: Trend in Passenger UV market share

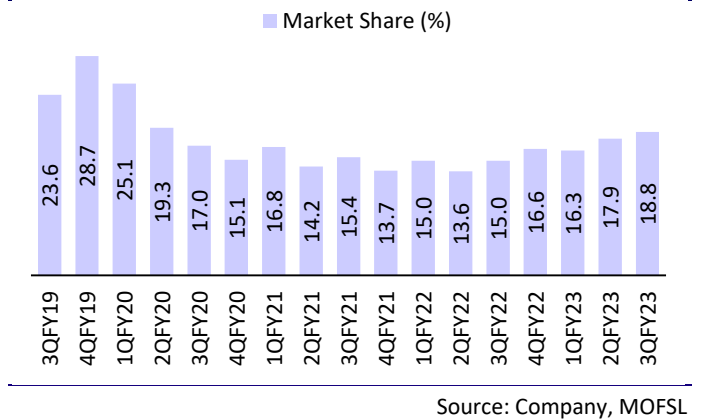


Exhibit 3: Trend in Tractor volumes

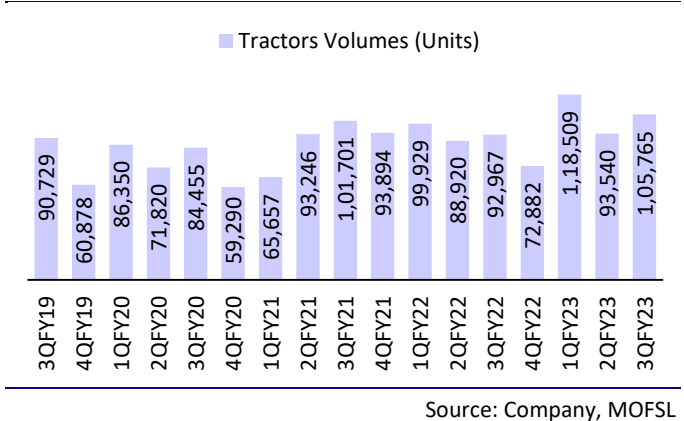


Exhibit 4: Market share trend for the Tractor segment

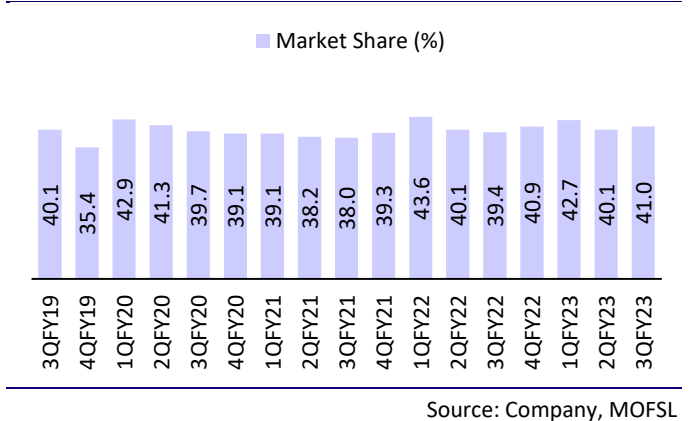
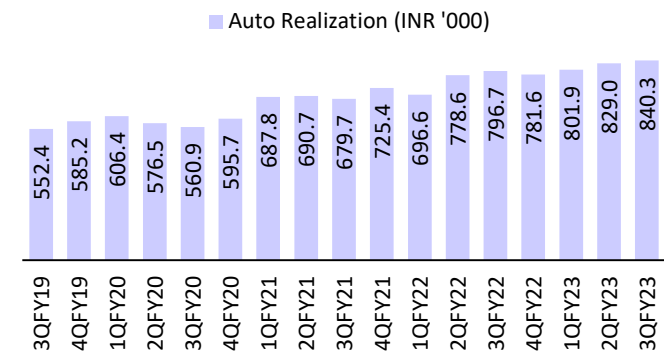
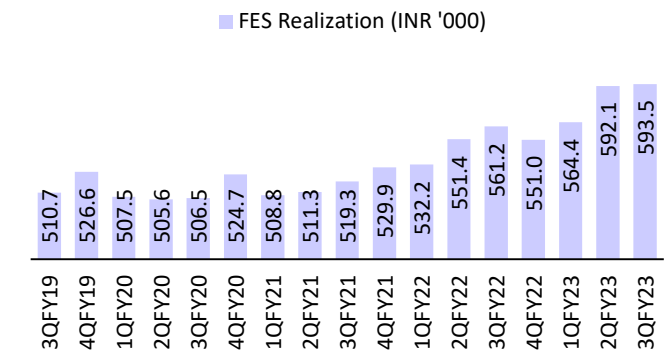


