

November 10, 2023

Q2FY24 Result Update

Change in Estimates | Target | Reco

Change in Estimates

	Current		Previous	
	FY24E	FY25E	FY24E	FY25E
Rating	BUY		BUY	
Target Price	1,740		1,775	
Sales (Rs.m)	10,21,501	11,20,727	10,06,650	11,11,197
% Chng.	1.5	0.9		
EBITDA (Rs.m)	1,34,838	1,51,298	1,32,878	1,50,012
% Chng.	1.5	0.9		
EPS (Rs.)	92.3	99.5	84.6	93.3
% Chng.	9.1	6.6		

Key Financials - Standalone

Y/e Mar	FY23	FY24E	FY25E	FY26E
Sales (Rs. bn)	850	1,022	1,121	1,207
EBITDA (Rs. bn)	104	135	151	167
Margin (%)	12.3	13.2	13.5	13.8
PAT (Rs. bn)	80	111	119	129
EPS (Rs.)	67.1	92.3	99.5	108.0
Gr. (%)	54.7	37.5	7.8	8.6
DPS (Rs.)	16.3	18.0	20.0	20.0
Yield (%)	1.1	1.2	1.3	1.3
RoE (%)	19.7	23.1	20.8	19.2
RoCE (%)	15.6	19.2	18.2	17.3
EV/Sales (x)	2.1	1.7	1.5	1.3
EV/EBITDA (x)	16.8	12.8	11.1	9.6
PE (x)	22.7	16.5	15.3	14.1
P/BV (x)	4.2	3.5	2.9	2.5

Key Data

MAHM.BO | MM IN

52-W High / Low	Rs.1,670 / Rs.1,123
Sensex / Nifty	64,905 / 19,425
Market Cap	Rs.1,895bn/ \$ 22,740m
Shares Outstanding	1,244m
3M Avg. Daily Value	Rs.3871.43m

Shareholding Pattern (%)

Promoter's	19.33
Foreign	40.26
Domestic Institution	26.79
Public & Others	13.53
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(0.9)	22.1	17.4
Relative	0.9	16.5	9.6

Himanshu Singh

himanshusingh@plindia.com | 91-22-66322269

Stable performance, marred by one-offs

Quick Pointers:

- Automotive order book at 286k units vs 281k in 1QFY24; inches up again.
- On track to reach 49k exit capacity by 4QFY24.

We change our FY24/FY25 core EPS estimates by 5%/0%/-0.7% to factor in higher SUV volumes, largely in-line margin performance and marginal decrease in ASP. M&M's 2QFY24 revenue came below our and consensus estimate likely led by lower-than-expected ASPs in the Automotive segment. EBITDA margin at 12.6% came below our estimate of 12.9%, and was largely in-line with consensus. Management noted that FES margins had one-time impact from bunched-up launch costs and operating de-leverage. Supply issues have largely normalised and MM is on track to reach 49k units SUV capacity for FY24 (at 42k at present). MM's SUV orderbook remains robust helped by good demand for its products, despite ramp-up in production.

We believe M&M should benefit from (1) growing customer preference for SUV, (2) ramp-up in production to fulfill strong demand and order book, (3) market share gains in the tractor industry from new segments, and (4) ramp-up in EV portfolio starting 2025. Also, benign RM, operating leverage and end of volume of introductory priced model will benefit margins (we built-in ~150bps expansion over FY23-26E). Retain 'BUY' with TP of Rs 1,740 (Rs. 1,775 earlier) valuing at 18x on Sep-25E core EPS and Rs 326 for subsidiaries.

Stable 2QFY24 financial performance: Revenue grew by ~16% YoY, helped by volume growth of c11% but came below our and Bloomberg consensus estimates (BBGe). EBITDA margins at 12.6% were largely in line with BBGe (12.7%) but came lower than PLe (12.9%). Gross margin improved ~90bps YoY but was slightly lower QoQ (30bps) given lower Tractors mix, but largely in line with expectation. Higher than expected employee costs was the main source for EBITDA margin miss as other operating expenses came largely in line. Higher other income (which included dividends from subsidiaries and income from other investments) and lower interest expenses led to significant PAT beat.

- Standalone:** Mahindra & Mahindra revenue at Rs ~258bn grew by 17% YoY driven by auto, as farm was flattish. EBITDA margin at 12.6% contracted 84bps QoQ and came below PLe (12.9%) and BBGe (12.7%). APAT at Rs. 34.5bn beat PLe (Rs. 29.6bn) and BBGe (Rs. 26.4bn) largely led by elements in other income.
- Automotive segment:** Revenue grew ~20% YoY on lower realization. Adjusted EBIT margin expanded to 7.9% (+40bps QoQ) vs PLe of 8.4%.
- Farm segment:** Farm equipment revenue was flattish YoY but came higher than expected, while margins were lower than estimates contracting 30bps YoY to 16% (PLe: 17.5%), it had one-time launch related costs of 90bps and 0.2% impact on account of mix factor due to OJA. Also, operating de-leverage had 100bps impact on margins QoQ.

