

### Earnings Outlook Brightens on GST Optimism

A potential GST cut should provide a boost to auto demand, especially in 2Ws and small PVs. We raise FY26-28E 2W and PV industry volumes by 2-6%, driving 2-8% EPS upgrades for TVSL, HMCL, MSIL and HYUNDAI. We expect TVSL and MM to deliver the highest 27% and 19% FY25-28E EPS CAGR respectively. Our FY26-28E EPS are 5-22% above Street for TVSL, MM & MSIL. Our preferred Buys are TVSL, MM & MSIL. We upgrade HMCL from UNPF to HOLD, but retain UNPF on HYUNDAI & TTMT.

**GST cut should provide a big demand boost:** The GST rate rationalization appears to be on track for the festive season, given an enthusiastic response from the state governments, and we see no significant legal or parliamentary procedure requirements to impede a smooth roll-out ([Report Link](#)). The tax cuts (28% to 18% and 12% to 5%) are likely to be funded by the conversion of "GST Cess" (not required from FY27) into "GST" on currently cessed items (tobacco, coal, SUVs, aerated bev) and the likely addition of some luxury/other items.

**2Ws and small PVs biggest beneficiaries:** We believe 2Ws (two-wheelers) and small PVs (sub-4m cars & SUVs), currently taxed at 28-31%, are likely to be the biggest beneficiaries of potential GST cuts. Large SUVs are presently at 45-50% (28% GST + cess), which could potentially come down to 40% too. Tractors are likely to see a reduction from 12% to 5% GST, although this could create an inverted duty structure as most metals and components are at 18%. GST on commercial vehicles could also reduce from 28% to 18%, although freight demand is likely to be a bigger driver of truck purchases than lower vehicle prices. A 7-10% GST rate cut can result in 6-8% reduction in on-road prices for most vehicles. Hybrid vehicles presently attract a similar GST rate as ICE vs 5% for BEVs, and any reduction could be particularly positive for MSIL.

**Raise 2W and PV volume outlook:** Auto demand has been subdued for the past several months, with April-July registrations rising just 2-3% YoY in 2Ws and passenger vehicles (PVs) and falling 3% YoY for trucks; tractors were a bright spot with 7% YoY growth. We expect a pick-up ahead amid tailwinds from the recent income tax cut, easing liquidity, and potential GST reduction. We raise FY26-28E 2W and PV industry volumes by 2-6%. We expect 2Ws to grow at a faster 10% CAGR over FY25-28E vs 8% for PVs, as 2Ws also have a benign base with FY25 volumes still 6% below pre-Covid peak of FY19. We retain our FY25-28E volume CAGR estimate of 9% for tractors and 3% for trucks.

**Changing competitive landscape:** Competitive landscape in Indian autos has changed significantly in recent years. In PVs, MM has risen to #2 OEM while market shares of MSIL and HYUNDAI have slipped to multi-year lows. In 2Ws, TVSL's market share has risen to a 22-year-high in domestic and a new high in exports.

**Improved earnings outlook:** We raise our FY26-28E EPS estimates by 2-8% for TVSL, HMCL, MSIL and HYUNDAI, but we broadly retain estimates for other OEMs. Among our covered OEMs, we believe TVS will deliver the strongest 27% EPS CAGR over FY25-28E, followed by Mahindra at 19%; we expect 10-15% CAGR for other OEMs, excluding TTMT (-2%). Our FY26-28E EPS estimates are 5-22% above street for TVSL, MM and MSIL.

**Prefer TVSL, MM and MSIL:** Our preferred Buys are TVSL, MM and MSIL, followed by EIM. We upgrade HMCL from Underperform to Hold as we believe it will be a key beneficiary of potential GST cuts, although we limit our positive stance due to concerns on falling market share; we raise HMCL PT from Rs3,800 to Rs5,200 as we factor higher earnings and raise our target PE multiple from 13x to 17x. We retain Underperform on HYUNDAI & TTMT, and Hold ratings on BJAUT and AL.

**KEY STOCKS FEATURED INCLUDE:**

TICKER	RATING	PRICE TARGET
AL IN	HOLD	INR120
BJAUT IN	HOLD	INR9,000
EIM IN	BUY	INR6,925
HMCL IN	HOLD	INR5,200
HYUNDAI IN	UNPF	INR2,000

**KEY CHANGES INCLUDE:**

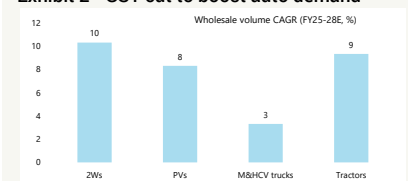
TICKER	RATING	PRICE TARGET
BJAUT IN	HOLD	↑ INR9,000 (INR8,000)
EIM IN	BUY	↑ INR6,925 (INR6,500)
HMCL IN	↑ HOLD	↑ INR5,200 (INR3,800)
HYUNDAI IN	UNPF	↑ INR2,000 (INR1,700)

**Exhibit 1 - TVSL, MM & MSIL preferred Buys**

	Rating	Target (Rs)	Upside (%)
TVSL	BUY	4,250	29
MM	BUY	4,200	24
MSIL	BUY	17,500	21
EIM	BUY	6,925	16
HMCL	HOLD	5,200	3
BJAUT	HOLD	9,000	3
AL	HOLD	120	(8)
HYUNDAI	UNPF	2,000	(19)
TTMT	UNPF	575	(16)

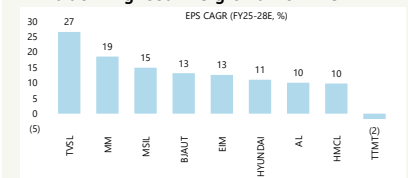
Source: Jefferies estimates. Priced as of 25-Aug

**Exhibit 2 - GST cut to boost auto demand**



Source: CMIE, Jefferies estimates

**Exhibit 3 - Highest EPS growth for TVSL**



Source: Company data, Jefferies estimates

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## Summary of Changes

Company	Rating	Price <sup>^</sup>	Price Target	EPS Estimates			P/E		
				2025	2026	2027	2025	2026	2027
Ashok Leyland AL IN	HOLD	INR131.00	INR120	INR5.49	INR5.97	INR6.68	23.9x	21.9x	19.6x
Bajaj Auto Limited BJAUT IN	HOLD	INR8,751.00	INR9,000 ↑ +12%	INR299.46	INR337.42 <1%	INR383.34 ↑ +2%	29.2x	25.9x	22.8x
<i>Previous</i>			INR8,000	INR299.46	INR335.33	INR376.01			
Eicher EIM IN	BUY	INR5,993.00	INR6,925 ↑ +7%	INR172.45	INR190.55	INR215.15	34.8x	31.5x	27.9x
<i>Previous</i>			INR6,500	INR172.45	INR190.55	INR215.15			
Hero MotoCorp HMCL IN	↑ HOLD	INR5,064.00	INR5,200 ↑ +37%	INR230.49	INR252.73 ↑ +4%	INR280.13 ↑ +7%	22.0x	20.0x	18.1x
<i>Previous</i>	UNPF		INR3,800	INR230.49	INR242.64	INR260.60			
Hyundai India HYUNDAI IN	UNPF	INR2,472.00	INR2,000 ↑ +18%	INR69.41	INR74.39 ↑ +2%	INR84.44 ↑ +5%	35.6x	33.2x	29.3x
<i>Previous</i>			INR1,700	INR69.41	INR73.13	INR80.74			
Mahindra & Mahindra MM IN	BUY	INR3,400.00	INR4,200 ↑ +5%	INR99.20	INR119.84 <1%	INR138.96 ↑ +1%	34.3x	28.4x	24.5x
<i>Previous</i>			INR4,000	INR99.20	INR118.87	INR137.00			
Maruti Suzuki India MSIL IN	BUY	INR14,458.00	INR17,500 ↑ +19%	INR470.51	INR522.58 ↑ +3%	INR614.69 ↑ +7%	30.7x	27.7x	23.5x
<i>Previous</i>			INR14,750	INR470.51	INR508.71	INR574.72			
Tata Motors TTMT IN	UNPF	INR687.00	INR575 ↑ +5%	INR66.93	INR54.03 <1%	INR59.68 <1%	10.3x	12.7x	11.5x
<i>Previous</i>			INR550	INR66.93	INR53.95	INR59.36			
TVS TVSL IN	BUY	INR3,285.00	INR4,250 ↑ +21%	INR58.28	INR75.71 ↑ +4%	INR95.23 ↑ +6%	56.4x	43.4x	34.5x
<i>Previous</i>			INR3,500	INR58.28	INR72.69	INR89.76			

<sup>^</sup>Prior trading day's closing price unless otherwise noted.  
Cons. Rev.: Source: FactSet, Jefferies

Exhibit 4 - Our preferred Buys are TVSL, MM and MSIL, followed by EIM

	New Rating	Old Rating	New PT (Rs)	Old PT (Rs)	Upside (%)
Ashok Leyland	HOLD	HOLD	120	120	(8)
Bajaj Auto	HOLD	HOLD	9,000	8,000	3
Eicher Motors	BUY	BUY	6,925	6,500	16
Hero Motocorp	HOLD	UNPF	5,200	3,800	3
Hyundai	UNPF	UNPF	2,000	1,700	(19)
Mahindra	BUY	BUY	4,200	4,000	24
Maruti	BUY	BUY	17,500	14,750	21
Tata Motors	UNPF	UNPF	575	550	(16)
TVS Motor	BUY	BUY	4,250	3,500	29

Source: Jefferies estimates \*Priced as of 25-Aug-2025

We upgrade HMCL from Underperform to Hold, but retain Underperform on HYUNDAI & TTMT. We have Hold ratings on BJAUT and AL.

Exhibit 5 - Potential GST cut can provide significant demand boost, especially in 2Ws and small PVs

Vehicle Category	Existing GST and cess			Potential new tax rate (% JEF)
	GST (%)	Cess (%)	Total Tax (%)	
<b>Two-wheelers and three-wheelers</b>				
Two-Wheelers upto 350cc Engine	28	NIL	28	18
Two-Wheelers >350cc Engine	28	3	31	18-21
Three Wheeled Vehicles	28	NIL	28	18
<b>Passenger Vehicles</b>				
- Petrol, CNG, LPG upto 4m in length and upto 1200cc engine	28	1	29	18-21
- Diesel upto 4m in length and upto 1500cc engine	28	3	31	18-21
- Upto 1500cc engine	28	17	45	40-50
- Above 1500cc engine	28	20	48	40-50
- SUVs: Above 4m in length, 1500cc+ engine & 170mm+ ground clearance	28	22	50	40-50
- Hybrid				
- Upto 4m and upto 1200 cc engine Petrol or	28	NIL	28	18
- Upto 4m and upto 1500 cc engine diesel				
- Hybrid				
- Above 4m or above 1200 cc engine petrol or	28	15	43	18-40
- Above 1500 cc engine diesel				
<b>Tractors and CVs</b>				
Tractors	12	NIL	12	5
Commercial goods vehicles & public transport vehicles > 13-seater	28	NIL	28	18
<b>Battery Electric Vehicles</b>				
	5	NIL	5	5

Source: Government of India, Jefferies estimates

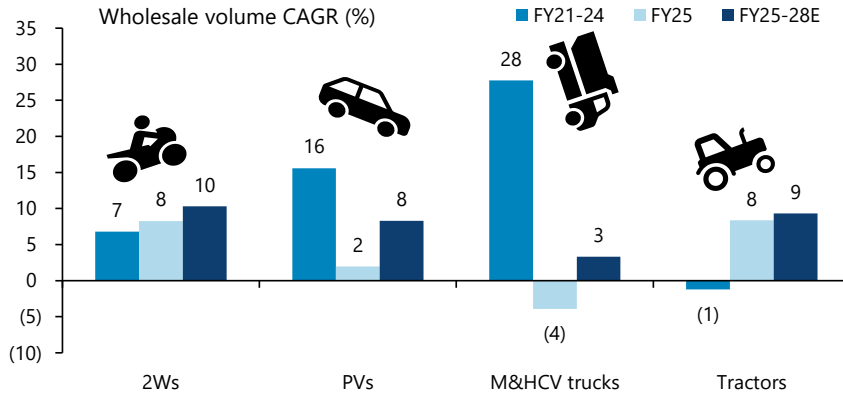
Exhibit 6 - We raise volumes estimates for 2Ws and PVs

	New estimates			Old estimates			% change		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
PVs (mn units)	4.6	5.0	5.5	4.5	4.8	5.2	1.8	4.6	5.8
YoY growth (%)	6	10	9	4	7	8			
2Ws (mn units)	22	24	27	21	23	25	2.0	4.4	5.4
YoY growth (%)	8	12	11	6	9	10			
M&HCV trucks (K units)	307	323	339	307	323	339	0.0	0.0	0.0
YoY growth (%)	0	5	5	0	5	5			
Tractors (K units)	1,034	1,137	1,228	1,034	1,137	1,228	0.0	0.0	0.0
YoY growth (%)	10	10	8	10	10	8			

Source: Jefferies estimates

We raise FY26-28E 2W and PV industry volumes by 2-6% but retain our estimates for tractors and trucks.

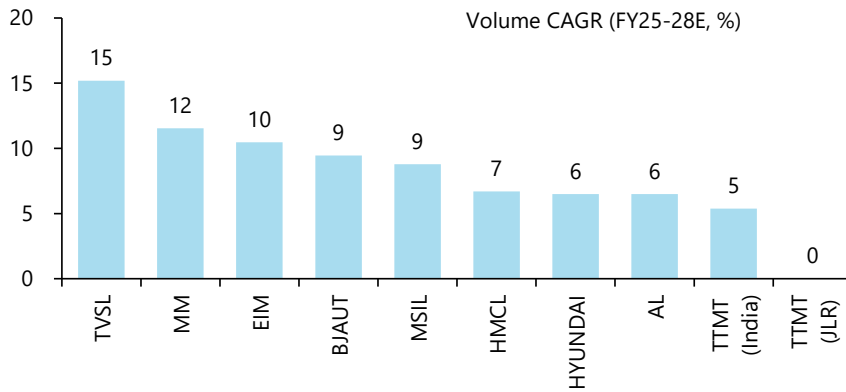
Exhibit 7 - We expect 2Ws to grow faster than PVs over FY25-28



Source: CMI, Jefferies estimates

Over FY25-28E, we expect industry volume CAGR of 10% for 2Ws, 9% for tractors, 8% for PVs, and 3% for trucks.

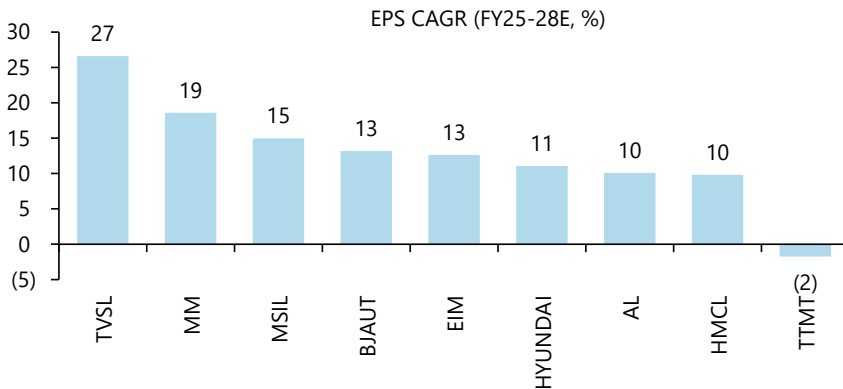
Exhibit 8 - We expect TVSL and MM to deliver strong 12-15% volume CAGR over FY25-28



Source: Jefferies estimates

We expect EIM, BJAUT and MSIL to also deliver 9-10% volume CAGR over FY25-28.

Exhibit 9 - Highest earnings growth for TVSL and MM in our OEM coverage



Source: Company data, Jefferies estimates

We expect 10-15% EPS CAGR for other OEMs, excluding TTMT (-2%).

Exhibit 10 - We raise FY26-28E EPS estimates by 2-8% for TVSL, HMCL, MSIL and HYUNDAI

EPS (Rs/sh)	New estimates			Old estimates			% change		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Ashok Leyland	6.0	6.7	7.3	6.0	6.7	7.3	0	0	0
Bajaj Auto	337	383	434	335	376	424	1	2	2
Eicher Motors	191	215	246	191	215	246	0	0	0
Hero Motocorp	253	280	305	243	261	284	4	7	8
Hyundai	74	84	95	73	81	89	2	5	6
Mahindra	120	139	157	119	137	154	1	1	2
Maruti	523	615	715	509	575	660	3	7	8
Tata Motors	54	60	63	54	59	63	0	1	1
TVS Motor	76	95	118	73	90	110	4	6	7

Source: Jefferies estimates

We broadly retain our estimates for other OEMs.

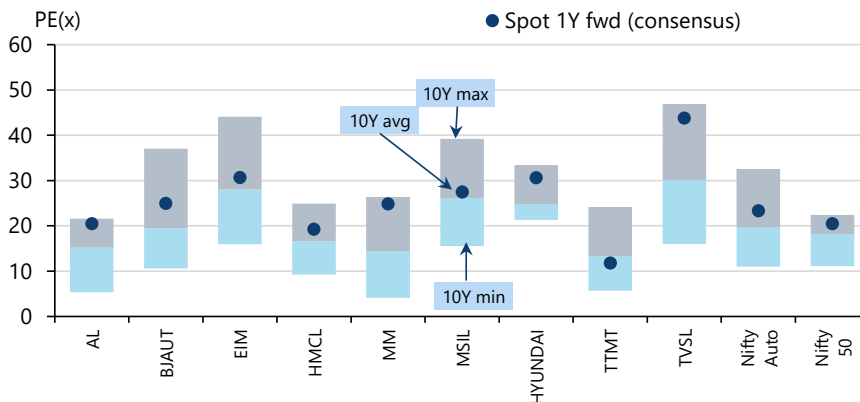
Exhibit 11 - Our FY26-28 EPS estimates are 5-22% above street for TVSL, MM and MSIL

EPS (Rs/sh)	JEFe			Consensus			Difference (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Ashok Leyland	6.0	6.7	7.3	6.1	6.8	7.2	(2)	(2)	2
Bajaj Auto	337	383	434	330	373	407	2	3	7
Eicher Motors	191	215	246	184	208	228	4	4	8
Hero Motocorp	253	280	305	251	273	284	1	3	8
Hyundai	74	84	95	72	85	98	3	(1)	(3)
Mahindra	120	139	157	113	127	139	6	9	12
Maruti	523	615	715	497	561	621	5	10	15
Tata Motors	54	60	63	53	65	73	2	(7)	(13)
TVS Motor	76	95	118	70	83	97	8	14	22

Source: Bloomberg, Jefferies estimates

Our FY27-28 EPS estimates are 7-13% below the Street for TTMT.

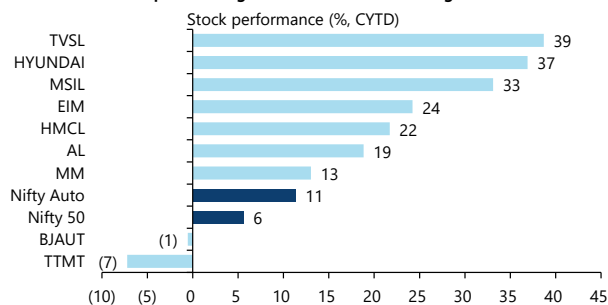
Exhibit 12 - Valuations for most OEMs are close to or above last 10Y average



Source: Bloomberg, Jefferies

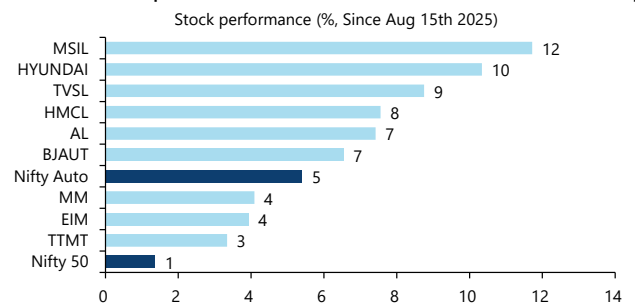
After the strong rally in autos over the last three years, valuations are not cheap, but we believe premium multiples should sustain for companies with better growth outlook and strong or improving franchise.

