

Mahindra & Mahindra

Estimate change	↔
TP change	↔
Rating change	↔

CMP: INR1,282 **TP: INR1,500 (+17%)** **Buy**

In-line; SUV order book grows despite rise in production

Tractor industry to grow at low single digit, M&M targeting share gains

- MM's 4QFY23 operating performance was in line, though PAT exceeded expectations thanks to higher other income and lower tax. SUV business order backlog continues to increase (~292k units vs 266k in 3Q) driven by new launches, despite increase in production. In tractors, it aims to gain market share through product launches in lightweight tractors, though industry is expected to have low growth in FY24.
- We maintain our EPS estimates for FY24/FY25. Retain **BUY** with a TP of INR1,500/share (Mar'25E based SOTP).

Better gross margin offset by higher other expenses

- 4QFY23 result was operationally in line with our estimates, with revenue/EBITDA/adj. PAT growing 31%/45%/67% YoY to INR225.7b/INR27.9b/INR19.8b. FY23 revenues/EBITDA/adj. PAT grew 47%/49%/52%.
- Volumes grew ~22% YoY, while ASPs rose 7% YoY to INR809.1k/unit (est. INR796.9k/unit).
- Gross margin expanded 130bp YoY/100bp QoQ to 25% (est. 23.9%), offset by higher other expenses. Hence, EBITDA margin came in at 12.4% (+120bp YoY/-60bp QoQ, in line).
- Adj. PAT grew 67% YoY to INR19.8b (est. INR15.7b), driven by higher other income at INR3.3b (est. INR2.1b) and lower tax.
- It had exceptional loss of INR5.1b in 4QFY23 due to impairment provisions for certain long-term investments and gains on the sale of certain investments.
- The board has recommended a dividend of INR16.25/share (v/s INR11.5/share in FY22).
- **Auto:** Revenue grew 35% YoY to INR164b. Volume/ASP grew 21%/11% YoY. PBIT margin were in-line at 7.3% (+190bp YoY/60bp QoQ).
- **FES:** Revenue grew 29% YoY to INR55.8b. Volume/ASP rose 23%/5% YoY. PBIT margin stood at 16.7% (+100bp YoY/10bp QoQ, v/s est 16.4%).

Highlights from the management commentary

- **M&M expects the tractor industry to grow in low single digits in FY24E**, led by healthy reservoir levels, growth in government spending in rural regions and favorable terms of trade for farm. It is **focusing on gaining market share by launching products in lightweight tractors**. It plans to launch a new Swaraj platform (for 25HP and 29HP lightweight tractors) in Jun'23 and a global launch of Mahindra Oja in Aug'23.
- **Open bookings for SUV as of 1st May'23 stand at ~292k units (vs 266k as of 1st Feb)**, with ~57k fresh bookings per month. Cancellations are less than 8%. It lost ~10k volumes due to semiconductor issues in 4Q.
- **Capex:** M&M incurred a capex of INR34.4b in FY23. It has increased capex (ex investments) guidance by ~INR27.2b over FY22-24E (incl. EVs) to INR161b. Increase in capex has been for the auto division (up by INR16b) for capacity expansion (including pickups) and regulatory changes, and EVs (up by INR11.2b).

Bloomberg	MM IN
Equity Shares (m)	1197
M.Cap.(INRb)/(USDb)	1594 / 19.3
52-Week Range (INR)	1396 / 915
1, 6, 12 Rel. Per (%)	2/2/24
12M Avg Val (INR M)	3784

Financials & Valuations (INR b)

Y/E MARCH	2023	2024E	2025E
Sales	850	1,011	1,096
EBITDA	104.4	131.4	147.4
Adj. PAT	77.7	93.2	104.8
Adj. EPS (INR)	64.9	77.8	87.4
EPS Gr. (%)	51.6	19.9	12.4
BV/Sh. (INR)	362	425	495
Ratios			
RoE (%)	19.1	19.8	19.0
RoCE (%)	17.0	18.2	18.2
Payout (%)	30	19	20
Valuations			
P/E (x)	19.8	16.5	14.7
P/BV (x)	3.5	3.0	2.6
Div. Yield (%)	1.3	1.2	1.4
FCF Yield (%)	3.7	5.5	6.4

Shareholding pattern (%)

As On	Mar-23	Dec-22	Mar-22
Promoter	18.9	18.9	18.9
DII	27.0	27.1	28.0
FII	44.5	44.5	43.0
Others	9.6	9.5	10.1

FII Includes depository receipts

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Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Valuation and view

- 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 CAGRs of ~14%/19%/16% over FY23-25E. The implied core P/E for MM stands at 14.2x/12.5x FY24E/FY25E EPS.
- While the valuation is still cheap compared to peers, it has seen a substantial re-rating in FY23 as the stock is now trading in line with its five-year average core PE (against discount of 30% earlier) driven by a strong performance in the SUV segment, market share gain in tractors and new launch pipeline in EVs. We maintain our BUY rating with a TP of INR1,500/share (Mar'25E based on SOTP).

