ADD (Maintain)

CMP: **INR 3,717** Target Price: **INR 4,050 (INR 4,000)** ▲ 9%

ICICI Securities

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21 November 2025

India | Equity Research | Company Update

Mahindra and Mahindra

Automotives

Tractor guidance revised upwards; growth outlook remains healthy

We attended M&M's Investor Day. Takeaways: 1) Emphasised focus on delivering scale – target of 15–40% organic growth across businesses over FY26–30. 2) Targeting an 8x increase in auto revenue over FY20–30. 3) Raised domestic tractor industry volume growth outlook for FY25–30, from 7% to 9%. 4) Targeting 6x growth over FY20–30 in LMM, and aims to have 1mn EVs on road by 2031. We envisage M&M's healthy performance to continue led by its robust UV portfolio, healthy outlook for the tractor industry and upcoming launches. While the stock has outperformed its peers on the back of strong execution, its near-term upside seems capped. Maintain **ADD** with an SoTP-based TP of INR 4,050 (earlier: INR 4,000), implying 24x FY28E core EPS.

Takeaways from M&M's Investor Day

Automotive segment: M&M is targeting an 8x increase in auto revenue between FY20 and FY30. The company's aspiration to maintain its lead in SUVs continues, and it aims to become the world's fastest growing SUV brand. Its growth levers in the auto business include: 1) adventure-ready products such as next-generation monocoque models and new Global Pik Up; and 2) exports – expansion into RHD markets such as the UK, ANZ, SA and Europe's LHD markets. Products based on the new NU_IQ platform are expected to be launched in 15 months.

Farm segment: M&M upped its FY25–30 growth outlook, from 7% to 9%, for the tractor industry given the profitability of cash and horticulture crops. Apart from industry expansion, growth triggers include: 1) Market share gains in the 40–50HP segment. 2) Exports growth, notably in Brazil and North America led by new products and network expansion. 3) Farm machinery business' growth led by strong product portfolio, dealer network and capacity expansion.

Others: In last-mile mobility, M&M aspires to have 1mn EVs on road by 2031 (vs. ~300k EVs on road currently), translating to 6x revenue growth over FY20–30. In aerospace, the company is looking at both organic and inorganic growth to achieve its aspiration of being among the top 10 global suppliers. It currently has a USD 1.1bn backlog in the aero segment. For Tech Mahindra, the turnaround is expected to be completed by FY27.

Financial Summary

Y/E March (INR mn)	FY25A	FY26E	FY27E	FY28E
Net Revenue	11,64,837	13,62,771	15,37,331	17,32,144
EBITDA	1,71,226	1,95,792	2,22,339	2,53,782
EBITDA %	14.7	14.4	14.5	14.7
Net Profit	1,18,550	1,45,739	1,74,917	2,04,070
EPS (INR)	98.7	121.4	145.7	169.9
EPS % Chg YoY	10.5	22.9	20.0	16.7
P/E (x)	37.6	30.6	25.5	21.9
EV/EBITDA (x)	24.8	21.5	18.5	15.7
RoCE (%)	20.5	21.4	21.5	21.0
RoE (%)	20.8	21.5	21.5	20.9

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Market Data

Market Cap (INR)	4,622bn
Market Cap (USD)	52,101mn
Bloomberg Code	MM IN
Reuters Code	MAHM.BO
52-week Range (INR)	3,781 /2,360
Free Float (%)	72.0
ADTV-3M (mn) (USD)	103.8

Price Performance (%)	3m	6m	12m
Absolute	9.5	21.3	26.0
Relative to Sensex	4.8	15.8	15.7

ESG Score	2023	2024	Change
ESG score	**72.4**	**74.9**	**2.5**
Environment	58.0	70.6	12.6
Social	70.3	64.8	(5.5)
Governance	79.4	83.6	4.2

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Earnings Revisions (%)	FY26E	FY27E	FY28E
Revenue	0.0	0.0	0.6
EBITDA	0.0	0.0	0.8
EPS	0.0	0.0	0.7

Previous Reports

05-11-2025: Q2FY26 results review

31-07-2025: Q1FY26 results review

Exhibit 1: Estimates revision

M&M	FY26E			FY27E			FY28E		
	Old	Revised	% Change	Old	Revised	% Change	Old	Revised	% Change
Revenue (INR bn)	1,363	1,363	0.0%	1,537	1,537	0.0%	1,722	1,732	0.6%
Auto Volume ('000 units)	1,068	1,068	0.0%	1,190	1,190	0.0%	1,321	1,321	0.0%
Growth (%)	13.5%	13.5%		11.4%	11.4%		11.1%	11.1%	
Tractor Volume (mn units)	476	476	0.0%	489	489	0.0%	503	519	3.3%
Growth (%)	12.0%	12.0%		2.8%	2.8%		2.8%	6.2%	
EBITDA (INR bn)	196	196	0.0%	222	222	0.0%	252	254	0.8%
EBITDA margin (%)	14.4%	14.4%	0bps	14.5%	14.5%	0bps	14.6%	14.7%	10bps
PAT (INR bn)	146	146	0.0%	175	175	0.0%	203	204	0.7%
EPS (INR)	121	121	0.0%	146	146	0.0%	169	170	0.7%