Exhibit 13 - TVSL best performing stock under our coverage CYTD



Source: Bloomberg, Jefferies

Exhibit 14 - MSIL outperformed most since GST rationalization news on 15-Aug



Source: Bloomberg, Jefferies

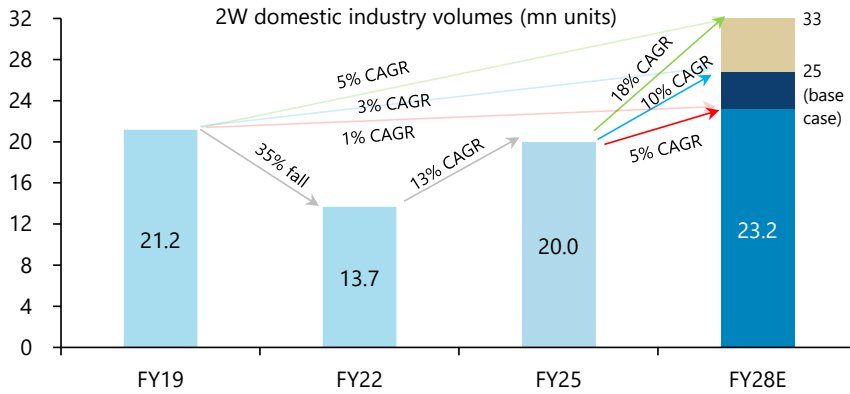
Exhibit 15 - Valuation Matrix

	Four-wheelers					Two-wheelers			
	Ashok	Hyundai	Mahindra*	Maruti	Tata**	Bajaj	Eicher	Hero	TVS
Bberg Ticker	AL IN	HYUNDAI IN	MM IN	MSIL IN	TTMT IN	BJAUT IN	EIM IN	HMCL IN	TVSL IN
Market cap (US\$ bn)	8.8	22.9	45.0	49.8	30.0	28.9	18.8	11.5	17.8
Current price (Rs)	131	2,472	3,400	14,458	687	8,751	5,993	5,064	3,285
Rating	HOLD	UNPF	BUY	BUY	UNPF	HOLD	BUY	HOLD	BUY
Price target (Rs)	120	2,000	4,200	17,500	575	9,000	6,925	5,200	4,250
Upside (%)	(8)	(19)	24	21	(16)	3	16	3	29
Num of shares (mn units)	5,873	813	1,159	314	3,681	279	275	200	475
<b>Valuation ratios</b>									
<b>P/E (x)</b>									
FY25	23.9	35.6	32.2	30.7	10.3	29.2	34.7	22.0	56.4
FY26E	21.9	33.2	25.9	27.7	12.7	25.9	31.4	20.0	43.4
FY27E	19.6	29.3	22.0	23.5	11.5	22.8	27.9	18.1	34.5
FY28E	17.9	26.0	19.3	20.2	10.8	20.2	24.3	16.6	27.8
<b>EV/Ebitda (x)</b>									
FY25	15.6	21.5	19.1	22.5	5.7	22.3	32.7	15.8	35.3
FY26E	13.7	19.9	16.0	20.3	5.6	19.7	29.7	14.3	27.1
FY27E	12.4	17.5	13.8	16.7	5.1	17.2	25.4	12.6	22.1
FY28E	11.2	15.3	12.0	14.0	4.6	15.0	21.7	11.4	18.0
<b>P/B (x)</b>									
FY25	6.7	12.3	6.9	4.8	2.2	7.6	7.7	5.1	15.7
FY26E	5.9	9.8	5.8	4.3	1.7	7.0	6.8	4.8	12.2
FY27E	5.2	7.9	5.0	3.8	1.4	6.4	5.9	4.4	9.5
FY28E	4.6	6.5	4.2	3.4	1.3	5.8	5.2	4.1	7.5
<b>RoE (%)</b>									
FY25	32	42	22	17	25	29	24	24	31
FY26E	28	33	22	16	15	28	23	25	32
FY27E	28	30	22	17	13	29	23	25	31
FY28E	27	28	21	18	12	30	23	26	30
<b>Operational metrics</b>									
<b>Volume growth (%)</b>									
FY25	0.2	(2.0)	13.5	4.6	(3.7)	6.9	10.5	4.9	13.2
FY26E	5.1	2.9	11.9	6.4	2.0	6.7	11.4	5.8	17.9
FY27E	7.1	8.8	11.7	10.5	7.2	11.6	10.0	7.8	14.4
FY28E	7.2	7.9	11.1	9.6	7.1	10.1	10.0	6.6	13.4
<b>Ebitda margin (%)</b>									
FY25	12.7	12.9	14.7	11.7	12.5	20.2	25.0	14.4	12.3
FY26E	13.0	13.4	14.0	11.1	10.4	20.0	24.1	14.2	13.0
FY27E	13.0	13.5	13.8	11.4	10.7	20.0	24.5	14.3	13.5
FY28E	13.0	13.6	13.5	11.6	11.0	20.0	24.8	14.3	14.0
<b>EPS (Rs)</b>									
FY25	5	69	99	471	67	299	172	230	58
FY26E	6	74	120	523	54	337	191	253	76
FY27E	7	84	139	615	60	383	215	280	95
FY28E	7	95	157	715	63	434	246	305	118
<b>EPS growth (%)</b>									
FY25	26	(7)	26	10	19	12	18	13	39
FY26E	9	7	21	11	(19)	13	10	10	30
FY27E	12	14	16	18	10	14	13	11	26
FY28E	10	13	13	16	6	13	14	9	24
<b>EPS CAGR (% , FY25-28E)</b>	<b>10</b>	<b>11</b>	<b>16</b>	<b>15</b>	<b>(2)</b>	<b>13</b>	<b>13</b>	<b>10</b>	<b>27</b>

Source: Company data, Jefferies estimates. Note: \*Core auto business PE and EV/EBITDA for Mahindra \*\*India CV + PV volume growth for Tata Motors

## 2Ws: Key beneficiary of potential GST rate cut

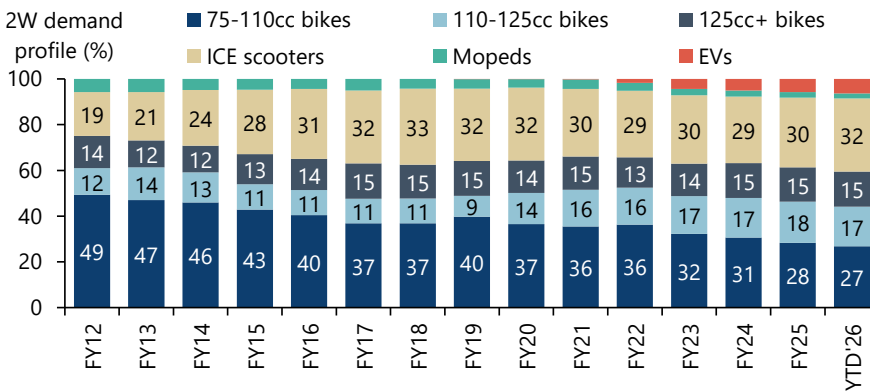
Exhibit 16 - Case for double-digit CAGR in 2Ws



Source: CMIE, Jefferies estimates

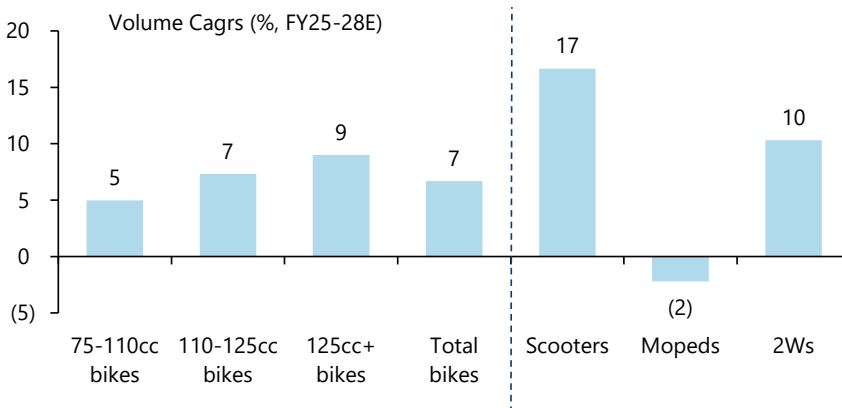
After the 35% fall over FY19-22, 2W industry wholesales grew at 13% CAGR over FY22-25; however, FY25 was still 6% below FY19. PVs, on the other hand, recovered faster and FY25 volumes were 27% above FY19 level.

Exhibit 17 - Share of entry-level motorcycles falling in industry volumes



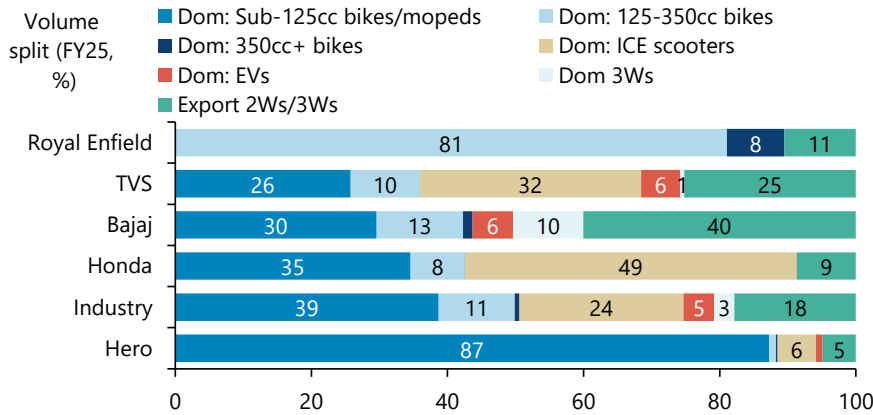
Source: CMIE, Government of India, Jefferies

Exhibit 18 - We expect scooters and premium bikes to grow faster than entry-level bikes



Source: CMIE, Jefferies estimates

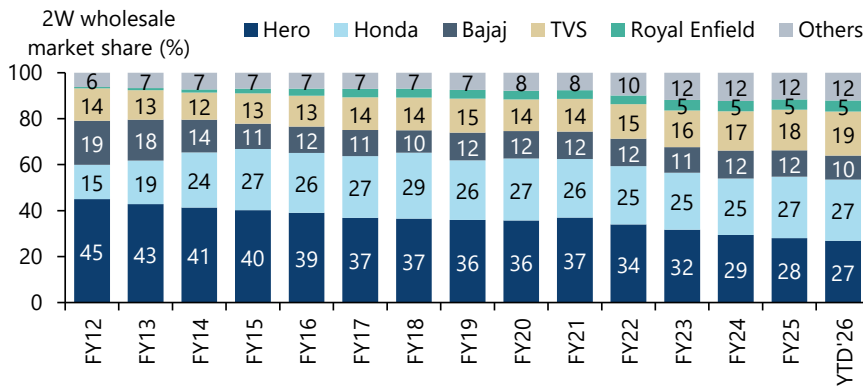
Exhibit 19 - HMCL and EIM have higher exposure to domestic 2Ws



Source: CMIE, Company data, Jefferies

Bajaj gets about ~40% of its volumes from exports; TVSL ~25%.

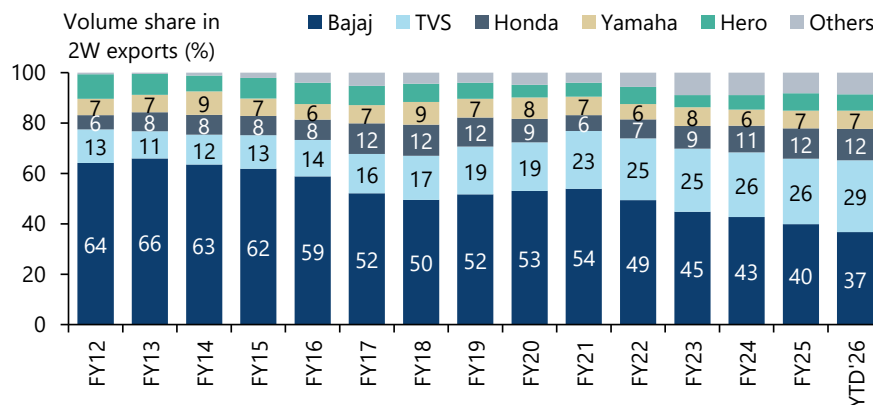
Exhibit 20 - TVS gaining share in domestic 2Ws



Source: CMIE, Jefferies estimates

TVS's domestic market share has risen to a 22-year high of 19% in YTD-FY26, while Hero has fallen to a 25-year low of 27%.

Exhibit 21 - TVS gaining volume share in India's 2W exports too



Source: CMIE, Jefferies

TVS's volume share in India's 2W exports has more than doubled from 13% in FY15 to 29% in YTD-FY26, while Bajaj's share has slipped from 62% to 37% over this period.

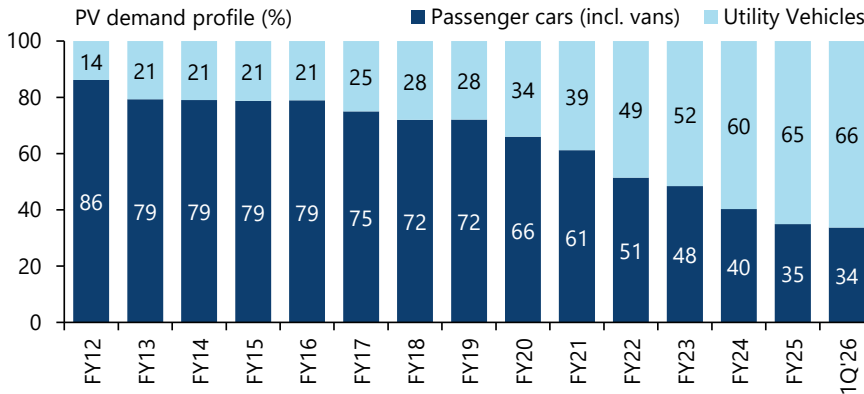
## PVs: Maruti should be the biggest beneficiary of potential GST cut in PVs

Exhibit 22 - Maruti has the highest exposure to sub-4m cars and SUVs

Segment	Approx price range (ex-showroom, Rs K)	FY25		Maruti		Hyundai		Tata Motors		Mahindra		Kia		Others	
		Volumes (K units)	Share in industry (%)	Models	FY25 market share (%)	Models	FY25 market share (%)	Models	FY25 market share (%)	Models	FY25 market share (%)	Models	FY25 market share (%)	Key models	FY25 market share (%)
Entry-level small cars	400-700	497	12	Alto, WagonR, Celerio, S-Presso	72	i10	13	Tiago	14	NA	0	NA	0	Renault Kwid	2
Premium small cars	650-900	514	12	Baleno, Swift, Ignis	73	i20	11	Altroz	7	NA	0	NA	0	Toyota Glanza	10
Entry-level sedans	650-950	269	6	Dzire	61	Aura	20	Tigor	6	NA	0	NA	0	Honda Amaze	12
Mid/Large sedans	1,100+	74	2	Ciaz	11	Verna	21	NA	0	NA	0	NA	0	VW Virtus, Skoda Slavia, Honda City	67
Vans	500-650	151	4	Eeco	90	NA	0	Magic	10	NA	0	NA	0	NA	0
<b>Passenger cars (incl Vans)</b>		<b>1,505</b>	<b>35</b>		<b>69</b>		<b>13</b>		<b>9</b>		<b>0</b>		<b>0</b>		<b>9</b>
Micro SUVs	650-950	522	12	Fronx	32	Exter	15	Punch	38	NA	0	NA	0	Nissan Magnite	16
Low-priced SUVs	800-1,400	698	16	Brezza	27	Venue	17	Nexon	23	3XO, XUV400	15	Sonet, Syros	17	NA	1
Mid-priced SUVs	1,200-1,800	645	15	Grand Vitara, Jimny	21	Creta	30	Curvv	5	Thar	13	Seltos	11	Toyota HyRyder, Honda Elevate	19
High-priced SUVs	1,500+	304	7	NA	0	Alcazar, Tucson, Kona, Ioniq 5	6	Harrier, Safari	13	XUV700, Scorpio N, Electric Origin SUV	60	EV6	0	Toyota Fortuner, MG Hector	20
Non-urban SUVs	1,000-1,300	180	4	NA	0	NA	0	NA	0	Bolero, Scorpio Classic	99	NA	0	Force Trax	1
MPVs	900+	448	10	Ertiga, XL6, Invicto	52	NA	0	NA	0	NA	0	Carens	15	Toyota Innova, Renault Triber	33
<b>UVs</b>		<b>2,797</b>	<b>65</b>		<b>26</b>		<b>15</b>		<b>15</b>		<b>20</b>		<b>9</b>		<b>15</b>
<b>Passenger vehicles</b>		<b>4,302</b>			<b>41</b>		<b>14</b>		<b>13</b>		<b>13</b>		<b>6</b>		<b>13</b>

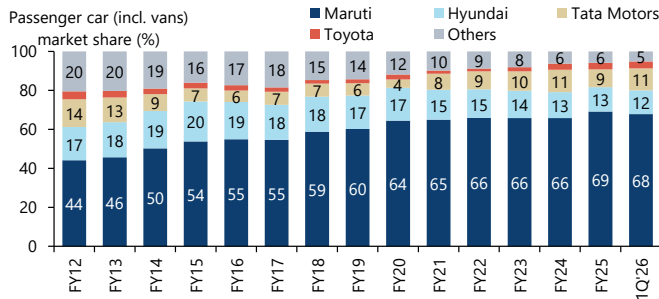
Source: CMIE, SIAM, Jefferies

Exhibit 23 - PV demand shift to SUVs has been unfavorable for MSIL



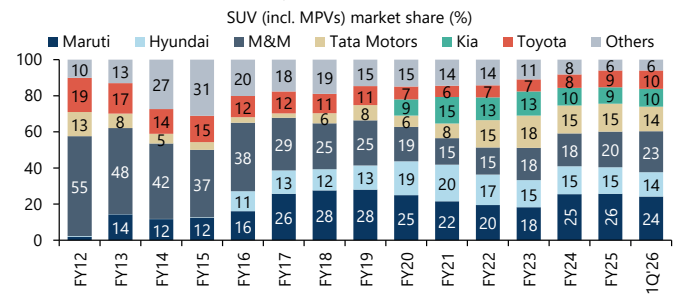
Source: CMIE, Jefferies estimates

Exhibit 24 - Maruti to remain dominant in cars



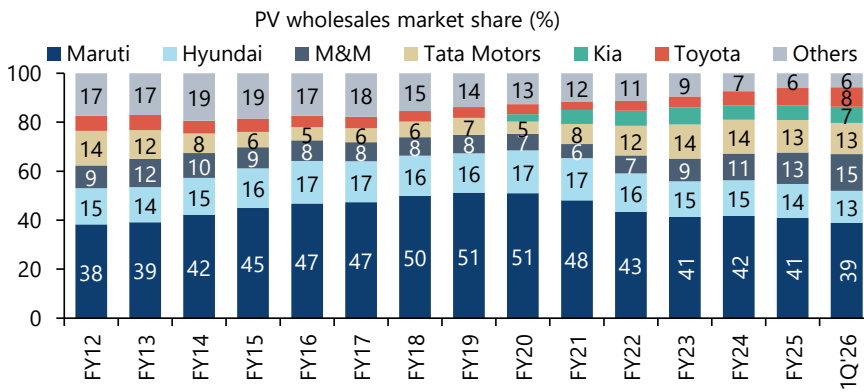
Source: CMIE, Jefferies estimates

Exhibit 25 - SUV market more fragmented than cars



Source: CMIE, Jefferies

Exhibit 26 - Mahindra gaining share in PVs with new launches and demand shift towards SUVs



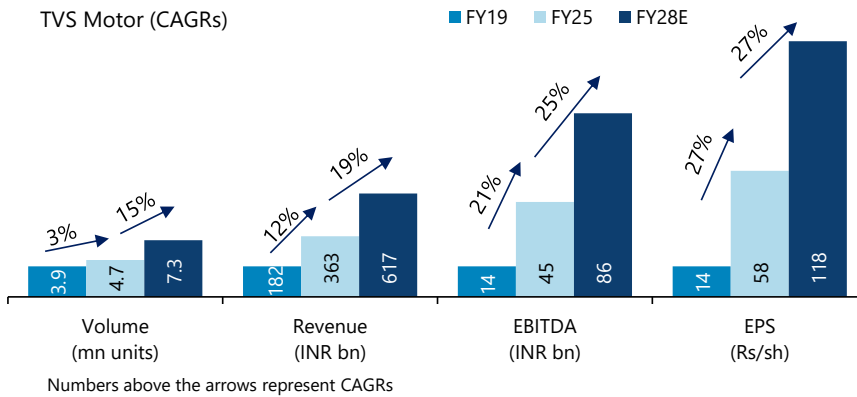
Source: CMIE, Jefferies

MM is gaining share in PVs with new launches and favorable demand shift towards SUVs, and has become the #2 OEM in 1QFY26 with 15% market share. Maruti's market share, conversely, has dropped from a peak of 51% in FY19 to 39% in 1Q (a 13-year low). Hyundai has slipped to #3 place for the first time since FY09 with share down to a 23-year low of 13% in 1Q.

## TVS (BUY): Improving franchise and strong earnings growth

Exhibit 27 - Strong growth outlook

TVS Motor (CAGRs)

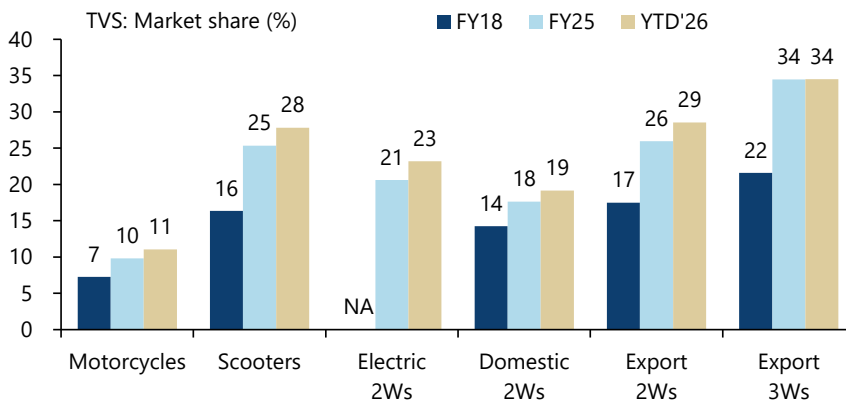


Source: Company data, Jefferies estimates

We expect TVS to deliver 15% volumes and 27% EPS CAGR over FY25-28E.

Exhibit 28 - Improving franchise across key segments

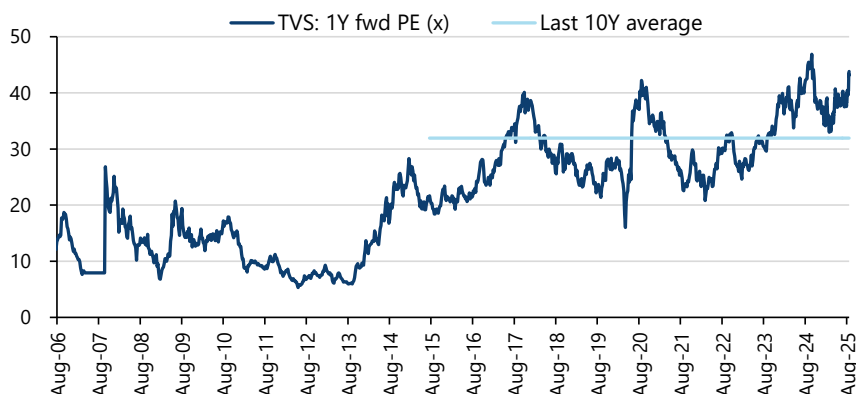
TVS: Market share (%)



Source: CMIE, Government of India, Jefferies

TVS, with its attractive product propositions, is gaining market share across segments.

Exhibit 29 - Valuations appear rich but justified



Source: Bloomberg, Jefferies

We upgrade TVSL's FY26-28E EPS by 4-7% and raise PT from Rs3,500 to Rs4,250, valuing it at 40x Sep-27E PE (earlier 35x). Its 43x FY26E and 34x FY27E PE appears rich vs last 10Y average of 32x, but we believe is justified for the strong earnings outlook, improving franchise and upside risk to margins.

