

Mahindra & Mahindra | BUY

Upping the ante with unveiling of Electric Origin SUVs

M&M unveiled its Electric Origin SUVs, the BE 6e and XEV 9e, showcasing distinct designs under the "Heartcore Design" ethos. Both models are built on the scalable INGLO EV platform, powered by BYD's blade cell technology and offering up to 682 km range with fast charging capabilities. Both these models are loaded with advanced tech (incl. AI) and offers hosts of modern and luxury features with an aim to set-up an industry benchmark. Pricing seems to be competitive, in our view. Bookings open in Jan'25 with deliveries scheduled to begin in Feb-Mar'25. M&M has allocated INR 45bn towards its development and planned an initial capacity of 90k vehicles p.a. Driven by strong execution in autos and healthy outlook for farm segment, we maintain BUY with a Mar'26 TP of INR 3,325 (SOTP valuation, 24x core business). Success of recent/upcoming launches (EV and ICE) remains a key monitorable.

- Launches Electric Origin SUVs under 'BE' and 'XEV' brands:** M&M has launched the first two of its Electric Origin SUVs, the 'BE 6e' and 'XEV 9e'. These SUVs showcase distinctive design philosophies under Mahindra's "Heartcore Design" ethos. The BE 6e flaunts edgy, athletic silhouette and race-inspired agility, whereas the XEV 9e exudes sophistication with its suave SUV coupe design, blending indulgent luxury with dynamic performance.
- Both 'BE 6e' and 'XEV 9e' looks promising!:** Both these models are built ground-up and underpins Mahindra's scalable and modular born-EV INGLO platform. INGLO employs BYD's blade cell technology, and uses a compact 3-in-1 powertrain (motor, inverter and the transmission) that produces up to 210 kW power and 380 Nm of instant torque. They offer two battery pack options: 59kWh and 79kWh with a LFP chemistry. The 79 kWh variant delivers a certified (MIDC) range of 682km / 656km for BE 6e / XEV 9e. These models come with fast charging capabilities with 20-80% charging in 20 minutes using a 175 kW fast charger. They also feature - Three 31.24 cm screens (in XEV 9e), Race-Ready Digital Cockpit (in BE 6e), Augmented-reality Heads Up Display, Infinity Roof, 16-speaker Harman Kardon sound system with Dolby Atmos, ADAS L2+ capabilities, etc. Both these models are powered by MAIA (Mahindra Artificial Intelligence Architecture), touted as the fastest automotive mind in the world which runs on Qualcomm's Snapdragon 8295 chipset, supported by 24 / 128 GB RAM storage and offers connectivity options including Wi-Fi 6.0, Bluetooth 5.2, and 5G capabilities.
- Pricing seems to be competitive; deliveries start from 4Q:** M&M has launched BE 6e / XEV 9e at an introductory ex-showroom prices starting from INR 1.89mn / INR 2.19mn which is competitive, in our view, given the specs and features. Bookings open in Jan'25. And, deliveries are expected to commence in late Feb'25 or early Mar'25. Both the models come with a lifetime battery warranty for first registered private owners.
- Other takeaways:** **1)** M&M has filed a total of 152 patents and 45 design registrations for its Electric Origin SUVs incl. wrt. INGLO platform. **2)** The company has allocated INR 45bn out of the total INR 160 bn investment in the F22-F27 cycle which includes powertrain development, two product top hats including software & tech and manufacturing capacity. **3)** Total manufacturing capacity of 90,000 vehicles p.a. is being planned (for its Electric Origin SUVs) at Chakan with a phased ramp-up by Mar'25.



