

Mahindra & Mahindra Ltd. – Investment Update – SELL Recommendation

Dear Bajaj Capital Investors,

We, Bajaj Capital's Research Team, **had recommended Mahindra & Mahindra Ltd. stock as a BUY on 10 June 2025 at a price of 3100, with a 12-month investment horizon and a target price of 3475, implying an upside potential of 15%.**

Stock achieved our initial target price of 3,475 within three months, delivered over 24 % returns (as stock price touched to 3840 price on 1 Jan 2026) in 7 months.

On 11 Sep 2025, we had raised our target price to 4,000, with an expected upside of 12% over the next six to nine months.

The key short-term headwinds for **Mahindra & Mahindra (M&M)** include elevated raw-material costs, potential supply-chain disruptions and constraints in the availability of critical components. Any increase in input costs without a corresponding increase in vehicle prices could adversely affect gross margins. Export-related challenges, including restrictions in certain markets and higher freight and logistics costs, could further impact export volumes and profitability.

Additionally, a moderation in **domestic automobile demand** could result in slower sales growth over the coming months and quarters. Higher financing costs, cautious consumer spending and an increasingly competitive market could limit volume growth and reduce operating leverage. Any disruption in the supply of key components could further affect production schedules and deliveries.

Considering these factors collectively, we expect **near-term pressure on sales growth and operating margins**, with limited visibility on a meaningful margin recovery until input-cost and demand conditions improve. Therefore, we **have reassessed our investment thesis and are revising our stance on the stock to SELL at CMP of 2870 as of 1st Oct 2026, representing 7% downside from our initial recommended price.**

Happy Investing!

Thank you and best regards,

On behalf of Bajaj Capital's Research Team