

# MAHINDRA & MAHINDRA LIMITED

Stellar performance to continue

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M&M reported a robust performance in Q1FY26, with standalone revenue rising by 26.1% YoY to ₹341 bn. EBITDA margin was a tad bit lower by 55 bps YoY to 14.3%, led by new launches. PBT stood at ₹44.7 bn, up 31% YoY and 33.7% qoq. Adjusted PAT came in at ₹34.5 bn, growing 32% YoY and 41.6% QoQ. Segment-wise, the Automotive business posted revenue of ₹249.5 bn, up 32% YoY, while the Farm Equipment segment reported revenue of ₹91.8 bn, up 13% YoY. EBIT margin for the Automotive segment were down by 60 bps yoy to 8.9% (10% excluding EVs), while the Farm Equipment segment saw a solid 130 bps expansion to 19.8%, highest since last 16 quarters.

## Market share growth in SUVs to continue

The company's EVs made a strong debut in Q4FY25, emerging as the leading electric SUV and top electric PV by revenue share. SUV markets share of M&M has expanded meaningfully by 570 bps to 27.3% as Auto volumes has grown at 22%. Market shares stood at 44.3% in e-SUVs and 40.9% 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 low single digit margins. 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 new SUVs. The company guided us for a mid to high teens growth in the SUV segment for FY 26E. All eyes will now be on 15th August when a new platform will be launched. On the e-3W side of business, M&M is holding market leadership position with 38.7% market share, while in the LCV business the company boasts a market share of 54.2%.

## New launches, good reservoir levels to augur well for the FES business

The FES achieved 45.2% market share, with significant gains in Q1 driven by focused product, channel, and execution strategies. The company emphasizes sustainable market share growth without pursuing irrational actions. Farm margins, particularly in Q1, showed notable improvement at 19.8% aided by price hike. 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 grew by 17% yoy at ₹3.1 bn, making M&M 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 mid-single-digit growth in FY26 considering good rainfall and high reservoir levels, with M&M poised to gain further market share, particularly in South and Maharashtra.

Key Financials	FY24	FY25	FY26E	FY27E
Total sales (bn)	991	1,165	1,345	1,503
EBITDA margins (%)	13.3	14.7	14.6	15.0
PAT margins (%)	10.7	10.2	10.2	10.4
EPS (₹)	89.4	98.7	114.2	130.3
P/E (x)	36.0	32.6	28.2	24.7
P/BV (x)	7.3	6.3	5.3	4.5
EV/EBITDA (x)	27.7	21.3	18.3	15.9
ROE (%)	20.4	19.2	18.9	18.4
Dividend yield (%)	0.5	0.6	0.7	0.8

## BUY

Current Market Price (₹)	3,198
12M Price Target (₹)	3,682
Potential Return (%)	15

### Stock Data

Sector	:	Autos & FES
Face Value (₹)	:	5
Total MCap (₹ bn)	:	3,976
Free Float MCap (₹ bn)	:	2,817
52-Week High / Low (₹)	:	3,303 / 2,425
BSE Code / NSE Symbol	:	500520 / M&M
Bloomberg	:	MM IN
Sensex / Nifty	:	81,186 / 24,768

### Shareholding Pattern

(%)	Jun-25	Mar-25	Dec-24	Sep-24
Promoter	18.44	18.45	18.48	18.54
FPIs	37.92	38.30	38.91	41.19
MFs	15.15	15.37	14.98	12.92
Insurance	11.13	11.65	11.71	11.61
Others	17.36	16.23	15.92	15.74