Exhibit 5: Trend in realization for the Auto segment



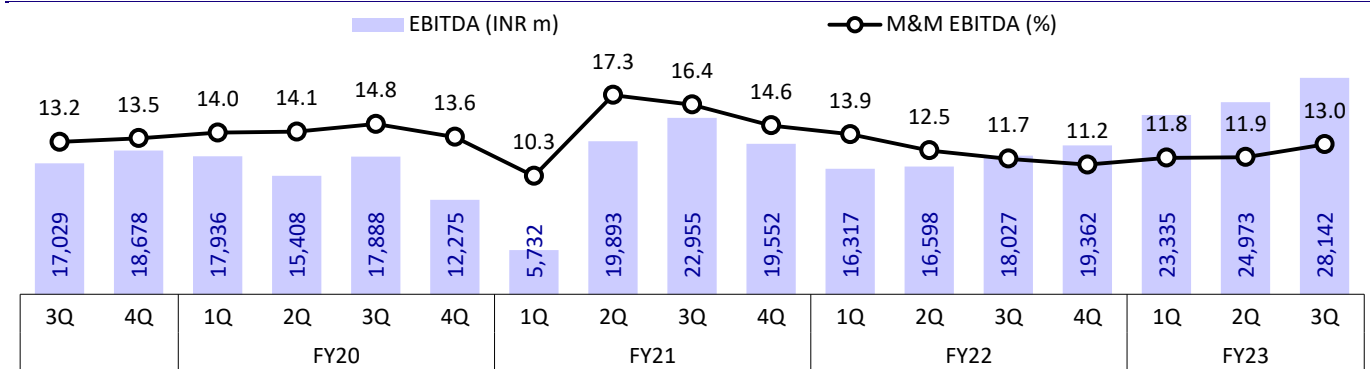
Source: Company, MOFSL

Exhibit 6: Trend in realization for FES



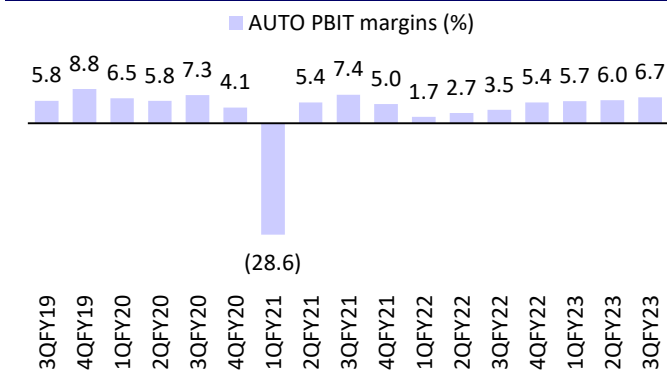
Source: Company, MOFSL

Exhibit 7: Trend in EBITDA margin



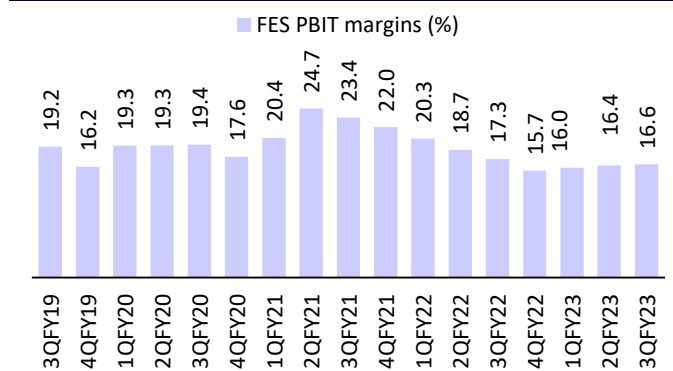
Source: Company, MOFSL

Exhibit 8: Trend in PBIT margin for the Auto segment



Source: Company, MOFSL

Exhibit 9: Trend in PBIT margin for FES



Source: Company, MOFSL

Valuation and view

- Best rural proxy, with two of the three core businesses on a strong footing:**
 MM is among the companies with the highest exposure to the rural market (~65% of volumes), which is likely to recover considering improved rural cash-flows. We have categorized MM's core business into three buckets: Tractor, Pickup UV, and Passenger UV. The Tractor business is showing signs of recovery, while the Pickup UV segment is on strong footing in terms of outlook, MM's competitive positioning, and industry-level consolidation. Its SUV business is firing on all cylinders on the back of blockbuster launches and improving supply chain.