Key takeaways:

Farm Equipment segment:

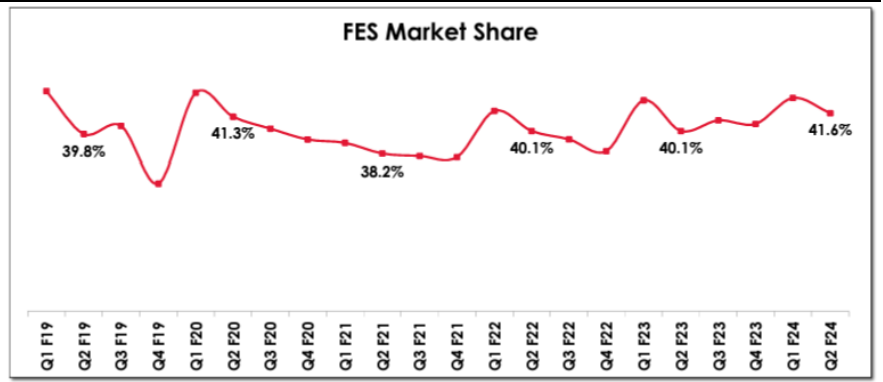
- Resilient performance despite declining quarter (volume down 3.8%YoY) and expects a flat year. Market share stands at ~41.6% (+150bps) helped by new launches.
- Farm profits down by 7% YoY due to lower volumes and operating leverage. FES volumes down 3.8% YoY, due to shift of festive month and bad monsoon in South and West.
- Exports: International markets remain muted challenged by runaway inflation in Turkey.
- Farm Standalone includes Powerol (Genset business with Rs. 20bn annual revenues) and farm machinery sales. Farm machinery revenue at Rs. 2.2bn grew by 35% YoY which were below company's expectation. M&M expects to close the year with 40% growth.
- Core tractor business contracted ~1% due to QoQ operating leverage difference (~1%) and onetime expenses contributing 0.9% due to new launches (OJA, Naya Swaraj & Target launches) and 0.2% impact on account of mix factor due to OJA.
- M&M guided tractor industry to be flat in FY24E (earlier guidance of low-single digit) on account of Navratri happening in Mar-23 and next year Navratri is expected to fall in the month of April 2024.

Standalone Auto Business:

- **Automotive Segment:** SUV volumes grew 25% YoY with Q2 volumes at 114k and production at rate of 42k per month. It is expected to reach 49k per month mark by end of FY24. SUV revenue up by 28% YoY. LCV market share at 49.6% up by 280bps. Margins are up by 200bps driven by operating leverage. PAT for Q2 was at Rs. 10bn up 2x YoY.
- Order book stands strong at 286k units bookings compared to 281k units in 1QFY24 largely led by Scorpio-N, Thar and XUV700. Cancellations stable under 8%. Vehicles under the price bracket of Rs. 1mn have strained demand, while strong demand for Rs 1.2mn models continued.
- LCV <3.5 tons gained market share grew by 280bps YoY and currently stands at 49.6%(c58k units). E-3W Q2 volumes up 74% and market share at 61.1%.
- M&M average inventory for Q2FY24 remained at 30days. Due to steel shortage company had 2 months of high month end skew creating disparity in VAHAN data.
- Last mile mobility: EV penetration in 3W is at ~10.5% (passenger: ~10.1%, cargo: ~12.1%) and company views huge uptake in it given high TCO benefits of Rs 0.3mn over CNG and Rs. 0.5mn over Diesel.
- M&M guided another one-time impact in Q3 coming for Tractor and Auto due to World Cup sponsorship, expected to be in three digits in crores.

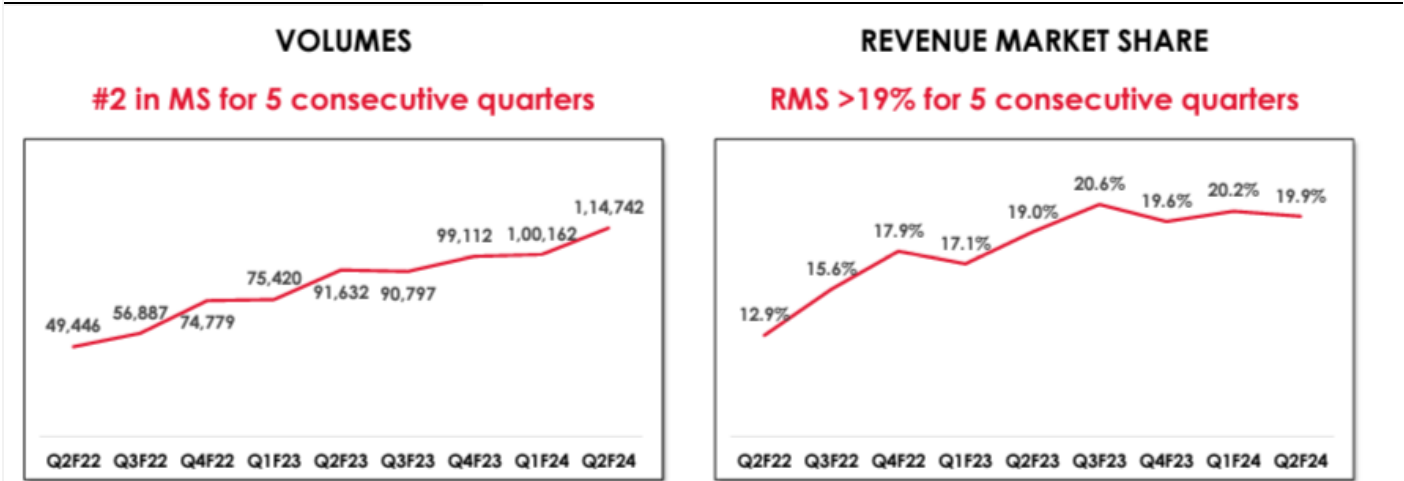
- Auto Standalone PBIT% in Q2FY24 at 7.9% excludes Rs. 2.1bn on account of sales of assets from M&M to Last mile mobility. Segment includes spares business and manufacturing of 2Ws.
- M&M guided XUV 400 sales to be back ended this year as company aims on doing a set of upgrades.