Vivek Kumar

vivek.kumar@jmfl.com | Tel: (91 22) 66303019

Ronak Mehta

ronak.mehta@jmfl.com | Tel: (91 22) 66303125

(We acknowledge the support services of Sahil Malik and Dev Jogani in preparation of this report)

Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	3,325
Upside/(Downside)	11.4%
Previous Price Target	3,325
Change	0%

Key Data – MM IN

Current Market Price	INR2,985
Market cap (bn)	INR3,712.2/US\$44.0
Free Float	67%
Shares in issue (mn)	1,189.9
Diluted share (mn)	1,199.2
3-mon avg daily val (mn)	INR11,158.3/US\$132.3
52-week range	3,222/1,542
Sensex/Nifty	80,004/24,195
INR/US\$	84.3

Price Performance

%	1M	6M	12M
Absolute	9.7	15.7	92.2
Relative*	8.9	9.1	58.5

* To the BSE Sensex

Financial Summary	(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E
Net Sales	8,49,603	9,87,634	11,17,707	12,78,821	14,21,760
Sales Growth (%)	47.0	16.2	13.2	14.4	11.2
EBITDA	1,04,424	1,29,194	1,59,637	1,78,685	1,95,732
EBITDA Margin (%)	12.3	13.1	14.3	14.0	13.8
Adjusted Net Profit	79,782	1,07,178	1,20,274	1,38,218	1,55,040
Diluted EPS (INR)	66.6	89.4	100.3	115.3	129.3
Diluted EPS Growth (%)	56.9	34.2	12.2	14.9	12.2
ROIC (%)	35.9	42.3	45.3	44.8	45.3
ROE (%)	19.6	22.4	21.1	20.4	19.4
P/E (x)	44.8	33.4	29.8	25.9	23.1
P/B (x)	8.2	6.8	5.8	4.9	4.1
EV/EBITDA (x)	33.2	26.6	21.3	18.6	16.5
Dividend Yield (%)	0.4	0.7	0.7	0.7	0.7

Source: Company data, JM Financial. Note: Valuations as of 26/Nov/2024;

JM Financial Research is also available on:
Bloomberg - JMFR <GO>,
Thomson Publisher & Reuters,
S&P Capital IQ, FactSet and Visible Alpha

