

Q4FY25 Quarterly Results Review

Automobile and Automobile Ancillaries

Choice

Sector View: Neutral

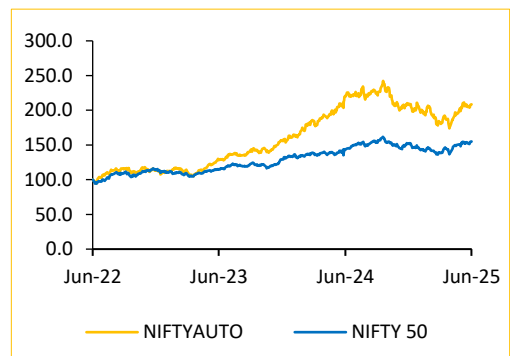
Recommendation

Company (Ticker)	CMP (INR)	TP (INR)	Rated
Ashok Leyland (AL)	240	305	Buy
Bajaj Auto (BJAUT)	8,719	9,750	Buy
Eicher Motors (EIM)	5,352	5,885	Add
Hero MotoCorp (HMCL)	4,410	5,100	Buy
Maruti Suzuki (MSIL)	12,452	12,410	Buy
M&M (MM)	3,081	3,965	Add
TVS Motors (TVSL)	2,771	2,920	Add
Endurance Tech (ENDU)	2,525	2,125	Reduce
Fiem Industries (FIEM)	1,899	1,875	Add
Gabriel India (GABR)	639	630	Reduce
Lumax Auto (LMAX)	1,003	1,375	Buy
Lumax Ind (LUMX)	3,208	4,000	Buy
MSWIL (MSUMI)	62	56	Reduce
Sansera Eng. (SANSERA)	1,377	1,425	Buy
Suprajit Eng. (SEL)	475	390	Sell
Uno Minda (UNOMINDA)	1,104	1,150	Buy

*CMP as on June 11, 2025

Relative Performance (%)

YTD	3Y	2Y	1Y
NIFTYAUTO	108.5	62.4	(5.1)
NIFTY 50	54.9	35.2	7.9



Mixed OEM Performance Amid Premiumisation Trend

In Q4FY25, OEM stocks under our coverage delivered mixed performance, with the market's preference continuing to shift toward premium vehicles across categories.

- The PV segment grew 4.1% YoY, primarily driven by sustained demand for SUVs, with Mahindra & Mahindra (M&M) reporting a strong 24.3% YoY revenue growth. However, passenger car volumes continued to decline, underscoring the shift in consumer demand toward SUV's.
- The 2W segment expanded by 5.3% YoY, led by strong growth in higher displacement models, (reflected in Eicher Motors' revenue growth of 23.1% YoY) and robust export performance (TVS Motor Company posting 16.9% YoY revenue growth). Meanwhile, the <110cc segment remained under pressure, indicating a continued consumer preference shift towards more premium offerings.
- The Commercial Vehicle (CV) segment grew 4.5% YoY, showing early signs of a recovery. Growth was supported by the resumption of construction and infrastructure activity, along with stable rural demand.

OEM Q4FY25 Financial Performance

- For the companies under our coverage, 2W OEMs posted a revenue growth of 10.3% on a YoY basis and PV OEMs saw a 12.7% revenue growth on a YoY basis. On the EBITDA margin front, OEMs under our coverage saw a margin decline of 41bps YoY and 69bps QoQ.

Positive Outlook for Auto Ancillaries: Driven by Premiumisation

- The automobile ancillaries under our coverage registered solid performance, with revenue growth of 16.8% YoY, while the EBITDA margin was down 70bps YoY but up 56bps QoQ.
- For auto ancillary space, we remain positive driven by new product launches in FY26. We expect auto ancillary companies under our coverage to continue benefiting from the trend of premiumisation and technological upgrades.

Impact of restrictions on export of rare earth magnets by China:

China's restrictions on neodymium-based rare earth magnet exports are creating supply chain risks for Indian auto OEMs, especially in EVs, hybrids, and premium ICE vehicles. With China accounting for over 80% of global supply and export approvals still pending, Indian manufacturers face production disruptions starting July 2025. This is driving up input costs, extending lead times, and prompting OEMs to build inventories as a short-term buffer. In the longer term, the industry is accelerating efforts to diversify supply chains, invest in rare earth recycling, and develop alternative motor technologies. The situation is pressuring margins and could delay EV rollout timelines unless the licensing bottlenecks are addressed soon.

