

Mahindra & Mahindra (MM) - BUY

Q4FY26 Result Update

Current Market Price (CMP) Rs.3069	Fair Value (FV) Rs.4050
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Rationale:

- Q4FY26 EBITDA was 0.5% above our estimates due to better-than-expected ASP.
- Company guides for domestic tractor industry to grow in mid-single digit in FY27E.
- We expect the company’s SUV volumes to grow by low double digit in FY27E.
- Company has guided for high single-digit growth for the industry LCV segment.
- M&M continues to execute well by maintaining leadership in all three segments.
- We expect M&M to continue to outperform industry growth across tractors and CVs.
- Strong product-launch cycle till CY30E should help sustain SUV segment leadership.
- We retain BUY rating with a revised FV of Rs4,050 based on SoTP methodology.

👍 Positives:

- Net revenues increased by 26% yoy, driven by 25% yoy increase in volumes.
- Auto EBIT margin was 9.5% (+30 bps yoy), 10 bps higher than our estimates.
- Tractor: company’s market share grew 80 bps yoy to 42% in Q4FY26 and 43.6% in FY26.
- M&M maintains the first position in SUV in terms of revenue market share, which has improved by 60 bps yoy in Q4FY26.

👎 Negatives:

- EBITDA margin was 14.1% (-80 bps yoy and -60 bps qoq), 40 bps below estimates.
- Tractor EBIT margin was 19.4% (flat yoy and -110 bps qoq), 70 bps below our estimates.

(EBIT: Earnings Before Interest and Tax; EBITDA: Earnings Before Interest, Tax, Depreciation and Amortization; ASP: Average Selling Price; SUV: Sports Utility Vehicle; Light Commercial Vehicle; SoTP: Sum-of-the-Parts; CV: Commercial Vehicle)



The content of this document has been derived from KIE research report. Kotak's PCG Research has summarized the report (Research Team: shrikant.chouhan@kotak.com). Readers who wish to access the complete report are kindly requested to contact their respective Relationship Manager. Further, the recipient of this material should take their own professional advice before investing.

Holding Period: 12 months