- **Tractor industry to grow by more than 10% in FY23E, with M&M outperforming the industry:** Farm-level indicators such as higher output prices, lower input prices, higher government spending in rural areas, and high water reservoir levels augur well for tractor demand. A good Kharif season and higher acreage for Rabi crops seem positive indicators. We estimate MM's tractor volumes to grow 14% in FY23E and 8% in FY24E.
- **MM's positioning in LCVs to further strengthen:** The LCV business is witnessing a cyclical recovery, as the semiconductor shortage is largely behind us. LCVs should continue to benefit from the emergence of the 'Hub and Spoke' model. We expect the LCV industry to deliver an 8-10% CAGR over the next five years. MM enjoys over 40% market share in Cargo LCV and over 55% in the 2-3.5t segment. We estimate a 12.5% volume CAGR over FY23E-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 revival in its fortunes and has resulted in very strong momentum in demand for its SUVs. As a result, its order backlog has increased as production is lagging demand momentum, lending visibility of continued volume traction over 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 22% volume CAGR in Passenger UVs over FY23E-25E.
- **Valuation and view:** We marginally upgrade our FY23E/FY24E EPS estimates by 3% each to account for higher other income. While the outlook for tractors has improved, we expect the Auto business to be a key growth driver for the next couple of years. Despite deterioration in the mix, we estimate a revenue/EBITDA/EPS CAGR of ~19%/27.5%/~28% over FY23-25. An implied core P/E for MM stands at 12.3x/10.3x FY24E/FY25E EPS. While the stock is still cheap as compared to peers, it has been substantially re-rated over the last two quarters as the stock is now trading in line with its five-year average core PE (against discount of 30% earlier). The narrowing of discount to LPA has been a reflection of a strong performance in the SUV segment, a cyclical recovery in LCVs and an improvement in the outlook of the tractor business (from Apr-Dec'22). We maintain our Buy rating with a TP of INR1,550/share (Dec'24E based SOTP).

Exhibit 10: Revision to our estimates

	FY23E			FY24E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Volumes ('000 units)	1,105	1,092	1.3	1,314	1,299	1.2
Net Sales	844	832	1.5	1,050	1,032	1.7
EBITDA (%)	12.5	12.4	0bp	13.7	13.6	0bp
Net Profit	75	72	3.4	102	99	3.0
EPS (INR)	62.3	60.3	3.4	85.4	82.9	3.0

Source: MOFSL

Exhibit 11: Sum-of-The-Parts valuation

SOTP (INR/sh)	FY23E	FY24E	FY25E
Tractors	460	534	617
Autos	285	498	625
Others	11	13	15
Value of Core Business	756	1046	1258
Value of subs post hold-co discount	346	346	346
- Tech Mahindra	168	168	168
- MMFSL	114	114	114
- Mah. Lifespaces	7	7	7
- Mah. Holidays	16	16	16
- Mah. Logistics	12	12	12
- Others	28	28	28
Fair Value (INR/sh)	1101	1391	1603
Dec-24 TP		1550	

