

Mahindra & Mahindra Limited

Q4FY26 Result Update | Sector: Automobiles

May 06, 2026





Current Market Price	3300
Target Price	4510
Upside	36.6%
Nifty	24,105
Sensex	77,115

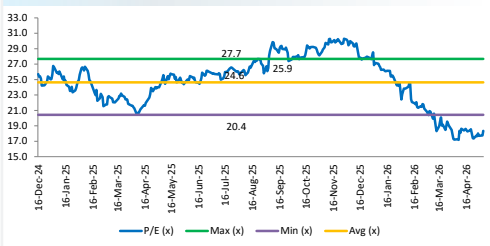
Key Stock Data

Company Name	M&M Ltd
BSE Code	5,00,520
NSE Code	M&M
Bloomberg	MM:IN
Shares o/s, Cr (FV 5)	111.8
Market Cap (Rs Cr)	4,10,330
3M Avg Volume (NSE)	31,78,813
52 week H/L	3,840/2,887

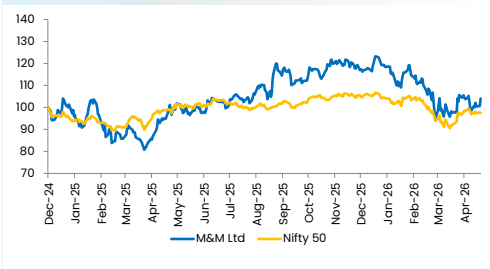
Shareholding Pattern

	Sep-25	Dec-25	Mar-26
Promoter	18.4	18.4	18.5
FII	38.0	37.5	36.2
DII	30.0	30.4	31.4
Others	13.6	13.7	14.0

1 Year Forward P/E (x)



1 Year Relative Price Chart



Strong Consolidated Financial Performance: Mahindra & Mahindra delivered a standout Q4FY26 with consolidated revenue rising 29% YoY to ₹54,982 crore and PAT surging 42% to ₹4,668 crore. For FY26, revenue grew 25% to ₹1.98 lakh crore, while PAT increased 35%, reflecting strong operating leverage. The company achieved an impressive ROE of 20%, exceeding its stated target, and generated net cash of ₹16,000 crore, ending with ₹41,000 crore in cash reserves. This robust financial position highlights disciplined capital allocation, strong execution, and resilience across business cycles, reinforcing M&M's position as a high-quality industrial compounder.

Automotive Segment Driving Growth Momentum: The automotive division remains the primary growth engine, with M&M maintaining its leadership in SUV revenue market share at 24.5%. Volumes grew 21% YoY to 3.07 lakh units in Q4, supported by strong demand for premium SUVs and improved product mix. Segment revenue rose 32%, while PAT surged 49%, reflecting operating leverage and pricing strength. EV penetration reached 9.6% for FY26 and turned PBIT positive in Q4, marking a critical milestone. Capacity expansion to 64,000 units/month and future plant investments position the company to sustain mid-to-high teens growth in SUVs over the medium term.

Farm Equipment Business Shows Leadership with Stability: The farm equipment segment reinforced its dominance, achieving a record 43.6% market share in FY26 and crossing 5 lakh tractor sales. Q4 revenue grew 26% YoY to ₹10,022 crore, although PAT growth remained muted due to product mix changes and one-time impacts. Core tractor margins remained strong at 20.8%, indicating pricing power and operational efficiency. Strategic exits from underperforming international subsidiaries have improved profitability visibility and reduced earnings volatility. With continued focus on mechanization, product innovation, and rural demand tailwinds, the farm segment remains a stable and high-margin contributor to overall earnings.

Growth Gems Emerging as Scalable Value Drivers: M&M's "Growth Gems" are transitioning from optional bets to meaningful contributors. Tech Mahindra reported a 290 bps improvement in EBIT margins, signaling a turnaround in profitability. Mahindra Finance saw AUM growth of 12% with stable asset quality, while Mahindra Lifespaces recorded a sharp 55% jump in residential pre-sales. Segment PAT for Growth Gems grew 50%, highlighting scalability. These businesses offer diversification beyond core cyclical segments and provide long-term optionality, with potential monetization opportunities such as the planned listing of Last Mile Mobility.

