

## Automobile | Q4FY23 Result Update

## Driving Uphill

- M&M demonstrated a stable performance in 4Q. EBITDA remained flat QoQ with margin at 12.4%. EBIT margin for automotive division expanded 57 bps QoQ to 7.3 % and for FES 13 bps to 16.7%.
- Outstanding bookings stands at 292K+ (including XUV700 at 78K and Scorpio-N at 117K) and per month, booking rate is 57k vs supply of 33k vehicles. We expect automotive margin in FY24 to see further improvement led by economies of scale. However, we reckon that margins may not see substantial improvement in automotive segment as M&M's new EVs launches are likely to be aggressively priced to gain volumes.
- Management guided low single digit growth in tractor segment. Despite muted outlook in tractor segment, we expect Farm segment earnings would be supported by strong operating leverage in Farm machinery segment, the company is targeting 10x revenue growth by FY26.
- We believe the stock to trade at a premium to historical multiple as the company moves higher to its guided ROE target of 18%. Our SOTP valuation comes at Rs.1568 (We value the core business at Rs.1048/share (17x FY25E core EPS) and subsidiaries at Rs.293/share +Value of EVs arm Rs.227). Maintain BUY.

## Automotive segment – In the top gear

M&M is in the midst of a very strong model cycle in SUVs. We believe high demand for premium SUVs like XUV700, Thar and Scorpio-N will help in sharp improvement in net ASP per vehicle and margin expansion. New bookings per month rate is also higher than supply (booking rate is 57k/per month vs supply of 33k vehicles). In LCV, segment the company has gained 500bps market share led by new launches and entry in the 2-ton volume segment.

## Farm Machinery to support margin

The company gained 120bps market share in the tractor segment to 41.2% in FY23. Core tractor margin(excludes Farm Machinery business) has gone up to 18.3% vs overall FES margin of 16.7%. Farm Machinery segment revenue grew 38% YoY in FY23 to Rs.6.50bn and is targeting 10x revenue by F26.

## Q4FY23 Result (Rs Mn)

Particulars	Q4FY23	Q4FY22	YoY (%)	Q3FY23	QoQ (%)
Revenue	225,714	172,378	30.9	216,537	4.2
Total Expense	197,740	153,016	29.2	188,395	5.0
EBITDA	27,974	19,362	44.5	28,142	(0.6)
Depreciation	8,385	6,931	21.0	8,292	1.1
EBIT	19,589	12,430	57.6	19,850	(1.3)
Other Income	3,339	2,298	45.3	6,700	(50.2)
Interest	698	562	24.2	686	1.8
EBT	17,111	15,414	11.0	19,576	(12.6)
Tax	1,621	2,729	(40.6)	4,296	(62.3)
RPAT	15,490	12,686	22.1	15,281	1.4
APAT	20,608	11,438	80.2	21,569	(4.5)
			(bps)		(bps)
Gross Margin (%)	25.0	23.7	134	24.0	98
EBITDA Margin (%)	12.4	11.2	116	13.0	(60)
NPM (%)	6.9	7.4	(50)	7.1	(19)
Tax Rate (%)	9.5	17.7	(823)	21.9	(1247)
EBIT Margin (%)	8.7	7.2	147	9.2	(49)

CMP	Rs 1,282
Target / Upside	Rs 1,568 / 22%
NIFTY	18,499

## Scrip Details

Equity / FV	Rs 5,990mn / Rs 5		
Market Cap	Rs 1,594bn		
	USD 19.4bn		
52-week High/Low	Rs 1,397/ 923		
Avg. Volume (no)	2,378,630		
Bloom Code	MM IN		
Price Performance	1M	3M	12M
Absolute (%)	5	2	35
Rel to NIFTY (%)	2	(3)	21

## Shareholding Pattern

	Sep'22	Dec'22	Mar'23
Promoters	18.9	18.9	18.9
MF/Banks/FIs	28.6	27.6	27.6
FIs	40.1	41.2	41.2
Public / Others	12.2	12.3	12.3

## Valuation (x)

	FY23A	FY24E	FY25E
P/E	20.0	19.3	17.2
EV/EBITDA	15.3	12.9	11.1
ROE (%)	15.9	17.8	17.5
RoACE (%)	17.0	16.0	15.9

## Estimates (Rs bn)

	FY23A	FY24E	FY25E
Revenue	849.6	944.4	1,064.0
EBITDA	104.4	119.0	134.8
PAT	79.8	82.7	92.8
EPS (Rs.)	64.2	66.5	74.7

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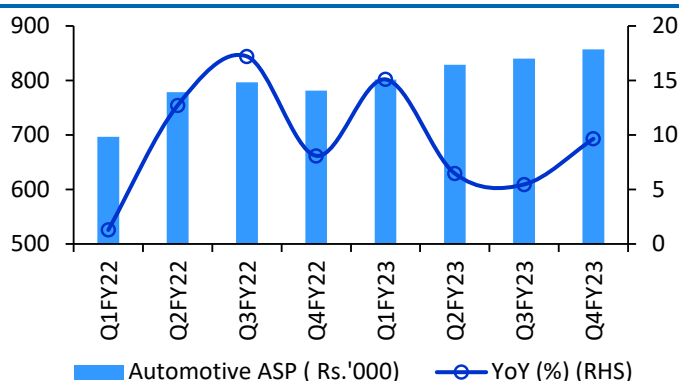
### Aggressive expansion in EV Business

The company will unveil its first electric product in SUV segment- XUV 400 Current bookings stand at 20k units and it has sold 3k units. Going ahead company is not planning to ramp up in near term. Investment from private equity is on time there is no change in the schedules. . Electric 3W is getting good response, market share stands at 67%.

