

Ratings Monitor

One Report – to monitor stocks and identify triggers to re-evaluate ratings

Mahindra & Mahindra Financial (MMFS)

Current Market Price	Fair Value (FV)
Rs.294	Rs.350

Date: 27 April 2026

Previous Rating: - **REDUCE**

Current Rating: **BUY**

Change: **Upgrade**

Ratings Rationale

- Mahindra Finance reported improving disbursements in select segments, strong margins and asset quality performance in Q4FY26.
- Net Interest Income (“NII”) was up 24% yoy, driven by 12% yoy growth in the loan book and 70 bps yoy expansion in Net Interest Margin (“NIM”) to 7.27% during Q4FY26
- Gross stage-2 and Gross stage-3 ratios declined sequentially and are at all-time lows.
- Credit cost in Q4FY26 rose to 1.7% (versus 1.5% in 2QFY26) due to management overlays of Rs 217 crore.
- Loan book growth to remain weak and sensitive to the macro environment in FY2027E.
- We are raising our estimates by 4-12.5%, reflecting marginally higher loan growth, better margins and lower provision.
- Valuations at 1.4X book and 10.4X earnings FY2028E are inexpensive; upgrade to BUY from REDUCE with rollover of an RGM-based FV to Rs 350.

Valuation

Revise our FV to Rs 350 at 1.4x book and 10.4x earnings 2028E

RATING SCALE (PRIVATE CLIENT GROUP)

Definitions of ratings

- BUY** – We expect the stock to deliver more than 15% returns over the next 12 months
- ADD** – We expect the stock to deliver 5% - 15% returns over the next 12 months
- REDUCE** – We expect the stock to deliver -5% - +5% returns over the next 12 months
- SELL** – We expect the stock to deliver < -5% returns over the next 12 months
- NR** – **Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
- SUBSCRIBE** – We advise investor to subscribe to the IPO.
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- NA** – **Not Available or Not Applicable.** The information is not available for display or is not applicable
- NM** – **Not Meaningful.** The information is not meaningful and is therefore excluded.
- NOTE** – Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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