Strategic Execution in EVs, AI, and Supply Chain Resilience: M&M is executing a forward-looking strategy anchored in EVs, AI, and supply chain resilience. It retains leadership in electric 3-wheelers with ~40% market share and is scaling its EV portfolio, which has already turned profitable at the PBIT level. The "Mahindra.AI" initiative focuses on automation, transformation, and innovation, targeting ₹4,100 crore in AI-led revenue by FY27. Additionally, supply chain localization and risk mapping across ₹1 lakh crore of procurement strengthen operational resilience. These initiatives indicate a shift from cyclical manufacturing to a tech-enabled, future-ready enterprise with multiple growth levers.

Outlook and Valuation Perspective: Looking ahead, M&M is well-positioned to benefit from India's structural growth story, with guidance indicating mid-to-high teens growth in SUVs, steady tractor demand, and strong expansion in Growth Gems. The company targets 15-20% long-term EPS growth, supported by premiumization, EV adoption, and operating leverage. On the financial front, we estimate Revenue, EBITDA, and PAT to grow at a CAGR of 17.2%, 14%, and 6.3%, respectively, over FY26-28E. Accordingly, we maintain our **BUY** rating with a target price of **₹4,510**.

Financial Summary - Consolidated

Particulars, INR Cr	FY25	FY26	FY27E	FY28E
Net Revenue	1,59,211	1,98,717	2,33,492	2,73,186
EBITDA	30,518	36,979	43,319	48,039
EBITDAM (%)	19.2	18.6	18.6	17.6
APAT	14,073	18,621	19,003	21,042
APATM (%)	8.8	9.4	8.1	7.7
EPS (Rs)	126.1	166.6	170.0	188.3
PE (x)	26.2	19.8	19.4	17.5
RoE (%)	25.2	33.3	34.0	37.7

Source : RBL Research

Research Analyst

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Key Highlights:

- » **Industry Growth vs Company Outperformance:** Mahindra & Mahindra has clearly outpaced industry growth in FY26. While the domestic auto industry saw mid-to-high single-digit growth, M&M delivered ~21% volume growth in Q4, driven by strong SUV demand and premiumization. Similarly, in tractors, industry growth remained modest, but M&M expanded market share to a record 43.6%, indicating consistent outperformance. This divergence highlights strong execution, brand strength, and product positioning. The company is gaining share in both cyclical segments, reflecting structural competitiveness rather than just cyclical tailwinds.
- » **Automotive Segment Strong Growth and Market Outperformance:** The automotive segment continues to outperform the broader passenger vehicle industry. M&M maintained its #1 position in SUV revenue market share at 24.5%, supported by robust demand for its core models. Industry growth remained moderate, but M&M delivered 32% revenue growth and 49% PAT growth in Q4, reflecting operating leverage and premium mix. EV penetration reached 9.6%, ahead of industry averages, with profitability achieved at the PBIT level. Capacity ramp-up and new launches position the company for sustained mid-to-high teens growth, significantly ahead of expected industry expansion.
- » **Farm Equipment Business Shows Leadership with Stability:** The tractor industry witnessed relatively muted growth due to base effects and rural demand normalization. Despite this, M&M strengthened its leadership, gaining market share to 43.6% and maintaining strong margins of ~20.8%. Revenue grew 26% YoY, outperforming the industry, although PAT growth was impacted by product mix and one-off factors. Strategic exits from international subsidiaries have improved focus and reduced volatility. Going forward, the farm segment is expected to grow in mid-single digits, in line with industry trends, but M&M's scale and efficiency should enable continued outperformance.
- » **Tailwinds Supporting Future Growth:** M&M is well-positioned to benefit from multiple structural tailwinds. India's economic growth, rising rural incomes, infrastructure push, and premiumization in SUVs are key demand drivers. The company's leadership in electric 3-wheelers (~40% market share) and increasing EV penetration provide a strong foothold in the energy transition. Additionally, Growth Gems such as financial services, real estate, and logistics offer diversification and scalability. Operational improvements, supply chain localization, and AI integration further enhance efficiency. These tailwinds collectively support sustained growth beyond traditional cyclical drivers.
- » **Key Headwinds and Risk Factors:** Despite strong performance, M&M faces several headwinds. Commodity price volatility and supply chain disruptions remain key risks, although partially mitigated through localization efforts. Global uncertainties and geopolitical tensions can impact input costs and exports. In the farm segment, rural demand remains sensitive to monsoons and government policies. EV investments may weigh on near-term margins as competition intensifies. Additionally, premium valuations leave limited room for execution misses. Managing these risks while sustaining growth and margins will be critical for maintaining investor confidence.
- » **Management Guidance and Strategic Direction:** Management remains optimistic, guiding for mid-to-high teens growth in SUVs and mid-single digit growth in tractors for FY27. The company targets 15-20% long-term EPS growth, supported by operating leverage, premiumization, and scaling of Growth Gems. Strategic focus areas include EV expansion, AI-driven transformation, and supply chain resilience. Planned launches of 23 SUVs and 10 LCVs by 2031 underline long-term ambition. With disciplined capital allocation and improving return ratios, M&M aims to transition into a structurally strong, multi-engine growth company aligned with India's long-term growth trajectory.

