Arihant Capital
Generating Wealth

Mahindra Group Investor Day

21st November 2025

Mahindra & Mahindra Ltd.

Strong Growth Momentum with Strong Launch Pipeline, EV Traction, and Rural Revival Driving Multi-Segment Upside

CMP: INR 3,750

Rating: Buy

Target Price: INR 4,314

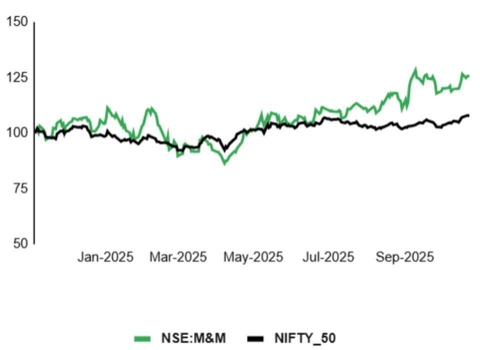
Stock Info	
BSE	500520
NSE	M&M
Bloomberg	MM IN
Reuters	MAHM.BO
Sector	Auto- Cars & Jeeps
Face Value (INR)	5
Equity Capital (INR mn)	5,580
Mkt Cap (INR Bn)	4,621
52w H/L (INR)	3,724/2,360

Shareholding Pattern %
(As on Sep, 2025)

Promoters	18.43
Public and others	81.57

Stock Performance (%)	1m	3m	12m
M&M	2.59	12.8	23.48
Nifty	2.37	4.71	7.00

M&M Vs Nifty



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Mahindra & Mahindra is well-positioned for sustained growth in its core businesses. The auto segment leads in SUVs and LCVs, with over 50% LCV market share, 8x revenue growth over the last decade, and e-SUV sales crossing 30,000 units in H1FY26. The farm equipment business targets 3x revenue growth by FY30, supported by strong MS in the 40–50 HP tractor segment and international expansion into Brazil, North America, and ASEAN. Aerostructures is scaling rapidly, aiming for 12x growth in the USD 370 bn global aerospace market, leveraging advanced manufacturing and a strong global supplier network. We have a Buy rating on the stock with SOTP-based target price of INR 4,314 per share.

Key Highlights

Auto (8X Growth in Revenue in LCV)

The company has emerged as the fastest-growing SUV player, consistently holding the No. 2 position in passenger vehicles for eight straight quarters. In LCVs, it maintains over 50% MS, backed by strong brand trust and superior resale value. The business has delivered 8x revenue growth over the last decade and currently commands 53% share in LCVs. Customer experience has improved meaningfully, with sharp reductions in downtime driven by faster service and turnaround. The company continues to scale alternate energy initiatives to drive future growth.

SUVs (8X Growth in Revenue)

Its SUV strategy remains focused on authentic adventure-led products built on advanced platforms like 4G, Monocoque, INGLO, and the upcoming powertrain-agnostic NU_IQ (targeted for CY27). Technology democratization through MAA and Adrenox further strengthens product differentiation across both ICE and EV portfolios. With over 30,000 e-SUVs sold and the “SCREAM ELECTRIC” teaser pointing to a strong EV pipeline from 2027, M&M is signaling a serious long-term commitment to EV leadership. The company is also preparing for global expansion, with right-hand-drive markets such as the UK, Australia New Zealand, and South Africa, and eventually left-hand-drive markets in Europe, forming the next leg of product-led international growth.

Farm business- Industry upward revision

The tractor industry outlook has been revised upward to ~9% CAGR, driven by steady demand and firm pricing. M&M sees ample headroom for growth as the market shifts toward higher horsepower, where it already commands a strong 45% share in the 40–50 HP segment. The company’s domestic reach spans 2,800 touchpoints and its international presence covers 55+ countries.Brazil remains the largest overseas market with ~8% share in sub-120 HP tractors and ~10% in sub-20 HP after the OJA launch. M&M is the No. 3 tractor brand in North America and has achieved ~4% share in Thailand soon after entering the market. Farm machinery continues to offer significant upside, and the company is expanding its harvester portfolio and broader mechanization solutions.

