

**CMP: INR 3,021**

**Rating: Buy**

**Target Price: INR 3,716**

**Stock Info**

BSE	500520
NSE	M&M
Bloomberg	MM IN
Reuters	MAHM.BO
Sector	Auto- Cars & Jeeps
Face Value (INR)	5
Equity Capital (INR mn)	6000
Mkt Cap (INR Bn)	3757
52w H/L (INR)	3,271/2,160

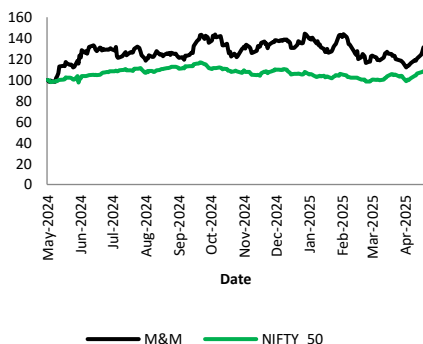
**Shareholding Pattern %**

(As on Dec, 2024)

Promoters	18.54
Public and others	81.46

Stock Performance (%)	1m	3m	12m
M&M	3.6	-4.9	37.7
Nifty	6.8	3.2	8.83

**M&M Vs Nifty**



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Mahindra & Mahindra (M&M) reported good Top line & Bottom Line. Standalone revenue stood at INR 313,534 Mn, above our estimate of INR 301,525 Mn registering a growth 24.5% YoY/2.7% QoQ. EBITDA stood at INR 39,640 Mn, below our estimate of INR 43,065 Mn, Registering a growth of 24.5%YoY/ down 9.6%QoQ. On the margins front, the EBITDA margin is flat bps YoY/ down 17bps QoQ to 12.6%, below with our estimate of 14.3% led by an increase in other expense 35% QoQ/18.1% QoQ. Standalone PAT de-grew by 17.8% QoQ/ +21.9% YoY to INR 24,371 Mn above our estimate of INR 23,589 Mn. SUVs (22.5% revenue share, up 210 bps), LCVs <3.5T (51.9% share, up 290 bps), Tractors (record 43.3% share, up 170 bps), and Electric 3-Wheelers (42.9% share, 4.5x volume growth in 3 years). Auto and Farm continue to gain market share and expand profitability. eSUV 30,179 bookings on Day 1, 6,300 eSUVs delivered. Standalone Q4 PBIT margin excluding eSUV Contract manufacturing at 10.0%Farm:Q4 volumes at 87k, up 23%.Recommended an INR 25.3 dividend per share. Dividend from subsidiaries/associates rose to INR 18213.5Mn in FY25 (against INR 16,389.9 Mn previous year).

**Investment Rationale**

**MEAL-Turn EBITDA positive:** MEAL turned EBITDA positive in its first quarter of operations, delivering a profit of INR 100 Mn without accounting for any PLI, as the company chose to wait for technical certification. This performance was supported by a strong mix, focused on premium top-pack versions, and further boosted by earnings from contract manufacturing. Combined with M&M's manufacturing contribution, the total EV EBITDA reached INR 220 Mn. Despite a PBIT loss of INR 1660 Mn due to depreciation, MEAL remained EBITDA positive, and Last Mile Mobility continued to grow with a 10% profit increase in Q4, setting the stage for a targeted 2x growth by FY26.

**M&M's Strong Product Portfolio and Capacity Expansion Plans for the Coming Years:**

By 2030, six products have been launched with more in the pipeline, including three ICE vehicles, two BE vehicles, and two LCVs planned for 2026 of which two are mid-cycle refreshes. Thar capacity is set to increase from 9/9.5 lakh to 10.5/11 lakh units with a 1,500-unit addition, while 3XO capacity will also rise by 1,500 units to reach 11 lakh units. An investment of INR 1.2 lakh cr is being made to add new capacity at the Chakan plant for an upcoming platform. Additionally, a new greenfield plant is planned for FY28 and beyond to support future products and ease current capacity constraints.

**Outlook and valuation**

The company posted strong numbers in Q4FY25, driven by the Automotive and Farm businesses. The company stated that its full-year revenue growth outlook in the mid-to-high single digit range supported by resilient demand and strong execution. Gross margin is expected to expand by 50–100 basis points, aided by favorable product mix and operational efficiencies. Adjusted EBITDA margin is projected to improve by 100–150 bps, reflecting ongoing cost discipline. R&D investment will remain focused on pipeline acceleration and innovation in key therapeutic areas. Free cash flow is projected to strengthen in the H2FY26 reinforcing confidence in full-year targets despite macroeconomic headwinds. However, **We upgrade our rating on the stock to Buy from Accumulate, with a revised SOTP-based target price of INR 3,716 per share.**

