

November 28, 2024

Event Update

■ Change in Estimates | ■ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	BUY		BUY	
Target Price	3,456		3,456	
Sales (Rs. m)	13,00,697	14,83,372	13,00,698	14,83,372
% Chng.	-	-	-	-
EBITDA (Rs. m)	1,89,902	2,19,539	1,89,902	2,19,539
% Chng.	-	-	-	-
EPS (Rs.)	116.0	131.3	116.0	131.3
% Chng.	-	-	-	-

Key Financials - Standalone

Y/e Mar	FY24	FY25E	FY26E	FY27E
Sales (Rs. bn)	988	1,134	1,301	1,483
EBITDA (Rs. bn)	127	164	190	220
Margin (%)	12.8	14.5	14.6	14.8
PAT (Rs. bn)	107	126	139	157
EPS (Rs.)	89.4	104.7	116.0	131.3
Gr. (%)	34.2	17.1	10.8	13.2
DPS (Rs.)	21.1	25.0	26.0	27.0
Yield (%)	0.7	0.9	0.9	0.9
RoE (%)	22.4	22.0	20.7	20.0
RoCE (%)	18.0	21.3	20.7	20.1
EV/Sales (x)	3.4	3.0	2.6	2.3
EV/EBITDA (x)	26.5	20.4	17.6	15.2
PE (x)	32.4	27.7	25.0	22.1
P/BV (x)	6.6	5.6	4.8	4.1

Key Data MAHM.BO | MM IN

52-W High / Low	Rs.3,222 / Rs.1,542
Sensex / Nifty	79,044 / 23,914
Market Cap	Rs.3,605bn/ \$ 42,661m
Shares Outstanding	1,244m
3M Avg. Daily Value	Rs.11135.85m

Shareholding Pattern (%)

Promoter's	18.54
Foreign	41.80
Domestic Institution	26.49
Public & Others	13.17
Promoter Pledge (Rs bn)	0.06

Stock Performance (%)

	1M	6M	12M
Absolute	4.2	13.5	85.1
Relative	5.5	8.0	55.0

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INGLO platform to drive M&M's EV aspiration

Quick Pointers:

- Competitive pricing to be the inflection point for its BEVs
- Both models retails expected to commence from Feb/Mar-25

We attended the unveiling of M&M's new BEVs based on its INGLO platform, namely, BE 6e and XEV 9e. Introductory models of the BEVs will feature 59kWh batteries, which shall provide a range of ~535-542km, while higher end of the vehicles shall feature 79kWh batteries with a range of ~656-682km. Both models are packed with premium features such as ADAS, large storage space and interactive instrument clusters, surpassing competitors in the space. The bookings are expected to commence from Jan'25, while the retail is anticipated to begin from Feb/Mar'25.

Both BE 6e and XEV 9e have a wheelbase of 2,775mm, which allows both models to be manufactured on the same production line at the Chakan plant, Pune. M&M's existing UV capacity is at ~54k units/month. It aims to increase BEVs capacity by ~10k units by the end of FY25. We retain our 'BUY' rating with a TP of Rs3,456 (previous Rs3,458) valuing it at 26.5x on its Sep'26E core EPS, and Rs229 for its EV business and Rs411 for its listed subsidiaries.

Competitive pricing to increase BEV monthly run-rate: M&M has placed its BEVs competitively with BE 6e introductory prices starting at Rs18.9 lakh and XEV 9e at Rs21.9 lakh. With attractive pricing, premium features and a modern design, the BEVs emerge as a strong contender to capture market share from existing players. LTM average monthly wholesale for its e-XUV400 is ~600 units. The additional capacity and portfolio expansion can lead to healthy improvement in the monthly run-rate for the company. Thus, we estimate its FY26/FY27E monthly wholesale to be ~2.7k/5.3k units, and its penetration in overall UV volume to reach ~9.3% by FY27E.

INGLO platform: M&M began developing the INGLO platform in 2022 with a global OEM partner to create a strong base for its EVs. The platform features a flat-floor design, which increases cabin space and comfort. It also uses high-density LFP battery technology, which leads to higher efficiency and range. The dedicated platform for BEVs and expansion of EV portfolio could aid M&M to deliver sustainable products and comply with upcoming emission norms for the long term.

