# Q4FY26 Quarterly Result Review

## Growth Moderation Near-term; Structural Drivers Remain Intact

**Sector View: Neutral**

| Company (Ticker) | CMP (INR) | TP (INR) | Rating |
|---|---|---|---|
| **Auto OEMs** | | | |
| Ashok Leyland (AL) | 147 | 195 | BUY |
| Bajaj Auto (BJAUT) | 10,243 | 11,250 | ADD |
| Eicher Motors (EIM) | 7,105 | 7,650 | ADD |
| Hero MotoCorp (HMCL) | 4,840 | 6,000 | BUY |
| M&M (MM) | 3,007 | 4,450 | BUY |
| Maruti Suzuki (MSIL) | 13,038 | 14,600 | ADD |
| TVS Motors (TVSL) | 3,315 | 3,920 | ADD |
| **Auto Ancillaries** | | | |
| Endurance Tech (ENDU) | 2,618 | 2,820 | ADD |
| Fiem Industries (FIEM) | 2,357 | 2,700 | BUY |
| Gabriel India (GABR) | 1,052 | 1,050 | REDUCE |
| Lumax Auto (LMAX) | 1,772 | 1,950 | ADD |
| Lumax Ind (LUMX) | 5,432 | 7,100 | BUY |
| Minda Corp (MDA) | 627 | 700 | BUY |
| Motherson Sumi (MSUMI) | 38 | 48 | BUY |
| Sansera Eng. (SANSERA) | 2,906 | 2,950 | ADD |
| Suprajit Eng. (SEL) | 464 | 525 | ADD |
| Uno Minda (UNOMINDA) | 1,080 | 1,240 | ADD |

**CMP as on June 03, 2026*

### Q4FY26: Healthy demand trends sustain amid rising cost pressure

The automobile sector delivered a **healthy performance in Q4FY26, supported by a resilient retail demand, premiumisation trends, improving rural sentiment and continued traction in EV adoption**. In Q4FY26, industry retail sales grew 23.3% YoY, led by a strong growth in Passenger Vehicles (+20.3% YoY), Two-wheelers (+25.0% YoY) and Commercial Vehicles (+19.5% YoY), reflecting a broad-based growth across segments.

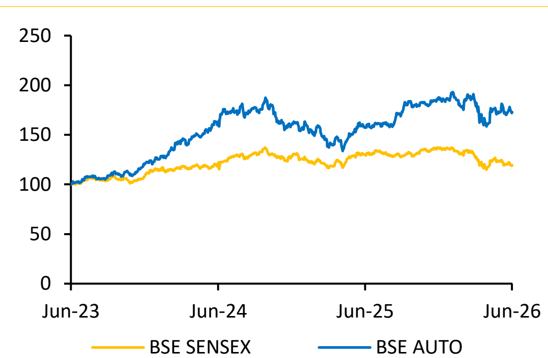
The quarter witnessed continued a momentum in **premium motorcycles, SUVs, hybrids and electric vehicles, with OEMs reporting a healthy demand for higher-end products despite inflationary pressure**. EV penetration continued to improve across vehicle categories, supported by expanding product portfolios, localisation initiatives and charging infrastructure investment. The auto ancillary sector also maintained a strong growth momentum, supported by rising content per vehicle, localisation opportunities, export expansion and increasing EV-related business.

**Looking ahead, we expect the industry to enter FY27E with a cautious outlook amid rising commodity prices, elevated freight cost, fuel price volatility and geopolitical uncertainty due to West Asia crisis**. **These factors could exert near-term pressure on consumer affordability and margin**. Nevertheless, we believe structural growth drivers remain firmly intact, including premiumisation, electrification, replacement demand and continued infrastructure spending.

### Growth Drivers for India's Automobile Sector

| | Passenger Vehicles (PV) | Two-wheelers (2W) | Commercial Vehicles (CV) |
|---|---|---|---|
| Growth Expectation FY27E | Mid single digit | High single digit | Mid single digit |
| Key Drivers | Strong SUV demand, New Launches, EV adoption, Rising first-time buyers, export growth | Scooter, premium motorcycle & EV leading growth, capacity expansion, new product pipeline | Infrastructure, fleet replacement cycle, freight availability, financing |
| Supporting Factors | GST-led affordability, strong SUV pipeline, stable interest rates | GST-led affordability, rural recovery, good monsoon, EV incentives, Export opportunities | GST-led affordability, improving industry conditions, and better freight availability |

### Rebased Price Chart




### Long-term Investment Ideas

**Lumax Auto Q4FY26 Result Update**

TP: 1,950 | Upside: 10.0%

Robust order book of INR 14,500 Mn

Focus on high-growth, technology-driven segments positions LMAX for sustainable growth

**Lumax Ind Q4FY26 Result Update**

TP: 7,100 | Upside: 30.7%

Robust order book of INR 22,000 Mn

Expect profitability to improve, supported by scale benefits, localisation gains and increasing contribution from premium lighting solutions

**M&M Q4FY26 Result Update**

TP: 4,450 | Upside: 48.0%

Growth momentum to continue, driven by SUVs, EV scale-up and capacity expansion

The EV portfolio is turning positive and emerging as the key growth lever, supported by improving scale and penetration

**Subhash Gate**
Email: subhash.gate@choiceindia.com
Ph: +91 22 6707 9233

**Heet Chheda**
Email: heet.chheda@choiceindia.com
Ph: +91 22 6707 9233

Key Takeaways from Management Commentary in Q4FY26

## Segment-wise performance

- 2W segment volumes **expanded 25.2% YoY, led by rural demand, commuter models and growing acceptance of EVs. This was supported by a 26.4% YoY growth in the domestic market and 21.2% YoY growth in exports**. Scooter volumes grew 37.1% YoY and the motorcycle segment was up 19.8% YoY. The motorcycle segment, up to 110cc, saw a 23.4% YoY growth, highlighting a revival in consumer preference for the entry-level segment. This was supported by the GST rate rationalisation, which boosted demand from first-time buyers. In the 2W segment, **TVSL and BJAUT were the top performers in Q4FY26, with a revenue growth of 34.1% and 31.8% YoY, respectively**

- **PV segment volumes grew 14.4% YoY, primarily driven by a strong demand for SUVs and revival in the passenger car segment.** PVs benefitted from a strong booking pipeline, new launches and year-end purchases. The passenger car segment was up 4.9% YoY, while the SUV segment grew by 19.8% YoY. MSIL reported a strong 29.0% YoY revenue growth and MM's revenue grew 26.2% on a YoY basis

- The CV segment **was up 18.8% YoY, aided by 19.3% YoY domestic growth and 13.3% YoY export growth**. CVs continued to gain from infrastructure activity, freight movement and replacement demand. Both, the LCV and MHCV, segments exhibited a solid performance with a volume growth of 16.9% and 21.5% YoY, respectively

- The tractor segment witnessed a significant **growth of 30.9% YoY**, supported by demand propelled by GST rate rationalisation and favourable monsoon

- For the companies under our coverage, **2W OEMs posted a revenue growth of 29.3%** on a YoY basis and **PV OEMs saw a 27.3% revenue growth** on a YoY basis. On the EBITDA margin front, OEMs under our coverage saw a margin expansion of 14 bps YoY and 8 bps QoQ

