FIRST LIGHT

24 November 2025

RESEARCH

MAHINDRA & MAHINDRA | TARGET: Rs 4,319 | +15% | BUY

Strong launch set; ready for next leap; maintain BUY

OIL & GAS | Q2FY26 REVIEW

OMCs shine on robust refining margins

SUMMARY

MAHINDRA & MAHINDRA

- Core SUV-led play with multi-powertrain options; BEVs gaining strong traction with ~80% of buyers new to MM, reinforcing premiumisation
- Tractor CAGR upgraded to 9% growth, LCV replacement demand revival on card; LMM scale on EV penetration; exports focus area
- Revise our FY26/FY27 EPS estimates by 1%/2% and value MM at 25x (vs 24x) to arrive at SOTP TP of Rs4,319 (Rs4,117)

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OIL & GAS: Q2FY26 REVIEW

- Oil marketing companies (OMCs) reported strong performance due to Refining business. RIL reported strong EBITDA growth of 17.5%YoY
- commissioning of Numaligarh refinery expansion & from the Mozambique project.
- Post Q2FY26, we have a BUY rating on Reliance Industries (RIL), Bharat Petroleum Corp. (BPCL) and Oil India

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BOBCAPS Research
research@bobcaps.in

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BUY
TP: Rs 4,319 | ▲ 15%

MAHINDRA & MAHINDRA | Automobiles | 21 November 2025

Strong launch set; ready for next leap; maintain BUY

- **Core SUV-led play with multi-powertrain options; BEVs gaining strong traction with ~80% of buyers new to MM, reinforcing premiumisation**
- **Tractor CAGR upgraded to 9% growth, LCV replacement demand revival on card; LMM scale on EV penetration; exports focus area**
- **Revise our FY26/FY27 EPS estimates by 1%/2% and value MM at 25x (vs 24x) to arrive at SOTP TP of Rs4,319 (Rs4,117)**

Milind Raginwar
Research Analyst
research@bobcaps.in

Core Auto segment to drive core growth: Automotive segment remains key to achieving the 8x decadal growth (FY20-FY30), driven by strong launch pipeline in the ICE/BEV/LCV segments till FY30 (including mid-cycle enhancement) depending on CAFÉ norms. The BE-7 was showcased (2 EV launched recently). All new launches (including ICE and EVs) will be on NU_iq multi-energy platform from FY27. Consumers are upgrading to higher variants within the same budget post GST reduction. Micro-SUVs were ruled out explicitly alongside mainstream fleet sales and conventional MPVs, to ensure brand premiumisation and pricing power.

FES growth revised to 9% from 7% earlier: Tractor demand forecast was revised from CAGR 7% to 9% till FY30. This revision is driven by a) horticulture/cash crops accounting for ~60% of sowing b) sharp gains in farm incomes (from ~95k/acre to 100k/acre), and the tractor price-to-labour cost ratio improving ~7% post-GST. MM indicated demand trend shifting towards higher horsepower segment (40-50HP now ~65% vs 49% in FY20) and 4WD (7-8% to 17-18%) with technology advancements.

LCVs key beneficiary of rate rationalisation: The 10% GST rate cut benefitted the Light Commercial Vehicles (LCV) segment, helping offset ~ 25–30% cost inflation over the past five years from BS VI transitions and commodity spikes. This will help restore operator economics and trigger replacement demand. MM is well placed for long-term benefits with ~50% share in < 1tn pick-ups, ~60% in CNG 2–3.5tn, superior resale value (~10% above competitors) and best-in-class TCO.

LMM yet another growth driver: Last Mile Mobility (LMM) business, with ~300k E-3W on road and electrification at ~50%, will be the key growth gem. Replacement cycle, expected at 5–6 years, underscores recurring demand ahead. LMM is expanding global footprints, with markets where ARAI certification is recognised (neighbouring countries), and later to Southeast Asia.

Valuations and Estimates revised: We revise our FY26/FY27 EPS estimates by 1%/2% and value MM at 25x (vs 24x) to arrive at a SOTP TP of Rs4,319 (Rs4,117) and Maintain our BUY rating. (Details in the valuation methodology page 7).