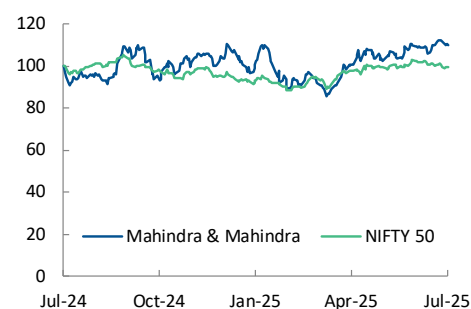
Source: BSE

### Price Performance

(%)	1M	3M	6M	12M
M&M	0.4%	9.2%	6.9%	10.0%
Nifty 50	-2.9%	1.8%	5.4%	-0.7%

\* To date / current date : July 30, 2025

### M&M vs Nifty 50



### Quarterly Financial Snapshot

YE Mar (₹ mn)	Q1FY26	Q4FY25	QoQ	Q1FY25	YoY
Net sales	3,40,832	3,13,534	8.7%	2,70,388	26.1%
Raw material costs	2,59,207	2,32,300	11.6%	1,99,394	30.0%
Employee costs	13,017	12,686	2.6%	11,753	10.7%
Other expenses	19,769	21,725	-9.0%	19,018	3.9%
EBITDA	48,840	46,824	4.3%	40,222	21.4%
EBITDA margins %	14.3%	14.9%	-60bps	14.9%	-55bps
Other income	7,316	5,125	42.7%	3,515	108.1%
Depreciation	9,999	13,058	-23.4%	9,146	9.3%
Interest expenses	559	810	-31.0%	529	5.7%
PBT	44,713	33,449	33.7%	34,062	31.3%
Tax	10,214	9,079	12.5%	7,936	28.7%
Reported PAT	34,498	24,370	41.6%	26,126	32.0%
Exceptional items	-	-	N/A	-	N/A
Adjusted PAT	34,498	24,370	41.6%	26,126	32.0%
Adj EPS	28.84	20.38	41.6%	21.84	32.0%

Source: Company, LKP Research

### SOTP Valuation

Particulars	Basis	Subs Discount	Value per share (₹)
<b>M&amp;M Standalone</b>	<b>P/E (@25x FY 27E EPS)</b>	<b>-</b>	<b>3,258</b>
M&M Financial Services	Market cap	20%	112
Tech Mahindra	Market cap	20%	246
Mahindra Lifespaces	Market cap	20%	20
Mahindra Logistics	Market cap	20%	9
Mahindra Holiday & Resorts	Market cap	20%	14
Swaraj Engines	Market cap	20%	18
RBL	Market cap	20%	4
<b>Subsidiaries Total SOTP value</b>			<b>423</b>
<b>Total</b>			<b>3,682</b>

### Outlook & valuation

We project M&M's revenue, EBITDA, and PBT to grow at a CAGR of 14%, 15%, and 16%, respectively, over FY25–FY27E. We see some pressure on margins in the near to mid-term as EV portfolio expands, but as volumes rise, we see margin growth in long term on operating leverage. We believe the volume growth should be well supported by robust demand for existing models 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 of SUVs, LCVs-3Ws and FES. We reiterate our BUY rating with a target price of ₹3,682, with the standalone business valued at ₹3,258, based on 25x FY27E earnings and subsidiary valuation of ₹423.