Profit & Loss Account - Consolidated

Particulars, INR Cr	Q4FY26	Q4FY25	Y-o-Y %	Q3FY26	Q-o-Q %
Net Sales	54,981.9	42,599.3	29.1	52,099.8	5.5
Cost of Raw Materials	31,139.7	25,172.4	23.7	27,816.2	11.9
Purchase of Finished Goods	2,336.4	1,855.8	25.9	2,222.6	5.1
(Increase) / Decrease In Stocks	855.3	(1,258.5)	(168.0)	2,107.8	(59.4)
Total Raw material cost	34,331.4	25,769.6	33.2	32,146.6	6.8
Gross Profit	20,650.5	16,829.7	22.7	19,953.2	3.5
Gross Margins %	37.6	39.5	-195bps	38.3	-74bps
Employee Cost	3,238.2	2,909.6	11.3	3,335.9	(2.9)
Other Expense	7,695.8	6,009.2	28.1	6,510.7	18.2
Total Expenditure	45,265.5	34,688.4	30.5	41,993.2	7.8
EBITDA	9,716.4	7,910.9	22.8	10,106.5	(3.9)
EBITDA Margins (%)	17.7	18.6	-90bps	19.4	-173bps
Depreciation	1,942.7	2,028.7	(4.2)	2,162.9	(10.2)
EBIT	7,773.8	5,882.2	32.2	7,943.7	(2.1)
Other Income	994.8	701.7	41.8	858.5	15.9
Interest	2,407.3	2,396.5	0.5	2,405.3	0.1
PBT	6,361.3	4,187.4	51.9	6,396.9	(0.6)
Tax	1,654.2	1,085.0	52.5	1,547.2	6.9
PAT	5,259.9	3,541.9	48.5	5,021.5	4.7
PAT Margin (%)	9.6	8.3	125bps	9.6	-7bps
EPS	41.8	29.5	41.5	41.9	(0.2)

