

# MAHINDRA & MAHINDRA LIMITED

Firing on all cylinders: Strong core, EV edge, margin gains

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M&M reported a robust performance in Q4FY25, with standalone revenue rising by 24.5% YoY to ₹314 bn. EBITDA margin expanded by 184 bps to 14.9%, driven by operational efficiencies. PBT stood at ₹40.63 bn, up 48% YoY, with margin improving to 12.96% from 10.9% in Q4FY24. Adjusted PAT came in at ₹24.4 bn, growing 22% YoY, though the margin contracted slightly by 16.9 bps to 7.8%. Segment-wise, the Automotive business posted revenue of ₹249.76 bn, up 24.78% YoY, while the Farm Equipment segment reported revenue of ₹64.28 bn, up 22.99% YoY. EBIT margin for the Automotive segment improved by 20 bps to 9.23%, while the Farm Equipment segment saw a 366 bps expansion to 19.45%.

The company reported a strong performance in FY25 with standalone revenue at ₹1,165 bn, registering 18% YoY growth. EBITDA stood at ₹171.4 bn, with margins expanding by 143 bps to 14.7%. PBT came in at ₹144 bn with a margin of 12.3%, while adjusted PAT stood at ₹119 bn with a margin of 10.2%, down 56.2 bps YoY. The Automotive segment delivered revenue of ₹874 bn, up 18.2% YoY, supported by a 20% growth in SUV volumes—slightly ahead of the mid to high-teens target. Market share in the SUVs expanded by 210 bps to 22.5%. EBIT margin improved by 100 bps to 9.57%; excluding the impact of MEAL contract manufacturing, margins stood at 10%. However, contract manufacturing for electric vehicles led to an 80-bps correction, bringing the reported margin to 9.2%. The Farm Equipment segment reported revenue of ₹292 bn, growing 15.4% YoY, led by strong execution in market share gains. The company maintained its leadership position with a market share above 40%, reaching 43.3%, up 170 bps YoY. EBIT margin for the segment expanded by 210 bps to 18.4%, driven by better product mix and operational efficiencies.

## EV Business to Scale with Premium Positioning

The company's EVs made a strong debut in Q4FY25, emerging as the leading electric SUV and top electric PV by revenue share. Market shares stood at 37.2% in e-SUVs and 33.1% in e-PVs—the highest in both categories. Positioned at a premium, the EVs command significantly higher average price points than peers, though the segment currently operates at a 0.3% margin. With a customer base focused on refinement and driving experience, EV volumes are expected to grow further. In FY25, the company delivered 6,300 e-SUVs, with bookings skewed toward higher variants and average waiting periods of four months. It is leveraging existing manufacturing infrastructure to avoid major capex and remains cautious on delivery timelines until ramp-up stabilizes. Production of lower Pack 1/2 variants, including a 79 kWh version, is planned. In CY26, the company will launch three ICE models (including two MCEs), two BEVs, and two LCVs (one ICE, one EV).

Key Financials	FY23	FY24	FY25	FY26E	FY27E
Total sales (₹ bn)	850	991	1,165	1,250	1,390
EBITDA margins (%)	12.3	13.3	14.7	14.6	14.8
PAT margins (%)	9.4	10.7	10.2	10.1	10.2
EPS (₹)	67.0	89.4	98.7	105.4	118.3
P/E (x)	46.2	34.6	31.4	29.4	26.2
P/BV (x)	8.5	7.0	6.0	5.2	4.5
EV/EBITDA (x)	33.9	26.5	20.4	18.9	16.5
ROE (%)	18.4	20.4	19.2	17.7	17.1
Dividend yield (%)	0.4	0.5	0.6	0.7	0.8

## BUY

Current Market Price (₹) : 3,068

12M Price Target (₹) : 3,624

Potential Return (%) : 18

## Stock Data

Sector	:	Autos & FES
Face Value (₹)	:	5
Total MCap (₹ bn)	:	3,803
Free Float MCap (₹ bn)	:	2,703
52-Week High / Low (₹)	:	3,271 / 2,160
BSE Code / NSE Symbol	:	500520 / M&M
Bloomberg	:	MM IN
Sensex / Nifty	:	80,641 / 24,380