Exhibit 1: Market Leadership in FES Market



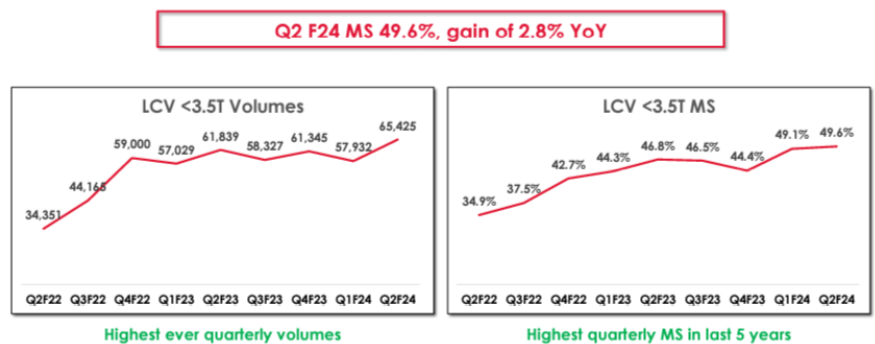
Source: Company, PL

Exhibit 2: Growth in Volumes; No.2 in Market Share



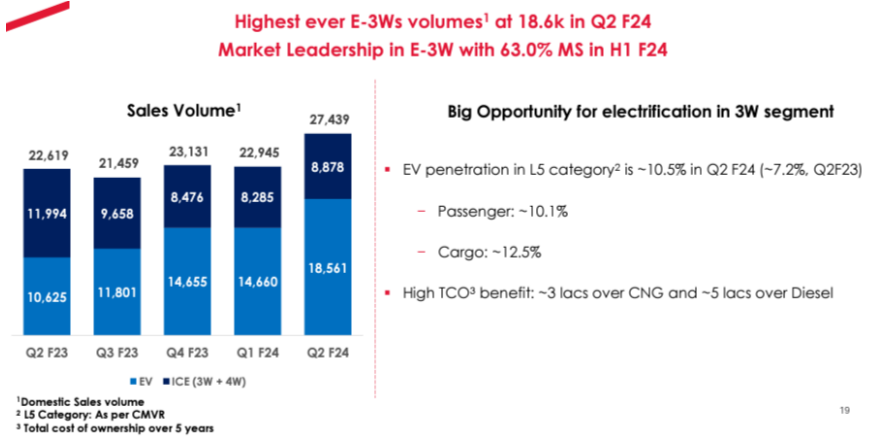
Source: Company, PL

Exhibit 3: LCV market share



Source: Company, PL * Highest quarterly MS in last 5 years

Exhibit 4: Last Mile Mobility; Domestic Sales



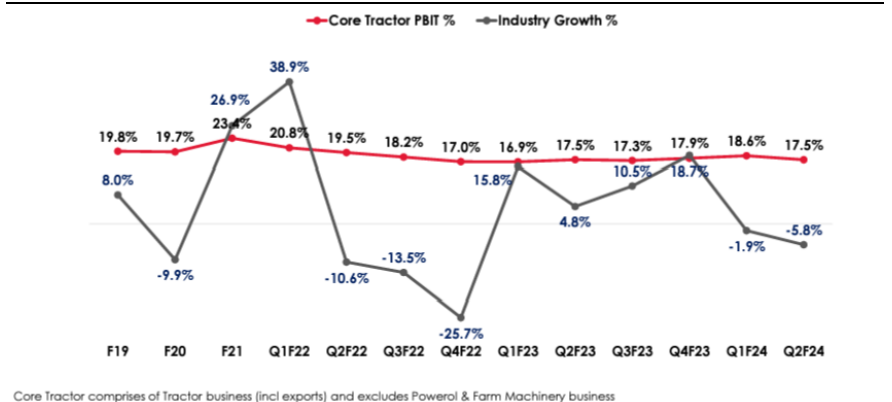
Source: Company, PL

Exhibit 5: Strong order-book at 286k (vs 281k in 1QFY24)



Source: Company, PL

Exhibit 6: Core tractor maintaining stability in volatility



Source: Company, PL

Exhibit 7: Cashflow 1HFY24

STANDALONE M&M + MEAL + LMM Co				Rs cr.
	Auto	Farm	Services	Total
Opening Balance[®]				15,238
+ Inflow	4,516	1,095	2,034	7,645
- Capex	(1,944)	(527)		(2,471)
- EV: MEAL + LMM Co net [‡]	(967)			(967)
: PE funds raised	900			900
- Investments	(204)	(20)	4	(220)
Net cash generated	2,301	548	2,038	4,887
- ICDs / funding for group cos [§]				1,516
- M&M net Debt repayment				(3,409)
- Dividend payout				(2,023)
Closing Balance				16,208

[®] Opening and closing balance includes cash, cash equivalents and treasury investments (current and non-current) held by M&M, MEAL and LMM Co
[‡] EV MEAL + LMM Co net denotes inflow and capex at MEAL and LMM Co. PE funds raised denotes investments by external investors into MEAL and LMM Co.
[§] denotes temporary ICDs / funding / repayments e.g. MOICML debt repayment

34

Source: Company, PL

Exhibit 8: SOTP valuation

	Basis	(x)	M&M's holding	Sep-25 TP
Core business value excl subsidiary dividend	P/E	18		1,414
Subsidiaries value				
Tech Mahindra Limited	CMP		28.3%	236
Mahindra & Mahindra Financial Services Limited	PL target price		52.3%	146
Mahindra Holidays & Resorts India Limited	CMP		67.5%	30
Mahindra Logistics Limited	CMP		58.2%	13
CIE Automotive Spain	CMP		7.8%	17
Mahindra CIE	CMP		11.4%	-
Other subsidiaries	CMP			24
Total value of the subsidiaries				466
Value post 30% holding discount				326
Target price				1,740

Source: Company, PL

Exhibit 9: Q1FY24 Result Overview (Rs mn)