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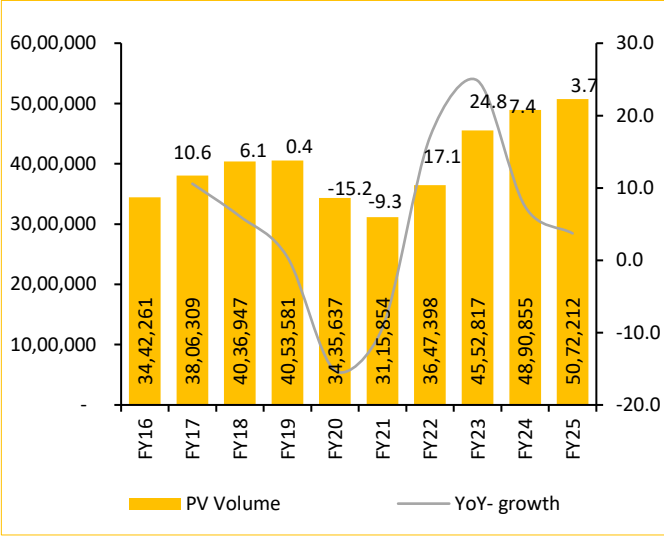
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TOP PICKS



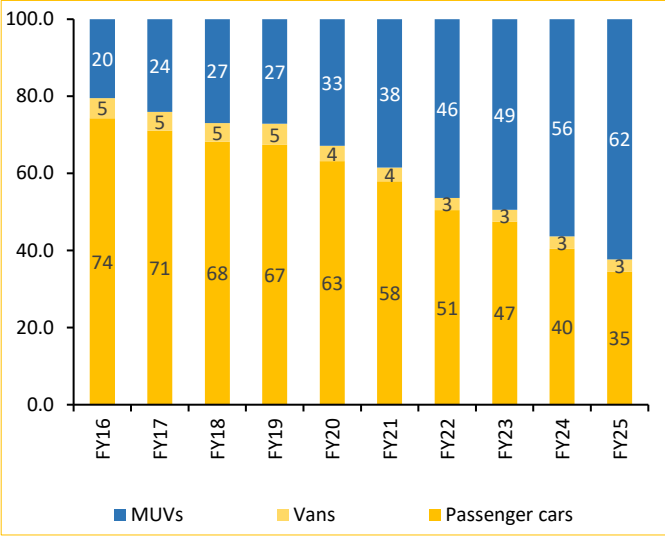
- [Mahindra & Mahindra](#)
- [Lumax Auto Technologies](#)

