

BUY**TP: Rs 4,117 | ▲ 15%****MAHINDRA & MAHINDRA** | Automobiles

05 November 2025

All segments contribute to overall healthy show; maintain BUY

- Automotive and tractors volumes grew in double digits by ~13%/32% YoY; blended realisations gains ~3% YoY, GST-related fall QoQ by 2%
- Auto EBIT margin fell marginally to 9.2% vs 9.3% YoY (EV impact). FES market share at 43% (+50 bps YoY); EBITDAM at 14.5%, up 20bps YoY
- Revise FY26E/FY27E/FY28E EBITDA estimates, continue to value MM's core business at 24x 1YF P/E with revised TP of Rs 4,117. Retain BUY

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Topline momentum sustained: Q2FY26 delivered a robust revenue growth of ~21% YoY (-2% QoQ), to Rs 334.2bn despite GST transition headwinds. Driven by the volumes of ~383k vehicles, up by strong 18% YoY (flattish QoQ) due to delivery deferrals. However, net blended realisation was sluggish, up by ~3% YoY (-2% QoQ) to Rs 873k per vehicle, as the premium mix was offset by discounts.

EV leadership, margin resilient: Auto business revenue share moderated, marginally falling to 71% (~73% In Q2FY25), though maintained a dominant position. EBIT margin, too, fell marginally to 9.2% vs 9.3% in Q2FY25; however, ex-BEV business was at 10.3%. SUV revenue market share surged by 390bps to 25.7% while E-SUV's rose to 33.1% as e-SUV penetration increased by 90bps to 8.7%. The LCV segment saw a strong recovery with volume gains of 13% and 100bps YoY gain in the market share to 53.2%

FES breakout; volume and share up: Tractor segment, driven by rural revival and GST affordability tailwinds, was strong with market share up by 50bps YoY to 43%. Volumes grew by 32% YoY to 123k units. FES PBIT margin was at 19.7% vs 16% YoY (core tractor PBIT at 20.6% vs 17.5% YoY). MM expects FES to grow by low double digits for FY26.

CY26 launches on schedule: Launch pipeline remains intact for CY26 with two new EV launches. XEV9 S will be launched in Q3FY26 while the Thar 3 door refresh and Bolero Neo build up on the SUV trend and GST 2.0 affordability boost, collectively this will be capitalised by MM for market share push.

Revise estimates upwards, backed by healthy performance; maintain BUY: We revise our EBITDA estimates for FY26e/FY27e/FY28e by 1%/2%/6% (EPS is revised due to depreciation/tax revision), factoring in the healthy outlook from Automotive and FES segments. Our 3Y PAT/EBITDA/PAT CAGR of 14%/16%/18%. We value MM's core business at 24x 1Y P/E, a 10% premium to its long-term average (22x), resulting in a revised SOTP-based TP of Rs4,117 (Rs 3,693). This includes a subsidiary value of Rs347. Maintain BUY (+15%).

Key changes

Target	Rating
▲	◀ ▶

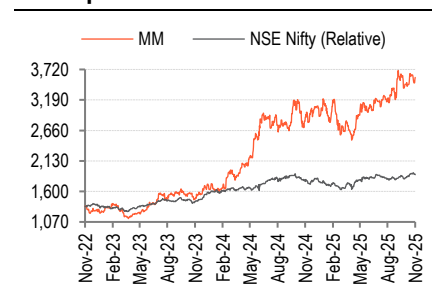
Ticker/Price	MM IN/Rs 3,581
Market cap	US\$ 50.5bn
Free float	81%
3M ADV	US\$ 98.0mn
52wk high/low	Rs 3,724/Rs 2,425
Promoter/FPI/DII	19%/37%/29%

Source: NSE | Price as of 4 Nov 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	11,64,837	13,19,546	15,18,964
EBITDA (Rs mn)	1,62,745	1,96,267	2,27,431
Adj. net profit (Rs mn)	1,18,548	1,51,499	1,74,979
Adj. EPS (Rs)	98.9	126.4	146.0
Consensus EPS (Rs)	98.9	129.0	145.0
Adj. ROAE (%)	20.8	22.3	21.4
Adj. P/E (x)	36.2	28.3	24.5
EV/EBITDA (x)	28.2	23.2	19.9
Adj. EPS growth (%)	10.6	27.8	15.5