MM (incl. MVML): Quarterly Performance

(INR m)

Y/E March	FY22				FY23				FY22	FY23	m
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			
Total Volumes (nos)	1,86,781	1,90,600	2,14,134	2,28,784	2,71,971	2,73,223	2,81,859	2,78,948	8,20,248	1105,375	2,78,948
Growth YoY (%)	96.0	2.9	-4.4	13.1	45.6	43.3	31.6	21.9	16.1	34.8	21.9
Net Realization	6,29,763	6,98,078	7,16,796	7,53,451	7,25,262	7,68,974	7,68,247	8,09,160	7,04,506	768,610	7,96,915
Growth YoY (%)	7.4	12.2	15.0	14.1	15.2	10.2	7.2	7.4	12.0	9.1	5.8
Net Op. Income	1,17,628	1,33,054	1,53,491	1,72,378	1,97,250	2,10,101	2,16,537	2,25,714	5,77,869	849,603	2,22,298
Growth YoY (%)	110.4	15.5	9.9	29.1	67.7	57.9	41.1	30.9	29.9	47.0	29.0
(Inc.)/ Dec in Fin. Goods											
Net Raw Materials	81,922	96,808	1,14,629	1,31,542	1,51,125	1,60,768	1,64,471	1,69,219	4,25,604	645,582	1,69,277
RM Cost (% of sales)	69.6	72.8	74.7	76.3	76.6	76.5	76.0	75.0	73.7	76.0	76.1
Staff	8,855	7,965	8,831	7,542	8,442	9,224	9,342	9,490	33,296	36,499	9,617
Staff (% of sales)	7.5	6.0	5.8	4.4	4.3	4.4	4.2	4.2	5.8	4.3	4.3
Other expenditure	10,534	11,682	12,003	13,933	14,348	15,137	14,583	19,031	48,695	63,098	15,799
Oth. Exp. (% of Sales)	9.0	8.8	7.8	9.2	7.3	7.2	6.7	8.4	8.4	7.4	7.1
EBITDA	16,317	16,598	18,027	19,362	23,335	24,973	28,142	27,974	70,275	104,424	27,605
EBITDA Margins (%)	13.9	12.5	11.7	11.2	11.8	11.9	13.0	12.4	12.2	12.3	12.4
Other income	2,052	11,048	5,173	2,298	2,279	13,134	6,700	3,339	20,538	25,452	2,131
Interest	714	425	540	562	703	641	686	698	2,262	2,728	677
Depreciation	5,586	5,807	6,447	6,932	6,955	7,913	8,292	8,385	24,984	31,545	8,406
EO Income/(Exp)	-785	-2,550	0	1,248	-410	-2,479	-6,289	-5,118	-2,087	-14,295	0
PBT after EO	11,284	18,865	16,213	15,414	17,547	27,074	19,576	17,111	61,480	81,308	20,653
Tax	2,728	4,548	2,859	2,729	3,511	6,394	4,296	1,621	12,781	15,821	4,891
Effective Tax Rate (%)	24.2	24.1	17.6	17.7	20.0	23.6	21.9	9.5	20.8	19.5	23.7
Reported PAT	8,556	14,317	13,354	12,685	14,036	20,680	15,281	15,490	48,699	65,486	15,762
Adj PAT	9,340	16,870	13,350	11,850	14,270	23,380	20,290	19,750	51,200	77,700	15,762
Change (%)	2,294.9	30.6	-21.8	18.7	52.8	38.6	52.0	66.7	25.8	51.8	35.1

E: MOFSL Estimates

Segmental (M&M + MVML)

Y/E March	FY22				FY23				FY22	FY23	4QE
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			
Realizations (INR '000/unit)											
Auto	697	779	797	782	802	829	840	867	772	838	863
Farm Equipment	532	551	561	594	564	592	594	622	557	591	599
Blended	630	698	717	753	725	769	768	809	705	768.6	797
Segment PBIT											
Auto	1,025	2,109	3,335	6,532	7,035	8,886	9,896	11,903	12,758	37,497	11,922
Farm Equipment	10,811	9,159	9,052	6,778	10,735	9,085	10,393	9,317	35,799	39,529	8,819
Others	139	419	330	465	418	551	481	390	1,353	1,840	538
Total	11,975	11,687	12,717	13,775	18,189	18,522	20,770	21,609	49,909	78,867	21,279
Segment PBIT Margins (%)											
Auto - PBIT Margins (%)	1.7	2.7	3.5	5.4	5.7	6.0	6.7	7.3	3.6	6.4	7.30
FES - PBIT Margins (%)	20.3	18.7	17.3	15.7	16.0	16.4	16.6	16.7	18.1	16.4	16.40
Others	3.0	7.6	6.0	6.0	6.2	8.4	7.1	5.6	5.8	6.8	7.5
Total	10.1	8.7	8.2	8.0	9.2	8.8	9.5	9.5	8.6	9.2	9.5

Key Performance Indicators

Y/E March	FY22				FY23				FY22	FY23	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4Q
Tractors ('000 units)	99.9	88.9	93.0	72.9	118.5	93.5	105.8	89.7	354.7	407.5	89.7
Change (%)	52.2	-4.6	-8.6	-22.4	18.6	5.2	13.8	23.1	0.1	14.9	23.1
Total UV ('000 units)	76.4	84.5	101.5	134.2	133.3	154.3	149.5	160.7	396.6	597.8	160.7
Change (%)	178.8	-1.9	-3.4	48.3	74.6	82.5	47.3	19.8	28.3	50.7	19.8
Other Autos ('000 units)	10.5	17.2	19.7	21.7	20.1	25.4	26.6	28.5	69.0	100.7	28.5
Change (%)	364.5	194.1	14.1	21.6	92.0	48.1	35.2	31.4	59.9	45.8	31.4
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	76.1
Staff Cost (% of sales)	7.5	6.0	5.8	4.4	4.3	4.4	4.2	4.2	5.8	4.3	4.3
Other Cost (% of sales)	9.0	8.8	7.8	9.2	7.3	7.2	6.7	8.4	8.4	7.4	7.1
Gross Margins (%)	30.4	27.2	25.3	23.7	23.4	23.5	24.0	25.0	26.3	24.0	23.9
EBITDA Margins (%)	13.9	12.5	11.7	11.2	11.8	11.9	13.0	12.4	12.2	12.3	12.4
EBIT Margins (%)	9.1	8.1	7.5	7.2	8.3	8.1	9.2	8.7	7.8	8.6	8.6

E:MOFSL Estimates



Highlights from the management commentary

Autos:

- **Open bookings for SUV stand at ~292k units.** XUV700/Scorpio-N bookings stand at 78k/117k units. Cancellations are less than 8%. The company lost ~10k volumes due to semiconductor issues in 4QFY23.
- **The current SUV capacity is ~39k, which is on track to reach 49k by 4QFY24.** However, the semiconductor shortage is impacting production by 10-12% largely for Scorpio and XUV700. Post that, the capacity of Scorpio-N and XUV700 will be 10k units each. Some capacity will come in for Thar and for its launch of a 5-door variant. Substantial investments will be done for creating EV capacity over the next 3-4 years, in addition to the existing target of 49k units.
- **More than 40% of the product portfolio is rural-focused.** Within the existing portfolio, Bolero Neo (~9k units per month), Scorpio Classic (~4k), XUV300 (~50% of the mix) and Thar (30-40%) are focused on rural/semi-urban areas.
- **XUV400: The current order book stands at over 20k units. It has sold ~3k units since the launch.** MM is receiving feedback on improving infotainment and interiors. It is focusing on stabilizing quality and back-end the supply by 2HFY24. MM aims for a run rate of ~1k units/month for the next 2-4 months and ~18k units this year. The company said the production for first lot of born EVs will start in 4QCY24, with the launch expected in early CY25.
- **Market share:** 4QFY23 SUV revenue market share at 19.6% (+170bp YoY); FY23 at 19.1% (+370bp YoY). LCV- FY23 market share at 45.5% (+520bp YoY). E3W- Highest ever volumes of 14.7k in 4QFY23 with market share of 67%.

Tractor/FES

- **Outlook:** MM expects the industry to grow by low single digits in FY24, led by healthy reservoir levels, growth in government spending in rural areas and positive monsoon predictions.
- **El-Nino:** Average tractor industry growth in El-Nino-affected years has been 8%. There were 5 LPAs in El-Nino years, of which 2 years had seen volume decline.
- **Market share:** 4QFY23 at 40.7% (+230bp YoY), highest in the last 12 years; FY23 at 41.2% (~300bp gain in last 2 years). It is focusing on lightweight tractors (industry size 50-60k units/year), where MM's market share is lower than its average share.
- **Swaraj lightweight tractor platform** (for 25HP and 29HP lightweight tractors) will be launched on 2nd Jun'23. The focus will be on lightweight products for specialist spraying and inter culture.
- **Mahindra Oja (K2 platform):** A global launch is scheduled for 15th Aug'23 and it will happen in phases in India, as well as globally.
- **Farm machinery:** FY23 revenue grew 38% YoY to INR6b in M&M, and subsidiary 'Mitra' (sprayers) added another INR0.5b. FY23 market share at 16.5% (350bp gain); launched medium segment rotavator.
- **The company targets 15-20% market share in Brazil** (vs 5-6% now). Geographies like Brazil, Africa and Turkey have high scope for growth, while the K2 platform will aid growth in the ASEAN market.

Others

- **Capex:** MM incurred a capex of INR34.4b in FY23. It has increased capex guidance by INR16b/INR11.25b for Auto division/MEAL investments over FY22-

24E. Capex in the auto division would be attributed to capacity expansion (including pickups) and regulatory changes such as six air bags.

- **FES margins:** There were no major commodity benefits accrued in 4Q as rubber prices did not fall. It is seeing some inflation in 1QFY24 sequentially. There was a 160bp impact on PBIT margin due to the farm machinery business.
- **Capital allocation correction:** Most of the exits have been done while a turnaround of MANA (Auto) and Pinfarina (carrying at Zero value now) is pending.

