

Mahindra & Mahindra (MM) - BUY

Company Update

Current Market Price (CMP)

Rs.3709

Target Price

Rs.4350

Rationale:

- We expect the company to retain a leadership position in all three segments, driven by strong execution.
- Tractor segment demand remains strong, driven by multiple tailwinds.
- SUV segment growth outperformance continues, driven by EVs.
- GST cuts to revive the LCV segment.
- Profitability will be supported by an improving mix and operating leverage benefits.
- We have increased our FY26-28E standalone EPS estimates by 2%, driven by higher volume assumptions.
- M&M remains our top pick in the sector and we revise our FV to Rs4,350.

👍 Positives:

- Tractor segment saw double-digit growth after August, driven by strong monsoon.
- Tractor: We expect M&M to outpace the industry growth.
- SUV continues to see robust retail growth (Aug-Dec), outperforming industry growth.
- M&M has seen a double-digit growth in LCV segment in Q3FY26, led by GST boost.

👎 Negatives:

- We believe the tractor industry growth to moderate to 2% yoy in FY27E.

(SUV: Sport Utility Vehicle; EV: Electric Vehicle; LCV: Light Commercial Vehicle; EPS: Earnings Per Share; GST: Goods and Service Tax)



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