



# Mahindra & Mahindra

## Valuation Report

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# Company Overview

Mahindra & Mahindra (Hereafter referred to as “The company/Group/M&M”), founded in 1945 in Ludhiana as a steel trading company, has grown into a global brand with a presence in over 20 industries. It is the flagship company of the Mahindra Group, which has more than 100 subsidiaries, including 8 publicly listed. The Company produces SUVs, Multi utility vehicles, pickups, lightweight commercial vehicles, heavyweight commercial vehicles and tractors. Mahindra is also active in tech, finance, hospitality, real estate, renewables, logistics, steel manufacturing, auto recycling, defense, and aerospace. The Group has a global presence in North America, South America, Europe, Africa, the Middle East, and APAC.

## Business Segments

The Company operates a diversified portfolio across mobility, agriculture, financial services, and other growth sectors. Key segments:

- Automotive – SUVs, LCVs, EVs, pickups, three-wheelers, trucks, buses, two-wheelers.
- Farm Equipment – Tractors, farm machinery, gensets, precision farming.
- Financial Services – Vehicle/equipment finance, SME loans, insurance, housing finance.
- Tech & IT – Digital, cloud, AI, engineering (Tech Mahindra).
- Real Estate – Housing, commercial, integrated cities (Mahindra Lifespaces).
- Hospitality – Vacation ownership, resorts (Club Mahindra).
- Renewables – Solar & hybrid energy (Mahindra Susten).
- Logistics – 3PL, supply chain, express delivery (Mahindra Logistics).
- Aerospace/Defence – Aircraft components, defence vehicles.
- Others – Agri-business, auto recycling, EV mobility, premium motorcycles.

1Y Price Chart



14 Aug 2024 – 14 Aug 2025

### Key Statistics

Current Price	₹ 3,265
52 - week high	₹ 3,213
52 - week low	₹ 2,425
ROCE	13.9%
ROE	18%
Equity Shares (in crores)	124
Market Cap (in crores)	₹ 4,01,000

S/H Pattern %	Dec-24	Mar-25	Jun-25
Promotors	18.48%	18.45%	18.43%
FII	38.92%	38.30%	38.53%
DII	29.22%	29.77%	29.57%
Public	9.66%	9.78%	9.77%

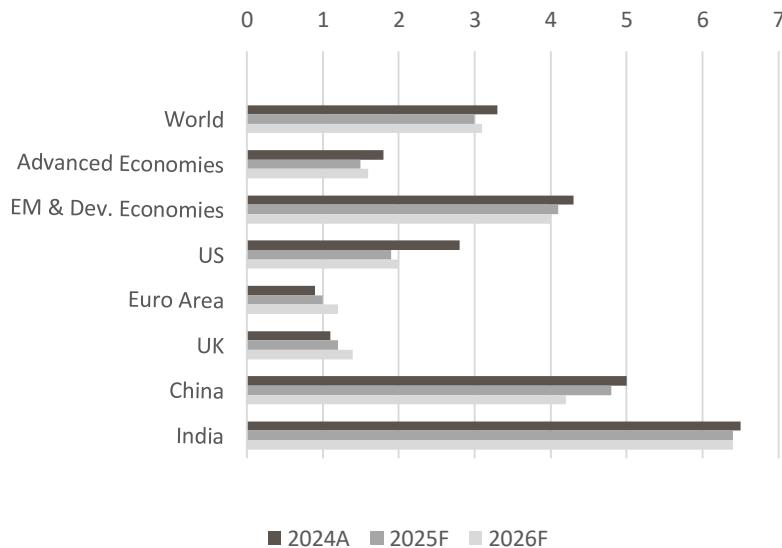
## Global Economy

The global economy in 2025 is projected to expand at around 3.0% (IMF), though the World Bank forecasts a more modest 2.3%, highlighting ongoing fragility in global growth. A clear divergence persists between developed and emerging markets: advanced economies are expected to grow by only ~1.4%, weighed down by tight monetary policy, weak industrial output, and structural headwinds, while emerging markets are forecast to grow at a much stronger ~4.1%, supported by resilient domestic demand, a softer U.S. dollar, and improved access to global debt markets.

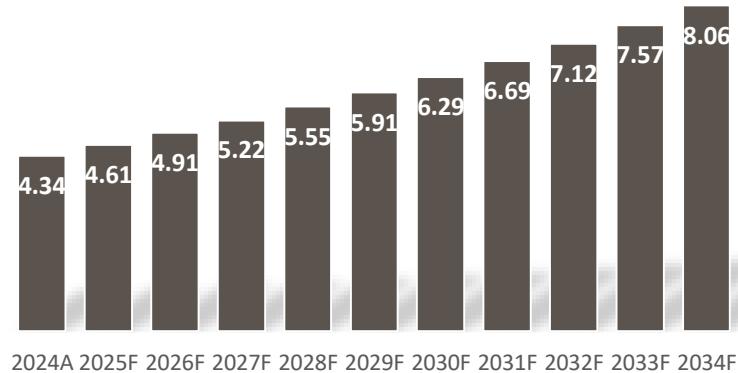
Investor sentiment towards emerging economies has improved significantly, with the MSCI EM Index up over 16% YTD and bond risk premiums at 20-year lows, enabling record debt issuance. Meanwhile, developed markets like the U.S. and Eurozone face slowing consumption and policy uncertainty, particularly around trade tariffs and deglobalization trends.

Overall, the global recovery remains two-speed—with emerging economies, especially India and parts of Latin America, driving global momentum, while developed economies struggle to regain pre-pandemic dynamism.