Exhibit 30 - Volume assumptions

Volume (K units)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Domestic 2Ws	2,164	2,048	2,598	3,157	3,519	4,082	4,695	5,353
Export 2Ws	764	1,090	915	888	1,090	1,324	1,496	1,676
<b>Total 2Ws</b>	<b>2,928</b>	<b>3,138</b>	<b>3,513</b>	<b>4,045</b>	<b>4,609</b>	<b>5,406</b>	<b>6,191</b>	<b>7,029</b>
Domestic 3Ws	8	9	16	21	29	48	51	53
Export 3Ws	115	163	153	125	106	136	153	168
<b>Total 3Ws</b>	<b>124</b>	<b>172</b>	<b>169</b>	<b>146</b>	<b>135</b>	<b>185</b>	<b>204</b>	<b>221</b>
<b>Total volumes</b>	<b>3,052</b>	<b>3,310</b>	<b>3,682</b>	<b>4,191</b>	<b>4,744</b>	<b>5,591</b>	<b>6,395</b>	<b>7,250</b>
<b>YoY growth (%)</b>								
Domestic 2Ws	(10)	(5)	27	22	11	16	15	14
Export 2Ws	13	43	(16)	(3)	23	22	13	12
<b>Total 2Ws</b>	<b>(5)</b>	<b>7</b>	<b>12</b>	<b>15</b>	<b>14</b>	<b>17</b>	<b>15</b>	<b>14</b>
Domestic 3Ws	(31)	7	82	29	39	67	5	5
Export 3Ws	(29)	41	(6)	(18)	(16)	29	12	10
<b>Total 3Ws</b>	<b>(29)</b>	<b>39</b>	<b>(2)</b>	<b>(14)</b>	<b>(8)</b>	<b>37</b>	<b>10</b>	<b>9</b>
<b>Total volumes</b>	<b>(6)</b>	<b>8</b>	<b>11</b>	<b>14</b>	<b>13</b>	<b>18</b>	<b>14</b>	<b>13</b>

Source: Company data, Jefferies estimates

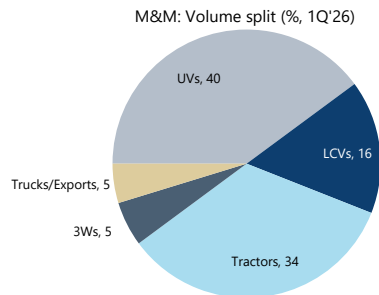
Exhibit 31 - TVS Motor: Financial snapshot

(Rs bn)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net sales	168	208	264	318	363	445	526	617
Ebitda	14.3	19.6	26.7	35.1	44.5	58.0	71.0	86.3
PBT before exceptionals	8.3	12.4	19.2	26.6	37.1	48.3	60.3	74.9
Recurring PAT	6.1	9.2	14.3	19.9	27.7	36.0	45.2	56.2
<b>Diluted EPS (Rs)</b>	<b>12.9</b>	<b>19.3</b>	<b>30.1</b>	<b>42.0</b>	<b>58.3</b>	<b>75.7</b>	<b>95.2</b>	<b>118.2</b>
Networth	42	48	60	77	99	128	165	209
Gross debt	12	20	27	20	20	15	10	10
Current liabilities	45	47	49	59	74	88	102	118
Other liabilities	3	4	4	4	5	5	5	5
<b>Total liabilities</b>	<b>102</b>	<b>118</b>	<b>140</b>	<b>161</b>	<b>200</b>	<b>238</b>	<b>283</b>	<b>343</b>
Fixed assets	32	34	38	43	56	65	73	79
Cash & financial investments	10.2	6.2	5.0	7.5	8.6	8.3	16.7	41.2
Other assets	60	78	97	110	135	164	193	222
<b>Total assets</b>	<b>102</b>	<b>118</b>	<b>140</b>	<b>161</b>	<b>200</b>	<b>238</b>	<b>283</b>	<b>343</b>
Operating cash flow	25.6	15.0	19.9	36.2	42.7	52.8	62.9	75.5
Capex	(9.7)	(21.0)	(22.1)	(25.5)	(39.3)	(40.0)	(40.0)	(40.0)
<b>Free cash flow</b>	<b>16.0</b>	<b>(6.0)</b>	<b>(2.1)</b>	<b>10.7</b>	<b>3.4</b>	<b>12.8</b>	<b>22.9</b>	<b>35.5</b>
Net interest income	(1.1)	(1.1)	(1.2)	(1.5)	(0.0)	(1.1)	(0.5)	0.3
<b>Free cash flow to Equity</b>	<b>14.9</b>	<b>(7.1)</b>	<b>(3.4)</b>	<b>9.2</b>	<b>3.4</b>	<b>11.7</b>	<b>22.4</b>	<b>35.8</b>
<b>Key metrics (%)</b>								
Sales growth	2.0	24.1	26.9	20.5	14.1	22.8	18.2	17.2
Ebitda growth	6.1	37.3	36.3	31.4	26.7	30.3	22.3	21.6
EPS growth	1.9	49.7	55.9	39.6	38.9	29.9	25.8	24.2
<b>Ebitda margin</b>	<b>8.5</b>	<b>9.4</b>	<b>10.1</b>	<b>11.1</b>	<b>12.3</b>	<b>13.0</b>	<b>13.5</b>	<b>14.0</b>
Ebitda/vehicle (Rs K/vehicle)	4.7	5.9	7.3	8.4	9.4	10.4	11.1	11.9
<b>Ebit margin</b>	<b>5.6</b>	<b>6.5</b>	<b>7.7</b>	<b>8.9</b>	<b>10.2</b>	<b>11.1</b>	<b>11.6</b>	<b>12.1</b>
Net debt	2	13	22	12	12	7	(6)	(31)
Net debt/Equity	0.1	0.3	0.4	0.2	0.1	0.1	(0.0)	(0.1)
RoAE	15.7	20.4	26.3	28.9	31.3	31.6	30.9	30.0
RoACE	16.9	22.2	26.4	30.6	34.2	37.5	38.2	37.8

Source: Company data, Jefferies estimates

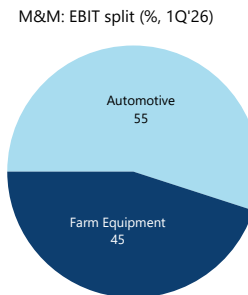
## Mahindra (BUY): Tractors upcycle and strengthening SUV portfolio

Exhibit 32 - Tractors form ~35% of MM's volumes; SUVs ~40%



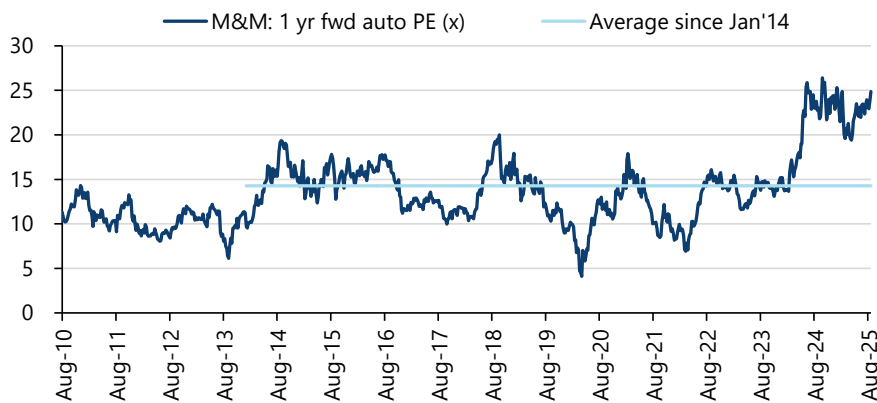
Source: Company data, Jefferies

Exhibit 33 - Farm division forms ~45% of MM's EBIT



Source: Company data, Jefferies

Exhibit 34 - M&M trading at 26x FY26E and 22x FY27E core business PE



Source: Bloomberg, Jefferies

We find valuations attractive for the strong earnings growth outlook and improving franchise. We expect MM to deliver 12% volume and 19% core EPS CAGR over FY25-28E.

Exhibit 35 - M&M: Volume assumptions

Volumes (K units)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Tractors</b>	<b>354</b>	<b>355</b>	<b>408</b>	<b>378</b>	<b>425</b>	<b>467</b>	<b>514</b>	<b>555</b>
SUVs (incl. EVs)	156	224	357	460	551	652	750	860
LCVs	154	173	242	255	262	270	297	327
3Ws	21	30	59	78	86	96	99	102
M&HCVs	2	5	6	8	7	7	7	7
Cars & vans	2	2	2	0	0	0	0	0
<b>Autos: Total domestic</b>	<b>334</b>	<b>433</b>	<b>666</b>	<b>800</b>	<b>906</b>	<b>1,025</b>	<b>1,153</b>	<b>1,296</b>
Autos: Exports	18	33	32	25	35	36	40	44
<b>Autos: Total</b>	<b>352</b>	<b>466</b>	<b>698</b>	<b>825</b>	<b>941</b>	<b>1,061</b>	<b>1,193</b>	<b>1,340</b>
<b>Total volumes</b>	<b>707</b>	<b>820</b>	<b>1,106</b>	<b>1,203</b>	<b>1,366</b>	<b>1,528</b>	<b>1,707</b>	<b>1,896</b>
<b>YoY growth (%)</b>								
Tractors	17	0	15	(7)	12	10	10	8
SUVs	(13)	44	60	29	20	18	15	15
LCVs	(21)	12	40	5	3	3	10	10
3Ws	(67)	47	95	33	11	12	3	3
M&HCVs	(52)	87	41	24	(15)	0	5	5
Cars & vans	(78)	28	6	(99)	(100)	0	0	0
<b>Autos: Total domestic</b>	<b>(26)</b>	<b>30</b>	<b>54</b>	<b>20</b>	<b>13</b>	<b>13</b>	<b>12</b>	<b>12</b>
Autos: Exports	(34)	77	(1)	(23)	41	5	10	10
<b>Autos: Total</b>	<b>(26)</b>	<b>32</b>	<b>50</b>	<b>18</b>	<b>14</b>	<b>13</b>	<b>12</b>	<b>12</b>
<b>Total volumes</b>	<b>(9)</b>	<b>16</b>	<b>35</b>	<b>9</b>	<b>13</b>	<b>12</b>	<b>12</b>	<b>11</b>

Source: Company data, Jefferies estimates

Exhibit 36 - Our SOTP-based price target for M&M is Rs4,200/sh

	(Rs/sh)	Methodology
Autos	2,210	26x Sep-FY27E PE
Tractors	1,504	26x Sep-FY27E PE
<b>Core business - (A)</b>	<b>3,713</b>	
<b>Value of subsidiaries</b>		
Tech Mahindra	327	Market value
M&M Financial Services	166	Market value
Others	140	Market value
<b>Total</b>	<b>634</b>	
Holding company discount (%)	25	
<b>Value assigned to listed subsidiaries - (B)</b>	<b>487</b>	
<b>SOTP target price (Rs) - (A+B)</b>	<b>4,200</b>	

Source: Jefferies estimates

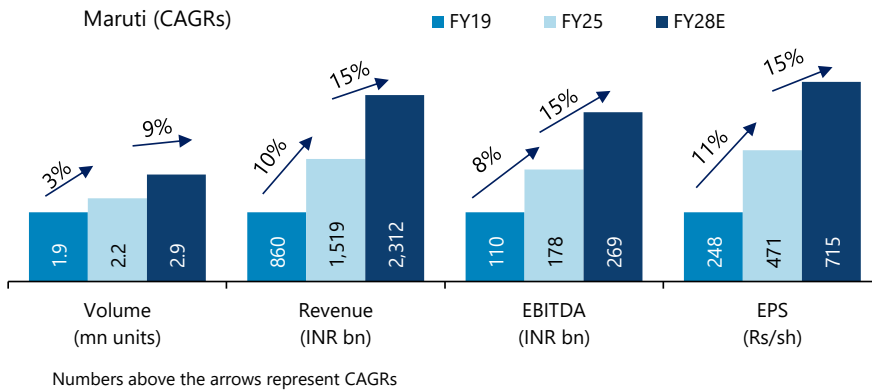
Exhibit 37 - M&M: Standalone financial snapshot

(Rs bn)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net sales	450	574	850	988	1,165	1,412	1,646	1,907
Ebitda	65.1	70.4	104.4	129.2	171.2	197.2	227.3	257.6
PBT before exceptionals	51.2	64.4	95.6	125.9	162.9	193.5	224.4	252.8
Recurring PAT	39.3	51.4	77.7	98.2	123.4	149.0	172.8	194.7
<b>Diluted EPS (Rs)</b>	<b>31.6</b>	<b>41.4</b>	<b>62.5</b>	<b>79.0</b>	<b>99.2</b>	<b>119.8</b>	<b>139.0</b>	<b>156.5</b>
<b>Core EPS excl. subsidiary dividends (Rs)</b>	<b>30.6</b>	<b>32.6</b>	<b>53.2</b>	<b>68.7</b>	<b>90.7</b>	<b>112.5</b>	<b>132.7</b>	<b>151.3</b>
Networth	345	390	434	523	616	725	852	995
Gross debt	77	67	50	20	17	17	17	17
Current liabilities	145	179	236	254	318	368	415	468
Other liabilities	29	35	38	41	45	45	45	45
<b>Total liabilities</b>	<b>596</b>	<b>671</b>	<b>758</b>	<b>838</b>	<b>996</b>	<b>1,156</b>	<b>1,330</b>	<b>1,525</b>
Fixed assets	148	189	188	203	225	271	311	344
Cash & financial investments	107.1	113.0	137.8	134.5	235.3	267.1	318.8	395.7
Other assets	341	370	432	501	537	617	699	785
<b>Total assets</b>	<b>596</b>	<b>671</b>	<b>758</b>	<b>838</b>	<b>996</b>	<b>1,156</b>	<b>1,330</b>	<b>1,525</b>
Operating cash flow	91.2	70.9	91.3	112.8	166.2	168.3	190.5	216.0
Capex	(74.7)	(40.0)	(75.1)	(84.7)	(79.1)	(140.0)	(140.0)	(140.0)
<b>Free cash flow</b>	<b>16.5</b>	<b>30.9</b>	<b>16.2</b>	<b>28.1</b>	<b>87.1</b>	<b>28.3</b>	<b>50.5</b>	<b>76.0</b>
Net interest income	8.5	18.5	22.7	31.1	33.9	39.6	47.1	52.6
<b>Free cash flow to Equity</b>	<b>25.0</b>	<b>49.5</b>	<b>38.9</b>	<b>59.2</b>	<b>121.0</b>	<b>67.9</b>	<b>97.5</b>	<b>128.6</b>
<b>Key metrics (%)</b>								
Sales growth	(1.0)	27.5	47.9	16.2	17.9	21.2	16.6	15.9
Ebitda growth	12.2	8.2	48.3	23.7	32.5	15.2	15.2	13.3
EPS growth	17.5	30.8	51.0	26.4	25.6	20.8	16.0	12.6
<b>Ebitda margin</b>	<b>14.4</b>	<b>12.3</b>	<b>12.3</b>	<b>13.1</b>	<b>14.7</b>	<b>14.0</b>	<b>13.8</b>	<b>13.5</b>
Ebitda/vehicle (Rs K/vehicle)	92	86	94	107	125	129	133	136
Net debt	(30)	(46)	(88)	(114)	(218)	(250)	(302)	(379)
Net debt/Equity (x)	(0.1)	(0.1)	(0.2)	(0.2)	(0.4)	(0.3)	(0.4)	(0.4)
RoAE	11.4	14.0	18.9	20.5	21.7	22.2	21.9	21.1
RoACE	10.7	10.5	15.5	18.5	21.9	22.4	22.0	21.3
Num of shares ex. treasury (mn units)	1,159	1,159	1,159	1,159	1,159	1,159	1,159	1,159

Source: Company data, Jefferies estimates

## Maruti (BUY): Beneficiary of GST cut and demand revival

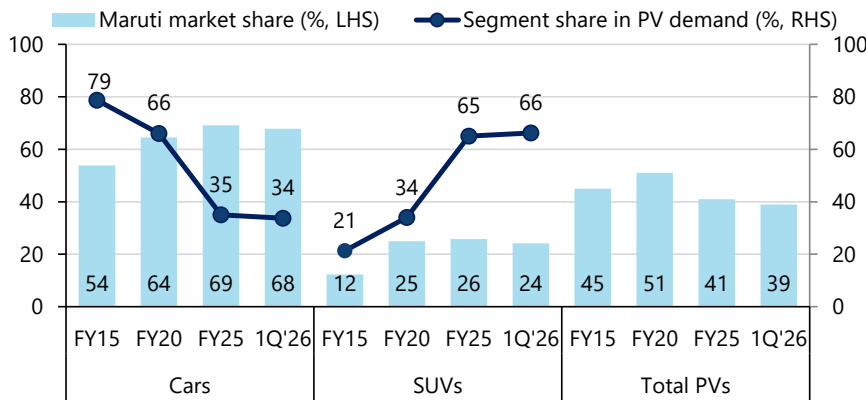
Exhibit 38 - We expect 9% volumes and 15% EPS CAGR over FY25-28E



Source: Company data, Jefferies estimates

Maruti should be a key beneficiary of potential GST rate cut in small PVs.

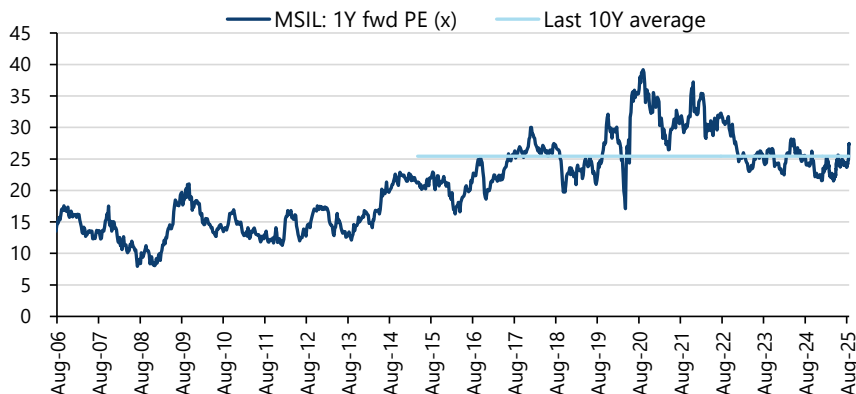
Exhibit 39 - Maruti's PV market share at a 13 year low



Source: CMIE, Company data, Jefferies

MSIL's share loss is largely due to demand profile shift from cars to SUVs

Exhibit 40 - MSIL is trading at 28x FY26E and 24x FY27E PE on our estimates



Source: Bloomberg, Jefferies

We upgrade MSIL's FY26-28E EPS by 3-8% and raise PT from Rs14,750 to Rs17,500, valuing it at 26x Sep-27E PE (earlier 24x). Stock has traded at an average of 26x PE over the last 10 years.

## Exhibit 41 - Maruti Suzuki: Volume assumptions

Volumes (K units)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Domestic	1,362	1,414	1,707	1,852	1,902	1,968	2,147	2,317
Exports	96	238	259	283	333	409	479	560
<b>Total</b>	<b>1,458</b>	<b>1,653</b>	<b>1,966</b>	<b>2,135</b>	<b>2,234</b>	<b>2,377</b>	<b>2,625</b>	<b>2,877</b>
<b>YoY growth (%)</b>								
Domestic	(7)	4	21	9	3	3	9	8
Exports	(6)	148	9	9	17	23	17	17
<b>Total</b>	<b>(7)</b>	<b>13</b>	<b>19</b>	<b>9</b>	<b>5</b>	<b>6</b>	<b>10</b>	<b>10</b>

Source: Company data, Jefferies estimates

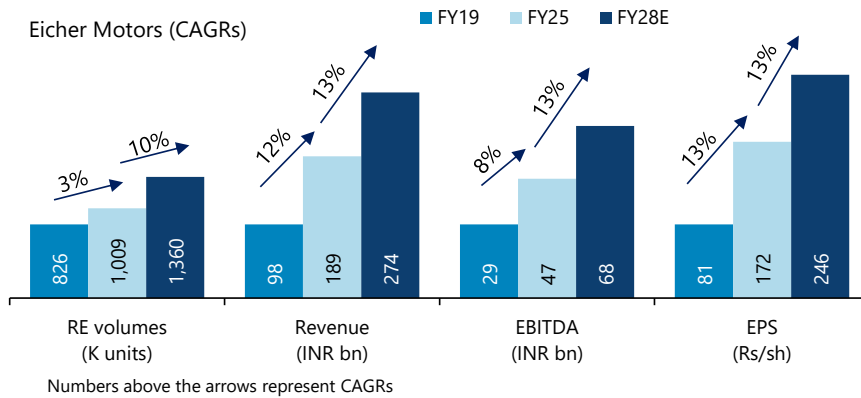
## Exhibit 42 - Maruti Suzuki: Financial snapshot

(Rs bn)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net sales	703	883	1,175	1,409	1,519	1,752	2,031	2,312
Ebitda	53	57	110	166	178	194	232	269
PBT before exceptionals	52	46	102	173	192	213	251	292
Recurring PAT	42	38	80	134	148	164	193	225
<b>Diluted EPS (Rs)</b>	<b>140</b>	<b>125</b>	<b>266</b>	<b>426</b>	<b>471</b>	<b>523</b>	<b>615</b>	<b>715</b>
Networth	514	541	604	840	940	1,055	1,191	1,348
Gross debt	5	4	12	1	1	1	1	1
Current liabilities	156	166	189	229	267	294	326	358
Other liabilities	26	23	27	33	48	48	48	48
<b>Total liabilities</b>	<b>701</b>	<b>734</b>	<b>832</b>	<b>1,103</b>	<b>1,256</b>	<b>1,398</b>	<b>1,565</b>	<b>1,755</b>
Fixed assets	159	161	201	244	299	346	387	422
Cash & financial investments	436	421	459	538	596	673	778	910
Other assets	106	152	172	321	361	379	401	422
<b>Total assets</b>	<b>701</b>	<b>734</b>	<b>832</b>	<b>1,103</b>	<b>1,256</b>	<b>1,398</b>	<b>1,565</b>	<b>1,755</b>
Operating cash flow	88	18	92	152	140	154	185	212
Capex	(25)	(36)	(63)	(71)	(88)	(85)	(85)	(85)
<b>Free cash flow</b>	<b>64</b>	<b>(18)</b>	<b>29</b>	<b>81</b>	<b>53</b>	<b>69</b>	<b>100</b>	<b>127</b>
Net interest income	28	17	20	37	46	57	63	73
<b>Free cash flow to Equity</b>	<b>92</b>	<b>(1)</b>	<b>49</b>	<b>117</b>	<b>98</b>	<b>126</b>	<b>163</b>	<b>200</b>
<b>Key metrics (%)</b>								
Sales growth	(7.0)	25.5	33.1	19.9	7.8	15.3	15.9	13.8
Ebitda growth	(28.0)	6.7	93.1	51.2	6.8	9.2	19.6	15.7
EPS growth	(26.4)	(11.0)	113.7	60.0	10.4	11.1	17.6	16.3
<b>Ebitda margin</b>	<b>7.6</b>	<b>6.5</b>	<b>9.4</b>	<b>11.8</b>	<b>11.7</b>	<b>11.1</b>	<b>11.4</b>	<b>11.6</b>
Ebitda/vehicle (Rs K/vehicle)	36.7	34.5	56.0	78.0	79.6	81.7	88.5	93.4
<b>Ebit margin</b>	<b>3.3</b>	<b>3.3</b>	<b>7.0</b>	<b>9.7</b>	<b>9.6</b>	<b>8.9</b>	<b>9.3</b>	<b>9.5</b>
Net debt (Rs bn)	(431)	(417)	(446)	(537)	(595)	(672)	(777)	(910)
Net debt/Equity	(0.8)	(0.8)	(0.7)	(0.6)	(0.6)	(0.6)	(0.7)	(0.7)
RoAE	8.5	7.1	14.1	18.6	16.6	16.5	17.2	17.7
RoACE	4.6	5.5	14.1	18.7	16.4	15.6	16.8	17.2
Num of share (mn units)	302	302	302	314	314	314	314	314

Source: Company data, Jefferies

## Eicher (BUY): Good franchise and competitive concerns behind

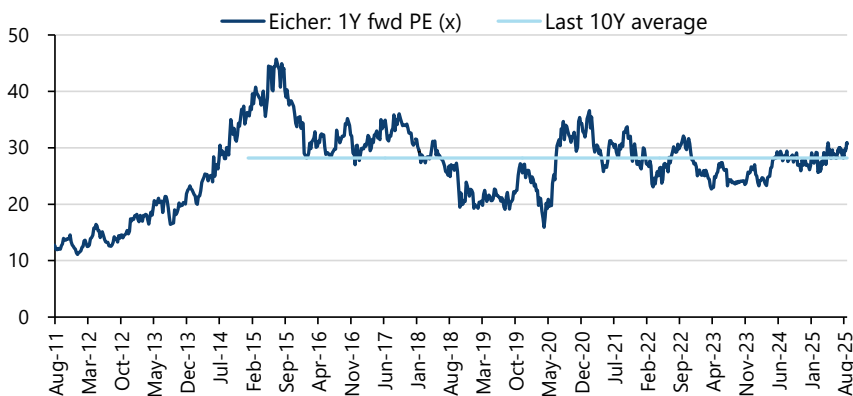
Exhibit 43 - Good volume and earnings growth outlook



Source: Company data, Jefferies estimates

We expect Eicher to deliver 10% volume and 13% EPS CAGR over FY25-28E.