Source: Company, Bloomberg, BOBCAPS Research

Stock performance

Source: NSE



Fig 1 – Earnings Call Highlights

Parameter	Q2FY26	Q1FY26	Our view
Market	<p>SUV revenue market share rose to 25.7% up ~390 bps YoY, with volumes up 7% YoY to 146k units despite GST transition (deliveries postponed from Sep 8 to Oct). LCV (<3.5T) volume market share at 53.2%, up 100 bps YoY. Tractor market share reached a record 43%, up 50 bps YoY, with volumes up 32% YoY to 123k units. Farm segment saw a strong domestic execution; Sampo sale completed in Finland to focus on core business. Exports up 40% YoY and likely to be the key driver, going forward.</p>	<p>SUV revenue market share rose to 27.3%, up 570 bps YoY. LCV (<3.5T) volume market share at 54.2%, up 340 bps YoY, despite a challenging industry environment.</p> <p>Tractor market share reached 45.2%, up 50 bps YoY, with volumes growing 10% YoY to 133K units. Farm segment faced challenges in international markets due to a Sampo write-down.</p>	<p>GST rate cut will benefit the Automotive segment. MM, with the maximum portfolio shifting towards 18% rate structure, will be the biggest beneficiary. FES segment is expected to deliver healthy growth on well spread monsoon, higher reservoir levels and farm initiatives by the government.</p>
Order book	<p>BEV: Strong order pipeline, skewed to top-end variants; ~85% of the buyers are new to MM (shift from other brands to MM). Thar 3 door refresh is getting good response. The Batman edition limited to 999 units was sold out in a short span.</p> <p>Management mentioned that retail volumes have been sustaining strongly post Diwali, driven by GST 2.0.</p>	<p>BEV order books remain strong, with a focus on higher-end variants. Lower battery pack variant is being released at an affordable price point to increase inclusivity.</p> <p>Thar Roxx bookings remain robust, particularly for 4x4 variants, with production ramped up to reduce the waiting periods (currently ~4 months). Thar 3-Door volumes are currently at 3.5–4k units/month, but MM has achieved full fungibility and can shift the volume mix between variant as per the demand.</p>	<p>Focus on boosting growth is a stated policy. The model shift is a strong indicator of MM preference as 85% customers are new customers. MM has limited cannibalisation impact.</p>
Electric Vehicle	<p>e-SUV penetration is at 8.7% up 90bps QoQ (vs. industry 7.4%) with 30k units sold cumulatively; 33.1% revenue share in Q2 (37.9% H1FY26).</p> <p>PLI: Prior quarters' gain recorded in Q2FY26 (one-off); XEV 9E has received certification while BE6 E is yet to receive certification.</p>	<p>BEV production at ~4k units/month, with plans to scale to 5–6k units/month during festive season and further post-January 2026 with new launches.</p> <p>No PLI has been accrued yet; awaiting XEV 9e certification expected in Q2/Q3. Low product cannibalisation from BEVs to ICE portfolio is seen as of now.</p> <p>EV margins are expected to align with ICE margins over time. Henceforth, management is agnostic about product cannibalisation.</p>	<p>Efforts on expanding EV base is a long-stated strategy. Strong product pipeline will ensure the growth strategy.</p> <p>Most of the EV products under PLI scheme will provide some respite to the quality of earnings besides quantity.</p> <p>Newer challenges are well mitigated. With the new partner SML ISUZU, EV portfolio is expected to only expand.</p>
FES	<p>Volumes: 123k units, +32% YoY; market share 43% in Q2FY26, 44.1% in H1FY26. Premium segment growing though from a small base. Farm revenue: Rs 33bn, +30% YoY, now profitable with core tractor PBIT at 20.6% up by 310bps YoY. Sampo sale completed — exit from non-core. Domestic momentum is strong in South India and Maharashtra. Management raised their growth guidance to low double digits.</p>	<p>Tractor volumes at 133K units, up 10% YoY, with market share at 45.2% (highest-ever). Farm machinery business has been recalibrated for moderate growth to maintain profitability.</p> <p>Domestic demand will likely be robust, supported by rural sentiment and a favourable monsoon.</p>	<p>Actual above normal monsoons will help tractor demand locally. Strong reservoir levels and government initiatives like direct transfer and MSPs are providing much awaited rural revival.</p> <p>Further focus on 3-key global markets, including Turkey, USA and Brazil will help international volume.</p>