Global GDP Projections %



Expected  
Market Size (in trillions \$)



## Global Automobile Industry

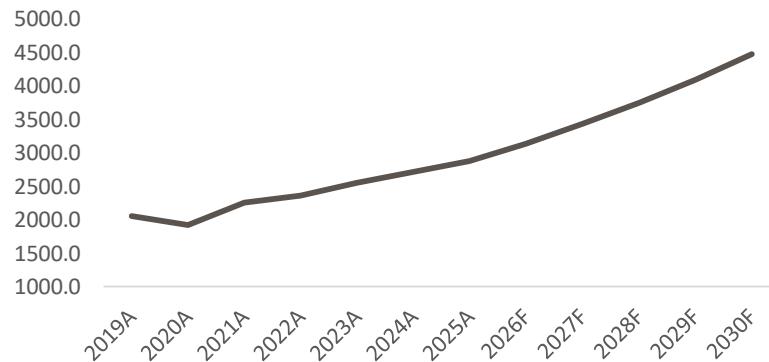
In 2024, global Passenger and Commercial Vehicle sales rose 2.7% to 95.3 million units (vs. 92.8m in 2023), with PVs up 3.3% and CVs up 1.1%. India ranked 3rd in PV sales after China and the U.S. The fastest-growing segment was Electric Vehicles, expanding at a 49% CAGR over the past five years. The global auto market stood at USD 4.34 trillion in 2024, projected to reach USD 4.61 trillion in 2025 and USD 8.06 trillion by 2034 (6.4% CAGR). Growth is driven by EV and autonomous demand, digital technologies, and urbanization. Passenger cars form 46% of demand, CVs/industrial vehicles 41%, and Asia-Pacific accounts for 43% of market activity, underscoring the sector's strong momentum.

# Indian Economy

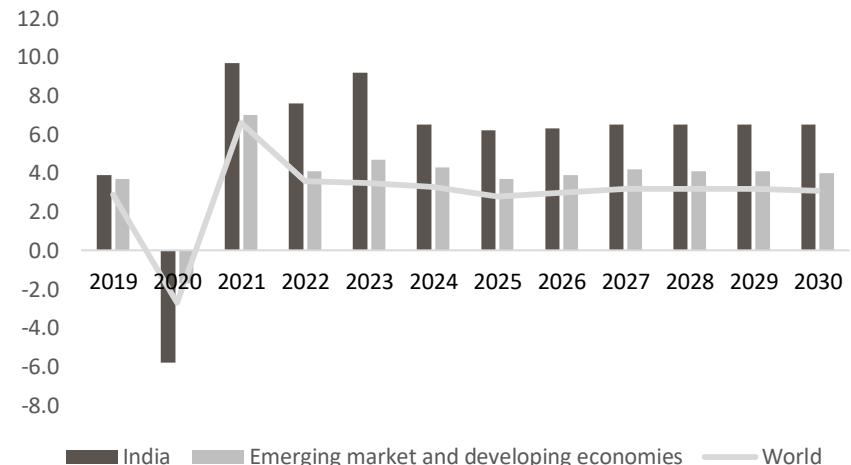
India's economy expanded by 6.5% in FY2025, with a strong 7.4% growth in Q4 helping offset a slower first half. This compares with 9.2% in FY2023 and 7.6% in FY2024, marking a shift from post-pandemic rebound to stabilization on a high base. Growth earlier in the year was weighed down by election-related policy caution, uneven monsoon rains, and persistent global trade uncertainties. Despite these challenges, India remains the world's fastest-growing major economy, with the IMF projecting GDP growth of 6.2% in 2025 and 6.3% in 2026. According to the IMF World Economic Outlook, GDP (nominal) per capita of India in 2026 is projected at \$3136 at current prices.

The outlook is supported by strong consumption, a pickup in private investment, and a narrowing current account deficit. Recent developments include an S&P sovereign rating upgrade to 'BBB', record foreign exchange reserves of about USD 694 billion, and policy measures such as GST reforms (expected by Diwali), new deepwater exploration initiatives for energy self-reliance, and significant investments secured at the Rising Northeast Investors' Summit. However, risks remain from global trade tensions and new U.S. tariffs, which could weigh on external demand.

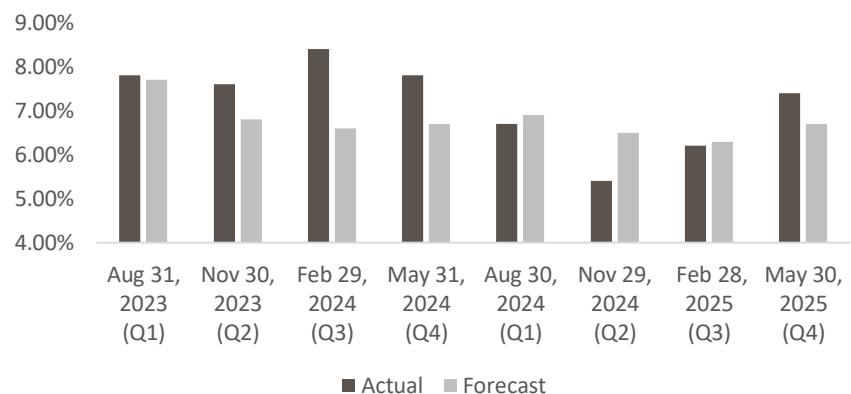
GDP per capita, current prices (U.S. dollars per capita)



Real GDP growth (Annual percent change)



GDP Growth Rate %  
(Actual vs Forecasted)



# Industry Overview - India

## Auto Industry

The Indian auto industry's long-term outlook is strong, supported by economic fundamentals, policy support, and rising consumer demand. By FY25, sales (ex-2W) reached a record 6 million units, led by 4.3 million PVs (+2% YoY) while CVs fell 1.2%. Compared to FY19, recovery stood at 95% for CVs and 93% for 2Ws, with 3Ws surpassing pre-COVID levels at 7.4 lakh units. Utility Vehicles have been the key driver, growing at a 17.6% CAGR (FY15–FY25), lifting their PV share from 21% to 65%. EV adoption is gaining pace - electric UVs grew 36%, while e-3Ws surged 56% to 1.8 lakh units, now forming 24% of the segment. Policy measures like the PM E-DRIVE Scheme (with a budget of ₹10,900 crore) and Vehicle Modernization Program are further accelerating the shift towards cleaner and safer mobility.