Farm Equipment Business (3x revenue Targets)

The farm equipment business is targeting 3x revenue growth supported by domestic leadership, global expansion and scaling adjacencies. With ~13% PBIT margin in FY25, the segment remains a key cash generator, contributing nearly one-third of group PAT over the past five years. The growth roadmap includes deeper penetration in Brazil, OJA rollout in North America, and accelerating ASEAN momentum. Low mechanization levels in India also present a large opportunity. Future offerings will be anchored in electric and autonomous tractors, telematics, drones and “Technology as a Service” models to strengthen long-term competitiveness.

Other Business

Tech Mahindra-1.3x revenue FY20-27(In -line with estimates)

Driving towards 15% EBIT margin and >30% RoCE.The company's long-term aspiration is to deliver profitable, sustainable growth ahead of the peer average by FY27. Revenue is projected to grow ~1.3x between FY20 and FY27, with margins improving steadily through FY26. The company expects FY27 performance to align closely with industry averages. A key priority is scaling large accounts, with a sharper push to grow the number of USD 20M+ clients. Large deals remain central to the multi-year growth thesis.

AI and Digital

Continues to position itself as a front-runner. It was the first to launch an AI Studio, and its capabilities have been validated by a European telecom client that ranked the company No. 1 globally in AI and GenAI services. Tooling and platform depth have improved significantly, with the TechM Chron platform supporting broader AI-led delivery. AI is expected to be a major transformation lever; around 150,000 employees are being trained, supported by leadership

Last Mile Mobility(6x revenue growth)

Business is positioned as a high-conviction EV growth platform, targeting a sixfold increase in revenues over the coming decade. The strategy envisions placing one million electric vehicles on Indian roads by 2031, driven by the electrification of half the product portfolio, expansion into new mobility segments, and a calibrated push into over ten international markets.

Truck & Bus(6x revenue Growth)

In the global commercial vehicle market, projected at INR 1.5–2 tn by FY31, Mahindra aims to materially elevate its competitive position. Trucks and buses represent nearly 70% of the addressable revenue pool, and the company plans to strengthen its presence in these segments. Mahindra currently ranks third in the ILCV and LCV categories and is targeting the No. 2 position with sustained double-digit market share momentum. Its broader ambition is to emerge as the No. 3 overall CV player, underpinned by leadership in ILCV and LCV which form the backbone of the group's 6C growth strategy.

Mahindra Aerostructures (12x revenue growth)

Aerostructures has evolved into a globally recognised supplier, now counted among the top 10 aerospace manufacturing partners worldwide. With aircraft delivery backlogs extending up to eight years, the business benefits from exceptional visibility. The USD 370-bn global aerospace market remains diversified across single-aisle, twin-aisle, and civilian platforms. Mahindra's facilities have been selected among the top manufacturing sites globally, competing successfully against a universe of more than 20,000 suppliers.The company produces over 120,000 precision components for major OEMs and is extending capabilities from its sheet-metal core into advanced composite structures. With a reputation that surpasses its current scale, Mahindra is investing in larger assembly programs and enhanced manufacturing capacity, targeting a transformational 12x scale-up in the coming years.

Mahindra Finance (5x AUM growth)

The company is now targeting 18–20% annual AUM growth, a strengthened RoA profile of 2.2–2.5%, and a more diversified balance sheet through deeper forays into mortgages and SME lending. The next stage of growth will be supported by AI-enabled underwriting, collections, and operational efficiencies that enhance customer experience while improving risk outcomes.

Mahindra Lifespaces (>14x sales growth)

Aspiring to be among the top five real estate developers in its core markets. The company is targeting ~INR 100 bn in annual sales by FY30, supported by a robust pipeline across Mumbai, Pune, and Bengaluru, alongside a strong and steadily expanding industrial business. This growth strategy is underpinned by disciplined capital allocation, premium brand positioning, and a sharpened focus on execution excellence.

