

# M&M shifts to high gear with ₹37K cr investments

CEO says EVs will constitute 20–30% of its overall sales by 2027

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**A**utomotive (auto) major Mahindra & Mahindra (M&M), which is readying to launch nine sport utility vehicles (internal combustion engine/ICE), seven Born Electric Vehicles (BEVs), and seven light commercial vehicles by 2030, has outlined an investment of ₹27,000 crore in its auto business between 2024-25 (FY25) and 2026-27 (FY27).

Over the next three years, the company will deploy ₹37,000 crore, including its auto business, farm business (₹5,000 crore), and service business (₹5,000 crore).

The M&M board has approved an investment of ₹12,000 crore in its electric vehicle (EV) arm, Mahindra Electric Automobile (MEAL), to fund the EV journey over the next three years.

The first set of BEVs will start rolling out for the first quarter of the 2025 calendar year, said Rajesh Jejurikar, executive director and chief executive officer (CEO), auto and farm sector, M&M.

EVs will constitute around 20–30 per cent of M&M's overall sales by 2027 or so.

Regarding the EV arm, British International Investment (BII) has invested ₹1,200 crore, and Temasek ₹300 crore in MEAL. Temasek had committed an investment of ₹1,200 crore in August 2023 (at a valuation of \$9.8 billion). It will thus invest the balance of ₹900 crore in MEAL as per agreed timelines, M&M said.



## EV GETS THE LION'S SHARE

FY25–27 investment plans (in ₹ cr)

<b>Auto</b>	<b>27,000</b>	
SUVs (ICE)	8,500	
CVs	4,000	
Sustenance plan	1,500	
E-mobility arm	12,000	
Investments in others arms	1,000	
<b>Farm</b>	<b>5,000</b>	
<b>Services</b>	<b>5,000</b>	

**Total  
37,000**

Source: Company

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## Net profit up 4% on strong auto biz

**Mahindra and Mahindra (M&M) reported a 4 per cent jump in consolidated net profit for the fourth quarter of the 2023-24, riding on a 9 per cent year-on-year (Y-o-Y) growth in revenue to ₹3,5452 crore.**

BII had committed an investment of ₹1,925 crore in 2022 in the form of compulsory convertible instruments at a valuation of up to ₹70,070 crore, resulting in 2.75 per cent to 4.76 per cent ownership for BII in MEAL.

M&M and the auto division expect to generate sufficient operating cash to satisfy their capital investment needs, the company said at the earnings press conference on Thursday.

Speaking to reporters, Anish Shah, managing director and CEO, M&M, said M&M and BII have been discussing whether the balance investment of ₹725 crore is required, and they will take a call on this in the next six to seven months.

“M&M and BII have mutually agreed to extend the time frame for the final tranche of BII's planned investment of ₹725 crore and will jointly assess whether additional investment is required by December 31, 2024,” the company said.

Shah said that the EVs will have a similar margin profile (on a per-unit basis) as the ICE vehicles.

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# M&M...

Just like ICE vehicles, EVs would have a lower margin profile when newly launched and thereafter improve the margins through value engineering. Shah did not wish to give a timeline for when MEAL could break even.

With a portfolio of vehicles lined up for launches and a backlog of 220,000 units to be delivered to customers, M&M is focusing on a consistent capacity ramp-up.

Jejurikar said that from a capacity of 19,000 sport utility vehicles per month at the end of 2019-20, M&M has already increased capacity to 49,000 units per month at the end of 2023-24 (FY24). By the end of FY25, this will rise to 64,000 units per month, and in the next year, it will further rise to 72,000 units per month (end of 2025-26/FY26).

Jejurikar clarified that the FY25 end capacity includes 10,000 units per month of EV capacity, and an additional 8,000 units per month of EV capacity is expected by FY26 end. As for the newly launched XUV 3XO, M&M has a capacity allocation of around 9,000 units per month, which can be scaled up to 10,500 units per month if needed, Shah said.

Of the total ₹27,000 crore auto investment plan for the FY25–FY27 period, ICE sport utility vehicles would get around ₹8,500 crore, while commercial vehicles (including EVs, trucks, and buses) would get around ₹4,000 crore.

The auto business achieved a three-year revenue compound annual growth rate of 43.1 per cent in FY24. It was the no. 1 player in revenue market share for sport utility vehicles in FY24

(20.4 per cent). It is also the market leader in less than 3.5-tonne light commercial vehicles, with 49.5 per cent of the volume.

M&M's Last Mile Mobility crossed the 100,000 mark in sales for the first time in FY24. The electric three-wheeler portfolio grew by 51 per cent during the financial year. The FY24 return on capital employed was 42 per cent for auto business.

## Tractor sales FY25 outlook positive

The market leader in tractors said on Thursday that farm output is expected to recover and agricultural (agri) exports are likely to see 'robust' growth.

The India Meteorological Department expects the monsoon to be 'above normal' at 106 per cent of the long-period average. Jejurikar said, "Government focus on infrastructure development, agri, and rural spending with agri credit availability is a positive. Further positive benefits of the Navratri festival shift are likely in the first (Q1) and fourth quarters of FY25."

El Niño conditions may continue until May, leading to concerns about muted rabi output and associated income from the national election in the peak season months of Q1FY25. Jejurikar said that the elections may cause temporary disruptions in May, but that is not a reflection of the sentiment.

## US inflation...

Experts believe the latest US inflation data will be supportive for emerging market stocks.

The core consumer price index, which excludes food and energy costs, rose 0.3 per cent from March. It is the first time in three months that the US inflation reading has not breached estimates.

Investors currently expect about two rate cuts this year.