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

Exhibit 1. BE 6e exterior



Source: Company, JM Financial

Exhibit 2. BE 6e interior



Source: Company, JM Financial

Exhibit 3. XEV 9e exterior



Source: Company, JM Financial

Exhibit 4. XEV 9e interior



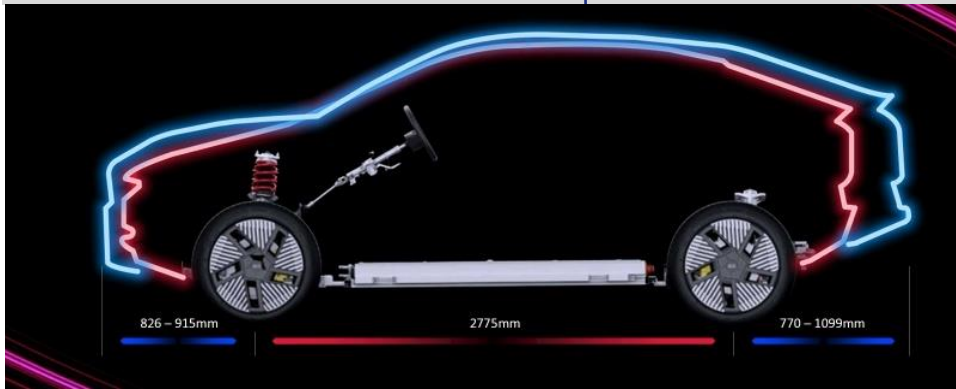
Source: Company, JM Financial

Exhibit 5. M&M's modular, born-EV INGLO platform



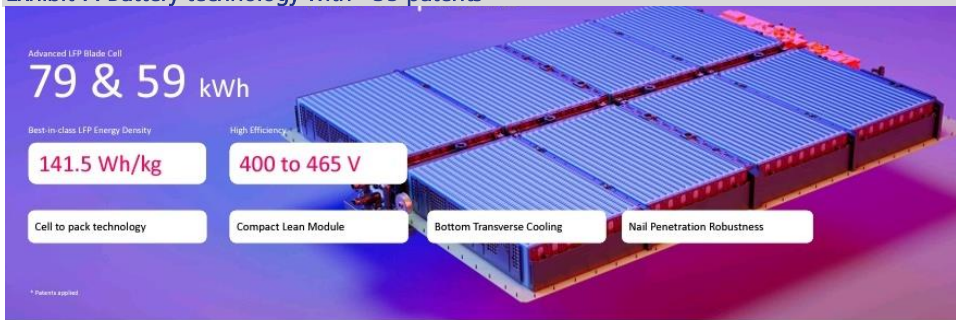
Source: Company, JM Financial

Exhibit 6. BE 6e and XEV 9e – both are based on INGLO platform



Source: Company, JM Financial

Exhibit 7. Battery technology with ~35 patents*



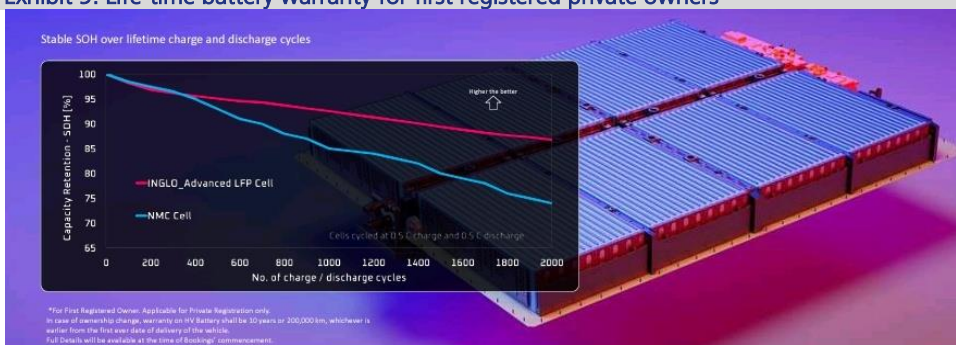
Source: Company, JM Financial; *applied

Exhibit 8. Focus on battery safety and robustness



Source: Company, JM Financial

Exhibit 9. Life-time battery warranty for first registered private owners



Source: Company, JM Financial

Exhibit 10. Specs and features of BE 6e and XEV 9e vs. other EV models in domestic market

Particulars	BE 6e	XEV 9e	XUV400	Tata Nexon EV	MG ZS EV	Tata Punch EV	MG Windsor EV
Motor performance	286 bhp, 380nm	286 bhp, 380nm	150 bhp, 310nm	141 bhp, 250 nm	174 bhp, 280nm	121 bhp, 190nm	134 bhp, 200nm
Battery size (Li-ion)	59/79 kWh	59/79 kWh	39.5kWh	40.5 kWh	50.3 kWh	35 kWh	38 kWh
Claimed range	682	656	456	437	461	365	332
Charging time (@220 volt)	8.7/11.7 hours	8.7/11.7 hours	6.5 hours	6.5 hours	8.5 hours	5 hours	7.5 hours
DC Fast charger	20-80% in 20 mins	20-80% in 20 mins	80% in 50 mins	80% in 56 mins	80% in 60 mins	80% in 56 mins	80% in 55 mins
Length(mm)	4371	4789	4200	3994	4323	3857	4295
Width(MM)	1907	1907	1821	1811	1809	1742	1850
Wheelbase	2775	2775	2600	2498	2581	2445	2700
Boot space (litres)	455	663	378	350	448	366	604
Battery warranty	Lifetime	Lifetime	1,60,000kms	1,60,000kms	1,50,000kms	1,60,000kms	1,60,000kms
No. of airbags	6	6	6	2	6	6	6
EX showroom (INR '000s)	1,890	2,190	1,549-1,939	1,249-1719	1,898-2,574	999-1,429	1,349-1,549