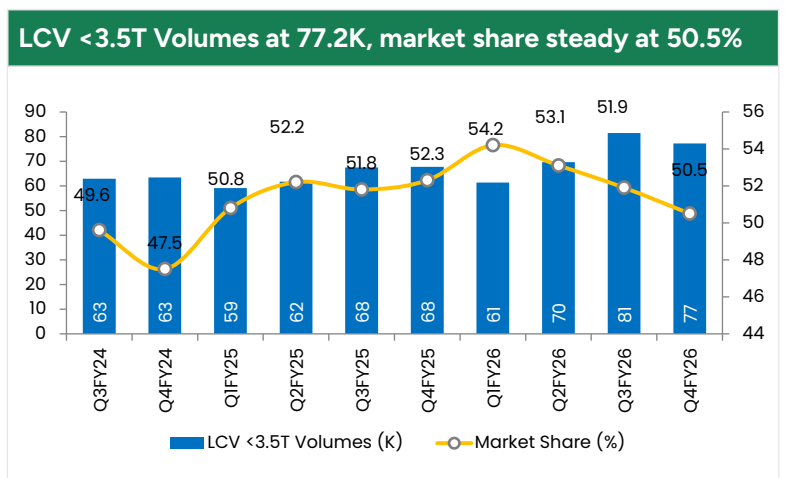
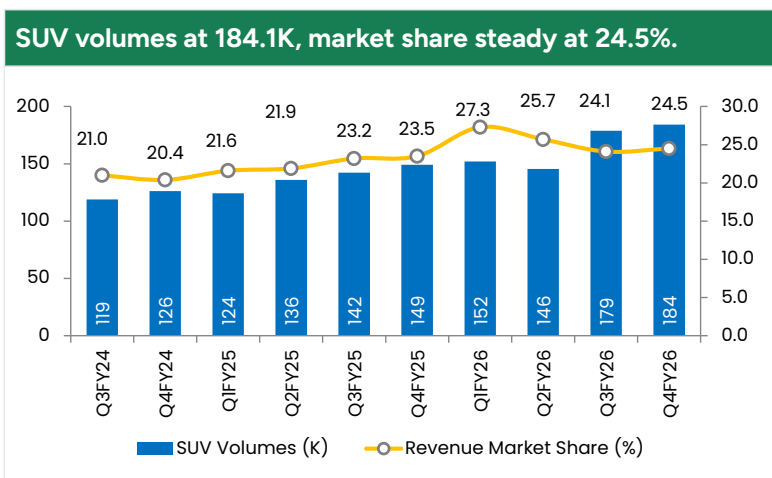
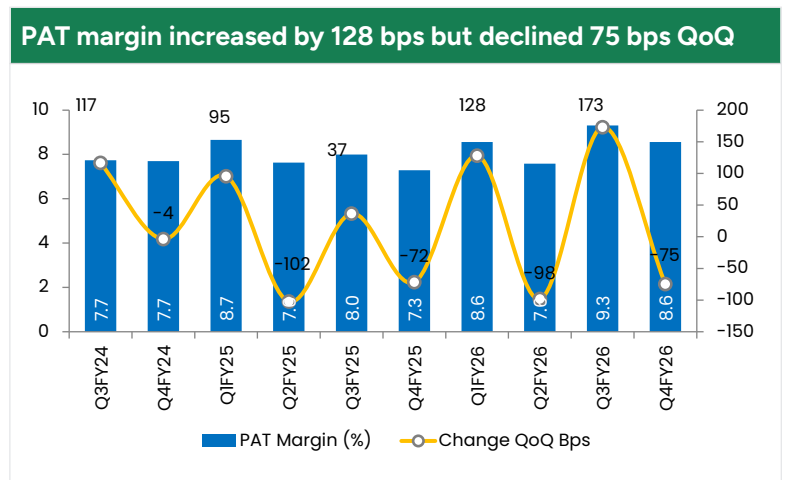
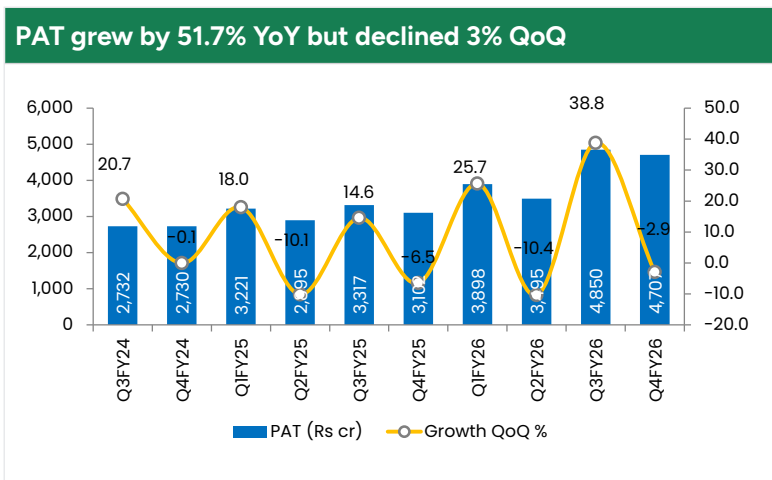
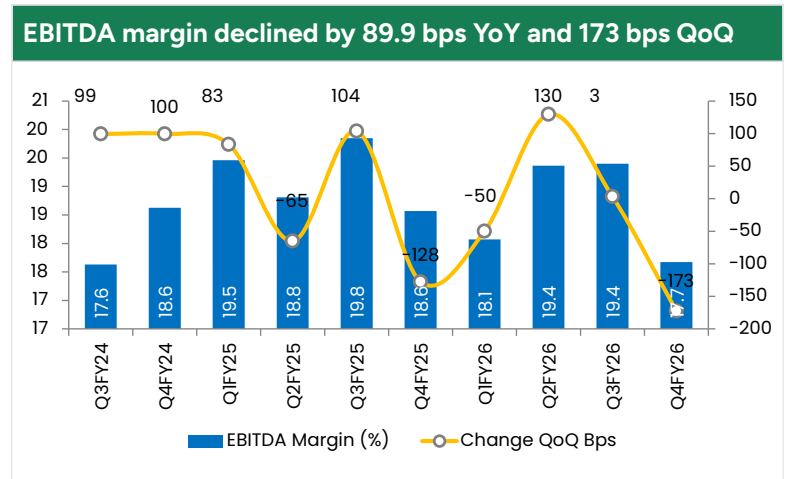
