

Price: 3,020

Recommendation: Buy

Industry: Passenger Cars Utility

Sector: Consumer Discretionary

Report Date: 05-May-2025

Mahindra & Mahindra Ltd. excels in automotive and farm equipment, showcasing strong execution and innovation. With leadership in SUVs, LCVs, and tractors, it drives growth through electrification, AI-based precision farming, and global expansion. Strategic diversification into emerging sectors and disciplined financial management positions Mahindra as a resilient, future-ready enterprise.

Sales		Profit & Loss		Profitability Matrix	
Current Year	118625 Cr	Operating Profit(Year)	18416 Cr	Operating Profit Margin	15.5 %
Previous Year	101219 Cr	Operating Profit(Quarter)	4219 Cr	EBITDA Margin	16.97 %
Current Quarter	31609 Cr	PAT (Year)	11855 Cr	Net Profit Margin	9.99 %
Previous Quarter	30964 Cr	PAT (Quarter)	2437 Cr	EPS	95.3
Revenue (QYoY)	25434 Cr				
Valuation Matrix		Growth(YoY)		Growth(QoQ)	
Trailing P/E	31.6	Sales Growth	17.2 %	Sales Growth	2.08 %
PEG Ratio	0.79	PAT Growth	10.61 %	Sales Growth QYoY	24.28 %
EV/EBITDA	18.2	EPS Growth	0.0 %	PAT Growth	-17.78 %
P/B	6.11	Dividend Yield	0.70	PAT Growth QYoY	21.85 %
Capital Allocation		Holdings		Leverage	
RoE	20.8 %	Promoter	18.4 %	Debt/Equity	0.03
RoA	12.9 %	FII	38.3 %	Debt	1682 Cr
RoCE	27.0 %	DII	29.8 %	Market Cap	375014 Cr
RoIC	32.0 %	Public	9.78 %	Enterprise value	365905 Cr
		No of Shares	124 Cr	Cash Equivalents	10791 Cr

source : Company filings

Company's Overview Based on Recent Concall and Performance:

Mahindra & Mahindra Ltd. showcased robust performance across its core sectors, emphasizing strong execution in the Auto and Farm segments. SUV volumes surged by 20%, with a revenue market share of 22.5%, up 210 basis points, while tractor volumes grew 12%, achieving a market share of 43.3%, up 170 basis points. The company highlighted margin improvements, with Auto PBIT at 9.5% and Farm PBIT at 18.4%, driven by operating excellence and favorable model mixes. Strategic write-offs of "Category B" international subsidiaries were undertaken to streamline operations. The Farm segment demonstrated consistent growth, achieving its highest-ever market share of 43.3% in FY25, supported by innovative launches like OJA and Naya Swaraj, alongside advancements in AI-based precision farming. The Auto segment maintained leadership in SUVs and LCVs (<3.5T), with significant milestones in BEV launches, including 30,179 bookings on day one.

The company is actively scaling its "Growth Gems," targeting valuations of \$2-3 billion for businesses like Hospitality, Logistics, Real Estate, and Susten, while emerging growth areas like Accelo and Aerostructure aim for \$1 billion valuations. Mahindra's diversification strategy includes expanding its electric vehicle portfolio, with plans for 7 BEVs by 2030, and scaling manufacturing capacity to meet rising demand. The Last Mile Mobility segment achieved a 5x growth in E-3W volumes over three years, securing a 42.9% market share in FY25. Investments in telematics and cutting-edge product development further reinforce its commitment to innovation. The company is also focusing on international markets, with successful launches in South Africa and Australia, contributing to its goal of scaling international revenue by 2.5x by FY26.

Future growth perspectives are underpinned by disciplined execution and capacity expansion. Mahindra plans to increase SUV production capacity to 67,000 units per month by FY27 and operationalize new BEV platforms. A greenfield plant is being planned for FY28 and beyond, ensuring long-term scalability. The Farm segment aims to grow international operations by 1.6x by FY26, leveraging its leadership in domestic markets. The company's focus on ROCE remains strong, achieving 45.2% in Auto and 53.7% in Farm for FY25. With a consolidated PAT growth of 20% and standalone revenue growth of 17%, Mahindra is well-positioned to sustain its upward trajectory.

Mahindra's strategic initiatives reflect a balanced approach to innovation, market leadership, and financial discipline. The company's emphasis on electrification, international expansion, and scalable growth gems demonstrates its commitment to future-ready solutions. Positive tailwinds from flat commodity inflation, favorable model mixes, and disciplined margin actions further strengthen its outlook. With consistent delivery on commitments, Mahindra continues to build a resilient and diversified portfolio, ensuring sustainable growth across its core and emerging businesses.

