

India

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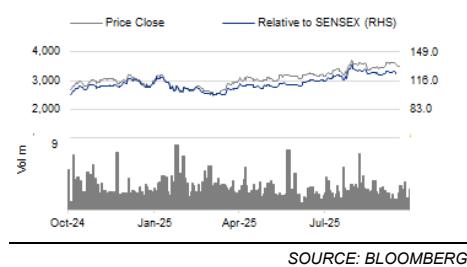
ADD (no change)

Consensus ratings*: Buy 42 Hold 1 Sell 0

Current price:	Rs3,717
Target price:	Rs4,157
Previous target:	Rs4,157
Up/downside:	11.8%
InCred Research / Consensus:	0.6%
Reuters:	MAHM.NS
Bloomberg:	MM IN
Market cap:	US\$52,102m
Average daily turnover:	Rs4,621,824m
Current shares o/s:	US\$96.9m
Free float:	Rs8593.6m
*Source: Bloomberg	

Key financial forecast

	Mar-26F	Mar-27F	Mar-28F
Net Profit (Rsm)	141,490	155,758	171,513
Core EPS (Rs)	126.75	139.53	153.64
Core EPS Growth	10.6%	10.1%	10.1%
FD Core P/E	29.32	26.64	24.19
Recurring ROE	21.3%	20.2%	19.2%
P/BV (x)	5.81	5.01	4.34
DPS (Rs)	29.00	34.00	37.50
Dividend Yield	0.84%	0.98%	1.09%



Price performance	1M	3M	12M
Absolute (%)	3.3	9.5	26.0
Relative (%)	1.8	4.8	13.6
Major shareholders			% held
Mahindra Family			18.6
LIC			6.7
SBI Mutual Fund			3.8

Research Analyst(s)

Pramod AMTHE

T (91) 22 4161 1541

E pramod.amthe@incredresearch.com

Mahindra & Mahindra

Analyst Day highlights

- Management gave guidance of 12-40% FY25-30F sales CAGR for different segments of the consolidated entity. Auto segment 20% & farm 12% CAGR.
- Global pick-up and new platform SUVs (NU_IQ) unveiled for launch in the next 2-4 years. Tractor industry's FY30F CAGR upgraded by 200bp to 9%.
- New product outlook, select global ambition, and aggression in new growth gems business provides confidence. Maintain ADD rating on the stock.

Key highlights from the meet

- Outlook:** Mahindra & Mahindra's (M&M) endeavour is to grow organically by 12-40% yearly from FY26F to FY30F across different business segments.
- Tractor division:** Management has revised industry growth guidance from a 7% CAGR to 9% for the next five years on the back of farmers' income growth (+6%) and reduction in tractor prices (-7%) led by GST 2.0. It aims 3x revenue growth by FY30F (from FY20). Witnessing shift in big tractors' (40-50HP) contribution: 49% (FY20) to 64% (FY25). In domestic market, above 40HP tractors are likely to drive further growth. International expansion in Brazil, North America, ASEAN with its new OJA platform; North America launch of 1100/2100 series.
- SUV division:** Targets to be the fastest sports utility vehicle (SUV) growth player globally, supported by new platforms (NU_IQ, INGLO), premium BE EVs from 2027F and global PikUp (model) launch. It plans to enter global premium mainstream SUV segment (95% of global SUV). Sales value market share rises by 390bp yoy to 26.4%.
- Upcoming SUVs:** M&M showcased six upcoming SUV models. BE 7 will be launched in CY26F in the domestic market, Vision Series to start production in 2027F with four NU_IQ-platform SUVs: Vision S (compact urban SUV), Vision T (rugged off-roader), Vision SXT (lifestyle pick-up), and Vision X (sleek family SUV). Mahindra Global PikUp initial launch will be for export business
- Last mile mobility:** Targeting to become the leader in e-CV (electric Commercial Vehicle) with 2m EVs on road by 2031F, with 2x industry growth (E - 3W + 4W) in FY23 to FY30 and expanding to 10 new markets for the export opportunity. Management believes that industry EV penetration will reach 50% in FY30F (30% in FY25).
- Light commercial vehicle:** M&M targets to grow 1.6x faster than the industry supported by GST 2.0, industry preference shifting towards comfort, safety & tech features, and expanding into white spaces.
- Truck & bus business:** With SML acquisition, M&M doubled its touchpoints (600) and product portfolio. It aims to become the third-largest player in India's ILCV trucks & buses by FY30F, and going ahead it targets to expand market share across tonnages.
- Aerostructure –** Plans to emerge among global top-10 suppliers in the segment to provide 12x sales multiple by FY20-30F. Current order book at US\$1.1bn.
- We maintain ADD rating on M&M, with the core standalone entity valued at 24x one-year forward P/E and subsidiaries' valuation at Rs654/share. M&M currently trades at +2SD above the 10-year mean P/E.