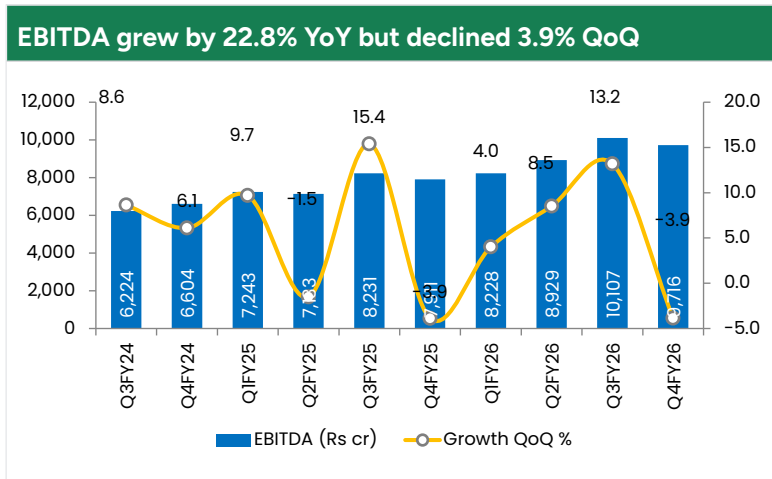
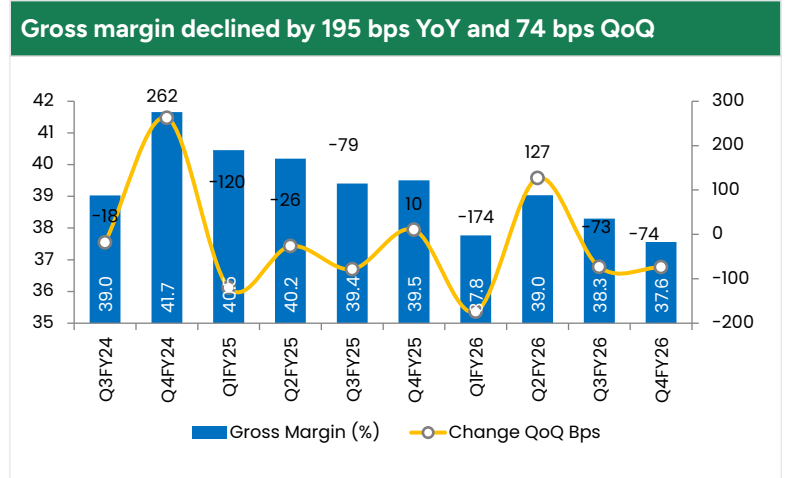
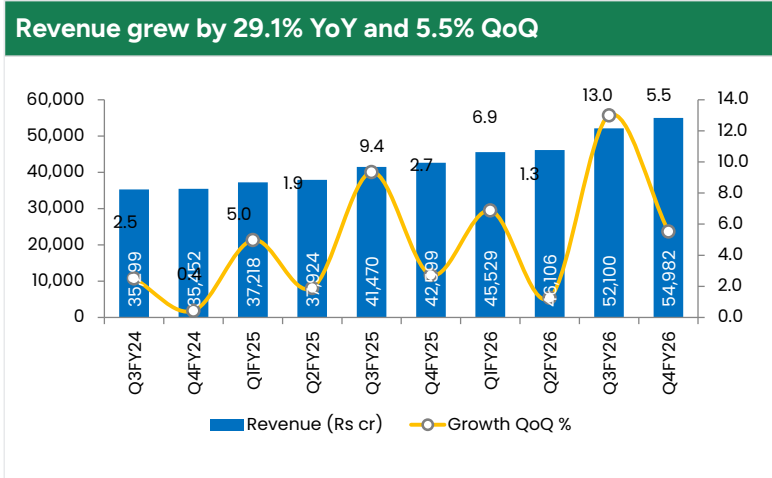
Net sales rose 29% YoY, led by strong SUV momentum, robust tractor demand, and steady growth in services.