Source: MOFSL

Exhibit 12: Core P/E trend

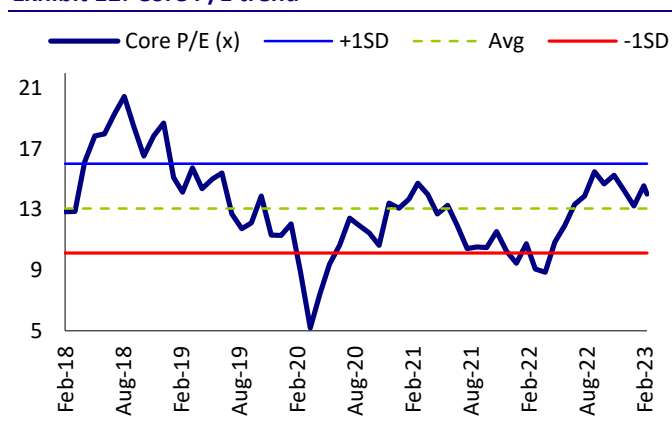
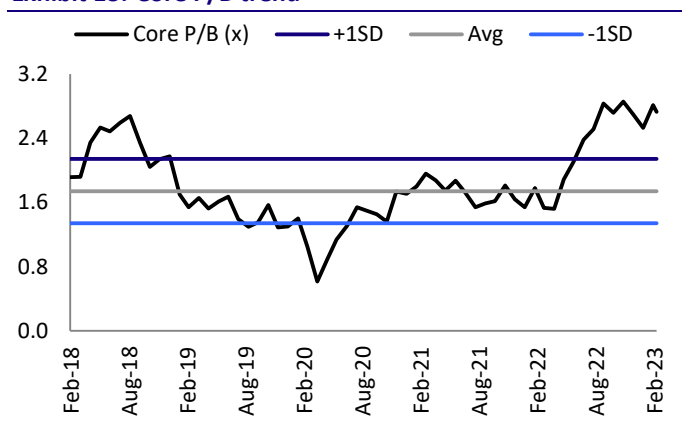


Exhibit 13: Core P/B trend



Source: Bloomberg, MOFSL

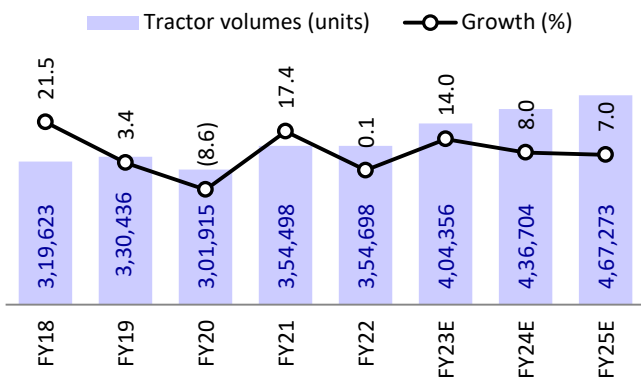
Exhibit 14: Snapshot of the revenue model (standalone)

000 units	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Tractors	320	330	302	354	355	404	437	467
Growth (%)	21.5	3.4	-8.6	17.4	0.1	14.0	8.0	7.0
% of total volumes	36.8	35.2	38.8	50.2	43.2	36.6	33.2	32.2
Autos								
Pick-up/LCVs (<3.5t)	200	229	188	154	171	222	255	281
Growth (%)	19.1	14.9	-18.1	-18.3	11.2	30.0	15.0	10.0
SUVs	235	237	179	156	225	358	477	535
Growth (%)	5.7	0.9	-24.4	-13.3	44.7	59.0	33.4	12.1
3-Ws	55	67	62	21	30	60	78	89
Growth (%)	4.4	22.1	-6.8	-67.0	46.5	99.0	30.0	15.0
LCVs (>3.5t)	8	8	6	2	2	4	4	4
Growth (%)	1.6	8.6	-26.5	-75.0	31.0	85.0	5.0	5.0
M&HCVs (MTBL)	9	11	5	3	4	6	6	7
Growth (%)	41.2	14.3	-53.0	-50.0	60.0	30.0	10.0	10.0
Others & Exports	42	56	35	18	33	52	57	69
Growth (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Autos	549	609	476	352	466	701	878	985
Growth (%)	8.9	10.8	-21.8	-26.0	32.2	50.6	25.2	12.2
% of total volumes	63.2	64.8	61.2	49.8	56.8	63.4	66.8	67.8
Total volumes ('000 units)	869	939	778	707	820	1,105	1,314	1,452
Growth (%)	12.9	8.1	-17.2	-9.1	16.1	34.8	18.9	10.5
ASP (INR '000/Unit)	548	563	577	629	705	764	799	818
Growth (%)	-2.1	1.9	2.4	7.5	3.0	1.5	1.5	1.5
Net Sales (INR b)	476	528	449	445	578	844	1,050	1,188
Growth (%)	15.0	11.1	-15.1	-0.9	29.9	46.1	24.4	13.2