Exhibit 1: Trend in Passenger UV volumes

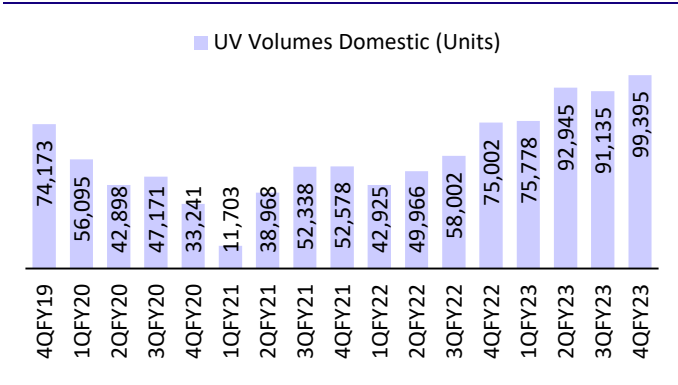


Exhibit 2: Trend in Passenger UV market share

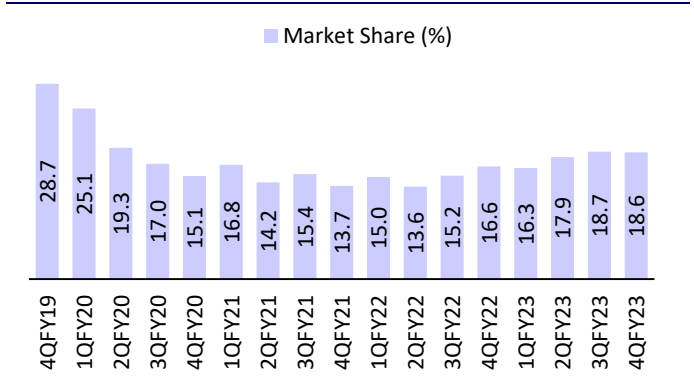


Exhibit 3: Trend in Tractor volumes

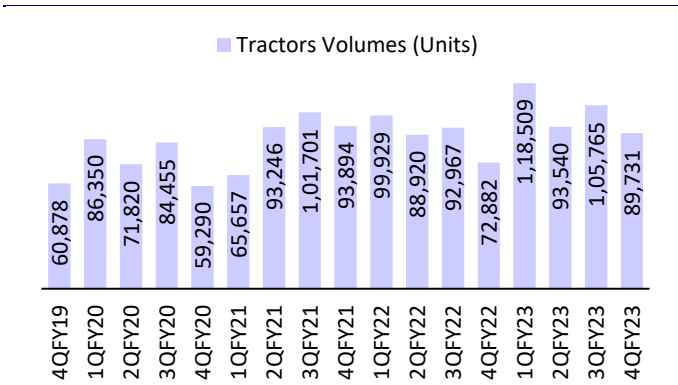


Exhibit 4: Market share trend for the Tractor segment

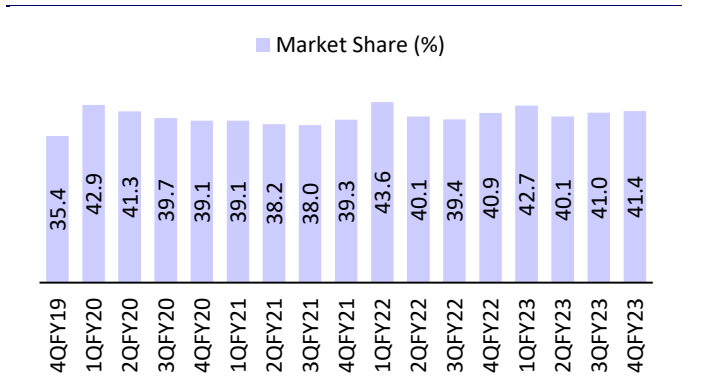


Exhibit 5: Trend in realization for the Auto segment

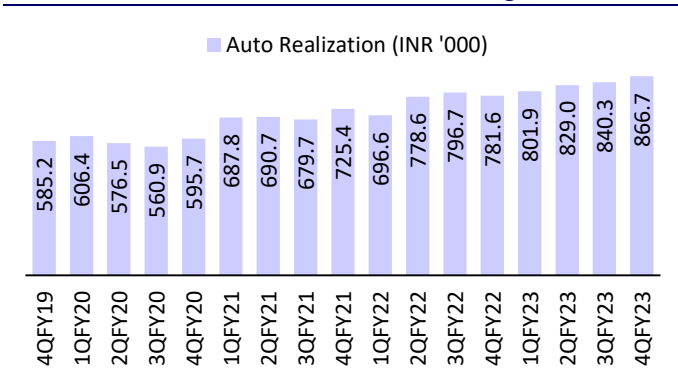


Exhibit 6: Trend in realization for FES

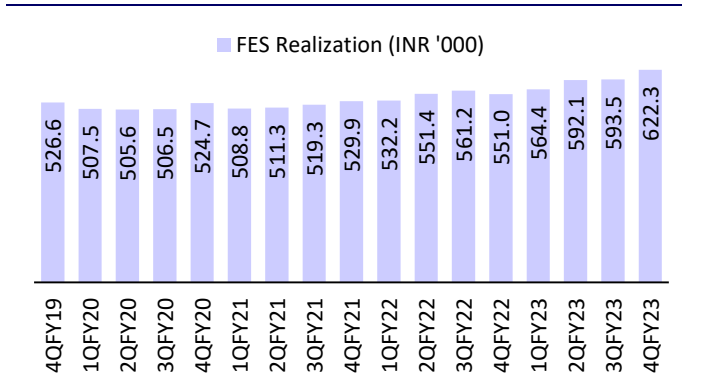
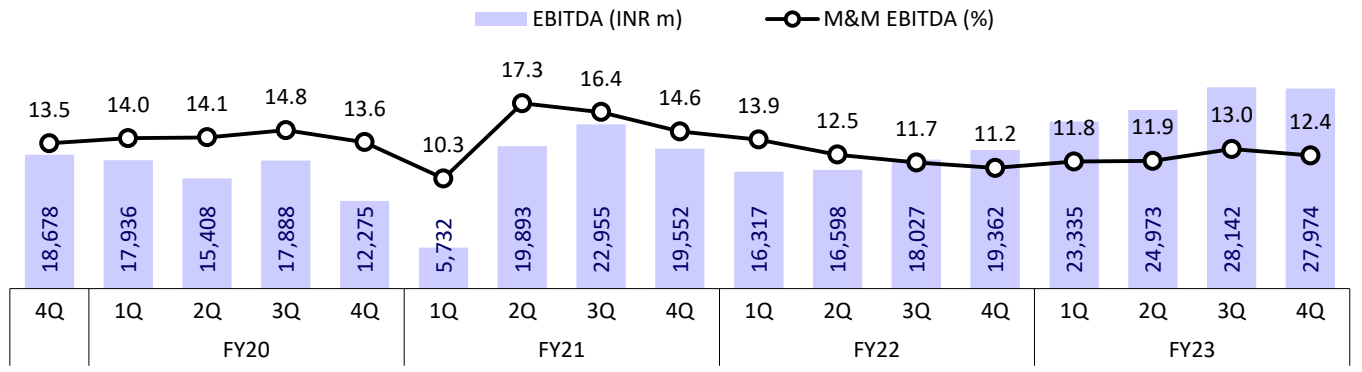
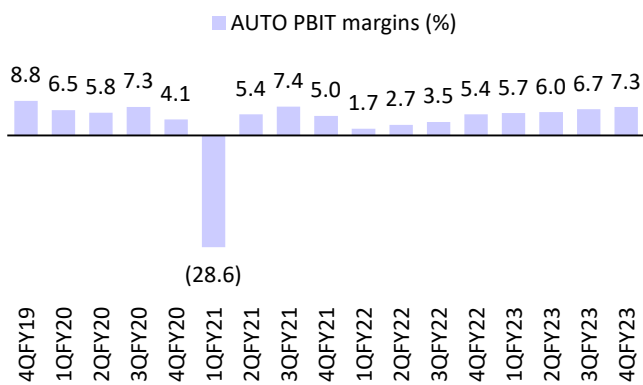


