

Steady growth momentum, full cost impact likely in Q1FY27

- PV segment revenue growth remains healthy on the back of steady volume growth, MSIL leads (26%) and MM at 20%; Hyundai lags at 2%
- Premiumisation and Scooterisations underpinning volume growth for 2W (24%); EV adoptions and input cost inflation to drag margin
- Early signs of replacement cycle resumption for CVs driving MHCV and LCV; Tractor segment volume though fell in double-digits QoQ

Milind Raginwar
 Research Analyst
 research@bobcaps.in

PV growth steady but margin pressure intensifies: PV OEMs in our coverage are (MSIL, MM, HMIL) expected to deliver healthy revenue growth of ~26%/20%/2% YoY, supported by volume expansion and improved mix. MSIL volumes grew ~12% YoY, and MM continued to outperform with ~23% YoY led by strong SUV demand though HMIL lagged at 2% YoY gains. However, margin show is likely to be tepid, with gross margins softening YoY (MSIL/MM/HMIL: -132bps/-291bps/79bps), driven by adverse commodity movement and limited price hikes. EBITDA margins remain range-bound (~11% to 13%), as focus was on sustaining volumes over profitability.

2-W growth remains strong on scooterisation and EV: 2W segment revenue growth was strong, led by TVSL (~34% YoY), BJAUT (~29% YoY), HMCL (~26% YoY) while EIM lagged (~14% YoY). Volume growth was the key driver with TVS adding 27% YoY and EIM the lowest at 12%. This was supported by premium motorcycles, scooters, and EV adoption. However, gross margins are likely to decline for most of the companies (TVSL/HMCL/BJAUT/EIM: -170bps/-242bps/-146bps/-89bps), reflecting commodity inflation, EV mix drag, and sustained competitive intensity.

CV cycle sustains recovery: CV segment continued its recovery trajectory, with AL delivering ~18% YoY revenue & volume growth, supported by MHCV and LCV segments growing in tandem. Demand remained underpinned by infrastructure activity, freight movement, and replacement cycles. Margins are expected to compress (EBITDA margin -117bps YoY), impacted by commodity costs though partially supported by operating leverage.

Tractors segment volume softens QoQ: Tractor segment surged YoY, though QoQ volume fell with MM down ~20% YoY while ESCORTS fell by ~13% QoQ. VSTT reported growth at ~1% QoQ. Following the strong 9M run-up tractor segment growth normalized especially towards March. However structurally the segment stays strong.

Top picks: MSIL and MM remains our preferred pick. Reasonable/higher valuations drive our neutral view in the 2W segment. We assign SELL rating to ESCORTS and VSTT. We initiated coverage on HYUNDAI with a BUY rating and TP of Rs2,287



Fig 1 – BOBCAPS Auto universe: Q4FY26 preview

Y/E March	Net sales (Rs mn)			EBITDA (Rs mn)			EBITDA margin (%)			Adj. PAT (Rs mn)		
	Q4FY26E	YoY (%)	QoQ (%)	Q4FY26E	YoY (%)	QoQ (%)	Q4FY26E	YoY (bps)	QoQ (bps)	Q4FY26E	YoY (%)	QoQ (%)
AL	1,41,108	18.5	22.3	19,572	9.3	27.5	13.9	(117.1)	56.2	13,618	8.1	23.3
BJAUT	1,56,545	28.9	2.9	30,924	26.2	(2.2)	19.8	(41.9)	(101.1)	25,379	23.8	(1.0)
EIM	57,984	13.5	(3.2)	14,274	13.2	(10.2)	24.6	(7.4)	(193.5)	11,926	6.0	(7.5)
ESCORTS	28,277	15.7	(13.8)	3,224	12.1	(25.8)	11.4	(36.1)	(185.1)	2,901	6.0	(29.4)
HMCL	1,25,413	26.2	1.7	17,190	21.4	(5.0)	13.7	(53.6)	(97.5)	12,989	20.2	(11.5)
HYUNDAI	1,83,062	2.0	1.9	19,884	(21.5)	(1.5)	10.9	(325.5)	(36.8)	11,647	(27.9)	(5.6)
MM	3,76,082	19.9	(2.4)	50,708	8.3	(10.5)	13.5	(145.1)	(123.1)	35,171	11.5	(20.1)
MSIL	5,11,529	25.8	2.5	55,865	31.0	0.3	10.9	43.6	(24.7)	37,470	1.0	(1.2)
TVSL	1,27,614	33.6	2.3	16,205	21.6	(0.8)	12.7	(125.5)	(39.9)	9,928	16.5	5.6
VSTT	3,236	7.4	3.0	404	(10.5)	(0.7)	12.5	(249.9)	(45.6)	259	(31.0)	2.4
Total	17,10,850	21.0	2.1	2,28,250	13.8	(2.7)	13.3	(85.1)	(66.4)	1,61,288	6.4	(6.4)