Y/e March	2QFY24	2QFY23	YoY gr. (%)	1QFY24	QoQ gr. (%)	1HFY24	1HFY23	YoY gr. (%)
Net Revenues	2,43,099	2,10,101	15.7	2,40,561	1.1	4,83,659	4,07,352	18.7
Raw Materials	1,83,793	1,60,768	14.3	1,81,149	1.5	3,64,941	3,11,893	17.0
<i>% of Net Sales</i>	<i>75.6</i>	<i>76.5</i>		<i>75.3</i>		<i>75.5</i>	<i>76.6</i>	
Personnel	11,262	9,224	22.1	10,447	7.8	21,710	17,666	22.9
<i>% of Net Sales</i>	<i>4.6</i>	<i>4.4</i>		<i>4.3</i>		<i>4.5</i>	<i>4.3</i>	
Manufacturing & Other Exp	17,384	15,137	14.8	16,613	4.6	33,997	29,484	15.3
<i>% of Net Sales</i>	<i>7.2</i>	<i>7.2</i>		<i>6.9</i>		<i>7.0</i>	<i>7.2</i>	
Total Expenditure	2,12,439	1,85,128	14.8	2,08,209	2.0	4,20,648	3,59,043	17.2
EBITDA	30,660	24,973	22.8	32,351	(5.2)	63,011	48,308	30.4
<i>EBITDA Margin (%)</i>	<i>12.6</i>	<i>11.9</i>		<i>13.4</i>		<i>13.0</i>	<i>11.9</i>	
Depreciation	8,158	7,913	3.1	8,281	(1.5)	16,440	14,868	10.6
EBIT	22,502	17,060	31.9	24,070	(6.5)	46,571	33,440	39.3
Interest Expenses	329	641	(48.7)	323	1.8	653	1,344	(51.4)
Non-operating income	21,500	13,134	63.7	7,360	192.1	28,860	15,413	87.2
Extraordinary Income	0	-2,479	(100.0)	2,339	(100.0)	2,339	-2,888	(181.0)
PBT	43,672	27,074	61.3	33,445	30.6	77,117	44,621	72.8
Tax-Total	9,153	6,394	43.2	5,708	60.4	14,861	9,905	50.0
<i>Tax Rate (%) - Total</i>	<i>21.0</i>	<i>23.6</i>		<i>17.1</i>		<i>19.3</i>	<i>22.2</i>	
Reported PAT	34,519	20,680	66.9	27,737	24.4	62,256	34,716	79.3
Adj. PAT	34,519	23,159	49.1	25,399	35.9	59,917	37,604	59.3
<i>PAT Margin</i>	<i>14.2</i>	<i>11.0</i>		<i>10.6</i>		<i>12.4</i>	<i>9.2</i>	

Source: Company, PL

Exhibit 10: Operating Metrics

Y/e March	2QFY24	2QFY23	YoY gr. (%)	1QFY24	QoQ gr. (%)	1HFY24	1HFY23	YoY gr. (%)
Sales Volume (nos)	3,02,139	2,73,223	10.6	3,01,147	0.3	6,03,286	5,45,194	10.7
Net Realisation/Vehicle	8,04,593	7,68,974	4.6	7,98,814	0.7	8,01,708	7,47,168	7.3
Material cost / vehicle	6,08,304	5,88,413	3.4	6,01,530	1.1	6,04,923	5,72,076	5.7
Gross Profit / vehicle	1,96,288	1,80,561	8.7	1,97,284	(0.5)	1,96,786	1,75,092	12.4
Employee cost /vehicle	37,276	33,760	10.4	34,692	7.4	35,986	32,404	11.1
Other expenses / vehicle	57,536	55,400	3.9	55,166	4.3	56,353	54,080	4.2
EBITDA/vehicle	1,01,476	91,401	11.0	1,07,426	(5.5)	1,04,446	88,607	17.9
Net Profit/vehicle	1,14,248	84,761	34.8	84,340	35.5	99,318	68,974	44.0

Source: Company, PL

Exhibit 11: Segmental Breakup (Rs mn)

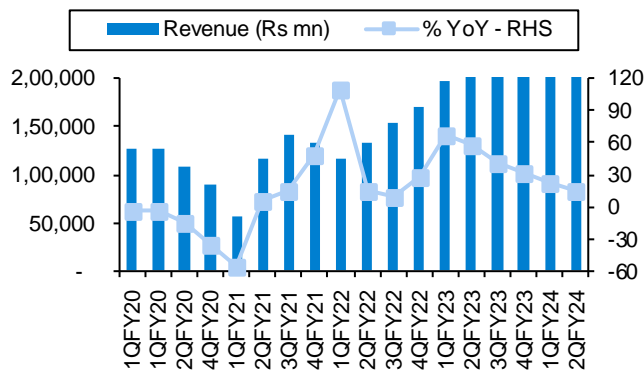
Automotive	2QFY24	2QFY23	YoY gr. (%)	1QFY24	QoQ gr. (%)	1HFY24	1HFY23	YoY gr. (%)
Volumes	2,12,078	1,79,683	18.0	1,89,439	12.0	3,98,216	3,33,145	19.5
Realisations	8,67,863	8,39,773	3.3	8,75,619	(0.9)	8,79,585	8,32,743	5.6
Revenue	1,84,055	1,50,893	22.0	1,65,876	11.0	3,50,265	2,77,424	26.3
EBIT	16,624	8,831	88.2	11,761	41.3	29,147	15,552	87.4
<i>EBIT margin %</i>	<i>9.0</i>	<i>5.9</i>	<i>318 bps</i>	<i>7.1</i>	<i>194 bps</i>	<i>8.3</i>	<i>5.6</i>	<i>272 bps</i>
Farm equipment's								
Volumes	90,061	93,540	(3.7)	89,731	0.4	2,05,070.0	2,12,049.0	(3.3)
Realisations	6,57,277	6,35,518	3.4	6,69,969	(1.9)	6,52,222	6,14,569	6.1
Revenue	59,195	59,446	(0.4)	60,117	(1.5)	1,33,751.1	1,30,318.8	2.6
EBIT	9,464	9,691	(2.3)	9,848	(3.9)	22,490.8	20,936.3	7.4
<i>EBIT margin %</i>	<i>16.0</i>	<i>16.3</i>	<i>-32 bps</i>	<i>16.4</i>	<i>-39 bps</i>	<i>16.8</i>	<i>16.1</i>	<i>75 bps</i>