Exhibit 7: Trend in EBITDA margin



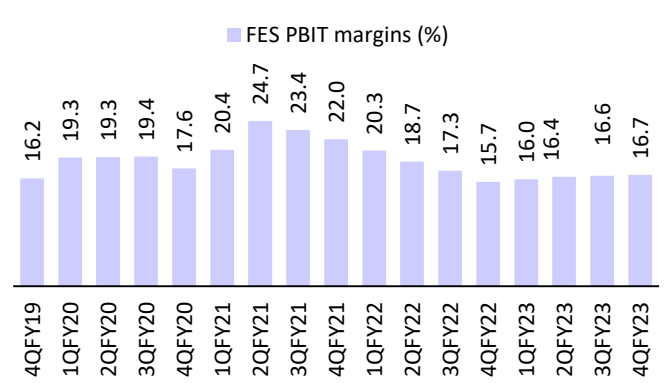
Source: Company, MOFSL

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: MMs SUV business continues to built-up on momentum led by new products

Open Bookings: ~292k

<p>29k open bookings ~10k per month</p> <p>XUV300 & XUV400</p>	<p>78k open bookings ~8k per month</p> <p>XUV700</p>	<p>58k open bookings ~14k per month</p> <p>THAR (Incl RWD)</p>	<p>8.2k open bookings ~10k per month</p> <p>BOLERO (incl NEO)</p>	<p>117k open bookings ~14k per month</p> <p>SCORPIO-N (incl Classic)</p>
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~57k fresh bookings p.m.

~33k billings p.m.

Cancellations < 8% p.m.

Open Bookings as on 1st May 2023
Avg Monthly booking of Feb '23-Apr'23

19

Source: Company, MOFSL

Exhibit 11: M&M Capex schedule over FY22-24E (INR cr)

Rs Cr

	Base Invt	Change	Total	Comments
Auto capex (excl MEAL [^])	7,900	+1,600	9,500	Capacity & Regulatory
MEAL Investments	2,075	+1,125	3,200	
Farm capex	3,400	-	3,400	
Auto & Farm Investments*	1,500	+500	2,000	
Group Cos. Investments	2,700	(1,100)	1,600	External investor funding
Monetization & Partnerships	(2,500)	(1,300)	(3,800)	Value creation
Total	15,075	+825	15,900	

SAFE HARBOR STATEMENT: "Certain statements with regard to our future growth prospects are forward-looking statements, which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements."

Does not include any investments for inorganic growth
^ MEAL stands for Mahindra Electric Automotive Limited

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Note: INR1 cr = 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 cashflows. 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 thanks to blockbuster launches and improving supply chain.
- Tractor industry to grow by low single digits in FY24E; 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 through new launches expected in 1HFY24. We estimate MM's tractor volumes to grow 4%/6% YoY in FY24/FY25.
- 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 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 an 8% volume CAGR over FY23-25.
- 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 momentum in demand 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 12% volume CAGR in Passenger UVs over FY23-25.
- Valuation and view:** We maintain our FY24/FY25 standalone EPS estimates. 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 CAGRs of ~14%/19%/16% over FY23-25E. The implied core P/E for MM stands at 14.2x/12.5x FY24E/FY25E EPS. While the valuation is still cheap compared to peers, it saw a substantial re-rating in FY23 and is now trading in line with its 5-year average core PE (v/s 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 maintain our BUY rating with a TP of INR1,500/share (Mar-25E based on SOTP).

Exhibit 12: Revised forecast (INR b)

	FY24E			FY25E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Volumes ('000 units)	1,251	1,257	-0.5	1,330	1,332	-0.1
Net Sales	1,011	1,003	0.7	1,096	1,084	1.1
EBITDA (%)	13.0	13.1	-10bp	13.4	13.6	-10bp
Net Profit	93	93	0.3	105	104	0.6
EPS (INR)	77.8	77.7	0.1	87.4	87.0	0.5

Exhibit 13: Sum-of-The-Parts valuation

SOTP (INR/sh)	Target P/E (x)	FY24E	FY25E
Tractors	18	507	561
Autos	14	482	553
Others	10	13	14
Value of Core Business		1,002	1,129
Value of subs post hold-co discount	20%	371	371
- Tech Mahindra	227	182	182
- MMFSL	152	122	122
- Mah. Lifespaces	9	7	7
- Mah. Holidays	21	17	17
- Mah. Logistics	15	12	12
- Others	38	31	31
Fair Value (INR/sh)		1,373	1,500

Source: MOFSL

Exhibit 14: Core P/E trend

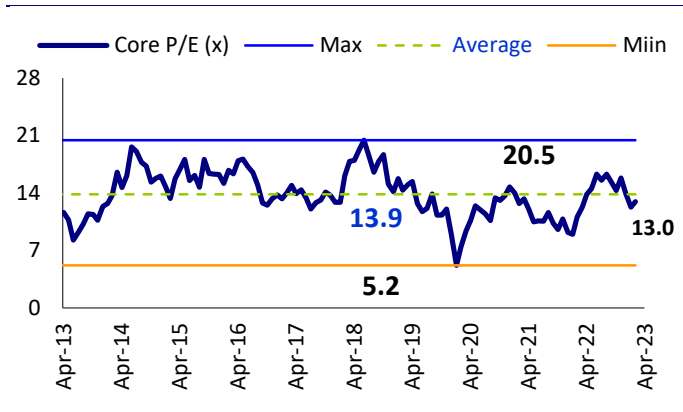
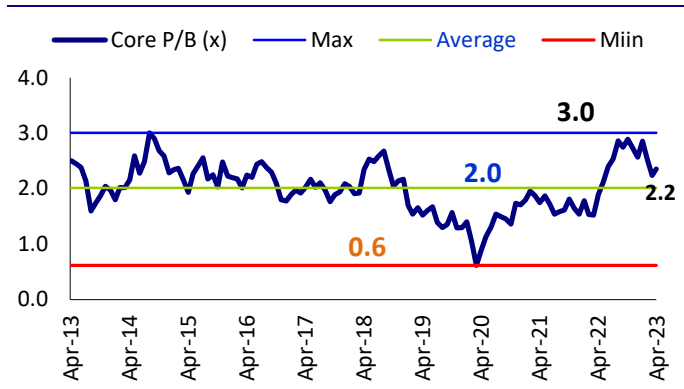


