Q1FY26 Quarterly Results Preview

Automobile and Automobile Ancillaries

Choice Institutional Equities

Sector View: NEUTRAL

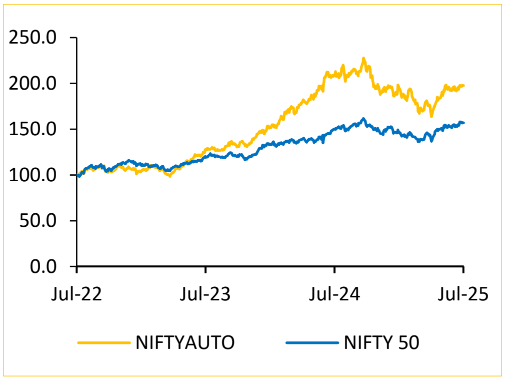
Recommendation

Company (Ticker)	CMP (INR)	TP (INR)	Rated
Auto OEM			
Ashok Leyland (AL)	250	305	Buy
Bajaj Auto (BJAUT)	8,342	9,750	Buy
Eicher Motors (EIM)	5,669	5,885	Add
Hero MotoCorp (HMCL)	4,297	5,100	Buy
Maruti Suzuki (MSIL)	12,420	12,410	Add
M&M (MM)	3,158	3,965	Buy
TVS Motors (TVSL)	2,834	2,920	Add
Auto Ancillaries			
Endurance Tech (ENDU)	2,620	2,125	Reduce
Fiem Industries (FIEM)	1,920	1,875	Add
Gabriel India (GABR)	990	1,000	Buy
Lumax Auto (LMAX)	1,114	1,375	Buy
Lumax Ind (LUMX)	3,633	4,000	Buy
MSWIL (MSUMI)	65	56	Reduce
Sansera Eng. (SANSERA)	1,399	1,425	Buy
Suprajit Eng. (SEL)	464	390	Reduce
Uno Minda (UNOMINDA)	1,105	1,150	Buy

*CMP as on July 08, 2025

Relative Performance (%)

YTD	***3Y***	***2Y***	***1Y***
NIFTYAUTO	97.5	54.5	(5.2)
NIFTY 50	57.0	31.7	4.7



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Premiumisation and New Launches Support Growth, But Global Headwinds Continue to Persist

We maintain our sector view to Neutral due to rising global uncertainties that are beginning to impact both costs and supply chains. One of the biggest concerns right now is China's recent restrictions on the export of rare earth magnets, which are crucial for making electric motors used in EVs and advanced auto components. With many Indian OEMs dependent on these imports, this move is increasing input costs and creating risks of production delays, especially for EV and premium segments. At the same time, there are rising concerns around U.S. trade policies, with the potential for higher tariffs on auto-related imports. **On the domestic front, the automobile sector is navigating a mix of tailwinds and headwinds. Government-driven capital expenditure is expected to support long-term demand for CVs and at the same time, a strong monsoon and higher kharif sowing are expected to boost rural incomes, which bodes well for 2W and tractor demand in the coming quarters. However, challenges like high vehicle prices and OEM-led price hikes driven by stricter emissions and safety norms are adding to the overall cost of ownership, especially for entry-level buyers.** While electric vehicles continue to gain attention, adoption is still low due to limited charging infrastructure, upfront cost barriers, and evolving consumer preferences.

Q1FY26 Expectations:

- In Q1FY26, OEMs under our coverage (ex- Tata Motors) are expected to register a 7.8% YoY increase in revenue, supported by rising premiumisation trends and a pipeline of new model launches. Within this TVSL is likely to lead the pack with 20.0% YoY growth, followed by MM at 18.2% and EIM at 13.1%. In the CV segment, AL is expected to post a 4.0% YoY growth.
- On the auto ancillaries front, revenue is projected to grow by 16.4% YoY, driven by a shift towards premiumisation, leading to a rising content per vehicle. UNOMINDA is expected to lead with a growth of 22.0% YoY.

Modest Growth Driven by Premiumization and New Launches

- The OEMs under our coverage are expected to post modest results, with aggregate Revenue/EBITDA/PAT growth of 7.8%/4.1%/1.2% YoY. While input costs are gradually rising, we expect the bulk of these cost pressures to impact OEM margins in Q1. The growth for the quarter was largely driven by new model launches and an increased demand shift towards premium vehicles. Hence, 1QFY26 margins are likely to be largely driven by the product mix.
- Among our coverage companies, margins are likely to improve YoY for TVSL 217bps and MM 3bps, whereas margins may remain under pressure YoY for EIM (273bps) and MSIL (187bps).
- The PV companies under our coverage are expected to post modest results, with MM expected to show 18.2% YoY revenue growth and MSIL projected to post 2.3% YoY revenue growth. In the 2W segment, we expect TVSL to post 20.0% YoY revenue growth, followed by EIL with an expected revenue growth of 13.1% YoY. BJAUT is expected to show low single-digit growth YoY while HMCL is expected to degrow.
- The CV segment continues to face a challenging year with volume de-growth YoY, with the top 3 listed OEMs posting a 1.1% YoY decline in volumes. This slow growth is attributed to delays in infrastructure development initiatives and the postponement of fleet replacements.