The long-term growth outlook for the Indian auto industry remains positive, driven by strong economic fundamentals, progressive government initiatives, rapidly improving infrastructure, and a young, aspirational population.

Industry Segment	Industry		
	FY24	FY25	Growth
Utility Vehicles	25,20,691	27,97,229	11.0%
Passenger cars	15,48,947	13,53,287	-12.6%
MPV (Vans)	1,49,112	1,51,332	1.5%
<b>Passenger Vehicles Total</b>	<b>42,18,750</b>	<b>43,01,848</b>	<b>2.0%</b>
LCV Goods < 3.5T	4,95,424	4,66,623	-5.8%
LCV Goods > 3.5T GVW	47,584	61,422	29.1%
<b>LCV Goods Total</b>	<b>5,43,008</b>	<b>5,28,045</b>	<b>-2.8%</b>
<b>MHCV Goods</b>	<b>3,20,244</b>	<b>3,07,491</b>	<b>-4.0%</b>
<b>CV Total</b>	<b>9,68,770</b>	<b>9,56,671</b>	<b>-1.2%</b>
<b>3W</b>	<b>6,94,801</b>	<b>7,41,420</b>	<b>6.7%</b>
<b>Total Domestic</b>	<b>58,83,046</b>	<b>60,00,059</b>	<b>2.0%</b>

## Tractor Industry

Key growth drivers included increasing rural affordability fueled by higher Minimum Support Prices (MSPs), rising demand for farm mechanization, the emergence of advanced farming technologies, favorable monsoon patterns, and sustained government focus on agriculture. The long-term outlook for the Indian tractor industry remains positive, supported by a compound annual growth rate (CAGR) of 7.3% from FY09 to FY25. The domestic tractor industry achieved annual sales of 9.39 lakh units in FY25, an increase of 7.3% over FY24. Government initiatives to boost farm incomes, including improved rural infrastructure, increased crop procurement, and elevated MSPs enhanced farmers' cash flow and accelerated mechanization.

Exports from India expanded significantly, growing by 27% year-on-year (YoY) in FY25 compared to FY24, driven by a turnaround in South Asian markets, increased demand for Indian-made tractors, and entry into new international markets.

# Mahindra & Mahindra - Segment Performance

## Automotive Sector

During the year under review, M&M maintained its leadership as the largest SUV player by revenue in India and emerged as the second-largest domestic passenger vehicle (PV) player by revenue. It also sustained strong UV brand equity, underpinned by high brand recall and enduring product salience, and continued as the No. 1 in LCV (< 3.5 T) market share by volume for over a decade. According to JATO, Mahindra's share of the total Indian auto industry stood at 15.1%. The company achieved its highest-ever domestic volumes at 9,06,406 vehicles, marking a 13.3% year-on-year growth, and recorded its highest-ever annual UV sales of 5,51,487 units, a 19.9% increase, driven by record production at Nashik and Chakan plants.

Mahindra's Automotive Sector exported 34,709 (includes exports from MLMML) vehicles in FY25, achieving 41% growth. Subsidiaries in South Africa and Australia posted their highest-ever volumes, with retail growth of 40% and 27% respectively.

In South Africa, propelled by the XUV 3XO launch, Mahindra became the fastest-growing automotive brand and entered the top 10 OEMs by Q4 FY25. The XUV 3XO ranked among the best-selling UVs within six months, and Mahindra South Africa expanded its SKD capacity with an MoU to explore a CKD facility. In Tunisia, the XUV 300 was awarded 'Best Selling Crossover' at Victoires de l'Automobile 2025. In South Asia, Mahindra retained leadership in the pick-up segment and continued scaling operations across global markets.

Industry Segment	M&M			Market Share	
	FY24	FY25	Growth	FY24	FY25
Utility Vehicles	4,59,864	5,51,487	19.90%	18.20%	19.70%
<b>PV Total</b>	<b>4,59,877</b>	<b>5,51,487</b>	<b>19.90%</b>	<b>10.90%</b>	<b>12.80%</b>
LCV Goods < 3.5T GVW	2,35,696	2,28,909	-2.90%	47.60%	49.10%
LCV Goods > 3.5T GVW	15,809	29,085	84.00%	33.20%	47.40%
<b>LCV Goods Total</b>	<b>2,51,505</b>	<b>2,57,974</b>	<b>2.60%</b>	<b>46.30%</b>	<b>48.90%</b>
MHCV Goods	7,964	6,797	-14.70%	2.50%	2.20%
LCV Passenger	3,341	4,296	28.60%	6.50%	7.80%
CV Goods	2,59,469	2,64,791	2.10%	30.10%	31.70%
CV Total	2,62,810	2,69,087	2.40%	27.10%	28.10%
3-Wheelers	77,589	85,832	10.60%	11.20%	11.60%
<b>Total Domestic</b>	<b>8,00,276</b>	<b>9,06,406</b>	<b>13.30%</b>	<b>13.60%</b>	<b>15.10%</b>

## Automotive – Truck & Bus Division

Despite a challenging industry landscape marked by flat performance over the past three years, the company demonstrated resilience during the year under review, recording volumes of 13,032 units, effectively limiting decline to just 1%, even as the broader industry contracted by 5%, showcasing the ability to navigate headwinds effectively. A remarkable milestone was achieved as the company reached cash breakeven and posted EBITDA-positive results for FY25. The launch of the Furio 8 LCV truck range marked a significant breakthrough in the product portfolio and was honored with the Debutant LCV of the Year award at the Apollo CV Awards 2025.