Exhibit 15: Core P/B trend



Source: Bloomberg, MOFSL

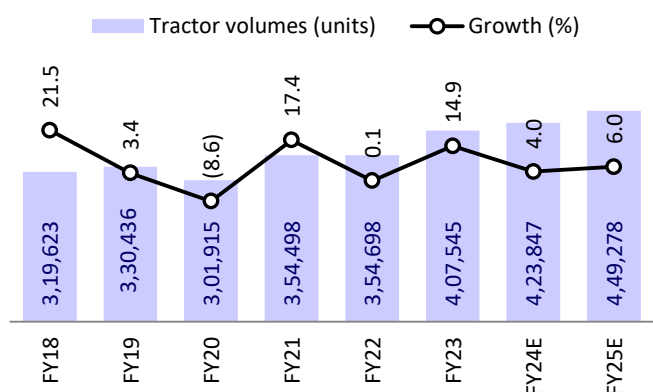
Exhibit 16: Snapshot of the revenue model (standalone)

000 units	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Tractors	320	330	302	354	355	408	424	449
Growth (%)	21.5	3.4	-8.6	17.4	0.1	14.9	4.0	6.0
% of total volumes	36.8	35.2	38.8	50.2	43.2	36.8	33.9	33.8
Autos								
Pick-up/LCVs (<3.5t)	200	229	188	154	171	239	253	265
Growth (%)	19.1	14.9	-18.1	-18.3	11.2	39.8	6.0	5.0
SUVs	235	237	179	156	226	359	455	484
Growth (%)	5.7	0.9	-24.4	-13.3	45.2	59.0	26.7	6.2
3-Ws	55	67	62	21	30	59	73	82
Growth (%)	4.4	22.1	-6.8	-67.0	46.5	94.6	25.0	12.0
LCVs (>3.5t)	8	8	6	2	2	4	4	4
Growth (%)	1.6	8.6	-26.5	-75.0	31.0	84.9	9.0	7.0
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	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	827	881
Growth (%)	8.9	10.8	-21.8	-26.0	32.2	50.0	18.4	6.6
% of total volumes	63.2	64.8	61.2	49.8	56.8	63.2	66.1	66.2
Total volumes ('000 units)	869	939	778	707	820	1,106	1,251	1,330
Growth (%)	12.9	8.1	-17.2	-9.1	16.1	34.8	13.1	6.4
ASP (INR '000/Unit)	548	563	577	629	705	769	808	824
Growth (%)	1.9	2.8	2.5	9.1	12.0	9.1	5.1	2.0
Net Sales (INR b)	476	528	449	445	578	850	1,011	1,096
Growth (%)	15.0	11.1	-15.1	-0.9	29.9	47.0	19.0	8.5