Source: Company, PL

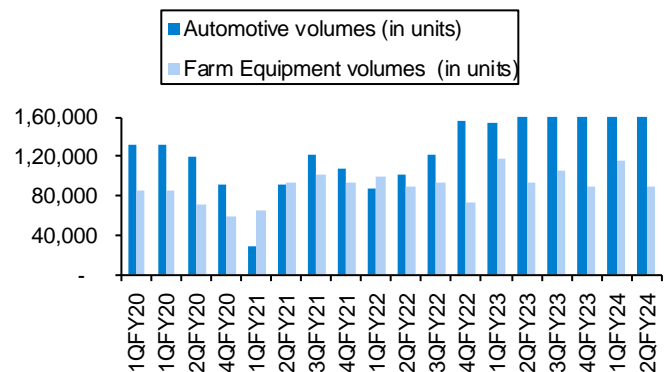
Exhibit 12: Key Assumptions

In units	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
SUV	2,33,915	2,35,362	1,79,405	1,55,530	2,23,682	3,59,253	4,66,041	5,20,479	5,59,386
YoY gr.	5%	1%	-24%	-13%	44%	61%	30%	12%	7%
Pick-up	1,72,643	1,96,458	1,64,229	1,38,963	1,59,550	2,18,443	2,27,943	2,39,937	2,52,149
YoY gr.	10%	14%	-16%	-15%	15%	37%	4%	5%	5%
Tractors	3,19,623	3,30,436	3,01,915	3,54,498	3,54,698	4,07,545	4,02,501	4,12,886	4,21,610
YoY gr.	21%	3%	-9%	17%	0%	15%	-1%	3%	2%
Others	1,41,792	1,76,640	1,34,260	58,172	82,369	1,20,982	1,40,639	1,52,928	1,63,541
YoY gr.	11%	25%	-24%	-57%	42%	47%	16%	9%	7%
Total volumes	8,67,973	9,38,896	7,79,809	7,07,163	8,20,299	11,06,223	12,37,124	13,26,229	13,96,686
YoY gr.	13%	8%	-17%	-9%	16%	35%	12%	7%	5%
Avg realisation (Rs)	5,48,143	5,62,876	5,75,341	6,30,328	7,04,555	7,83,403	8,25,706	8,45,048	8,63,925
YoY gr.	2%	3%	2%	10%	12%	11%	5%	2%	2%

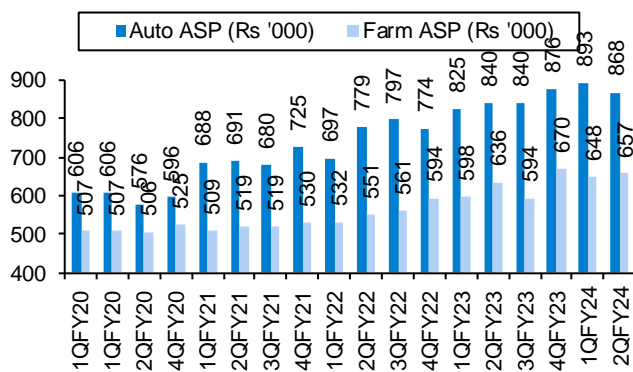
Source: Company, PL

Exhibit 13: Volume growth over Quarters


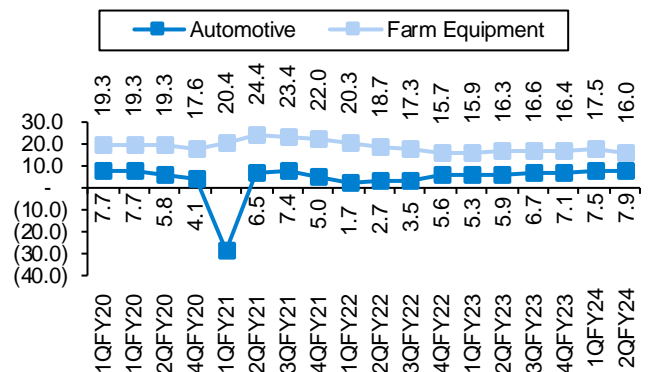
Source: Company, PL

Exhibit 14: Growth in Volm on the back of new launches


Source: Company, PL

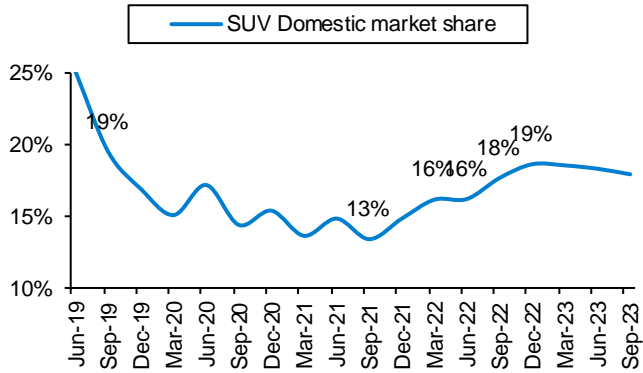
Exhibit 15: Realization Improvements over Quarters