## Shareholding Pattern

(%)	Mar-25	Dec-24	Sep-24	Jun-24
Promoter	18.45	18.48	18.54	18.56
FPIs	38.30	38.91	41.19	41.89
MFs	15.37	14.98	12.92	12.71
Insurance	11.65	11.71	11.61	10.81
Others	16.23	15.92	15.74	16.03

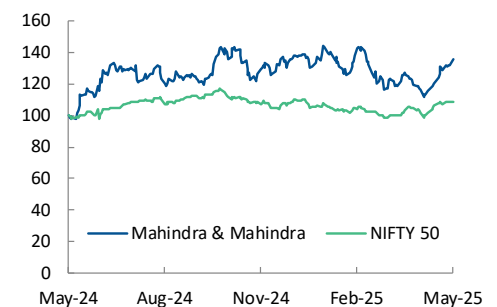
Source: BSE

## Price Performance

(%)	1M	3M	6M	12M
M&M	18.2%	-2.3%	4.5%	37.9%
Nifty 50	6.4%	3.3%	-0.4%	8.6%

\* To date / current date : May 6, 2025

## M&M vs Nifty 50



### Expecting Continued Growth in FES

The FES achieved 43.3% market share, with significant gains in Q4 driven by focused product, channel, and execution strategies. The company emphasizes sustainable market share growth without pursuing irrational actions. Farm margins, particularly in Q4, showed notable improvements. Global subsidiaries in Turkey, Brazil, and the Magna played strategic roles, with Brazil consistently gaining market share and Magna growing in the <20 hp segment despite industry downturns. Farm machinery surpassed Rs10 bn, making Mahindra the second-largest player in India, with plans for accelerated growth. The OJA series and Swaraj's Target helped address product gaps and increase share. The tractor industry is expected to grow at a high single-digit growth in FY26 with Mahindra poised to gain further market share, particularly in South and Maharashtra.

We project Mahindra & Mahindra's revenue, EBITDA, and PBT to grow at a CAGR of 7.3%, 9.6%, and 9.4%, respectively, over FY25–FY27E. Margin expansion is expected in the near term, driven by higher volumes supported by robust demand for existing models such as the XEV, Thar, and XUV, as well as a healthy pipeline of new launches and the company's strong brand equity. M&M continues to demonstrate strong execution capabilities, maintaining leadership across all three key segments. We reiterate our BUY rating with SOTP-based target price of ₹3,624 with the standalone business valued at ₹3,201, based on 27x FY27E earnings.

### Quarterly Financial Snapshot

YE Mar (₹ mn)	Q4FY25	Q3FY25	% qoq	Q4FY24	% yoy
Net sales	3,13,534	3,05,382	2.7%	2,51,828	24.5%
Raw material costs	2,32,300	2,27,268	2.2%	1,84,348	26.0%
Employee costs	12,686	12,850	-1.3%	11,223	13.0%
Other expenses	21,725	20,584	5.5%	23,274	-6.7%
EBITDA	46,824	44,681	4.8%	32,983	42.0%
EBITDA margins %	14.9%	14.6%	-30bps	13.1%	184bps
Other income	493	6,063	-91.9%	3,539	-86.1%
Depreciation	13,058	10,451	24.9%	9,882	32.1%
Interest expenses	810	614	31.9%	397	104.3%
PBT	33,449	39,679	-15.7%	26,244	27.5%
Tax	9,079	10,036	-9.5%	6,243	45.4%
Reported PAT	24,370	29,643	-17.8%	20,001	21.8%
Exceptional items	-	-	N/A	-	N/A
Adjusted PAT	24,370	29,643	-17.8%	20,001	21.8%
Adj EPS	20.38	24.79	-17.8%	16.72	21.9%

Source: Company, LKP Research

## Key Takeaways From Conference Call:

### Automotive Segment

#### FY26 Growth Drivers

- Full-year contribution from Thar Roxx and XUV 3XO volumes.
- BEVs will add volumes without impacting ICE sales.
- Strong export growth, especially to South Africa and Australia.

#### Product Pipeline

- CY26 launches: 3 ICE models (including 2 mid-cycle updates), 2 BEVs, and 2 LCVs (1 ICE, 1 EV).
- New platform launch in August 2025; products from FY27 onward.