Source: Company, MOFSL

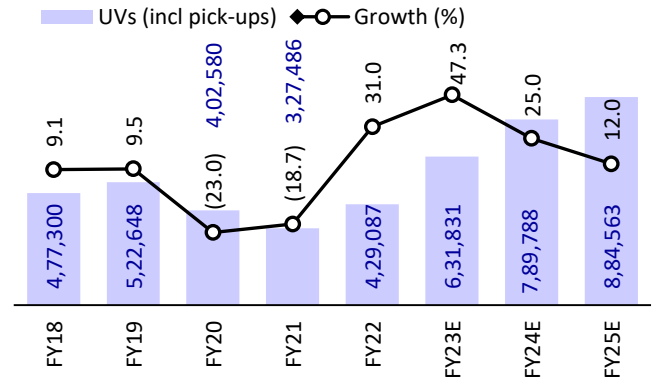
Story in charts

Exhibit 15: Trend in Tractor volumes



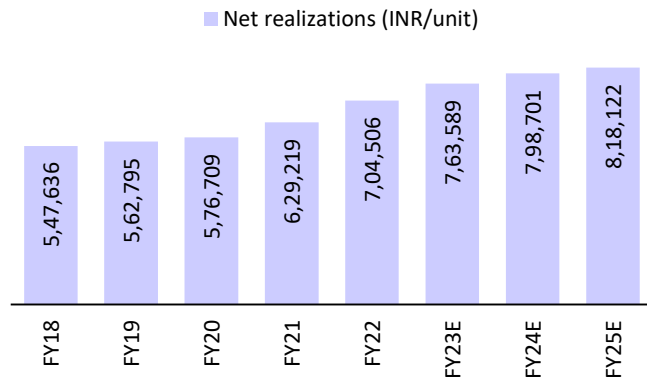
Source: Company, MOFSL

Exhibit 16: New product launches to drive UV sales



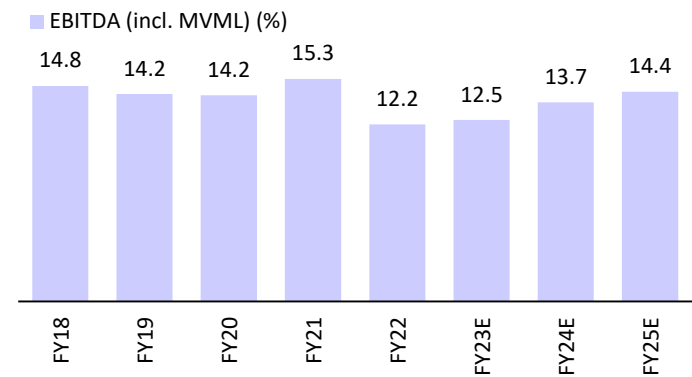
Source: Company, MOFSL

Exhibit 17: Realization trend



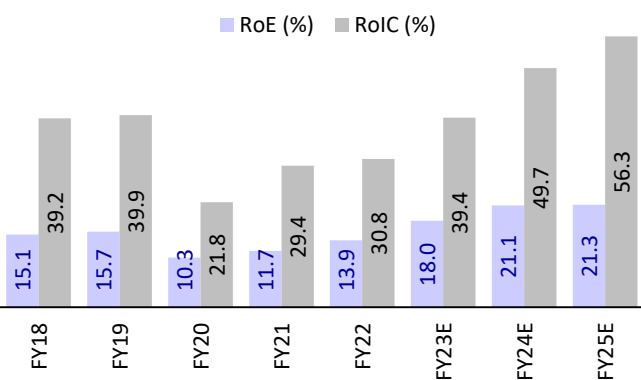
Source: Company, MOFSL

Exhibit 18: Trend in EBITDA margin



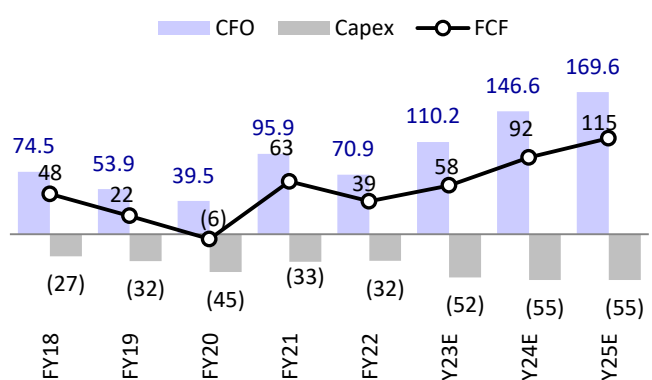
Source: Company, MOFSL

Exhibit 19: Trend in return profile



Source: Company, MOFSL

Exhibit 20: 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	FY23E	2024E	2025E
Net Op. Income	5,28,482	4,48,655	4,44,719	5,77,869	8,44,114	10,49,872	11,88,166
Change (%)	11.1	-15.1	-0.9	29.9	46.1	24.4	13.2
EBITDA	75,301	63,506	67,995	70,275	1,05,187	1,43,535	1,71,074
Margins (%)	14.2	14.2	15.3	12.2	12.5	13.7	14.4
Depreciation	20,030	23,631	23,699	24,984	31,566	35,701	40,376
EBIT	55,271	39,875	44,296	45,291	73,621	1,07,834	1,30,698
Int. & Finance Charges	1,467	1,245	3,963	2,262	2,707	2,524	2,304
Other Income	16,303	15,391	11,995	20,538	24,244	26,569	29,966
Non-recurring Income	3,723	-28,112	-29,293	-2,087	-9,177	0	0
Profit before Tax	73,829	25,910	23,035	61,480	85,982	1,31,879	1,58,359
Eff. Tax Rate (%)	26.8	71.5	57.3	20.8	22.5	22.5	22.5
Profit after Tax	54,012	7,397	9,842	48,699	66,636	1,02,206	1,22,728
Adj. Profit after Tax	51,288	35,770	40,710	51,440	74,579	1,02,206	1,22,728
Change (%)	18.7	(30.3)	13.8	26.4	45.0	37.0	20.1

Balance Sheet							(INR M)
Y/E March	FY19	FY20	FY21	FY22	FY23E	2024E	2025E
Sources of Funds							
Share Capital	5,958	5,965	5,974	5,983	5,983	5,983	5,983
Reserves	3,43,979	3,40,326	3,43,536	3,83,627	4,35,327	5,19,612	6,21,431