Y/E March	Sales volume (units)			Realisation (Rs mn/vehicle)			Gross profit margin (%)		
	Q4FY26E	YoY (%)	QoQ (%)	Q4FY26E	YoY (%)	QoQ (%)	Q4FY26E	YoY (%)	QoQ (%)
AL	69,458	18.1	20.5	2.0	0.4	1.5	27.2	(222bps)	(61bps)
BJAUT	13,71,058	24.3	2.2	0.1	3.7	0.6	28.7	(146bps)	(119bps)
EIM	3,17,561	12.3	(3.5)	0.2	1.1	0.4	43.1	(89bps)	(125bps)
ESCORTS	32,257	21.1	(12.7)	0.9	(4.5)	(1.3)	28.5	(215bps)	(52bps)
HMCL	17,14,285	24.2	1.0	0.1	1.6	0.7	32.1	(242bps)	(46bps)
HYUNDAI	1,95,151	1.8	(0.1)	0.9	0.2	2.0	27.9	(79bps)	(55bps)
MM	4,21,266	23.5	(6.1)	0.9	(2.9)	3.9	23.0	(291bps)	(81bps)
MSIL	6,76,200	11.8	1.3	0.8	12.5	1.3	26.8	(132bps)	2,653bps
TVSL	15,60,432	27.0	1.0	0.1	5.2	1.2	28.5	(170bps)	(31bps)
VSTT	14,626	10.2	3.0	0.2	(2.5)	-	30.4	(28bps)	(51bps)
Total	63,72,294	21.8	0.6	0.3	(0.6)	1.5	27.4	(181bps)	(65bps)

Source: Companies, BOBCAPS Research

Fig 2 – Maruti Suzuki India (MSIL)

Particulars	Q4Y26E	Q4FY25	YoY (%)	Q3FY26	QoQ (%)	Comment
Sales volume	6,76,200	6,04,635	11.8	6,67,769	1.3	<ul style="list-style-type: none"> Exports emerged as a key lever in Q4FY26FY26 as a buffer against uneven domestic demand, especially in entry-level cars. Strong traction across geographies and ramp-up in shipments (including new models) is expected to support overall volume growth despite domestic volatility.
Realisations/Vehicle (Rs mn)	0.76	0.67	12.5	0.75	1.3	
Sales (Rs mn)	5,11,529	4,06,738	25.8	4,98,915	2.5	
EBITDA (Rs mn)	55,865	42,647	31.0	55,717	0.3	<ul style="list-style-type: none"> Early signs of recovery in the small car segment, with the latter part of Q4FY26 witnessing a turnaround after a weak start to the quarter. While the segment remains structurally challenged,
EBITDA margin (%)	10.9	10.5	44bps	11.2	(25bps)	
Gross profit (Rs mn)	1,37,097	1,14,385	19.9	1,36,242	0.6	<ul style="list-style-type: none"> UVs continue to gainshare in the portfolio with strong traction for new launches (Victoris). Domestic demand trend remains mixed with rural recovery supporting demand.
Gross margin (%)	26.8	28.1	(132bps)	27.3	(51bps)	
Adj PAT (Rs mn)	37,470	37,111	1.0	37,940	(1.2)	<ul style="list-style-type: none"> Commodity cost inflation and EV introduction hit the gross margins by ~130bps YoY.

