Q1FY27 - Result Update
31st July 2026

Mahindra & Mahindra Ltd.

Robust Volume Growth Backed by New Launches; EV Business Continues to Scale; Farm Outlook Dependent on Monsoon Trends

CMP: INR 3,250

Rating: BUY

Target Price: INR 4,008

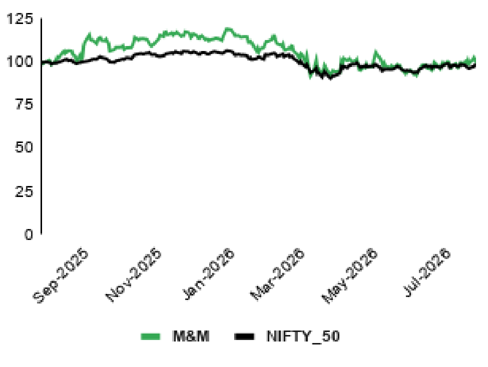
Stock Info	
BSE	500520
NSE	M&M
Bloomberg	MM IN
Reuters	MAHM.BO
Sector	Auto- Cars & Jeeps
Face Value (INR)	5
Equity Capital (INR mn)	6,010
Mkt Cap (INR Bn)	4,418
52w H/L (INR)	3,840 / 2,896

Shareholding Pattern %
(As on Jun, 2026)

Promoters	18.44
Public and others	81.56

Stock Performance (%)	1m	6m	12m
M&M	12.2	-0.5	7.5
Nifty	2.3	-2.7	-1.5

M&M Vs Nifty



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Mahindra & Mahindra Ltd reported Q1FY27 numbers standalone revenue stood at INR 419,197 Mn (+22.8% YoY & +5.9% QoQ); missing our estimates of INR 425,893 Mn. Gross Profit stood at INR 98,548 Mn (+24.4% YoY/-1.2% QoQ); slightly missing our estimate of INR 99,386, Gross margin stood at 23.5% inline with our estimates. EBITDA stood at INR 59,260 Mn (+26.6% YoY/+7.6% QoQ); inline our estimates of INR 59133 Mn. EBITDA margin reported at 14.1% in line with our estimates improved by 9 bps&22 bps (YoY&QoQ).PAT stood at INR 36,850mn (+364.5% YoY/+13.4% QoQ); below our estimate of INR 39,895 Mn, while PAT margin stood at 8.8% (-131 bps YoY/-65 bps QoQ).

Investment Rationale

Dominant SUV portfolio & EV Profitability trajectory: M&M maintains its leadership in revenue market share, with SUV volumes growing 15% in Q1FY27 despite production challenges. The EV penetration has reached a significant 12%, outperforming the industry average of 9%. The company's growth strategy is underpinned by simultaneous investments across its INGLO electric platform, NU_IQ digital architecture and next-gen premium ICE vehicle launches. Notably, the EV business is already EBITDA positive without PLI subsidies, indicating a sustainable path to profitability as scale builds. We believe M&M to continue to acquire market share as both the SUV and EV segment are expected to remain high-growth coupled with new product launches to aid volume growth.

Robust Capex Roadmap: Capacity is projected to rise from the current ~64,500 units per month to 68,000+ by H1FY27, 92,000 units through FY28 and 130,000 units nearly 2x by FY31 via phased expansions in Chakan and Nagpur plants.

Tailwind Momentum in Farm Segment: The farm equipment sector delivered 18% volume growth this quarter, maintaining a dominant market share of approximately 45%, this growth is being fueled by an accelerating trend in farm mechanization due to labor shortages and a shift toward higher horsepower (40-50 HP) tractors. Despite rainfall deficits earlier in the season, ground sentiment has turned positive following a favorable monsoon turnaround in late July. We believe the farm segment to perform well for H1FY27, however volume degrowth risk looms as El-Nino effects still hover over the farm produce for H2 and FY28E. We believe the farm segment to grow at a relatively steady rate as labour shortages continue but EL Nino effects might offset the incremental volume growth.