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	MM IN/Rs 3,750
Market cap	US$ 52.9bn
Free float	81%
3M ADV	US$ 99.1mn
52wk high/low	Rs 3,781/Rs 2,425
Promoter/FPI/DII	19%/37%/29%

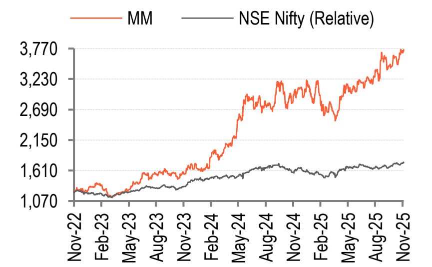
Source: NSE | Price as of 21 Nov 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	11,64,837	13,19,546	15,22,472
EBITDA (Rs mn)	1,62,745	1,96,267	2,29,700
Adj. net profit (Rs mn)	1,18,548	1,51,499	1,76,772
Adj. EPS (Rs)	98.9	126.4	147.5
Consensus EPS (Rs)	98.9	122.4	145.0
Adj. ROAE (%)	20.8	22.3	21.6
Adj. P/E (x)	37.9	29.7	25.4
EV/EBITDA (x)	29.5	24.2	20.6
Adj. EPS growth (%)	10.6	27.8	16.7

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

OIL & GAS | Q2FY26 Review | 21 November 2025

OMCs shine on robust refining margins

- **Oil marketing companies (OMCs) reported strong performance due to Refining business. RIL reported strong EBITDA growth of 17.5%YoY**
- **Exploration companies got impacted by weak global prices and CGD companies by lower domestic gas allocation**
- **Post Q2FY26, we have a BUY rating on Reliance Industries (RIL), Bharat Petroleum Corp. (BPCL) and Oil India**

Sukhwinder Singh
Research Analyst
research@bobcaps.in

OMCs and RIL reported improved performance: Among various sub-segments of the Oil & Gas sector; oil marketing companies (OMCs) and RIL showed better-than-expected performance. OMCs' performance was driven by strong GRM, and coverage reported a revenue growth of 1.8%YoY and EBITDA growth of 207%YoY.

RIL performance was strong, and EBITDA growth was driven by the oil-to-chemicals (O2C) business (+20.9%YoY), retail (+16.5%YoY) and telecom (+17.7%YoY). O2C benefitted from the growth in fuel cracks and higher polymer margins. Retail business growth was driven by strong growth in segments – Grocery (+23%YoY), Fashion (+22%YoY) and Consumer Electronics (+18%YoY).

OMCs: Operational performance of HPCL, BPCL and IOC was strong due to the refining business. Average GRM of segment increased to USD10.0/bbl from USD3.1 in Q2FY25, due to lower crude prices YoY and stronger product cracks on Petrol and Diesel.

Upstream (ONGC & Oil India): Exploration business of ONGC & Oil India got impacted due to decline in crude oil realisation by 14%YoY, which impacted their EBITDA performance. On volume front, crude oil production was lower by 3%YoY for Oil India and higher by 0.6% for ONGC.

City Gas Distribution (CGD) companies: Volume growth was good for MGL (+13.6%) and IGL (+3.2%YoY) while it was a decline of 1.0% for Gujarat Gas, impacted by decline of 11% in industrial volume. EBITDA declined for the coverage due to higher gas cost on low domestic gas allocation.

Prefer RIL, BPCL and Oil India: We have a Buy rating on RIL with TP of Rs1,655 due to incremental business growth from Retail and Telecom businesses. We have BUY on BPCL & Oil India with TPs of Rs434 and Rs520 respectively. BPCL growth will likely be driven by Bina refinery expansion, resumption of work in Mozambique and AP greenfield refinery. Oil India growth will be through increase in volumes, commissioning of Numaligarh refinery expansion & from the Mozambique project.

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Registered office Address: **1704, B Wing, Parinee Crescenzo, G Block, BKC, Bandra East, Mumbai 400051**
SEBI Research Analyst Registration No: **INH000000040 valid till 03 February 2025**
Brand Name: **BOBCAPS**
Trade Name: **www.barodaetrade.com**
CIN: **U65999MH1996GOI098009**

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BUY – Expected return >+15%

HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

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