Source: Company, BOBCAPS Research

Fig 3 – Mahindra & Mahindra (MM)

Particulars	Q4Y26E	Q4FY25	YoY (%)	Q3FY26	QoQ (%)	Comment
Sales volume	4,21,266	3,41,046	23.5	4,48,469	(6.1)	<ul style="list-style-type: none"> Q4FY26 performance remained broad based with strengthening of SUV leadership, electrification push, farm mechanization and penetration in last mile mobility.
Realisations/Vehicle (Rs mn)	0.89	0.92	(2.9)	0.86	3.9	
Sales (Rs mn)	3,76,082	3,13,534	19.9	3,85,168	(2.4)	
EBITDA (Rs mn)	50,708	46,825	8.3	56,676	(10.5)	<ul style="list-style-type: none"> Tractor demand remained benign YoY driven by strong progress in Rabi sowing on the back of healthy reservoirs and robust outlook for Rabi harvest.
EBITDA margin (%)	13.5	14.9	(145bps)	14.7	(123bps)	
Gross profit (Rs mn)	86,499	81,236	6.5	91,714	(5.7)	<ul style="list-style-type: none"> MM accelerated electrification journey with the launch of XEV 9S and UDO electric auto rickshaw. The E3W targets urban last mile demand while EV SUV addresses high end BEV customers.
Gross margin (%)	23.0	25.9	(291bps)	23.8	(81bps)	
Adj PAT (Rs mn)	35,171	31,557	11.5	44,045	(20.1)	

Source: Company, BOBCAPS Research

Fig 4 – Hyundai Motors India Ltd (Hyundai)

Particulars	Q4Y26E	Q4FY25	YoY (%)	Q3FY26	QoQ (%)	Comment
Sales volume	1,95,151	1,91,650	1.8	1,95,436	(0.1)	<ul style="list-style-type: none"> HMLI followed a differentiated product led strategy relying on refreshes and facelift to drive demand.
Realisations/Vehicle (Rs mn)	0.94	0.94	0.2	0.92	2.0	
Sales (Rs mn)	1,83,062	1,79,403	2.0	1,79,735	1.9	
EBITDA (Rs mn)	19,884	25,327	(21.5)	20,183	(1.5)	<ul style="list-style-type: none"> Reliance on discounting was lower to maintain margin stability
EBITDA margin (%)	10.9	14.1	(326bps)	11.2	(37bps)	
Gross profit (Rs mn)	51,155	51,545	(0.8)	51,220	(0.1)	<ul style="list-style-type: none"> Presence across multiple points is maintained in UVs with recent updates (Venue & Exter). However, demand softness in few models puts concentration on core names.
Gross margin (%)	27.9	28.7	(79bps)	28.5	(55bps)	
Adj PAT (Rs mn)	11,647	16,143	(27.9)	12,344	(5.6)	

Source: Company, BOBCAPS Research

Fig 5 – Bajaj Auto (BJAUT)

Particulars	Q4Y26E	Q4FY25	YoY (%)	Q3FY26	QoQ (%)	Comment
Sales volume	13,71,058	11,02,934	24.3	13,41,252	2.2	<ul style="list-style-type: none"> Exports remained the anchor for growth momentum meanwhile near-term volatility subsides (KTM resumption). Demand remained healthy in latter part of Q4FY26 despite geopolitical tensions.
Realisations/Vehicle (Rs mn)	0.11	0.11	3.7	0.11	0.6	
Sales (Rs mn)	1,56,545	1,21,480	28.9	1,52,203	2.9	
EBITDA (Rs mn)	30,924	24,506	26.2	31,605	(2.2)	<ul style="list-style-type: none"> Domestic 2W demand showing early signs of stabilisation, supported by portfolio refreshes and improved positioning in the 125cc+ segment. The company's premiumisation strategy (Pulsar upgrades, higher CC mix) is expected to gradually improve competitive intensity
EBITDA margin (%)	19.8	20.2	(42bps)	20.8	(101bps)	
Gross profit (Rs mn)	44,876	36,597	22.6	45,448	(1.3)	<ul style="list-style-type: none"> GST-led portfolio realignment remains a structural lever, with launches planned to make more models fall under the 18% tax bracket. This is expected to continue to support affordability and demand recovery especially in premium segment.
Gross margin (%)	28.7	30.1	(146bps)	29.9	(119bps)	
Adj PAT (Rs mn)	25,379	20,493	23.8	25,641	(1.0)	

Source: Company, BOBCAPS Research

Fig 6 – Hero Motors (HMCL)