## Farm Equipment Sector

Tractor sales have benefited from favorable weather, competitive crop prices, positive terms of trade for farmers, and the lifting of export restrictions on key commodities like non-basmati rice, supporting sustained momentum in the sector. During the year under review, the company achieved its highest-ever annual tractor sales, both domestic and exports - selling 424,641 units across the Mahindra, Swaraj, and Trakstar brands, up 12% from 378,386 units in the previous year. Domestic sales reached 407,094 units (inclusive of subsidiary Gromax Agri Equipment Limited), reflecting 11.7% growth, outperforming industry growth of 7.3%.

The Company also achieved a record market share of 43.3% in FY25 and retained its leadership in the domestic market for the 42nd consecutive year. Exports surged 26.6%, totaling 17,547 tractors, marking the second-highest export performance, driven by new markets in Africa and ASEAN, and increased shipments of the new OJA range to the U.S. while benefiting from improved conditions in Sri Lanka, Bangladesh, and Nepal. A new subsidiary, Mahindra Southeast Asia Limited (MSEAL), was established in Thailand, where the Mahindra OJA was launched, strengthening the Company's ASEAN footprint. Going forward, the brand is set to enter new markets across Europe and ASEAN while consolidating its presence in current markets to accelerate export growth.

## Mahindra Last Mile Mobility Limited (MLMML)

In FY25, MLMML sold 1,08,661 vehicles (domestic plus exports), up from 1,01,011 in FY24, reflecting 7.6% growth. The year saw the launch of four new products - Treo Plus, Mahindra Zeo, e-Alfa Plus, and Alfa Duo. Treo Plus, launched in April 2024, scaled up rapidly, further strengthening MLMML's presence in the passenger electric 3W segment. With the launch of Mahindra Zeo, the Company successfully entered the 4W electric SCV segment, offering superior value to customers. MLMML also achieved significant milestones with cumulative sales of 200,000+ EVs and 100,000+ Treo vehicles. In FY25 alone, the Company sold 78,524 EVs, up 18.6% from 66,190 in FY24.

With a strong focus on innovation and customer-centric solutions, MLMML is well-positioned to drive sustainable growth in 3W and 4W SCV segments.. The launch of Mahindra Zeo marks a key milestone in electrifying the SCV segment with best-in-class performance, range, and features.

## Two Wheeler Segment

In line with the strategy for the two-wheeler business, the company, through its subsidiary, Classic Legends Private Limited had re-introduced the iconic brands 'Jawa' and 'Yezdi' to the Indian market in the FY19 and FY22 respectively. During FY23, 42 Bobber was introduced and during FY24, Jawa 350 was introduced to the Indian market. In addition, the Company forayed into new international markets through iconic British brand BSA in UK and European market.

During FY25, the Company launched its third iconic brand into Indian market 'BSA' by launching BSA Gold Star 650. The Company also added one more product to Jawa 42 FJ into Jawa portfolio in FY25

# Company Financials

## Revenue

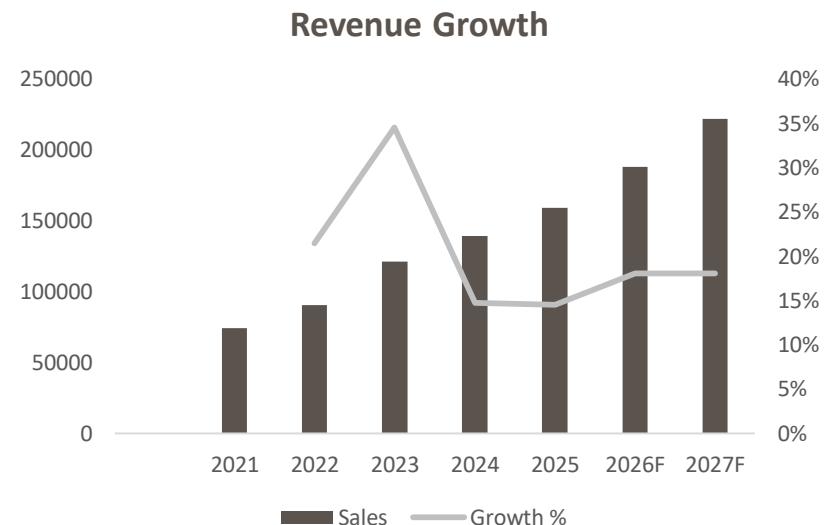
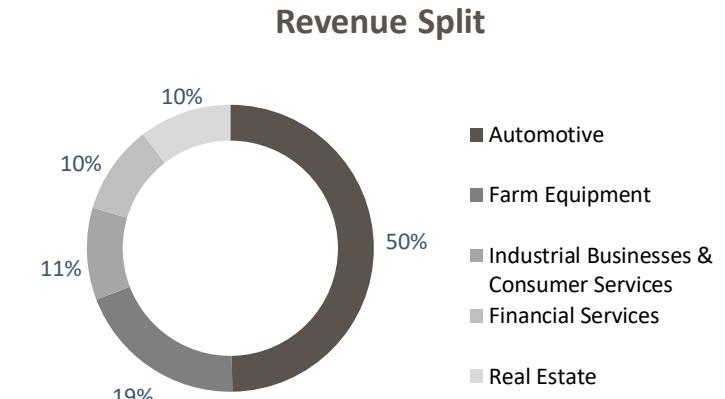
The company reported total revenue from operations of ₹1,59,211 crore in FY25, marking a 14% YoY increase. The automotive segment, driven primarily by SUVs and light commercial vehicles (LCVs), constitutes approximately 50% of the total revenue, while the farm equipment segment contributes about 20%.