Source: Company, JM Financial

Exhibit 11. M&M (standalone) - change in assumptions

M&M	New assumption			Old assumption			% Change		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue (INR mn)	1,117,707	1,278,821	1,421,760	1,117,707	1,278,821	1,421,760	-	-	-
Auto Volume (mn units)	919,361	1,021,223	1,107,320	919,361	1,021,223	1,107,320	-	-	-
Growth (%)	11%	11%	8%	11%	11%	8%	-	-	-
Tractor Volume (mn units)	404,159	425,164	447,299	404,159	425,164	447,299	-	-	-
Growth (%)	7%	5%	5%	7%	5%	5%	-	-	-
EBITDA (INR mn)	159,637	178,685	195,732	159,637	178,685	195,732	-	-	-
EBITDA margin (%)	14.3%	14.0%	13.8%	14.3%	14.0%	13.8%	-	-	-
PAT (INR mn)	120,274	138,218	155,040	120,274	138,218	155,040	-	-	-
EPS (INR)	100	115	129	100	115	129	-	-	-

Source: Company, JM Financial

Exhibit 12. SOTP valuation

	Methodology	Value per share (INR)
Core business	24x Core EPS	2,600
PV EV Co.	Refer link	170
<u>Listed subsidiaries:</u>		
Tech Mahindra	20% discount to TP/CMP	305
Mahindra Finance	20% discount to TP/CMP	145
Mahindra Life	20% discount to TP/CMP	27
Mahindra Holiday	20% discount to TP/CMP	35
Mahindra Logistics	20% discount to TP/CMP	12
Swaraj Engines	20% discount to TP/CMP	13
EPC	20% discount to TP/CMP	1
CIE Automotive SA	20% discount to TP/CMP	17
Total subsidiary value		555
Total Value - SOTP		3,325

Source: JM Financial

Financial Tables (Standalone)

Income Statement		(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Net Sales	8,49,603	9,87,634	11,17,707	12,78,821	14,21,760	
Sales Growth	47.0%	16.2%	13.2%	14.4%	11.2%	
Other Operating Income	0	0	0	0	0	
Total Revenue	8,49,603	9,87,634	11,17,707	12,78,821	14,21,760	
Cost of Goods Sold/Op. Exp	6,45,582	7,40,064	8,29,338	9,55,279	10,66,320	
Personnel Cost	36,499	44,164	47,697	53,421	58,763	
Other Expenses	63,098	74,212	81,034	91,436	1,00,945	
EBITDA	1,04,424	1,29,194	1,59,637	1,78,685	1,95,732	
EBITDA Margin	12.3%	13.1%	14.3%	14.0%	13.8%	
EBITDA Growth	48.6%	23.7%	23.6%	11.9%	9.5%	
Depn. & Amort.	31,545	34,389	37,640	41,250	45,133	
EBIT	72,879	94,806	1,21,997	1,37,435	1,50,599	
Other Income	25,452	41,412	36,303	43,489	52,100	
Finance Cost	2,728	1,388	2,100	2,000	2,000	
PBT before Excep. & Forex	95,603	1,34,830	1,56,200	1,78,923	2,00,699	
Excep. & Forex Inc./Loss(-)	0	0	0	0	0	
PBT	95,603	1,34,830	1,56,200	1,78,923	2,00,699	
Taxes	15,821	27,652	35,926	40,705	45,659	
Extraordinary Inc./Loss(-)	-14,295	0	0	0	0	
Assoc. Profit/Min. Int.(-)	0	0	0	0	0	
Reported Net Profit	65,486	1,07,178	1,20,274	1,38,218	1,55,040	
Adjusted Net Profit	79,782	1,07,178	1,20,274	1,38,218	1,55,040	
Net Margin	9.4%	10.9%	10.8%	10.8%	10.9%	
Diluted Share Cap. (mn)	1,198.1	1,199.2	1,199.2	1,199.2	1,199.2	
Diluted EPS (INR)	66.6	89.4	100.3	115.3	129.3	
Diluted EPS Growth	56.9%	34.2%	12.2%	14.9%	12.2%	
Total Dividend + Tax	13,838	25,304	23,985	23,985	23,985	
Dividend Per Share (INR)	11.6	21.1	20.0	20.0	20.0	