Figure 1: Outlook across the board

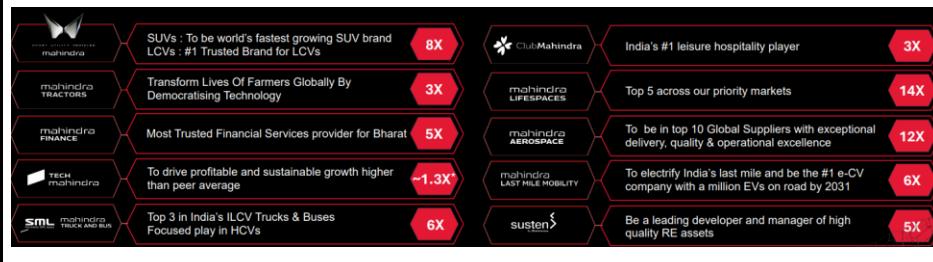


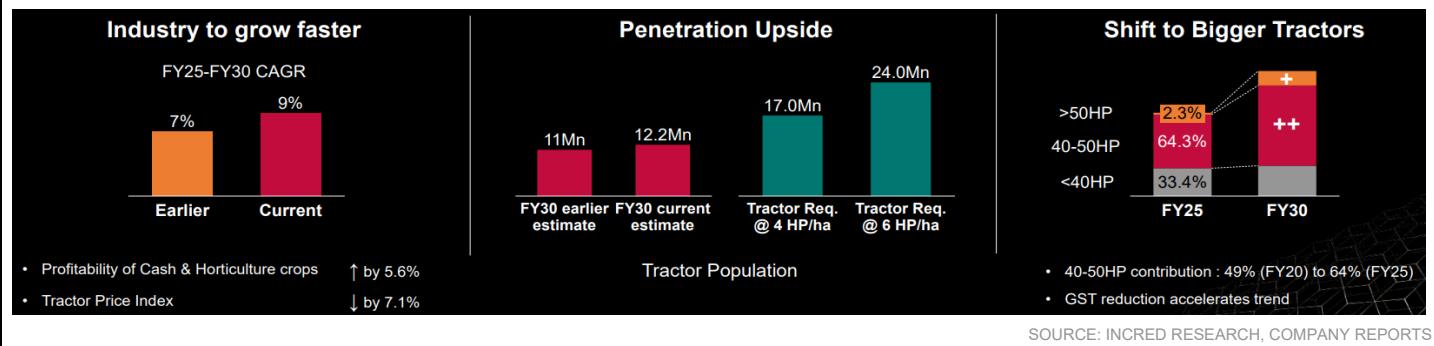
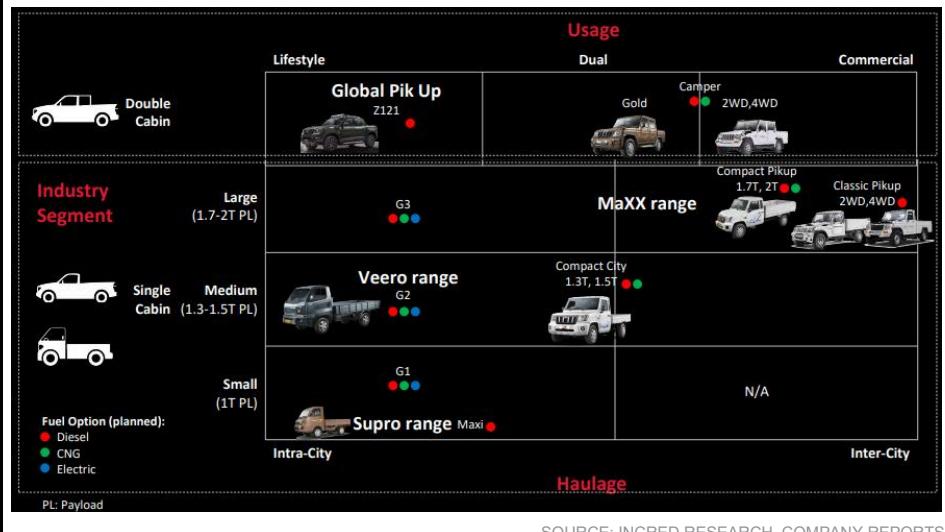
Figure 2: Revised tractor industry outlook**Figure 3: Automotive business – SUV****Figure 4: Automotive business - LCV**