Source: Company, PL

Exhibit 16: Segmental EBIT Margins


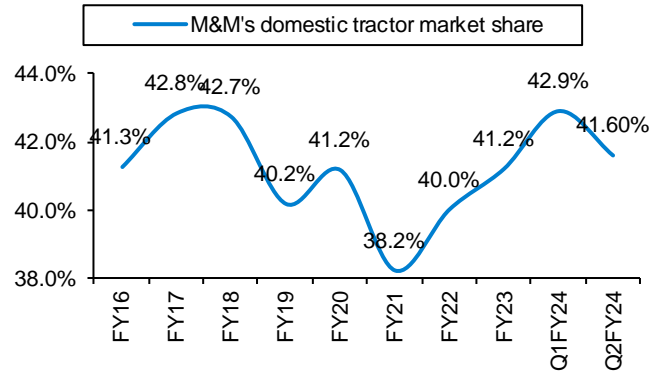
Source: Company, PL

Exhibit 17: SUV Domestic Market Share

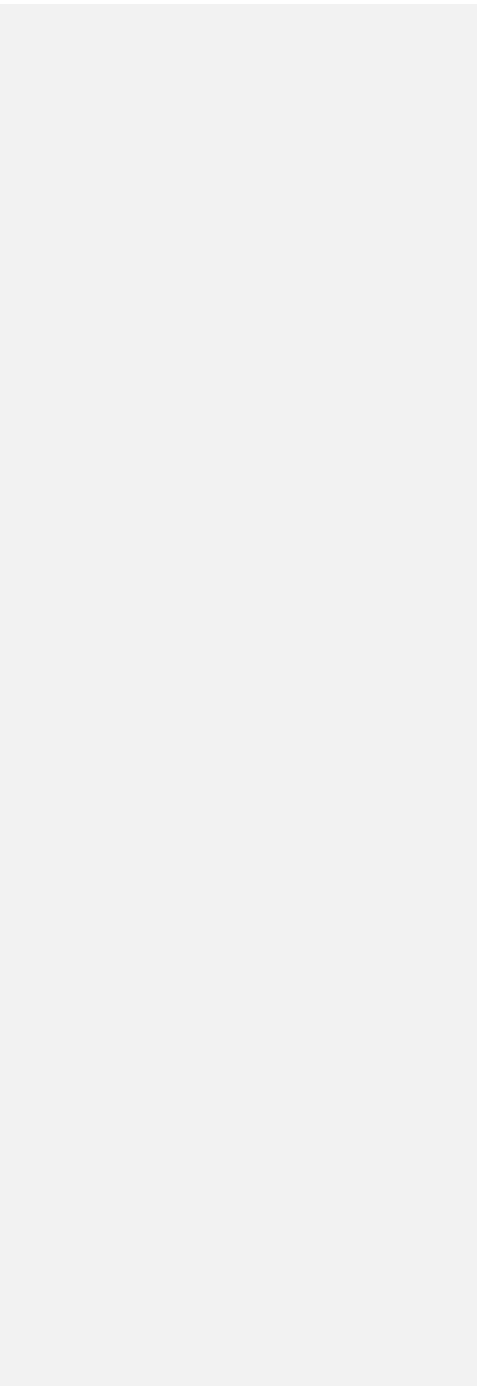


Source: SIAM, PL

Exhibit 18: Market share gains in the tractor segment



Source: Company, PL



Financials

Income Statement (Rs m)

Y/e Mar	FY23	FY24E	FY25E	FY26E
Net Revenues	8,49,603	10,21,501	11,20,727	12,06,632
YoY gr. (%)	47.0	20.2	9.7	7.7
Cost of Goods Sold	6,45,582	7,69,190	8,40,546	9,02,561
Gross Profit	2,04,020	2,52,311	2,80,182	3,04,071
Margin (%)	24.0	24.7	25.0	25.2
Employee Cost	36,499	43,925	48,191	50,679
Other Expenses	63,097	73,548	80,692	86,878
EBITDA	1,04,425	1,34,838	1,51,298	1,66,515
YoY gr. (%)	46.2	29.1	12.2	10.1
Margin (%)	12.3	13.2	13.5	13.8
Depreciation and Amortization	31,545	33,145	37,668	41,590
EBIT	72,880	1,01,693	1,13,630	1,24,926
Margin (%)	8.6	10.0	10.1	10.4
Net Interest	2,728	1,357	1,357	1,357
Other Income	26,081	39,359	42,575	44,525
Profit Before Tax	81,309	1,42,034	1,54,848	1,68,093
Margin (%)	9.6	13.9	13.8	13.9
Total Tax	15,821	29,117	35,615	38,661
Effective tax rate (%)	19.5	20.5	23.0	23.0
Profit after tax	65,487	1,12,917	1,19,233	1,29,432
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	80,412	1,10,578	1,19,233	1,29,432
YoY gr. (%)	54.9	37.5	7.8	8.6
Margin (%)	9.5	10.8	10.6	10.7
Extra Ord. Income / (Exp)	(14,925)	2,339	-	-
Reported PAT	65,487	1,12,917	1,19,233	1,29,432
YoY gr. (%)	26.1	72.4	5.6	8.6
Margin (%)	7.7	11.1	10.6	10.7
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	65,487	1,12,917	1,19,233	1,29,432
Equity Shares O/s (m)	1,198	1,198	1,198	1,198
EPS (Rs)	67.1	92.3	99.5	108.0