**Auto Ancillaries: Strong growth, driven by premiumisation, capacity expansion and electrification**

- The automobile ancillaries under our coverage registered a solid performance, with **revenue growth of 25.8% YoY**. While the EBITDA margin **declined 13 bps YoY**, it expanded 29 bps on a QoQ basis. ENDU and MSUMI were the top performers in auto ancillaries, with a revenue growth of 37.9% and 32.9% YoY, respectively

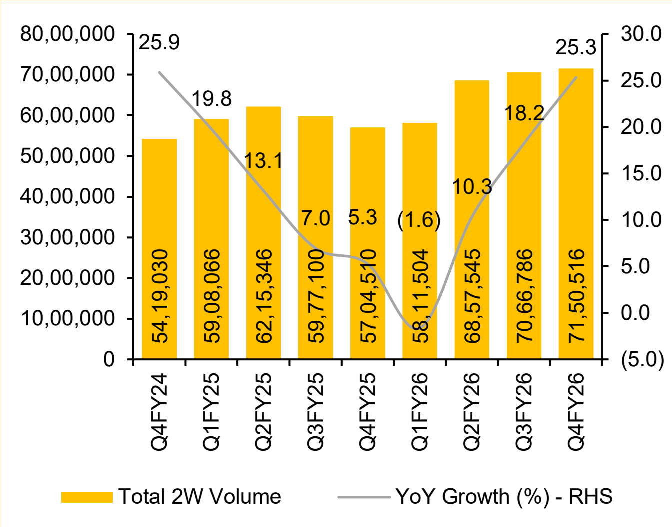
- For auto ancillary space, **we remain conservatively optimistic, owing to new product launches and capacity expansion in FY27E**. We expect auto ancillary companies under our coverage to continue benefitting from the trend of premiumisation, electrification and technological upgrades.

## Comparative Analysis of Performance across Coverage Universe

| | CAGR (FY26–29E) (%) | | | FY26 | | | |
|---|---|---|---|---|---|---|---|
| | REVENUE | EBITDA | PAT | EBITDAM (%) | PATM (%) | ROE (%) | ROCE (%) |
| **OEMs** | | | | | | | |
| Ashok Leyland | 8.5 | 11.4 | 11.8 | 13.0 | 8.9 | 29.8 | 32.9 |
| Bajaj Auto | 12.3 | 12.4 | 12.2 | 20.5 | 16.8 | 28.2 | 32.1 |
| Eicher Motors | 16.4 | 18.1 | 16.6 | 24.7 | 23.8 | 24.0 | 21.0 |
| Hero Motocorp | 10.7 | 11.5 | 10.7 | 14.7 | 11.5 | 25.0 | 26.3 |
| M&M | 15.4 | 15.9 | 15.6 | 14.4 | 10.8 | 21.2 | 21.0 |
| Maruti Suzuki | 14.1 | 14.8 | 13.6 | 11.7 | 7.9 | 13.7 | 14.0 |
| TVS Motors | 18.8 | 19.0 | 21.4 | 12.9 | 7.7 | 32.5 | 40.0 |
| **Ancillaries** | | | | | | | |
| Endurance Tech. | 15.9 | 17.1 | 21.1 | 13.5 | 6.7 | 14.2 | 15.0 |
| Fiem | 16.6 | 16.7 | 18.1 | 14.1 | 9.1 | 21.0 | 24.8 |
| Gabriel | 17.3 | 21.7 | 32.1 | 9.4 | 5.7 | 19.1 | 22.0 |
| Lumax Auto Tech. | 19.3 | 22.3 | 27.3 | 13.5 | 6.9 | 19.9 | 19.6 |
| Lumax Ind. | 17.4 | 19.1 | 25.5 | 9.7 | 4.5 | 20.7 | 13.4 |
| Minda Corp. | 18.4 | 19.5 | 27.0 | 11.7 | 5.8 | 13.6 | 15.7 |
| Motherson Sumi | 14.6 | 15.1 | 22.7 | 9.2 | 5.4 | 28.9 | 35.3 |
| Sansera Engg. | 16.4 | 19.8 | 22.7 | 18.1 | 9.7 | 11.0 | 12.3 |
| Suprajit Engg. | 11.4 | 18.2 | 25.2 | 10.4 | 5.0 | 13.3 | 13.4 |
| Uno Minda | 18.4 | 18.9 | 22.7 | 11.5 | 6.2 | 17.7 | 18.2 |