### KTAs from conference call

- eSUV volume contribution in SUV is 7.8% in Q1FY26 (6% in Q4FY25) vs Industry penetration of 5.6% in Q1FY26 (4.2% in Q4FY25). eSUV market share at 31.8% in Q1FY26 up by 380 bps QoQ. BEV EBITDA margin at 3.6% in Q1FY26.
- Sales in eSUV contains higher contribution from higher end versions but over quarters mix will change. The company is agnostic to cannibalization, margins will become same over coming years for ICE and EV, but there will be overall growth.
- Market share in volumes will get affected after entry of global players. Competition will be intensified but will help to improve penetration of EV in the industry and volume for M&M will see further improvement, it will also help to improve infra for the EV. M&M is focusing on revenue market share.
- Not accrued any PLI on EV, however, M&M is qualified for PLI for XEV 9E. Awaiting final technical audit certificate which is expected in Q2FY26E or early Q3FY26E and will start accruing PLI cumulatively for past quarters thereafter. For BE6 will apply for PLI in Q4 FY26E, generally application gets approved in 2-3 months.
- SUV growth guidance mid-high teens, driven by 2 new eSUVs (H1FY26E), upgrades of Scorpio, 3XO, in few months.
- CV volumes are up by 4% in the current tough environment.
- Core Tractor business EBIT margin was seen at 20.7% up by 100 bps YoY.
- Rotovator market share at 25.1% in Q1FY26
- 3XO has done very well in export markets (SA & Australia). Target is 1000+ a month.
- The company is exploring new Greenfield plant, exploring site will take few more months.
- Capacity utilization: ICE ~80%. ePV ~70-80%.
- Steel prices were up by 6% in Q1. Hedging is done by the company, but future increase is concerning.
- The company is comfortably covered for dearth in rare earth magnets, therefore no disruption is expected for M&M. Series of action have been taken, as they are covered for next 2 quarters.

### Income Statement

(₹ mn)	FY24	FY25	FY26E	FY27E
<b>Total Revenues</b>	<b>9,90,977</b>	<b>11,64,837</b>	<b>13,44,866</b>	<b>15,02,575</b>
Raw Material Cost	7,39,949	8,63,401	9,97,890	11,16,414
Employee Cost	44,632	48,815	55,139	60,103
Other Exp	74,943	81,396	95,485	1,00,673
<b>EBITDA</b>	<b>1,31,454</b>	<b>1,71,226</b>	<b>1,96,350</b>	<b>2,25,386</b>
<i>EBITDA Margin(%)</i>	<i>13.3</i>	<i>14.7</i>	<i>14.6</i>	<i>15.0</i>
Other Income	39,409	30,048	34,692	38,760
Depreciation	34,880	42,268	48,631	56,231
Interest	1405	2505	2000	2000
<b>PBT</b>	<b>1,34,578</b>	<b>1,56,501</b>	<b>1,80,411</b>	<b>2,05,915</b>
<i>PBT Margin(%)</i>	<i>13.6</i>	<i>13.4</i>	<i>13.4</i>	<i>13.7</i>
Tax	28,155	37,952	43,299	49,420
<b>Adj PAT</b>	<b>1,06,423</b>	<b>1,18,550</b>	<b>1,37,113</b>	<b>1,56,496</b>
<i>Adj PAT Margins (%)</i>	<i>10.7</i>	<i>10.2</i>	<i>10.2</i>	<i>10.4</i>
Exceptional items	0	0	0	0
<b>Reported PAT</b>	<b>1,06,423</b>	<b>1,18,550</b>	<b>1,37,113</b>	<b>1,56,496</b>
<i>Rep. PAT Margins (%)</i>	<i>10.7</i>	<i>10.2</i>	<i>10.2</i>	<i>10.4</i>

### Key Ratios

YE Mar	FY24	FY25	FY26E	FY27E
<b>Per Share Data (₹)</b>				
Adj. EPS	89.4	98.7	114.2	130.3
CEPS	118.7	133.9	154.7	177.2
BVPS	439.3	512.9	604.2	708.5
DPS	17.0	19.7	22.8	26.1
<b>Growth Ratios(%)</b>				
Total revenues	16.6	17.5	15.5	11.7
EBITDA	25.9	30.3	14.7	14.8
PAT	33.4	11.4	15.7	14.1
EPS Growth	33.4	10.4	15.7	14.1
<b>Valuation Ratios (X)</b>				
PE	36.0	32.6	28.2	24.7
P/CEPS	27.1	24.1	20.8	18.2
P/BV	7.3	6.3	5.3	4.5
EV/Sales	3.7	3.1	2.7	2.4
EV/EBITDA	27.7	21.3	18.3	15.9
<b>Operating Ratios (Days)</b>				
Inventory days	46.9	43.7	48.0	53.0
Receivable Days	15.8	16.1	15.0	16.5
Payables day	88.1	88.8	84.0	83.0
Net Debt/Equity (x)	0.02	0.02	0.01	0.01
<b>Profitability Ratios (%)</b>				
ROE	20.4	19.2	18.9	18.4
Dividend payout	19.0	20.0	20.0	20.0
Dividend yield	0.5	0.6	0.7	0.8