The company's SUV market share grew to 22.5%, up 210 bps YoY, with record sales reaching 9.41 lakh vehicles, reflecting a 14.1% growth. Additionally, the company maintains leadership in the LCV segment (<3.5t) with a market share of 51.9%. The farm equipment segment also showed strong performance, with sales of 4.24 lakh tractors (up 12%) and an increased market share of 43.3%, gaining 170 bps YoY, highlighting its strengthening competitive position.

The company continues to focus on product innovation, especially electric vehicles (EVs) with launches like BE 6 and XEV 9e electric origin SUVs. Acquisition of controlling stakes in strategic businesses such as SML Isuzu Limited and further investment in Mahindra Electric Automobile Limited to advance EV business.

Mahindra redefined its Growth Gems business segments focusing on scalable and emerging growth vehicles like Mahindra Lifespaces, Logistics, Holidays, Susten renewables, and Last Mile Mobility.

The consensus among major brokerage houses remains positive on Mahindra & Mahindra, with most expecting double-digit revenue growth driven by strong performance in both the automotive and farm equipment segments, supported by new product launches and market share gains.



# Company Financials

## Cost

M&M has implemented Industry 4.0 principles across its manufacturing operations, including smart sequencing, digital twins for real-time monitoring, AI-driven energy efficiency improvements, and extensive automation (98% in battery manufacturing). These initiatives have increased productivity and reduced costs while enhancing manufacturing flexibility. Investments in VR/AR for process optimization and AI use cases focused on efficiency, quality, and maintenance help lower operational expenses and improve overall robustness in production.

M&M follows Systematic Cost Reduction Programs where initial product launches focus on quality and timeline stability, followed by aggressive cost reduction programs 1-2 years post-launch.

With the recent challenges facing from China, the company has an adequate rare earth inventory, and hence it does not expect any production disruption. It has explored substitutes such as light earths and ferrites as the alternates for rare earth materials.

The company demonstrates a disciplined approach to cost management with systematic cost reduction programs, but faces significant headwinds from commodity inflation, particularly steel prices. The company's EV strategy benefits from shared manufacturing assets and operational leverage, though margin percentages are lower than ICE due to GST structure. However, over time, as localization (PLI incentives, domestic battery plants) and scale improve, this margin gap should narrow.

## Profit

Mahindra & Mahindra reported a net profit of ₹14,073 crore in FY25, translating into an EPS of ₹104, a 14.7% increase over FY24 (₹90.62). Consensus estimates project EPS growth of 18.5% in FY26, driven by robust SUV demand, improving tractor market conditions, and scaling of the EV portfolio. Historically, the company has delivered a strong EPS CAGR of ~25% over FY22–FY25, underpinned by double-digit revenue growth, margin expansion in the automotive segment, and high capital efficiency.

FY	Margins (% of Sales)		
	EBITDA	EBIT	Net Income
2025	19.2%	17.7%	8.8%
2024	17.9%	16.9%	8.8%
2023	16.7%	16.4%	9.4%
2022	16.3%	15.9%	8.0%
2021	15.5%	12.5%	2.0%

## CAPEX

Mahindra & Mahindra has unveiled an ambitious ₹37,000 crore capital expenditure plan for FY25–27, marking a significant step-up compared to its previous investment cycles. Of this, the automotive segment will account for ₹27,000 crore, with around ₹14,000 crore earmarked for ICE vehicles and ₹2,000 crore for electric vehicles under MEAL. The company has also allocated ₹5,000 crore towards the farm equipment business and another ₹5,000 crore for its services businesses, while ₹1,000 crore will be directed to other subsidiaries.

# Valuation

## Objective

The objective of this valuation is to determine the intrinsic equity value of Mahindra & Mahindra based on its ability to generate sustainable cash flows, future growth prospects, and the risks inherent in its business model. The analysis also incorporates management's guidance and sector dynamics to arrive at a fair estimate of value.

## Valuation Methodology

Valuation frameworks can broadly be categorized under three approaches:

### ✓ Asset Approach – Net Asset Value Method

- This method calculates the company's value based on the fair market value of its assets minus liabilities.
- It is most relevant for businesses that are asset-heavy (e.g., real estate, investment holding companies) or in situations such as liquidation.

### ✓ Market Approach – Comparable Companies & Comparable Transactions

- This method values the company by comparing it with peers or recent comparable transactions.
- Ratios such as Price-to-Earnings (P/E), EV/EBITDA, Price-to-Book (P/B) are benchmarked against industry peers.
- It reflects current investor sentiment, sector positioning, and relative performance. However, it may be distorted during market volatility.

### ✓ Income Approach (Discounted Cash Flow – DCF Method)

- This method values the company based on the present value of future free cash flows, discounted at an appropriate cost of capital (WACC).
- It incorporates long-term growth prospects, profitability, capex plans, and risks, making it especially suitable for businesses with predictable cash flows and growth investments.

In practice, not all approaches are equally relevant for a diversified and forward-looking business like M&M. The DCF method is typically most appropriate as it captures long-term cash flow generation and the impact of ongoing capex and strategic initiatives (notably EV investments and global expansion).

However, for cross-checking, the Market Approach (using relative multiples such as P/E, EV/EBITDA compared to peers like Maruti Suzuki, Tata Motors) is also considered.