Margins stood at 17.7%, slightly impacted by higher costs and EV investments.

Net profit surged, driven by strong core and subsidiary performance.

Source : RBL Research

Story in Charts



Source: RBL Research

Profit & Loss Account - Consolidated

Particulars (INR Cr)	FY25	FY26	FY27E	FY28E
Net SWales	1,59,210.8	1,98,716.5	2,33,491.9	2,73,185.5
Expenditure				
Cost of materials	88,111.1	1,13,553.1	1,33,992.7	1,59,451.3
(Increase) / Decrease In Stocks	(12.2)	698.8	838.5	1,006.3
Total raw materials	95,742.9	1,22,922.8	1,44,620.5	1,71,519.4
Gross Profit	63,467.9	75,793.7	88,871.4	1,01,666.1
Employee cost	11,126.2	12,730.6	14,512.9	16,689.8
Other expenses	21,823.7	26,083.7	31,039.5	36,937.1
Total expenditure	1,28,692.8	1,61,737.1	1,90,173.0	2,25,146.3
EBITDA	30,518.0	36,979.4	43,319.0	48,039.2
EBITDA (%)	19.2	18.6	18.6	17.6
Depreciation	6,073.7	7,322.0	8,000.0	9,000.0
EBIT	24,444.3	29,657.4	35,319.0	39,039.2
Other income	2,181.1	3,445.8	3,239.0	3,044.7
Interest expenses	9,083.4	9,590.9	12,165.6	12,858.6
PBT	17,542.0	23,512.4	26,392.4	29,225.4
Tax	5,006.5	6,563.1	7,389.9	8,183.1
Reported PAT	14,073.0	18,621.3	19,002.6	21,042.3
PAT (after Exceptional)	14,073.0	18,621.3	19,002.6	21,042.3
PAT Margin %	8.8%	9.4%	8.1%	7.7%
EPS	126.1	166.6	170.0	188.3

Source: RBL Research

Balance Sheet - Consolidated

Particulars (INR Cr)	FY25	FY26	FY27E	FY28E
Share Capital	558.2	558.8	558.8	558.8
Reserves & Surplus	76,480.7	92,537.6	1,11,725.9	1,11,725.9
Total Shareholder's Fund	77,038.9	93,096.4	1,12,284.7	1,12,284.7
Minority Interest	12,059.1	16,394.7	16,394.7	16,394.7
Long term borrowings	79,707.2	73,469.9	88,507.2	93,507.2
Short term borrowing	41,465.8	56,144.6	46,665.8	49,365.8
Total Debt	1,21,173.0	1,29,614.5	1,35,173.0	1,42,873.0
Deferred tax liabilities	1,912.1	1,774.3	1,774.3	1,774.3
Long term provision	1,982.0	2,582.8	2,582.8	2,582.8
Other long term liabilities	6,191.8	6,558.7	6,558.7	6,558.7
Total	98,166.3	92,045.1	1,07,082.3	1,12,082.3
Current Liabilities				
Trade payables	30,855.3	37,888.7	39,038.2	45,098.8
Short term provisions	1,313.8	1,809.6	1,809.6	1,809.6
Other current liabilities	9,818.6	12,287.1	12,287.1	12,287.1
Total	1,88,488.3	2,08,143.6	2,14,851.6	2,28,612.2
Total liabilities	2,77,586.3	3,17,634.6	3,42,847.0	3,42,847.0
Application of Assets				
Net Block	25,834.8	29,012.3	30,834.8	30,834.8
Current work in process	3,652.6	2,368.0	2,368.0	2,368.0
Other non-current assets	2,727.4	3,174.8	3,174.8	3,174.8
Total	1,51,013.0	1,70,495.0	1,75,243.7	1,77,942.8
Current Assets				
Inventories	20,330.9	22,044.1	28,731.0	32,867.4
Trade receivables	8,279.7	9,064.3	15,992.6	18,711.3
Cash and bank balance	4,923.9	4,292.2	(7,320.2)	7,282.5
Other current assets	3,552.5	4,597.4	8,172.2	9,561.5
Total	1,26,573.3	1,47,139.6	1,69,271.0	1,98,469.1
Total assets	2,77,586.3	3,17,634.6	3,44,514.7	3,76,412.0