Source: Company, MOFSL

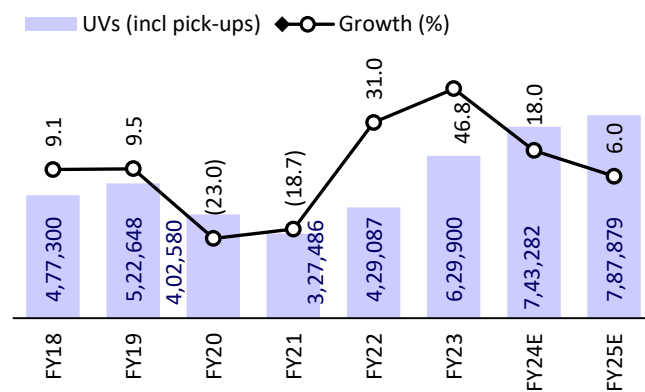
Story in charts

Exhibit 17: Trend in Tractor volumes



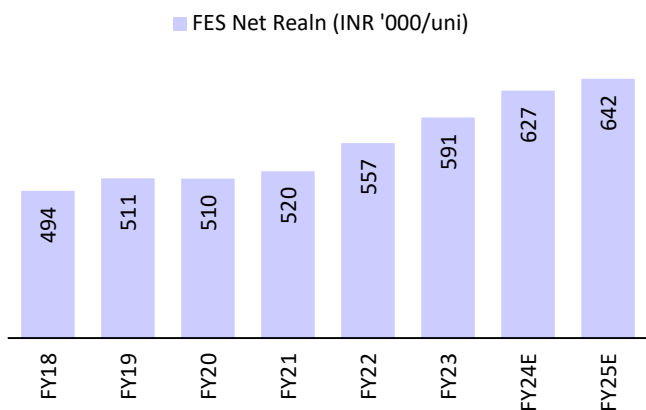
Source: Company, MOFSL

Exhibit 18: New product launches to drive UV sales



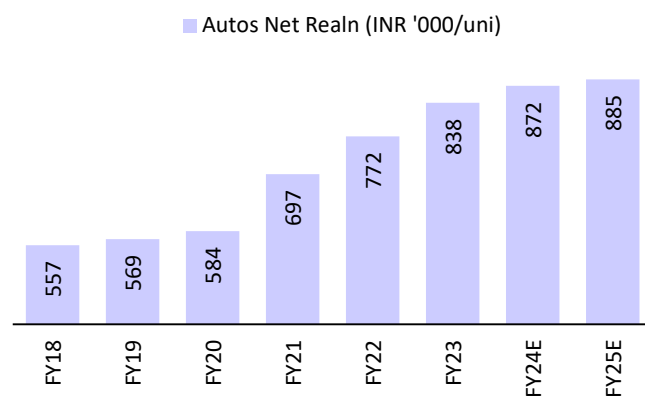
Source: Company, MOFSL

Exhibit 19: Trend in FES business realizations



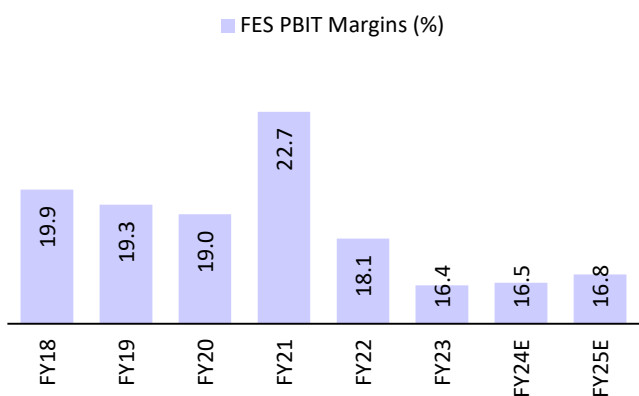
Source: Company, MOFSL

Exhibit 20: Trend in Auto business realizations



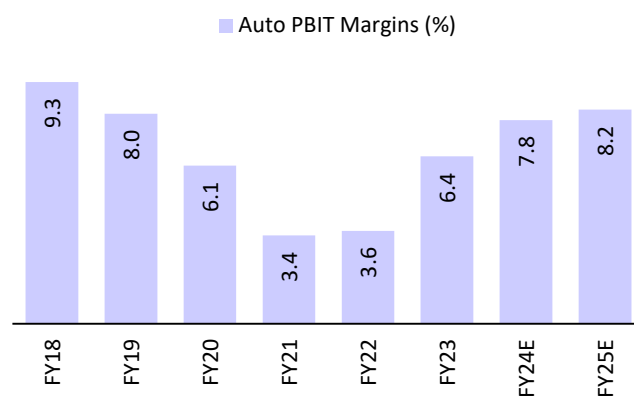
Source: Company, MOFSL

Exhibit 21: Trend in FES business PBIT margin



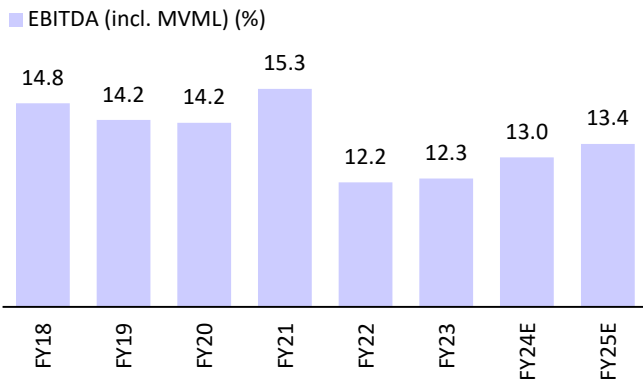
Source: Company, MOFSL

Exhibit 22: Trend in Auto business PBIT margin



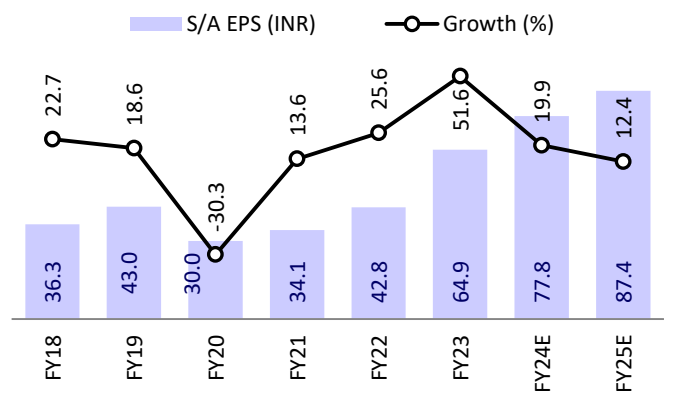
Source: Company, MOFSL

Exhibit 23: Trend in EBITDA margin



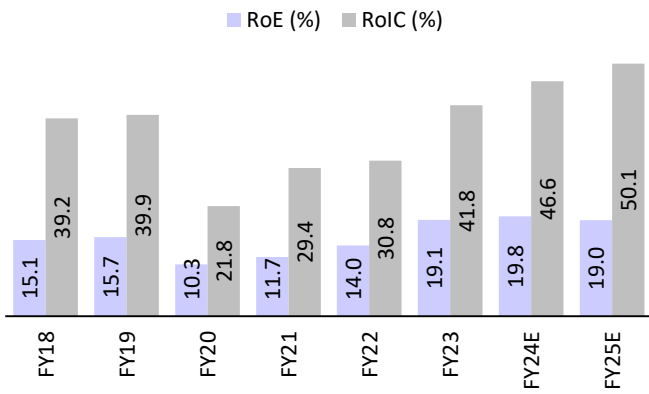
Source: Company, MOFSL

Exhibit 24: Trend in standalone EPS



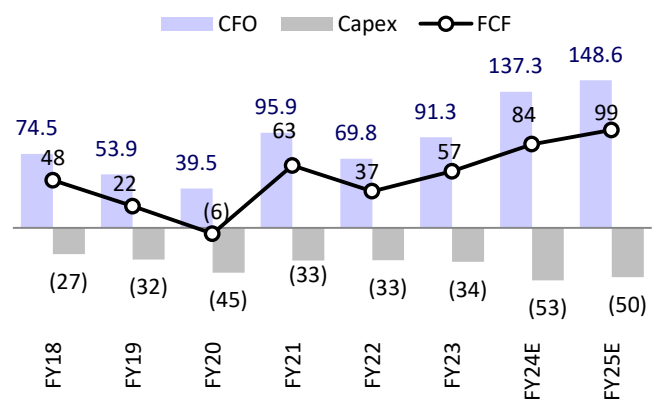
Source: Company, MOFSL

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 Million)	
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	10,10,603	10,96,279	
Change (%)	11.1	-15.1	-0.9	29.9	47.0	19.0	8.5	
EBITDA	75,301	63,506	67,995	70,275	1,04,424	1,31,357	1,47,433	
Margins (%)	14.2	14.2	15.3	12.2	12.3	13.0	13.4	
Depreciation	20,030	23,631	23,699	24,984	31,545	36,281	40,413	
EBIT	55,271	39,875	44,296	45,291	72,879	95,076	1,07,019	
Int. & Finance Charges	1,467	1,245	3,963	2,262	2,728	2,524	2,304	
Other Income	16,303	15,391	11,995	20,538	25,452	27,679	30,446	
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	1,20,230	1,35,161	
Eff. Tax Rate (%)	26.8	71.5	57.3	20.8	19.5	22.5	22.5	
Profit after Tax	54,012	7,397	9,842	48,699	65,486	93,178	1,04,750	
Adj. Profit after Tax	51,288	35,770	40,710	51,200	77,700	93,178	1,04,750	
Change (%)	18.7	(30.3)	13.8	25.8	51.8	19.9	12.4	

Balance Sheet							(INR Million)	
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	5,02,834	5,86,675	
Net Worth	3,49,937	3,46,291	3,49,510	3,81,981	4,33,567	5,08,824	5,92,666	
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	5,45,475	6,27,316	
Application of Funds								
Gross Fixed Assets	2,42,262	2,66,446	2,88,343	3,42,253	3,94,520	4,39,520	4,89,520	
Less: Depreciation	1,23,730	1,45,935	1,68,230	1,93,214	2,24,758	2,57,942	2,98,355	
Net Fixed Assets	1,18,532	1,20,511	1,20,113	1,49,040	1,69,762	1,81,579	1,91,165	
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	3,20,091	3,94,780	
Inventory	47,631	40,408	47,830	59,704	88,814	1,05,644	1,14,600	
Inventory Days	33	33	39	38	38	38	38	
Sundry Debtors	38,119	29,012	22,028	30,386	40,417	48,076	52,152	
Debtor Days	26	24	18	19	17	17	17	