Parameter	Q2FY26	Q1FY26	Our view
Margin	<p>Auto consol PBIT margin at ~14% (impacted by GST deferral). Farm PBIT: ~19.7%, up ~370 bps YoY. Consolidated: Revenue up by 22% YoY in Q2FY26 and H1FY26, PAT up by 28% in Q2FY26 to Rs 36.7bn. One-offs in Q2FY26 included PLI gain, SML transaction tax Rs 2.2bn, prior land sale.</p> <p>MMFSL: NIM up by 47 bps, AUM increased by 13%, GNPA deteriorated by 10bps to 3.9%, op. profit up by 45%.</p> <p>TechM: EBIT increased by 250bps to 12.1%, PAT up by 35% (excl. land gain).</p>	<p>Auto PBIT margin (ex-eSUV) at 10%, Farm PBIT at 19.8% (core tractor at 20.7%). Consolidated PAT up 24% to Rs 40.8bn crore.</p> <p>Steel prices have inched up by 6%, but were mitigated by passing on price hikes to customers. International subsidiary losses (Sampo write-down) impacted farm profitability.</p>	<p>Current focus is on continuing with the momentum hence, volume push will be key. Maintaining margins in a challenging business. scenario is very encouraging. Commodity inflation is a concern, though currently, it has not impacted margins meaningfully.</p> <p>Hiving off non-core business a short-term hit but a healthy long-term strategy.</p>
All-round focus, healthy balance sheet comes handy	<p>Logistics: has seen robust growth across segment, express gross margin positive, white space down, e-commerce revenue up by 11%, EBITDA up by 70 bps to 5%.</p> <p>Hospitality: ARR +85%, occupancy was hit by weather disruptions but quality focus (member growth +1%).</p> <p>Real Estate: GDV strong (Rs 180bn track), 14x pre-sales growth FY20–30; 5-year GDV secured.</p> <p>Aerospace: Airbus helicopter fuselage global supply win.</p> <p>On the chip supply chain issue pertaining to Nexperia management doesn't foresee major impact in short term and they expect easy substitutability for the product being a low value item.</p>	<p>On the Rare earth magnet situation, management re-iterated comfortably covering for the next 2-3 quarters and does not foresee any production constraints coming up as of now.</p> <p>MM plans to do the electric bus business only through SML ISUZU product line and has no plans to develop their own product.</p>	<p>All the major segments of MM are firing all cylinders.</p>

Source: Company, BOBCAPS Research

Fig 2 – Quarterly performance (Standalone)

(Rs mn)	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	Q2FY26E
Volume	3,82,826	3,81,338	0.4	3,24,420	18.0	3,82,826
Avg. Realisation per Vehicle	8,73,023	8,93,780	(2.3)	8,49,308	2.8	8,64,189
Net Revenues	3,34,216	3,40,832	(1.9)	2,75,533	21.3	3,26,917
Total Income (A)	3,34,216	3,40,832	(1.9)	2,75,533	21.3	3,26,917
Operating Expenses						
Raw materials consumed	2,52,786	2,59,207	(2.5)	2,04,440	23.6	2,50,092
Employee Expenses	12,984	13,017	(0.3)	11,526	12.6	15,157
Other Expenses	19,832	19,769	0.3	20,069	(1.2)	19,571
Total Expenditure (B)	2,85,601	2,91,993	(2.2)	2,36,035	21.0	2,84,820
EBITDA (A-B)	48,615	48,840	(0.5)	39,497	23.1	42,098
Other Income	23,599	7,913	198.2	20,433	15.5	19,141
Depreciation	10,406	9,999	4.1	9,614	8.2	10,517
EBIT	61,807	46,754	32.2	50,317	22.8	50,722
Finance Costs	590	559	5.5	551	7.0	671
PBT after excep items	61,217	46,195	32.5	49,765	23.0	50,050
Tax expense	15,489	10,214	51.6	10,902	42.1	13,261
Reported PAT	45,205	34,498	31.0	38,408	17.7	36,789
Adjusted PAT	45,728	35,981	27.1	38,863	17.7	36,789
EPS (Rs)	36.4	27.8	31.0	30.9	17.7	27.6
Key Ratios (%)			(bps)		(bps)	
Gross Margin	24.4	23.9	42	25.8	(144)	23.5
EBITDA Margin	14.5	14.3	22	14.3	21	12.9
EBIT Margin	18.5	13.7	478	18.3	23	15.5
PBT Margin	18.3	13.6	476	18.1	26	15.3
Tax Rate	25.3	22.1	319	21.9	340	26.5
Adj PAT Margin	13.7	10.6	313	14.1	(42)	11.3

Source: Company, BOBCAPS Research

Valuation Methodology

We revise our EBITDA estimates for FY26e/FY27e/FY28e by 1%/2%/6% (EPS is revised due to depreciation/tax revision), factoring in the healthy outlook from Automotive and FES segments. Our 3Y PAT/EBITDA/PAT CAGR of 14%/16%/18%. We expect FES's revival to be stronger, and automotive segment to maintain a strong momentum, owing to MM's focus on premiumisation and EVs across segments, driving volumes and market share.