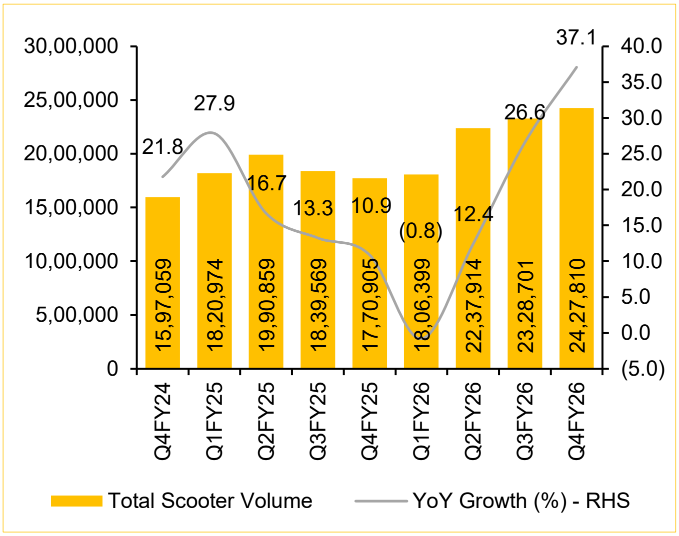
*Source: Choice Institutional Equities*

**2W volume was up 25.3% on a YoY basis**



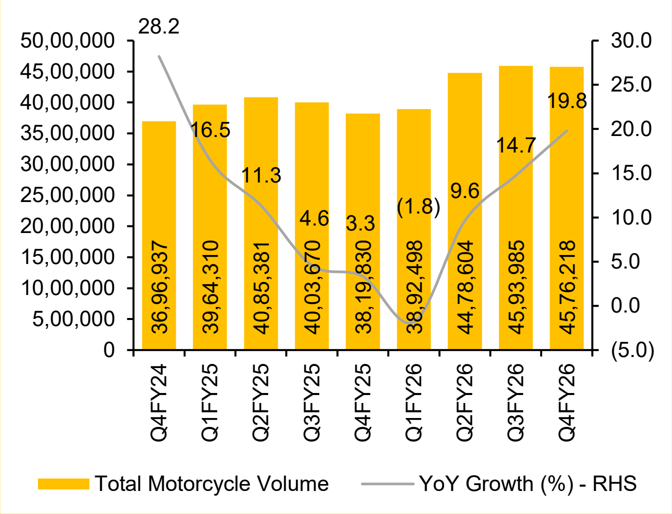

*Source: CMIE, Choice Institutional Equities*

**Scooter volume grew 37.1% on a YoY basis**



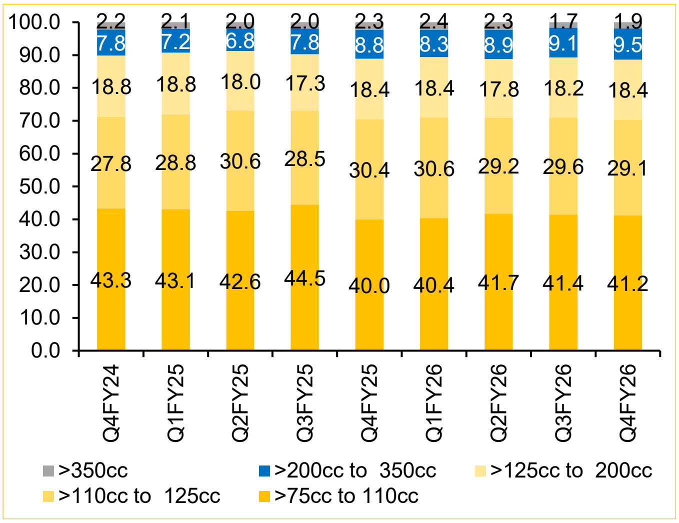

*Source: CMIE, Choice Institutional Equities*

**Motorcycle volume increased 19.8% on a YoY basis**



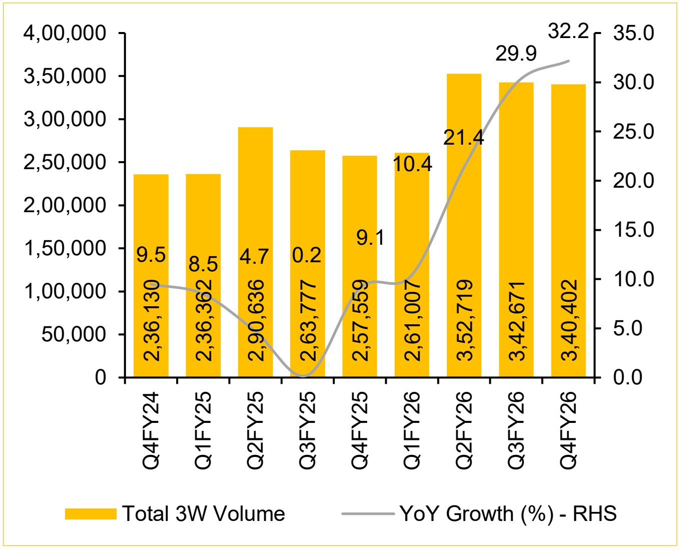

*Source: CMIE, Choice Institutional Equities*

**Motorcycle: Segment-wise split (%)**



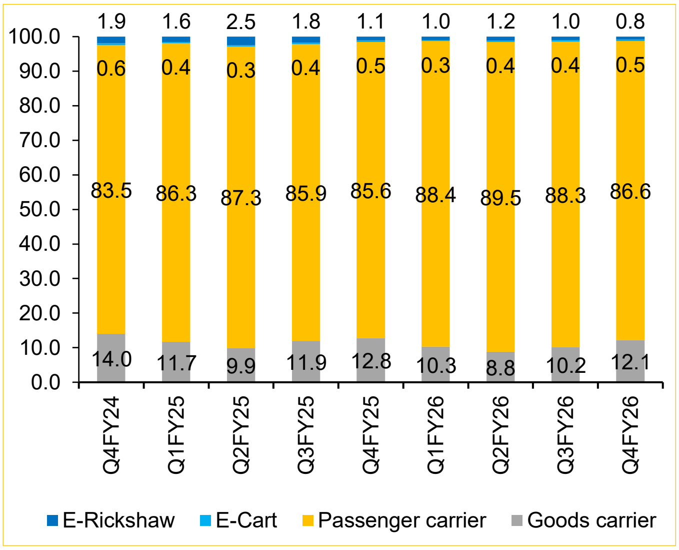

*Source: CMIE, Choice Institutional Equities*

**3W volume was up 32.2% on a YoY basis**




*Source: CMIE, Choice Institutional Equities*

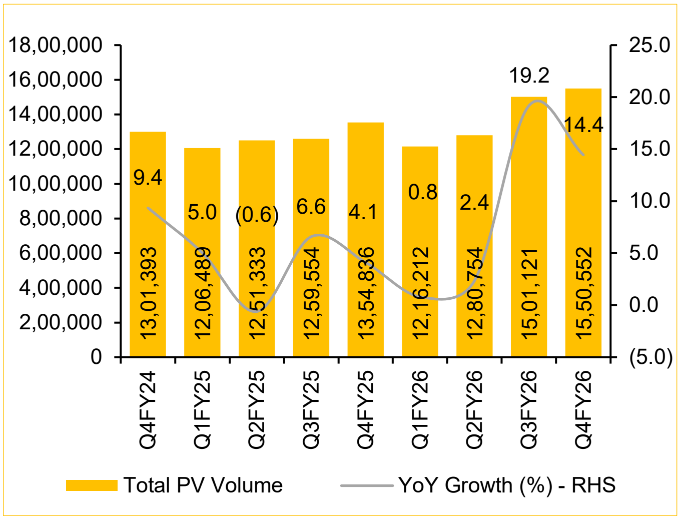
**3W: Segment-wise split (%)**




*Source: CMIE, Choice Institutional Equities*

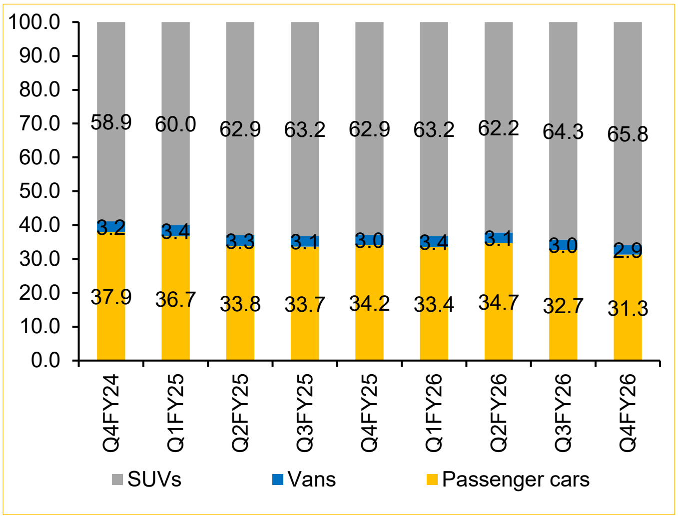
Q4FY26 Quarterly Result Review

**PV volume was up 14.4% on a YoY basis**



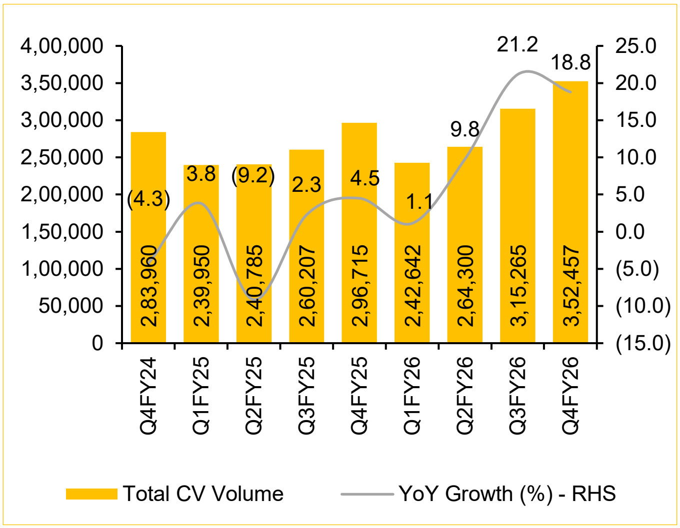

*Source: CMIE, Choice Institutional Equities*

**PV: Segment-wise split (%)**



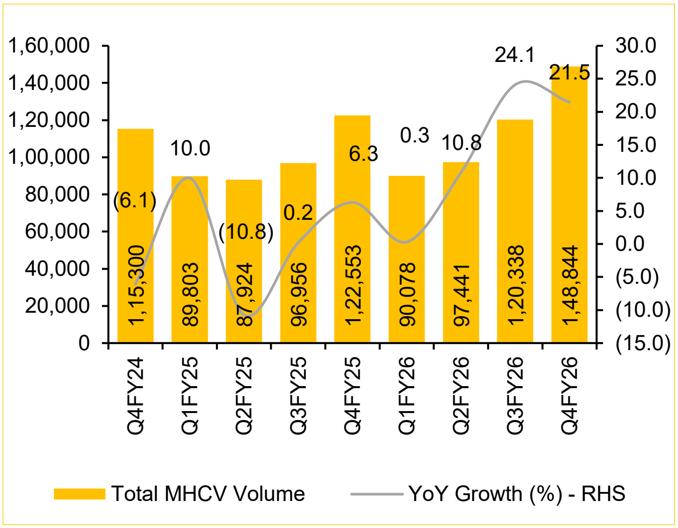

*Source: CMIE, Choice Institutional Equities*

**CV volume was up 18.8% on a YoY basis**



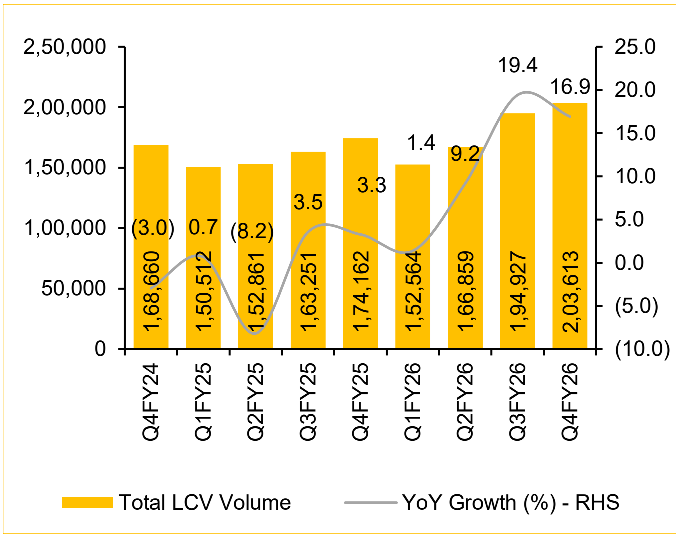

*Source: CMIE, Choice Institutional Equities*

**MHCV volume grew 21.5% on a YoY basis**



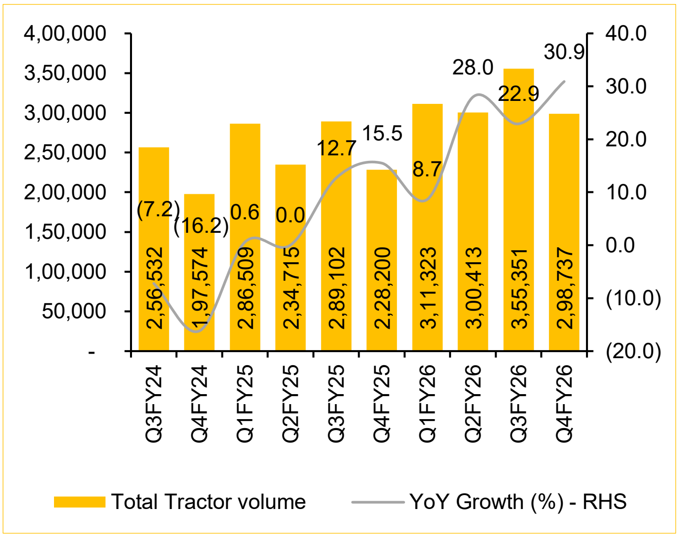

*Source: CMIE, Choice Institutional Equities*

**LCV volume expanded 16.9 % on a YoY basis**




*Source: CMIE, Choice Institutional Equities*

**Tractor volume increased 30.9% on a YoY basis**




*Source: TMA, Choice Institutional Equities*

## Key Takeaways from Management Commentary in Q4FY26

### Automobile OEMs:

| Company Name | Key Takeaways |
|---|---|
| Ashok Leyland | ▪ **Growth Drivers:** Cautious optimism for FY27E driven by fleet replacement and GST 2.0 benefits; expected growth in tipper and multi-axle segments from infrastructure and mining projects<br>▪ **Capital Expenditure:** Planned INR 7,500–10,000 crore capex focusing on new products, electric vehicles, and alternative powertrains<br>▪ **Subsidiary Investments:** Selective future investments in Hinduja Leyland Finance, Hinduja Housing Finance, and Ohm E-Maas<br>▪ **Risks:** Macro uncertainties due to global economic conditions and volatile commodity prices (steel, aluminum, copper)<br>▪ **Pricing & Costs:** Anticipated commodity cost pressures and diesel price/regional supply challenges despite earlier 2.5% price hike<br>▪ **Exports:** Slight dip in Q4FY26 export volumes due to logistics disruptions, potentially impacting Q1FY27E shipments |
| Bajaj Auto | ▪ **Export Targets:** Aim to increase monthly exports to 220,000 units from 200,000 currently<br>▪ **New Product Launches:** Launches of new Pulsar 125cc and 150cc+ variants planned by July 2026 to capture festive demand<br>▪ **EV Expansion:** Expand Chetak electric scooter production beyond 50,000 units monthly and increase exclusive retail stores<br>▪ **Segment Focus:** Continued growth expected in 125cc+ motorcycles and electric two/three-wheelers<br>▪ **Price and Cost Pressures:** Raw material costs are rising sharply; the company implemented price increases from April 2026, addressing 40% of cost inflation<br>▪ **Supply Chain Risks:** Challenges like LPG shortages and logistical constraints impacting supply by 10–15% |