Automobile Ancillaries:

- The automobile ancillaries under our coverage are projected to deliver strong growth during the quarter, driven by robust demand and a shift towards premiumization. Aggregate Revenue/EBITDA/PAT growth is expected to be 16.4%/20.3%/20.2% YoY, showcasing a healthy performance across the sector.
- Among the companies, LMAX is anticipated to lead with a significant 22.1% YoY revenue growth. LUMX is expected to post a solid 19.1% YoY revenue growth, driven by increased demand for its automotive components.

Company (INR Mn)	Sales		EBIDTA		EBIDTA Margin (%)		PAT		Key Assumptions
	Q1FY26E	YoY (%)	Q1FY26E	YoY (%)	Q1FY26E	YoY (bps)	Q1FY26E	YoY (%)	
Maruti Suzuki	3,63,443	2.3	39,252	(12.8)	10.8	(187)	31,591	(13.4)	We expect revenue for the quarter to grow by 2.3% on a YoY basis led by 1.1% increase in volume and 1.0% ASP growth. The growth in volume is largely led by a 37.4% YoY increase in exports, with exports accounting for 18.4% of the company's total volume in Q1FY26. EBITDA margin to decline YoY by 187 bps to 10.8% and PAT to decline by 13.4% YoY to INR 31,591Mn.
Hero MotoCorp	99,400	(2.0)	14,115	(3.3)	14.2	(19)	10,959	(2.4)	We expect revenue for the quarter to decline by 2.0% YoY, led by 10.9% decrease in volume and 10.0% increase in ASP. EBITDA margin to decline by 19bps YoY to 14.2%. PAT for the quarter to decline 2.4% YoY to INR 10,959Mn.
Bajaj Auto	1,21,170	1.6	24,234	0.3	20.0	(25)	20,139	1.3	We expect revenue to grow by 1.6% on a YoY basis, driven by 0.8% growth in volume and ASP growth of 0.7%. Volume growth is led by exports exhibiting an increase of 15.8% YoY, while domestic sales declined 8.1% YoY. EBITDA margin to decline by 25bps YoY to 20.0% and PAT to grow by 1.3% YoY to INR 20,139Mn.
TVS Motors	1,00,507	20.0	13,703	42.7	13.6	217	8,677	50.3	We expect revenue to grow by 20.0% YoY, driven by a 17.5% increase in volumes and 2.1% ASP growth. Reduction in raw material costs is likely to support YoY margin expansion. Volume growth is primarily supported by strong export performance, which increased by 37.0% YoY, led by a revival in the Latin America and Africa regions. Domestic volumes also grew by 9.3% YoY during the quarter. EBITDA margin is expected to improve by 217bps to 13.6% YoY, while PAT is projected to grow by 50.3% YoY to INR 8,677Mn.
Eicher Motors	49,698	13.1	11,828	1.5	23.8	(273)	11,577	8.2	We expect revenue to grow by 13.1% YoY driven by 17.5% growth in volume and ASP de-growth of 3.7%. The growth in volume is led by 72.2% YoY increase in exports and 11.8% YoY growth in domestic sales. EBITDA margin to decline YoY by 273 bps to 23.8% due to higher discounts and promotional activities and PAT to grow by 8.2% YoY to INR 11,577Mn.
M&M	3,20,665	18.2	48,741	18.4	15.2	3	28,006	7.2	We expect revenue to grow by 18.2% YoY, driven by strong growth in the automotive segment. Within this, the PV segment grew by 22.4% YoY. The Tractor segment rose by 10.4% YoY, indicating healthy urban demand. EBITDA margin is likely to remain flat at 15.2%. PAT is expected to increase by 7.2% YoY to INR 28,006Mn
Ashok Leyland	89,425	4.0	9,764	7.2	10.9	33	6,247	19.0	We expect revenue to grow by 4.0% YoY, driven by a 0.8% in volume and 3.2% increase in ASP. The MHCV segment grew by 0.7% and the LCV segment by 1.0%. EBITDA Margin at 10.9% increase of 33bps on YoY basis. PAT is expected to increase by 19.0% YoY to INR 6,247Mn.