Particulars	Q4Y26E	Q4FY25	YoY (%)	Q3FY26	QoQ (%)	Comment
Sales volume	17,14,285	13,80,545	24.2	16,96,777	1.0	Overall Q4FY26 was strong with retail momentum (Vahan) remaining healthy despite the dispatches moderating towards the end of the quarter.
Realisations/Vehicle (Rs mn)	0.07	0.07	1.6	0.07	0.7	
Sales (Rs mn)	1,25,413	99,387	26.2	1,23,284	1.7	HMCL's aggressive push towards scooterisation continues to shift the portfolio mix. This push helps to align the portfolio towards growing demand and acceptance for scooters and diversify away from commuter segment.
EBITDA (Rs mn)	17,190	14,156	21.4	18,101	(5.0)	
EBITDA margin (%)	13.7	14.2	(54bps)	14.7	(98bps)	Expansion in to overseas markets is progressing well with consistent growth across geographies. This helps in diversify away from the domestic cyclicality and act as near term growth drivers.
Gross profit (Rs mn)	40,265	34,318	17.3	40,153	0.3	
Gross margin (%)	32.1	34.5	(242bps)	32.6	(46bps)	
Adj PAT (Rs mn)	12,989	10,809	20.2	14,676	(11.5)	

Source: Company, BOBCAPS Research

Fig 7 – TVS Motor (TVSL)

Particulars	Q4Y26E	Q4FY25	YoY (%)	Q3FY26	QoQ (%)	Comment
Sales volume	15,60,432	12,29,027	27.0	15,44,454	1.0	TVSL continues to outperform broader industry led by both motorcycle and scooter strength. The shift towards scooters has further accelerated indicating the evolving consumer preference.
Realisations/Vehicle (Rs mn)	0.08	0.08	5.2	0.08	1.2	
Sales (Rs mn)	1,27,614	95,504	33.6	1,24,763	2.3	EV momentum has remained strong driven by the iQube underscoring the improving supply chain constraints and deeper penetration.
EBITDA (Rs mn)	16,205	13,326	21.6	16,341	(0.8)	
EBITDA margin (%)	12.7	14.0	(126bps)	13.1	(40bps)	3W segment is robust aided by strong exports and a steady domestic demand trend. The E3W portfolio (TVS King) is expected to drive growth further.
Gross profit (Rs mn)	36,362	28,832	26.1	35,935	1.2	
Gross margin (%)	28.5	30.2	(170bps)	28.8	(31bps)	Focus remains on premium segment (Apache portfolio) and a balance across ICE and EV mix to support realisations.
Adj PAT (Rs mn)	9,928	8,521	16.5	9,404	5.6	

Source: Company, BOBCAPS Research

Fig 8 – Eicher Motors (EIM)

Particulars	Q4Y26E	Q4FY25	YoY (%)	Q3FY26	QoQ (%)	Comment
Sales volume	3,17,561	2,82,823	12.3	3,29,195	(3.5)	2W continued to witness steady demand traction driven by <350cc segment strength on back the of GST 2.0 gains.
Realisations/Vehicle (Rs mn)	0.18	0.18	1.1	0.18	0.4	
Sales (Rs mn)	57,984	51,066	13.5	59,878	(3.2)	Overseas markets though were volatile with softness towards the end of the quarter. Despite deepening presence in the export market the near term visibility remains uneven due to geo-political tensions.
EBITDA (Rs mn)	14,274	12,609	13.2	15,899	(10.2)	
EBITDA margin (%)	24.6	24.7	(7bps)	26.6	(193bps)	Product refreshes were steady with brand initiatives to keep the customer engagement intact. However, >350cc segment sees headwinds due to unfavourable tax dynamics
Gross profit (Rs mn)	24,982	22,458	11.2	26,549	(5.9)	
Gross margin (%)	43.1	44.0	(89bps)	44.3	(125bps)	VECV maintained strong momentum driven by a pick in infrastructure activity and the replacement cycle.
Adj PAT (Rs mn)	11,926	11,251	6.0	12,900	(7.5)	

Source: Company, BOBCAPS Research, VECV volume snapshot | VECV: VE Commercial Vehicles Limited

Fig 9 – Ashok Leyland (AL)