Renewable Energy(5x portfolio growth)

The renewable energy business aims to grow its portfolio 5x through a capital-light develop-and-flip model. Backed by OTPP and supported by Susten's in-house EPC expertise it focuses on building high-quality assets scaling capacity quickly and monetizing projects efficiently

Highlights

CNG interventions helped gain market share.

Post GST 2.0 replacement cycles are improving.

Multiple blockbuster launches completed with two more EV launches coming.

eSUVs recorded 30,000 units sold from March to October with strong market share gains and number one position on the ICE side.

Core SUV segment is 30% of PV and 70% remains untapped representing a major future opportunity.

Strong performance in the last five years with expansion into new market share pockets.

One year of the EV journey being celebrated including Born Electric and Formula E participation.

New Launches

The product pipeline includes the all-electric XEV 9S launching on November 27, 2025, followed by the XUV700 facelift and BE.07 EV in CY2026. The Global Pik Up is planned for 2HFY26. For FY27–FY29, four concept SUVs—Vision S, Vision T, Vision SXT, and Vision X—on the NU_IQ platform are expected, available in petrol, diesel, electric, and hybrid variants.

Exhibit 1:8X Growth in Revenue in LCV

Exhibit 2: 8X Growth in Revenue

Story in charts (INR in Mn)

Exhibit 3: PAT Contribution by Segment (FY21–FY25)

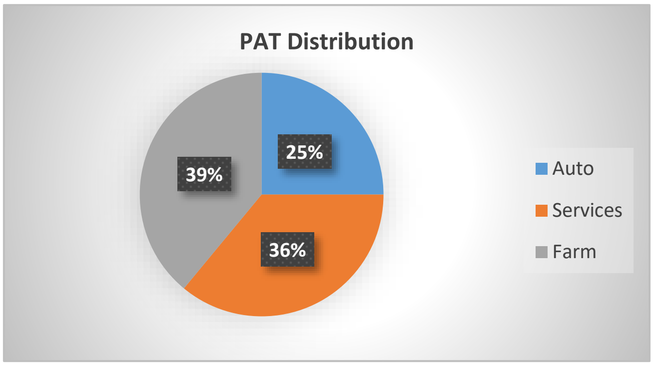

Exhibit 4: Net Cash Generated by Segment (FY21–FY25)