Turnaround of Core Subsidiaries: Mahindra Finance (MMFSL) has successfully pivoted to growth while maintaining credit discipline. PAT for the segment grew 78% YoY, and asset quality has stabilized with GS2+GS3 levels remaining below 10% for seven consecutive quarters. New growth drivers include a 79% growth in non-wheels businesses like mortgage and SME lending. Tech Mahindra is on a strong recovery track, with EBIT margins reaching 14.4% and a commitment to hit 15% by the end of the fiscal year.

Non Auto segments to Contribute to incremental revenue and profitability share: M&M's non-auto segments are witnessing improved profitability. The real estate business continues to scale its presence in the premium residential segment, supported by a gross development value pipeline of around INR 500 bn and a medium-term pre-sales target of INR 100 bn by FY30 across key markets such as Mumbai, Pune and Bengaluru. The aerospace business remains well positioned, backed by an order book of ~USD 1.2 bn and its qualification as a single-source global supplier of fuselage components for Airbus, strengthening its position in the global aerospace supply chain. Meanwhile, the logistics business has delivered a notable operational turnaround under the new management, with improved execution and recovery in the express segment driving its highest-ever quarterly profitability. We believe this segment to contribute to 4-5+% of consolidated PAT in FY28, from current 2.5% viz (1.17% in Q1FY26)

Outlook and valuation

Despite softer than estimated Q1FY27 earnings, we retain our view on M&M, supported by its strong positioning across the SUV and EV segments. We expect demand momentum to improve through the festive season, aided by an expanding product pipeline, easing commodity cost pressures and healthy export traction. The EV business is likely to remain a key structural growth driver, aided by the upcoming BE-series launches and continued benefits under the PLI scheme. While commodity price volatility and potential El Niño-related risks could weigh on the farm business, improving rural demand, increasing farm mechanisation and labour shortages should support medium-term growth. Backed by favourable industry tailwinds, including GST-led affordability, rural recovery and sustained new product launches, we expect M&M to deliver healthy revenue and earnings growth over FY27-29E. Accordingly, we maintain our BUY rating with a revised SOTP-based target price of INR 4,008 per share.

Exhibit 2: Quarterly results summary Q1FY27

Quarterly results summary Q1FY27

INR Mn	Q1FY27	Q4FY26	Q1FY26	QoQ %	YoY %
Net Sales	**419,588**	**396,009**	**341,430**	**6.0%**	**22.9%**
Material Cost	320,650	296,233	262,238	8.2%	22.3%
Change in Inventory	6,293	5,979	-3,031	5.3%	NA
Gross Profit	**92,645**	**93,797**	**82,222**	**-1.2%**	**12.7%**
Gross Margin %	**22.1%**	**23.7%**	**24.1%**	**-160.55**	**-200.18**
Employees benefits expense	14,062	13,015	13,017	8.0%	8.0%
Other Expenses	27,087	25,688	21,251	5.4%	27.5%
EBITDA	**51,496**	**55,094**	**47,954**	**-6.5%**	**7.4%**
EBITDA margin %	**12.3%**	**13.9%**	**14.0%**	**-163.94**	**-177.22**
Depreciation	10,503	12,006	9,999	-12.5%	5.0%
EBIT	**40,992**	**43,089**	**37,956**	**-4.9%**	**8.0%**
EBIT Margin %	**9.8%**	**10.9%**	**11.1%**	**-111.10**	**-134.70**
Other income	6,978	6,439	7,316	8.4%	-4.6%
Finance costs	997	715	559	39.4%	78.3%
PBT	47,759	48,812	44,713	-2.2%	6.8%
Tax-Total	10,909	11,440	10,214	-4.6%	6.8%
Tax Rate (%) - Total	**24.4%**	**23.4%**	**22.8%**	**99.50**	**158.71**
Reported Net Profit	**36,850**	**37,373**	**34,498**	**-1.4%**	**6.8%**
PAT Margin %	**8.8%**	**9.4%**	**10.1%**	**-65.50**	**-132.17**
Reported EPS (INR)	31	31	29	-1.4%	6.7%
	Q1FY27	**Q4FY26**	**Q1FY26**	**QoQ %**	**YoY %**
RMC/Sales (%)	22.0%	23.6%	23.9%	160.55	200.18
Employee exp/Sales (%)	12.2%	13.8%	13.9%	6.50	-46.09
Other exp/Sales (%)	8.8%	9.4%	10.1%	-3.10	23.13

