

## Oct-Dec'25 Earnings Preview

January 8, 2026

### Exhibit 1: PL Universe

Companies	Rating	CMP (Rs)	TP (Rs)
Bajaj Auto	HOLD	9,790	9,400
Eicher Motors	HOLD	7,583	7,350
Hero Motocorp	Acc	5,981	6,620
Mahindra & Mahindra	Acc	3,749	4,100
Maruti Suzuki	HOLD	16,809	16,700
TVS Motor Company	Acc	3,840	4,360

Source: PL

### Top Picks

#### TVS Motor Company

#### Mahindra & Mahindra

#### Hero Motocorp

## Reaping benefits from GST 2.0 but with cost pressure

*The euphoria after the GST 2.0 rate rationalization and improved rural sentiments kept the industry buoyed during and post-festivities as wholesale volumes grew strongly in Q3FY26 across all segments. Good Kharif harvest and improved Rabi sowing acreage helped increase rural cashflows. Benign inflation and reduced policy rates helped ease financing options. New model launches/ facelifts, improved realization and sustained exports growth with a weaker INR aided revenue growth for most of the OEMs. While raw material costs further inched up, the impact is expected to spill over more to upcoming quarters and only partially impact margins in Q3FY26. Top picks from our coverage are TVS, M&M and HMCL.*

- **Passenger vehicles saw healthy growth and inventory correction:** Reduced prices from GST cuts along with year-end discounts from OEMs in December before model-year change made vehicle prices even more attractive. Nov/Dec saw PV inventory correcting to healthy levels of ~ 45/38 days from the recent 55 days+. Overall, the domestic PV industry volumes grew by ~20% YoY in Q3FY26 with SUVs still being preferred even after the GST rate cuts were more favorable for the smaller cars.
- **Two wheelers grew strong with motorcycles gaining momentum:** Broadly the domestic 2W industry volumes grew in high teens YoY. Inventory was lean after strong festive growth and unanticipatedly high retail sales growth in Nov. Our channel checks suggested some in-demand models or variants had much longer than usual wait times, hence the stronger than expected December wholesale was more of a re-stocking activity.
- **Expectations of start of CV upcycle:** After an extended monsoon, revival in construction & mining activities pushed CV sales up with MHCVs growing stronger than LCVs as replacement demand kicked in and customers opting for higher tonnage vehicles as GST rate cuts brought affordability. Construction equipment saw visible revival although it sustained decline on a large base last year due to pre-buying before the new emission norms were implemented. Tractor sales grew further supported by some state subsidies and government policy support.
- **Raw material inflationary pressure:** Aluminum, Copper, Precious metals (incl. Platinum Group metals) have seen significant price increases in recent months from an increased demand and supply cuts globally. This is expected to put pressure on margins in Q3FY26, although more so in subsequent quarters as companies partially hedge their risks and with steel safeguard duty also being brought back in place from Jan'26.

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**Bajaj Auto:** Domestic motorcycle industry started seeing growth post GST 2.0 rate rationalization with BJAUT's strategic 125cc+ motorcycle segment showing signs of market share gains driven by Pulsar and 150cc+ sports segments. With industry growth expectations of 6-8% in the medium term, the management aims to continue outpacing the industry in the 125cc+ segment. New model launches, especially Pulsar variants, should be able to take advantage of the consumer upgrading behavior. New entry-level motorcycle and next generation of e-2W (Chetak being consistent amongst top sold e-2W), sustained exports (with weaker INR) should help continue the momentum. Overall EV portfolio reaching double-digit EBITDA margin should drive profitability. We estimate its revenue/EBITDA/PAT CAGR of 13.2%/13.7%/13.9% over FY25-28E and assign 'HOLD' rating with a TP of Rs9,400 (previously Rs9,050), increasing the target P/E multiple to 23x (previously 22x) based on Sep'27E EPS.

**Hero MotoCorp:** Motorcycle sales (~91% of their overall volume in 9mFY26) saw strong growth although retail market share saw some dip in Dec'25 post a jump during Oct-Nov festive season. Its e-2Ws are also gradually gaining market share along with the BaaS model attracting new customers. Traction from upgraded models esp in 125cc segment, along with Harley Davidson models will be important to track. We estimate revenue/EBITDA/PAT CAGR of 10.0%/11.3%/10.6% over FY25-28E and assign 'ACCUMULATE' rating with a TP of Rs6,620 (previously Rs6,555) valuing the stock at a P/E of 21x Sep'27E EPS and value its stake in Hero Fincorp at Rs66 and in Ather Energy at Rs276.