| Eicher Motors | ▪ **EV Launch:** Entry into EV market with "Flying Flea" C6 launched in April 2026, starting rollout in Bangalore<br>▪ **Capacity Expansion:** INR 9,580 Mn investment to raise production at Cheyyar to 2 million units by Q2FY28E; greenfield plant planned in Andhra Pradesh<br>▪ **Financing JV:** Partnership with Volvo Group with INR 7,500 Mn investment for 50% stake in Volvo Financial Services India<br>▪ **Growth Initiatives:** Focus on new business verticals, capacity scaling, and international market growth<br>▪ **Challenges:** Commodity inflation impact of 3-3.5%, supply chain disruptions, and European market regulatory pressures |
| Hero MotoCorp | ▪ **Capital Expenditure**: INR 15,000 Mn planned for FY27E, including doubling VIDA EV capacity and expanding scooter manufacturing<br>▪ **Market Growth:** Expects high single-digit growth in the two-wheeler industry, with scooters growing faster than motorcycles in FY27E<br>▪ **Technology Focus:** Continued investments in low-emission powertrains, flex-fuel engines, and connected vehicle tech; new CTO joining May 2026<br>▪ **Margin Targets:** Aims for medium-term EBITDA margin between 14%–16%<br>▪ **Infrastructure Expansion:** INR 7,000 Mn allocated for establishing the second global parts centre in South India |
| Maruti Suzuki India | ▪ **Capacity Expansion:** Kharkhoda's second plant commenced operations in April 2026, with a fourth production line being added at Hansalpur to boost capacity by 500,000 units within FY27E<br>▪ **Production Volume Goal:** Targeting a medium-term annual production capacity of 4 million units to comfortably meet expanding domestic and international market demand<br>▪ **EV and Infrastructure Roadmap:** Launched the first BEV (e-Vitara) with multiple electric models planned by 2030, alongside establishing 100,000 EV charging points through strategic partnerships<br>▪ **Powertrain Strategy:** Actively pursuing a multi-powertrain approach involving BEVs, hybrids, CNG, and E85 flex-fuel options to ensure resilience against changing emissions and energy norms<br>▪ **Cost and Supply Mitigation:** Managing near-term margin compression from commodity price inflation (80 bps impact) and geopolitical rare-earth metal risks through ongoing localisation and operational efficiencies |
| Mahindra & Mahindra | ▪ **Growth Targets:** F26-F31E revenue expected to multiply 1.5-3x across auto, farm, financial services, and real estate sectors<br>▪ **Product Pipeline:** Launching 19 new tractor models by FY27; 10 new LCV launches, 10 ICE SUVs and 6 BEVs by FY31E<br>▪ **AI Strategy:** AI to contribute INR 41,000 Mn revenue by FY27E via sales enablement and 10% faster product launches<br>▪ **Risks:** Supply chain volatility persists in 82 part-families and 9 commodities; inflation and geopolitical tensions remain concerns |

