Mahindra & Mahindra Ltd.

Investment Thesis

- **SUV leadership, premiumisation and new launches continue to strengthen M&M's Auto franchise:** The company retained its leadership in the SUV segment with 15% YoY SUV volume growth despite production disruptions during the quarter. Strong demand for its premium SUV portfolio, coupled with the upcoming NU_IQ platform and continued focus on premiumization, is expected to support market share gains and improve realizations over the medium term.

- **EV business is emerging as a meaningful earnings driver:** EV penetration increased to 12% of SUV sales, significantly ahead of the industry average, while the integrated EV business generated ₹288 crore PBIT, demonstrating the scalability of M&M's EV strategy. The planned expansion of production capacity to 68,000 vehicles/month (including 8,000 EVs/month) by September 2026 provides adequate headroom to meet strong demand and support future launches.

- **Resilient execution despite commodity inflation reinforces profitability:** Despite facing 400–500 bps commodity inflation in the Auto business, M&M maintained healthy profitability through pricing actions, premium product mix, localization initiatives and operational efficiencies. The company's increasing adoption of AI across manufacturing, product development and after-sales service is expected to further enhance productivity, reduce costs and accelerate product development, supporting sustainable margin expansion.

- **Farm business provides stability while diversified businesses support long-term growth:** The Farm Equipment segment delivered 18% domestic volume growth and 15% export growth, supported by improving rural cash flows and rising mechanization, while maintaining healthy margins despite input cost pressures. In addition, Mahindra Finance, Tech Mahindra and Growth Gems continued to deliver strong earnings growth, providing diversified profit drivers beyond the core Auto business. With sustained SUV demand, accelerating EV adoption, capacity expansion and multiple growth engines across the group, M&M remains well-positioned to deliver healthy earnings growth over the medium term.

Outlook: M&M remains well positioned to deliver healthy earnings growth, supported by 15% YoY SUV volume growth, 12% EV penetration, and planned capacity expansion to 68,000 vehicles/month (including 8,000 EVs/month) by September 2026. Despite 400–500 bps commodity inflation in Auto, management expects margins to remain resilient through premiumization, localization and operating efficiencies. The Farm business, with 18% domestic and 15% export volume growth, continues to provide stability, while improving rural demand and mechanization, along with strong execution across group businesses, support sustained long-term growth. With FY26 standalone revenue/PAT growth of 25%/32%, ROE at 21%, we expect FY26-FY27E Revenue/EBITDA/PAT to grow at 21%/18%/20% CAGR with rising EV penetration (9.6%).

Considering above strengths and expected growth, we assign P/E multiple of 23x to its FY28E EPS, and arrive to a TP of ₹4,174/share implying an upside of 23%, we recommend BUY rating for M&M Ltd.

CMP: ₹3,398

Reco: BUY

Target Price: ₹4,174

Stock Info	
BSE	500520
NSE	M&M
Sector	Auto
Face Value (₹)	5
Equity Capital (₹ Cr)	559
Mkt Cap (₹ Cr)	4,22,613
Avg volume (1 year)	28,59,960
Dividend yield (%)	0.97
52w H/L (₹)	3,840 / 2,896

Source: Company filings, PESB research

Shareholding Pattern (Jun 2026)	
Promoters	18.44%
FII	34.89%
DII	32.58%
Government	0.13%
Public	10.47%

Source: Company filings, PESB research

Soft Coverage report (link):

M&M ltd.

Anupama Bhootra
Analyst
Siyaa Deshmukh
Associate

Concall Highlights

- Auto business remained resilient despite cost headwinds, with SUV volumes growing 15% YoY despite production disruptions in April-May, enabling M&M to retain its leadership as the No.1 SUV player by revenue market share. LCV volumes also grew 20% YoY, supported by sequential market share gains.

- EV business continued to outperform expectations, with electric SUVs contributing 12% of total SUV sales versus industry penetration of ~9%. M&M has sold over 77,000 EVs cumulatively, while the XUV900 became the highest-selling premium electric passenger vehicle by volume. The company also confirmed that its integrated EV business generated ₹288 crore PBIT, highlighting that EVs are already contributing meaningfully to profitability.

- Commodity inflation remained the key margin headwind, with management highlighting an extraordinary 400–500 bps increase in raw material costs during the quarter. Despite this, Auto profitability remained resilient through better mix, pricing actions and operational efficiencies, with management expressing confidence in navigating the inflationary environment.