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY23	FY24E	FY25E	FY26E
Non-Current Assets				
Gross Block	3,72,336	4,26,336	4,81,336	5,36,336
Tangibles	3,72,336	4,26,336	4,81,336	5,36,336
Intangibles	-	-	-	-
Acc: Dep / Amortization	2,02,574	2,35,719	2,73,387	3,14,977
Tangibles	2,02,574	2,35,719	2,73,387	3,14,977
Intangibles	-	-	-	-
Net fixed assets	1,69,762	1,90,617	2,07,949	2,21,359
Tangibles	1,69,762	1,90,617	2,07,949	2,21,359
Intangibles	-	-	-	-
Capital Work In Progress	27,846	26,454	25,131	23,875
Goodwill	-	-	-	-
Non-Current Investments	1,93,625	2,21,336	2,27,710	2,34,275
Net Deferred tax assets	(14,703)	(15,438)	(16,210)	(17,020)
Other Non-Current Assets	-	-	-	-
Current Assets				
Investments	79,021	79,021	79,021	79,021
Inventories	88,814	97,952	1,07,467	1,15,704
Trade receivables	40,417	50,375	55,269	59,505
Cash & Bank Balance	44,818	70,126	1,18,108	1,90,555
Other Current Assets	54,373	65,248	78,297	93,957
Total Assets	7,57,798	8,69,121	9,77,142	11,08,169
Equity				
Equity Share Capital	5,991	5,991	5,991	5,991
Other Equity	4,27,577	5,18,928	6,14,199	7,19,669
Total Networkth	4,33,567	5,24,918	6,20,189	7,25,659
Non-Current Liabilities				
Long Term borrowings	25,997	25,997	25,997	25,997
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	24,258	24,258	24,258	24,258
Trade payables	1,71,456	1,81,911	1,84,229	1,98,351
Other current liabilities	87,817	96,598	1,06,258	1,16,884
Total Equity & Liabilities	7,57,798	8,69,121	9,77,142	11,08,169

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY23	FY24E	FY25E	FY26E
PBT	81,309	1,42,034	1,54,848	1,68,093
Add. Depreciation	31,545	33,145	37,668	41,590
Add. Interest	2,728	1,357	1,357	1,357
Less Financial Other Income	26,081	39,359	42,575	44,525
Add. Other	(11,156)	(41,697)	(42,575)	(44,525)
Op. profit before WC changes	1,04,425	1,34,838	1,51,298	1,66,515
Net Changes-WC	7,227	(19,603)	(25,679)	(15,115)
Direct tax	(18,127)	(28,382)	(34,843)	(37,851)
Net cash from Op. activities	93,526	86,853	90,776	1,13,550
Capital expenditures	(55,032)	(80,319)	(60,051)	(60,308)
Interest / Dividend Income	-	-	-	-
Others	11,156	41,697	42,575	44,525
Net Cash from Inv. activities	(43,876)	(38,622)	(17,476)	(15,784)
Issue of share cap. / premium	5,569	-	-	-
Debt changes	(17,080)	-	-	-
Dividend paid	(19,469)	(21,566)	(23,962)	(23,962)
Interest paid	(2,728)	(1,357)	(1,357)	(1,357)
Others	-	-	-	-
Net cash from Fin. activities	(33,709)	(22,923)	(25,319)	(25,319)
Net change in cash	15,941	25,309	47,982	72,447
Free Cash Flow	60,041	34,245	37,099	59,806

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q3FY23	Q4FY23	Q1FY24	Q2FY24
Net Revenue	2,16,537	2,25,714	2,40,561	2,43,099
YoY gr. (%)	41.1	31.8	22.0	15.7
Raw Material Expenses	1,64,471	1,69,219	1,81,149	1,83,793
Gross Profit	52,067	56,495	59,412	59,306
Margin (%)	24.0	25.0	24.7	24.4
EBITDA	28,142	27,974	32,351	30,660
YoY gr. (%)	56.1	43.8	38.6	22.8
Margin (%)	13.0	12.4	13.4	12.6
Depreciation / Depletion	8,292	8,385	8,281	8,158
EBIT	19,851	19,589	24,070	22,502
Margin (%)	9.2	8.7	10.0	9.3
Net Interest	686	698	323	329
Other Income	6,700	3,429	7,360	21,500
Profit before Tax	19,576	17,111	33,445	43,672
Margin (%)	9.0	7.6	13.9	18.0
Total Tax	4,296	1,621	5,708	9,153
Effective tax rate (%)	21.9	9.5	17.1	21.0
Profit after Tax	15,281	15,490	27,737	34,519
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	21,569	20,698	25,399	34,519
YoY gr. (%)	61.5	77.3	75.8	49.1
Margin (%)	10.0	9.2	10.6	14.2
Extra Ord. Income / (Exp)	(6,289)	(5,209)	2,339	-
Reported PAT	15,281	15,490	27,737	34,519
YoY gr. (%)	14.4	19.9	97.6	66.9
Margin (%)	7.1	6.9	11.5	14.2
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	15,281	15,490	27,737	34,519
Avg. Shares O/s (m)	1,197	1,197	1,197	1,197
EPS (Rs)	18.0	17.3	21.2	28.8

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY23	FY24E	FY25E	FY26E
Per Share(Rs)				
EPS	67.1	92.3	99.5	108.0
CEPS	93.4	120.0	131.0	142.7
BVPS	361.9	438.1	517.6	605.7
FCF	50.1	28.6	31.0	49.9
DPS	16.3	18.0	20.0	20.0
Return Ratio(%)				
RoCE	15.6	19.2	18.2	17.3
ROIC	17.1	21.3	20.6	21.2
RoE	19.7	23.1	20.8	19.2
Balance Sheet				
Net Debt : Equity (x)	(0.2)	(0.2)	(0.2)	(0.3)
Net Working Capital (Days)	(18)	(12)	(7)	(7)
Valuation(x)				
PER	22.7	16.5	15.3	14.1
P/B	4.2	3.5	2.9	2.5
P/CEPS	16.3	12.7	11.6	10.7
EV/EBITDA	16.8	12.8	11.1	9.6
EV/Sales	2.1	1.7	1.5	1.3
Dividend Yield (%)	1.1	1.2	1.3	1.3

Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY23	FY24E	FY25E	FY26E
Tractor Volumes	4,07,545	4,02,501	4,12,886	4,21,610
Auto volumes	6,98,678	8,34,623	9,13,344	9,75,076

Source: Company Data, PL Research

Price Chart
Recommendation History


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	09-Oct-23	BUY	1,775	1,549
2	06-Aug-23	BUY	1,760	1,465
3	07-Jul-23	BUY	1,685	1,549
4	29-May-23	BUY	1,585	1,282
5	12-Apr-23	BUY	1,560	1,202
6	13-Feb-23	BUY	1,560	1,365
7	05-Jan-23	BUY	1,560	1,236
8	14-Nov-22	BUY	1,500	1,287

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Ashok Leyland	BUY	220	172
2	Bajaj Auto	Reduce	4,800	5,144
3	Bharat Forge	BUY	1,170	1,076
4	CEAT	Accumulate	2,515	2,195
5	Eicher Motors	Accumulate	3,730	3,450
6	Endurance Technologies	Accumulate	1,755	1,624
7	Exide Industries	Accumulate	295	266
8	Hero Motocorp	Accumulate	3,575	3,052
9	Mahindra & Mahindra	BUY	1,775	1,549
10	Maruti Suzuki	BUY	12,485	10,561
11	Tata Motors	BUY	785	636
12	TVS Motor Company	Accumulate	1,650	1,609

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%

ANALYST CERTIFICATION

(Indian Clients)

We/I, Mr. Himanshu Singh- MMS-Finance Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

(US Clients)

The research analysts, with respect to each issuer and its securities covered by them in this research report, certify that: All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and No part of his or her or their compensation was, is or will be directly related to the specific recommendation or views expressed in this research report.

DISCLAIMER

Indian Clients

Prabhudas Lilladher Pvt. Ltd, Mumbai, India (hereinafter referred to as "PL") is engaged in the business of Stock Broking, Portfolio Manager, Depository Participant and distribution for third party financial products. PL is a subsidiary of Prabhudas Lilladher Advisory Services Pvt Ltd. which has its various subsidiaries engaged in business of commodity broking, investment banking, financial services (margin funding) and distribution of third party financial/other products, details in respect of which are available at www.plindia.com.

This document has been prepared by the Research Division of PL and is meant for use by the recipient only as information and is not for circulation. This document is not to be reported or copied or made available to others without prior permission of PL. It should not be considered or taken as an offer to sell or a solicitation to buy or sell any security.

The information contained in this report has been obtained from sources that are considered to be reliable. However, PL has not independently verified the accuracy or completeness of the same. Neither PL nor any of its affiliates, its directors or its employees accepts any responsibility of whatsoever nature for the information, statements and opinion given, made available or expressed herein or for any omission therein.

Recipients of this report should be aware that past performance is not necessarily a guide to future performance and value of investments can go down as well. The suitability or otherwise of any investments will depend upon the recipient's particular circumstances and, in case of doubt, advice should be sought from an independent expert/advisor.

Either PL or its affiliates or its directors or its employees or its representatives or its clients or their relatives may have position(s), make market, act as principal or engage in transactions of securities of companies referred to in this report and they may have used the research material prior to publication.

PL may from time to time solicit or perform investment banking or other services for any company mentioned in this document.

PL is a registered with SEBI under the SEBI (Research Analysts) Regulation, 2014 and having registration number INH000000271.

PL submits that no material disciplinary action has been taken on us by any Regulatory Authority impacting Equity Research Analysis activities.

PL or its research analysts or its associates or his relatives do not have any financial interest in the subject company.

PL or its research analysts or its associates or his relatives do not have actual/beneficial ownership of one per cent or more securities of the subject company at the end of the month immediately preceding the date of publication of the research report.

PL or its research analysts or its associates or his relatives do not have any material conflict of interest at the time of publication of the research report.

PL or its associates might have received compensation from the subject company in the past twelve months.

PL or its associates might have managed or co-managed public offering of securities for the subject company in the past twelve months or mandated by the subject company for any other assignment in the past twelve months.

PL or its associates might have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months.

PL or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months

PL or its associates might have received any compensation or other benefits from the subject company or third party in connection with the research report.

PL encourages independence in research report preparation and strives to minimize conflict in preparation of research report. PL or its analysts did not receive any compensation or other benefits from the subject Company or third party in connection with the preparation of the research report. PL or its Research Analysts do not have any material conflict of interest at the time of publication of this report.

It is confirmed that Mr. Himanshu Singh- MMS-Finance Research Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

The Research analysts for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

The research analysts for this report has not served as an officer, director or employee of the subject company PL or its research analysts have not engaged in market making activity for the subject company

Our sales people, 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, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest.

PL and its associates, their directors and employees may (a) from time to time, have a long or short position in, and buy or sell the securities of the subject company or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company or act as an advisor or lender/borrower to the subject company or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.

US Clients

This research report is a product of Prabhudas Lilladher Pvt. Ltd., which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution by Prabhudas Lilladher Pvt. Ltd. only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor.

In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, Prabhudas Lilladher Pvt. Ltd. has entered into an agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo").

Transactions in securities discussed in this research report should be effected through Marco Polo or another U.S. registered broker dealer.

Prabhudas Lilladher Pvt. Ltd.

3rd Floor, Sadhana House, 570, P. B. Marg, Worli, Mumbai-400 018, India | Tel: (91 22) 6632 2222 Fax: (91 22) 6632 2209

www.plindia.com