Source: I-Sec research

Exhibit 2: SoTP-based valuation

SoTP	Methodology	Per share value (INR)
Core business	**24x Core EPS**	**3,530**
Listed subsidiaries		
Tech Mahindra	20% discount to TP/CMP	250
Mahindra Finance	20% discount to TP/CMP	150
Mahindra Life	20% discount to TP/CMP	30
Mahindra Holiday	20% discount to TP/CMP	30
Mahindra Logistics	20% discount to TP/CMP	10
Swaraj Engines	20% discount to TP/CMP	15
EPC	20% discount to TP/CMP	1
CIE Automotive SA	20% discount to TP/CMP	14
SML Isuzu	20% discount to TP/CMP	20
Total subsidiary value		**520**
Total Value		**4,050**

Source: Company data, I-Sec research

Downside risks

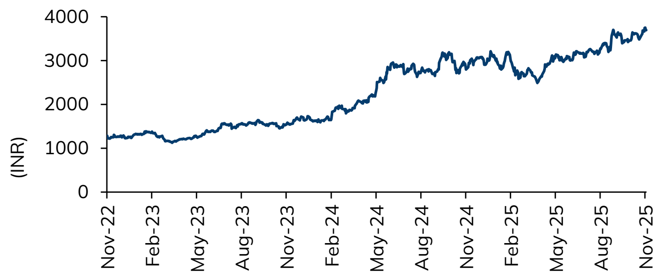
- Weaker-than-expected response to new launches. Slower EV adoption by customers may impact its recent/upcoming EV launches.
- Slowdown in domestic tractor market.
- Re-emergence of capital allocation in non-core areas.

Exhibit 3: Shareholding pattern

%	Mar'25	Jun'25	Sep'25
Promoters	18.5	18.4	18.4
Institutional investors	68.2	68.1	68.0
MFs and others	15.4	15.4	16.4
FIs/Banks	1.9	2.0	2.1
Insurance	11.7	11.3	10.6
FIIs	39.2	39.4	38.9
Others	13.3	13.5	13.6

Source: Bloomberg, I-Sec research

Exhibit 4: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 5: Profit & Loss

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Net Sales	11,64,837	13,62,771	15,37,331	17,32,144
Operating Expenses	**81,396**	**79,041**	**89,165**	**98,732**
EBITDA	1,71,226	1,95,792	2,22,339	2,53,782
EBITDA Margin (%)	**14.7**	**14.4**	**14.5**	**14.7**
Depreciation & Amortization	**42,268**	**42,777**	**46,382**	**50,394**
EBIT	1,28,958	1,53,016	1,75,957	2,03,388
Interest expenditure	2,505	2,400	2,500	2,500
Other Non-operating Income	30,048	44,353	52,973	63,280
Recurring PBT	1,56,501	1,94,968	2,26,430	2,64,169
Profit / Loss from Associates	**-**	**-**	**-**	**-**
Less: Taxes	37,952	49,229	51,513	60,098
PAT	1,18,550	1,45,739	1,74,917	2,04,070
Less: Minority Interest	-	-	-	-
Extraordinaries (Net)	-	-	-	-
Net Income (Reported)	1,18,550	1,45,739	1,74,917	2,04,070
Net Income (Adjusted)	1,18,550	1,45,739	1,74,917	2,04,070