M&M Daily Closing One Year Price Chart



Name	Mar Cap (Rs. Cr.)	P/E	ROE	Sales(G) QoQ	Sales(G) QYoY	PAT(G) QoQ	PAT(G) QYoY
Hindustan Motors	519.15	16.02	16.74%	-25.32%	-56.93%	-31.28%	-70.23%
Maruti Suzuki	391547.52	26.99	15.95%	5.56%	6.37%	4.94%	-1.04%
M & M	375013.81	31.65	20.82%	2.08%	24.28%	-17.78%	21.85%
Hyundai Motor I	140399.04	23.54	39.58%	-3.76%	-2.10%	-15.97%	-19.31%
Mercury EV-Tech	1235.97	187.24	3.05%	82.75%	677.29%	167.50%	707.55%

Aspect	Commentary
Revenue	Revenue grew 17.2% YoY to Rs.118,625 Cr, driven by strong SUV and tractor sales. Quarterly revenue rose 2.08% QoQ, reflecting steady demand. The company's focus on electrification and international expansion supports sustained growth, with a 24.28% QYoY increase highlighting robust performance.
Profit & Loss	Operating profit for the year reached Rs.18,416 Cr, with a margin of 15.5%. PAT grew 10.61% YoY to Rs.11,855 Cr, showcasing disciplined cost management. Quarterly PAT declined 17.78% QoQ, but strategic initiatives in core segments and BEV launches are expected to drive future profitability.
Profitability Matrix	Operating profit margin stood at 15.5%, while EBITDA margin was 16.97%, reflecting operational efficiency. Net profit margin of 9.99% highlights strong financial discipline. EPS remained stable at 95.3, supported by favorable model mixes and consistent execution across segments.
Valuation Matrix	Trailing P/E of 31.6 and PEG ratio of 0.79 indicate reasonable valuation given growth prospects. EV/EBITDA at 18.2 reflects strong enterprise value. Dividend yield of 0.70% and P/B of 6.11 suggest balanced shareholder returns and robust asset utilization.
Growth (YoY)	Sales grew 17.2% YoY, driven by SUV and tractor volumes. PAT growth of 10.61% reflects operational excellence, while EPS growth remained flat. Strategic diversification and electrification initiatives position the company for sustained growth in emerging sectors.
Growth (QoQ)	Quarterly sales grew 2.08%, while PAT declined 17.78% QoQ due to one-time write-offs. QYoY sales growth of 24.28% and PAT growth of 21.85% highlight strong execution in core segments. BEV launches and international expansion are expected to drive future quarterly growth.
Capital Allocation	RoE of 20.8% and RoCE of 27.0% reflect efficient capital utilization. RoIC of 32.0% underscores strong returns on invested capital. Cash equivalents of Rs.10,791 Cr provide liquidity for growth initiatives, while disciplined financial management supports long-term scalability.
Holdings	Promoter holding at 18.4% ensures stable governance. FII and DII holdings of 38.3% and 29.8% reflect strong institutional confidence. Public holding at 9.78% indicates balanced ownership. Strategic investments in growth gems aim to enhance shareholder value.
Leverage	Debt/Equity ratio of 0.03 highlights minimal leverage, ensuring financial stability. Debt of Rs.1,682 Cr is manageable relative to market cap of Rs.375,014 Cr. Enterprise value of Rs.365,905 Cr reflects strong market positioning, supported by disciplined financial management.

Analyst viewpoint: Mahindra & Mahindra Ltd. demonstrates strong growth potential in the short to mid-term, driven by its leadership in SUVs and tractors, alongside strategic diversification into emerging sectors. The company reported a robust 17.2% YoY revenue growth to 118,625 Cr, supported by a 24.28% QYoY sales increase, reflecting steady demand across its core segments. Tractor volumes grew 12%, achieving a record market share of 43.3%, while SUV volumes surged by 20%, with a revenue market share of 22.5%. Margin improvements, including an operating profit margin of 15.5% and EBITDA margin of 16.97%, highlight operational efficiency and favorable model mixes. Strategic initiatives such as electrification, AI-based precision farming, and international expansion further position Mahindra as a future-ready enterprise. The company's disciplined capital allocation, with RoCE at 27% and RoIC at 32%, underscores its ability to generate strong returns while maintaining minimal leverage with a Debt/Equity ratio of 0.03.

Valuation metrics such as a PEG ratio of 0.79 and EV/EBITDA of 18.2 suggest reasonable pricing relative to growth prospects, while institutional confidence remains high with FII and DII holdings at 38.3% and 29.8%, respectively. Mahindra's focus on scaling its "Growth Gems" and expanding its BEV portfolio, with plans for seven launches by 2030, further reinforces its growth trajectory. However, a mild concern arises from the 17.78% QoQ decline in PAT due to one-time write-offs, which may temporarily impact profitability. Despite this, Mahindra's strategic execution, innovation, and financial discipline make it a compelling buy recommendation for investors seeking exposure to a resilient and diversified portfolio.

Please read detailed disclosure on next page.

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Investment Rating	Expected Return (over 12-month)
BUY	>=15%
SELL	<-10%
NEUTRAL	>-10% to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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