#### EV Segment Highlights

- FY25 e-SUV deliveries: 6,300 units.
- Strong bookings, skewed toward premium variants; 4-month average waiting period.
- Lower-end Pack 1/2 variants and 79kWh battery to be launched.
- XEV 9e certification under PLI scheme expected in Q2 FY26; incentives to follow.
- EV strategy gaining traction, including in Tier-3 cities, with minimal ICE cannibalization.

#### Capacity Expansion

- SUV capacity: 54,000 (FY25) → 57,000 (FY26) → 67,000 units/month (FY27).
- BEV capacity: 7,500 → 12,000 → 18,000 units/month.
- Thar and XUV 3XO capacity: 9,000 → 11,000 units/month.
- New platform to add 120,000-unit capacity.
- Greenfield plant planned for FY28 and beyond.

#### LCV Segment

- FY25 volume growth: +5% YoY (vs industry decline of 3%).
- Market share: 51.9% (+290 bps YoY); Q4FY25: 52.3% (+480 bps).
- Veero launch drove 7–8% share gain in South India.

#### Regulatory & Raw Material Updates

- CAFÉ norms expected to mandate 25% EV mix.
- Rare earth metal restrictions pose no near-term impact; inventory secured.

### Farm Segment

#### FY26 Outlook

- Industry growth expected in high single digits.
- Strong demand anticipated in South India and Maharashtra, where M&M has strong positioning.

#### Global Farm Subsidiaries

- FY25 loss of ₹1.04 bn due to macro headwinds.
- Profitable turnaround expected in 12–18 months.

#### By Region:

- Turkey: Industry down 26%; market share fell to 5% in H2FY25.
- Brazil: Industry up 12%; market share rose to 8.5%.
- North America (MagNA): Industry down 13%; market share increased to 8.5% in Q4.

#### Write-offs

- On a standalone basis, MAM ₹2.88 bn, Sampo ₹3.66 bn.

## Income Statement

(₹ mn)	FY 24	FY 25	FY 26E	FY 27E
Total Revenues	8,49,603	9,90,977	11,64,837	12,49,841
Raw Material Cost	6,45,582	7,39,949	8,63,401	9,27,382
Employee Cost	36,499	44,632	48,815	51,243
Other Exp	63,098	74,943	81,396	88,739
<b>EBITDA</b>	<b>1,04,424</b>	<b>1,31,454</b>	<b>1,71,226</b>	<b>1,82,477</b>
<i>EBITDA Margin(%)</i>	<i>12.3</i>	<i>13.3</i>	<i>14.7</i>	<i>14.6</i>
Other Income	25,452	39,409	30,048	32,241
Depreciation	31,545	34,880	42,268	46,731
Interest	2728	1405	2505	1400
<b>PBT</b>	<b>95,603</b>	<b>1,34,578</b>	<b>1,56,501</b>	<b>1,66,586</b>
<i>PBT Margin(%)</i>	<i>11.3</i>	<i>13.6</i>	<i>13.4</i>	<i>13.3</i>
Tax	15,821	28,155	37,952	39,981
<b>Adj PAT</b>	<b>79,782</b>	<b>1,06,423</b>	<b>1,18,550</b>	<b>1,26,606</b>
<i>Adj PAT Margins (%)</i>	<i>9.4</i>	<i>10.7</i>	<i>10.2</i>	<i>10.1</i>
Exceptional items	0	0	0	0
<b>Reported PAT</b>	<b>79,782</b>	<b>1,06,423</b>	<b>1,18,550</b>	<b>1,26,606</b>
<i>Rep. PAT Margins (%)</i>	<i>9.4</i>	<i>10.7</i>	<i>10.2</i>	<i>10.1</i>