Exhibit 44 - Eicher is trading at 31x FY26E and 28x FY27E PE on our estimates



Source: Bloomberg, Jefferies

We believe RE should be a key beneficiary of rising India 2W demand and premiumization over the medium-term.

Exhibit 45 - We have SOTP-based target price of Rs6,925

	Rs/sh	
Standalone (Royal Enfield)	6,172	30x Sep-27E P/E
VECV (Commercial vehicles)	753	4.5x Sep-27E P/B
<b>Fair value</b>	<b>6,925</b>	

Source: Jefferies estimates

Exhibit 46 - Volume assumptions

Volumes (K units)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
RE: Domestic	573	521	735	835	903	1,002	1,102	1,212
RE: Exports	39	81	100	78	106	122	134	148
<b>RE: Total</b>	<b>612</b>	<b>602</b>	<b>835</b>	<b>913</b>	<b>1,009</b>	<b>1,124</b>	<b>1,237</b>	<b>1,360</b>
VECV	41	57	80	86	90	95	101	107
<b>YoY growth (%)</b>								
RE: Domestic	(13)	(9)	41	14	8	11	10	10
RE: Exports	(1)	110	23	(22)	36	15	10	10
<b>RE: Total</b>	<b>(12)</b>	<b>(2)</b>	<b>39</b>	<b>9</b>	<b>11</b>	<b>11</b>	<b>10</b>	<b>10</b>
VECV	(15)	38	39	7	5	6	6	6

Source: Company data, Jefferies estimates

Exhibit 47 - Eicher Motors: Key Financials

(Rs bn)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Royal Enfield</b>								
Revenues	86	101	141	161	185	209	237	269
Ebitda	18	21	34	44	48	52	60	68
<b>Ebitda margin (%)</b>	<b>20.7</b>	<b>20.5</b>	<b>24.1</b>	<b>27.2</b>	<b>25.8</b>	<b>25.0</b>	<b>25.2</b>	<b>25.5</b>
Ebitda per vehicle (Rs K/unit)	29	34	41	48	47	46	48	50
Recurring PAT excl. VECV dividend	13	15	26	37	41	46	52	59
<b>VECV</b>								
Revenues	87	127	190	219	235	249	269	292
Ebitda	5.9	7.2	13.7	17.1	20.2	23.5	25.5	27.7
<b>Ebitda margin (%)</b>	<b>6.8</b>	<b>5.6</b>	<b>7.3</b>	<b>7.8</b>	<b>8.6</b>	<b>9.4</b>	<b>9.5</b>	<b>9.5</b>
Ebitda per vehicle (Rs K/unit)	143	125	173	200	224	247	253	259
Reported net profit	0.6	1.1	5.8	8.2	12.9	13.8	15.3	16.8
<b>Net profit attributable to Eicher</b>	<b>0.3</b>	<b>0.6</b>	<b>3.2</b>	<b>4.5</b>	<b>7.0</b>	<b>7.5</b>	<b>8.3</b>	<b>9.2</b>

Source: Company data, Jefferies estimates

Exhibit 48 - Eicher Motors: Consolidated financial snapshot

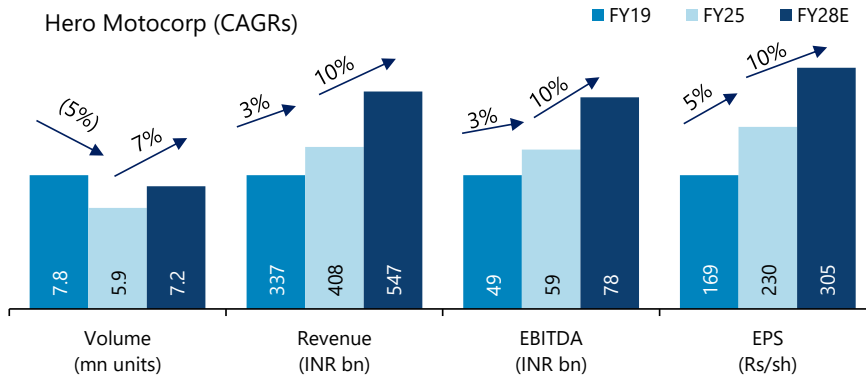
(Rs bn)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net sales	87	103	144	165	189	214	242	274
Ebitda	17.8	21.3	34.4	43.3	47.1	51.5	59.2	68.0
PBT before exceptionals	17.7	21.0	34.8	47.5	52.3	58.7	66.5	76.5
Recurring PAT	13.5	16.5	29.1	40.0	47.3	52.3	59.1	67.6
<b>Diluted EPS (Rs)</b>	<b>49</b>	<b>60</b>	<b>106</b>	<b>146</b>	<b>172</b>	<b>191</b>	<b>215</b>	<b>246</b>
Networth	114	126	150	180	213	244	278	318
Minority interest	0	0	0	0	0	0	0	0
Gross debt	2	1	3	4	5	5	5	5
Current liabilities	20	24	27	33	38	41	45	49
Other liabilities	9	11	13	14	16	15	15	15
<b>Total liabilities</b>	<b>146</b>	<b>162</b>	<b>192</b>	<b>231</b>	<b>272</b>	<b>305</b>	<b>343</b>	<b>387</b>
Fixed assets	25	27	29	32	36	41	45	48
Cash & financial investments	78	85	105	106	118	145	176	214
Other assets	42	50	58	93	118	119	122	126
<b>Total assets</b>	<b>146</b>	<b>162</b>	<b>192</b>	<b>231</b>	<b>272</b>	<b>305</b>	<b>343</b>	<b>387</b>
Operating cash flow	17.1	15.3	28.5	37.2	39.8	44.8	52.1	59.6
Capex	(5.5)	(6.4)	(11.3)	(8.2)	(10.4)	(12.3)	(13.7)	(14.3)
<b>Free cash flow</b>	<b>11.6</b>	<b>8.9</b>	<b>17.2</b>	<b>29.0</b>	<b>29.4</b>	<b>32.6</b>	<b>38.5</b>	<b>45.2</b>
Net interest income	4.4	4.2	5.7	10.2	12.5	15.4	17.0	19.7
<b>Free cash flow to Equity</b>	<b>16.0</b>	<b>13.1</b>	<b>22.9</b>	<b>39.3</b>	<b>41.9</b>	<b>47.9</b>	<b>55.5</b>	<b>64.9</b>
<b>Key metrics (%)</b>								
Sales growth	(4.7)	18.1	40.2	14.5	14.1	13.3	13.2	13.2
Ebitda growth	(18.3)	19.7	61.5	25.7	8.9	9.3	14.9	14.9
EPS growth	(26.4)	22.5	77.1	37.3	18.3	10.5	12.9	14.5
<b>Ebitda margin</b>	<b>20.4</b>	<b>20.7</b>	<b>23.8</b>	<b>26.2</b>	<b>25.0</b>	<b>24.1</b>	<b>24.5</b>	<b>24.8</b>
Net debt (Rs bn)	(76)	(84)	(102)	(102)	(113)	(141)	(172)	(209)
Net debt/Ebitda (x)	(4.3)	(3.9)	(3.0)	(2.4)	(2.4)	(2.7)	(2.9)	(3.1)
Net debt/Equity (x)	(0.7)	(0.7)	(0.7)	(0.6)	(0.5)	(0.6)	(0.6)	(0.7)
RoAE	12.6	13.7	21.1	24.2	24.1	22.9	22.6	22.7
RoACE	12.3	13.8	20.8	22.1	19.8	18.6	18.6	18.7

Source: Company data, Jefferies estimates

## Hero (HOLD): GST cut beneficiary but franchise concerns

Exhibit 49 - Hero should be a key beneficiary of 2W demand boost from potential GST cut

Hero Motocorp (CAGRs)

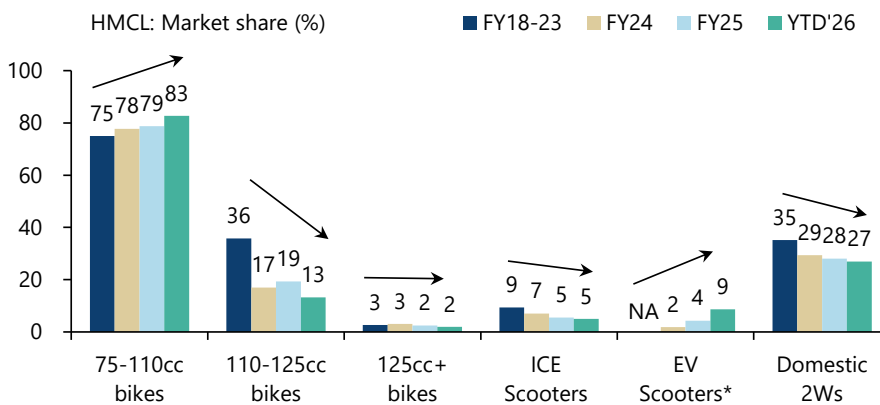


Source: Company data, Jefferies estimates

We expect Hero to deliver 7% volumes and 10% EPS CAGR over FY25-28E.

Exhibit 50 - Hero's 2W market share under pressure

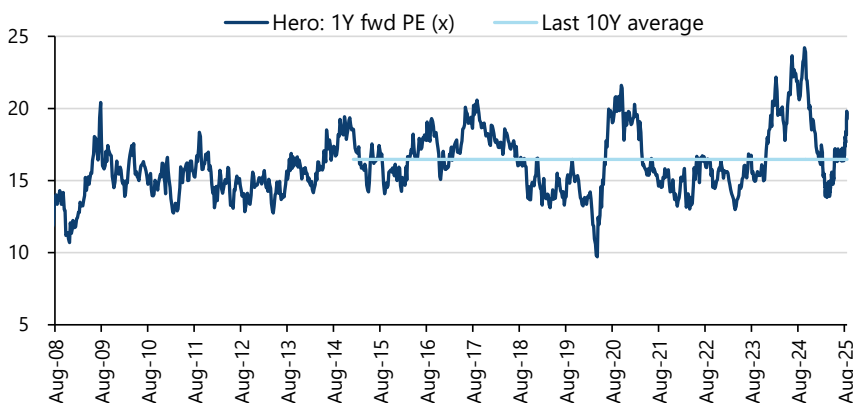
HMCL: Market share (%)



Source: CMIE, Company data, Jefferies

Hero's 2W wholesale market share has slipped from average 35% in FY18-23 to 27% in YTD'26.

Exhibit 51 - Hero is trading at 19x FY26E and 17x FY27E PE on our estimates



Source: Bloomberg, Jefferies

We upgrade HMCL from Underperform to Hold as we believe it will be a key beneficiary of potential GST cuts, although we limit our positive stance due to concerns on falling market share; we raise HMCL PT from Rs3,800 to Rs5,200 as we factor higher earnings and raise our target PE multiple from 13x to 17x.

## Exhibit 52 - Volume assumptions

Volumes (K units)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Domestic motorcycles	5,156	4,337	4,797	5,020	5,218	5,352	5,719	6,024
Export motorcycles	172	290	162	171	258	362	398	438
<b>Total motorcycles</b>	<b>5,328</b>	<b>4,628</b>	<b>4,959</b>	<b>5,191</b>	<b>5,477</b>	<b>5,714</b>	<b>6,117</b>	<b>6,462</b>
Domestic scooters	443	306	358	400	391	490	568	661
Export scooters	15	10	11	30	31	35	39	42
<b>Total scooters</b>	<b>458</b>	<b>316</b>	<b>369</b>	<b>431</b>	<b>423</b>	<b>525</b>	<b>607</b>	<b>703</b>
<b>Total volumes</b>	<b>5,786</b>	<b>4,944</b>	<b>5,328</b>	<b>5,621</b>	<b>5,899</b>	<b>6,239</b>	<b>6,724</b>	<b>7,165</b>
<b>YoY growth (%)</b>								
Domestic motorcycles	(12)	(16)	11	5	4	3	7	5
Export motorcycles	6	69	(44)	5	51	40	10	10
<b>Total motorcycles</b>	<b>(11)</b>	<b>(13)</b>	<b>7</b>	<b>5</b>	<b>6</b>	<b>4</b>	<b>7</b>	<b>6</b>
Domestic scooters	10	(31)	17	12	(2)	25	16	16
Export scooters	(13)	(29)	5	180	3	12	10	10
<b>Total scooters</b>	<b>9</b>	<b>(31)</b>	<b>17</b>	<b>17</b>	<b>(2)</b>	<b>24</b>	<b>16</b>	<b>16</b>
<b>Total volumes</b>	<b>(10)</b>	<b>(15)</b>	<b>8</b>	<b>5</b>	<b>5</b>	<b>6</b>	<b>8</b>	<b>7</b>

Source: Company data, Jefferies estimates

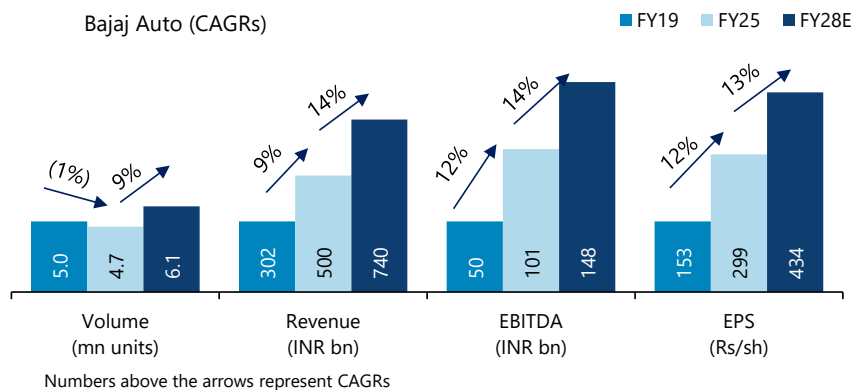
## Exhibit 53 - Hero Motocorp: Financial snapshot

(Rs bn)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net sales	308	292	338	375	408	449	498	547
Ebitda	40.2	33.7	39.9	52.6	58.7	63.6	71.1	78.0
PBT before exceptionals	39.0	32.5	38.7	54.2	61.3	67.4	74.7	81.4
Recurring PAT	29.6	24.7	29.1	40.9	46.1	50.5	56.0	61.1
<b>Diluted EPS (Rs)</b>	<b>148.4</b>	<b>123.8</b>	<b>145.6</b>	<b>204.5</b>	<b>230.5</b>	<b>252.7</b>	<b>280.1</b>	<b>305.2</b>
Networth	152	158	167	180	198	212	228	245
Gross debt	0	2	2	1	2	2	2	2
Current liabilities	61	50	56	65	68	74	80	87
Other liabilities	9	7	8	9	11	11	11	11
<b>Total liabilities</b>	<b>222</b>	<b>217</b>	<b>233</b>	<b>256</b>	<b>279</b>	<b>299</b>	<b>321</b>	<b>345</b>
Fixed assets	60	59	58	59	60	62	63	64
Cash & financial investments	83.9	83.0	72.2	88.2	103.6	115.3	129.2	145.2
Other assets	77	76	102	108	116	122	129	136
<b>Total assets</b>	<b>222</b>	<b>217</b>	<b>233</b>	<b>256</b>	<b>279</b>	<b>299</b>	<b>321</b>	<b>345</b>
Operating cash flow	41.7	20.2	25.8	49.1	41.8	47.2	53.0	58.1
Capex	(9.0)	(6.8)	(15.4)	(14.0)	(9.5)	(11.0)	(11.0)	(11.0)
<b>Free cash flow</b>	<b>32.8</b>	<b>13.4</b>	<b>10.4</b>	<b>35.1</b>	<b>32.3</b>	<b>36.2</b>	<b>42.0</b>	<b>47.1</b>
Net interest income	5.6	5.3	5.5	8.7	10.4	11.9	12.3	12.8
<b>Free cash flow to Equity</b>	<b>38.3</b>	<b>18.7</b>	<b>15.8</b>	<b>43.8</b>	<b>42.7</b>	<b>48.0</b>	<b>54.3</b>	<b>60.0</b>
<b>Key metrics (%)</b>								
Sales growth	6.8	(5.0)	15.6	10.8	8.8	10.2	10.9	9.7
Ebitda growth	1.5	(16.2)	18.3	31.8	11.6	8.4	11.9	9.6
EPS growth	(6.8)	(16.6)	17.7	40.4	12.7	9.6	10.8	9.0
<b>Ebitda margin</b>	<b>13.0</b>	<b>11.5</b>	<b>11.8</b>	<b>14.0</b>	<b>14.4</b>	<b>14.2</b>	<b>14.3</b>	<b>14.3</b>
Ebitda/vehicle (Rs K/vehicle)	6.9	6.8	7.5	9.3	9.9	10.2	10.6	10.9
<b>Ebit margin</b>	<b>10.9</b>	<b>9.3</b>	<b>9.8</b>	<b>12.1</b>	<b>12.5</b>	<b>12.4</b>	<b>12.5</b>	<b>12.5</b>
Net debt	(84)	(81)	(71)	(87)	(102)	(114)	(128)	(144)
Net debt/Equity	(0.6)	(0.5)	(0.4)	(0.5)	(0.5)	(0.5)	(0.6)	(0.6)
RoAE	20.2	16.0	17.9	23.6	24.4	24.6	25.5	25.8
RoACE	22.8	17.5	20.3	26.0	26.7	26.9	28.1	28.8

Source: Company data, Jefferies estimates

## Bajaj (HOLD): Demand recovery but falling share in premium & exports

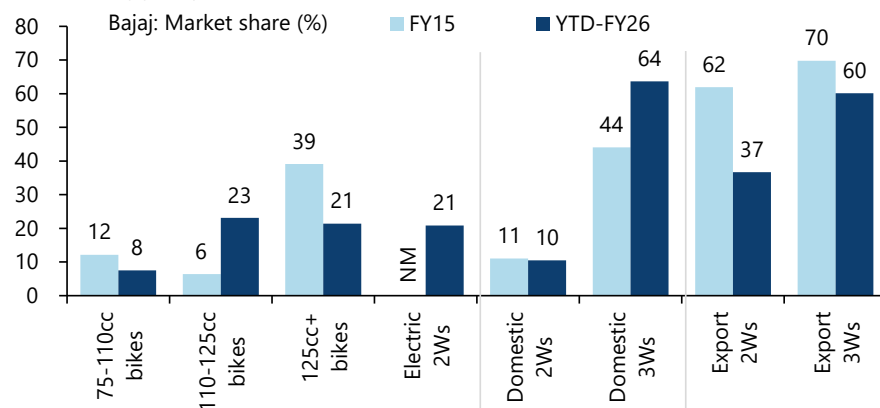
Exhibit 54 - Healthy growth outlook for Bajaj



Source: Company data, Jefferies

We expect Bajaj to deliver 9% volumes and 13% EPS CAGR over FY25-28E.