Cash & Bank Bal.	38,321	42,365	63,952	36,506	44,818	41,286	97,719	
Loans & Advances	8,612	6,511	19,324	49,264	51,792	61,607	66,829	
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	2,98,912	3,18,346	
Sundry Creditors	1,03,607	72,006	1,06,427	1,29,701	1,71,456	2,07,658	2,25,263	
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	21,577	23,406	
Net Current Assets	33,405	48,467	42,676	23,321	30,046	21,179	76,434	
Working Capital	-4,916	6,101	-21,276	-13,185	-14,771	-20,106	-21,286	
Application of Funds	3,84,636	3,92,889	4,41,870	4,67,033	4,98,525	5,45,475	6,27,316	

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	77.8	87.4
FD EPS (incl MVML)	43.0	30.0	34.1	42.8	64.9	77.8	87.4
Cash EPS	59.9	49.8	53.9	63.7	91.2	108.1	121.2
Book Value per Share	293.7	290.3	292.5	319.2	361.9	424.7	494.7
DPS	8.5	2.4	8.8	11.5	16.3	15.0	17.5
Div. Payout (%)	21.8	44.0	106.2	28.2	29.6	19.2	20.0
Valuation (x)							
P/E	29.8	42.8	37.6	30.0	19.8	16.5	14.7
Cash P/E	21.4	25.7	23.8	20.1	14.1	11.9	10.6
EV/EBITDA	19.7	23.5	22.1	22.1	14.7	11.4	9.7
EV/Sales	2.8	3.3	3.4	2.7	1.8	1.5	1.3
Price to Book Value	4.4	4.4	4.4	4.0	3.5	3.0	2.6
Dividend Yield (%)	0.7	0.2	0.7	0.9	1.3	1.2	1.4
Profitability Ratios (%)							
RoE	15.7	10.3	11.7	14.0	19.1	19.8	19.0
RoCE	14.1	9.3	10.1	11.6	17.0	18.2	18.2
RoIC	39.9	21.8	29.4	30.8	41.8	46.6	50.1
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	1.9	1.7
Leverage Ratio							
Net Debt/Equity (x)	-0.1	-0.1	-0.1	-0.1	-0.2	-0.2	-0.3

Cash Flow Statement

(INR Million)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
OP/(Loss) before Tax	70,106	54,021	53,907	63,567	95,603	95,076	1,07,019
Int./Dividends Received	-12,339	-12,918	-9,458	-18,167	-20,468	27,679	30,446
Depreciation & Amort.	20,030	23,631	23,699	24,984	31,545	36,281	40,413
Direct Taxes Paid	-17,006	-11,986	-11,381	-5,984	-19,380	-27,052	-30,411
(Inc)/Dec in Wkg. Capital	-6,722	-14,954	35,866	3,913	3,871	5,335	1,179
Other Items	-153	1,657	3,302	1,455	121		
CF from Oper. Activity	53,916	39,451	95,936	69,767	91,293	1,37,319	1,48,647
(Inc)/Dec in FA+CWIP	-32,150	-45,418	-33,113	-32,916	-34,313	-53,097	-50,000
Free Cash Flow	21,766	-5,967	62,824	36,852	56,980	84,221	98,647
(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	-92,097	-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	-2,524	-2,304
Dividends Paid	-10,267	-12,132	-2,936	-10,891	-14,359	-18,090	-21,077
CF from Fin. Activity	-17,507	-10,144	35,142	-31,660	-37,838	-48,921	-25,381
Inc/(Dec) in Cash	8,689	312	-14,560	-1,528	5,921	-3,700	56,266
Add: Beginning Balance	14,234	22,923	23,235	8,701	7,180	13,101	9,569
Closing Balance	22,923	23,235	8,675	7,173	13,101	9,569	66,003

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