**TVS Motor:** Strong volume in both domestic and exports market and across segments has led to market share gains with iQube being the most sold e-2W. In the domestic market, scooters' penetration in their portfolio has been rising moving up by ~ 250bps YoY in 9mFY26 to 60.5%, capitalizing on the "Scooterization" trend seen across the industry. 3W domestic sales have more than doubled while exports ~1.5x YoY in 9mFY26. We expect better margins going ahead driven by better scale, mix and PLI. Upcoming launches and performance of recently launched models like Apache RTX 300 adventure tourer would be important to track. With ~27% exports exposure by volume for 9mFY26 of their overall portfolio, which is steadily growing, and with a weaker INR, we expect it to be a tailwind to the topline. No mention on Rare earth magnet availability constraints since Nov'25 wholesale volume release is an optimistic sign. We estimate revenue/EBITDA/PAT CAGR of 17.6%/21.3%/24.5% over FY25-28E and assign 'ACCUMULATE' rating with a TP of Rs4,360 (previously Rs3,907), reducing the target P/E multiple to 42x (previously 45x) based on Sep'27E EPS, and Rs81 for TVS Credit.

**Eicher Motors:** Royal Enfield has seen consistently strong volume growth. The GST 2.0 changes made the >350cc models costlier although it is ~12% of the volume mix for RE for 9mFY26. Niche models and strong customer retention activities are expected to drive growth but with some margin pressure along with weaker mix (increasing penetration of the lower margin 350cc models). VECV volumes have also been growing in double-digits, further improving profitability. We estimate its consol. revenue/EBITDA/PAT to grow at a CAGR of 15.9%/15.4%/14.5% over FY25-28E and assign a 'HOLD' rating with a TP of Rs 7,350 (previously Rs6,840). We increase target P/E multiple for RE to 32x (previously 30x) basis Sep'27E core EPS and continue valuing VECV at 10x Sep'27E EV/EBITDA multiple.

**Mahindra & Mahindra:** Preference towards SUVs and premiumization has led to increase in Auto volumes which is expected to improve further with new launches and facelifts in both ICE & EVs. With increasing EV penetration, the realizations also are expected to increase and the margin contraction from it will reduce with better scale. Farm volumes have been strong, and the industry growth expectations have been increased where M&M is the market leader. We estimate revenue/EBITDA/PAT CAGR of 15.8%/15.4%/15.5% over FY25-28E and assign 'ACCUMULATE' rating with a TP of Rs4,100 (previously Rs3,950). We value the stock via SOTP, valuing the core business at P/E of 26x Sep'27E EPS and its share of subsidiaries' value.

**Maruti Suzuki:** The revival in small car volumes post GST 2.0 rate cuts is expected to drive the topline along with the 8 new SUVs that it aims to launch by end of this decade to capture the shifting consumer preferences. Sustained exports and weaker INR should further aid revenue. With venture into EVs and e-mobility solutions it has further expanded its portfolio trying to cover all the white spaces. However, we believe the 10% EBIT margin target by end of this decade might be difficult to achieve. We estimate revenue/EBITDA/PAT CAGR of 16.9%/16.9%/17.6% over FY25-28E and assign 'HOLD' rating with a TP of Rs 16,700 (previously Rs16,215) valuing the stock at P/E of 25x Sep'27E EPS.