### Upbeat volume outlook in Automotive segment

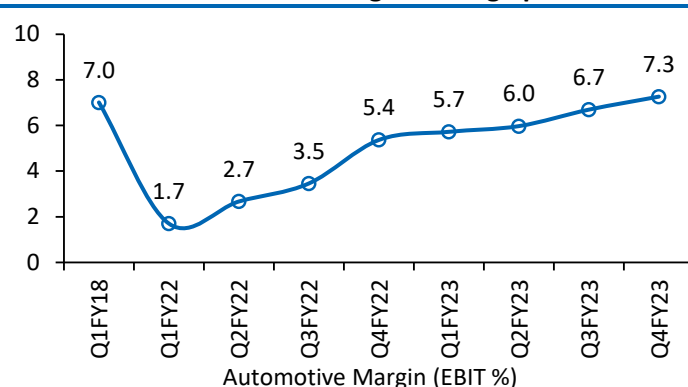
- We expect strong demand for SUVs to continue over the next 2-3 years and the premiumization trend would further pick up. Demand is strong with a healthy order backlog of 292k+ vehicles (XUV300&400-29k, XUV700-78k, Thar-58k, Bolero- 8.2k, and Scorpio-N-117k). Booking run rate per month stood at 57K.
- Company has expanded its PVs capacity from 32k currently to 39k but 10 -12% capacity is getting impacted due to chip issues. It will further expand to 49k in Q4FY24 (excluding new capacity for new models of EVs but including XUV 400). As a part of that Scorpio N and XUV700 will be in the range of 10,000 each
- Operating margin (EBIT) for auto segment increased by 57 bps QoQ to 7.3% led by end of introductory pricing for XUV 700 & Thar, cost reduction program and operating leverage.
- Management sees gradual margin improvement in Auto margin, led by operating leverage, model mix (higher number of high end XUV 700, value engineering along with structured cost reduction program (material and other cost. However Commodity price trend would determine more of margin trend than operating leverage as commodity inflation pass on is not easy
- In LCV segment, the company introduced a two-ton product, which was not present in its product portfolio earlier. It is significantly helping the category to grow because there are a lot of demand for a two ton payload segment.
- The company sold 14,700 electric three-wheelers in 4Q and retained its market leadership in electric three-wheelers with 67% market share.

**Exhibit 1: Automotive realization on the Rise**

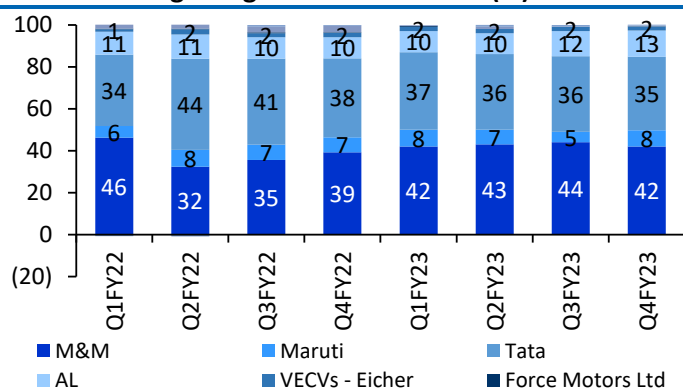


Source: DART, Company

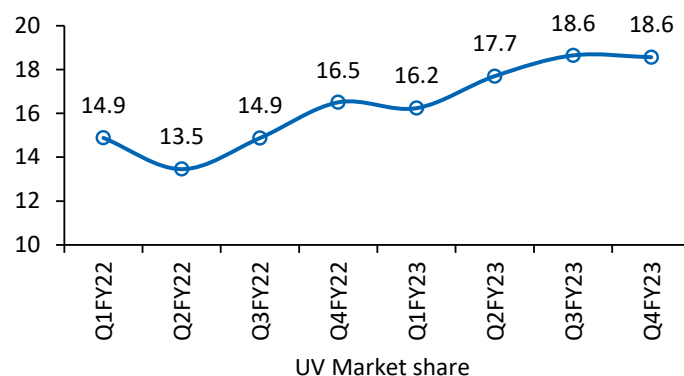
**Exhibit 2: Automotive EBIT margin inching up**