Figure 5: M&M's LCV portfolio and powertrain offerings



Profit & Loss

(Rs mn)	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Total Net Revenues	1,165,680	1,333,950	1,532,831	1,703,358
Gross Profit	302,279	337,489	381,675	422,433
Operating EBITDA	172,069	191,360	216,346	239,051
Depreciation And Amortisation	(42,268)	(48,057)	(58,029)	(65,469)
Operating EBIT	129,801	143,303	158,318	173,582
Financial Income/(Expense)	(2,505)	(2,700)	(3,500)	(4,000)
Pretax Income/(Loss) from Assoc.				
Non-Operating Income/(Expense)	38,527	43,150	47,466	53,161
Profit Before Tax (pre-EI)	165,824	183,753	202,283	222,744
Exceptional Items				
Pre-tax Profit	165,824	183,753	202,283	222,744
Taxation	(37,952)	(42,263)	(46,525)	(51,231)
Exceptional Income - post-tax				
Profit After Tax	127,872	141,490	155,758	171,513
Minority Interests				
Preferred Dividends				
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	127,872	141,490	155,758	171,513
Recurring Net Profit	127,872	141,490	155,758	171,513
Fully Diluted Recurring Net Profit	127,872	141,490	155,758	171,513

Balance Sheet

(Rs mn)	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Total Cash And Equivalents	238,800	199,089	243,911	269,480
Total Debtors	57,256	76,748	96,589	107,335
Inventories	103,333	127,913	138,585	154,002
Total Other Current Assets	47,709	54,209	60,709	67,209
Total Current Assets	447,098	457,958	539,793	598,025
Fixed Assets	251,835	303,778	325,750	405,750
Total Investments	223,786	250,786	280,786	310,786
Intangible Assets				
Total Other Non-Current Assets				
Total Non-current Assets	475,621	554,564	606,536	716,536
Short-term Debt				
Current Portion of Long-Term Debt				
Total Creditors	234,058	245,703	268,077	308,826
Other Current Liabilities				
Total Current Liabilities	234,058	245,703	268,077	308,826
Total Long-term Debt	11,351	6,351	1,351	851
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities				
Total Non-current Liabilities	11,351	6,351	1,351	851
Total Provisions	44,951	46,451	47,951	49,451
Total Liabilities	290,360	298,505	317,379	359,128
Shareholders Equity	615,851	714,018	828,950	955,433
Minority Interests				
Total Equity	615,851	714,018	828,950	955,433

