

## India

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## ADD (no change)

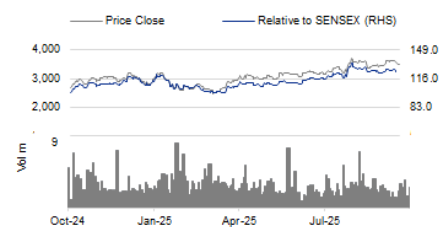
Consensus ratings\*: Buy 42 Hold 1 Sell 0

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
	Rs4,621,824m
Average daily turnover:	US\$96.9m
	Rs8593.6m
Current shares o/s:	1,116.3m
Free float:	81.4%

\*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%



SOURCE: BLOOMBERG

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

## Mahindra &amp; 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.

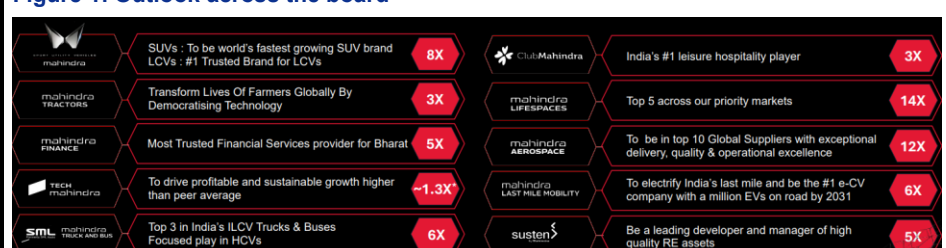
## Research Analyst(s)

Pramod AMTHE

T (91) 22 4161 1541

E pramod.amthe@incredresearch.com

Figure 1: Outlook across the board



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 2: Revised tractor industry outlook

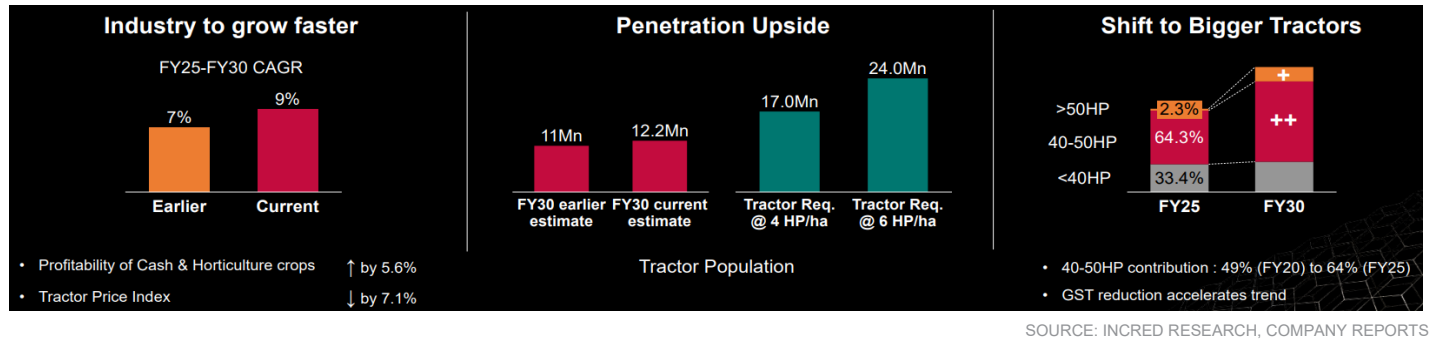
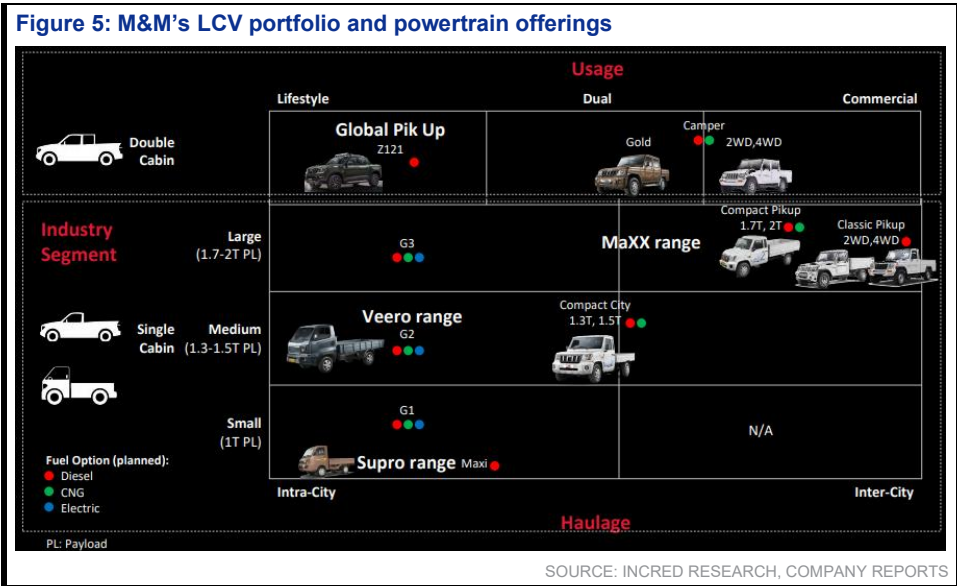


Figure 3: Automotive business – SUV



Figure 4: Automotive business - LCV





### Profit & Loss

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

### Cash Flow

(Rs mn)	Mar-25A	Mar-26F	Mar-27F	Mar-28F
<b>EBITDA</b>	<b>172,069</b>	<b>191,360</b>	<b>216,346</b>	<b>239,051</b>
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)
<b>Cashflow From Operations</b>	<b>202,092</b>	<b>143,620</b>	<b>200,648</b>	<b>246,567</b>
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)
<b>Cash Flow From Investing</b>	<b>(119,483)</b>	<b>(117,614)</b>	<b>(117,000)</b>	<b>(175,469)</b>
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			
<b>Cash Flow From Financing</b>	<b>(29,955)</b>	<b>(39,823)</b>	<b>(45,827)</b>	<b>(45,529)</b>
Total Cash Generated	52,654	(13,816)	37,822	25,569
<b>Free Cashflow To Equity</b>	<b>78,111</b>	<b>21,006</b>	<b>78,648</b>	<b>70,598</b>
<b>Free Cashflow To Firm</b>	<b>85,114</b>	<b>28,706</b>	<b>87,148</b>	<b>75,098</b>

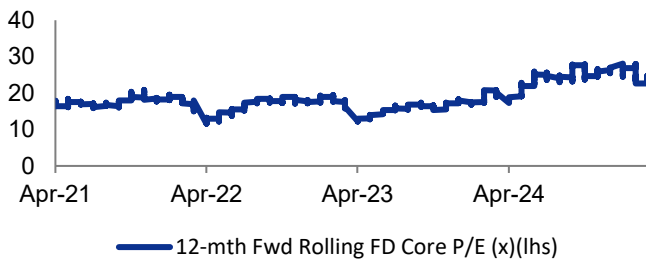
### Balance Sheet

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

### 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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#### **InCred Research Services Private Limited**

##### **Research Analyst SEBI Registration Number: INH000011024**

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: 05<sup>th</sup> 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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### Stock Ratings

Definition:

- 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.*

### Sector Ratings

Definition:

- Overweight** An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
- 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.

### Country Ratings

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.