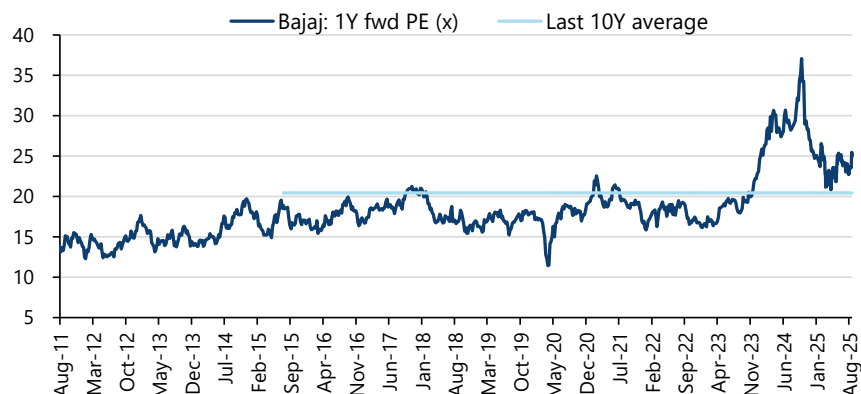
Exhibit 55 - Bajaj has gained share in 110-125cc bikes, E2Ws, and domestic 3Ws



Source: CMIE, Government of India, Jefferies

Bajaj has gained share in 110-125cc bikes, E2Ws, and domestic 3Ws, but has lost in 75-110cc bikes, 125cc+ bikes and exports since FY15

Exhibit 56 - Bajaj is trading at 26x FY26E and 23x FY27E PE on our estimates



Source: Bloomberg, Jefferies

Exhibit 57 - Bajaj Auto: Volume assumptions

Volumes (K units)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Domestic 2Ws	1,809	1,641	1,806	2,251	2,308	2,284	2,626	2,973
Export 2Ws	1,797	2,196	1,637	1,477	1,674	1,925	2,118	2,287
<b>Total 2Ws</b>	<b>3,606</b>	<b>3,837</b>	<b>3,443</b>	<b>3,728</b>	<b>3,982</b>	<b>4,209</b>	<b>4,744</b>	<b>5,260</b>
Domestic 3Ws	109	161	301	464	479	489	504	519
Export 3Ws	258	311	184	159	189	265	291	321
<b>Total 3Ws</b>	<b>367</b>	<b>472</b>	<b>485</b>	<b>623</b>	<b>669</b>	<b>754</b>	<b>795</b>	<b>839</b>
<b>Total volumes</b>	<b>3,973</b>	<b>4,308</b>	<b>3,928</b>	<b>4,351</b>	<b>4,651</b>	<b>4,963</b>	<b>5,539</b>	<b>6,099</b>
<b>YoY growth (%)</b>								
Domestic 2Ws	(13)	(10)	8	20	(4)	(2)	12	8
Export 2Ws	(4)	22	(25)	(10)	13	15	10	8
<b>Total 2Ws</b>	<b>(9)</b>	<b>6</b>	<b>(10)</b>	<b>8</b>	<b>7</b>	<b>6</b>	<b>13</b>	<b>11</b>
Domestic 3Ws	(70)	47	87	54	3	2	3	3
Export 3Ws	(15)	21	(41)	(14)	19	40	10	10
<b>Total 3Ws</b>	<b>(45)</b>	<b>28</b>	<b>3</b>	<b>28</b>	<b>7</b>	<b>13</b>	<b>5</b>	<b>6</b>
<b>Total volumes</b>	<b>(14)</b>	<b>8</b>	<b>(9)</b>	<b>11</b>	<b>7</b>	<b>7</b>	<b>12</b>	<b>10</b>

Source: Company data, Jefferies estimates

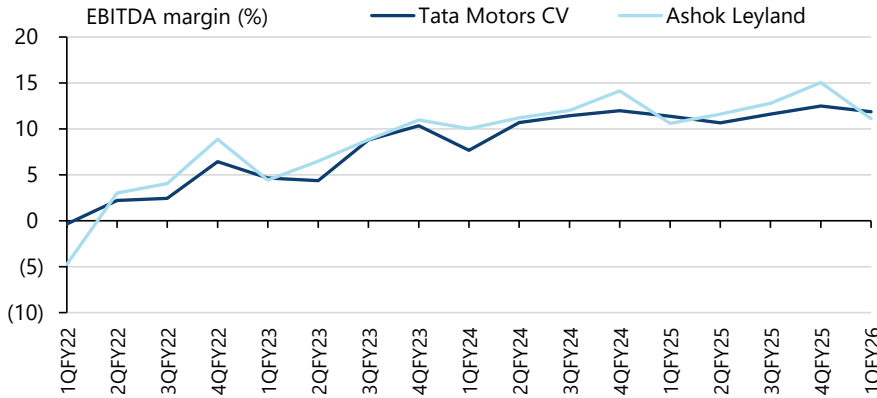
Exhibit 58 - Bajaj Auto: Financial snapshot

(Rs bn)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net sales	277	330	364	447	500	567	653	740
Ebitda	49	52	65	88	101	114	131	148
PBT before exceptionals	59	61	74	98	111	125	142	161
Recurring PAT	46	47	56	75	84	94	107	121
<b>Diluted EPS (Rs)</b>	<b>157</b>	<b>162</b>	<b>199</b>	<b>268</b>	<b>299</b>	<b>337</b>	<b>383</b>	<b>434</b>
Networth	252	267	254	249	321	350	382	418
Gross debt	0	0	0	8	8	8	8	8
Current liabilities	56	47	52	79	82	90	101	112
Other liabilities	7	6	5	7	13	13	13	13
<b>Total liabilities</b>	<b>315</b>	<b>319</b>	<b>311</b>	<b>343</b>	<b>424</b>	<b>461</b>	<b>504</b>	<b>551</b>
Fixed assets	17	19	28	32	36	39	41	43
Cash & financial investments	207	213	191	198	211	206	225	249
Other assets	92	88	92	112	178	217	238	260
<b>Total assets</b>	<b>315</b>	<b>319</b>	<b>311</b>	<b>343</b>	<b>424</b>	<b>461</b>	<b>504</b>	<b>551</b>
Operating cash flow	31.1	42.1	55.1	74.8	72.7	85.7	99.5	112.4
Capex	(2.6)	(5.7)	(15.2)	(11.1)	(28.4)	(40.7)	(21.5)	(21.5)
<b>Free cash flow</b>	<b>28.6</b>	<b>36.4</b>	<b>39.9</b>	<b>63.7</b>	<b>44.3</b>	<b>45.0</b>	<b>78.0</b>	<b>90.9</b>
Net interest income	12.7	12.0	11.4	13.5	13.5	15.8	16.0	17.8
<b>Free cash flow to Equity</b>	<b>41.3</b>	<b>48.4</b>	<b>51.4</b>	<b>77.1</b>	<b>57.8</b>	<b>60.8</b>	<b>94.0</b>	<b>108.7</b>
<b>Key metrics (%)</b>								
Sales growth	(7.3)	19.1	10.2	22.7	11.9	13.5	15.0	13.4
Ebitda growth	(3.3)	4.6	27.0	34.7	14.5	12.4	15.2	13.3
EPS growth	(10.7)	3.1	22.6	34.7	11.8	12.7	13.6	13.2
<b>Ebitda margin</b>	<b>17.8</b>	<b>15.6</b>	<b>18.0</b>	<b>19.7</b>	<b>20.2</b>	<b>20.0</b>	<b>20.0</b>	<b>20.0</b>
Ebitda/vehicle (Rs K/vehicle)	12.4	12.0	16.7	20.3	21.7	22.9	23.6	24.3
<b>Ebit margin</b>	<b>16.8</b>	<b>14.8</b>	<b>17.2</b>	<b>19.0</b>	<b>19.4</b>	<b>19.2</b>	<b>19.3</b>	<b>19.3</b>
Net debt	(207)	(213)	(191)	(190)	(203)	(198)	(217)	(241)
Net debt/Equity	(0.8)	(0.8)	(0.8)	(0.8)	(0.6)	(0.6)	(0.6)	(0.6)
RoAE	20.2	18.1	21.6	29.7	29.3	28.1	29.3	30.3
RoACE	20.7	18.8	24.1	33.1	33.1	31.7	33.6	35.0
Num of shares (mn units)	289	289	283	279	279	279	279	279

Source: Company data, Jefferies estimates

## Ashok Leyland (HOLD): Good profitability but demand concerns

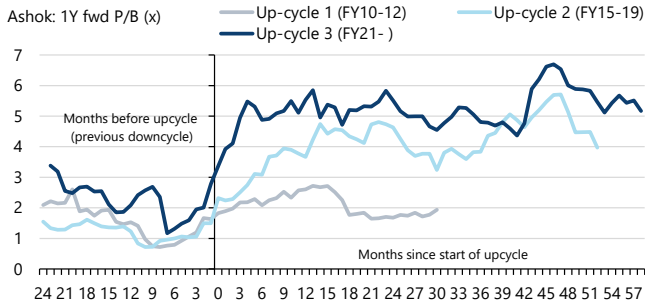
Exhibit 59 - Truck industry turning more prudent on profitability



Source: Company data, Jefferies

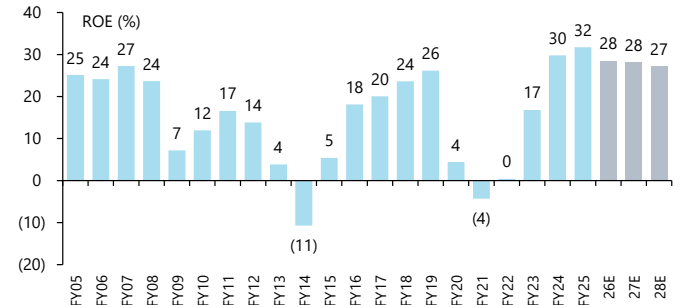
AL's EBITDA margin fell from an average 11% in FY16-19 to 3-5% in FY21-22, but rose to 12.7% in FY25, a 20-year-high.

Exhibit 60 - Valuation expansion upfronted in this cycle



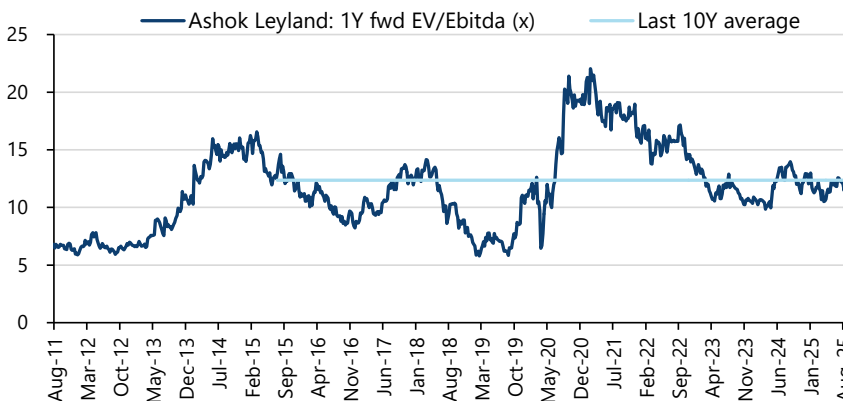
Source: FactSet, Jefferies

Exhibit 61 - Expect 27-28% ROE over FY26E-28E



Source: Company data, Jefferies

Exhibit 62 - Trading at 14x FY26E EV/EBITDA, inline with historical average



Source: Bloomberg, Jefferies

## Exhibit 63 - Volume assumptions

Volumes (K units)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
M&HCV trucks	43	62	103	98	94	95	100	105
M&HCV buses	3	4	11	18	21	23	24	25
LCVs	49	54	68	70	69	74	81	89
Exports	6	9	10	9	11	14	15	17
<b>Total sales</b>	<b>101</b>	<b>128</b>	<b>192</b>	<b>195</b>	<b>195</b>	<b>205</b>	<b>220</b>	<b>236</b>
<b>YoY growth (%)</b>								
M&HCV trucks	(19)	42	68	(5)	(5)	1	5	5
M&HCV buses	(85)	32	202	67	17	7	5	5
LCVs	5	11	25	3	(1)	7	10	10
Exports	(20)	53	12	(12)	29	23	10	10
<b>Total sales</b>	<b>(20)</b>	<b>27</b>	<b>50</b>	<b>1</b>	<b>0</b>	<b>5</b>	<b>7</b>	<b>7</b>

Source: Company data, Jefferies estimates

## Exhibit 64 - Ashok Leyland: Financial snapshot

(Rs bn)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net sales	153	217	361	384	388	408	449	489
Ebitda	5.4	9.9	29.3	46.1	49.3	53.1	58.5	63.6
PBT before exceptionals	(4.0)	0.2	20.3	38.9	42.4	46.8	52.3	57.4
Recurring PAT	(3.0)	0.3	13.2	25.7	32.2	35.1	39.3	43.0
<b>Diluted EPS (Rs)</b>	<b>(0.5)</b>	<b>0.1</b>	<b>2.3</b>	<b>4.4</b>	<b>5.5</b>	<b>6.0</b>	<b>6.7</b>	<b>7.3</b>
Networth	70	73	84	88	115	131	149	168
Gross debt	37	35	32	23	15	10	1	1
Current liabilities	71	89	96	109	109	112	119	127
Other liabilities	6	6	13	16	16	16	16	16
<b>Total liabilities</b>	<b>184</b>	<b>203</b>	<b>226</b>	<b>236</b>	<b>255</b>	<b>269</b>	<b>285</b>	<b>312</b>
Fixed assets	67	60	57	55	55	58	60	61
Cash & financial investments	8.2	23.5	32.7	22.3	57.2	55.0	55.4	67.0
Other assets	109	119	136	159	143	156	170	184
<b>Total assets</b>	<b>184</b>	<b>203</b>	<b>226</b>	<b>236</b>	<b>255</b>	<b>269</b>	<b>285</b>	<b>312</b>
Operating cash flow	0.2	26.5	21.4	25.0	78.2	38.1	46.5	50.4
Capex	(10.2)	(4.2)	(5.2)	(20.6)	(12.3)	(17.5)	(17.7)	(17.9)
<b>Free cash flow</b>	<b>(10.0)</b>	<b>22.3</b>	<b>16.1</b>	<b>4.4</b>	<b>65.8</b>	<b>20.6</b>	<b>28.8</b>	<b>32.5</b>
Net interest income	(1.9)	(2.2)	(1.7)	(0.0)	0.3	1.4	2.2	2.8
<b>Free cash flow to Equity</b>	<b>(11.9)</b>	<b>20.1</b>	<b>14.4</b>	<b>4.4</b>	<b>66.2</b>	<b>22.0</b>	<b>31.0</b>	<b>35.3</b>
<b>Key metrics (%)</b>								
Sales growth	(12.4)	41.7	66.7	6.2	1.0	5.4	9.8	9.0
Ebitda growth	(54.4)	85.8	194.7	57.2	7.0	7.6	10.2	8.8
EPS growth	NM	NM	NM	93.7	25.6	8.7	12.0	9.6
<b>Ebitda margin</b>	<b>3.5</b>	<b>4.6</b>	<b>8.1</b>	<b>12.0</b>	<b>12.7</b>	<b>13.0</b>	<b>13.0</b>	<b>13.0</b>
Ebitda/vehicle (Rs K/vehicle)	53	78	152	237	253	259	266	270
<b>Ebit margin</b>	<b>(1.4)</b>	<b>1.1</b>	<b>6.1</b>	<b>10.1</b>	<b>10.9</b>	<b>11.1</b>	<b>11.2</b>	<b>11.2</b>
Net debt	29.1	11.6	(0.5)	0.7	(42.4)	(45.1)	(54.6)	(66.2)
Net debt/Equity	0.4	0.2	(0.0)	0.0	(0.4)	(0.3)	(0.4)	(0.4)
RoAE	(4.3)	0.4	16.8	29.8	31.7	28.5	28.1	27.2
RoACE	(2.0)	2.2	19.5	34.2	34.9	33.5	34.5	34.3
BVPS (Rs/sh)	11.9	12.5	14.4	15.0	19.6	22.3	25.3	28.6

Source: Company data, Jefferies estimates



Exhibit 68 - HYUNDAI: Volume assumptions

	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Volumes (K units)</b>								
Domestic	472	482	568	615	599	598	648	695
Exports	104	129	153	163	163	186	205	225
<b>Total</b>	<b>576</b>	<b>611</b>	<b>721</b>	<b>778</b>	<b>762</b>	<b>784</b>	<b>852</b>	<b>920</b>
<b>YoY growth (%)</b>								
Domestic	(3)	2	18	8	(3)	(0)	8	7
Exports	(39)	24	18	7	0	14	10	10
<b>Total</b>	<b>(12)</b>	<b>6</b>	<b>18</b>	<b>8</b>	<b>(2)</b>	<b>3</b>	<b>9</b>	<b>8</b>
<b>Per vehicle metrics (Rs K)</b>								
ASP	711	776	837	898	908	926	961	1,000
YoY growth (%)	7.7	9.0	7.9	7.3	1.2	1.9	3.9	4.1
RM cost/vehicle	544	587	625	663	656	657	683	710
Gross profit/vehicle	167	189	212	234	252	269	279	290
<b>EBITDA/vehicle</b>	<b>74</b>	<b>90</b>	<b>105</b>	<b>117</b>	<b>118</b>	<b>124</b>	<b>130</b>	<b>136</b>
EBIT/vehicle	39	54	74	89	90	95	100	105
Net profit/vehicle	33	48	65	78	74	77	80	84

Source: Company data, Jefferies estimates

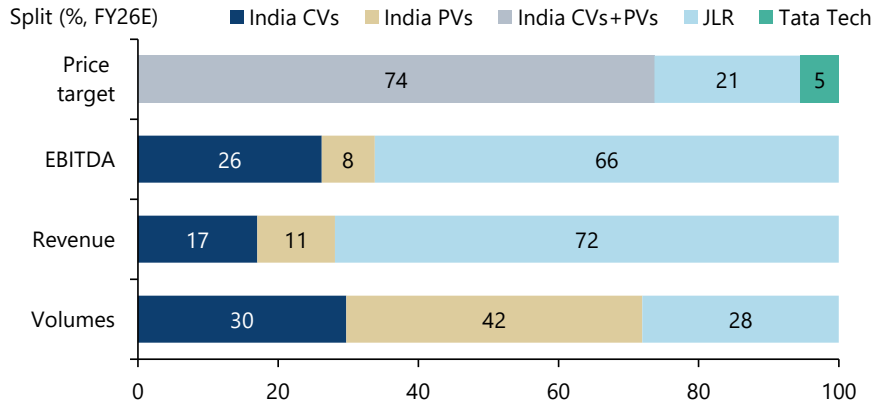
Exhibit 69 - HYUNDAI: Financial snapshot

(Rs bn)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net sales	410	474	603	698	692	725	820	921
Ebitda	42.5	54.9	75.5	91.3	89.5	97.0	110.8	124.9
PBT before exceptionals	25.4	37.7	63.5	82.4	75.9	81.7	92.7	104.3
Recurring PAT	18.8	29.0	47.1	60.6	56.4	60.4	68.6	77.2
<b>Diluted EPS (Rs)</b>	<b>23.2</b>	<b>35.7</b>	<b>58.0</b>	<b>74.6</b>	<b>69.4</b>	<b>74.4</b>	<b>84.4</b>	<b>95.0</b>
Networth	153	169	201	107	163	205	253	307
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Gross debt	13.5	11.8	11.9	8.3	8.5	8.5	8.5	8.5
Current liabilities	86.1	88.1	115.5	128.4	110.0	113.4	123.1	133.4
Other liabilities	14.6	15.1	17.8	20.1	19.5	19.5	19.5	19.5
<b>Total liabilities</b>	<b>267</b>	<b>284</b>	<b>346</b>	<b>263</b>	<b>301</b>	<b>347</b>	<b>404</b>	<b>468</b>
Fixed assets	81	71	74	76	112	159	184	205
Cash & financial investments	115.7	141.4	177.4	90.2	85.8	81.4	106.5	140.6
Other assets	71	71	94	97	103	106	114	122
<b>Total assets</b>	<b>267</b>	<b>284</b>	<b>346</b>	<b>263</b>	<b>301</b>	<b>347</b>	<b>404</b>	<b>468</b>
Operating cash flow	54.2	51.4	65.6	92.5	43.4	76.4	88.4	99.6
Capex	(25.8)	(12.6)	(22.6)	(32.5)	(53.1)	(70.0)	(50.0)	(50.0)
<b>Free cash flow</b>	<b>28.4</b>	<b>38.7</b>	<b>43.0</b>	<b>60.1</b>	<b>(9.6)</b>	<b>6.4</b>	<b>38.4</b>	<b>49.6</b>
Net interest income	2.7	4.6	9.9	13.2	7.4	7.5	7.5	7.8
<b>Free cash flow to Equity</b>	<b>31.1</b>	<b>43.3</b>	<b>52.9</b>	<b>73.2</b>	<b>(2.2)</b>	<b>13.9</b>	<b>45.9</b>	<b>57.4</b>
<b>Key metrics (%)</b>								
Sales growth	(5.3)	15.6	27.3	15.8	(0.9)	4.8	13.0	12.3
Ebitda growth	(2.4)	29.2	37.6	21.0	(2.0)	8.4	14.2	12.7
EPS growth	(21.3)	54.2	62.3	28.7	(6.9)	7.2	13.5	12.5
<b>Ebitda margin</b>	<b>10.4</b>	<b>11.6</b>	<b>12.5</b>	<b>13.1</b>	<b>12.9</b>	<b>13.4</b>	<b>13.5</b>	<b>13.6</b>
Ebit margin	5.5	7.0	8.9	9.9	9.9	10.2	10.4	10.5
Net debt	(102.1)	(129.6)	(165.5)	(81.8)	(77.3)	(72.9)	(98.0)	(132.1)
Net debt/Equity	(0.7)	(0.8)	(0.8)	(0.8)	(0.5)	(0.4)	(0.4)	(0.4)
RoE	13.1	18.0	25.5	39.5	41.8	32.8	30.0	27.6
RoCE	14.6	19.1	27.3	42.3	47.8	38.6	35.9	33.5

Source: Company data, Jefferies estimates

## Tata Motors (UNPF): Facing tough times

Exhibit 70 - India business forms ~80% of our price target



Source: Jefferies estimates

India business forms ~34% of consolidated EBITDA but gets significantly higher multiple than JLR.