Source: DART, Company

**Exhibit 3: Strong LCV goods market share (%)**


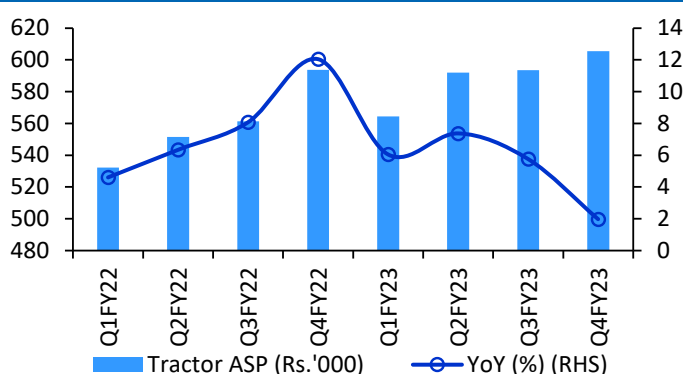
Source: Company, DART

**Exhibit 4: UV market share (%) Moving up**


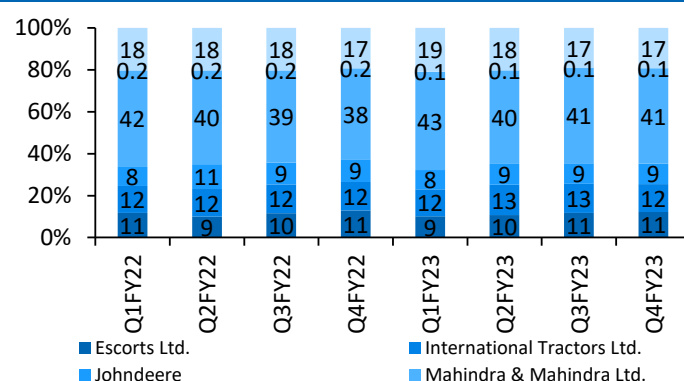
Source: Company, DART

## Gaining ground in tractor segment

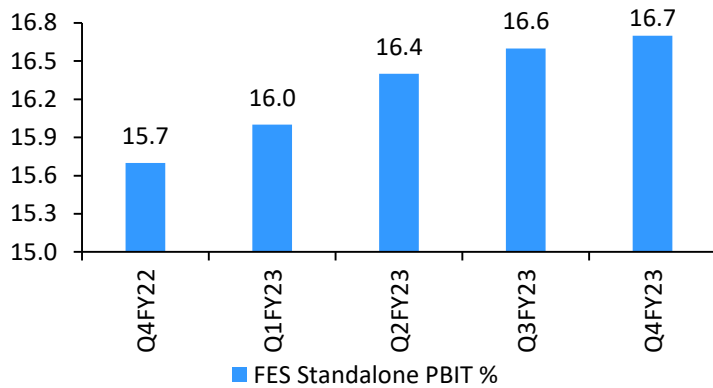
- Management guided Tractor, industry volume to grow in low single digit in FY24 due to high base.
- FES Standalone PBIT stood at 16.7% in Q4 VS. (16.6% in Q3FY23) and Core Tractor PBIT stood at 18.3% in Q4 VS. (17.5% in Q3FY23). Going ahead better product mix and HP mix will help to expand margin.
- The company gained 120 bps market share in tractor segment to 41.2% in FY23. Farm Machinery segment revenue also grew 38% YoY in FY23 to Rs.6.50bn and targeting 10x revenue by FY26. In Rotavator market share of M&M stood at 16.5% (+3.5% last year). Company will launch new products in Medium Segment Rotavator. On back of these new launches managements expects to outperform industry growth going ahead.
- M&M remains the undisputed leader and has largely maintained its market share due to its strong rural network and product development capabilities.

**Exhibit 5: FES Realization improved QoQ**


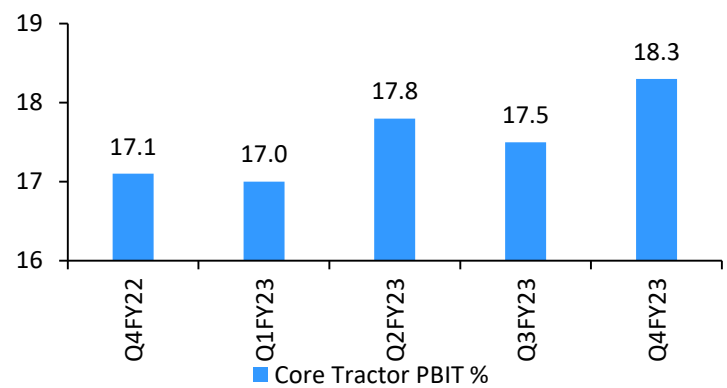
Source: DART, Company

**Exhibit 6: Tractor Industry Market Share (%)**


Source: DART, Company

**Exhibit 7: FES Standalone PBIT (%)**


Source: DART, Company

**Exhibit 8: Core Tractor PBIT (%)**


Source: DART, Company

**Exhibit 9: Segment wise Quarterly Summary**

Particulars	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23
<b>Volumes</b>									
Auto volumes	108,677	86,848	101,680	121,167	155,902	153,462	1,79,683	1,76,094	189,227
yoy growth	17.6	192.9	10.5	(0.9)	43.5	76.7	76.7	45.3	21.4
Tractor volumes	93,894	99,929	88,920	92,967	72,882	118,509	93,540	1,05,765	89,731
yoy growth	58.4	52.2	(4.6)	(8.6)	(22.4)	18.6	5.2	13.8	23.1
<b>Realisation</b>									
Auto avg Realisation	723,073	696,647	778,630	787,974	774,312	801,913	8,19,497	8,40,263	8,66,691
yoy growth	21.4	1.3	12.7	15.9	7.1	15.1	5.2	5.5	10.9
Tractor avg Realisation	529,906	532,235	551,423	561,249	593,735	564,399	5,92,060	5,93,549	6,22,340
yoy growth	1	4.6	6.3	8.1	12	6	7.4	5.8	4.8
<b>Net sales (Rs Mn)</b>									
Automotive	78,581	60,502	79,171	95,476	120,717	123,063	1,47,250	1,47,965	1,64,001
Yoy (%)	42.7	196.7	24.6	14.9	53.6	103.4	86	53.3	34.6
FES	49,755	53,186	49,033	52,178	43,273	66,886	55,381	62,777	55,843
Yoy (%)	59.9	59.2	1.4	(1.2)	(13)	25.8	12.9	20.3	29.0
Others	5,904	5,904	5,531	5,429	7,793	6,776	6,562	6,800	6,969
Yoy (%)	30.7	167.7	0	0	0	0	0	0.0	0.0
Less: intersegmental	858.5	616.9	680.6	694.6	542.1	598.9	602	1,004.1	1,099.5
Total	<b>133,382</b>	<b>118,975</b>	<b>133,054</b>	<b>152,388</b>	<b>171,240</b>	<b>196,126</b>	<b>2,08,591</b>	<b>2,16,537</b>	<b>2,25,714</b>
Yoy (%)	48.1	112.9	14.8	8.4	28.4	64.8	56.8	41.1	30.9
<b>EBIT</b>									
Automotive	3,900	1,025	2,109	3,491	6,748	7,035	9,035	9,896	11,903
FES	10,949	10,811	9,159	9,052	6,778	10,735	9,085	10,393	9,317
Others	(192)	139	419	330	465	418	551	481	390
Total	<b>14,656</b>	<b>11,975</b>	<b>11,687</b>	<b>12,872</b>	<b>13,990</b>	<b>18,189</b>	<b>18,671</b>	<b>20,770</b>	<b>21,609</b>