PV Volume grew by 3.7% on a YoY basis



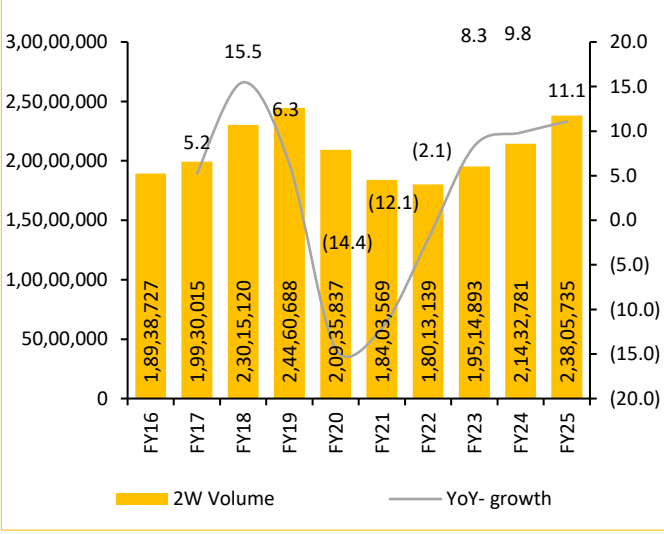
Source: Company, CEBPL

MUVs share increasing on YoY basis



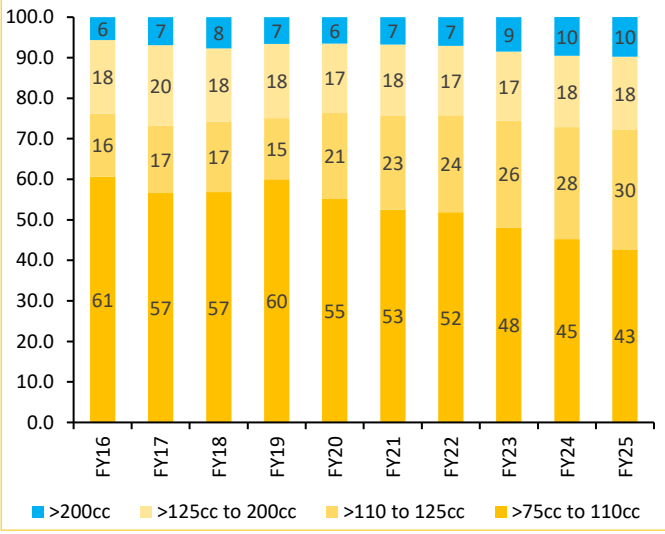
Source: Company, CEBPL

2W Volume grew by 3.7% on a YoY basis



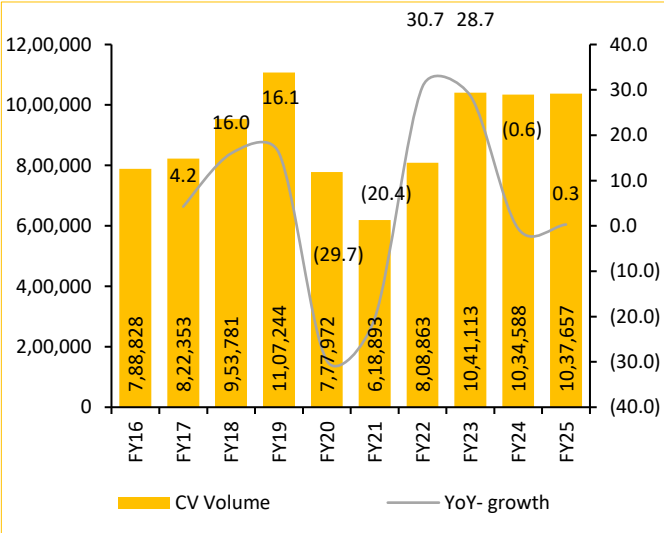
Source: Company, CEBPL

<110cc Motorcycles share decreasing over the years



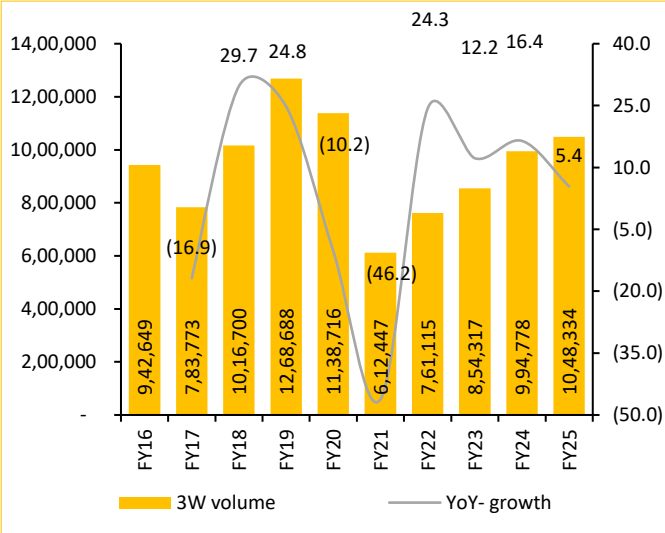
Source: Company, CEBPL

CV Volume grew by 0.3% on a YoY basis



Source: Company, CEBPL

3W Volume grew by 5.4% on a YoY basis



Source: Company, CEBPL

Top Picks:

1. Mahindra & Mahindra (MM) | Rating: BUY | Target Price-INR 3,965

Key Financials					
INR Bn	FY23	FY24	FY25E	FY26E	FY27E
Revenue	866	1,013	1,186	1,424	1,711
YoY (%)	49.9	17.0	17.1	20.0	20.2
EBITDA	121	151	184	218	260
EBITDAM %	13.9	14.9	15.5	15.3	15.2
Adj PAT	76	106	119	148	183
EPS	61.3	85.6	95.3	119.1	147.0
ROE %	18.7	22.3	20.8	22.2	23.6
ROCE %	19.2	22.9	24.3	25.6	27.1
PE(x)	52.2	37.4	33.5	26.9	21.7
EV/EBITDA	33.0	26.0	21.1	18.1	15.1

- Mahindra's Profitability Strengthens on SUV Growth and EV Progress:** MM reported a 14% YoY rise in consolidated revenue for Q4FY25, driven by strong growth in its Auto and Farm segments. SUV volumes surged 18%, outpacing industry growth and lifting market share by 210bps to 22.5%. This growth was led by a shift toward higher-margin, premium models, resulting in improved average selling prices and stronger operating leverage. In the EV segment, Mahindra Electric Automobile Ltd (MEAL) posted positive EBITDA of ₹100 million in its first quarter without PLI support, despite a ₹1,660 million PBIT loss due to depreciation from new product launches. MEAL has scaled up EV production to 5,000 units per month and is expanding capacity by 1.2 lakh units at Chakan for its next-gen platform set to launch in 2027. Additionally, a new greenfield plant is being planned to support EV expansion post-FY28.
- View and Valuation:** We have revised our FY26/27 EPS estimates downward by -10.4%/-8.6%, factoring in the uncertain global macroeconomic environment, including persistent inflation and elevated living costs. Despite the cut, we maintain our BUY rating with a revised target price of INR 3,965, re-rating the stock at higher multiple of 25x FY27 EPS (previously 21x, best among OEM peers) plus subsidiary valuation. The revision reflects our confidence in the company's robust growth outlook, with Revenue/EBITDA/PAT expected to grow at a CAGR of 20.1%/18.9%/22.9%, alongside continued market share gains (22.5% in SUV market and 43.3% in tractors) and no significant US exposure.

