

# Research Report

## Mahindra & Mahindra Limited



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# About

A technology & innovation-led, global, federation of companies, that provides a wide range of products, services & possibilities, enabling people to Rise. It is the world's largest tractor Company by volume.

The Group enjoys a leadership position in farm equipment, utility vehicles, information technology and financial services in India. It also has a strong presence in renewable energy, agriculture, logistics, hospitality, and real estate.

## Business Portfolio

- Automotive Sector
- Tractor
- Farm Machinery
- Finance
- Real Estate
- Agriculture
- Digital
- Renewables
- Steel

## Synopsis of Financials

- Standalone PAT increased by 67% and consolidated PAT increased by 6% for the quarter.
- ROE is at 20% and EPS growth is at 18% for the first half of the year.
- Mahindra Finance performed well in terms of asset quality, with significant improvement and strong progress in digital transformation.

## Stock data (as 19th December 2023)

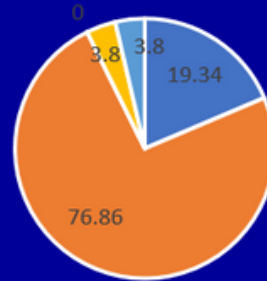
Nifty Price	: 21,446.95
52 week High (in Rs.)	: 1,740
52 week Low (in Rs.)	: 1,123
Market Cap. (in Crore)	: 2,11,369
NSE Code	: <u>M&amp;M</u>

## Stock data



- Mahindra & Mahindra Limited

## Shareholding Pattern (September 2023)



-PUBLIC GROUP  
-PROMOTER GROUP  
-Employee Trust  
-Non Promoter-Non Public

## Financial Summary

Particulars	March 2023	March 2022	March 2021
Sales	1,21,269	90,171	74,278
Sales Growth %	34.49%	21.40%	-1.46%
Operating Profit	20,285	14,683	11,487
OPM %	17%	16%	15%
Profit after tax	11,374	7,253	1,512
EPS in Rs	82.68	52.91	14.58

# Quarterly Results

Particular	Mar 2022	Jun 2022	Sep 2022	Dec 2022	Mar 2023	Jun 2023	Sep 2023
Sales	25,934	28,414	29,870	30,620	32,456	33,892	34,436
Expenses	21,657	24,016	24,802	25,368	26,798	27,642	28,706
Operating Profit	4,278	4,399	5,068	5,253	5,658	6,249	5,730
OPM %	16%	15%	17%	17%	17%	18%	17%
Other Income	1,135	675	1,348	1,185	662	1,065	812
Interest	1,222	1,219	1,382	1,596	1,634	1,719	1,835
Depreciation	935	960	1,092	1,110	1,194	1,128	1,139
Profit before tax	3,256	2,894	3,943	3,732	3,492	4,468	3,568
Tax %	20%	18%	23%	20%	14%	18%	30%
Net Profit	2,608	2,361	3,021	2,994	2,998	3,684	2,484

Source: Screener

## Key Ratios

Particulars	2023	2022
<b>Debt-Equity Ratio (times)</b> (Long term Borrowings + Short term Borrowings (including current maturities of long term borrowings)/(Total Equity).....	0.11	0.17
<b>Debt Service Coverage Ratio (times)</b> (Profit before interest, tax, depreciation, amortisation, impairments and exceptional items)/(Gross interest for the period + Principal repayments within a year).....	4.69	10.85
<b>Return on Equity</b> (Net Profit for the period/Average Total Equity for the period).....	16.06%	13.31%
<b>Inventory Turnover (times)</b> (Cost of materials consumed/Average Inventories for the period).....	8.69	7.92
<b>Trade Receivables Turnover (times)</b> (Revenue from sale of goods and services)/(Average Trade Receivable for the period).....	23.52	21.63
<b>Trade Payables Turnover (times)</b> (Purchase of goods and services + Other Expenses)/(Average Trade Payable for the period).....	4.91	4.12
<b>Net Capital Turnover (times)</b> (Revenue from operations)/(Average working capital (Current assets less Current liabilities) for the period).....	10.72	9.74
<b>Net Profit margin (%)</b> (Net Profit for the period/Revenue from operations).....	7.71%	8.43%
<b>Return on Capital Employed (%)</b> (Profit before interest and tax)/(Average Total Equity + Average Total Debt for the period).....	18.13%	14.64%
<b>Return on Investment (%)</b> (Income earned on investments/Average Investment for the period).....	5.75%	4.62%