The combination of these methods provides a balanced perspective: DCF captures the intrinsic growth and risk profile, Market multiples reflect current investor sentiment and sector positioning. The Asset Approach is less relevant for M&M since the company's value is not primarily derived from liquid assets but from its earnings power, growth options, and brand equity.

In INR Crores unless stated otherwise

	Actual		Explicit Forecast Period			
	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030

## Free Cash Flow To Firm

<b>EBITDA</b>	₹ 30,518	₹ 35,459	₹ 41,133	₹ 47,714	₹ 55,348	₹ 64,204
Less : Depreciation & Amortization	(₹ 6,074)	(₹ 6,507)	(₹ 7,005)	(₹ 7,577)	(₹ 8,104)	(₹ 8,694)
<b>EBIT</b>	<b>₹ 24,445</b>	<b>₹ 28,953</b>	<b>₹ 34,128</b>	<b>₹ 40,137</b>	<b>₹ 47,245</b>	<b>₹ 55,510</b>
Less : Tax	(₹ 5,006)	(₹ 5,648)	(₹ 6,705)	(₹ 7,996)	(₹ 9,604)	(₹ 11,528)
<b>EBIT (1-T)</b>	<b>₹ 19,438</b>	<b>₹ 23,305</b>	<b>₹ 27,423</b>	<b>₹ 32,142</b>	<b>₹ 37,640</b>	<b>₹ 43,983</b>
Add : Depreciation	₹ 6,074	₹ 6,507	₹ 7,005	₹ 7,577	₹ 8,104	₹ 8,694
Less : Change in Working Capital	(₹ 10,499)	(₹ 6,191)	(₹ 7,762)	(₹ 7,202)	(₹ 6,234)	(₹ 4,788)
Less : FCF from investing	(₹ 19,251)	(₹ 16,578)	(₹ 17,822)	(₹ 15,350)	(₹ 15,709)	(₹ 16,355)
<b>Free Cash Flow To Firm</b>	<b>(₹ 4,238)</b>	<b>₹ 7,042</b>	<b>₹ 8,843</b>	<b>₹ 17,167</b>	<b>₹ 23,801</b>	<b>₹ 31,534</b>

<i>Discount Period (Years)</i>	<i>Mid year?</i>	<i>No</i>	1.00	2.00	3.00	4.00	5.00
<i>Discount Rate (WACC)</i>		<i>13.0%</i>					
<i>Present Value Factor</i>			0.885	0.783	0.693	0.613	0.543
<b>Present Value of Free Cash Flow to Firm</b>			<b>₹ 6,232</b>	<b>₹ 6,926</b>	<b>₹ 11,897</b>	<b>₹ 14,598</b>	<b>₹ 17,116</b>

## DCF Calculation - Perpetuity Growth

Perpetual Growth Rate	4%
Terminal Year FCFF (1+PGR)	₹ 32,796
<b>Terminal Value</b>	<b>₹ 3,80,619</b>
Present Value of Terminal Value	₹ 2,33,441
Present Value of FCFFs	₹ 56,768
<b>Enterprise Value</b>	<b>₹ 2,90,209</b>
Implied Exit Multiple	4.5x
Implied EV/EBITDA	9.5x
Less : Debt	(₹ 1,29,024)
Less : Non Controlling Interest	(₹ 12,059)
Add : Investments	₹ 41,309
Add : Cash	₹ 20,615
<b>Equity Value</b>	<b>₹ 2,11,050</b>

## DCF Calculation - Exit Multiple

Exit Multiple	4.0x
Terminal Year EBITDA	₹ 64,204
<b>Terminal Value</b>	<b>₹ 2,56,817</b>
Present Value of Terminal Value	₹ 1,57,511
Present Value of FCFFs	₹ 56,768
<b>Enterprise Value</b>	<b>₹ 2,14,279</b>
Implied Exit Multiple	3.3x
Implied EV/EBITDA	6.0x
Less : Debt	(₹ 1,29,024)
Add : Cash	₹ 20,615
Add : Investments	₹ 41,309
Less : Non Controlling Interest	(₹ 12,059)
<b>Equity Value</b>	<b>₹ 1,35,120</b>

For the calculation of equity value through perpetual growth rate method, a conservative rate of 4% has been considered. This is because long-term Indian GDP growth and inflation tend to average around these levels, and using a higher rate risks overestimating the company's future value relative to the economy.

The exit Multiple of 4x has been considered to value the equity which is in line with the implied exit multiple of the company to keep the value conservative and to incorporate the risks the company carries for its future business goals.

# WACC and Beta Calculation

Particulars	Low	Medium	High
Risk Free Rate	4.43%	4.43%	4.43%
Equity Risk Premium	5.84%	5.84%	5.84%
D/E ratio	1.67	1.67	1.67
Equity Beta	0.59	0.79	0.98
<b>CAPM Cost of Equity</b>	<b>7.87%</b>	<b>9.02%</b>	<b>10.16%</b>
Size Risk Premium	0%	0%	0%
Asset Specific Risk Premium	5%	6%	7%
<b>Modified CAPM Cost of Equity</b>	<b>12.87%</b>	<b>15.02%</b>	<b>17.16%</b>
Pre Tax Cost of Debt	7.54%	7.54%	7.54%
Marginal Tax Rate	25%	25%	25%
<b>Post Tax Cost of Debt</b>	<b>5.66%</b>	<b>5.66%</b>	<b>5.66%</b>
Capital Gearing (D/D+E)	0.26	0.26	0.26
<b>Weighted Average Cost of Capital</b>	<b>11.0%</b>	<b>12.6%</b>	<b>14.2%</b>
<b>WACC (Round up)</b>	<b>11.0%</b>	<b>13.0%</b>	<b>14.0%</b>

## Beta of M&M - Relative Basis

Comparables Levered Beta	0.60
Marginal Tax Rate	25%
Comparables D/E Ratio	95.1%
Comparables Unlevered Beta	0.35
Company D/E Ratio	167%
<b>Company Levered Beta</b>	<b>0.79</b>

## Risk Free Rate

4.43% is considered as risk free rate for the estimation of cost of equity of 7.87%. The RFR is calculated by considering local currency 10y Govt. bond yield adjusted for its CDS.