## Exhibit 2: Quarterly results summary Q4FY25

## Quarterly results summary Q4FY25

INR Mn	Q4FY25	Q3FY25	Q4FY24	QoQ %	YoY %
<b>Net Sales</b>	3,13,534	3,05,382	2,51,828	2.7%	24.5%
Cost of material consumed	2,32,299	2,27,268	1,84,348	2.2%	26.0%
Staff Cost	12,686	12,850	11,223	-1.3%	13.0%
Other expenses	28,910	21,422	24,487	35.0%	18.1%
Total expenses	2,73,894	2,61,540	2,20,058	4.7%	24.5%
<b>EBITDA</b>	39,640	43,843	31,770	-9.6%	24.8%
Depreciation	13,058	10,451	9,882	24.9%	32.1%
EBIT	26,582	33,392	21,888	-20.4%	21.4%
Interest	810	614	397	31.9%	104.3%
Other Income	7,678	6,901	4,753	11.3%	61.6%
Profit before exceptional items and tax	33,450	39,679	26,244	-15.7%	27.5%
Extraordinary	-	-	-	-	-
<b>Profit/(loss) before tax</b>	33,450	39,679	26,244	-15.7%	27.5%
Tax	(9,079)	(10,036)	(6,243)	-9.5%	45.4%
<b>Reported PAT</b>	24,371.4	29,643.1	20,000.7	-17.8%	21.9%
EPS	20.30	24.70	16.68	-17.8%	21.7%
<b>Margins</b>	<b>Q4FY25</b>	<b>Q3FY25</b>	<b>Q4FY24</b>	<b>QoQ %</b>	<b>YoY %</b>
Gross margins	25.9%	25.6%	26.8%	3bps	-9bps
EBITDA	12.6%	14.4%	12.6%	-17bps	0bps
PAT	7.8%	9.7%	7.9%	-19bps	-2bps
Tax Rate	-27.1%	-25.3%	-23.8%	-18bps	-34bps
<b>Tractor Segment</b>	<b>Q4FY25</b>	<b>Q3FY25</b>	<b>Q4FY24</b>	<b>QoQ %</b>	<b>YoY %</b>
Total Tractors Volume	88,018	1,21,774	90,061	-27.7%	-2.3%
Total Automotive Volume	2,53,027	2,45,499	2,12,078	3.1%	19.3%
Total Volume (Auto + Farm)	3,41,045	3,67,273	3,02,139	-7.1%	12.9%
Aveg Relizations (Auto)	3,77,341	3,88,907	3,73,311	-3.0%	1.1%
Aveg Relizations (FES)	5,92,817	4,28,479	5,44,437	38.4%	8.9%
Blended realisation	4,48,873	4,16,809	4,42,625	7.7%	1.4%

## Exhibit 3: SOTP Valuation

Listed Subsidiary	Valuation Basis	CMP	M&M stake	% Stake	Mcap (INR Mn)	Value/share
Tech Mahindra Limited		1,494	24,80,22,598	25.5	3,70,546	309
Mahindra & Mahindra Financial Services		264	64,43,99,987	52.2	1,70,122	142
Mahindra Holidays & Resorts		321	13,48,35,922	67.0	43,282	36
Mahindra Lifespace Developers		349	7,93,19,550	51.3	27,683	23
Mahindra EPC Irrigation		140	1,51,44,433	54.3	2,118	2
Swaraj Engines		4,050	63,31,141	34.8	25,641	21
Mahindra Logistics Ltd		307	4,18,12,257	58.1	12,836	11
<b>EV Business (30% Holdco discount)</b>			<b>2,00,284</b>	<b>4.76</b>		<b>161</b>
<i>Listed Subsidiaries (INR mn)</i>					6,52,228	543
						543
<b>Sub Valuations Post Discount (20%)</b>			<b>20%</b>		<b>-</b>	<b>435</b>
						596
<b>Core auto business EV/EBITDA</b>	<b>FY27E</b>	<b>14.5x</b>				<b>3,120</b>
<b>Value/Share</b>						<b>3716</b>
					CMP	3021
CMP as on 5th April 2025					Upside	23.2%

Source: Arianth Research, Company Filings

## Mahindra & Mahindra (M&M)-Q4FY25

**Guidance:** Remains positive, with growth expected in both auto and farm sectors. The company targets mid-teen margins in autos and 17–18% in farm. Despite commodity fluctuations, performance remains steady. Manufacturing saw efficiency gains and capacity growth, with plans to scale EV output to 10,000 units/month and SUV capacity to 6,000/week. Mahindra is targeting a large addressable market, citing the Indian SUV industry's 54% share of PVs and their leadership position with 20.4% SUV MS.