Source: Annual Report

# Yearly Results

Particulars	Mar 2023	Mar 2022	Mar 2021
Equity Capital	557	556	555
Reserves	55,809	46,567	41,027
Borrowings	92,247	77,605	80,625
Other Liabilities	55,670	47,661	42,762
Total Liabilities	2,04,283	1,72,388	1,64,968
Fixed Assets	27,140	26,018	21,380
CWIP	3,969	6,703	7,873
Investments	35,272	30,060	28,778
Other Assets	1,37,902	1,09,607	1,06,938
Total Assets	2,04,283	1,72,388	1,64,968

# Synopsis Quater Results

## Con-Call NOV 23: Key Highlights

### Capex:

- The company is investing in ICE to ensure robust products and maintain leadership in the segment.
- Manufacturing capacities are being made fungible to accommodate both EV and ICE production.
- The company plans to partner with specialists in the charging infrastructure space.

### New products:

- Growth gems, including three-wheelers, real estate, and Susten, are on track for significant growth.
- The company aims to produce as much as required to meet the demand for EVs.
- Mahindra Electric Automotive will be a separate company for EVs, and the company plans to show EV portfolio separately from ICE.

### Guidance:

- The company is focused on meeting future growth targets and maintaining profitability.
- Mahindra Finance is on track to improve its ROA and aims to become a leader in its segments.
- TechM expects a solid turnaround in the next 3 years, with a focus on getting back to market parity or leadership.

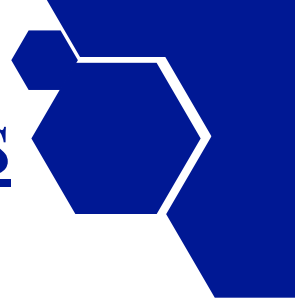
### EV focus:

- The company believes that EV demand will increase in the future and is focusing on creating aspirational lifestyle products.
- The company plans to receive PLI for its EVs in the future.

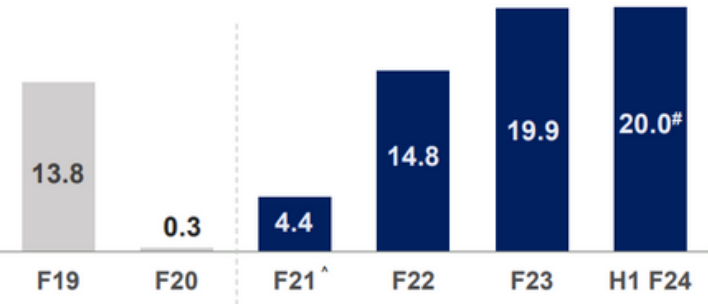
### Other:

- The company generated significant net cash and repaid debt, maintaining a strong cash balance.
- Inflation has smoothed out and is currently at a decent level, but the industry should remain watchful.