Despite a strong capex for automotive and FES, we believe MM's capital allocation policy continues to imply less debt stress that will result in balance sheet health and keep return ratios moving at a good pace.

This is reflected in the recent SML ISUZU acquisition. The current (FY25), MM Truck & Bus at 3% market share in >3.5T Commercial Vehicle (CV). Post-acquisition, combined market share with SML at 6%, is estimated to take MM at the No.4 OEM in >3.5T CV. Target market share is 10-12% by FY31 and over 20% market share by FY36. Additionally, M&HCV segment aimed at growing market share to 5%. For buses, SML's 16% market share in Light CV (LCV)/ Integrated CV (ICV) buses, combined with M&M will reach 21% (strong presence in ILCV).

Additionally, organic capacity expansion plans are the right measures to address market preferences, especially in the automotive segment and will help MM to maintain leadership in the SUV segment.

We value MM's core business at 24x 1-year P/E, a 10% premium to its long-term average (22x), resulting in a revised SOTP-based TP of Rs4,117 (Rs 3,693). This includes a subsidiary value of Rs347. Maintain BUY (+15%).

Fig 3 – Revised estimates

(Rs mn)	New			Old			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	13,19,546	15,18,964	17,28,442	13,06,433	14,91,076	16,62,518	1.0	1.9	4.0
EBITDA	1,96,267	2,27,431	2,55,770	1,93,896	2,22,533	2,42,013	1.2	2.2	5.7
Adj PAT	1,51,499	1,74,979	1,94,049	1,46,069	1,62,516	1,76,363	3.7	7.7	10.0
Adj EPS (Rs)	126.4	146.0	162.0	121.9	135.6	147.2	3.7	7.7	10.0

Source: BOBCAPS Research

Fig 4 – Key assumptions

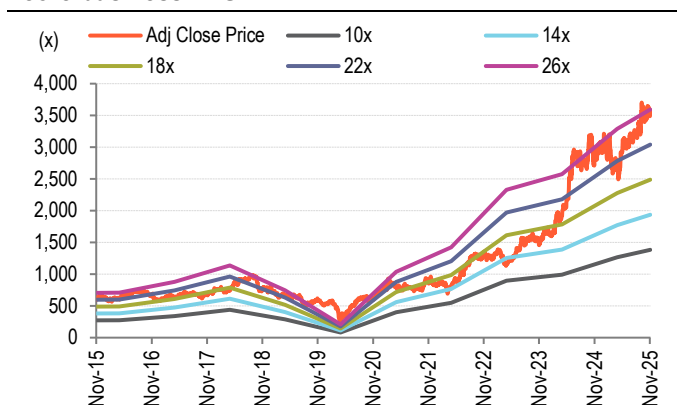
Parameter	FY26E	FY27E	FY28E
Volume (units)	15,56,659	17,50,697	19,45,961
Revenue (Rs mn)	13,19,546	15,18,964	17,28,442
EBITDA (Rs mn)	1,96,267	2,27,431	2,55,770
EBITDA margin (%)	14.9	15.0	14.8
Adj. PAT (Rs mn)	1,51,499	1,74,979	1,94,049
EPS (Rs)	126.4	146.0	162.0

Source: Company, BOBCAPS Research

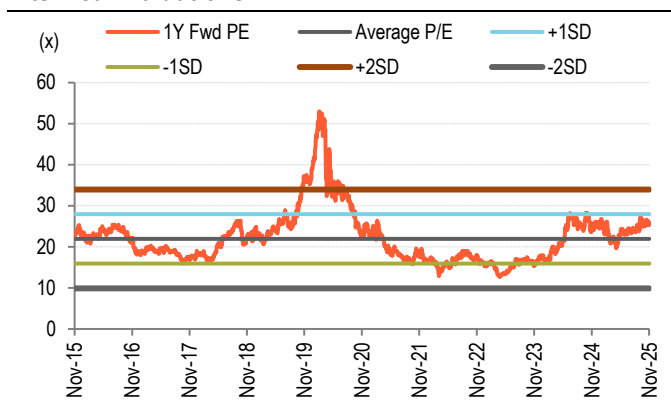
Fig 5 – Valuation summary

Business	Value (Rs/sh)	Valuation basis
Core Business	3,764	24x 1-year forward EPS
Subsidiaries	347	30% holding company discount
Total	4,117	-