Investment and expansion plans: In May'24, the company had announced an investment plan of Rs120bn over FY24-27E to fund its EV journey. Of this, ~Rs45bn will be allocated towards the development of new launches and building capacity for BEVs. Its UV production capacity stands at ~54k units/month, which it aims to increase to ~64k units/month by FY25 with the additional capacity aimed towards BEVs.

Exhibit 1: BE 6e and XEV 9e to have a cumulative capacity of ~10k units/month



Source: Company, PL

Exhibit 2: Developing the BEVs on a dedicated INGLO platform

INGLO is a benchmark in innovation
152 patents* & 45 design registrations*

The diagram illustrates the INGLO BEV platform chassis, showing the battery pack, suspension, and steering components. Callouts point to the following features:

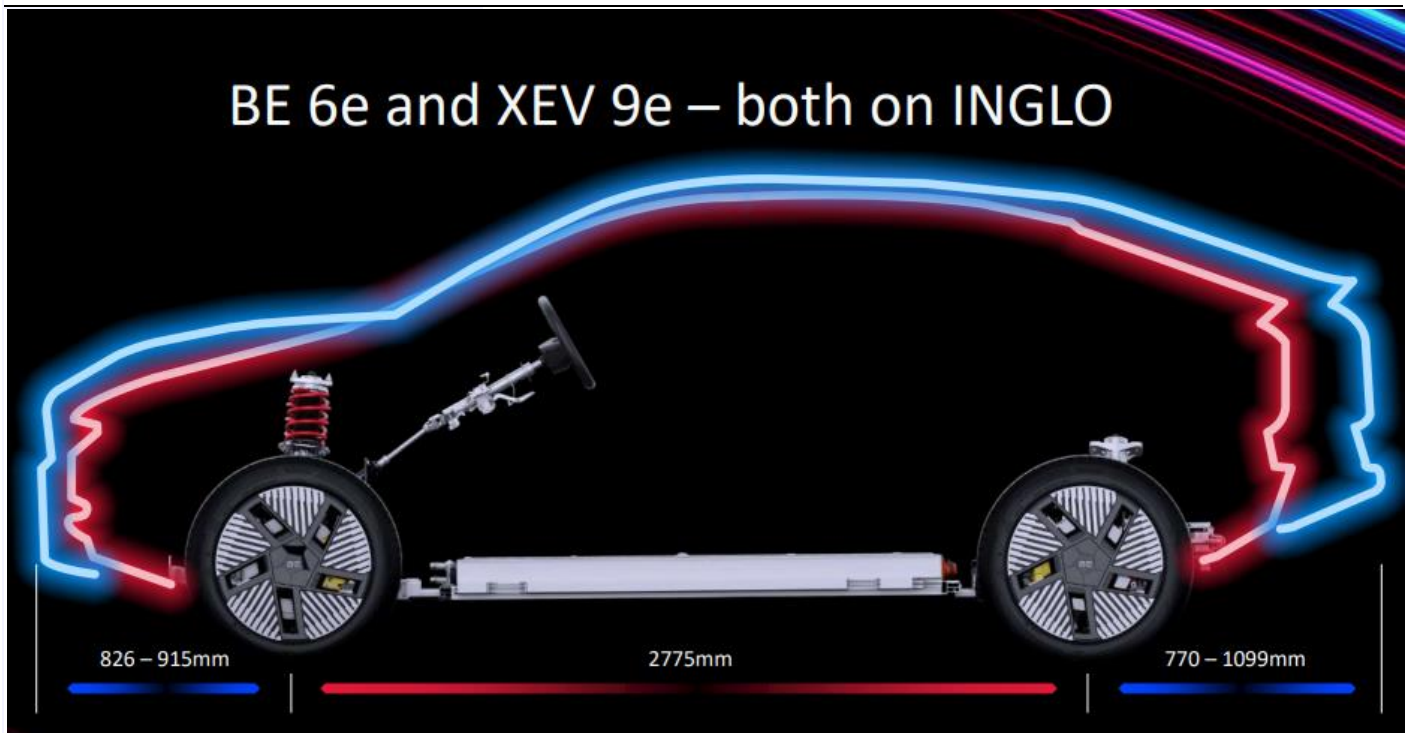
- Intelligent Semi-active dampers
- 5 link independent suspension
- Advanced LFP Battery
- Brake by wire with IEB
- iLINK Front Suspension
- High-Power Steering with VGR