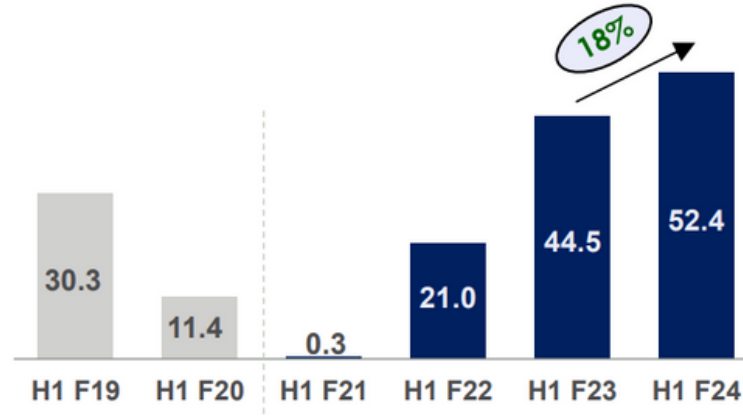
# Key Performance Indicators



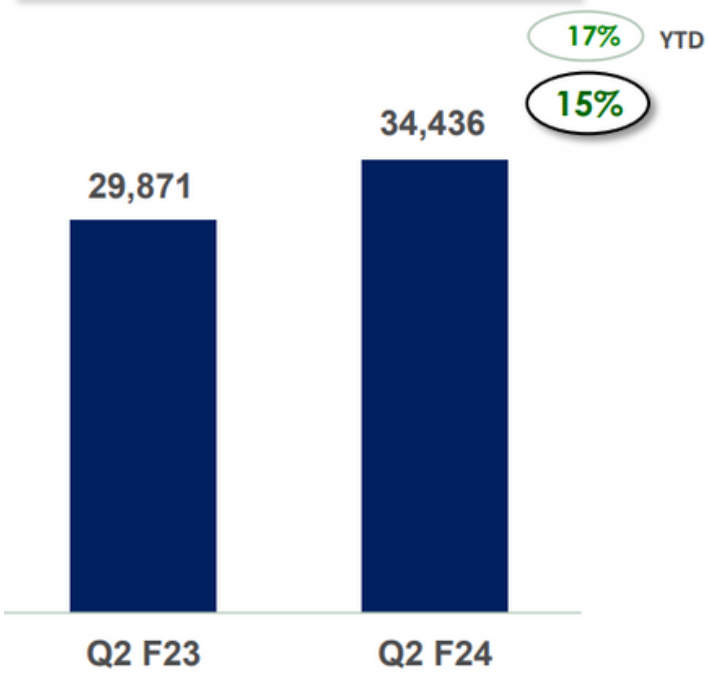
**RoE (%)**



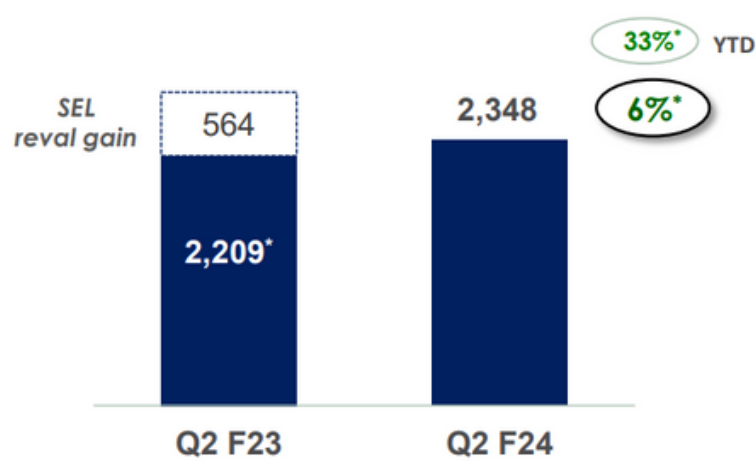
**EPS (Rs)**



**Revenue**

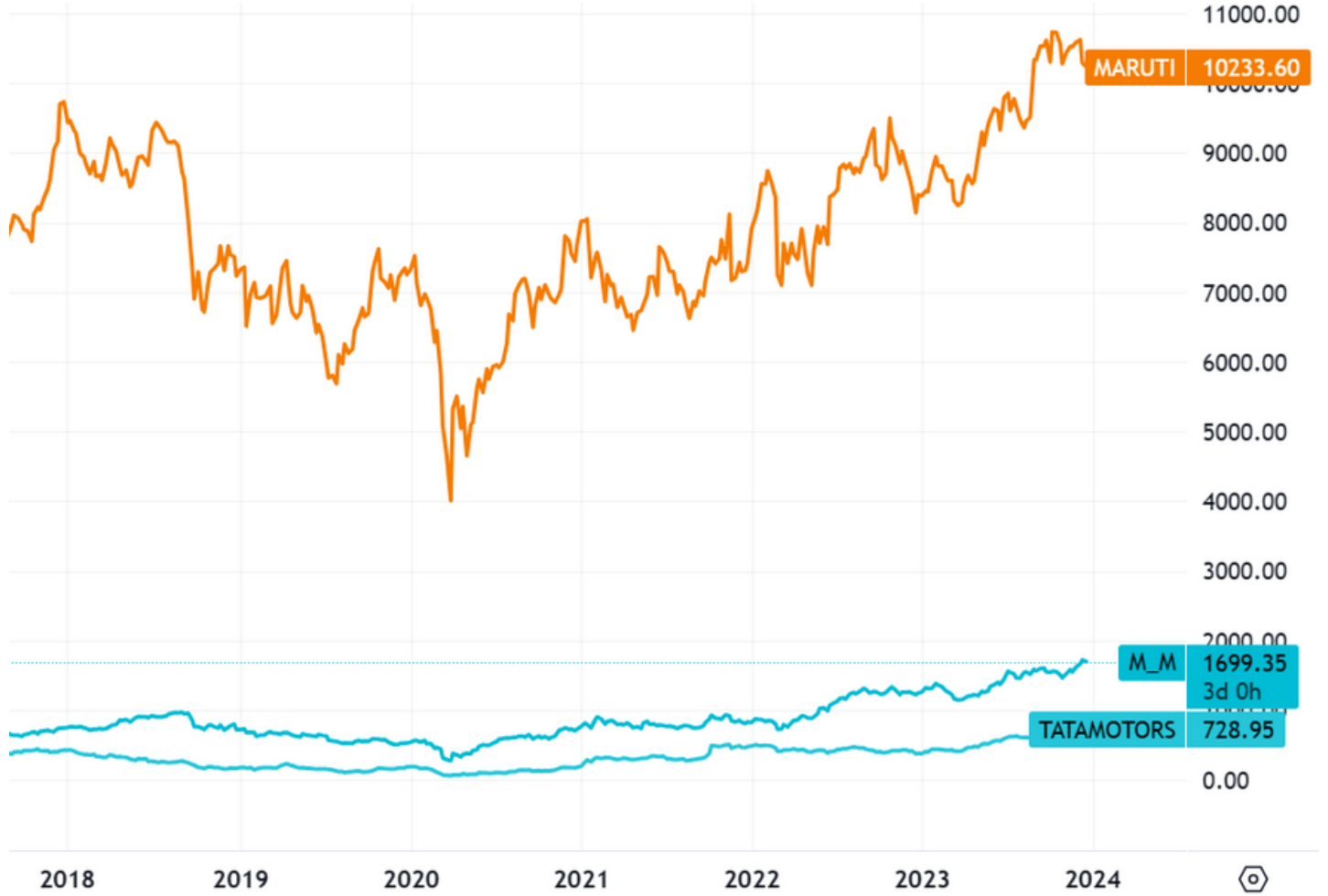


**PAT**



# Peer Comparison

## Peer Stock Performance (5Y) Indexed



Source: Trading View

## Peer Financial Performance

S.No.	Name	CMP Rs.	Mar Cap Rs.Cr. †	Assets Rs.Cr.	Debt Rs.Cr.	NP 12M Rs.Cr.	Sales Rs.Cr.
1.	Maruti Suzuki	10235.25	309186.49	90476.70	392.50	11351.80	130528.40
2.	Tata Motors	729.20	267126.85	347001.94	127864.30	15671.92	401785.26
3.	M & M	1700.90	211511.78	220773.04	99711.68	12160.24	131402.99
4.	Bajaj Auto	6419.00	181630.37	36467.01	125.04	6841.63	39397.92
5.	Eicher Motors	4042.15	110664.16	21061.78	416.16	3581.01	15626.22

Source: Screener

# Final Outlook

M&M: HOLD | LTP: 1700.90

Due in large part to higher-than-expected average selling prices, M&M's Q4 FY23 revenue above both our and the consensus projection. However, because of a larger mix of cars and the impact of farm machinery in the Farm Equipment Sector sector, the EBITDA margin, at 12.40 percent, fell short of our projection of 12.80 percent. Although material prices have decreased and should support profits, management pointed out that the lack of semiconductors is still having an impact on volumes, which are now at about 3000 units per month.

Given the growing preference of customers for SUVs, the capacity ramp-up to meet a solid order book, the increases in market share in the tractor industry, and the positive response to the EV portfolio (XUV400), M&M stands to gain. Additionally, margins would improve from benign RM, operating leverage, and the end of volume of the entry-level priced product.