Source: Company, DART

## Aggressive expansion plan for 4Ws EVs

- The company will unveil its first electric product in SUV segment- XUV 400 Current bookings stand at 20k units and it has sold 3k units. It is being manufactured on the same platform of XUV300.
- Under Mahindra's partnership with Volkswagen (VW's MEB electric components for M&M's INGLO platform), the company will launch five models with two brands – XUV and BE. XUV e8 is planned to launch in Dec-24, XUV e9 in Apr-25, BE 05 in Oct-25 and BE 07 in Oct-26. M&M expect electric SUV penetration to be 20-30% by FY27 of its overall SUV portfolio.
- Company have revised capex estimates by Rs.8.25bn to Rs.159bn over FY22-24.

### Exhibit 10: Cash Deployment (FY22-FY4E)

Particulars(Rs.bn.)	Base Investment	Change	Total	Comment
<b>Auto capex (excl. MEAL)</b>	<b>79.0</b>	<b>16.0</b>	<b>95.0</b>	Capacity- Regulatory
MEAL Investments	20.8	11.3	32.0	
Farm capex	34.0	-	34.0	
Auto & Farm Investments	15.0	5.0	20.0	
Group Cos. Investments	27.0	(11.0)	16.0	External investor fund
Monetization & Partnerships	(25.0)	(13.0)	(38.0)	Value creation
<b>Total</b>	<b>150.8</b>	<b>8.3</b>	<b>159.0</b>	

Source: Company, DART

### Exhibit 11: Actual vs estimated performance

Particulars (Rs.mn)	Actual	Dart Estimates	Variance (%)
Revenue	225,714	221,708	1.8
EBIDTA	27,974	28,600	(2.2)
EBIDTA Margin (%)	12.39	12.90	(50.7) bps
APAT	19,277	16,647	15.8

Source: Company, DART

### Exhibit 12: Change in Estimates

Particulars (Rs Mn)	FY24E			FY25E		
	New	Previous	% Cng	New	Previous	% Cng
Net sales	944,444	956,602	(1.3)	1,064,042	1,110,971	(4.2)
EBITDA	118,952	118,006	0.8	134,793	140,554	(4.1)
EBITDA margin (%)	12.6	12.3	26 bps	12.7	12.7	2 bps
APAT	82,669	83,480	(1.0)	92,834	98,632	(5.9)
EPS	66.1	66.8	(1.0)	74.2	78.8	(5.9)

Source: Company, DART

**Exhibit 13: Assumption table**

(in '000 units)	FY20	FY21	FY22	FY23	FY24E	FY25E
Total PV	187	157	226	359	465	536
% YoY	(26.6)	(15.9)	43.7	59.0	29.4	15.3
LCV	193	153	173	242	224	237
% YoY	(18.7)	(20.8)	12.8	40.3	(7.7)	6.2
MHCV	5.9	3.1	4.5	6.4	7.4	8.5
% YoY	(46.0)	(46.9)	46.1	40.8	15.0	15.0
Three wheelers	62	21	30	59	70	81
% YoY	(7)	(67)	47	95	20	15
Total Domestic	448	334	433	666	766	863
% YoY	(21)	(26)	30	54	15	13
Exports	27	18	33	32	40	50
% YoY	(30.0)	(32.0)	76.9	(1.2)	25.0	25.0
Total Auto	475	352	466	698	806	913
% YoY	(21.9)	(25.9)	32.2	50.0	15.4	13.2
Tractor						
Total tractor	302	354	355	408	391	404
% YoY	(9)	17	0	15	(4)	3

Source: DART

**Exhibit 14: Summary for quarterly performance**

Particulars	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	FY24E
Automobile(units)	108,677	86,848	101,680	121,167	155,902	153,462	1,79,683	1,76,094	189,227	806,292
Tractor (units)	93,894	99,929	88,920	92,967	72,882	118,509	93,540	1,05,765	89,731	390,771
Total (units)	202,571	186,777	190,600	214,134	228,784	271,971	2,73,223	2,81,859	278,958	1,197,062
Net sales (Rs.Mn)	133,382	117,628	133,054	152,428	171,240	196,126	2,08,393	2,16,537	225,714	944,444
% YoY	35.88	165.79	25.37	10.41	16.27	52.65	56.8	41.1	30.9	11.16
% QoQ	(5)	(12)	13	15	12	15	6	3	4	
Materials	92,255	81,922	96,808	113,931	130,755	150,240	1,59,490	1,64,471	169,219	708,333
% sales	69.2	69.6	72.8	74.7	76.4	76.6	76.5	76.0	75.0	75.0
Employee cost	7,964	8,855	7,965	8,790	7,461	8,362	9,129	9,342	9,490	42,704
% sales	6	7.5	6	5.8	4.4	4.3	4.4	4.3	4.2	4.5
Other op cost	13,559	10,534	11,682	11,609	13,568	14,114	14,811	14,583	19,031	74,455
% sales	10.2	9	8.8	7.6	7.9	7.2	7.1	6.7	8.4	7.9
EBITDA (Rs.mn)	19,605	16,317	16,598	18,098	19,455	23,410	24,963	28,142	27,974	118,952
% YoY	59.72	184.67	(19.32)	(24.14)	(0.76)	43.48	50.40	56.11	44.48	13.91
Margin (%)	14.7	13.9	12.5	11.9	11.4	11.9	12.0	13.0	12.4	12.6