Exhibit 3: SOTP Valuation

Listed Subsidiary	Valuation Basis	CMP	M&M stake	% Stake	Mcap (INR Mn)	Value/share
Tech Mahindra Limited		1,634	248,022,598	25.5	405,269	337
Mahindra & Mahindra Financial Services		382	644,399,987	52.2	246,161	205
Mahindra Holidays & Resorts		381	134,835,922	67.0	51,372	43
Mahindra Lifespace Developers		381	79,319,550	51.3	30,221	25
Mahindra EPC Irrigation		127	15,144,433	54.3	1,923	2
Swaraj Engines		3,678	6,331,141	34.8	23,286	19
Mahindra Logistics Ltd		413	41,812,257	58.1	17,268	14
EV Business (30% Holdco discount)			200,284	4.76		161
Listed Subsidiaries (INR mn)					775,501	645
						645
Sub Valuations Post Discount (20%)			20%		-	516
						677
Core auto business EV/EBITDA	FY28E	14.8				**3,330**
Value/Share						**4008**
					CMP	**3244**
					Upside	**23.0%**

Source: Arihant Research, Company Filings

Mahindra & Mahindra (M&M)-Q1FY27

Mahindra & Mahindra Ltd- Q1FY27 Key Concall Takeaways

AutoSegment
SUV volumes grew 15% YoY despite production disruptions during April-May, reflecting healthy underlying demand. Management highlighted strong enquiry levels across both urban and rural markets, while EV penetration reached 12% of SUV sales versus around 9% for the industry. Demand continues to remain robust across ICE and EV portfolios, supported by a healthy order pipeline.

Capacity Expansion
M&M remains capacity constrained and is executing a multi-phase expansion plan. SUV production capacity will increase from 64.5k units/month currently to 68k units by September 2026 and further to 82k units/month by FY27-end. Capacity will continue expanding through the Chakan and Nagpur facilities, ultimately doubling by FY31, providing adequate headroom for future ICE and EV launches.

Margin Outlook
Automotive margins came under pressure from 400-450bps commodity inflation, particularly steel and precious metals. However, proactive price hikes and operating cost optimization limited the margin impact to nearly 160-170bps. Management expects margin recovery from current levels provided commodity inflation stabilizes.

EV Segment
Commentary Management indicated that the EV business has crossed the profitability inflection point, with EBITDA remaining positive even without PLI incentives. Future profitability will be driven by scale benefits, higher localization, supplier cost optimization and greater utilization of the INGLO platform across multiple products. As EV penetration crosses 20-25%, management expects customer willingness to pay a premium to improve, narrowing the profitability gap with ICE vehicles.

Farm Equipment
Management remains constructive on the rural outlook despite below-normal rainfall. Improving monsoon trends, healthy Rabi cash flows, stronger government spending and accelerating farm mechanization continue to support demand. While commodity inflation remains a headwind, the core tractor business continues to deliver industry-leading profitability with margins remaining comfortably within its long-term operating band. Premiumization also continues, with nearly 70% of sales now coming from the 40-50HP category.

Mahindra Finance
The turnaround remains firmly on track with improvements across growth, profitability and asset quality. Asset quality has remained stable with GS2 plus GS3 below 10% for seven consecutive quarters, while NIMs and ROAs continue to improve. Management has shifted its focus back towards growth, supported by strong traction in mortgages, SME lending and personal loans, alongside continued expansion in the used vehicle financing business.

Non-Auto Growth Verticals
The group's non-auto businesses continue to emerge as meaningful earnings contributors. Mahindra Lifespaces has expanded its development pipeline to nearly INR 500 bn, providing strong long-term visibility. Logistics has completed a successful turnaround and delivered its highest-ever quarterly profit, while the Truck & Bus business is expected to benefit from synergies following the SML Isuzu acquisition. Aerospace continues to scale rapidly with cumulative contract wins of USD 1.2bn and increasing participation in higher value-added manufacturing.