*Source: Choice Institutional Equities*

## Key Takeaways from Management Commentary in Q4FY26

### Automobile OEMs:

| Company Name | Key Takeaways |
|---|---|
| TVS Motor Company | ▪ **Capacity Expansion:** Targeting 8.3 million units of production next year, adding 1.5 million units of capacity<br>▪ **Market Growth:** Domestic industry expected to grow in the high single digits; TVS aims to outpace it domestically and internationally<br>▪ **International Focus:** Strong growth in Africa and Latin America; exporting to Bangladesh to resume soon<br>▪ **Premium Segment:** New Norton models slated for Q2FY27 targeting European and Indian markets<br>▪ **Strategic Partnerships:** Collaboration with Hyundai to develop electric three-wheelers is underway<br>▪ **Capital Expenditure:** Forecasted INR 35,000 Mn Capex for R&D, new products, and capacity enhancement |

### Automobile Ancillaries:

| Company Name | Key Takeaways |
|---|---|
| Endurance Tech | ▪ **Order Pipeline:** Expected peak annual business potential of INR 41,500 Mn from new Indian orders by FY28E; INR 51,000 Mn RFQs in discussion<br>▪ **Europe Market Shift:** Decline in ICE end-use from 40% to 25% by FY28E; increased share for EV and hybrids<br>▪ **Capex Plans:** India capex at ~INR 8,280 Mn in FY26; similar investment planned for FY27E, focusing on growth and automation<br>▪ **New Products:** Launching dual-channel ABS and drive shaft production in June 2026 for Tata Motors<br>▪ **EV Segment Expansion:** New lithium-ion battery pack line production from May 2026; secured INR 3,500 Mn worth of EV orders in India and growing European penetration |
| Fiem Industries | ▪ **Four-Wheeler Business Scaling:** Supplies to M&M are expected to ramp up from FY27E, with the segment projected to generate revenue of INR 1,000–1,500 Mn in FY27E and potentially increase to INR 2,000–2,500 Mn in FY28E<br>▪ **Order Pipeline & LED Focus:** Converted nearly 70% of its four-wheeler RFQ pipeline into development projects; most newly won orders across key OEMs like Honda (including the Activa EV programme), TVS, and Royal Enfield are LED-based<br>▪ **Technology Innovation**: Investing in advanced next-generation lighting solutions like ambient and adaptive lighting systems, with several products currently at the Proof of Concept (PoC) stage being evaluated with customers<br>▪ **Margin Guidance:** Confident about sustaining record EBITDA margin at around 14% despite supply-chain disruptions and imported component inflation, supported by structural cost pass-through mechanisms<br>▪ **Capital Expenditure & Growth Targets:** Plans to invest approximately INR 2,000 Mn over the next two years to support capacity expansion and the four-wheeler segment, reiterating a medium-term annual revenue growth guidance of 15–20% |
| Gabriel India | ▪ **Vision 2030:** Aiming for INR 5,00,000 Mn group revenue, positioning as a central Anand Group player<br>▪ **Restructuring:** NCLT-approved merger/demerger to expand product portfolio, including transmissions and cooling systems<br>▪ **Product Innovation:** Progress in e-bike components and solar dampers production; capital expenditure planned INR.1,600-1,800 Mn for FY27E standalone<br>▪ **Export Growth:** Targeting Latin America, Australia, Africa aftermarket and stronger OEM global relations<br>▪ **JV Development:** Revised Inalfa sunroof JV agreement pending approvals, altering equity stakes |
| Lumax Auto Tech | ▪ **BRIDGE Strategy:** Targets a minimum 20% revenue CAGR from FY26 to FY31E with strong financial performance goals<br>▪ **20.20.20.20 Vision:** Aims for 20% revenue growth, EBITDA margin, ROCE, and 20% revenue from future and clean mobility by FY31E<br>▪ **Product Diversification:** Expanding EV-agnostic portfolio including electronic shifters, telematics, and CNG systems<br>▪ **Inorganic Growth**: Pursuing acquisitions to enhance technology and market reach<br>▪ **Operational Challenges:** Acknowledges risks from macroeconomic uncertainties, cost pressures, and minor production impacts |
| Lumax Industries | ▪ **Growth Ambition:** Targets roughly twice the industry growth rate in FY27E<br>▪ **Margin Expansion:** Aims for 13% EBITDA margin within 3-4 years via operational efficiencies and increased electronics<br>▪ **Capex Reduction:** FY27E Capex expected at INR 1,000-1,500 Mn, down from INR 3,900-4,000 Mn in FY26<br>▪ **Technology Shift:** Moving toward adaptive driving beams, multi-pixel LEDs, and animated lighting technologies<br>▪ **Risks:** Geopolitical tensions and input cost pressures could impact production and margin<br>▪ **Labor Impact:** Minimum wage hikes may reduce margins by 30-35 bps |