Source: Company, DART

**Exhibit 15: SOTP Valuation**

Particular	Per share value
Core business FY25E EPS	1,048
Subsidiaries	
Tech Mahindra	158
MMFS	102
Mahindra Life space	06
Mahindra Holidays	14
Swaraj Engines	04
Mahindra Logistics	09
Total valuation for Subs and others with 25% discounts	293
Price (INR)	1341
EV Stake Value	227
Total Price	1568

Source: Company, DART

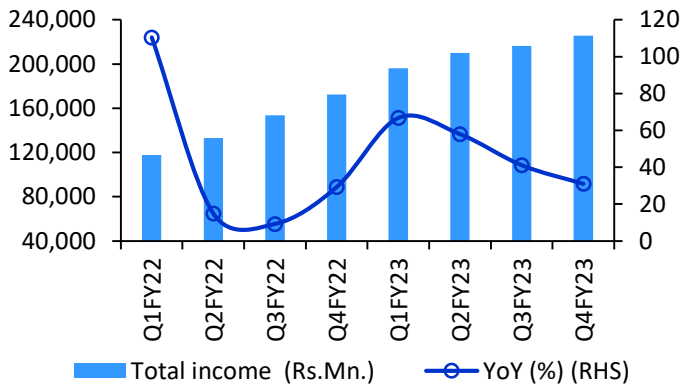


## Earnings call KTAs

- **Outlook for Auto segment-** Automotive demand remains healthy led by strong order backlog of new launches in SUVs segment. Current order backlog in Auto stands at 292k+ vehicles (XUV300&400-29k, XUV700-78k, Thar-58k, Bolero- 8.2k, and Scorpio-N-117k). Booking run rate per month stood at 57K. In Q4 company lost 10k units on account of electric component shortage (more in Scorpio and SUV 700). Considering customers concerns for high waiting period, key focus of management is bringing waiting period down. Currently cancellation is in the range of 7-8%. Q4FY23, SUV revenue market share stood at 19.6% vs 20.6% in 3Q.
- **Outlook for Tractor-** Due to high base Tractor industry volume is expected to grow low single digit in FY24. The Company gained 230bps market share in tractor segment in Q4FY23 to 40.7% led by new launches and network expansion. El Niño is not expected to have any major impact on demand momentum as correlation of Tractor sales growth with EL NIÑO is very low. For FY23 market share stood at 41.2% (+120bps YoY). Company has launched “Naya Swaraj” a new age tractor in 5 states. The company will launch Swaraj Light Weight tractor platform on 2nd June for 25 & 29 HP light weight tractor portfolio. It will also launch OJA a technologically advanced Global Tractor Platform globally on 15th August. Farm Machinery segment revenue also grew 38% YoY in FY23 to Rs.6.50bn. In Rotavator market share of M&M stood at 16.5% (+3.5% last year). Company will launch new products in Medium Segment Rotavator. On back of these new launches managements expects to outperform industry growth going ahead.
- **Export-** Company expects to grow international business 1.6x by FY26 on back of new product launches and new market entry.
- **Capacity Expansion-** Company expanded its PVs capacity from to 39k in 4QFY23 but not able to use whole capacity due to semiconductor shortages. 49k capacity expansion by Q4FY24 is also on track. EV capacity addition will be over and above these capacity additions.
- **EVs-** The Company have launched XUV 400. Current bookings stand at 20k units and it has sold 3k units. Going ahead company is not planning to ramp up in near term. Investment from private equity is on time there is no change in the schedules.
- **Operating margin-** Operating margin (EBIT) for auto segment increased by 57 bps QoQ to 7.3% led by end of introductory pricing for XUV 700 & Thar, cost reduction program and operating leverage. 3% margin improvement target has already been achieved. Both FES and core tractor margin has improved sequentially. FES Standalone PBIT stood at 16.7% in Q4 VS. (16.6% in Q3FY23) and Core Tractor PBIT stood at 18.3% in Q4 VS. (17.5% in Q3FY23). Margin as a % will not be comparable after significant EV volumes. Operating leverage will kick in provided commodity prices remain steady.
- **Strong booking across variants-** Current order backlog in Auto stands at 292k+ vehicles (XUV300&400-29k, XUV700-78k, Thar-58k, Bolero- 8.2k, and Scorpio-N-117k).
- **LCV and 3Ws-** In LCV 2-3.5T market share stood at 44.4% in Q4 FY23 Vs. 46.5% in Q3FY23. Company has launched All New BOLERO MAXXPIK-UP Range. In E-3Ws it clocked highest ever quarterly billing 14700 units with market share of 67%. Last mile mobility will be a separate entity and investment of Rs.6bn is expected from IFC at Rs.60.20bn Valuation.
- **Exceptional items (net) loss** of Rs. 5.11bn for 4Q for impairment provision for a certain long-term investment, impairment of certain assets of trucks and buses business, net off gain on sale of certain freehold land. All impairment is accounting for category C companies.
- Company delivered its promised performance i.e. ROE of 18% (FY23 19.9%), Revenue growth 15-20% (34% 2 years CAGR in FY23), value creation and lead ESG. Tractor/FES business.
- The Company has seen sharp growth Farm Machinery segment; revenue jumped by 38% in FY23.