Exhibit 71 - Our SOTP based target price is Rs575/sh

Rs/sh	Sep-27E	Methodology
JLR	120	1.7x R&D adjusted EV/EBITDA
India CVs	320	11x EV/EBITDA for CVs
India PVs	103	10x EV/EBITDA for PVs
Value of Tata Technologies stake	31	25% holdco discount to market value
<b>Target price</b>	<b>575</b>	

Source: Jefferies estimates

Exhibit 72 - Tata Motors: India CV and PV volume assumptions

K units	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
M&HCVs	90	145	179	181	182	184	194	204
LCVs	173	212	235	215	195	203	219	236
<b>Total CVs</b>	<b>263</b>	<b>357</b>	<b>414</b>	<b>396</b>	<b>377</b>	<b>387</b>	<b>413</b>	<b>440</b>
UVs	87	228	359	389	434	422	453	478
Cars	136	145	182	185	123	142	154	173
<b>Total PVs</b>	<b>223</b>	<b>372</b>	<b>541</b>	<b>573</b>	<b>556</b>	<b>564</b>	<b>607</b>	<b>652</b>
<b>Total</b>	<b>485</b>	<b>729</b>	<b>955</b>	<b>969</b>	<b>933</b>	<b>952</b>	<b>1,020</b>	<b>1,092</b>
<b>YoY growth (%)</b>								
M&HCVs	(28)	60	24	1	0	1	5	5
LCVs	(20)	23	11	(9)	(9)	4	8	8
<b>Total CVs</b>	<b>(23)</b>	<b>36</b>	<b>16</b>	<b>(4)</b>	<b>(5)</b>	<b>3</b>	<b>7</b>	<b>7</b>
UVs	43	163	58	8	11	(3)	7	6
Cars	88	6	26	2	(34)	16	9	13
<b>Total PVs</b>	<b>68</b>	<b>67</b>	<b>45</b>	<b>6</b>	<b>(3)</b>	<b>1</b>	<b>8</b>	<b>7</b>
<b>Total</b>	<b>3</b>	<b>50</b>	<b>31</b>	<b>2</b>	<b>(4)</b>	<b>2</b>	<b>7</b>	<b>7</b>

Source: Company data, Jefferies estimates

Exhibit 73 - Tata Motors: India business segmental snapshot

(Rs bn)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>India CVs</b>								
Revenue	331	523	708	788	751	769	837	907
EBITDA	14	19	53	84	88	98	106	116
EBITDA margin (%)	4.2	3.7	7.4	10.7	11.7	12.7	12.7	12.8
EBITDA per vehicle (Rs K/unit)	52	53	125	207	229	246	251	257
<b>India PVs</b>								
Revenue	170	320	483	527	490	509	564	624
EBITDA	3	17	31	34	33	28	33	37
EBITDA margin (%)	1.9	5.2	6.4	6.4	6.7	5.6	5.9	6.0
EBITDA per vehicle (Rs K/unit)	15	45	57	59	59	50	55	57

Source: Company data, Jefferies estimates. Note: Includes global wholesales from FY21

Exhibit 74 - JLR volume assumptions

K units	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Jaguar	67	50	43	50	27	9	5	6
YoY growth (%)	(46.5)	(26.5)	(13.7)	16.0	(45.8)	(65.4)	(46.2)	20.0
Land Rover	280	245	279	352	374	365	383	395
YoY growth (%)	(19.9)	(12.7)	13.9	26.2	6.3	(2.4)	4.8	3.2
<b>JLR - Total excl. China plant</b>	<b>348</b>	<b>294</b>	<b>321</b>	<b>401</b>	<b>401</b>	<b>374</b>	<b>388</b>	<b>401</b>
YoY growth (%)	(27.0)	(15.4)	9.2	24.9	(0.1)	(6.6)	3.5	3.5
<b>JLR - Total volumes incl. China JV</b>	<b>413</b>	<b>348</b>	<b>372</b>	<b>450</b>	<b>434</b>	<b>396</b>	<b>412</b>	<b>426</b>
YoY growth (%)	(21.4)	(15.8)	7.1	20.9	(3.4)	(8.8)	4.0	3.4

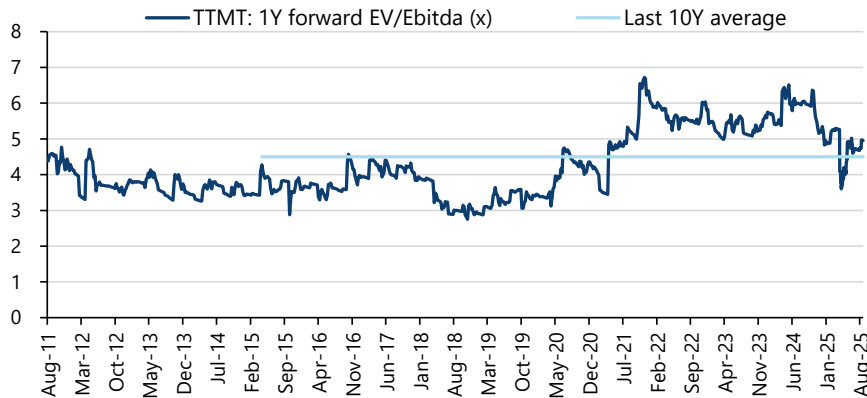
Source: Company data, Jefferies estimates

Exhibit 75 - JLR financial snapshot

(GBP mn)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net sales	19,731	18,320	22,809	28,995	28,961	27,772	29,079	30,453
EBITDA	2,454	2,003	2,789	4,547	4,147	2,960	3,225	3,488
<b>R&amp;D adjusted EBITDA</b>	<b>2,153</b>	<b>2,001</b>	<b>2,655</b>	<b>3,911</b>	<b>3,286</b>	<b>2,109</b>	<b>2,374</b>	<b>2,637</b>
EBIT	478	59	747	2,372	2,470	1,417	1,486	1,546
Pre-ex PBT	238	(301)	307	2,067	2,319	1,376	1,450	1,515
<b>Recurring PAT</b>	<b>(255)</b>	<b>(716)</b>	<b>109</b>	<b>1,532</b>	<b>1,690</b>	<b>1,016</b>	<b>1,076</b>	<b>1,125</b>
Operating cash flow	2,326	434	2,351	4,963	4,598	2,488	2,969	3,223
CapEx & investments	(1,850)	(1,193)	(1,380)	(2,376)	(2,979)	(2,922)	(2,922)	(2,922)
<b>Free cash flow</b>	<b>476</b>	<b>(759)</b>	<b>971</b>	<b>2,587</b>	<b>1,619</b>	<b>(434)</b>	<b>47</b>	<b>301</b>
Net interest income	(240)	(360)	(440)	(305)	(151)	(41)	(36)	(31)
<b>FCFE</b>	<b>236</b>	<b>(1,119)</b>	<b>531</b>	<b>2,282</b>	<b>1,468</b>	<b>(475)</b>	<b>10</b>	<b>270</b>
<b>Ratios (%)</b>								
Sales growth	(14.2)	(7.2)	24.5	27.1	(0.1)	(4.1)	4.7	4.7
EBITDA growth	23.6	(18.4)	39.2	63.0	(8.8)	(28.6)	8.9	8.2
<b>EBITDA margin</b>	<b>12.4</b>	<b>10.9</b>	<b>12.2</b>	<b>15.7</b>	<b>14.3</b>	<b>10.7</b>	<b>11.1</b>	<b>11.5</b>
EBIT margin	2.4	0.3	3.3	8.2	8.5	5.1	5.1	5.1
ASP (GBP/vehicle)	56,758	62,274	70,976	72,252	72,240	74,197	75,034	75,956
EBITDA/vehicle (GBP/vehicle)	7,059	6,809	8,679	11,331	10,344	7,909	8,321	8,700
RoE	(4.3)	(14.7)	2.5	26.6	20.8	11.0	10.6	10.0
<b>Net debt (GBP bn)</b>	<b>1.4</b>	<b>3.2</b>	<b>3.0</b>	<b>0.7</b>	<b>(0.3)</b>	<b>0.6</b>	<b>0.5</b>	<b>0.3</b>
<b>Net debt/EBITDA (x)</b>	<b>0.6</b>	<b>1.1</b>	<b>1.1</b>	<b>0.4</b>	<b>0.1</b>	<b>0.0</b>	<b>0.2</b>	<b>0.1</b>
BVPS (Rs/sh, per TTMT share)	133	120	107	198	262	305	344	384

Source: Company data, Jefferies estimates

Exhibit 76 - Tata has traded at an average 4.5x EV/EBITDA over the last 10 years



Source: Bloomberg, Jefferies

Tata is currently trading at 5.6x FY26E and 5.1x FY27E EV/EBITDA on our estimates.

Exhibit 77 - Tata Motors: Consolidated financial snapshot

(Rs bn)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net sales	2,498	2,785	3,460	4,379	4,396	4,563	4,892	5,215
<b>EBITDA</b>	<b>306</b>	<b>248</b>	<b>318</b>	<b>596</b>	<b>550</b>	<b>473</b>	<b>523</b>	<b>572</b>
EBIT	70	(0)	70	323	317	238	258	275
Pre-ex PBT	16	(63)	14	283	329	264	289	309
Reported PAT	(135)	(114)	24	314	278	199	220	234
<b>Recurring PAT</b>	<b>(14)</b>	<b>(107)</b>	<b>10</b>	<b>215</b>	<b>246</b>	<b>199</b>	<b>220</b>	<b>234</b>
<b>EPS (Rs/sh)</b>	<b>(3.7)</b>	<b>(28.0)</b>	<b>2.7</b>	<b>56.2</b>	<b>66.9</b>	<b>54.0</b>	<b>59.7</b>	<b>63.5</b>
Networth	552	446	453	849	1,161	1,512	1,758	1,998
Minority interest	16	43	73	82	66	69	73	76
Gross debt	1,421	1,464	1,341	1,098	740	692	595	538
Other long term liabilities	300	274	322	316	389	389	389	389
Current liabilities	1,141	1,080	1,172	1,362	1,430	1,438	1,504	1,566
<b>Total Liabilities</b>	<b>3,431</b>	<b>3,306</b>	<b>3,361</b>	<b>3,707</b>	<b>3,786</b>	<b>4,100</b>	<b>4,317</b>	<b>4,567</b>
Net fixed assets	1,524	1,416	1,377	1,481	1,721	2,065	2,250	2,389
Cash & equivalents	658	634	559	601	680	599	584	648
Other current assets	810	836	957	1,083	923	974	1,021	1,068
Other assets	439	420	468	542	462	462	462	462
<b>Total Assets</b>	<b>3,431</b>	<b>3,306</b>	<b>3,361</b>	<b>3,707</b>	<b>3,786</b>	<b>4,100</b>	<b>4,317</b>	<b>4,567</b>
Operating cash flow	290	143	354	679	631	363	475	516
CapEx & investments	(202)	(152)	(189)	(315)	(387)	(402)	(408)	(411)
<b>Free cash flow</b>	<b>88</b>	<b>(9)</b>	<b>165</b>	<b>365</b>	<b>244</b>	<b>(39)</b>	<b>67</b>	<b>106</b>
Net interest income	(55)	(63)	(56)	(40)	12	26	31	33
<b>FCFE</b>	<b>33</b>	<b>(71)</b>	<b>109</b>	<b>324</b>	<b>255</b>	<b>(13)</b>	<b>98</b>	<b>139</b>
<b>Ratios (%)</b>								
Sales growth	(4.3)	11.5	24.2	26.6	0.4	3.8	7.2	6.6
EBITDA growth	54.9	(18.8)	28.3	87.3	(7.8)	(14.0)	10.7	9.3
EPS growth	NM	NM	NM	NM	NM	(19.3)	10.5	6.3
<b>EBITDA margin</b>	<b>12.2</b>	<b>8.9</b>	<b>9.2</b>	<b>13.6</b>	<b>12.5</b>	<b>10.4</b>	<b>10.7</b>	<b>11.0</b>
RoE	(2.4)	(21.5)	2.3	33.0	24.5	14.9	13.4	12.4
<b>Net auto debt (Rs bn)</b>	<b>410</b>	<b>487</b>	<b>437</b>	<b>160</b>	<b>(10)</b>	<b>26</b>	<b>(53)</b>	<b>(170)</b>
Net auto debt per share (Rs/sh)	107.1	127.2	114.1	41.8	(2.7)	7.1	(14.3)	(46.3)
<b>Net debt/EBITDA (x)</b>	<b>1.3</b>	<b>2.0</b>	<b>1.4</b>	<b>0.3</b>	<b>(0.0)</b>	<b>0.1</b>	<b>(0.1)</b>	<b>(0.3)</b>
Net debt/Equity (x)	0.7	1.1	1.0	0.2	(0.0)	0.0	(0.0)	(0.1)
BVPS (Rs/sh)	144	116	118	222	315	411	477	543

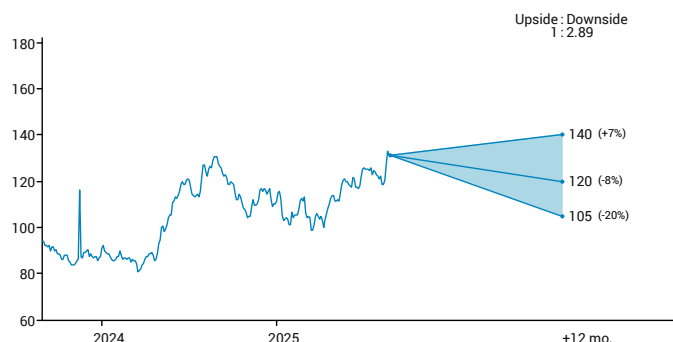
Source: Company data, Jefferies estimates

## The Long View: Ashok Leyland

### Investment Thesis / Where We Differ

- India's truck demand has been modest since FY24 after two strong years over FY-21-23.
- Stock likely to remain range-bound until demand visibility improves.

### Risk/Reward - 12 Month View



### Base Case, INR120, -8%

- Ashok Leyland's total volumes to rise 5%/7%/7% in FY26E/27E/28E.
- EBITDA margin to stay range bound at 13.0% in FY26-28E.
- EPS rising to Rs6.0/Rs6.7/Rs7.3 in FY26E/27E/28E.
- Price target of Rs120 based on 4.5x Sep-27E P/B.

### Upside Scenario, INR140, +7%

- Ashok Leyland's total volumes to rise 10%/12%/12% in FY26E/27E/28E.
- FY26-28E EBITDA margin ~100bp higher vs base case.
- EPS rising to Rs6.6/Rs7.9/Rs9.3 in FY26E/27E/28E.
- Price target of Rs140 based on 5x Sep-27E P/B.

### Downside Scenario, INR105, -20%

- Ashok's total volumes to rise at 0%/2%/2% in FY26E/27E/28E.
- FY26-28E EBITDA margin ~250bp lower vs base case.
- EPS of Rs4.3/Rs4.5/4.6 in FY26E/27E/28E.
- Price target of Rs105 based on 4.3x Sep-27E P/B.

### Sustainability Matters

**Top Material Issue(s): 1) Life-cycle emissions** - With rising focus on climate change and cutting GHG gases, we believe life-cycle vehicle emissions are a key ESG metric for Ashok. **2) Product safety** - India consumers are increasingly conscious about safety aspect of vehicles, and the government has introduced multiple regulations. **3) Other factors** include labor and governance, waste management, and material efficiency & recycling.

**Company Target(s): 1)** Ashok is looking to enhance energy efficiency and increase share of renewable energy in its energy mix. **2)** The company aspires to become water-neutral and carbon-neutral. **3)** Ashok plans to achieve zero waste to landfill and eliminate wood waste generation.

**Qs to Mgmt: 1)** What are the various initiatives taken by the company towards carbon footprint reduction? What is the timeline to achieve net carbon neutrality and water neutrality? **2)** What are the various metrics that the company looks at to track its progress on ESG? **3)** What are the various initiatives taken by the company to reduce life-cycle emissions of its commercial vehicles?

[ESG Sector Integration: Indian Autos](#)

### Catalysts

- Positive: Revival in truck demand and further margin expansion.
- Negative: Continued weakness in Indian truck demand.

## Financials: Ashok Leyland

### Estimate changes

INR	2025A	2026E	2027E	2028E
Rev. (MM)	387,527	408,419	448,618	488,860
EBITDA (MM)	49,305.6	53,053.5	58,478.2	63,603.2
Net Profit	32,244.9	35,063.6	39,256.5	43,036.6
EPS	5.49	5.97	6.68	7.33
EPS Growth	25.6%	8.7%	12.0%	9.6%
BV/Share	19.61	22.30	25.31	28.60
ROE	32%	28%	28%	27%
Net Gearing	(36.8)%	(34.5)%	(36.7)%	(39.4)%
Cons. Rev.	390,712.2	416,337.3	450,502.9	486,050.0
		<1%	<1%	↑ +1%
<i>Previous</i>		418,164.9	451,050.3	481,063.1
Cons. EPS	10.16	6.12	6.82	7.17
		↑ +4%	<1%	↑ +1%
<i>Previous</i>		5.86	6.76	7.07

### Valuation metrics

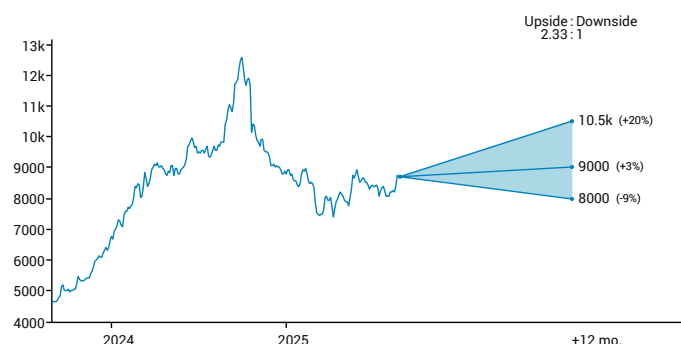
INR	2025A	2026E	2027E	2028E
P/B	6.7x	5.9x	5.2x	4.6x
FY P/E	23.9x	21.9x	19.6x	17.9x

## The Long View: Bajaj Auto Limited

### Investment Thesis / Where We Differ

- Domestic 2W business should benefit from industry growth and improving EV franchise. Exports witnessing a cyclical recovery too.
- However, market share in domestic 125cc+ motorcycles and volume share in export 2Ws are slipping.

### Risk/Reward - 12 Month View



### Base Case, INR9000, +3%

- Bajaj's total volumes to grow at 7%/12%/10% in FY26-28E
- EBITDA margin remains at 20% over FY26-28E
- EPS to rise to Rs337/Rs383/ Rs434 in FY26-28E
- Price target of Rs9,000 based on 22x Sep-27E EPS

### Upside Scenario, INR10500, +20%

- Bajaj's total volumes to grow at 12%/16%/15% in FY26-28E
- FY26-28E EBITDA margins higher by ~100bps vs the base case
- EPS rising to Rs368/Rs436/ Rs515 in FY26-28E
- Price target of Rs10,500 based on 22x Sep-27E EPS

### Downside Scenario, INR8000, -9%

- Bajaj's total volumes to grow at 2%/7%/6% in FY26-28E
- FY26-28E EBITDA margins lower by ~100bps vs the base case
- EPS rising to Rs308/Rs335/ Rs381 in FY26-28E
- Price target of Rs8,000 based on 22x Sep-27E EPS

### Sustainability Matters

**Top Material Issue(s):** **1) Emissions** - With a rising focus on climate change and cutting GHG emissions, we believe life-cycle vehicle emissions is a key ESG metric for Bajaj. **2) Product safety** - Indian consumers are increasingly conscious of the safety aspects of vehicles, and the government has introduced multiple regulations. **3)** Other factors include labor & governance, waste management, and material efficiency & recycling.

**Company Target(s):** **1)** Bajaj is planning a drive to maximize supplies from vendors within the plant cluster to reduce supply chain length and carbon footprint. **2)** Bajaj is always looking to reduce and optimize energy consumption at its manufacturing facilities and corporate office. Similar measures are being taken to reduce water consumption.

**Qs to Mgmt:** **1)** What initiatives has Bajaj taken to reduce the life-cycle emissions of vehicles? How do EVs fit in the product roadmap? **2)** What steps has Bajaj taken to enhance vehicle safety across the product portfolio? **3)** What are the various metrics that the company looks at to track its progress on ESG?

[ESG Sector Integration: Indian Autos](#)

### Catalysts

- Positive: Healthy domestic and export demand and improving EV franchise.
- Negative: Risk to market share in domestic motorcycles and export 2Ws.

## Financials: Bajaj Auto Limited

### Estimate changes

INR	2025A	2026E	2027E	2028E
<b>Rev. (MM)</b>	<b>500,103</b>	<b>567,404</b>	<b>652,522</b>	<b>739,650</b>
		<1%	↑ +2%	↑ +2%
<i>Previous</i>		564,392	641,686	723,612
<b>EBITDA (MM)</b>	<b>100,987.6</b>	<b>113,525.9</b>	<b>130,769.5</b>	<b>148,222.9</b>
		<1%	↑ +2%	↑ +3%
<i>Previous</i>		112,752.6	128,060.2	144,528.3
<b>Net Profit</b>	<b>83,626.8</b>	<b>94,228.1</b>	<b>107,050.1</b>	<b>121,197.8</b>
		<1%	↑ +2%	↑ +2%
<i>Previous</i>		93,644.2	105,004.6	118,408.4
<b>EPS</b>	<b>299.46</b>	<b>337.42</b>	<b>383.34</b>	<b>434.00</b>
		<1%	↑ +2%	↑ +2%
<i>Previous</i>		335.33	376.01	424.01
<b>EPS Growth</b>	<b>11.8%</b>	<b>12.7%</b>	<b>13.6%</b>	<b>13.2%</b>
		↑ +6%	↑ +12%	↑ +4%
<i>Previous</i>		12.0%	12.1%	12.8%
<b>DPS</b>	<b>210.00</b>	<b>236.20</b>	<b>268.34</b>	<b>303.80</b>
		<1%	↑ +2%	↑ +2%
<i>Previous</i>		234.73	263.21	296.81
<b>ROE</b>	<b>29%</b>	<b>28%</b>	<b>29%</b>	<b>30%</b>
<b>Net Gearing</b>	<b>(63.1)%</b>	<b>(56.5)%</b>	<b>(56.7)%</b>	<b>(57.5)%</b>
		<1%	<1%	<1%
<i>Previous</i>		(56.4)%	(56.5)%	(57.2)%
<b>Cons. Rev.</b>	<b>507,882.0</b>	<b>558,338.3</b>	<b>628,406.0</b>	-
		↓ -1%	↓ -1%	
<i>Previous</i>		564,865.5	635,339.2	
<b>Cons. EPS</b>	<b>300.83</b>	<b>330.41</b>	<b>372.52</b>	-
		↓ -2%	↓ -2%	
<i>Previous</i>		337.86	380.88	

### Valuation metrics

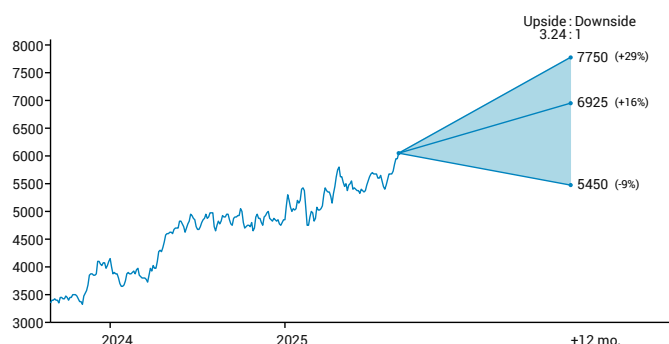
INR	2025A	2026E	2027E	2028E
<b>EV/EBITDA</b>	22.6x	20.1x	17.4x	15.4x
<b>FY P/E</b>	29.2x	25.9x	22.8x	20.2x

## The Long View: Eicher

### Investment Thesis / Where We Differ

- After ~12 months of subdued growth, RE volume growth has picked-up as EIM is accelerating demand by product and marketing initiatives.
- RE should be key beneficiary of Indian 2W premiumization, and the toughest phase of competition is behind.
- Exports, merchandise sales, and bike customization offer further growth avenues.