* Patents & Design registrations applied

Source: Company, PL



Exhibit 3: Both models share similar wheelbase on the INGLO platform



Source: Company, PL

Exhibit 4: Pack 1 to feature 59kWh, while higher models will feature 79kWh batteries



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Net Revenues	9,87,634	11,33,844	13,00,697	14,83,372
YoY gr. (%)	16.2	14.8	14.7	14.0
Cost of Goods Sold	7,40,064	8,37,911	9,59,915	10,91,762
Gross Profit	2,47,571	2,95,933	3,40,783	3,91,610
Margin (%)	25.1	26.1	26.2	26.4
Employee Cost	44,164	48,755	59,182	67,493
Other Expenses	76,745	82,771	91,699	1,04,578
EBITDA	1,26,662	1,64,407	1,89,902	2,19,539
YoY gr. (%)	22.0	29.8	15.5	15.6
Margin (%)	12.8	14.5	14.6	14.8
Depreciation and Amortization	34,389	38,519	47,059	56,939
EBIT	92,273	1,25,888	1,42,842	1,62,600
Margin (%)	9.3	11.1	11.0	11.0
Net Interest	1,388	993	765	745
Other Income	43,944	36,071	36,316	40,047
Profit Before Tax	1,34,830	1,60,966	1,78,393	2,01,902
Margin (%)	13.7	14.2	13.7	13.6
Total Tax	27,652	35,413	39,247	44,419
Effective tax rate (%)	20.5	22.0	22.0	22.0
Profit after tax	1,07,178	1,25,554	1,39,147	1,57,484
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	1,07,178	1,25,554	1,39,147	1,57,484
YoY gr. (%)	34.3	17.1	10.8	13.2
Margin (%)	10.9	11.1	10.7	10.6
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	1,07,178	1,25,554	1,39,147	1,57,484
YoY gr. (%)	63.7	17.1	10.8	13.2
Margin (%)	10.9	11.1	10.7	10.6
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	1,07,178	1,25,554	1,39,147	1,57,484
Equity Shares O/s (m)	1,199	1,199	1,199	1,199
EPS (Rs)	89.4	104.7	116.0	131.3

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Non-Current Assets				
Gross Block	4,12,243	5,27,243	6,49,243	7,74,243
Tangibles	4,12,243	5,27,243	6,49,243	7,74,243
Intangibles	-	-	-	-
Acc: Dep / Amortization	2,36,963	2,75,481	3,22,541	3,79,480
Tangibles	2,36,963	2,75,481	3,22,541	3,79,480
Intangibles	-	-	-	-
Net fixed assets	1,75,280	2,51,761	3,26,702	3,94,763
Tangibles	1,75,280	2,51,761	3,26,702	3,94,763
Intangibles	-	-	-	-
Capital Work In Progress	37,558	35,680	37,464	39,337
Goodwill	-	-	-	-
Non-Current Investments	2,21,864	2,32,513	2,43,695	2,57,784
Net Deferred tax assets	(15,551)	(16,328)	(17,145)	(18,002)
Other Non-Current Assets	-	-	-	-
Current Assets				
Investments	79,021	79,021	79,021	79,021
Inventories	95,048	1,11,831	1,28,288	1,46,305
Trade receivables	45,495	52,230	59,916	68,330
Cash & Bank Balance	55,259	61,209	66,327	74,111
Other Current Assets	48,788	56,106	64,522	74,201
Total Assets	8,46,823	9,77,713	11,15,465	12,59,812
Equity				
Equity Share Capital	5,996	5,996	5,996	5,996
Other Equity	5,16,769	6,12,342	7,20,309	8,45,413
Total Networkth	5,22,766	6,18,338	7,26,305	8,51,409
Non-Current Liabilities				
Long Term borrowings	14,652	13,652	13,152	12,652
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	5,712	5,712	5,712	5,712
Trade payables	1,85,920	2,11,237	2,42,322	2,72,290
Other current liabilities	1,02,223	1,12,445	1,10,829	99,746
Total Equity & Liabilities	8,46,823	9,77,713	11,15,465	12,59,812