- Capacity expansion plans remain firmly on track. M&M expects ICE SUV capacity to reach 60,000 units/month and EV capacity 8,000 units/month by September 2026, taking total monthly capacity to 68,000 units. Additional capacity will be added by FY27-end to support upcoming NU_IQ platform launches and meet strong order demand.

- AI is becoming a competitive differentiator for the Auto business. The company is using AI across manufacturing, product development and customer engagement, including reducing engineering simulation time from 10 hours to 2 minutes, improving paint quality, reducing workshop turnaround time and generating over 91,000 AI-led customer test drives, helping improve both productivity and sales conversion.

- Farm Equipment delivered another strong quarter, with domestic tractor volumes rising 18% YoY, exports increasing 15% YoY, and Farm Machinery recording its highest-ever quarterly performance, reflecting accelerating mechanization across rural India. Management noted that the Farm Machinery business is emerging as an important growth driver beyond tractors.

- Farm margins remained resilient despite input cost inflation. Core tractor EBIT margins stayed at 19.2%, within M&M's long-term 17–19% margin band, despite 300–400 bps commodity inflation. The company has also exited the loss-making Erkunt Foundry, while restructuring of international operations is expected to improve profitability going forward.

- Other business verticals continued to strengthen the group's earnings profile. Mahindra Finance reported 78% YoY PAT growth driven by improving asset quality, NIM expansion and higher disbursements, while Tech Mahindra's PAT grew 28% YoY on strong deal wins and margin expansion. Growth Gems (Real Estate, Logistics and Accelo) delivered 3x profit growth, with logistics reporting its highest-ever quarterly profit, highlighting multiple growth engines beyond the core Auto and Farm businesses.

- **Management Outlook and guidance:** Management remains positive on the Auto and Farm businesses despite 400–500 bps commodity inflation in Auto and 300-400 bps in Farm. Auto growth will be driven by the NU_IQ platform, 12% EV penetration, and capacity expansion to 60,000 ICE SUVs/month and 8,000 EVs/month by September 2026. In Farm, management expects demand to remain healthy, supported by 18% domestic volume growth, 15% export growth, rising mechanization and improved international execution.

Q4 FY26 Financials (Standalone)

Particulars (₹ Cr)	Q1FY27	Q1FY26	YoY	Q4FY26	QoQ
Revenue from Operations	41,920	34,083	23%	39,554	6%
Costs	32,694	25,921	26%	30,221	8%
Employee Exp	1,406	1,302	8%	1,301	8%
Other Exp	2,709	2,125	27%	2,569	5%
EBITDA	**5,111**	**4,736**	**8%**	**5,463**	**-6%**
EBITDA Margin	**12%**	**14%**	***-170bps***	**14%**	***-162bps***
Depreciation & Amortization	1,050	1,000	5%	1,201	-13%
EBIT	**4,060**	**3,736**	**9%**	**4,262**	**-5%**
EBIT Margin	**10%**	**11%**	***-128bps***	**11%**	***-109bps***
Finance Cost	100	56	78%	72	39%
Other Income	815	791	3%	691	18%
Exceptional Items	0	0	-	0	
EBT	**4,776**	**4,471**	**7%**	**4,881**	**-2%**
Tax Expense	-1,091	-1,021	7%	-1,144	-5%
PAT	**3,685**	**3,450**	**7%**	**3,737**	**-1%**
PAT Margin	**9%**	**10%**	***-133bps***	**9%**	***-66bps***

Source: Company filings, PESB Research

Auto Sales Snapshot (In units)

Particulars	Jul-26	Jul-25	YoY (%)	Jun-26	MoM (%)
Passenger Vehicle	60,048	49,871	**20.41%**	60,393	**-0.57%**
Commercial Vehicle	25,204	20,464	**23.16%**	26,076	**-3.34%**
Three Wheeler	14,538	9,475	**53.44%**	13,820	**5.20%**
Total Domestic Sales	**99,790**	**79,810**	**25.03%**	**1,00,289**	**-0.50%**
Exports	4,070	2,774	**46.72%**	5,918	**-31.23%**
Total Sales	**1,03,860**	**82,584**	**25.76%**	**1,06,207**	**-2.21%**
Tractor	32,643	26,990	**20.94%**	58,177	**-43.89%**
Exports	1,777	1,718	**3.43%**	1,758	**1.08%**
Total Sales	**34,420**	**28,708**	**19.90%**	**59,935**	**-42.57%**

Source: Company filings, PESB Research

Mahindra & Mahindra Ltd.