Particulars	Q4Y26E	Q4FY25	YoY (%)	Q3FY26	QoQ (%)	Comment
Sales volume	69,458.0	58,823.0	18.1	57,625.0	20.5	Growth in Q4FY26 was strong led by MHCV and LCV moderating in the latter part of the quarter. The underlying drivers freight movement, replacement cycle and infrastructure activity though remains structurally stable.
Realisations/Vehicle (Rs mn)	2.03	2.02	0.4	2.00	1.5	
Sales (Rs mn)	1,41,108	1,19,067	18.5	1,15,339	22.3	LCV segment sustains volume driven by the pick-up last mile logistics and e-commerce demand. To cater to growing demand AL is expanding in to CNG and electric variants.
EBITDA (Rs mn)	19,572	17,910	9.3	15,350	27.5	
EBITDA margin (%)	13.9	15.0	(117bps)	13.3	56bps	Exports showed volatility during the quarter though selective recovery (buses) aided in offsetting the fluctuations.
Gross profit (Rs mn)	38,389	35,039	9.6	32,086	19.6	
Gross margin (%)	27.2	29.4	(222bps)	27.8	(61bps)	Gross margins will be impacted however better operating leverage with provide some cushion to the EBTIDA margins
Adj PAT (Rs mn)	13,618	12,595	8.1	11,045	23.3	

Source: Company, BOBCAPS Research | LCV: Light Commercial Vehicle, MHCV: Medium & Heavy Commercial Vehicles

Fig 10 – Escorts Kubota (ESCORTS)

Particulars	Q4Y26E	Q4FY25	YoY (%)	Q3FY26	QoQ (%)	Comment
Sales volume	32,257	26,633	21.1	36,955	(12.7)	Overall demand in Q4FY26 was strong YoY with domestic demand being healthy with some tapering off in the end of the quarter. However, the farm mechanization trend remains structurally positive.
Realisations/Vehicle (Rs mn)	0.88	0.92	(4.5)	0.89	(1.3)	
Sales (Rs mn)	28,277	24,449	15.7	32,805	(13.8)	The performance continued to be anchored by the rabi sowing strength and a healthy harvest outlook driving rural cashflow visibility.
EBITDA (Rs mn)	3,224	2,875	12.1	4,347	(25.8)	
EBITDA margin (%)	11.4	11.8	(36bps)	13.3	(185bps)	Dedicated wetland series tractor was launched (Powertrac Shaurya) to address the Southern market demand and aid competitiveness.
Gross profit (Rs mn)	8,055	7,490	7.5	9,514	(15.3)	
Gross margin (%)	28.5	30.6	(215bps)	29.0	(52bps)	
Adj PAT (Rs mn)	2,901	2,736	6.0	4,108	(29.4)	

Source: Company, BOBCAPS Research

Fig 11 – VST Tillers Tractors (VSTT)

Particulars	Q4Y26E	Q4FY25	YoY (%)	Q3FY26	QoQ (%)	Comment
Sales volume	14,626	13,278	10.2	14,206	3.0	Strong traction was visible in the SFM segment with moderation in the month of March due to high base and post rabi activity normalisation.
Realisations/Vehicle (Rs mn)	0.22	0.23	(2.5)	0.22	0.0	
Sales (Rs mn)	3,236	3,014	7.4	3,143	3.0	Demand remains strong in small and marginal farmers however, power tillers continue to be sensitive to agri season timings.
EBITDA (Rs mn)	404	452	(10.5)	407	(0.7)	
EBITDA margin (%)	12.5	15.0	(250bps)	12.9	(46bps)	Sub compact tractors sustain steady momentum despite the broader consumer preference shift towards higher HP tractors post GST reduction.
Gross profit (Rs mn)	984	925	6.4	972	1.3	
Gross margin (%)	30.4	30.7	(28bps)	30.9	(51bps)	
Adj PAT (Rs mn)	259	375	(31.0)	253	2.4	

Source: Company, BOBCAPS Research

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 Registered office Address: **1704, B Wing, Parinee Crescenzo, G Block, BKC, Bandra East, Mumbai 400051**
 SEBI Research Analyst Registration No: **INH000000040 (Perpetual)**
 SEBI Stock Broker Registration No: **INZ000159332**
 SEBI Depository Participant Registration No: **IN-DP-728-2022**
 SEBI Merchant Banker Registration No: **INM000009926**
 Phone: +91-22-61389300
 Name of the Compliance Officer: Mr. Sameer Khobrekar
 Email ID: Compliance@bobcaps.in; Phone no.: +91-22-61389358
 For any queries or grievances, you may contact the Grievance Officer.
 Name of the Grievance Officer: Mr. Manoj Pawar
 Email ID: head-customer@bobcaps.in; Phone no: 0+91-22-69417333
 Brand Name: **BOBCAPS**
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