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
PBT	1,34,830	1,60,966	1,78,393	2,01,902
Add. Depreciation	34,389	38,519	47,059	56,939
Add. Interest	1,388	993	765	745
Less Financial Other Income	43,944	36,071	36,316	40,047
Add. Other	(43,944)	(36,071)	(36,316)	(40,047)
Op. profit before WC changes	1,26,662	1,64,407	1,89,902	2,19,539
Net Changes-WC	(6,244)	(4,148)	(15,260)	(33,654)
Direct tax	(26,804)	(34,635)	(38,430)	(43,561)
Net cash from Op. activities	93,614	1,25,625	1,36,212	1,42,323
Capital expenditures	(77,858)	(1,23,771)	(1,34,966)	(1,40,962)
Interest / Dividend Income	-	-	-	-
Others	43,944	36,071	36,316	40,047
Net Cash from Invt. activities	(33,914)	(87,700)	(98,650)	(1,00,915)
Issue of share cap. / premium	7,324	-	-	-
Debt changes	(29,891)	(1,000)	(500)	(500)
Dividend paid	(25,304)	(29,981)	(31,180)	(32,379)
Interest paid	(1,388)	(993)	(765)	(745)
Others	-	-	-	-
Net cash from Fin. activities	(49,258)	(31,974)	(32,445)	(33,624)
Net change in cash	10,442	5,950	5,117	7,785
Free Cash Flow	43,995	12,502	12,428	15,450

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q3FY24	Q4FY24	Q1FY25	Q2FY25
Net Revenue	2,52,885	2,51,828	2,70,388	2,75,533
YoY gr. (%)	16.8	11.6	12.0	12.9
Raw Material Expenses	1,90,660	1,84,348	1,99,394	2,04,440
Gross Profit	62,225	67,481	70,994	71,092
Margin (%)	24.6	26.8	26.3	25.8
EBITDA	32,364	31,770	40,222	39,042
YoY gr. (%)	15.0	13.9	22.4	30.5
Margin (%)	12.8	12.6	14.9	14.2
Depreciation / Depletion	8,179	9,882	9,146	9,614
EBIT	24,186	21,888	31,076	29,428
Margin (%)	9.6	8.7	11.5	10.7
Net Interest	348	397	529	551
Other Income	7,370	4,753	3,515	20,433
Profit before Tax	31,207	26,244	34,062	49,310
Margin (%)	12.3	10.4	12.6	17.9
Total Tax	6,668	6,243	7,936	10,901
Effective tax rate (%)	21.4	23.8	23.3	22.1
Profit after Tax	24,540	20,001	26,126	38,409
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	24,540	20,001	26,126	38,409
YoY gr. (%)	13.8	(2.9)	(5.3)	13.2
Margin (%)	9.7	7.9	9.7	13.9
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	24,540	20,001	26,126	38,409
YoY gr. (%)	60.6	29.1	(5.3)	13.2
Margin (%)	9.7	7.9	9.7	13.9
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	24,540	20,001	26,126	38,409
Avg. Shares O/s (m)	1,198	1,198	1,198	1,198
EPS (Rs)	20.5	16.7	21.8	32.1