Source: Company, JM Financial

Cash Flow Statement		(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Profit before Tax	95,603	1,34,830	1,56,200	1,78,923	2,00,699	
Depn. & Amort.	31,545	34,389	37,640	41,250	45,133	
Net Interest Exp. / Inc. (-)	2,728	1,388	2,100	2,000	2,000	
Inc (-) / Dec in WCcap.	-111	-4,272	-26,945	-13,029	-11,416	
Others	-14,295	0	0	0	0	
Taxes Paid	-15,821	-27,652	-35,926	-40,705	-45,659	
Operating Cash Flow	99,648	1,38,682	1,33,070	1,68,440	1,90,757	
Capex	-27,486	-49,619	-50,856	-49,983	-54,481	
Free Cash Flow	72,162	89,063	82,214	1,18,457	1,36,276	
Inc (-) / Dec in Investments	-28,826	-29,083	-25,000	-25,000	-25,000	
Others	-2,728	-1,388	-2,100	-2,000	-2,000	
Investing Cash Flow	-59,040	-80,090	-77,956	-76,983	-81,481	
Inc / Dec (-) in Capital	8	6	0	0	0	
Dividend + Tax thereon	-13,838	-25,304	-23,985	-23,985	-23,985	
Inc / Dec (-) in Loans	-17,175	-29,891	-6,000	-6,000	-6,000	
Others	-1,291	7,038	1,562	1,342	1,505	
Financing Cash Flow	-32,297	-48,151	-28,423	-28,643	-28,480	
Inc / Dec (-) in Cash	8,312	10,442	26,691	62,814	80,796	
Opening Cash Balance	36,505	44,818	55,259	81,950	1,44,764	
Closing Cash Balance	44,817	55,259	81,950	1,44,764	2,25,561	

Source: Company, JM Financial

Balance Sheet		(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Shareholders' Fund	4,33,567	5,22,766	6,19,055	7,33,288	8,64,344	
Share Capital	5,991	5,996	5,996	5,996	5,996	
Reserves & Surplus	4,27,577	5,16,769	6,13,059	7,27,292	8,58,348	
Preference Share Capital	0	0	0	0	0	
Minority Interest	0	0	0	0	0	
Total Loans	50,255	20,365	14,365	8,365	2,365	
Def. Tax Liab. / Assets (-)	19,465	19,184	20,746	22,088	23,594	
Total - Equity & Liab.	5,03,287	5,62,315	6,54,166	7,63,741	8,90,302	
Net Fixed Assets	1,97,608	2,12,838	2,26,054	2,34,786	2,44,135	
Gross Fixed Assets	3,66,490	4,06,397	4,53,955	4,99,811	5,49,794	
Intangible Assets	0	0	0	0	0	
Less: Depn. & Amort.	1,96,728	2,31,116	2,68,757	3,10,007	3,55,140	
Capital WIP	27,846	37,558	40,856	44,983	49,481	
Investments	2,70,871	2,99,954	3,24,954	3,49,954	3,74,954	
Current Assets	2,89,319	3,25,322	4,01,262	5,10,104	6,31,736	
Inventories	88,814	95,048	1,07,177	1,22,627	1,36,333	
Sundry Debtors	40,417	45,495	61,244	70,072	77,905	
Cash & Bank Balances	44,818	55,259	81,950	1,44,764	2,25,561	
Loans & Advances	1,15,271	1,29,520	1,50,890	1,72,641	1,91,938	
Other Current Assets	0	0	0	0	0	
Current Liab. & Prov.	2,54,511	2,75,799	2,98,104	3,31,103	3,60,523	
Current Liabilities	1,71,456	1,85,920	2,04,494	2,35,548	2,62,928	
Provisions & Others	83,055	89,880	93,610	95,555	97,595	
Net Current Assets	34,808	49,522	1,03,158	1,79,001	2,71,213	
Total - Assets	5,03,287	5,62,315	6,54,166	7,63,741	8,90,302	