*Source: Choice Institutional Equities*

## Key Takeaways from Management Commentary in Q4FY26

### Automobile Ancillaries:

| Company Name | Key Takeaways |
|---|---|
| Minda Corporation | ▪ **Vision 2030:** Aims INR 1,75,000 Mn revenue with 12.5% EBITDA margin by FY2030E<br>▪ **Consolidation:** Minda VAST consolidation to increase Passenger Vehicle revenue share to 20-25% from 14% starting FY27E<br>▪ **Growth Guidance:** Targets 15%+ growth in FY27 vs. 10% industry growth forecast<br>▪ **Capex Plans:** INR 4,000–4,500 Mn planned for FY27E for new plants and tech upgrades<br>▪ **Product Updates:** Focus on TFT instrument clusters, wiring harness localization<br>▪ **Risks:** Commodity inflation (30-40%), labor wage hikes, geopolitical volatility impacting cost structure |
| Motherson Sumi Wiring | ▪ **Growth Momentum:** Expects sales outperformance to continue into the current quarter and next year, driven by multi-powertrain order wins across ICE, EV, and hybrid vehicles<br>▪ **Capital Expenditure:** Approximately INR 2000 Mn planned for FY27E to focus on further capacity expansion, greenfield extensions, and automation upgrades<br>▪ **Margin Recovery:** Profitability margin are expected to normalise and stabilise at historical averages as greenfield operations mature and commodity pass-through agreements conclude<br>▪ **Capacity Ramp-up:** Focused on scaling utilisation at new greenfield plants to planned levels (currently Harkowda at ~80%, Navagam at ~60%, and Pune at ~40–50%) as delayed customer model volumes build up<br>▪ **Commodity Mitigation:** Managing a temporary 2% to 2.5% EBITDA impact caused by an 18% QoQ spike in copper prices, with contractual price pass-through mechanisms expected to fully recover costs over a 3-to-6-month timing lag |
| Sansera Engineering | ▪ **Robust Order Book:** New business orders at INR 19,194 Mn; ADS backlog at INR 44,638 million through 2031<br>▪ **Growth Guidance:** Anticipates continued growth in FY27E, with H1FY27E stronger than H2FY27E due to base effects<br>▪ **Capex Plans:** INR 5,097 Mn spent in FY26; similar investment planned for FY27E targeting forging, machining & ADS capacity expansion<br>▪ **Tech Advancement:** Focus on complex components such as aerospace engine blisks and semiconductor precision parts<br>▪ **Macro Risks:** Tariff uncertainties, regional export challenges, and geopolitical volatility are noted as ongoing concerns<br>▪ **Inflation & Labor:** Steel, aluminum, energy, and logistics cost pressures persist; labor availability is improving with automation targeted at 80% on new lines |
| Suprajit Engineering | ▪ **Consolidated Targets:** Expects double-digit revenue growth in FY27 with an EBITDA margin guidance of 12.0–13.5%<br>▪ **GCM Division:** Anticipates double-digit revenue growth in FY27E and a sharp margin improvement to 10.0–12.0%, aided by SCS integration and strong India/China order wins<br>▪ **ICM Division:** Expected to outperform the domestic automotive industry through higher penetration and "Beyond Cable" products<br>▪ **PLE Division:** Projected to return to double-digit revenue growth in FY27E, driven by new US retail wins and market opportunities from a global competitor's insolvency<br>▪ **SED Division:** Expected to sustain strong double-digit growth; milestones include supplying complete assemblies to a premium EV bike manufacturer and exporting digital clusters to a US off-highway customer<br>▪ **Group capex:** Guided at ~INR 2.0 Bn for FY27E to fund land acquisition at Auric Maharashtra, the new Bangalore STC facility (completion by Q3FY27E), a second Chennai plant, and division-wide expansion |
| UNO Minda | ▪ **Capex Plans:** FY27E Capex budgeted at INR 17,500 Mn, including INR 6,500 Mn sustaining and INR 11,000 Mn growth and land acquisition<br>▪ **EV Expansion:** INR 5,500 Mn investment for a new EV powertrain plant in Maharashtra targeting electric drive units and hybrid transmissions<br>▪ **Revenue Potential:** Growing kit values in the premium SUV and two-wheeler segments are expected to boost revenue<br>▪ **Margin Guidance:** EBITDA margins forecast between 10.5% to 11.5%, accounting for new plant initial costs<br>▪ **New Orders:** Significant INR 6,000 Mn order for Android-based infotainment system via Denso JV, representing 70% of IVI business revenue |

*Source: Choice Institutional Equities*

## Long-term Investment Ideas (1/2)

| Particulars (INR Bn) | FY26 | FY27E | FY28E | FY29E |
|---|---|---|---|---|
| Revenue | 48.7 | 59.3 | 71.0 | 82.8 |
| YoY (%) | 33.9 | 21.7 | 19.8 | 16.6 |
| EBITDA | 6.6 | 8.2 | 10.3 | 12.0 |
| EBITDAM % | 13.5 | 13.9 | 14.4 | 14.5 |
| Adj PAT | 2.9 | 3.6 | 4.9 | 6.1 |
| EPS (INR) | 43.0 | 53.5 | 72.2 | 88.8 |
| ROE % | 19.9 | 19.6 | 20.6 | 19.8 |
| ROCE % | 19.6 | 22.7 | 24.8 | 24.8 |
| PE(x) | 41.2 | 33.1 | 24.6 | 20.0 |
| EV/EBITDA | 19.8 | 15.8 | 12.5 | 10.4 |

*Source: Choice Institutional Equities*

**Lumax Auto Tech. Ltd | Rating: ADD | Target Price – INR 1,950**

**Record FY26 performance reinforces multi-year growth visibility:** LMAX delivered its strongest-ever annual performance in FY26, with consolidated revenue growing 34% YoY and Q4FY26 revenue increasing 25% YoY, significantly outperforming industry growth. In FY27E, the company is confident of repeating a similar feat, supported by rising content-per-vehicle, increasing localisation and expanding presence in high-value product categories. **We believe LMAX is well-positioned to benefit from premiumisation, intelligent mobility solutions and deeper OEM integration, supporting sustainable long-term growth.**

**Strong execution driving margin expansion and earnings growth:** FY26 EBITDA increased 42% YoY, with margin improving to 13.5% (+70 bps YoY), reflecting benefits from operating leverage, favourable product mix and disciplined cost-management. Despite near-term headwinds from commodity inflation, rising energy cost and wage inflation, the management expects margin to remain resilient and improve further through pricing pass-through, localisation initiatives and scale benefits.

**Robust order book and capacity expansion support growth:** LMAX reported a healthy order book of INR 14,500 Mn, with ~25% executable in FY27E, 54% in FY28E and the remaining in FY29E, providing strong revenue visibility. Advanced Plastics and Mechatronics continue to drive future opportunities, while Greenfuel and software-led mobility solutions offer additional growth levers. The ongoing capacity expansion and FY27E capex plan of INR 2.75–3.0 Bn further strengthen the company's positioning. **We believe LMAX's transition towards a Tier-0.5 system integrator, coupled with its targeted 20% revenue CAGR strategy, provides a long-term investment case.**

**View and Valuation:** We have revised our FY27/28E EPS estimate upwards by 3.0%/5.7%, driven by robust execution, strong order-book visibility and accelerating contribution from high-margin growth businesses. With rising content-per-vehicle, premiumisation trends and technology-led expansion supporting earnings visibility, we have valued the company at 27x (maintained) FY28E EPS, arriving at a revised target price of **INR 1,950**. We have maintained our '**ADD**' rating on the stock.