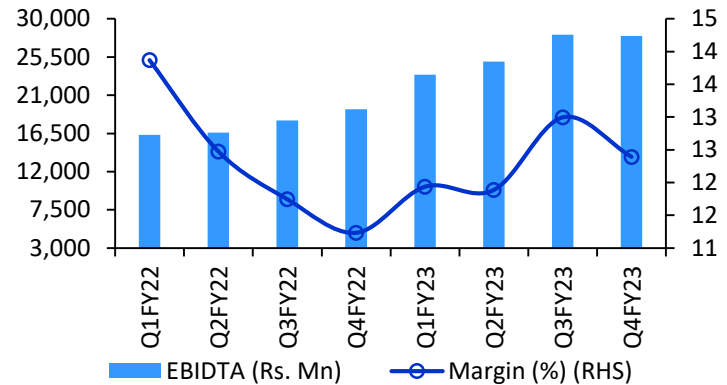
- **MMFSL**- In FY23, MMFSL disbursement improved to Rs 495.41bn (vs 275.81bn in FY22). PAT was up 2x YoY to Rs.19.84bn in FY23, driven by lower provisions and robust collections. GNPA in Mahindra Finance reduced to 4.5% in Q4FY23 vs 5.9% in 3Q.
- **Capex**- Company have revised capex estimates by Rs.8.25bn to Rs.159bn over FY22-24.