### Risk/Reward - 12 Month View



### Base Case, INR6925, +16%

- Royal Enfield volumes to grow 11%/10%/10% in FY26-28E.
- RE EBITDA margin to remain at 25%-25.5% in FY26-28E.
- VECV volumes to grow 6%/6%/ 6% YoY over FY26E/27E/28E.
- VECV EBITDA margin to remain at 9.4%-9.5 in FY26E/27E /28E.
- Consol EPS to rise to Rs191/ Rs215/Rs246 in FY26E/27E/28E.
- Price target of Rs6,925 based on 30x Sep-27E EPS for RE and 5x Sep-27E PB for VECV.

### Upside Scenario, INR7750, +29%

- Royal Enfield volumes to grow 17%/15%/15% in FY26-28E.
- RE EBITDA margins ~150bps higher vs the base case in FY26-28E.
- VECV volumes to grow 11% YoY over FY26E/27E/28E.
- VECV EBITDA margins ~150bps higher vs the base case in FY26-28E.
- Consol EPS to rise to Rs213/ Rs249/Rs296 in FY26E/27E/28E.
- Price target of Rs7,750 based on 30x Sep-27E EPS for RE and 5x Sep-27E PB for VECV.

### Downside Scenario, INR5450, -9%

- Royal Enfield volumes to grow 6%/5%/5% in FY26-28E.
- RE EBITDA margins ~150bps lower vs the base case in FY26-28E.
- VECV volumes to grow of 1% YoY over FY26E/27E/28E.
- VECV EBITDA margins ~150bps lower vs the base case in FY26-28E.
- Consol EPS to rise to Rs169/ Rs184/Rs204 in FY25E/26E/27E.
- Price target of Rs5,450 based on 27x Sep-27E EPS for RE and 5x Sep-27E PB for VECV.

### Sustainability Matters

**Top Material Issue(s): 1) Emissions.** With rising focus on climate change and cutting greenhouse gases, we believe life-cycle vehicle emissions is a key ESG metric. **2) Product safety.** India's consumers are increasingly conscious on safety aspect of vehicles, and government has introduced multiple regulations **3) Other factors.** Labor & governance, waste management, and material efficiency & recycling.

**Company Target(s): 1)** Eicher aims to achieve carbon-positive status in its operations by reducing energy consumption, using renewable energy sources, and using carbon offsets. **2)** The company aims to achieve Zero Waste to Landfill status. **3)** Eicher plans to adopt a value-chain-based approach to imbibe circular economy principles in design, procurement, manufacturing, and end-of-life processes.

**Qs to Mgmt: 1)** What are the metrics that Eicher looks at to track its progress on ESG? **2)** What are the initiatives taken by Eicher to reduce emissions of vehicles? How do EVs fit in the product roadmap? **3)** What steps has the company taken to enhance vehicle safety across the product portfolio?

[ESG Sector Integration: Indian Autos](#)

### Catalysts

- Continued growth in RE volumes

## Financials: Eicher

### Estimate changes

INR	2025A	2026E	2027E	2028E
Rev. (MM)	188,704	213,749	241,895	273,847
EBITDA (MM)	47,120.3	51,512.2	59,165.2	67,956.9
Net Profit	47,344.4	52,314.5	59,067.2	67,615.4
EPS	172.45	190.55	215.15	246.28
BV/Share	775.71	887.68	1,014.23	1,159.18
ROE	24%	23%	23%	23%
DPS	70.00	78.69	88.73	101.47
Cons. EPS	166.34	183.80	207.52	-
		<1%	<1%	
<i>Previous</i>		183.19	207.31	
Cons. Rev.	186,051.2	211,917.4	236,466.9	-
		<1%	<1%	
<i>Previous</i>		211,258.8	236,219.9	

### Valuation metrics

INR	2025A	2026E	2027E	2028E
FY P/E	34.8x	31.5x	27.9x	24.3x
P/B	7.7x	6.8x	5.9x	5.2x

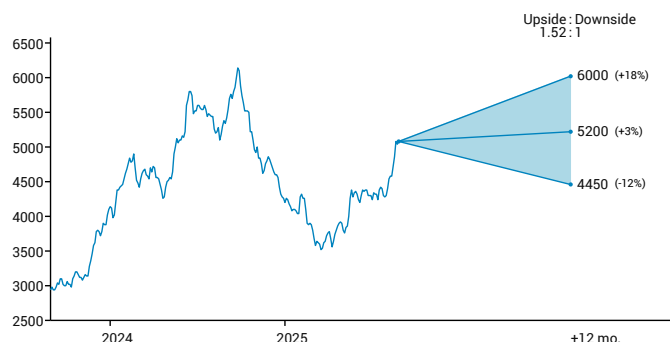
Source: FactSet, Jefferies

## The Long View: Hero MotoCorp

### Investment Thesis / Where We Differ

- We believe a potential GST rate cut can provide significant boost to Indian 2W demand where Hero should be a key beneficiary.
- We, however, remain concerned on Hero's continued market share losses in the Indian 2Ws, which limits our positive view on the stock.

### Risk/Reward - 12 Month View



### Base Case, INR5200, +3%

- Hero's total volumes to grow 6%/8%/7% over FY26E/ 27E/28E.
- Hero's EBITDA margin to be range bound to 14.2-14.3% in FY26E-28E.
- EPS at Rs253/Rs280/Rs305 in FY26E/27E/28E.
- Price target of Rs5,200 based on 17x Sep-27E EPS including Rs245/sh for its stake in Ather Energy.

### Upside Scenario, INR6000, +18%

- Hero's total volumes to grow at 11%/13%/12% YoY over FY26E/ 27E/28E.
- FY26-28E EBITDA margins 50bps higher vs the base case.
- FY26E/27E/28E EPS of Rs273/ Rs317/Rs363.
- Price target of Rs6,000 based on 17x Sep-27E EPS including Rs245/sh for its stake in Ather Energy.

### Downside Scenario, INR4450, -12%

- Hero's total volumes to grow at 1%/3%/2% YoY over FY26E/ 27E/28E.
- FY26-28E EBITDA margins 50bps lower vs the base case.
- FY26E/27E/28E EPS of Rs234/ Rs249/Rs260.
- Price target of Rs4,450 based on 17x Sep-27E EPS including Rs245/sh for its stake in Ather Energy.

### Sustainability Matters

**Top Material Issue(s):** **1)** Life-cycle emissions: With a rising focus on climate change and cutting greenhouse gases, we believe life-cycle vehicle emissions are a key ESG metric for Hero **2)** Product safety: India consumers are becoming more conscious of the safety aspect of vehicles and the government has introduced multiple regulations in this regard **3)** Other factors include labor & governance, waste management, and material efficiency & recycling.

**Company Target(s):** **1)** Hero has set a goal to achieve 100% carbon-neutral operations by 2030 **2)** Hero aims to have 500% water-positive facilities and 100% zero waste to landfill by 2025 **3)** Hero plans to achieve 100% product recyclability and 100% green dealership by 2030.

**Qs to Mgmt:** **1)** What initiatives have been taken to reduce the life-cycle emissions of vehicles? How do EVs fit in the product roadmap? **2)** What steps has the company taken to enhance vehicle safety across the product portfolio? **3)** How is the company improving material efficiency and promoting a circular economy?

[ESG Sector Integration: Indian Autos](#)

### Catalysts

- Positive: Potential GST rate cut drive stronger 2W demand and market share gains in EVs
- Negative: Further market share loss in motorcycles.

## Financials: Hero MotoCorp

### Estimate changes

INR	2025A	2026E	2027E	2028E
<b>Rev. (MM)</b>	<b>407,564</b>	<b>449,247</b>	<b>498,255</b>	<b>546,602</b>
		↑ +4%	↑ +7%	↑ +8%
<i>Previous</i>		430,740	465,347	506,169
<b>EBITDA (MM)</b>	<b>58,676.7</b>	<b>63,585.7</b>	<b>71,127.0</b>	<b>77,979.2</b>
		↑ +4%	↑ +8%	↑ +8%
<i>Previous</i>		60,895.7	65,917.4	72,272.6
<b>Net Profit</b>	<b>46,099.5</b>	<b>50,547.9</b>	<b>56,029.5</b>	<b>61,050.5</b>
		↑ +4%	↑ +7%	↑ +8%
<i>Previous</i>		48,530.4	52,122.3	56,770.6
<b>EPS</b>	<b>230.49</b>	<b>252.73</b>	<b>280.13</b>	<b>305.24</b>
		↑ +4%	↑ +7%	↑ +8%
<i>Previous</i>		242.64	260.60	283.84
<b>DPS</b>	<b>165.00</b>	<b>181.96</b>	<b>201.70</b>	<b>219.77</b>
		↑ +4%	↑ +7%	↑ +8%
<i>Previous</i>		174.70	187.63	204.36
<b>Cons. Rev.</b>	<b>410,861.1</b>	<b>439,582.2</b>	<b>477,099.7</b>	-
		<1%	<1%	
<i>Previous</i>		443,170.2	479,754.9	
<b>Cons. EPS</b>	<b>232.43</b>	<b>250.80</b>	<b>272.58</b>	-
		<1%	<1%	
<i>Previous</i>		250.06	272.33	

### Valuation metrics

INR	2025A	2026E	2027E	2028E
<b>FY P/E</b>	22.0x	20.0x	18.1x	16.6x
<b>EV/EBITDA</b>	16.2x	14.9x	13.3x	12.2x

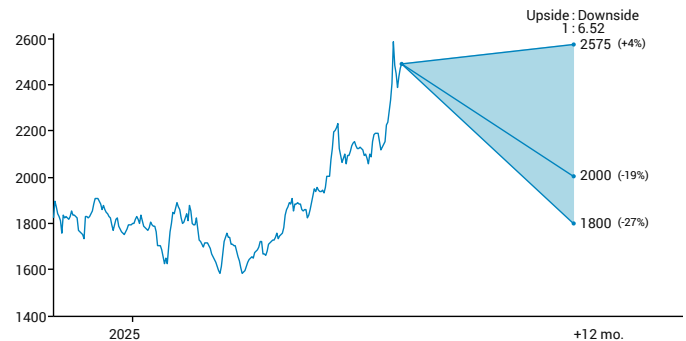
Source: FactSet, Jefferies

## The Long View: Hyundai India

### Investment Thesis / Where We Differ

- We are optimistic on India's passenger vehicle growth; however, HYUNDAI's India franchise is under pressure with market share down to a 23-year low in 1QFY26.
- Despite a new plant start in 2H and plans to launch multiple models in coming years, we believe regaining market share would be tough.

### Risk/Reward - 12 Month View



### Base Case, INR2000, -19%

- Hyundai to see 3%/9%/6% volume growth in FY26E/FY27E/FY28E.
- EBITDA margin to remain in 13.4-13.6% range in FY26-28E.
- EPS growing to Rs74/Rs84/Rs95 in FY26E/27E/28E.
- Price Target of Rs2,000 based on 22x Sep-27E EPS.

### Upside Scenario, INR2575, +4%

- Hyundai to see 8%/13%/13% volume growth in FY26E/FY27E/FY28E.
- FY26-28E EBITDA margin higher by 100bps vs. the base case.
- EPS growing to Rs85/Rs101/ Rs119 in FY26E/27E/28E.
- Price Target of Rs2,575 based on 23x Sep-27E EPS.

### Downside Scenario, INR1800, -27%

- Hyundai to see 0%/5%/5% volume growth in FY26E/FY27E/FY28E.
- FY26-28E EBITDA margin lower by 50bp vs. the base case.
- EPS at Rs69/Rs76/Rs83 in FY26E/27E/28E.
- Price Target of Rs1,800 based on 22x Sep-27E EPS.

### Sustainability Matters

**Top Material Issue(s): 1) Life-cycle emissions.** With a rising focus on climate change and cutting greenhouse gases, we believe life-cycle vehicle emissions are a key ESG metric for HYUNDAI. **2) Product safety.** Indian consumers are increasingly conscious of the safety aspect of vehicles, and the government has introduced multiple regulations as well. **3) Factors such as labor & governance, waste management, and material efficiency & recycling** are other material ESG metrics.

**Company Target(s):** HYUNDAI **1)** aims to improve its renewable energy utilization rate to 100% by the end of 2025 through renewable energy generated in-house and sourced from third parties; **2)** is committed to fulfilling "Extended Producer Responsibility" for recovery and recycling of end-of-life vehicles and minimizing their environmental impact.

**Qs to Mgmt: 1)** What are the various initiatives taken to reduce the life-cycle emissions of vehicles? **2)** How can government support industry transition to lower-emission vehicles? **3)** What steps are taken to improve material efficiency and promote a circular economy? Capex requirements for these measures?

### Catalysts

- Muted volume growth trajectory
- Continued market share losses

## Financials: Hyundai India

### Estimate changes

INR	2025A	2026E	2027E	2028E
<b>Rev. (MM)</b>	691,929	725,468	819,534	920,525
		↑ +1%	↑ +4%	↑ +5%
<i>Previous</i>		714,818	790,430	875,940
<b>EBITDA (MM)</b>	89,537.6	97,026.9	110,766.1	124,878.1
		↑ +1%	↑ +4%	↑ +5%
<i>Previous</i>		95,641.3	106,579.7	118,581.6
<b>Net Profit</b>	56,402.1	60,447.5	68,608.6	77,208.7
		↑ +2%	↑ +5%	↑ +6%
<i>Previous</i>		59,421.1	65,604.0	72,640.0
<b>EPS</b>	69.41	74.39	84.44	95.02
		↑ +2%	↑ +5%	↑ +6%
<i>Previous</i>		73.13	80.74	89.40
<b>EPS Growth</b>	(6.9)%	7.2%	13.5%	12.5%
		↑ +34%	↑ +30%	↑ +17%
<i>Previous</i>		5.4%	10.4%	10.7%
<b>DPS</b>	21.00	22.51	25.54	28.75
		↑ +2%	↑ +5%	↑ +6%
<i>Previous</i>		22.12	24.43	27.05
<b>BV/Share</b>	200.56	252.45	311.34	377.62
		<1%	↑ +1%	↑ +2%
<i>Previous</i>		251.57	307.88	370.23
<b>ROE</b>	42%	33%	30%	28%
		↑ +2%	↑ +4%	↑ +5%
<i>Previous</i>		32%	29%	26%
<b>Net Gearing</b>	(47.4)%	(35.5)%	(38.8)%	(43.1)%
		<1%	↑ +3%	↑ +4%
<i>Previous</i>		(35.2)%	(37.8)%	(41.6)%
<b>Cons. Rev.</b>	693,900.0	723,675.2	830,548.3	938,398.2
		↓ -2%	↓ -2%	↓ -1%
<i>Previous</i>		742,150.3	845,494.2	948,874.6
<b>Cons. EPS</b>	67.74	72.07	85.25	98.11
		↑ +1%	<1%	↑ +1%
<i>Previous</i>		71.11	84.78	96.99

### Valuation metrics

INR	2025A	2026E	2027E	2028E
<b>FY P/E</b>	35.6x	33.2x	29.3x	26.0x
<b>EV/EBITDA</b>	21.6x	20.0x	17.5x	15.5x
<b>P/B</b>	12.3x	9.8x	7.9x	6.5x

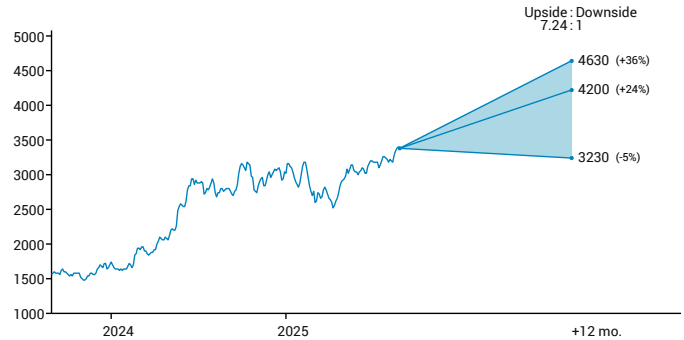
Source: Bloomberg, Jefferies

## The Long View: Mahindra & Mahindra

### Investment Thesis / Where We Differ

- Tractor industry in an up-cycle.
- MM's SUV portfolio continues to strengthen led by new launches.

### Risk/Reward - 12 Month View



### Base Case, INR4200, +24%

- Total volume growth of 12%/12%/11% in FY26/27/28 with domestic tractors growing 10%/10%/8% and SUVs growing at 18%/15%/15% over this period.
- EBITDA margin in 14.0%-13.5% range in FY26-28.
- Standalone net profit to rise 21%/16%/13% in FY26/27/28.
- Price target of Rs4,200 based on Sep-27E core P/E of 26x for autos and tractors plus Rs487/sh value imputed to subsidiaries.

### Upside Scenario, INR4630, +36%

- Total volume growth of 15%/15%/15% in FY26/27/28 with domestic tractors growing 15%/15%/13% and SUVs growing at 23%/20%/20% over this period.
- FY26-28 EBITDA margin higher by ~50bp versus base case
- Standalone net profit rising 29%/20%/17% in FY26/27/28.
- Price target of Rs4,630 based on Sep-27E core PE of 26x for autos and tractors plus Rs487/sh value imputed to subsidiaries.

### Downside Scenario, INR3230, -5%

- Total volume growth of 8%/8%/7% in FY26/27/28 with domestic tractors growing 5%/5%/3% and SUVs growing at 13%/10%/10% over this period.
- FY26-28 EBITDA margin lower by ~150bp versus base case.
- Standalone net profit rising 4%/12%/8% in FY26/27/28.
- Price target of Rs3,230 based on Sep-27E core PE of 25x for autos and tractors plus Rs487/sh value imputed to subsidiaries.

### Sustainability Matters

**Top Material Issue(s):** **1)** With a rising focus on climate change, we believe life-cycle vehicle emissions is a key ESG metric for Mahindra. **2)** Indian consumers are increasingly conscious of the safety aspect of vehicles and the government has introduced multiple regulations as well. **3)** Factors such as labor & governance, waste management, and material efficiency & recycling are other material ESG metrics.

**Company Target(s):** **1)** Mahindra has set a goal to be carbon-neutral by 2040. **2)** Mahindra plans to reduce Scope 1 and 2 emissions by 47% per equivalent product unit by 2033 from a 2018 base year. **3)** Mahindra aims to reduce Scope 3 emissions by 30% per sold product unit by 2033 from a 2018 base year. **4)** Mahindra has committed to getting all its locations certified as "Zero Waste" by 2030.

**Qs to Mgmt:** **1)** What are the various initiatives taken by the company to reduce emissions across SUVs, CVs and tractors? **2)** What steps has the company taken to enhance safety across product portfolio? **3)** How is Mahindra improving material efficiency and promoting circular economy?

[ESG Sector Integration: Indian Autos](#)

### Catalysts

- Rising tractor volumes
- Improving SUV franchise

## Financials: Mahindra & Mahindra

### Estimate changes

INR	2025A	2026E	2027E	2028E
<b>Rev. (MM)</b>	<b>1,164,837</b>	<b>1,411,929</b>	<b>1,645,731</b>	<b>1,907,358</b>
		↑ +1%	↑ +2%	↑ +2%
<i>Previous</i>		1,397,668	1,619,585	1,869,294
<b>EBITDA (MM)</b>	<b>171,225.6</b>	<b>197,246.9</b>	<b>227,322.6</b>	<b>257,600.9</b>
		<1%	↑ +1%	↑ +2%
<i>Previous</i>		195,690.4	224,143.5	253,172.7
<b>Net Profit</b>	<b>123,361.5</b>	<b>149,021.7</b>	<b>172,805.7</b>	<b>194,656.0</b>
		<1%	↑ +1%	↑ +2%
<i>Previous</i>		147,823.1	170,357.7	191,246.3
<b>EPS</b>	<b>99.20</b>	<b>119.84</b>	<b>138.96</b>	<b>156.54</b>
		<1%	↑ +1%	↑ +2%
<i>Previous</i>		118.87	137.00	153.79
<b>EPS Growth</b>	<b>25.6%</b>	<b>20.8%</b>	<b>16.0%</b>	<b>12.6%</b>
		↑ +5%	↑ +5%	↑ +3%
<i>Previous</i>		19.8%	15.2%	12.3%
<b>ROE</b>	<b>22%</b>	<b>22%</b>	<b>22%</b>	<b>21%</b>
<b>Net Gearing</b>	<b>(35.5)%</b>	<b>(34.5)%</b>	<b>(35.4)%</b>	<b>(38.1)%</b>
		<1%	↑ +1%	↑ +2%
<i>Previous</i>		(34.3)%	(35.0)%	(37.5)%
<b>Cons. Rev.</b>	<b>1,154,145.9</b>	<b>1,360,050.0</b>	<b>1,525,378.1</b>	<b>1,687,236.1</b>
		<1%	<1%	<1%
<i>Previous</i>		1,352,525.8	1,520,320.3	1,679,298.3
<b>Cons. EPS</b>	<b>99.33</b>	<b>116.98</b>	<b>131.24</b>	<b>144.67</b>
		↑ +4%	↑ +4%	↑ +5%
<i>Previous</i>		112.06	126.09	137.99

### Valuation metrics

INR	2025A	2026E	2027E	2028E
<b>EV/EBITDA</b>	22.8x	19.8x	17.2x	15.2x
<b>FY P/E</b>	34.3x	28.4x	24.5x	21.7x

Source: FactSet, Jefferies

## The Long View: Maruti Suzuki India

### Investment Thesis / Where We Differ

- PV demand has weakened in recent months, but we expect a boost ahead from the recent income tax cuts and potential reduction in GST tax rates.
- MSIL's PV market share has slipped to a 13-year low in 1QFY26 though.

### Risk/Reward - 12 Month View



### Base Case, INR17500, +21%

- Maruti to see 6%/10%/10% volume growth in FY26E/FY27E/FY28E.
- EBITDA margin to remain in 11.1-11.6% range in FY26-28E.
- EPS growing to Rs523/Rs615/ Rs715 in FY26E/27E/FY28E.
- Price Target of Rs17,500 based on 26x Sep-27E EPS.

### Upside Scenario, INR18700, +29%

- Maruti to see 10%/14%/12% volume growth in FY26E/FY27E/FY28E.
- FY26-28E EBITDA margin higher by 50bps vs. the base case.
- EPS growing to Rs560/Rs669/ Rs792 in FY26E/27E/FY28E.
- Price Target of Rs18,700 based on 26x Sep-27E EPS.