Source: Company, JM Financial

Dupont Analysis						
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Net Margin	9.4%	10.9%	10.8%	10.8%	10.9%	
Asset Turnover (x)	1.7	1.9	1.8	1.8	1.7	
Leverage Factor (x)	1.2	1.1	1.1	1.0	1.0	
RoE	19.6%	22.4%	21.1%	20.4%	19.4%	

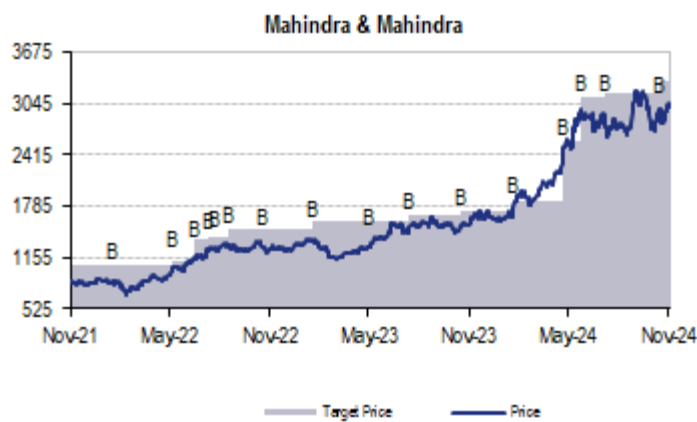
Key Ratios						
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
BV/Share (INR)	361.9	435.9	516.2	611.5	720.7	
ROIC	35.9%	42.3%	45.3%	44.8%	45.3%	
ROE	19.6%	22.4%	21.1%	20.4%	19.4%	
Net Debt/Equity (x)	-0.2	-0.2	-0.3	-0.3	-0.4	
P/E (x)	44.8	33.4	29.8	25.9	23.1	
P/B (x)	8.2	6.8	5.8	4.9	4.1	
EV/EBITDA (x)	33.2	26.6	21.3	18.6	16.5	
EV/Sales (x)	4.1	3.5	3.0	2.6	2.3	
Debtor days	17	17	20	20	20	
Inventory days	38	35	35	35	35	
Creditor days	84	79	78	78	78	

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
7-Feb-21	Buy	950	
30-May-21	Buy	980	3.2
7-Aug-21	Buy	980	0.0
9-Nov-21	Buy	1,060	8.2
11-Feb-22	Buy	1,060	0.0
30-May-22	Buy	1,100	3.8
10-Jul-22	Buy	1,375	25.0
7-Aug-22	Buy	1,400	1.8
15-Aug-22	Buy	1,400	0.0
12-Sep-22	Buy	1,500	7.2
13-Nov-22	Buy	1,500	0.0
12-Feb-23	Buy	1,600	6.7
28-May-23	Buy	1,600	0.0
6-Aug-23	Buy	1,675	4.7
12-Nov-23	Buy	1,725	3.0
14-Feb-24	Buy	1,850	7.2
16-May-24	Buy	2,575	39.2
17-Jun-24	Buy	3,125	21.4
31-Jul-24	Buy	3,175	1.6
7-Nov-24	Buy	3,325	4.7

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd., National Stock Exchange of India Ltd. and Metropolitan Stock Exchange of India Ltd.

SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst – INH000000610

Registered Office: 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India.

Board: +9122 6630 3030 | Fax: +91 22 6630 3488 | Email: jmfinancial.research@jmfl.com | www.jmfl.comCompliance Officer: Mr. Sunny Shah | Tel: +91 22 6630 3383 | Email: sunny.shah@jmfl.com

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Rating	Meaning
Buy	Total expected returns of more than 10% for large-cap stocks* and REITs and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for large-cap* stocks and REITs and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* Large-cap stocks refer to securities with market capitalisation in excess of INR200bn. REIT refers to Real Estate Investment Trusts.

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