**Exhibit 16: Revenue grew QoQ/YoY**



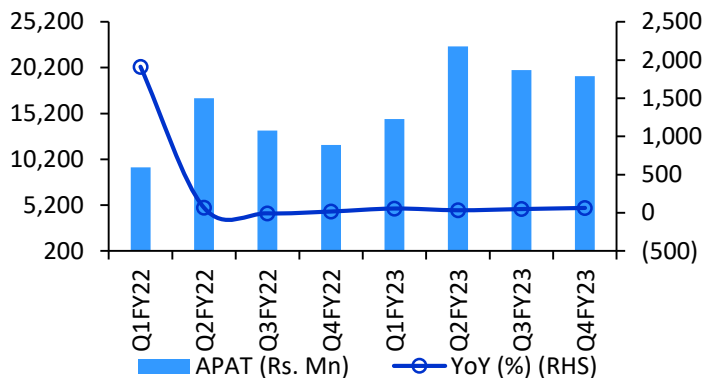
Source: Company, DART

**Exhibit 17: EBITDA margin contracted QoQ**



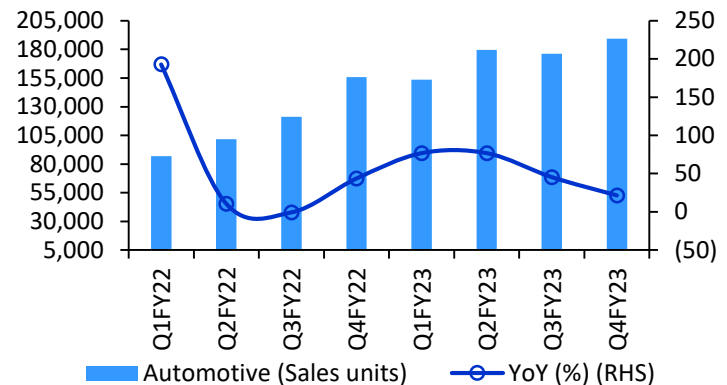
Source: Company, DART

**Exhibit 18: APAT trend**



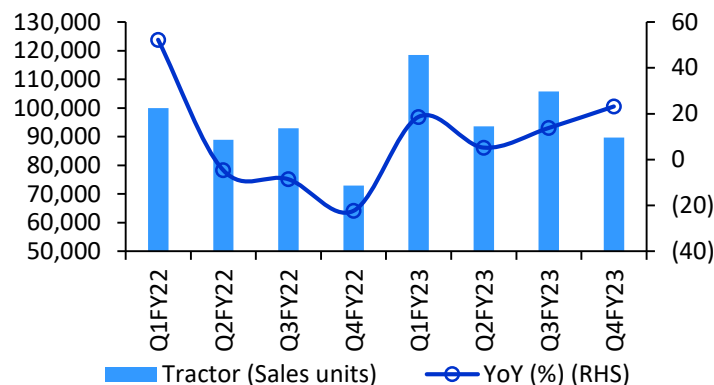
Source: DART, Company

**Exhibit 19: Automotive volume trend**



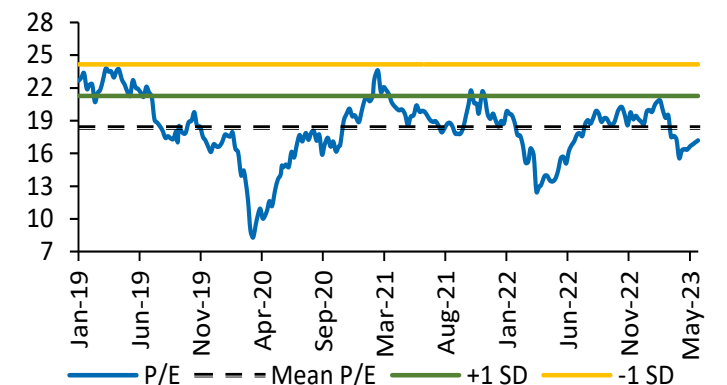
Source: DART, Company

**Exhibit 20: Tractor volume trend**



Source: DART, Company

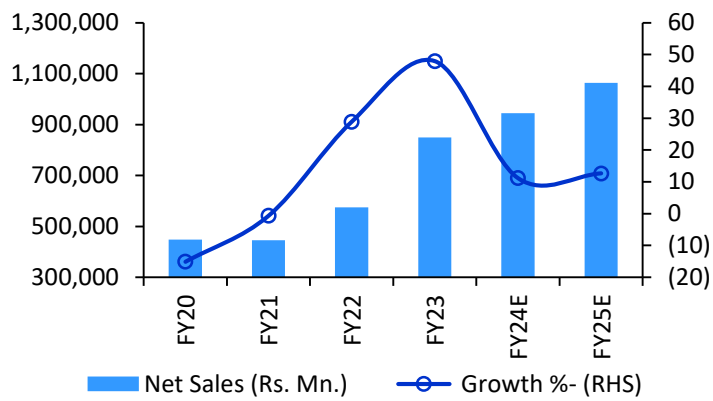
**Exhibit 21: PE Band 1 Yr forward**



Source: DART, Company

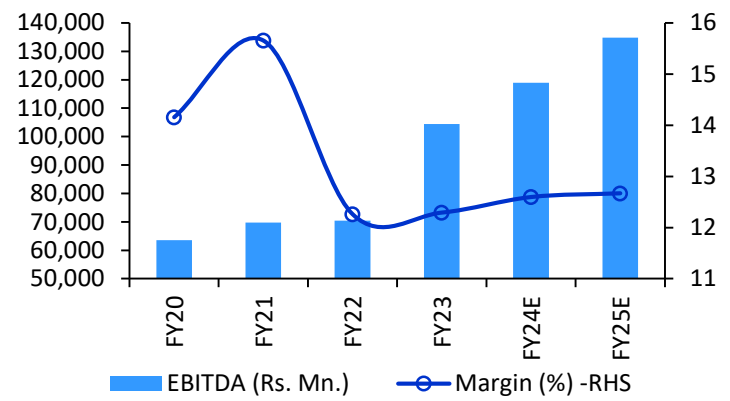


**Exhibit 22: Revenue to grow 12% CAGR over FY23-FY25E**



Source: DART, Company

**Exhibit 23: EBITDA to inch up ahead**



Source: DART, Company

## Financial Performance

### Profit and Loss Account

(Rs Mn)	FY22A	FY23A	FY24E	FY25E
<b>Revenue</b>	<b>574,460</b>	<b>849,603</b>	<b>944,444</b>	<b>1,064,042</b>
<b>Total Expense</b>	<b>504,037</b>	<b>745,179</b>	<b>825,491</b>	<b>929,250</b>
COGS	423,416	645,582	708,333	798,033
Employees Cost	33,060	36,499	42,704	47,828
Other expenses	47,561	63,097	74,455	83,390
<b>EBIDTA</b>	<b>70,423</b>	<b>104,424</b>	<b>118,952</b>	<b>134,792</b>
Depreciation	24,511	31,545	32,331	36,029
<b>EBIT</b>	<b>45,912</b>	<b>72,879</b>	<b>86,621</b>	<b>98,763</b>
Interest	2,230	2,728	1,871	1,157
Other Income	20,759	25,452	26,216	27,003
Exc. / E.O. items	(2,087)	(14,295)	2	2
<b>EBT</b>	<b>62,355</b>	<b>81,308</b>	<b>110,969</b>	<b>124,611</b>
Tax	13,002	15,821	28,297	31,775
RPAT	49,352	65,486	82,672	92,836
Minority Interest	0	0	0	0
<b>Profit/Loss share of associates</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>APAT</b>	<b>51,439</b>	<b>79,782</b>	<b>82,670</b>	<b>92,834</b>

### Balance Sheet

(Rs Mn)	FY22A	FY23A	FY24E	FY25E
<b>Sources of Funds</b>				
Equity Capital	5,983	5,990	5,990	5,990
Minority Interest	0	0	0	1
Reserves & Surplus	383,627	427,577	489,113	558,326
<b>Net Worth</b>	<b>389,610</b>	<b>433,567</b>	<b>495,103</b>	<b>564,316</b>
Total Debt	67,336	50,255	48,205	47,155
Net Deferred Tax Liability	17,008	14,703	14,703	14,703
<b>Total Capital Employed</b>	<b>473,953</b>	<b>498,525</b>	<b>558,011</b>	<b>626,176</b>

### Applications of Funds

Net Block	145,486	169,762	179,762	189,762
CWIP	50,182	27,846	27,846	27,846
Investments	251,098	270,871	286,871	302,871
<b>Current Assets, Loans &amp; Advances</b>	<b>224,537</b>	<b>289,319</b>	<b>378,737</b>	<b>451,265</b>
Inventories	58,829	88,814	87,976	102,031
Receivables	30,351	40,417	51,750	58,304
Cash and Bank Balances	36,505	44,817	106,449	138,483
Loans and Advances	28,057	23,544	27,076	31,137
Other Current Assets	70,794	91,727	105,486	121,309
<b>Less: Current Liabilities &amp; Provisions</b>	<b>197,350</b>	<b>259,273</b>	<b>315,204</b>	<b>345,568</b>
Payables	128,935	171,456	225,631	254,204
Other Current Liabilities	68,414	87,817	89,573	91,364
<i>sub total</i>				
Net Current Assets	27,187	30,046	63,533	105,697
<b>Total Assets</b>	<b>473,953</b>	<b>498,525</b>	<b>558,011</b>	<b>626,176</b>