Source Company data, I-Sec research

Exhibit 6: Balance sheet

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Total Current Assets	4,06,250	5,12,641	6,59,593	8,38,871
of which cash & cash eqv.	1,07,906	1,23,318	2,20,401	3,44,024
Total Current Liabilities & Provisions	3,46,959	3,69,623	4,04,437	4,43,157
Net Current Assets	**59,290**	**1,43,019**	**2,55,156**	**3,95,714**
Investments	3,54,681	3,79,681	4,04,681	4,29,681
Net Fixed Assets	1,96,281	1,97,550	2,02,402	2,07,853
ROU Assets	-	-	-	-
Capital Work-in-Progress	39,046	46,234	50,845	55,871
Total Intangible Assets	-	-	-	-
Other assets	-	-	-	-
Deferred Tax assets	-	-	-	-
Total Assets	**6,49,298**	**7,66,483**	**9,13,083**	**10,89,119**
Liabilities				
Borrowings	16,818	10,818	4,818	(1,182)
Deferred Tax Liability	16,629	18,091	19,789	21,771
Provisions	-	-	-	-
Other Liabilities	-	-	-	-
Equity Share Capital	6,004	6,004	6,004	6,004
Reserves & Surplus	6,09,847	7,31,570	8,82,472	10,62,527
Total Net Worth	**6,15,851**	**7,37,574**	**8,88,476**	**10,68,531**
Minority Interest	-	-	-	-
Total Liabilities	**6,49,298**	**7,66,483**	**9,13,083**	**10,89,119**

Source Company data, I-Sec research

Exhibit 7: Quarterly trend

(INR mn, year ending March)

	Dec-24	Mar-25	Jun-25	Sep-25
Net Sales	3,05,382	3,03,863	3,40,832	334,216
% growth (YOY)	20.8	20.7	26.1	21.3
EBITDA	43,843	43,452	48,840	48,615
Margin %	14.4	14.9	14.3	14.5
Extraordinaries	-	-	-	-
Adjusted Net Profit	29,643	24,371	34,498	45,205

Source Company data, I-Sec research

Exhibit 8: Cashflow statement

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Operating Cashflow	**2,06,200**	**1,22,600**	**2,08,745**	**2,40,029**
Working Capital Changes	42,878	(68,315)	(15,055)	(16,935)
Capital Commitments	(64,757)	(51,234)	(55,845)	(60,871)
Free Cashflow	**1,41,444**	**71,366**	**1,52,900**	**1,79,158**
Other investing cashflow	(57,231)	(27,400)	(27,500)	(27,500)
Cashflow from Investing Activities	**(1,21,988)**	**(78,634)**	**(83,345)**	**(88,371)**
Issue of Share Capital	8	-	-	-
Interest Cost	(2,691)	1,462	1,698	1,981
Inc (Dec) in Borrowings	(3,547)	(6,000)	(6,000)	(6,000)
Dividend paid	(25,336)	(24,016)	(24,016)	(24,016)
Others	-	-	-	-
Cash flow from Financing Activities	**(31,566)**	**(28,553)**	**(28,317)**	**(28,034)**
Chg. in Cash & Bank balance	52,646	15,413	97,082	1,23,623
Closing cash & balance	1,07,905	1,23,318	2,20,401	3,44,024

Source Company data, I-Sec research

Exhibit 9: Key ratios

(Year ending March)

	FY25A	FY26E	FY27E	FY28E
Per Share Data (INR)				
Reported EPS	98.7	121.4	145.7	169.9
Adjusted EPS (Diluted)	98.7	121.4	145.7	169.9
Cash EPS	133.9	157.0	184.3	211.9
Dividend per share (DPS)	21.1	20.0	20.0	20.0
Book Value per share (BV)	512.9	614.2	739.9	889.9
Dividend Payout (%)	21.4	16.5	13.7	11.8
Growth (%)				
Net Sales	17.9	17.0	12.8	12.7
EBITDA	32.5	14.3	13.6	14.1
EPS (INR)	10.5	22.9	20.0	16.7
Valuation Ratios (x)				
P/E	37.6	30.6	25.5	21.9
P/CEPS	27.8	23.7	20.2	17.5
P/BV	7.2	6.1	5.0	4.2
EV / EBITDA	24.8	21.5	18.5	15.7
EV / Sales	3.6	3.1	2.7	2.3
Profitability Ratios				
Gross Profit Margins (%)	21.7	20.2	20.3	20.4
EBITDA Margins (%)	14.7	14.4	14.5	14.7
EBIT Margins (%)	11.1	11.2	11.4	11.7
Net Profit Margins (%)	10.2	10.7	11.4	11.8
RoCE (%)	20.5	21.4	21.5	21.0
RoE (%)	20.8	21.5	21.5	20.9
Dividend Yield (%)	0.6	0.5	0.5	0.5
Operating Ratios				
Fixed Asset Turnover (x)	4.9	5.6	6.1	6.6
Inventory Turnover Days	32	35	35	35
Receivables Days	18	20	20	20
Payables Days	86	80	80	80
Effective Tax Rate (%)	24.3	25.3	22.8	22.8
Net Debt / Equity (x)	(0.4)	(0.3)	(0.4)	(0.5)
Net Debt / EBITDA (x)	(1.3)	(1.3)	(1.6)	(1.9)

Source Company data, I-Sec research

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