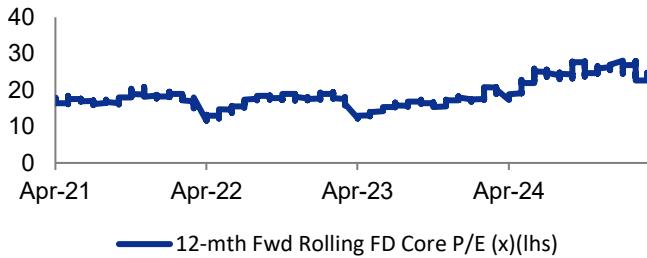
Cash Flow

(Rs mn)	Mar-25A	Mar-26F	Mar-27F	Mar-28F
EBITDA	172,069	191,360	216,346	239,051
Cash Flow from Invt. & Assoc.				
Change In Working Capital	28,092	(32,427)	(8,138)	14,585
(Incr)/Decr in Total Provisions	6,471	(5,000)	(5,000)	(5,000)
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	(2,610)	(8,500)		
Net Interest (Paid)/Received	36,023	40,450	43,966	49,161
Tax Paid	(37,952)	(42,263)	(46,525)	(51,231)
Cashflow From Operations	202,092	143,620	200,648	246,567
Capex	(64,757)	(116,508)	(80,000)	(145,469)
Disposals Of FAs/subsidiaries				
Acq. Of Subsidiaries/investments				
Other Investing Cashflow	(54,727)	(1,106)	(37,000)	(30,000)
Cash Flow From Investing	(119,483)	(117,614)	(117,000)	(175,469)
Debt Raised/(repaid)	(4,498)	(5,000)	(5,000)	(500)
Proceeds From Issue Of Shares	8			
Shares Repurchased				
Dividends Paid	(30,020)	(34,823)	(40,827)	(45,029)
Preferred Dividends				
Other Financing Cashflow	4,555			
Cash Flow From Financing	(29,955)	(39,823)	(45,827)	(45,529)
Total Cash Generated	52,654	(13,816)	37,822	25,569
Free Cashflow To Equity	78,111	21,006	78,648	70,598
Free Cashflow To Firm	85,114	28,706	87,148	75,098

Key Ratios

	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Revenue Growth	17.0%	14.4%	14.9%	11.1%
Operating EBITDA Growth	25.1%	11.2%	13.1%	10.5%
Operating EBITDA Margin	14.8%	14.3%	14.1%	14.0%
Net Cash Per Share (Rs)	203.75	172.66	217.29	240.64
BVPS (Rs)	551.68	639.62	742.58	855.89
Gross Interest Cover	51.82	53.08	45.23	43.40
Effective Tax Rate	22.9%	23.0%	23.0%	23.0%
Net Dividend Payout Ratio	23.5%	24.6%	26.2%	26.3%
Accounts Receivables Days	16.09	18.33	20.64	21.85
Inventory Days	41.93	42.35	42.25	41.69
Accounts Payables Days	88.77	87.87	81.45	82.19
ROIC (%)	44.8%	47.5%	37.5%	36.8%
ROCE (%)	21.6%	20.6%	19.8%	19.0%
Return On Average Assets	15.4%	14.8%	14.7%	14.2%

12-mth Fwd Rolling FD Core P/E (x)



Key Drivers

	Mar-25A	Mar-26F	Mar-27F	Mar-28F
ASP (% chg, main prod./serv.)	3.7%	2.8%	3.7%	2.9%
Unit sales grth %, main prod./serv.)	12.8%	11.3%	10.9%	8.0%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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Registered Office: Unit No 1203, 12th Floor, B Wing, The Capital, C-70, G Block, BKC, Bandra (E), Mumbai – 400051

Phone: +91-22-6844-6100

Corporate Office: 05th floor, Laxmi Towers, Plot No. C-25, G Block, Bandra – Kurla Complex, Bandra (East), Mumbai – 400051

Phone: +91-22-4161-1500

Name of the Compliance Officer: Mr. Mayuresh Kadam

Email ID: compliance@incredresearch.com, Phone No: +91-22-41611539

For any queries or grievances, you may contact the Grievance Officer.

Name of the Grievance Officer: Mr. Rajarshi Maitra

Phone no. +91-022-41611546

Email ID: rajarshi.maitra@incredresearch.com

CIN: U74999MH2016PTC287535

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Add	The stock's total return is expected to exceed 10% over the next 12 months.
Hold	The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
Reduce	The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

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Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

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Definition:	
Overweight	An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
Neutral	A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
Underweight	An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.