| Particulars (INR Bn) | FY26 | FY27E | FY28E | FY29E |
|---|---|---|---|---|
| Revenue | 41.8 | 49.7 | 58.5 | 67.7 |
| YoY (%) | 23.0 | 18.8 | 17.7 | 15.7 |
| EBITDA | 4.1 | 4.8 | 5.8 | 6.8 |
| EBITDAM % | 9.7 | 9.7 | 9.9 | 10.1 |
| Adj PAT | 1.9 | 2.3 | 3.0 | 3.8 |
| EPS | 203.6 | 248.9 | 323.0 | 402.4 |
| ROE % | 20.7 | 21.4 | 23.0 | 23.7 |
| ROCE % | 13.4 | 15.5 | 17.7 | 19.5 |
| PE(x) | 26.7 | 21.8 | 16.8 | 13.5 |
| EV/EBITDA | 14.9 | 12.5 | 10.3 | 8.6 |

*Source: Choice Institutional Equities*

**Lumax Industries Ltd | Rating: BUY | Target Price – INR 7,100**

**Robust order book & rising LED penetration to drive growth:** LUMX has bagged contracts worth INR 22,000 Mn (~53% of FY26 revenue), wherein PV contributed 66% and LED-based products accounted for 88% of the total order book. In Q4FY26, the company secured key lighting programs from Mahindra (XUV 7XO), Toyota (Urban Cruiser), Skoda (Kushaq Facelift) and Royal Enfield. LED lighting contributed 61% to FY26 revenue as compared to 58% in FY25, reflecting accelerating premiumisation across vehicle segments. **We expect LED contribution to continue increasing in the medium term, supported by a higher adoption of advanced lighting technologies such as ADB, multipixel LEDs and animated lighting solutions**.

**Bengaluru facility to support growth visibility:** LUMX is accelerating capacity expansion through its upcoming Bengaluru facility, which is expected to commence operations by Q4FY27E. The plant is being established to cater primarily to newly secured programs from Maruti Suzuki and Toyota, thus strengthening the company's presence in the southern automotive hub. Additionally, Phase II of the Chakan facility has already commenced operations, enhancing execution capability for the growing order pipeline.

**Margin expansion driven by product mix & localisation:** LUMX delivered EBITDA margin of 10.3% in Q4FY26 and guided for 10.5–11.0% margin in FY27E. The expansion was supported by operating leverage, richer LED mix and localisation initiatives. The company has already reduced import dependence to 25–30% and continues to localise critical LED components. **We expect profitability to improve further, supported by scale benefits, localisation gains and increasing contribution from premium lighting solutions.**

**View and Valuation**: We have largely maintained our FY27/28E EPS estimate, valuing the company at 22x (maintained) on FY28E EPS and maintained our target price of **INR 7,100**. Accordingly, we have upgraded our rating from **'ADD' to 'BUY'**, supported by the recent correction in the stock price, strong revenue visibility from order book, accelerating LED penetration and upcoming Bengaluru capacity commissioning.

## Long-term Investment Ideas (2/2)

| Particulars (INR Bn) | FY26 | FY27E | FY28E | FY29E |
|---|---|---|---|---|
| Revenue | 1,455.8 | 1,707.8 | 1,963.2 | 2,239.1 |
| YoY (%) | 25.0 | 17.3 | 15.0 | 14.1 |
| EBITDA | 209.8 | 244.2 | 286.6 | 326.9 |
| EBITDAM % | 14.4 | 14.3 | 14.6 | 14.6 |
| Adj PAT | 157.4 | 181.1 | 212.9 | 243.4 |
| EPS | 131.0 | 150.8 | 177.3 | 202.7 |
| ROE % | 21.2 | 20.7 | 20.7 | 20.1 |
| ROCE % | 21.0 | 21.0 | 21.4 | 21.2 |
| PE(x) | 22.9 | 19.9 | 17.0 | 14.8 |
| EV/EBITDA | 16.6 | 14.2 | 12.0 | 10.4 |

*Source: Choice Institutional Equities*

**Mahindra & Mahindra | Rating: BUY | Target Price – INR 4,450**

**New launches and capacity expansion to drive growth momentum:** M&M delivered a strong performance in Q4FY26, led by robust growth across auto and farm segments, supported by market share gains, successful new launches and improving profitability. **SUV volumes grew 19.7% YoY to ~1.1 million units**, with revenue market share rising **to 25.3% (+260 bps) in FY26**, reinforcing M&M leadership. Key growth drivers include strong demand for **premium SUVs, favourable product mix** and consistent success of new launches, such as **XUV 7XO (~9.5k monthly billings)**. The EV portfolio is emerging as the key growth lever, achieving **~40% eSUV revenue market share in FY26, with ~55k units sold and PBIT turning positive, supported by improving scale and penetration (9.6% in Q4FY26).**

**Farm segment remains a steady growth pillar:** Tractor volumes grew 36% YoY to ~526k units, with market share at 43.6% in Q4FY26. **Growth was driven by favourable farm sentiment, strong rural demand, and product launches**. FY26 margin improved (PBIT 19.8%; core 20.8%) owing to operating leverage and cost discipline. The company expects the **farm segment to grow in mid-single digits in FY27E. Continued launches (19 planned)** and supportive macros should sustain performance.

**We expect growth momentum to continue, driven by SUVs, EV scale-up and capacity expansion. However, commodity inflation, rising competition, and likely monsoon-led tractor demand are the key risks.**

**View and Valuation:** We have marginally revised our FY27/FY28E EPS estimate and have maintained our target price at **INR 4,450**, valuing the company at 25x (unchanged) on FY28E EPS, along with subsidiary valuation. We have maintained our **'BUY'** rating on the stock, supported by M&M's strategic focus on new launches, strong SUV demand, growing EV share and capacity expansion.

| Institutional Research Team | | | |
|---|---|---|---|
| Utsav Verma, CFA | Head of Institutional Research | utsav.verma@choiceindia.com | +91 22 6707 9440 |
| Ambrish Shah | Analyst - Power | ambrish.shah@choiceindia.com | +91 22 6707 9251 |
| Ashutosh Murarka | Analyst – Building Materials | ashutosh.murarka@choiceindia.com | +91 22 6707 9521 |
| Bhavik Shah, CFA | Analyst – Metals & Mining | Bhavik.shah@choiceindia.com | +91 22 6707 9521 |
| Deepika Murarka | Analyst – Healthcare | deepika.murarka@choiceindia.com | +91 22 6707 9513 |
| Dhaval Popat | Analyst – Energy | dhaval.popat@choiceindia.com | +91 22 6707 9949 |
| Fenil Brahmbhatt | Analyst – Realty & Building Materials | fenil.brahmbhatt@choiceindia.com | +91 22 6707 9930 |
| Ishank Gupta | Analyst – NBFCs | ishank.gupta@choiceindia.com | +91 22 6707 9867 |
| Karan Kamdar | Analyst – Consumer Discretionary, Small and Midcaps | karan.kamdar@choiceindia.com | +91 22 6707 9451 |
| Kunal Bajaj | Analyst – Technology | kunal.bajaj@choiceindia.com | +91 22 6707 9901 |
| Maitri Sheth | Analyst – Pharmaceuticals | maitri.sheth@choiceindia.com | +91 22 6707 9511 |
| Putta Ravi Kumar | Analyst – Defence | ravi.putta@choiceindia.com | +91 22 6707 9908 |
| Preeyam Tolia | Analyst – FMCG & Retail | preeyam.tolia@choiceindia.com | +91 22 6707 9987 |
| Aayush Saboo | Sr. Associate– Realty | aayush.saboo@choiceindia.com | +91 22 6707 9930 |
| Avi Jhaveri | Sr. Associate – Technology | avi.jhaveri@choiceindia.com | +91 22 6707 9901 |
| Bharat Kumar Kudikyala | Sr. Associate – Building Materials | bharat.kudikyala@choiceindia.com | +91 22 6707 9521 |
| Samarth Goel | Sr. Associate– Small and Midcaps | samarth.goel@choiceindia.com | +91 22 6707 9451 |
| Subhash Gate | Sr. Associate – Autos | subhash.gate@choiceindia.com | +91 22 6707 9233 |
| Heer Gogri | Associate – Small and Midcaps | heer.gogri@choiceindia.com | +91 22 6707 9433 |
| Heet Chheda | Associate – Autos | heet.chheda@choiceindia.com | +91 22 6707 9233 |
| Rushil Katiyar | Associate – Technology | rushil.katiyar@choiceindia.com | +91 22 6707 9901 |
| Shreya Mehra | Associate – Technology | shreya.mehra@choiceindia.com | +91 22 6707 9535 |
| Stuti Bagadia | Associate – Pharmaceuticals | stuti.bagadia@choiceindia.com | +91 22 6707 9511 |
| Vinay Rawal | Associate – Small and Midcaps | vinay.rawal@choiceindia.com | +91 22 6707 9433 |