AI & Digital
Management reiterated that AI is becoming a structural competitive advantage across businesses. The company has developed 19 proprietary AI models supported by 50 dedicated AI engineers and 15 enterprise-wide transformation projects. AI deployment across manufacturing, product development, customer acquisition and Mahindra Finance is already generating measurable improvements in productivity, turnaround times and operating efficiency.

Outlook
Management expects Auto margins to improve gradually as commodity inflation eases and scale benefits accrue. Rural demand remains resilient despite weather-related uncertainties, while EV profitability continues to strengthen. With multiple businesses including Mahindra Finance, Tech Mahindra and non-auto contributing meaningfully to future earnings, management believes M&M's growth profile is becoming structurally more diversified and less cyclical.

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Standalone Financial

P&L (INR mn)	FY26	FY27E	FY28E	FY29E
Net Sales	1,477,653.50	1,827,066.60	2,178,250.00	2,634,999.65
YoY (%)	24.98%	23.87%	19.34%	21.10%
Adjusted COGS	**1,107,659.90**	**1,378,118.02**	**1,641,031.44**	**1,982,239.98**
YoY (%)	28.29%	24.42%	19.08%	20.79%
Personnel/ Employee benefit expenses	52,902.90	63,585.50	75,797.26	89,018.93
YoY (%)	8.37%	20.19%	19.21%	17.44%
Manufacturing & Other Expenses	92,193.50	115,069.25	135,031.62	160,698.12
YoY (%)	2.58%	24.81%	17.35%	19.01%
Total Expenditure	**1,252,756.30**	**1,556,772.78**	**1,851,860.31**	**2,231,957.03**
YoY (%)	25.01%	24.27%	18.96%	20.53%
EBITDA	**224,897.20**	**270,293.82**	**326,389.70**	**403,042.61**
YoY (%)	22.12%	20.19%	20.75%	23.49%
EBITDA Margin (%)	15.22%	14.79%	14.98%	15.30%
Depreciation	42,926.80	49,297.90	56,344.13	64,255.17
% of Gross Block	9.03%	9.15%	9.27%	9.40%
EBIT	**181,970.40**	**220,995.92**	**270,045.57**	**338,787.45**
EBIT Margin (%)	12.31%	12.10%	12.40%	12.86%
Interest Expenses	2,495.80	2,344.34	2,169.93	2,010.44
Non-operating/ Other income	27,749.40	33,215.59	39,632.64	47,974.94
PBT	**206,242.10**	**251,867.18**	**307,508.28**	**384,751.94**
Tax-Total	49,852.80	66,521.03	83,684.86	104,531.85
Adj. Net Profit	**156,389.30**	**185,346.14**	**223,823.42**	**280,220.09**
Reported Profit	**156,389.30**	**185,346.14**	**223,823.42**	**280,220.09**
PAT Margin	10.58%	10.14%	10.28%	10.63%
Shares o/s/ paid up equity sh capital	1,202.04	1,202.04	1,202.04	1,202.04
Adj EPS	130.10	154.19	186.20	233.12
Dividend payment	31,418.50	31,854.06	32,455.08	33,657.12
Dividend payout (%)	20.09%	17.19%	14.50%	12.01%
Retained earnings	124,970.80	153,492.08	191,368.34	246,562.97