Source: RBL Research

Cash Flow - Consolidated

Particulars (INR Cr)	FY25	FY26	FY27E	FY28E
Profit before tax	17,542.2	23,512.4	26,392.4	29,225.4
Add: Depreciation	6,073.7	7,322.0	8,000.0	9,000.0
Add: Interest cost	681.5	671.6	12,165.6	12,858.6
Operating profit before working capital changes	24,297.4	31,506.0	46,558.0	51,083.9
Changes in working capital	(14,113.3)	(11,015.7)	(16,368.9)	(3,692.1)
Cash from Operations	7,936.5	17,922.3	30,189.1	47,391.8
Less: Taxes	(4,760.7)	(6,265.4)	(7,389.9)	(8,183.1)
Cash flow from operating	3,175.8	11,656.9	22,799.2	39,208.7
Purchase of fixed assets	(10,392.0)	(9,605.5)	(8,000.0)	(9,000.0)
Other Income	2,181.1	3,445.8	3,239.0	3,044.7
Cash flow from investing	(18,626.1)	(17,707.4)	(27,151.6)	(16,541.8)
Proceeds of borrowings	18,362.6	7,434.0	7,700.0	7,700.0
Dividends paid (including payment of unclaimed dividends)	(2,348.6)	(2,820.7)	(2,793.9)	(2,905.7)
Dividend paid to non-controlling interests	(457.9)	(555.7)	-	-
Cash flow from Financing	15,834.1	5,391.0	(7,259.5)	(8,064.2)
Net cash Inflow/Outflow	383.8	(659.5)	(11,611.9)	14,602.7
Opening cash	4,530.1	4,923.9	4,291.7	(7,320.2)
Closing Cash	4,923.9	4,291.7	(7,320.2)	7,282.5

Source: RBL Research

Key Financial Ratios

Particulars	FY25	FY26	FY27E	FY28E
Per share Data				
EPS (Rs)	126.1	166.6	170.0	188.3
Book value per share (Rs)	690.1	833.0	1004.7	1004.7
Dividend Payout %	17%	14%	15%	14%
Profitability Ratios				
EBITDAM(%)	19%	19%	19%	18%
PBTM (%)	11%	12%	11%	11%
NPM (%)	8.8	9.4	8.1	7.7
RoE (%)	25.2	33.3	34.0	37.7
RoCE (%)	12.4	13.4	16.2	16.2
Efficiency Data				
Debt-Equity Ratio	1.6	1.4	1.2	1.2
Interest Cover Ratio	2.7	3.1	2.9	3.0
Debtors Days	18.0	15.9	25.0	25.0
Inventory Days	111.9	102.0	118.0	118.0
Payable Days	107.0	109.5	106.0	106.0
WC Days	23.0	8.5	37.0	37.0
Valuation (x)				
P/E	26.2	19.8	19.4	17.5
P/BV	4.8	4.0	3.2	0.0
EV/EBITDA	15.9	13.4	11.8	10.5
EV/Sales	3.0	2.5	2.2	1.8

Source: RBL Research

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Ratings Methodology

Ratings	Upside
Buy	More than 15%
Accumulate	5% - 15%
Hold	0% - 5%
Sell	Below 0%

Note: RBL Investment ratings (All ratings based on absolute return; All ratings and target price refers to 12 month performance horizon, unless mentioned otherwise).

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S No.	Statement	Answer	
		Yes	No
		Tick Appropriate	
		Yes	No
1.	I/we or any of my/our relative has any financial interest in the subject company? (If answer is yes, nature of interest is given below this table)		No
2.	I/we or any of my/our relatives, have actual/beneficial ownership of one per cent. or more securities of the subject company, at the end of the month immediately preceding the date of the research report or date of the public appearance?		No
3.	I/we or any of my/our relative, has any other material conflict of interest at the time of publication of the research report or at the time of the public appearance?		
4.	I/we have received any compensation from the subject company in the past twelve months?		No
5.	I/we have managed or co-managed public offering of securities for the subject company in the past twelve months?		No
6.	I/we have received any compensation for brokerage services from the subject company in the past twelve months?		No
7.	I/we have received any compensation or other benefits from the subject company or third party in connection with the research report?		No
8.	I/we have served as an officer, director or employee of the subject company?		No
9.	I/we have been engaged in market making activity for the subject company?		No

2014 is/are as under:

Statements of ownership and material conflicts of interest, compensation – Research Analyst (RA)

Nature of Interest [If answer to f (a) above conflicts is Yes]

Name(s) with Signature(s) of RA(s).

[Please note that only in case of multiple RAs and if the answers differ inter-se between the RAs, then RA specific answer with respect to

S. No.	Name of RA	Signature of RA	Serial Question of question which the signing RA needs to make a separate declaration	Answer	Answer

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