| CHOICE RATING DISTRIBUTION & METHODOLOGY | |
|---|---|
| **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 stasis 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**

## Disclaimer & Disclosure

Research Disclaimer and Disclosure inter-alia as required under Securities and Exchange Board of India (Research Analysts) Regulations, 2014

**Choice Equity Broking Private Limited is a registered Research Analyst Entity (Reg. No. INH000000222 ) CIN. NO.: U65999MH2010PTC198714. Reg. Add.: Sunil Patodia Tower, J B Nagar, Andheri (East), Mumbai 400099. Tel. No. 022-6707 9999 . Compliance Officer-Prashant Salian. Tel. 022-6707 9999-Ext. 896. Email-Compliance@choiceindia.com. Grievance officer-Deepika Singhvi Tel.022-67079999- Ext-834.**

**Email- ig@choiceindia.com**

The Company uses artificial intelligence tools as part of its research process, including data analysis and content generation. Notwithstanding the foregoing, all analysis, views, and recommendations are independently formulated and duly reviewed by qualified research analysts prior to issuance.

**General Disclaimer:**

**Investment in securities market are subject to market risks. Read all the related documents carefully before investing. Registration granted by SEBI, and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors**

This report ("Report") is prepared by Choice Equity Broking Private Limited as a Research Entity (hereinafter referred as "CEBPL") in its capacity as a SEBI-registered Research Analyst and is intended solely for informational and educational purposes. This Report is meant exclusively for the recipient and shall not be circulated, reproduced, or distributed, in whole or in part.

This Report does not take into account the specific investment objectives, financial situation, risk profile, or particular needs of any individual or class of investors and does not constitute a personal recommendation or investment advice. Any views, opinions, or recommendations expressed herein are based on publicly available information and internal analysis and are subject to change without notice.

Nothing contained in this Report shall be construed as an offer, solicitation, or inducement to buy, sell, or subscribe to any securities, derivatives, or other financial instruments, nor shall it be considered as investment, legal, accounting, or tax advice. Recipients are advised to conduct their own independent analysis and are encouraged to seek independent professional advice before making any investment or trading decisions.

The information contained in this Report has been compiled from sources believed to be reliable; however, CEBPL does not represent or warrant the accuracy, completeness, or reliability of such information. CEBPL, its directors, employees, or associates shall not be liable for any losses, damages, or expenses arising directly or indirectly from the use of or reliance upon this Report.

Investments in securities are subject to market risks. The price and value of investments and the income from them may fluctuate, and investors may incur losses. Past performance is not indicative of future results. Opinions expressed herein are as of the date of this Report and may differ from views expressed in other research reports due to differences in methodology, assumptions, or time horizons.

**Disclaimers in respect of Jurisdiction:**

This Report is not intended for distribution to, or use by, any person or entity who is a citizen or resident of, or located in, any jurisdiction where such distribution, publication, or use would be contrary to applicable laws or regulations, or would subject CEBPL to any registration or licensing requirements in such jurisdiction.

No action has been taken or will be taken by CEBPL in any jurisdiction outside India where such action would be required for distribution of this Report. Accordingly, this Report shall not be directly or indirectly distributed, published, or circulated in any such jurisdiction except in compliance with applicable laws and regulations.

Recipients of this Report are required to inform themselves of, and comply with, all applicable legal and regulatory restrictions at their own expense and without any liability to CEBPL. Any dispute arising out of or in connection with this Report shall be subject to the exclusive jurisdiction of the competent courts in Mumbai, India.

**Disclosure on Ownership and Material Conflicts of Interest:**

- "CEBPL", its Research Analyst(s), their associates and relatives may have any financial interest in the subject company covered in this Research Report.
- "CEBPL", its Research Analyst(s), their associates and relatives may have actual or beneficial ownership of one percent (1%) or more of the securities of the subject company, as on the last day of the month immediately preceding the date of publication of this Research Report.
- "CEBPL", its Research Analyst(s), their associates and relatives may have any other material conflict of interest at the time of publication of this Research Report.

**Disclosure on Receipt of Compensation:**

- "CEBPL" or its associates may have received compensation from the subject company during the past twelve months.
- "CEBPL" or its associates may have managed or co-managed public offerings of securities for the subject company during the past twelve months.
- "CEBPL" or its associates may have received compensation from the subject company during the past twelve months for investment banking, merchant banking or brokerage services.
- "CEBPL" or its associates may have received compensation from the subject company during the past twelve months for products or services other than investment banking, merchant banking or brokerage services.
- "CEBPL" or its associates have not received any compensation or other benefits from the subject company or any third party in connection with the preparation or publication of this Research Report.
- Research Analyst may have served as an officer, director or employee of the subject company covered in this Research Report.
- "CEBPL" and Research analyst may engage in market-making activity in the securities of the subject company.

**Details of Associates of CEBPL and Brief History of Disciplinary action by regulatory authorities are available on our website i.e. www. https://choiceindia.com/research-listing**



Q4FY26 Quarterly Result Review

SUBHASH MURLIDHAR GATE

Digitally signed by SUBHASH MURLIDHAR GATE
DN: c=IN, st=Maharashtra, 2.5.4.20=51568dee2ffe332cdd95fb172cff36bd63eae0bb4e4e787a0e2c07a603aaa036, postalCode=400086, street=SO Murlidhar Gate Golibar Road Mohammad Umar Chawl Altaf Nagar Ganesh Chowk Ghatkopar West, pseudonym=4d77a6bef1364378acf60e21d0066b36, title=0988, serialNumber=235a1dea791214963a787f7db5c90c463c7e5ed907e3b30651dae3df590ad175, o=Personal, cn=SUBHASH MURLIDHAR GATE
Date: 2026.06.04 14:30:02 +05'30'