Cash Flow	FY26	FY27E	FY28E	FY29E
Profit After tax	**156,389.30**	**185,346.14**	**223,823.42**	**280,220.09**
Adjustments: Add				
Depreciation and amortisation	42,926.80	49,297.90	56,344.13	64,255.17
Interest adjustment	(25,253.60)	(30,871.25)	(37,462.71)	(45,964.50)
Change in assets and liabilities	205,481.00	235,626.85	275,159.91	332,167.88
Inventories	274.80	(12,569.21)	(24,797.74)	(28,098.70)
Trade receivables	(7,601.80)	(5,138.92)	(12,405.62)	(16,727.73)
Trade payables	60,941.30	15,973.62	40,166.31	53,839.93
Other Liabilities and provisions	14,842.00	10,532.53	9,842.67	10,883.41
Other Assets	(7,292.80)	(13,409.08)	(16,587.28)	(20,634.48)
Taxes	(1,012.40)	1,451.03	1,596.13	1,755.75
Net cash from operating activities	**265,632.10**	**232,466.82**	**272,974.38**	**333,187.06**
Net Sale/(Purchase) of tangible and intangible assets, Capital work in progress	(42,554.60)	(89,655.08)	(71,918.42)	(78,952.47)
Net Sale/(Purchase) of investments	(52,661.30)	(32,525.10)	(29,355.11)	(34,921.04)
Others	(48,499.80)	(12,355.89)	(4,331.86)	(4,548.46)
Net cash (used) in investing activities	**(143,715.70)**	**(134,536.07)**	**(105,605.39)**	**(118,421.96)**
Interest expense	13,367.40	(5,998.06)	(6,553.52)	(7,297.45)
Dividend paid	(31,418.50)	(31,854.06)	(32,455.08)	(33,657.12)

Standalone Financial

Other financing activities	(28,988.70)	(31,854.06)	(32,455.08)	(33,657.12)
Net cash (used) in financing activities	(45,022.80)	(68,055.47)	(69,647.89)	(72,614.33)
Closing Balance	184,799.10	214,674.38	312,395.48	454,546.25
FCF	215,164.10	166,329.92	200,485.70	253,550.28
Capex (% of sales)	50,468.00	72,129.92	75,321.74	78,185.38

Balance Sheet	**FY26**	**FY27E**	**FY28E**	**FY29E**
Sources of Funds				
Equity Share Capital	6,010.20	6,010.20	6,010.20	6,010.20
Reserves & Surplus/ Other Equity	737,241.40	890,733.48	1,082,101.82	1,328,664.79
Networth	**743,251.60**	**896,743.68**	**1,088,112.02**	**1,334,674.99**
Unsecured Loans/ Borrowings/ Lease Liabilities	16,534.60	16,133.29	15,826.95	15,614.00
Other Liabilities	43,729.90	47,202.89	50,978.17	55,083.73
Total Liabilities	**1,206,026.80**	**1,388,483.97**	**1,634,426.16**	**1,950,786.90**
Total Funds Employed	**2,353,653.40**	**2,714,623.41**	**3,202,184.81**	**3,830,170.57**
Net Fixed Assets	**196,884.00**	**237,241.19**	**252,815.48**	**267,512.78**
Capital WIP	16,888.70	16,888.70	16,888.70	16,888.70
Investments/ Notes/ Fair value measurement	275,471.00	303,018.10	333,319.91	366,651.90
Current assets	**591,913.70**	**691,781.95**	**883,160.12**	**1,142,150.45**
Inventory	103,058.60	115,627.81	140,425.56	168,524.25
Days	34.01	33.95	33.95	33.95
Debtors	64,857.50	69,996.42	82,402.03	99,129.77
Days	15.31	15.21	15.21	15.21
Other Current Assets	42,226.30	46,448.93	51,093.82	56,203.21
Cash and Cash equivalent	7,607.80	8,837.70	12,860.68	18,712.74
Current Liabilities/Provisions	**404,375.00**	**429,395.75**	**479,646.63**	**544,708.67**
Creditors / Trade Payables	294,999.00	310,972.62	351,138.93	404,978.86
Days	77.09	76.04	73.00	70.19
Liabilities	92,428.00	101,329.23	111,171.90	122,057.32
Net Current Assets	**187,538.70**	**262,386.20**	**403,513.49**	**597,441.78**
Total Asset	**1,206,026.80**	**1,388,483.97**	**1,634,426.16**	**1,950,786.90**
Total Capital Employed	**1,018,488.10**	**1,126,097.77**	**1,230,912.68**	**1,353,345.13**

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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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