### Downside Scenario, INR13500, -7%

- Maruti to see 2%/6%/5% volume growth in FY26E/FY27E/FY28E.
- FY26-28E EBITDA margin lower by 100bp vs. the base case.
- EPS at Rs462/Rs529/Rs597 in FY26E/27E/FY28E..
- Price Target of Rs13,500 based on 24x Sep-27E EPS.

### Sustainability Matters

**Top Material Issue(s):** **1)** Life-cycle emissions: With a rising focus on climate change and cutting greenhouse gases, we believe life-cycle vehicle emissions are a key ESG metric for Maruti **2)** Product safety: Indian consumers are increasingly conscious of the safety aspect of vehicles and the government has introduced multiple regulations as well **3)** Factors such as labor & governance, waste management, and material efficiency & recycling are other material ESG metrics.

**Company Target(s):** **1)** Maruti's parent company, Suzuki Motor, has formulated the Suzuki Environment Vision 2050 to move towards carbon neutrality in new vehicles and business operations **2)** Maruti aims to eliminate the use of ozone-depleting substances (ODS) by year 2025.

**Qs to Mgmt:** **1)** What are the various initiatives taken by the company to reduce the life-cycle emissions of vehicles? **2)** How can the government support the industry transition to lower-emission vehicles? **3)** What steps are the company taking to improve material efficiency and promote a circular economy? Capex requirements for these measures?

[ESG Sector Integration: Indian Autos](#)

### Catalysts

- Improvement in industry demand
- Continued growth in exports

## Financials: Maruti Suzuki India

### Estimate changes

INR	2025A	2026E	2027E	2028E
<b>Rev. (MM)</b>	<b>1,519,001</b>	<b>1,752,098</b>	<b>2,031,016</b>	<b>2,311,782</b>
		↑ +3%	↑ +7%	↑ +8%
<i>Previous</i>		1,706,134	1,901,005	2,142,699
<b>EBITDA (MM)</b>	<b>177,852.0</b>	<b>194,146.2</b>	<b>232,231.3</b>	<b>268,662.5</b>
		↑ +3%	↑ +7%	↑ +8%
<i>Previous</i>		188,490.4	216,746.1	248,659.2
<b>Net Profit</b>	<b>147,928.0</b>	<b>164,301.5</b>	<b>193,260.4</b>	<b>224,822.0</b>
		↑ +3%	↑ +7%	↑ +8%
<i>Previous</i>		159,940.1	180,692.6	207,614.9
<b>EPS</b>	<b>470.51</b>	<b>522.58</b>	<b>614.69</b>	<b>715.08</b>
		↑ +3%	↑ +7%	↑ +8%
<i>Previous</i>		508.71	574.72	660.35
<b>EPS Growth</b>	<b>10.4%</b>	<b>11.1%</b>	<b>17.6%</b>	<b>16.3%</b>
		↑ +36%	↑ +36%	↑ +10%
<i>Previous</i>		8.1%	13.0%	14.9%
<b>ROE</b>	<b>17%</b>	<b>16%</b>	<b>17%</b>	<b>18%</b>
			↑ +6%	↑ +7%
<i>Previous</i>			16%	17%
<b>Net Gearing</b>	<b>(63.3)%</b>	<b>(63.7)%</b>	<b>(65.2)%</b>	<b>(67.5)%</b>
	<1%	<1%	↑ +1%	↑ +1%
<i>Previous</i>	(63.5)%	(63.5)%	(64.6)%	(66.5)%
<b>Cons. Rev.</b>	<b>1,518,029.9</b>	<b>1,686,983.5</b>	<b>1,878,994.6</b>	<b>2,087,995.4</b>
		<1%	<1%	<1%
<i>Previous</i>		1,677,361.1	1,863,623.1	2,071,556.6
<b>Cons. EPS</b>	<b>463.39</b>	<b>497.14</b>	<b>560.74</b>	<b>621.00</b>
		<1%	<1%	<1%
<i>Previous</i>		498.57	561.92	623.55

### Valuation metrics

INR	2025A	2026E	2027E	2028E
<b>FY P/E</b>	30.7x	27.7x	23.5x	20.2x
<b>EV/EBITDA</b>	23.5x	21.6x	18.0x	15.6x
<b>P/B</b>	4.8x	4.3x	3.8x	3.4x

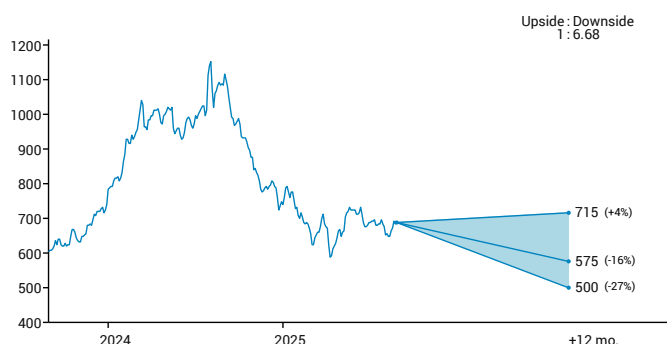
Source: FactSet, Jefferies

## The Long View: Tata Motors

### Investment Thesis / Where We Differ

- JLR is facing pressures including increased competition and tariffs in China, higher warranty costs and BEV transition, while its key models are starting to age.
- In India, TTMT's PV market share is slipping, and CV demand is weak.
- We are unconvinced on Iveco acquisition too.

### Risk/Reward - 12 Month View



### Base Case, INR575, -16%

- JLR volumes rising (9%)/4%/3% and EBITDA margin of 10.7-11.5% in FY26E-28E.
- India CV volumes to grow 3% /7%/7% in FY26/27/28 with EBITDA margin at ~12.5%.
- India PV volumes to grow 1%/8%/7% in FY26/27/28 with EBITDA margin at 5.6%/5.9%/6.0%.
- EPS of Rs54/Rs60/Rs63 in FY26E/27E/28E.
- Price target of Rs575 based on 11x Sep-27E EV/EBITDA for India CVs, 10x Sep-27E EV/EBITDA for India PVs, 1.7x Sep-27E EV/EBITDA for JLR and Rs31/sh for Tata Technologies stake.

### Upside Scenario, INR715, +4%

- JLR volumes growing at a 1ppt higher in each of FY26/27/28; margins 100bps above base case.
- India CV volumes to grow at 1ppt higher in each of FY26/27/28; margins 100bps above base case.
- India PV volumes to grow at 1ppt higher in each of FY26/27/28; margins 100bps above base case.
- FY26E/27E/28E EPS at Rs64/ Rs72/Rs77.
- Price target of Rs715 based on 11x Sep-27E EV/EBITDA for India CVs, 10x Sep-27E EV/EBITDA for India PVs, 2.0x Sep-27E EV/EBITDA for JLR and Rs31/sh for Tata Technologies stake.

### Downside Scenario, INR500, -27%

- JLR volumes to grow at 1ppt lower in each of FY26/27/28; margins ~100bps below base case.
- India CV volumes to grow at 1ppt lower in each of FY26/27/28; margin 100bps below base case.
- India PV volumes to grow at 1ppt lower in each of FY26/27/28; margin 100bps below base case.
- FY26E/27E/28E EPS at Rs44/Rs48/Rs50.
- Price target of Rs500 based on 11x Sep-27E EV/EBITDA for India CVs, 10x Sep-27E EV/EBITDA for India PVs, 1.7x Sep-27E EV/EBITDA for JLR and Rs31/sh for Tata Technologies stake.

### Sustainability Matters

**Top Material Issue(s):** **1)** Emissions: With a rising focus on climate change & cutting greenhouse gases, we believe life-cycle vehicle emissions are a key ESG metric for Tata. **2)** Product safety: India consumers are becoming more conscious of the safety aspect of vehicles, & the government has introduced many regulations. **3)** Other key ESG factors include labor & governance, waste management, & material efficiency & recycling.

**Company Target(s):** **1)** Tata is targeting net zero emissions by 2039 for JLR, 2040 for Indian PVs & 2045 for Indian CVs. **2)** JLR plans to reduce Scope 1 & 2 emissions by 46% by FY30 from FY20 base year. It has also committed to reducing scope 3 emissions from purchased goods & services & use of sold products by 54% per car by FY30 from FY20 base year.

**Qs to Mgmt:** **1)** What are the various initiatives taken by the company to reduce life-cycle emissions of vehicles in India & at JLR? **2)** What steps has the company taken to enhance vehicle safety across the product portfolio? **3)** How is the company improving material efficiency & promoting a circular economy?

[ESG Sector Integration: Indian Autos](#)

### Catalysts

- Volume and margin pressures at JLR.
- Muted demand in India CVs and rising competition in EVs.

## Financials: Tata Motors

### Estimate changes

INR	2025A	2026E	2027E	2028E
<b>Rev. (MM)</b>	<b>4,395,530</b>	<b>4,562,917</b>	<b>4,892,136</b>	<b>5,215,294</b>
		<1%	<1%	<1%
<i>Previous</i>		4,555,812	4,871,252	5,187,020
<b>EBITDA (MM)</b>	<b>549,900.0</b>	<b>472,732.5</b>	<b>523,102.9</b>	<b>571,804.6</b>
		<1%	<1%	<1%
<i>Previous</i>		472,341.2	521,524.4	569,762.1
<b>Net Profit</b>	<b>246,392.5</b>	<b>198,894.1</b>	<b>219,687.5</b>	<b>233,629.5</b>
		<1%	<1%	<1%
<i>Previous</i>		198,608.5	218,535.2	232,138.4
<b>EPS</b>	<b>66.93</b>	<b>54.03</b>	<b>59.68</b>	<b>63.46</b>
		<1%	<1%	<1%
<i>Previous</i>		53.95	59.36	63.06
<b>EPS Growth</b>	<b>19.2%</b>	<b>(19.3)%</b>	<b>10.5%</b>	<b>6.3%</b>
		<1%	↑ +4%	↑ +2%
<i>Previous</i>		(19.4)%	10.0%	6.2%
<b>BV/Share</b>	<b>315.49</b>	<b>410.78</b>	<b>477.45</b>	<b>542.69</b>
		<1%	<1%	<1%
<i>Previous</i>		410.70	477.06	541.90
<b>ROE</b>	<b>25%</b>	<b>15%</b>	<b>13%</b>	<b>12%</b>
<b>Cons. Rev.</b>	<b>4,468,832.3</b>	<b>4,579,266.4</b>	<b>4,967,956.5</b>	<b>5,362,230.1</b>
		↑ +1%	<1%	↓ -2%
<i>Previous</i>		4,519,756.5	4,939,691.9	5,450,152.6
<b>Cons. EPS</b>	<b>58.55</b>	<b>53.07</b>	<b>64.51</b>	<b>73.36</b>
		↓ -1%	↓ -4%	↓ -9%
<i>Previous</i>		53.69	67.18	80.21

### Valuation metrics

INR	2025A	2026E	2027E	2028E
<b>FY P/E</b>	10.3x	12.7x	11.5x	10.8x
<b>EV/EBITDA</b>	6.0x	7.0x	6.3x	5.8x
<b>P/B</b>	2.2x	1.7x	1.4x	1.3x

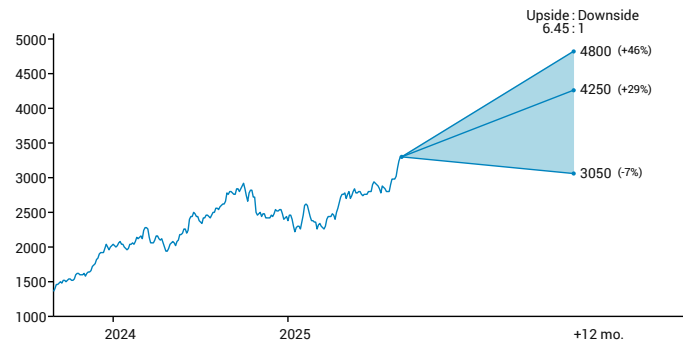
Source: FactSet, Jefferies

## The Long View: TVS

### Investment Thesis / Where We Differ

- Demand recovery in Indian 2Ws and export markets should drive strong volume growth.
- Good product capabilities in scooters and premium bikes.
- Scope for further margin expansion.

### Risk/Reward - 12 Month View



### Base Case, INR4250, +29%

- TVS's total volumes to grow at 16%/12%/10% over FY26E/27E/28E.
- EBITDA margin to expand to 13.0-14.0% range over FY26-28E.
- EPS to rise to Rs76/Rs95/Rs118 in FY26E/27E/28E.
- Price target of Rs4,250 based on 40x Sep-27E EPS.

### Upside Scenario, INR4800, +46%

- TVS's total volumes to grow at 18%/14%/12% over FY26E/27E/28E.
- FY26-28E EBITDA margins ~100bps higher vs the base case.
- EPS to rise to Rs84/Rs108/Rs135 in FY26E/27E/28E.
- Price target of Rs4,800 based on 40x Sep-27E EPS.

### Downside Scenario, INR3050, -7%

- TVS's total volumes to grow at 11%/7%/4% over FY26E/27E/28E.
- FY26-28E EBITDA margins ~100bps lower vs the base case.
- EPS to rise to Rs65/Rs79/Rs94 in FY26E/27E/28E.
- Price target of Rs3,050 based on 35x Sep-27E EPS.

### Sustainability Matters

**Top Material Issue(s):** **1)** Life-cycle emissions: With rising focus on climate change and cutting greenhouse gases, life-cycle vehicle emissions are a key ESG metric for TVS. **2)** Product safety: India consumers are increasingly conscious about the safety aspect of vehicles, and the government has introduced multiple regulations. **3)** Other factors include labor & governance, waste management, and material efficiency, & recycling.

**Company Target(s):** **1)** TVS is looking to reduce its water consumption and aims to be water-positive by incorporating rainwater harvesting. **2)** TVS is planning to decrease its power consumption and increase the share of renewables in its energy mix.

**Qs to Mgmt:** **1)** What are the various metrics that the company looks at to track its progress on ESG? **2)** What are the various initiatives taken by the company to reduce life-cycle emissions of vehicles? How do EVs fit in the product roadmap? **3)** What steps has the company taken to enhance vehicle safety across the product portfolio?

[ESG Sector Integration: Indian Autos](#)

### Catalysts

- Indian 2W demand growth
- Exports recovery
- Further margin expansion

## Financials: TVS

### Estimate changes

INR	2025A	2026E	2027E	2028E
<b>Rev. (MM)</b>	<b>362,513</b>	<b>445,147</b>	<b>526,382</b>	<b>617,141</b>
		↑ +3%	↑ +5%	↑ +6%
<i>Previous</i>		430,648	500,490	580,274
<b>EBITDA (MM)</b>	<b>44,540.4</b>	<b>58,017.1</b>	<b>70,950.6</b>	<b>86,303.7</b>
		↑ +3%	↑ +5%	↑ +6%
<i>Previous</i>		56,090.6	67,485.4	81,255.4
<b>Net Profit</b>	<b>27,690.1</b>	<b>35,971.1</b>	<b>45,244.4</b>	<b>56,174.2</b>
		↑ +4%	↑ +6%	↑ +7%
<i>Previous</i>		34,535.9	42,645.5	52,388.0
<b>EPS</b>	<b>58.28</b>	<b>75.71</b>	<b>95.23</b>	<b>118.24</b>
		↑ +4%	↑ +6%	↑ +7%
<i>Previous</i>		72.69	89.76	110.27
<b>BV/Share</b>	<b>209.15</b>	<b>270.08</b>	<b>346.26</b>	<b>440.85</b>
		<1%	↑ +2%	↑ +3%
<i>Previous</i>		267.66	339.47	427.69
<b>ROE</b>	<b>31%</b>	<b>32%</b>	<b>31%</b>	<b>30%</b>
		↑ +4%	↑ +5%	↑ +5%
<i>Previous</i>		30%	30%	29%
<b>DPS</b>	<b>10.00</b>	<b>15.23</b>	<b>19.05</b>	<b>23.65</b>
		↑ +4%	↑ +6%	↑ +7%
<i>Previous</i>		14.63	17.95	22.05
<b>Cons. Rev.</b>	<b>360,384.9</b>	<b>416,876.9</b>	<b>470,340.4</b>	-
		<1%	<1%	
<i>Previous</i>		413,317.7	466,994.1	
<b>Cons. EPS</b>	<b>54.96</b>	<b>69.83</b>	<b>83.31</b>	-
		<1%	<1%	
<i>Previous</i>		69.56	83.18	

### Valuation metrics

INR	2025A	2026E	2027E	2028E
<b>FY P/E</b>	56.4x	43.4x	34.5x	27.8x
<b>EV/EBITDA</b>	35.4x	27.2x	22.2x	18.3x
<b>P/B</b>	15.7x	12.2x	9.5x	7.5x

Source: FactSet, Jefferies

We would like to thank Vinamra Hirawat, employee of Evalueserve Inc., for providing research support services to our preparation of this report.

## Company Description

### Ashok Leyland

Ashok Leyland, founded in 1948, is the second-largest commercial vehicle manufacturer in India. It has ~30% market share in medium and heavy commercial vehicles (MHCVs). Ashok is also present in buses, light commercial vehicles (LCVs), defense, and exports. The company is part of the Hinduja Group.

### Bajaj Auto Limited

Bajaj Auto is an Indian auto OEM, which manufactures and sells motorcycles and three-wheelers in India and overseas markets.

### Eicher

Eicher Motors owns the Royal Enfield brand, which has strong presence in 350-650cc motorcycles. Eicher also has a joint venture with Volvo (VECV) to manufacture and sell commercial vehicles.

### Hero MotoCorp

Hero Motocorp is the market leader in the Indian two-wheelers. It has a dominant share in 75-110cc motorcycles but has relatively weaker presence in 125cc+ motorcycles and scooters.

### Hyundai India

Hyundai India is among the top-3 OEMs in the Indian passenger vehicle industry. It is a subsidiary of South Korean Hyundai Motor Company (HMC, 005380 KS). HMC owns a majority 83% stake in the company.

### Mahindra & Mahindra

Mahindra is the largest tractor manufacturer in India with c.43% market share. It also has a strong c.45% market share in LCVs and c.19% share in SUVs. The company is present in three-wheeler, heavy trucks, and electric vehicles as well. Mahindra also has diverse investments in IT, financial services, hospitality, retail, etc. through various listed and unlisted entities.

### Maruti Suzuki India

Maruti Suzuki is the market leader in the Indian passenger vehicle industry with ~40% market share. Maruti started as a joint venture between the Indian government and Suzuki in 1982. It was listed in 2003, and the government divested its entire stake by 2007. Suzuki Motor owns a majority 58% stake in the company.

### Tata Motors

Tata Motors is a multinational automotive corporation and is part of the Tata Group. It is the market leader in trucks and among top-4 player in passenger vehicles in India. Post the acquisition of Jaguar Land Rover from Ford in 2008, the company has presence in the global luxury market.

### TVS

TVS Motor is an Indian auto OEM that manufactures and sells two-wheelers and three-wheelers in India and overseas markets. It is present across two-wheeler product categories: motorcycles, scooters, and mopeds.

## Company Valuation/Risks

### Ashok Leyland

Price target is based on 11x Sep-27E EV/EBITDA, implies 4.5x Sep-27E book value. Key upside risks include strong demand in India trucks and further margin expansion. Key downside risks include continued weakness in Indian truck demand.

### Bajaj Auto Limited

We value Bajaj at 22x Sep-27E PE, which is slight above its last 10-year average trading multiple of 20x. Key upside risks are stronger-than-expected domestic and export 2W demand. Key downside risks are market share losses in domestic ICE 2Ws and export 2Ws.

### Eicher

We value Royal Enfield at 30x Sep-27E PE and CV business at 4.5x Sep-27E PB. We believe the key risks to our price target are a protracted 2W slowdown and lower-than-expected RE margins.

### Hero MotoCorp

We value Hero at 17x Sep-27E PE plus Rs245/sh for its stake in Ather Energy. Key upside risk is stronger-than-expected 2W demand and market share gain in EV scooters; key downside risks are a protracted 2W slowdown and market share loss in entry-level motorcycles.

## Hyundai India

Price target is based on 22x Sep-27E EPS. Key upside risks include better-than-expected industry demand and strong customer response to new product launches.

## Mahindra & Mahindra

Price target is based on Sep-FY27E PE of 26x for autos and tractors businesses plus Rs487/sh for value of subsidiaries. Key downside risks are lower-than-expected tractor and SUV demand, weaker-than-expected response for new SUV/EV launches, and meeting the potential 2027 CAFE norms while maintaining profitability.

## Maruti Suzuki India

Price target is based on 26x Sep-27E EPS. Key downside risks include weaker-than-expected Indian passenger-vehicle demand and further market share losses.

## Tata Motors

Our price target values India CV business at 11x Sep-27E EV/EBITDA, India PV at 10x Sep-27E EV/EBITDA, JLR at 1.7x Sep-27E EV/EBITDA and values the stake in Tata Technologies at market value less 25% holding company discount. Upside risks include strong demand recovery in global luxury autos, and Indian commercial vehicle and passenger vehicle demand.

## TVS

We value TVS at 40x Sep-27E P/E; this is higher than our target multiples for Hero and Bajaj, given stronger growth outlook and potential for market share gains and margin expansion for TVS. Key risks are a protracted demand downturn in India and export markets and lower-than-expected margin expansion.

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## (Article 3(1)e and Article 7 of MAR)

Recommendation Published  
Recommendation Distributed

August 27, 2025 7:38 A.M.  
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## Company Specific Disclosures

A member of the Research Analyst's team owns a long, equity position in Hero MotoCorp Ltd  
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- Ashok Leyland (AL IN: INR131.00, HOLD)
- Bajaj Auto Limited (BJAUT IN: INR8,751.00, HOLD)
- Eicher Motors Limited (EIM IN: INR5,993.00, BUY)

- Hero MotoCorp (HMCL IN: INR5,064.00, HOLD)
- Hyundai Motor India Ltd (HYUNDAI IN: INR2,472.00, UNDERPERFORM)
- Mahindra & Mahindra Limited (MM IN: INR3,400.00, BUY)
- Maruti Suzuki India Limited (MSIL IN: INR14,458.00, BUY)
- TVS Motor Company Limited (TVSL IN: INR3,285.00, BUY)
- Tata Motors (TTMT IN: INR687.00, UNDERPERFORM)

## Distribution of Ratings

			IB Serv./Past12 Mos.		JIL Mkt Serv./Past12 Mos.	
	Count	Percent	Count	Percent	Count	Percent
BUY	2110	60.65%	366	17.35%	116	5.50%
HOLD	1214	34.90%	105	8.65%	21	1.73%
UNDERPERFORM	155	4.46%	3	1.94%	3	1.94%

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