Source: BOBCAPS Research| Note: 1-year forward valuations

Fig 6 – P/E band: We continue to value MM at 24x 1YF core business EPS


Source: Company, Bloomberg, BOBCAPS Research

Fig 7 – P/E 1YF MM will continue to trade at premium to its mean valuations


Source: Company, Bloomberg, BOBCAPS Research

Key risks

Key downside risks to our estimates:

- Commodity inflation sustaining for longer-than-expected in the high-end segment.
- Accelerated launches by competitors in the high-end automotive segment
- Slower-than-expected recovery in the farm equipment segment

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Total revenue	9,87,634	11,64,837	13,19,546	15,18,964	17,28,442
EBITDA	1,26,662	1,62,745	1,96,267	2,27,431	2,55,770
Depreciation	34,389	42,268	42,319	46,994	51,244
EBIT	1,36,217	1,59,005	1,93,714	2,24,067	2,48,592
Net interest inc./(exp.)	(1,388)	(2,505)	(2,549)	(2,574)	(2,960)
Other inc./(exp.)	43,944	38,527	39,767	43,630	44,066
Exceptional items	0	0	0	0	0
EBT	1,34,830	1,56,500	1,91,166	2,21,493	2,45,632
Income taxes	27,652	37,952	39,667	46,513	51,583
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	1,07,178	1,18,548	1,51,499	1,74,979	1,94,049
Adjustments	0	0	0	0	0
Adjusted net profit	1,07,178	1,18,548	1,51,499	1,74,979	1,94,049

Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	1,99,990	2,37,166	2,73,964	3,15,155	3,63,284
Other current liabilities	60,729	87,343	49,653	64,461	72,711
Provisions	18,714	22,689	2,176	2,394	2,633
Debt funds	20,365	16,818	14,583	11,199	10,445
Other liabilities	0	0	0	0	0
Equity capital	5,996	6,004	5,996	5,996	5,996
Reserves & surplus	5,16,770	6,09,846	7,35,452	8,85,271	10,54,160
Shareholders' fund	5,22,766	6,15,850	7,41,448	8,91,267	10,60,156
Total liab. and equities	8,22,563	9,79,866	10,81,824	12,84,476	15,09,230
Cash and cash eq.	55,259	1,14,345	41,957	78,155	1,03,937
Accounts receivables	45,495	57,256	65,977	75,948	86,422
Inventories	95,048	1,03,333	1,38,552	1,55,694	1,81,486
Other current assets	1,29,520	1,37,760	2,11,127	2,58,224	3,28,404
Investments	2,99,954	3,54,680	3,95,098	4,87,786	5,80,555
Net fixed assets	1,94,378	1,92,111	2,09,791	2,12,797	2,11,553
CWIP	18,460	37,010	35,950	32,500	33,500
Intangible assets	0	0	0	0	0
Deferred tax assets, net	(15,551)	(16,629)	(16,629)	(16,629)	(16,629)
Other assets	0	0	0	0	0
Total assets	8,22,563	9,79,866	10,81,824	12,84,476	15,09,230

Cash Flows

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operations	90,834	1,59,264	12,789	1,57,776	1,48,439
Capital expenditures	(49,619)	(58,550)	(58,940)	(46,550)	(51,000)
Change in investments	(29,083)	(54,726)	(40,418)	(92,688)	(92,769)
Other investing cash flows	43,944	38,527	39,767	43,630	44,066
Cash flow from investing	(34,758)	(74,749)	(59,591)	(95,608)	(99,703)
Equities issued/Others	800	(787)	(8)	0	0
Debt raised/repaid	(29,891)	(3,547)	(2,235)	(3,384)	(754)
Interest expenses	(1,388)	(2,505)	(2,549)	(2,574)	(2,960)
Dividends paid	(25,160)	(25,160)	(25,160)	(25,160)	(25,160)
Other financing cash flows	7,229	1,560	(733)	0	0
Cash flow from financing	(48,410)	(30,438)	(30,684)	(31,118)	(28,874)
Chg in cash & cash eq.	7,666	54,077	(77,486)	31,050	19,862
Closing cash & cash eq.	55,259	1,14,345	41,957	78,155	1,03,937

Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	89.5	98.9	126.4	146.0	162.0
Adjusted EPS	89.5	98.9	126.4	146.0	162.0
Dividend per share	21.0	21.0	21.0	21.0	21.0
Book value per share	436.3	514.0	618.9	743.9	884.9

Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	4.6	3.9	3.4	3.0	2.7
EV/EBITDA	35.9	28.2	23.2	19.9	18.0
Adjusted P/E	40.0	36.2	28.3	24.5	22.1
P/BV	8.2	7.0	5.8	4.8	4.0

DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Tax burden (Net profit/PBT)	79.5	75.7	79.3	79.0	79.0
Interest burden (PBT/EBIT)	99.0	98.4	98.7	98.9	98.8
EBIT margin (EBIT/Revenue)	13.8	13.7	14.7	14.8	14.4
Asset turnover (Rev./Avg TA)	192.3	198.1	190.0	183.2	175.2
Leverage (Avg TA/Avg Equity)	1.1	1.0	1.0	1.0	1.0
Adjusted ROAE	22.4	20.8	22.3	21.4	19.9

Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Revenue	16.2	17.9	13.3	15.1	13.8
EBITDA	21.3	28.5	20.6	15.9	12.5
Adjusted EPS	63.7	10.6	27.8	15.5	10.9

Profitability & Return ratios (%)

EBITDA margin	12.8	14.0	14.9	15.0	14.8
EBIT margin	13.8	13.7	14.7	14.8	14.4
Adjusted profit margin	10.9	10.2	11.5	11.5	11.2
Adjusted ROAE	22.4	20.8	22.3	21.4	19.9
ROCE	21.0	20.4	22.0	21.3	19.9

Working capital days (days)

Receivables	16	16	17	17	17
Inventory	34	31	33	35	36
Payables	94	92	95	95	96

Ratios (x)

Gross asset turnover	0.4	0.4	0.4	0.4	0.4
Current ratio	1.2	1.2	1.4	1.5	1.6
Net interest coverage ratio	(98.2)	(63.5)	(76.0)	(87.0)	(84.0)
Adjusted debt/equity	0.0	0.0	0.0	0.0	0.0

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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Disclaimer

Name of the Research Entity: **BOB Capital Markets Limited**

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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Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

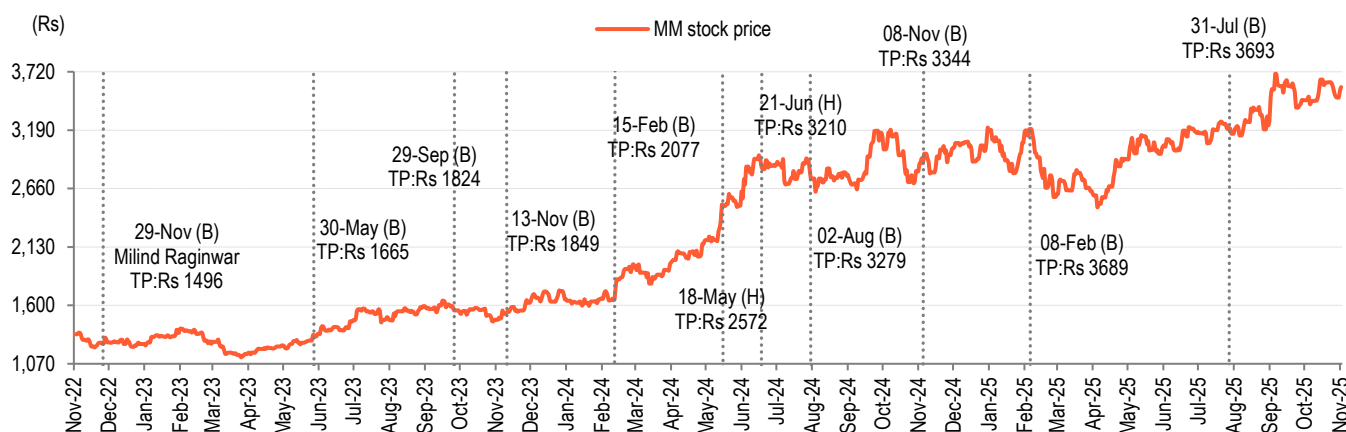
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Ratings and Target Price (3-year history): MAHINDRA & MAHINDRA (MM IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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