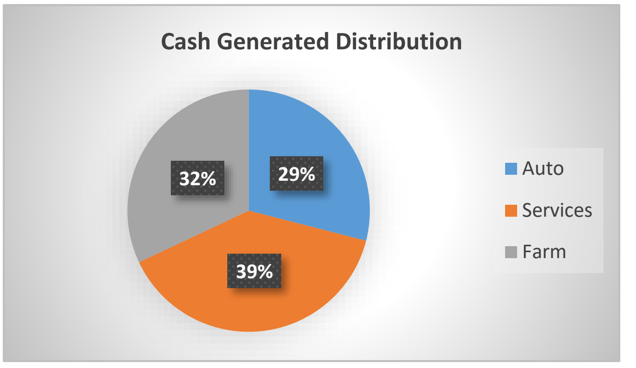

Exhibit 5: Global Tractor Volume: FY20 vs FY25

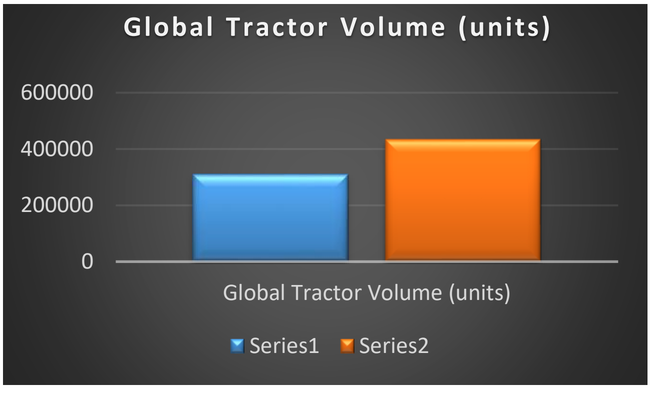

Exhibit 6: Domestic Tractor Market Share: FY20 vs FY25

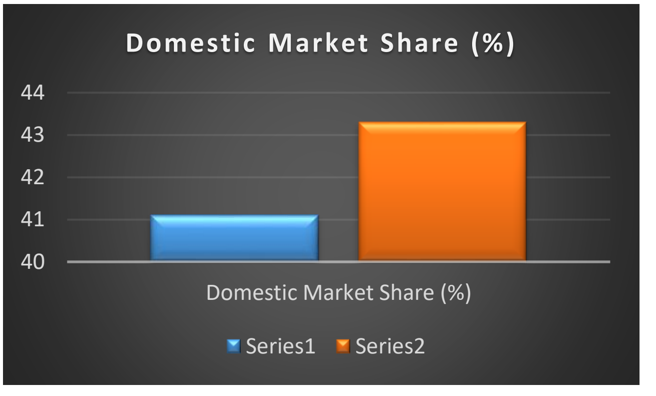

Exhibit 7: Farm Consolidated Revenue: FY20 vs FY25

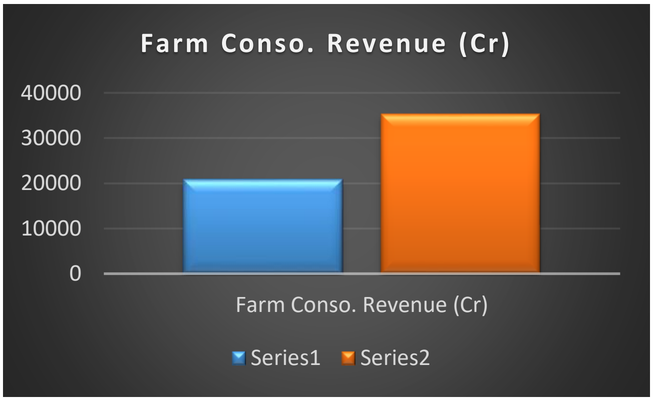

Exhibit 8:Tractor Industry CAGR: Earlier vs Current Outlook

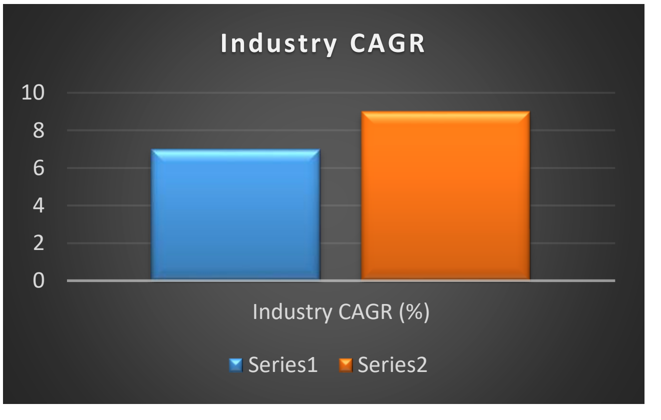

Exhibit 9: Strong MS gain

Source: Company, Arihant Research

Standalone Financial

P&L (INR mn)	FY25	FY26E	FY27E	FY28E
Net sales	1,164,837	1,328,033	1,482,557	1,670,280
YoY (%)	17.9	14.0	11.6	12.7
Raw material cost	863,402	970,792	1,079,302	1,210,953
Employee Cost	48,815	56,137	64,558	74,241
Admin Expenses	89,875	106,243	118,605	133,622
Total expenses	1,002,091	1,133,172	1,262,464	1,418,817
EBIDTA	**162,746**	**194,861**	**220,093**	**251,463**
(%)	14.0%	14.7%	14.8%	15.1%
Depreciation	42,268	40,576	43,516	46,456
EBIT	141,886	154,285	176,577	205,007
Interest	2,505	1,139	1,086	827
Other income	17,119	27,150	26,000	26,001
PBT	**156,500**	**180,297**	**201,491**	**230,182**
(-) Tax	(37,952)	(42,639)	(47,513)	(54,112)
Tax/ PBT	(24.3)	(23.6)	(23.6)	(23.5)
PAT	**118,549**	**137,658**	**153,978**	**176,069**
YoY (%)	10.6	16.1	11.9	14.3
PAT(%)	10.2%	10.4%	10.4%	10.5%
Extraordinary	-	-	-	-
Reported Profit	118,549	137,658	153,978	176,069