**Exhibit 2: Q3FY26 Result Preview (Rs mn)**

Company Name		Q3FY26E	Q3FY25	YoY gr. (%)	Q2FY26	QoQ gr. (%)	Remark
<b>Bajaj Auto</b>	Sales	1,52,335	1,28,069	18.9	1,49,221	2.1	Improved domestic volumes with market share gain in its strategic 125cc+ segment along with sustained exports growth & a weaker INR is expected to drive 19% YoY increase in revenue. Margin expected to improve by 40bps YoY due to a better mix and scale. PAT is expected to grow by 21% YoY.
	EBITDA	31,273	25,807	21.2	30,517	2.5	
	Margin (%)	20.5	20.2	38 bps	20.5	8 bps	
	PBT	33,798	28,015	20.6	32,948	2.6	
	Adj. PAT	25,517	21,087	21.0	24,797	2.9	
<b>Eicher Motors</b>	Sales	59,677	49,731	20.0	61,716	(3.3)	Driven by very strong volumes in RE's 350cc models in domestic market we estimate consol revenue to grow by 20%. EBITDA margins are expected to increase by 30bps as cost reduction initiatives help offset RM inflations and higher 350cc penetration (which are margin dilutive). VECV volume growth also have been decent which shall boost the profits from JV, leading to estimated PAT growth by 17% YoY
	EBITDA	14,619	12,012	21.7	15,119	(3.3)	
	Margin (%)	24.5	24.2	34 bps	24.5	0 bps	
	PBT	16,277	12,973	25.5	16,441	(1.0)	
	Adj. PAT	13,743	11,705	17.4	13,695	0.4	
<b>Hero Motocorp</b>	Sales	1,23,093	1,02,108	20.6	1,21,264	1.5	Driven by volume growth and improved realization we estimate 21% YoY growth in revenue. Margin expected to slightly increase as lower other expenses partially offset higher RM costs due to better volume scale and capacity utilization. PAT is estimated to grow by 17% YoY.
	EBITDA	17,972	14,765	21.7	18,234	(1.4)	
	Margin (%)	14.6	14.5	14 bps	15.0	-44 bps	
	PBT	18,742	15,916	17.8	18,537	1.1	
	Adj. PAT	14,056	12,028	16.9	13,928	0.9	
<b>Mahindra &amp; Mahindra</b>	Sales	4,05,321	3,05,382	32.7	3,34,216	21.3	Strong Auto and Tractor volumes with improved realizations are expected to increase its revenue by 33% YoY. Prudent cost control should help offset the margin pressure from RM inflation and higher EV penetration. We estimate PAT to grow by 31% YoY.
	EBITDA	59,582	44,681	33.4	48,615	22.6	
	Margin (%)	14.7	14.6	7 bps	14.5	15 bps	
	PBT	52,112	40,517	28.6	61,217	(14.9)	
	Adj. PAT	39,992	30,481	31.2	45,728	(12.5)	
<b>Maruti Suzuki</b>	Sales	5,00,139	3,84,921	29.9	4,21,008	18.8	Owing to volume growth in entry level cars, strong export volumes and better realization we expect revenue growth of 30% YoY. EBITDA margin is expected to be flat as lower other expenses offset the higher RM impact. We expect PAT to increase by 27% YoY.
	EBITDA	58,016	44,703	29.8	44,341	30.8	
	Margin (%)	11.6	11.6	-1 bps	10.5	107 bps	
	PBT	58,273	46,019	26.6	42,510	37.1	
	Adj. PAT	44,870	35,250	27.3	32,931	36.3	

Company Name		Q3FY26E	Q3FY25	YoY gr. (%)	Q2FY26	QoQ gr. (%)	Remark
TVS Motor Company	Sales	1,20,566	90,971	32.5	1,19,054	1.3	Driven by strong volume growth across the domestic portfolio, stronger exports and weaker INR, we estimate revenue to increase by 33% YoY. Better mix, PLI benefits and lower other expenses are expected to improve EBITDA margin by 110bps YoY. We expect PAT to grow by 63% YoY. No mention of REM constraints Nov'25 monthly wholesales release onward is a positive.
	EBITDA	15,674	10,815	44.9	15,086	3.9	
	Margin (%)	13.0	11.9	111 bps	12.7	33 bps	
	PBT	13,364	8,367	59.7	12,263	9.0	
	Adj. PAT	10,066	6,185	62.7	9,061	11.1	