**Domestic:** Demand remains robust, particularly for SUVs and tractors, although the farm sector was impacted temporarily by erratic monsoons. The company recorded strong export growth in farm equipment, especially in Turkey, Southeast Asia, and Africa, and continues to invest in Farm International.

**Technology:** Leadership continues to be a strategic focus. The company is integrating advanced technology in EVs through partnerships (Volkswagen, RBL Bank, NIDEC, BPCL). Their new INGLO EV platform is foundational to future launches. SUV leadership is reinforced by strong performance in XUV700, Scorpio-N, Thar, and Bolero. EV strategy is advancing with the launch of XUV400 and the upcoming BE series.

**E-maintenance and cost controls** were emphasized through robust frugality measures and digitization, improving overall productivity. Despite inflation in commodities, especially steel, cost efficiencies offset impacts.

**Profitability** remains high across verticals, and the auto business ROCE rose to 30%.

**Capex guidance** stands at INR 37,000 cr for FY25-27, with the auto sector receiving the majority. The company maintains strict capital allocation discipline.

**PLI schemes and CAFÉ II compliance** are integral to the company's EV roadmap, with PLI supporting local manufacturing.

**Farm:** Continues its dominance with 42% domestic MS. In Japan, Mitsubishi Agricultural Machinery (MAM) turned profitable, driven by cost reduction, better inventory management, and new product launches. Subsidiaries like Classic Legends and EV Co. are scaling, with Classic Legends growing 2x in FY24.

**Acquisitions:** Swaraj Engines Ltd. which Mahindra has fully acquired. The XUV3XO was launched with over 27,000 bookings in less than a month. The company also reported significant new vehicle launches in FY24, including the Thar RWD and Scorpio Classic.

**Booking pipelines** remain healthy, with 220,000 open bookings and tight inventory management.

**Oja:** Platform will be launched in India in August 2024, covering multiple horsepower categories. Auto standalone performance is strong, with a 25% increase in SUV volumes and 40% increase in 3W volumes. Exports to the USA through farm equipment are growing, and Mahindra continues expanding its FARM International footprint.

**Domestic industry outlook:** Remains positive despite seasonal uncertainties in agriculture. Mahindra's acquisition of the truck and bus division from Mahindra Navistar supports diversification.

**Auto and MEAL (Mahindra Electric Auto Ltd.) businesses** are contributing meaningfully to revenue. OEM launches like VEERo and city-centric Maxx City vehicles enhance the last mile mobility segment.

Mahindra maintains a healthy ROCE across all verticals, especially in Auto and Farm, supported by a diverse auto product portfolio including EVs, ICE SUVs, tractors, and commercial vehicles.

**Strong growth** across product lines and regions, with U.S. up in the high teens, Mexico nearly doubling, and resilient momentum despite tough comps in categories like cabinets.

**Inventory** remains well-managed, with prior adjustments aligning to demand and no major risks anticipated, reflecting disciplined handling amid a volatile environment.

## Standalone Financial

P&L (INR mn)	FY24	FY25	FY26E	FY27E	FY28E
Net sales	9,87,634	11,64,837	13,28,033	14,82,557	16,70,280
YoY (%)	16.2	17.9	14.0	11.6	12.7
Raw material cost	7,40,064	8,63,402	9,70,792	10,79,302	12,10,953
Employee Cost	44,164	48,815	56,137	64,558	74,241
Admin Expenses	76,745	89,875	1,06,243	1,18,605	1,33,622
Total expenses	8,60,973	10,02,091	11,33,172	12,62,464	14,18,817
<b>EBIDTA</b>	<b>1,26,662</b>	<b>1,62,746</b>	<b>1,94,861</b>	<b>2,20,093</b>	<b>2,51,463</b>
(%)	12.8%	14.0%	14.7%	14.8%	15.1%
Depreciation	34,389	42,268	40,576	43,516	46,456
EBIT	1,16,833	1,41,886	1,54,285	1,76,577	2,05,007
Interest	1,388	2,505	1,139	1,086	827
Other income	19,384	17,119	27,150	26,000	26,001
<b>PBT</b>	<b>1,34,830</b>	<b>1,56,500</b>	<b>1,80,297</b>	<b>2,01,491</b>	<b>2,30,182</b>
(-) Tax	-27,652	-37,952	-42,639	-47,513	-54,112
Tax/ PBT	(20.5)	(24.3)	(23.6)	(23.6)	(23.5)
<b>PAT</b>	<b>1,07,178</b>	<b>1,18,549</b>	<b>1,37,658</b>	<b>1,53,978</b>	<b>1,76,069</b>
YoY (%)	63.7	10.6	16.1	11.9	14.3
PAT(%)	10.9%	10.2%	10.4%	10.4%	10.5%
Extraordinary	-	-	-	-	-
Reported Profit	1,07,178	1,18,549	1,37,658	1,53,978	1,76,069