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25E	FY26E	FY27E
Per Share(Rs)				
EPS	89.4	104.7	116.0	131.3
CEPS	118.0	136.8	155.3	178.8
BVPS	435.9	515.6	605.6	710.0
FCF	36.7	10.4	10.4	12.9
DPS	21.1	25.0	26.0	27.0
Return Ratio(%)				
RoCE	18.0	21.3	20.7	20.1
ROIC	19.3	21.8	20.4	19.4
RoE	22.4	22.0	20.7	20.0
Balance Sheet				
Net Debt : Equity (x)	(0.2)	(0.2)	(0.2)	(0.2)
Net Working Capital (Days)	(17)	(15)	(15)	(14)
Valuation(x)				
PER	32.4	27.7	25.0	22.1
P/B	6.6	5.6	4.8	4.1
P/CEPS	24.6	21.2	18.7	16.2
EV/EBITDA	26.5	20.4	17.6	15.2
EV/Sales	3.4	3.0	2.6	2.3
Dividend Yield (%)	0.7	0.9	0.9	0.9

Source: Company Data, PL Research

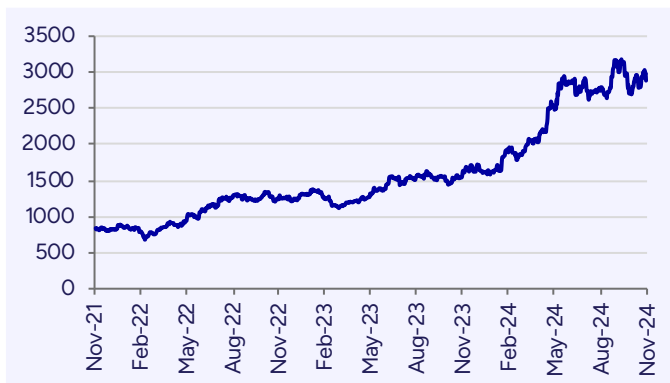
Key Operating Metrics

Y/e Mar	FY24	FY25E	FY26E	FY27E
Tractor Volumes	3,78,386	4,06,675	4,32,073	4,60,606
Auto volumes	8,24,926	9,12,096	10,11,771	10,90,930

Source: Company Data, PL Research

Price Chart

Recommendation History



No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Nov-24	BUY	3,456	2,891
2	07-Oct-24	BUY	3,458	3,060
3	23-Sep-24	BUY	3,326	2,951
4	01-Aug-24	BUY	3,330	2,908
5	08-Jul-24	BUY	3,250	2,881
6	18-Jun-24	BUY	3,250	2,929
7	17-May-24	BUY	2,716	2,372
8	08-Apr-24	BUY	2,306	2,013
9	15-Feb-24	BUY	1,875	1,657
10	08-Jan-24	BUY	1,830	1,642

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Aarti Industries	Reduce	411	474
2	Ashok Leyland	Accumulate	240	222
3	Bajaj Auto	Hold	11,859	11,617
4	Bharat Forge	Accumulate	1,501	1,329
5	Bharat Petroleum Corporation	Hold	316	310
6	Bharti Airtel	Accumulate	1,782	1,637
7	CEAT	Hold	3,063	2,973
8	Clean Science and Technology	Hold	1,526	1,484
9	Deepak Nitrite	Reduce	2,438	2,639
10	Divgi Torqtransfer Systems	Hold	632	638
11	Eicher Motors	BUY	5,299	4,599
12	Endurance Technologies	BUY	2,835	2,437
13	Exide Industries	Hold	456	437
14	Fine Organic Industries	BUY	5,852	5,000
15	GAIL (India)	Hold	204	209
16	Gujarat Fluorochemicals	Reduce	3,770	4,158
17	Gujarat Gas	Sell	389	486
18	Gujarat State Petronet	Hold	380	390
19	Hero Motocorp	Accumulate	5,162	4,604
20	Hindustan Petroleum Corporation	Accumulate	412	372
21	Indian Oil Corporation	Hold	156	147
22	Indraprastha Gas	Sell	321	406
23	Jubilant Ingrevia	Hold	695	682
24	Laxmi Organic Industries	Reduce	240	270
25	Mahanagar Gas	Sell	1,046	1,313
26	Mahindra & Mahindra	BUY	3,456	2,891
27	Mangalore Refinery & Petrochemicals	Sell	128	173
28	Maruti Suzuki	BUY	14,586	11,046
29	Navin Fluorine International	Accumulate	3,523	3,307

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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