## Equity Risk Premium

ERP of 5.84% is considered which has been calculated from the US implied ERP adjusted for country risk premium.

## Asset Specific Risk Premium

Asset-specific risk premium, represents the additional return investors demand for bearing unique, non-systematic risks associated with a particular company that cannot be diversified away. Typical ASRP for large cap Indian automobile companies range from 5-8%.

## Cost of Debt

The cost of debt have been calculated from the local country's risk - free rate, country default spread & corporate default spread based on company's debt rating (based on interest coverage ratio).

## Beta Calculation

The comparable companies considered for the calculation of beta are – Maruti Suzuki, Tata Motors, Ashok Leyland, Force Motors and Hyundai.

## Ratio Analysis

Profitability Ratios	M&M	Maruti Suzuki	Tata Motors	Force Motors	Hyundai
Sales Growth	<b>14.5%</b>	7.8%	1.3%	15.4%	-1.3%
Gross Profit Growth	<b>17.5%</b>	5.9%	6.9%	20.0%	4.2%
EBITDA Growth	<b>22.6%</b>	8.6%	-4.5%	21.9%	-2.3%
Net Profit Growth	<b>14.7%</b>	7.5%	-11.5%	106.3%	-7.8%
Dividend Growth	<b>20.1%</b>	8.0%	-4.0%	100.0%	58.3%
Gross Margin	<b>39.9%</b>	28.9%	38.8%	26.2%	25.9%
Operating Margin	<b>19.2%</b>	13.2%	12.6%	13.5%	12.9%
Net Margin	<b>8.8%</b>	9.5%	6.4%	9.9%	8.1%

Efficiency Ratios	M&M	Maruti Suzuki	Tata Motors	Force Motors	Hyundai
Debtors Days	<b>18.98</b>	15.61	11.00	7.88	12.09
Debtor Turnover	<b>19.23</b>	23.38	33.19	46.30	30.18
Inventory Days	<b>46.61</b>	16.50	39.24	53.53	18.37
Inventory Turnover	<b>7.83</b>	22.12	9.30	6.82	19.87
Net Fixed Asset Turnover	<b>4.60</b>	4.64	3.80	3.73	9.66
Total Asset Turnover	<b>0.58</b>	1.16	1.17	1.57	2.30
Sales/Capital Employed	<b>0.77</b>	1.59	2.34	2.65	4.07

Leverage Ratios	M&M	Maruti Suzuki	Tata Motors	Force Motors	Hyundai
Debt/Equity	<b>1.67</b>	0.00	0.62	0.01	0.05
Debt/Assets	<b>0.47</b>	0.00	0.19	0.00	0.03
Debt/EBITDA	<b>4.23</b>	0.00	1.30	0.02	0.10
Debt/Capital	<b>0.63</b>	0.00	0.38	0.01	0.05
CFO/Debt	<b>0.02</b>	185.47	0.88	55.74	5.02
Interest Coverage (Times)	<b>3.10</b>	102.03	8.60	48.86	59.13
Operating Leverage	<b>1.46</b>	1.19	3.44	1.88	1.23
Financial Leverage	<b>3.58</b>	1.37	3.25	1.69	1.86

## Ratio Analysis

Cash Ratios	M&M	Maruti Suzuki	Tata Motors	Force Motors	Hyundai
Free Cash Flow (Rs Cr)	<b>475.81</b>	13436.20	60402.00	-1728.53	1551.32
FCF/Sales	<b>0.00</b>	0.09	0.14	-0.21	0.02
CFO/Total Assets	<b>0.01</b>	0.12	0.17	0.19	0.14
CFO/Total Debt	<b>0.02</b>	185.47	0.88	55.74	5.02
Cash Interest Coverage	<b>1.90</b>	110.45	15.48	55.46	49.37
CFO/Capex	<b>1.18</b>	5.98	23.37	0.36	1.57

Valuation Ratios	M&M	Maruti Suzuki	Tata Motors	Force Motors	Hyundai
Enterprise Value (EV) (Rs Cr.)	<b>439902</b>	361790	278991	11450	131459
EV/EBITDA	<b>14.41</b>	17.89	5.05	10.48	15.09
Price/Earnings	<b>23.55</b>	24.98	8.82	14.91	25.26
Price/Sales	<b>2.08</b>	2.37	0.56	1.48	2.05
Price/CFO	<b>104.38</b>	22.45	3.93	12.29	32.64
Price/Book Value	<b>4.30</b>	3.76	2.14	3.94	8.80