B/Sheet (INR mn)	FY25	FY26E	FY27E	FY28E
Equity capital	6,004	6,004	6,004	6,004
Reserves	609,847	711,335	829,141	937,587
Net worth	615,851	717,338	835,145	943,591
Total Loans	11,351	9,354	7,358	5,362
Def Tax Liability	16,629	16,629	16,629	16,629
Assets held for sale				
Total Liabilities	**643,830**	**743,321**	**859,132**	**965,582**
Gross Block	177,249	193,249	209,249	225,249
Less: Acc. depreciation	42,268	40,576	43,516	46,456
Net block	134,981	152,673	165,733	178,793
Investments	412,991	415,050	415,653	418,702
Inventories	103,333	111,666	124,148	139,291
Debtors	57,256	55,337	61,776	69,598
Cash	107,906	150,072	232,632	313,878
Loans and advances	85,428	144,523	158,431	175,327
Other Current assets	41,865	42,451	43,045	47,350
Current assets	395,787	504,049	620,031	745,444
Current liabilities	291,215	300,096	310,632	341,696
Current liabilities & Provisions	342,196	328,450	342,285	377,357
Net current assets	53,591	175,598	277,746	368,087
Total Assets	**643,831**	**743,321**	**859,132**	**965,582**

Cash Flow	FY25	FY26E	FY27E	FY28E
Net Profit	118,549	137,658	153,978	176,069
Depreciation	42,268	40,576	43,516	46,456
Deferred tax	(37,952)	(42,639)	(47,513)	(54,112)
Change in W/C	38,060	(51,549)	(19,587)	(9,095)
Operating cash flow	160,925	84,046	130,393	159,318
Change in intangible	(3,569)	1,631	171	864
Capex	(18,834)	(16,000)	(16,000)	(16,000)
Investments	(63,659)	(2,059)	(604)	(3,049)
Investing cash flow	(77,053)	(2,573)	(8,580)	(7,626)
Free Cash Flow	139,586	66,908	113,307	142,492
Dividend	(36,171)	(36,171)	(36,171)	(67,623)
Equity	10,561	-	-	-
Debt	(4,498)	(1,997)	(1,996)	(1,996)
Financing cash flow	(30,108)	(38,168)	(38,167)	(69,619)
Net change in cash	51,259	42,167	82,560	81,246
Opening cash	56,646	107,905	150,072	232,632
Closing cash	107,905	150,072	232,632	313,878

Key Ratios	FY25	FY26E	FY27E	FY28E
EPS	98.7	114.6	128.2	146.6
	10%	16%	12%	14%
P/E (Standalone)	38.0	31.3	28.0	24.4
EV/EBDITA (x)	24.5	19.2	16.6	14.2
Book value	513	597	696	786
P/B (x)	7.3	6.0	5.2	4.6
Subsidiary Valuation	448	448	448	448
EPS (Core EPS)	88.5	102.2	114.3	130.9
P/E (Core)	37.3	30.7	27.4	24.0
EV/EBITDA (Core)	26.8	21.2	18.4	15.7
ROCE	20.2%	20.0%	18.2%	18.4%
ROE	20.8%	20.7%	19.8%	19.8%
Days				
Inventory	42.0	42.0	42.0	42.0
Debtor	15.2	15.2	15.2	15.2
Creditor	65.8	65.6	60.5	57.0

Source: Company, Arihant 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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