Standalone Financials

Income Statement

Particulars (₹ Cr)	FY23	FY24	FY25	FY26	FY27E	FY28E
Revenue from Operations	84,960	99,098	1,16,484	1,45,576	1,75,143	2,14,819
Revenue Growth %		*17%*	*18%*	*25%*	*20%*	*23%*
Expenses						
Cost of Materials	64,558	73,995	86,340	1,10,766	1,33,108	1,61,114
Employee Expense	3,650	4,463	4,881	5,290	7,035	9,045
SG&A	6,310	7,494	8,140	8,542	12,028	15,372
EBITDA	**10,442**	**13,145**	**17,123**	**20,977**	**22,972**	**29,288**
EBITDA Margin	*12%*	*13%*	*15%*	*14%*	*13%*	*14%*
EBITDA Growth rate		*26%*	*30%*	*23%*	*10%*	*27%*
Depreciation and Amortization	3,154	3,488	4,227	4,293	4,493	4,811
EBIT	**7,288**	**9,657**	**12,896**	**16,685**	**18,479**	**24,477**
EBIT Margin	*9%*	*10%*	*11%*	*11%*	*11%*	*11%*
EBIT Growth rate		*33%*	*34%*	*29%*	*11%*	*32%*
Finance Cost	273	140	250	250	327	337
Other Income	2,545	3,941	3,005	4,287	4,241	6,480
Exceptional items	-1,430	0	0	-98	-306	-367
EBT	**8,131**	**13,458**	**15,650**	**20,624**	**22,087**	**30,253**
EBT Margin	*10%*	*14%*	*13%*	*14%*	*13%*	*14%*
EBT Growth rate		*66%*	*16%*	*32%*	*7%*	*37%*
Tax expense	1,582	2,815	3,795	4,985	5,675	7,747
PAT	**6,549**	**10,642**	**11,855**	**15,639**	**16,413**	**22,506**
PAT Margin	*8%*	*11%*	*10%*	*11%*	*9%*	*10%*
PAT Growth rate		*63%*	*11%*	*32%*	*5%*	*37%*

				FY23-25		FY26-28E
Revenue CAGR				**20%**		**21%**
EBITDA CAGR				**26%**		**18%**
PAT CAGR				**34%**		**20%**

Source: Company filings, PESB Research

BALANCE SHEET

Particulars (₹ Cr)	FY23	FY24	FY25	FY26	FY27E	FY28E
Assets						
PP&E (Including Intangibles)	16,976	17,781	19,628	19,665	20,713	21,757
Capital WIP	2,785	3,763	3,905	5,308	3,152	3,782
Other Non Current Assets	21,375	26,644	28,452	36,275	41,191	46,797
Inventories	8,881	9,718	10,333	10,306	12,764	15,449
Investments	9,548	8,479	13,089	14,485	15,643	16,895
Trade Receivables	4,042	4,568	5,726	6,486	8,204	10,024
Cash and Bank	1,310	1,876	1,264	761	1,399	10,982
Other Current Assets	10,862	10,879	17,251	27,318	31,415	36,127
Total Assets	**75,780**	**83,709**	**99,649**	**1,20,603**	**1,34,481**	**1,61,813**
Equity						
Equity Share Capital	599	600	600	601	601	601
Other Equity	42,758	51,692	60,985	73,724	88,357	1,09,207
Total Equity	**43,357**	**52,291**	**61,585**	**74,325**	**88,959**	**1,09,808**
Liabilities						
Borrowings	2,332	1,135	1,056	527	577	627
Other Non Current Liabilities	4,052	4,341	4,928	5,313	3,727	4,472
Borrowings	2,312	450	79	530	2,934	350
Trade Payables	17,146	18,590	23,406	29,500	31,789	38,760
Other Current Liabilities	6,582	6,901	8,595	10,408	6,498	7,797
Total Equity and Liabilities	**75,780**	**83,709**	**99,649**	**1,20,603**	**1,34,482**	**1,61,814**

Source: Company filings, PESB Research

CASH FLOW

Particulars (₹ Cr)	FY23	FY24	FY25	FY26	FY27E	FY28E
Net cash from operations	27	14,084	16,062	22,757	11,620	27,104
Net cash from Investing	-16	-4,864	-4,700	-19,733	-11,045	-12,598
Net cash from Financing	-12	-1,691	-2,637	-3,529	65	-4,924

Source: Company filings, PESB Research

Disclosures and Disclaimers:

Stock Rating	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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