\*These ratios have been calculated based on 31 March 2025 Data

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## Relative Valuation

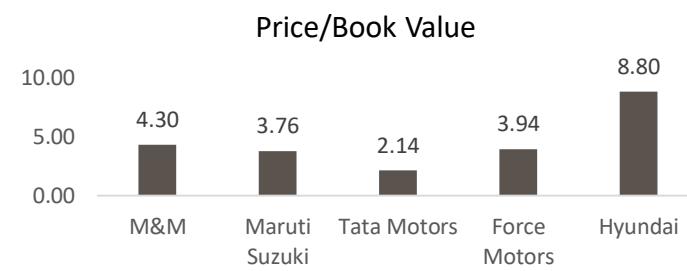
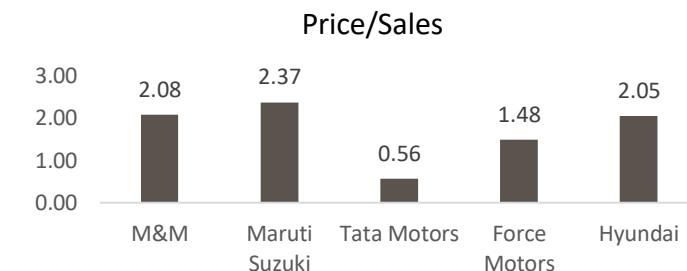
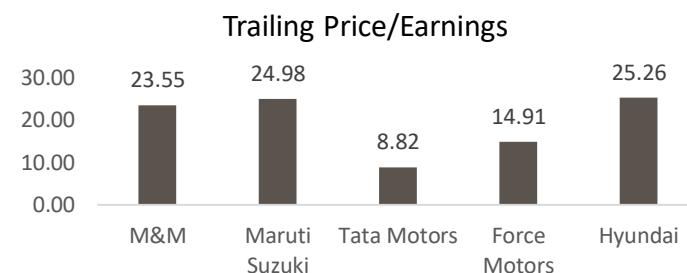
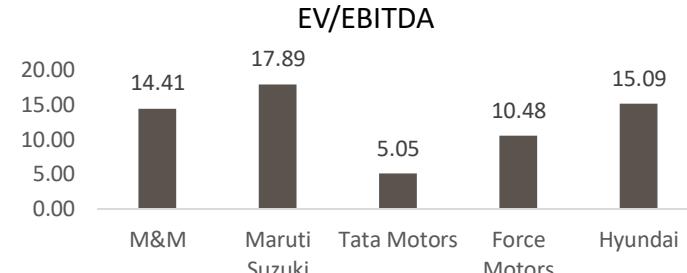
EV/EBITDA	
<b>Median EV/EBITDA</b>	<b>12.79</b>
EBTDA	₹ 30,518
<b>Implied Enterprise Value</b>	<b>₹ 3,90,189</b>
Less : Debt	₹ 1,29,024
Add : Cash	₹ 67,076
<b>Equity Value</b>	<b>₹ 3,28,242</b>
<b>Market Cap</b>	<b>₹ 3,30,000</b>

Trailing Price/Earnings	
<b>Median P/E</b>	<b>19.95</b>
Earnings	₹ 14,073
<b>Implied Equity Value</b>	<b>₹ 2,80,706</b>
<b>Market Value</b>	<b>₹ 3,30,000</b>

Price/Sales	
<b>Median Price/Sales</b>	<b>1.77</b>
Revenue	₹ 1,59,211
<b>Implied Equity Value</b>	<b>₹ 2,81,016</b>
<b>Market Cap</b>	<b>₹ 3,30,000</b>

Price/Book Value	
<b>Median P/B</b>	<b>3.85</b>
Book Value	₹ 67,634
<b>Implied Equity Value</b>	<b>₹ 2,60,404</b>
<b>Market Cap</b>	<b>₹ 3,30,000</b>

Market Cap as on 31 March 2025



## Valuation Summary

Valuation Method	Enterprise Value	Implied Equity Value	Value Per Share	Market Price	Prem./(Disc.)	%
(As on 31 March 2025)						
DCF - Perpetual Growth	₹ 2,90,209	₹ 2,11,050	₹ 1,702		₹ 963	57%
DCF - Exit Multiple	₹ 2,14,279	₹ 1,35,120	₹ 1,090		₹ 1,575	145%
Relative Valuation - EV/EBITDA	₹ 3,90,189	₹ 2,81,780	₹ 2,272		₹ 393	17%
Relative Valuation - Price/Sales	-	₹ 2,81,016	₹ 2,266	₹ 2,665	₹ 399	18%
Relative Valuation - Price/Earnings	-	₹ 2,80,706	₹ 2,264		₹ 401	18%
Relative Valuation - Price/Book	-	₹ 2,96,614	₹ 2,392		₹ 273	11%

## Analysis

While the company appears overvalued on absolute metrics, Mahindra & Mahindra trades at an 18% premium to peers, which is justified by its strong growth trajectory, leadership across multiple segments, and brand transformation.

- **Improved Brand Perception :** In the past 3–4 years, Mahindra has redefined its image with successful launches like Scorpio-N, Thar, and BE6. The shift from quality concerns to strong customer confidence, backed by modern marketing, has repositioned Mahindra as a youthful and tech-driven brand.
- **EV Growth Strategy :** A ₹12,000 crore investment (FY25–27) underpins Mahindra's aggressive EV roadmap. With 23 new launches by 2030 and a target of 20% EV penetration in SUVs by FY27, Mahindra is well placed to benefit from India's EV market expansion from 2% to 30% by 2030.
- **Segment Leadership :** For FY25 it was the No.1 SUV and No.2 passenger-vehicle maker by revenue, had >50% share in <3.5t LCVs and 41.8% of the e-3W market.
- **Exports & Global Presence :** FY25 exports jumped 41% YoY to 34.7k units, and early FY26 data show a strong 82% YoY rise in April 2025 exports. Tractors now reach 40 countries with manufacturing bases in India, China, the US, and Australia - diversifying growth beyond domestic markets.
- **Growth Gems :** Mahindra's "Growth Gems" initiative aims for 5X growth in 10 identified businesses by FY30, providing new long-term growth avenues outside core auto and farm segments.