Net Worth	3,49,937	3,46,291	3,49,510	3,89,610	4,41,310	5,25,595	6,27,414
Deferred tax	7,896	15,068	14,497	17,008	17,008	17,008	17,008
Loans	26,803	31,530	77,863	67,336	23,948	21,948	19,948
Capital Employed	3,84,636	3,92,889	4,41,870	4,73,953	4,82,266	5,64,550	6,64,370
Application of Funds							
Gross Fixed Assets	2,42,262	2,66,446	2,88,343	3,37,331	3,92,512	4,47,512	5,02,512
Less: Depreciation	1,23,730	1,45,935	1,68,230	1,91,845	2,21,361	2,57,062	2,97,438
Net Fixed Assets	1,18,532	1,20,511	1,20,113	1,45,486	1,71,151	1,90,450	2,05,074
Capital WIP	26,437	48,582	61,255	50,182	45,000	45,000	45,000
Investments	2,06,262	1,75,329	2,17,826	2,51,098	2,56,098	2,95,098	3,12,098
Curr.Assets, L & Adv.	1,97,940	1,73,757	2,16,451	2,24,537	2,61,503	3,33,444	4,33,871
Inventory	47,631	40,408	47,830	58,829	85,933	1,06,879	1,20,958
Inventory Days	33	33	39	37	37	37	37
Sundry Debtors	38,119	29,012	22,028	30,351	44,335	55,142	62,405
Debtor Days	26	24	18	19	19	19	19
Cash & Bank Bal.	38,321	42,365	63,952	36,505	19,457	49,654	1,22,024
Loans & Advances	8,612	6,511	19,324	28,057	40,984	50,974	57,689
Others	65,257	55,460	63,317	70,795	70,795	70,795	70,795
Current Liab. & Prov.	1,64,535	1,25,290	1,73,775	1,97,350	2,51,486	2,99,442	3,31,673
Sundry Creditors	1,03,607	72,006	1,06,427	1,28,935	1,76,777	2,19,868	2,48,830
Creditor Days	72	59	87	81	76	76	76
Other Liabilities	44,775	37,503	52,271	54,752	54,752	54,752	54,752
Provisions	16,154	15,781	15,077	13,663	19,958	24,822	28,092
Net Current Assets	33,405	48,467	42,676	27,187	10,017	34,002	1,02,198
Working Capital	-4,916	6,101	-21,276	-9,318	-9,440	-15,652	-19,827
Application of Funds	3,84,636	3,92,889	4,41,870	4,73,953	4,82,266	5,64,550	6,64,370