E – Estimates

### Important Ratios

Particulars	FY22A	FY23A	FY24E	FY25E
<b>(A) Margins (%)</b>				
Gross Profit Margin	26.3	24.0	25.0	25.0
EBIDTA Margin	12.3	12.3	12.6	12.7
EBIT Margin	8.0	8.6	9.2	9.3
Tax rate	20.9	19.5	25.5	25.5
Net Profit Margin	8.6	7.7	8.8	8.7
<b>(B) As Percentage of Net Sales (%)</b>				
COGS	73.7	76.0	75.0	75.0
Employee	5.8	4.3	4.5	4.5
Other	8.3	7.4	7.9	7.8
<b>(C) Measure of Financial Status</b>				
Gross Debt / Equity	0.2	0.1	0.1	0.1
Interest Coverage	20.6	26.7	46.3	85.4
Inventory days	37	38	34	35
Debtors days	19	17	20	20
Average Cost of Debt	3.2	4.6	3.8	2.4
Payable days	82	74	87	87
Working Capital days	17	13	25	36
FA T/O	3.9	5.0	5.3	5.6
<b>(D) Measures of Investment</b>				
AEPS (Rs)	41.4	64.2	66.5	74.7
CEPS (Rs)	61.1	89.5	92.5	103.7
DPS (Rs)	11.6	16.3	17.0	19.0
Dividend Payout (%)	27.9	25.3	25.6	25.4
BVPS (Rs)	313.4	348.8	398.3	453.9
RoANW (%)	13.3	15.9	17.8	17.5
RoACE (%)	11.7	17.0	16.0	15.9
RoAIC (%)	11.3	16.4	19.1	21.0
<b>(E) Valuation Ratios</b>				
CMP (Rs)	1282	1282	1282	1282
P/E	31.0	20.0	19.3	17.2
Mcap (Rs Mn)	1,593,586	1,593,586	1,593,586	1,593,586
MCap/ Sales	2.8	1.9	1.7	1.5
EV	1,624,417	1,599,024	1,535,342	1,502,257
EV/Sales	2.8	1.9	1.6	1.4
EV/EBITDA	23.1	15.3	12.9	11.1
P/BV	4.1	3.7	3.2	2.8
Dividend Yield (%)	0.9	1.3	1.3	1.5
<b>(F) Growth Rate (%)</b>				
Revenue	28.9	47.9	11.2	12.7
EBITDA	0.9	48.3	13.9	13.3
EBIT	(0.5)	58.7	18.9	14.0
PBT	178.1	30.4	36.5	12.3
APAT	25.5	55.1	3.6	12.3
EPS	25.5	55.1	3.6	12.3

E – Estimates

## Cash Flow

Particulars	FY22A	FY23A	FY24E	FY25E
<b>Profit before tax</b>	<b>64,441</b>	<b>72,879</b>	<b>86,621</b>	<b>98,763</b>
Depreciation & w.o.	24,511	31,545	32,331	36,029
Net Interest Exp	(15,208)	25,452	26,215	27,002
Direct taxes paid	(5,981)	(18,126)	(28,297)	(31,775)
Change in Working Capital	4,967	5,453	28,146	(10,129)
Non Cash	(1,793)	(14,295)	0	1
<b>(A) CF from Operating Activities</b>	<b>70,937</b>	<b>102,906</b>	<b>145,017</b>	<b>119,890</b>
Capex {(Inc.)/ Dec. in Fixed Assets n WIP}	(31,859)	(33,485)	(42,331)	(46,029)
<b>Free Cash Flow</b>	<b>39,078</b>	<b>69,422</b>	<b>102,686</b>	<b>73,861</b>
(Inc.)/ Dec. in Investments	(37,958)	(19,773)	(16,000)	(16,000)
Other	26,228	0	0	0
<b>(B) CF from Investing Activities</b>	<b>(43,589)</b>	<b>(53,257)</b>	<b>(58,331)</b>	<b>(62,029)</b>
Issue of Equity/ Preference	1,404	(1,327)	1	0
Inc./(Dec.) in Debt	(12,671)	(17,080)	(2,050)	(1,050)
Interest exp net	(4,793)	(2,728)	(1,871)	(1,157)
Dividend Paid (Incl. Tax)	(10,891)	(20,202)	(21,134)	(23,621)
Other	(26,447)	0	0	0
<b>(C) CF from Financing</b>	<b>(53,398)</b>	<b>(41,337)</b>	<b>(25,054)</b>	<b>(25,828)</b>
Net Change in Cash	(26,050)	8,312	61,632	32,034
<b>Opening Cash balances</b>	<b>62,556</b>	<b>36,506</b>	<b>44,818</b>	<b>106,450</b>
<b>Closing Cash balances</b>	<b>36,506</b>	<b>44,818</b>	<b>106,450</b>	<b>138,484</b>

E – Estimates

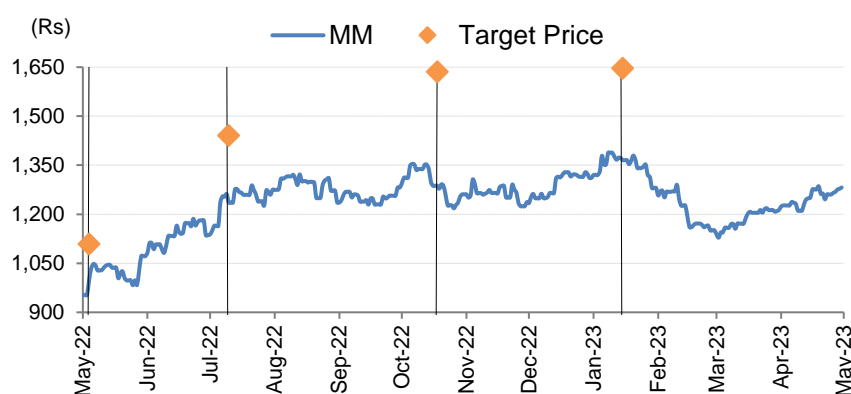
## Notes

## DART RATING MATRIX

Total Return Expectation (12 Months)

Buy	> 20%
Accumulate	10 to 20%
Reduce	0 to 10%
Sell	< 0%

## Rating and Target Price History



Month	Rating	TP (Rs.)	Price (Rs.)
May-22	Accumulate	1,109	998
Aug-22	Accumulate	1,441	1,236
Nov-22	BUY	1,635	1,287
Feb-23	BUY	1,646	1,365

\*Price as on recommendation date

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