Source: Company, PL

**Exhibit 3: Valuation Summary**

Company Names	S/ C	Rating	CMP (Rs)	TP (Rs)	MCAp (Rs bn)	Sales (Rs mn)				EBITDA (Rs mn)				PAT (Rs mn)				EPS (Rs)				RoE (%)				PE (x)			
						FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E
Bajaj Auto	S	HOLD	9,790	9,400	2,733.8	500.1	577.0	648.6	724.7	101.0	116.6	131.7	148.6	81.5	95.7	107.8	120.5	291.9	342.8	385.9	431.5	28.6	28.4	29.1	29.6	33.5	28.6	25.4	22.7
Eicher Motors	C	HOLD	7,583	7,350	2,079.9	188.7	231.7	262.0	293.4	47.1	56.3	64.2	72.5	47.3	54.5	62.5	71.0	172.6	198.8	227.7	259.0	24.1	23.6	23.3	22.7	43.9	38.1	33.3	29.3
Hero Motocorp	S	Acc	5,981	6,620	1,196.2	407.6	457.5	500.3	542.9	58.7	66.8	73.5	80.9	46.1	52.2	57.2	62.4	230.5	261.2	286.0	312.0	24.4	25.3	25.7	25.8	25.9	22.9	20.9	19.2
Mahindra & Mahindra	S	Acc	3,749	4,100	4,501.5	1,164.8	1,433.5	1,612.6	1,809.6	171.2	208.6	234.6	263.3	127.0	157.0	175.5	195.8	105.8	130.7	146.1	163.1	22.3	23.2	21.7	20.4	35.4	28.7	25.7	23.0
Maruti Suzuki	S	HOLD	16,809	16,700	5,284.7	1,519.0	1,824.4	2,117.0	2,428.9	177.9	204.3	241.3	284.2	139.6	163.4	193.3	226.7	443.9	519.6	614.9	721.1	15.7	16.4	17.2	17.8	37.9	32.3	27.3	23.3
TVS Motor Company	S	Acc	3,840	4,360	1,824.4	362.5	459.6	526.3	589.3	44.5	58.8	68.9	79.6	27.1	37.1	44.5	52.3	57.1	78.2	93.6	110.2	30.7	32.2	29.5	27.0	67.3	49.1	41.0	34.9

Source: Company, PL

Acc = Accumulate / S=Standalone / C=Consolidated

**Exhibit 4: Change in Estimates**

	Rating		Target Price			Sales						PAT						EPS					
						FY27E			FY28E			FY27E			FY28E			FY27E			FY28E		
	C	P	C	P	% Chng.	C	P	% Chng.	C	P	% Chng.	C	P	% Chng.	C	P	% Chng.	C	P	% Chng.	C	P	% Chng.
Bajaj Auto	HOLD	HOLD	9,400	9,050	3.9%	6,48,552	6,52,217	-0.6%	7,24,724	7,32,734	-1.1%	1,07,757	1,08,138	-0.4%	1,20,513	1,21,619	-0.9%	385.9	387.2	-0.4%	431.5	435.5	-0.9%
Eicher Motors	HOLD	HOLD	7,350	6,840	7.5%	2,62,001	2,58,512	1.3%	2,93,439	2,89,630	1.3%	62,455	62,151	0.5%	71,033	68,911	3.1%	227.7	226.6	0.5%	259.0	251.2	3.1%
Hero Motocorp	Acc	Acc	6,620	6,555	1.0%	5,00,310	4,92,084	1.7%	5,42,946	5,35,134	1.5%	57,194	56,285	1.6%	62,395	61,150	2.0%	286.0	281.4	1.6%	312.0	305.7	2.0%
Mahindra & Mahindra	Acc	Acc	4,100	3,950	3.8%	16,12,599	15,81,207	2.0%	18,09,632	17,82,483	1.5%	1,75,488	1,66,503	5.4%	1,95,806	1,83,525	6.7%	146.1	138.7	5.4%	163.1	152.8	6.7%
Maruti Suzuki	HOLD	HOLD	16,700	16,215	3.0%	21,17,028	21,51,058	-1.6%	24,28,887	24,61,104	-1.3%	1,93,333	1,89,439	2.1%	2,26,716	2,18,392	3.8%	614.9	602.5	2.1%	721.1	694.6	3.8%
TVS Motor Company	Acc	Acc	4,360	3,907	11.6%	5,26,320	4,96,882	5.9%	5,89,338	5,46,740	7.8%	44,464	41,304	7.7%	52,347	47,738	9.7%	93.6	86.9	7.7%	110.2	100.5	9.7%

Source: Company, PL

C=Current / P=Previous / Acc=Accumulate

## Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Bajaj Auto	Hold	9,050	8,722
2	Eicher Motors	Hold	6,840	6,799
3	Hero Motocorp	Accumulate	6,555	6,175
4	Mahindra & Mahindra	Accumulate	3,950	3,581
5	Maruti Suzuki	Hold	16,215	16,155
6	TVS Motor Company	Accumulate	3,907	3,562

## PL's Recommendation Nomenclature

<b>Buy</b>	: > 15%
<b>Accumulate</b>	: 5% to 15%
<b>Hold</b>	: +5% to -5%
<b>Reduce</b>	: -5% to -15%
<b>Sell</b>	: < -15%
<b>Not Rated (NR)</b>	: No specific call on the stock
<b>Under Review (UR)</b>	: Rating likely to change shortly

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