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY19	FY20	FY21	FY22	FY23E	2024E	2025E
Basic (INR)							
Fully diluted EPS	43.0	30.0	34.1	43.0	62.3	85.4	102.6
FD EPS (incl MVML)	43.0	30.0	34.1	43.0	62.3	85.4	102.6
Cash EPS	59.9	49.8	53.9	63.9	88.7	115.2	136.3
Book Value per Share	293.7	290.3	292.5	325.6	368.8	439.2	524.3
DPS	8.5	2.4	8.8	11.5	12.5	15.0	17.5
Div. Payout (%)	21.8	44.0	106.2	28.2	22.4	17.5	17.0
Valuation (x)							
P/E	31.7	45.5	40.1	31.8	21.9	16.0	13.3
Cash P/E	22.8	27.4	25.3	21.4	15.4	11.8	10.0
EV/EBITDA	21.1	25.0	23.5	23.5	15.5	11.0	8.8
EV/Sales	3.0	3.5	3.6	2.9	1.9	1.5	1.3
Price to Book Value	4.6	4.7	4.7	4.2	3.7	3.1	2.6
Dividend Yield (%)	0.6	0.2	0.6	0.8	0.9	1.1	1.3
Profitability Ratios (%)							
RoE	15.7	10.3	11.7	13.9	18.0	21.1	21.3
RoCE	14.1	9.3	10.1	11.5	16.3	19.9	20.3
RoIC	39.9	21.8	29.4	30.8	39.4	49.7	56.3
Turnover Ratios							
Debtors (Days)	26	24	18	19	19	19	19
Inventory (Days)	33	33	39	37	37	37	37
Creditors (Days)	72	59	87	81	76	76	76
Core. Work. Cap (Days)	-12	-2	-30	-25	-20	-20	-20
Asset Turnover (x)	1.4	1.1	1.0	1.2	1.8	1.9	1.8
Leverage Ratio							
Net Debt/Equity (x)	-0.1	-0.1	-0.1	-0.1	-0.2	-0.2	-0.3

Cash Flow Statement

Y/E March	FY19	FY20	FY21	FY22	FY23E	2024E	2025E
(INR M)							
OP/(Loss) before Tax	70,106	54,021	53,907	64,441	73,621	1,07,834	1,30,698
Int./Dividends Received	-12,339	-12,918	-9,458	-17,438	24,244	26,569	29,966
Depreciation & Amort.	20,030	23,631	23,699	24,511	31,566	35,701	40,376
Direct Taxes Paid	-17,006	-11,986	-11,381	-5,981	-19,346	-29,673	-35,631
(Inc)/Dec in Wkg. Capital	-6,722	-14,954	35,866	4,967	122	6,212	4,175
Other Items	-153	1,657	3,302	437			
CF from Oper. Activity	53,916	39,451	95,936	70,937	1,10,207	1,46,643	1,69,584
(Inc)/Dec in FA+CWIP	-32,150	-45,418	-33,113	-31,859	-52,049	-55,000	-55,000
Free Cash Flow	21,766	-5,967	62,824	39,078	58,158	91,643	1,14,584
(Pur)/Sale of Invest.	4,431	16,423	-1,12,247	-11,730	-5,000	-39,000	-17,000
CF from Inv. Activity	-27,720	-28,994	-1,45,638	-43,589	-57,049	-94,000	-72,000
Change in Net Worth	0	0	0	5,141	0	0	0
Inc/(Dec) in Debt	-5,224	3,892	42,723	-12,671	-43,388	-2,000	-2,000
Interest Paid	-2,016	-1,904	-4,645	-5,290	-2,707	-2,524	-2,304
Dividends Paid	-10,267	-12,132	-2,936	-10,891	-15,103	-18,090	-21,077
CF from Fin. Activity	-17,507	-10,144	35,142	-23,711	-61,197	-22,614	-25,381
Inc/(Dec) in Cash	8,689	312	-14,560	3,637	-8,039	30,029	72,203
Add: Beginning Balance	14,234	22,923	23,235	8,675	12,312	4,441	34,638
Closing Balance	22,923	23,235	8,675	12,312	4,441	34,638	1,07,009

E: MOFSL Estimates; Note: FY18 Cashflows are for standalone (ex MVML)

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BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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