Company (INR Mn)	Sales		EBIDTA		EBIDTA Margin (%)		PAT		Key Assumptions
	Q1FY26E	YoY (%)	Q1FY26E	YoY (%)	Q1FY26E	YoY (bps)	Q1FY26E	YoY (%)	
Uno Minda	46,574	22.0	5,309	30.2	11.4	72	2,571	29.2	We expect revenue to grow by 22.0% YoY and EBITDA margin to expand by 72bps to 11.4% YoY. PAT to increase by 29.2% INR 2,571Mn. Switching and Lightning revenue share is expected to contribute approximately 23% each to overall revenue.
Endurance Tech	31,646	12.0	4,367	16.7	13.8	56	2,377	16.6	We expect revenue to grow by 12.0% on YoY and EBITDA margin to expand by 56 bps YoY to 13.8%. In Europe, ENDU will consolidate Stoferle from 1Q so consolidated PAT to grow by 16.6% YoY to INR 2,377Mn. Die casting to be 43% of total revenue.
Lumax Autotech	8,920	18.0	1,160	31.7	13.0	136	515	62.3	We expect revenue to grow by 18.0% on YoY basis and EBITDA margin to expand by 136bps to 13.0% on YoY basis. PAT to grow by 62.3% YoY to INR 515Mn. The newly introduced Alternate Fuels segment is expected to contribute approximately 9% to overall revenue..
Lumax Industries	9,118	19.1	775	34.2	8.5	96	393	15.0	We expect revenue to grow by 19.1% on a YoY basis, driven by the LED segment which is expected to contribute ~65% of the total revenue. EBITDA margin is expected to expand YoY by 96 bps to 8.5% and PAT to increase by 15.0% YoY to INR 393Mn.
Suprajit Engineering	8,451	15.0	930	7.6	11.0	(75)	387	1.4	We expect revenue to grow by 15% on YoY basis and EBITDA margin to contradict by 75bps to 11.0% on YoY basis, due to restructuring expenses. PAT to grow by 1.4% YoY to INR 387Mn. Suprajit Controls and increase and Domestic Cables Division are expected to contribute approximately 43% and 36% to overall revenue.
Gabriel India	10,886	15.0	1,089	20.0	10.0	41	680	18.0	We expect revenue to grow by 15.0% on a YoY basis, driven by strong growth in the sunroof business and the 2W and 3W segment which is expected to contribute to ~64% of the standalone revenue. EBITDA margin is expected to improve YoY by 41 bps to 10.0% and PAT to increase by 18.0% on a YoY basis to INR 680Mn.
Motherson Sumi Wiring India	25,059	14.7	2,731	14.4	10.9	(3)	1,677	12.7	We expect revenue to grow by 14.7% on a YoY basis, driven by the ramp-up of the new facilities which started production in the past few quarters. EBITDA margin is expected to remain flat YoY at 10.9% and PAT to increase by 12.7% YoY to INR 1,677Mn.
Fiem Industries	6,649	15.1	878	11.7	13.2	(40)	565	15.6	We expect revenue to grow by 15.1% YoY on the back of a strong LED order book and the 2W segment which contributes to ~97% of the total revenue. EBITDA margin is expected to contract YoY by 40 bps to 13.2% and PAT to increase by 15.6% YoY to INR 565Mn.
Sansera Engineering	8,183	10.0	1,395	9.4	17.0	(9)	590	18.9	We expect revenue to grow by 10.0% on YoY basis and EBITDA margin to contradict by 9bps to 17.0% on YoY basis. PAT to grow by 18.9% YoY to INR 590Mn. We anticipate a decline in revenue contribution from the ICE segment as the company continues to diversify its revenue base. The broader strategic focus remains on increasing revenue contribution from tech-agnostic automotive, xEV, and non-automotive segments.

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Large Cap*	
BUY	The security is expected to generate upside of 15% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 15% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -5% over the next 12 months
SELL	The security is expected to show downside of 5% or more over the next 12 months
Mid & Small Cap*	
BUY	The security is expected to generate upside of 20% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 20% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -10% over the next 12 months
SELL	The security is expected to show downside of 10% or more over the next 12 months
Other Ratings	
NOT RATED (NR)	The stock has no recommendation from the Analyst
UNDER REVIEW (UR)	The stock is under review by the Analyst and rating may change
Sector View	
POSITIVE (P)	Fundamentals of the sector look attractive over the next 12 months
NEUTRAL (N)	Fundamentals of the sector are expected to be in statis over the next 12 months
CAUTIOUS (C)	Fundamentals of the sector are expected to be challenging over the next 12 months

***Large Cap: More Than INR 20,000 Cr Market Cap**
***Mid & Small Cap: Less Than INR 20,000 Cr Market Cap**

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