### Balance Sheet

(₹ mn)	FY24	FY25	FY26E	FY27E
<b>Equity and Liabilities</b>				
Equity Share Capital	5,996	6,004	6,004	6,004
Reserves & Surplus	5,16,769	6,09,847	7,19,537	8,44,734
Total Networkth	5,22,766	6,15,851	7,25,541	8,50,738
Total debt	40,010	43,211	43,211	43,211
Deferred tax liabilities	15,551	16,629	16,629	16,629
Current liabilities & Provs	2,59,788	3,20,798	3,16,392	3,40,610
<b>Total Liabilities</b>	<b>8,38,114</b>	<b>9,96,489</b>	<b>11,01,773</b>	<b>12,51,187</b>
<b>Assets</b>				
Fixed assets	2,12,838	2,35,327	2,91,696	3,30,464
Non current Investments	2,15,487	2,23,786	2,43,786	2,68,786
Other non current assets	58,730	60,737	60,737	60,737
Current Assets	3,51,058	4,76,639	5,05,554	5,91,200
Cash and bank(i)	18,694	12,644	36,195	33,305
Bank deposits	36,566	95,262	31,716	31,716
Inventories	95,048	1,03,333	1,31,229	1,62,109
Sundry Debtors	45,495	57,256	55,268	67,925
Loan, Advances & others	23,789	11,695	11,695	11,695
Other current assets	1,68,032	2,91,711	2,71,166	3,16,166
<b>Total Assets</b>	<b>8,38,114</b>	<b>9,96,489</b>	<b>11,01,773</b>	<b>12,51,187</b>

### Cash Flow

(₹ mn)	FY24	FY25	FY26E	FY27E
PBT	1,34,830	1,56,501	1,80,411	2,05,915
Depreciation	34,389	42,268	48,631	56,231
Interest	1,388	2,505	2,000	2,000
Chng in working capital	8,681	26,023	(30,315)	(19,318)
Tax paid	(28,509)	(35,415)	(43,299)	(49,420)
Other operating activities	0	(25,709)	0	0
<b>CF from operations (a)</b>	<b>1,12,792</b>	<b>1,66,172</b>	<b>1,57,429</b>	<b>1,95,409</b>
Capital expenditure	(48,328)	(46,489)	(1,05,000)	(95,000)
Chng in investments	(13,284)	(67,397)	(63,000)	(70,000)
Other investing activities	9,785	(24,855)	63,545	0
<b>CF from investing (b)</b>	<b>(51,826)</b>	<b>(1,38,740)</b>	<b>(1,04,455)</b>	<b>(1,65,000)</b>
<b>Free cash flow (a+b)</b>	<b>60,966</b>	<b>27,432</b>	<b>52,974</b>	<b>30,409</b>
Inc/dec in borrowings	(38,648)	(6,171)	0	0
Dividend paid (incl. tax)	(20,211)	(26,196)	(27,423)	(31,299)
Other financing activities	0	0	0	0
<b>CF from financing (c)</b>	<b>(55,375)</b>	<b>(33,548)</b>	<b>(29,423)</b>	<b>(33,299)</b>
<b>Net chng in cash (a+b+c)</b>	<b>5,591</b>	<b>(6,117)</b>	<b>23,552</b>	<b>(2,890)</b>
<b>Closing cash &amp; cash eqvts</b>	<b>18,693</b>	<b>12,644</b>	<b>36,195</b>	<b>33,305</b>

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