## Key Ratios

YE Mar	FY 24	FY 25	FY 26E	FY 27E
<b>Per Share Data (₹)</b>				
Adj. EPS	67.0	89.4	98.7	105.4
CEPS	81.5	118.7	133.9	144.4
BVPS	364.4	439.3	512.9	597.2
DPS	12.1	17.0	19.7	21.1
<b>Growth Ratios(%)</b>				
Total revenues	47.0	16.6	17.5	7.3
EBITDA	41.4	25.9	30.3	6.6
PAT	44.6	33.4	11.4	6.8
EPS Growth	44.6	33.4	10.4	6.8
<b>Valuation Ratios (X)</b>				
PE	46.2	34.6	31.4	29.4
P/CEPS	38.0	26.1	23.1	21.4
P/BV	8.5	7.0	6.0	5.2
EV/Sales	4.2	3.5	3.0	2.8
EV/EBITDA	33.9	26.5	20.4	18.9
<b>Operating Ratios (Days)</b>				
Inventory days	50.2	46.9	43.7	48.0
Receivable Days	15.2	15.8	16.1	15.0
Payables day	85.1	88.1	88.8	84.0
Net Debt/Equity (x)	0.05	0.02	0.02	0.01
<b>Profitability Ratios (%)</b>				
ROE	18.4	20.4	19.2	17.7
Dividend payout	18.0	19.0	20.0	20.0
Dividend yield	0.4	0.5	0.6	0.7

## Balance Sheet

(₹ mn)	FY 24	FY 25	FY 26E	FY 27E
<b>Equity and Liabilities</b>				
Equity Share Capital	5,991	5,996	6,004	6,004
Reserves & Surplus	4,27,577	5,16,769	6,09,847	7,11,132
Total Networth	4,33,567	5,22,766	6,15,851	7,17,136
Total debt	49,128	40,010	43,211	43,211
Deferred tax liabilities	14,703	15,551	16,629	16,629
Current liabilities & Provisions	2,60,400	2,59,788	3,20,798	3,00,165
<b>Total Liabilities</b>	<b>7,57,798</b>	<b>8,38,114</b>	<b>9,96,489</b>	<b>10,77,141</b>
<b>Assets</b>				
Fixed assets	1,97,608	2,12,838	2,35,327	2,73,596
Non current Investments	1,75,391	2,15,487	2,23,786	2,43,786
Other non current assets	38,363	58,730	60,737	60,737
<b>Current Assets</b>	<b>3,46,436</b>	<b>3,51,058</b>	<b>4,76,639</b>	<b>4,99,022</b>
Cash and bank(i)	13,101	18,694	12,644	42,841
Bank deposits other than(i)	31,716	36,566	95,262	31,716
Inventories	88,814	95,048	1,03,333	1,21,957
Sundry Debtors	40,417	45,495	57,256	51,363
Loan, Advances & others	21,770	23,789	11,695	11,695
Other current assets	1,82,334	1,68,032	2,91,711	2,71,166
<b>Total Assets</b>	<b>7,57,798</b>	<b>8,38,114</b>	<b>9,96,489</b>	<b>10,77,141</b>

## Cash Flow

(₹ mn)	FY 24	FY 25	FY 26E	FY 27E
PBT	95,603	1,34,830	1,56,501	1,66,586
Depreciation	31,545	34,389	42,268	46,731
Interest	2,728	1,388	2,505	1,400
Chng in working capital	3,871	8,681	26,023	(33,364)
Tax paid	(19,380)	(28,509)	(35,415)	(39,981)
Other operating activities	(23,074)	0	(25,709)	0
<b>Cash flow from operations (a)</b>	<b>91,293</b>	<b>1,12,792</b>	<b>1,66,172</b>	<b>1,41,373</b>
Capital expenditure	(34,313)	(48,328)	(46,489)	(85,000)
Chng in investments	(43,801)	(13,284)	(67,397)	(63,000)
Other investing activities	30,579	9,785	(24,855)	63,545
<b>Cash flow from investing (b)</b>	<b>(47,535)</b>	<b>(51,826)</b>	<b>(1,38,740)</b>	<b>(84,455)</b>
Free cash flow (a+b)	43,758	60,966	27,432	56,918
Inc/dec in borrowings	(19,752)	(38,648)	(6,171)	0
Dividend paid (incl. tax)	(14,359)	(20,211)	(26,196)	(25,321)
Other financing activities	0	0	0	0
<b>Cash flow from financing (c)</b>	<b>(37,838)</b>	<b>(55,375)</b>	<b>(33,548)</b>	<b>(26,721)</b>
<b>Net chng in cash (a+b+c)</b>	<b>5,920</b>	<b>5,591</b>	<b>(6,117)</b>	<b>30,197</b>
<b>Closing cash &amp; cash equivalents</b>	<b>13,102</b>	<b>18,693</b>	<b>12,644</b>	<b>42,841</b>

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