B/Sheet (INR mn)	FY24	FY25	FY26E	FY27E	FY28E
Equity capital	5,996	6,004	6,004	6,004	6,004
Reserves	5,16,916	6,09,847	7,11,335	8,29,141	9,37,587
Net worth	5,22,912	6,15,851	7,17,338	8,35,145	9,43,591
Total Loans	15,849	11,351	9,354	7,358	5,362
Def Tax Liability	15,631	16,629	16,629	16,629	16,629
Assets held for sale					
<b>Total Liabilities</b>	<b>5,54,392</b>	<b>6,43,830</b>	<b>7,43,321</b>	<b>8,59,132</b>	<b>9,65,582</b>
Gross Block	1,58,415	1,77,249	1,93,249	2,09,249	2,25,249
Less: Acc. depreciation	34,389	42,268	40,576	43,516	46,456
Net block	1,24,027	1,34,981	1,52,673	1,65,733	1,78,793
Investments	3,49,332	4,12,991	4,15,050	4,15,653	4,18,702
Inventories	97,180	1,03,333	1,11,666	1,24,148	1,39,291
Debtors	45,679	57,256	55,337	61,776	69,598
Cash	56,645	1,07,906	1,50,072	2,32,632	3,13,878
Loans and advances	87,956	85,428	1,44,523	1,58,431	1,75,327
Other Current assets	32,541	41,865	42,451	43,045	47,350
Current assets	3,20,001	3,95,787	5,04,049	6,20,031	7,45,444
Current liabilities	2,31,540	2,91,215	3,00,096	3,10,632	3,41,696
Current liabilities & Provisions	2,73,356	3,42,196	3,28,450	3,42,285	3,77,357
Net current assets	46,645	53,591	1,75,598	2,77,746	3,68,087
<b>Total Assets</b>	<b>5,54,392</b>	<b>6,43,831</b>	<b>7,43,321</b>	<b>8,59,132</b>	<b>9,65,582</b>

Cash Flow	FY24	FY25	FY26E	FY27E	FY28E
Net Profit	1,07,178	1,18,549	1,37,658	1,53,978	1,76,069
Depreciation	34,389	42,268	40,576	43,516	46,456
Deferred tax	-27,652	-37,952	-42,639	-47,513	-54,112
Change in W/C	-6,527	38,060	-51,549	-19,587	-9,095
Operating cash flow	1,07,388	1,60,925	84,046	1,30,393	1,59,318
Change in intangible	-1,866	-3,569	1,631	171	864
Capex	-18,411	-18,834	-16,000	-16,000	-16,000
Investments	-20,857	-63,659	-2,059	-604	-3,049
Investing cash flow	-45,750	-77,053	-2,573	-8,580	-7,626
Free Cash Flow	87,589	1,39,586	66,908	1,13,307	1,42,492
Dividend	-30,023	-36,171	-36,171	-36,171	-67,623
Equity	12,189.60	10,561.29	-	-	-
Debt	-30,588	-4,498	-1,997	-1,996	-1,996
Financing cash flow	-48,422	-30,108	-38,168	-38,167	-69,619
Net change in cash	11,828	51,259	42,167	82,560	81,246
Opening cash	44,817	56,646	1,07,905	1,50,072	2,32,632
Closing cash	56,646	1,07,905	1,50,072	2,32,632	3,13,878

Key Ratios	FY24	FY25	FY26E	FY27E	FY28E
EPS	89.4	98.7	114.6	128.2	146.6
	64%	10%	16%	12%	14%
P/E (Standalone)	33.8	30.6	26.3	23.5	20.6
EV/EBDITA (x)	25.5	19.2	15.7	13.5	11.5
Book value	436	513	597	696	786
P/B (x)	6.9	5.9	5.0	4.3	3.8
Subsidiary Valuation	435	435	435	435	435
EPS (Core EPS)	76.0	88.5	102.2	114.3	130.9
P/E (Core)	34.0	29.2	25.3	22.6	19.7
EV/EBITDA (Core)	28.0	21.5	17.7	15.2	13.0
ROCE	20.7%	20.2%	20.0%	18.2%	18.4%
ROE	22.4%	20.8%	20.7%	19.8%	19.8%
Days					
Inventory	42.0	42.0	42.0	42.0	42.0
Debtor	15.2	15.2	15.2	15.2	15.2
Creditor	66.0	65.8	65.6	60.5	57.0

Source: Company, Arianth Research

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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