2. Lumax Auto Tech (LUMX) | Rating: BUY | Target Price-INR 1,375

Key Financials					
INR Bn	FY23	FY24	FY25E	FY26E	FY27E
Revenue	18.5	28.2	36.4	45.0	54.0
YoY (%)	22.5	52.7	28.9	23.8	19.8
EBITDA	2.2	4.1	5.2	6.7	8.2
EBITDAM %	12.1	14.6	14.2	14.8	15.3
Adj PAT	1.0	1.3	1.8	2.8	3.7
EPS (INR)	14.9	19.1	26.1	41.1	55.0
ROE %	14.0	16.5	19.0	24.0	25.1
ROCE %	11.9	15.2	17.8	22.2	25.0
PE(x)	54.3	42.5	31.1	19.7	14.8
EV/EBITDA	26.5	15.0	12.1	9.3	7.4

- LMAX Consolidates IAC India to Enhance Profitability and Growth Visibility:** LMAX's acquisition of the remaining 25% stake in IAC India will reduce minority interest in earnings from 23% to 10–11% in FY26, thereby boosting PAT and allowing full strategic and operational control. IAC India, already fully consolidated in revenue, grew 35–40% in FY25 with EBITDA margins of 17–17.5%, and holds a ₹6,000 Mn order book. A merger with standalone LMAX is also planned to streamline operations. Meanwhile, LMAX's consolidated order book stands at ₹13,000 Mn, offering multi-year visibility with major contributions expected through FY28. Recent wins include cockpit modules for Mahindra and gear components for Honda, with deeper engagements underway with Tata Motors and Maruti. Revenue is expected to grow 24% in FY26 with a 14.8% margin, and 20% in FY27 with 15.3% margin.
- View and Valuation:** We maintain our BUY rating on LMAX with a revised target price of INR 1,375 (earlier INR 851), as we re-rate the stock on a higher PE multiple of 25x FY27E EPS (vs. 20x earlier). The re-rating is supported by a 30.0%/30.3% upward revision in our FY26/FY27 EPS estimates, driven by strong visibility on growth and profitability. Over FY25–FY27E, consolidated Revenue/EBITDA/PAT are expected to grow at a CAGR of 22%/26%/45%. A healthy balance sheet with a D/E ratio below 0.5x adds to the comfort, though any large acquisition could temporarily increase leverage. Strong traction from premium products and deeper penetration across OEMs reinforces the growth outlook and supports the valuation re-rating.

	CAGR Growth FY24-27E			FY27E				
	Revenue	EBITDA	PAT	EBITDA Margin	PAT Margin	ROCE	ROE	Debt/Equity
OEMs								
Maruti Suzuki	11.43%	11.39%	12.73%	11.90%	9.58%	16.37%	15.88%	0.00
Hero Motocorp	11.09%	13.39%	14.08%	15.00%	11.78%	29.57%	26.29%	0.00
TVS Motors	16.31%	16.37%	19.10%	12.27%	8.14%	29.33%	24.56%	0.09
Eicher Motors	17.67%	20.30%	16.76%	26.30%	24.05%	20.47%	21.63%	0.01
M&M	20.11%	18.85%	22.88%	14.30%	14.30%	22.56%	23.21%	0.01
Ashok Leyland	8.12%	9.29%	8.86%	12.20%	7.80%	33.64%	27.10%	0.06
Bajaj Auto	11.97%	11.99%	13.13%	20.50%	16.88%	34.04%	29.66%	0.02
Anncillaries								
Uno Minda	21.02%	22.61%	27.82%	11.47%	6.63%	18.79%	19.68%	0.29
Endurance Tech	15.26%	16.89%	20.21%	13.80%	7.78%	17.55%	15.89%	0.10
Lumax Industries	16.61%	17.20%	22.50%	8.30%	4.54%	12.10%	19.81%	0.91
Lumax Auto Tech	21.80%	26.36%	45.16%	15.26%	6.94%	24.95%	25.08%	0.52
Fiem Industries	15.25%	16.12%	15.24%	13.50%	8.46%	25.69%	19.80%	0.00
Gabriel India	15.86%	19.51%	21.35%	10.20%	6.61%	25.79%	21.49%	0.04
Motherson Sumi Wiring India	13.07%	15.13%	16.64%	11.10%	6.90%	43.90%	34.80%	0.05
Suprajit Engineering	9.60%	22.92%	63.80%	12.80%	6.77%	16.54%	16.11%	0.31
Sansera Engineering	14.02%	17.75%	29.06%	18.20%	9.14%	13.49%	10.65%	0.08

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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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