

## AUTOMOBILES

03 September 2025

### 2W volume stays healthy, small car segment revival helps 4W

- **PV segment sales decline on postponements due to the much-awaited structural tax rate rationalisation. Base segment revival encouraging**
- **Premium 2W motorcycles segment spurts on expectations of higher tax brackets post GST rationalisation**
- **3W segment surges, hinting at a healthy demand revival in rural segment, backed by strong tractor sales. CV segment in recovery mode**

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**Lull continues ahead of structural changes:** Domestic PV segment saw muted demand, declining ~7% YoY to 0.29mn units, impacted by adverse weather conditions and cautious consumer sentiment ahead of GST rationalisation. MSIL sales were nearly flat YoY, driven by ~3% rise in the compact segment. TTMT fell ~7% YoY but recorded ~44% growth in the EV segment, driven by Punch EV and Curvv EV launches. Hyundai volume fell 4.2% YoY. Geopolitical uncertainties and GST rationalisation continue to be areas of concerns, but festive season demand (Ganpati/Navratri/Diwali) and new launches in 2HFY26 will likely drive recovery.

**Premium segment drives 2Ws:** 2Ws sales grew ~15% YoY, led by EIM with a ~55% YoY surge to 114k units, driven by premium models (Hunter 350, Guerrilla 450) ahead of the expected GST rate rationalisation. TVSL (~30% YoY) and HMCL (~8% YoY) saw strong gains, fueled by premium scooters and EV models like iQube (TVSL) and Vida (HMCL), though rare earth shortages pose risks. Exports rose ~43% YoY, with HMCL up by ~72% YoY to 34.6k units albeit on a small base.

**3Ws key driver of the month:** 3W sales surged 24% YoY, as demand for last mile mobility sustains. TVSL led with ~47% YoY growth, with domestic sales up 109% YoY and exports up 31.7% YoY, supported by CNG and EV adoption in urban markets.

**Tractors steady:** Tractor sales rose 27.7% YoY, supported by robust monsoon and higher Kharif sowing. MM grew 28.3% YoY, maintaining market leadership, while ESCORTS grew 27.1% YoY with exports up 35.5% YoY, though on a small base. Tractor volume was driven by the 40-50HP segment.

**CVs volume slowly gathering pace:** CV sales grew 13.2% YoY. Domestic sales rose ~6% YoY, impacted by monsoon slowdowns, while exports soared 126% YoY, led by VECV's 132.5% YoY growth. AL overall volume grew 5.4% YoY. We expect post-monsoon recovery driven by infrastructure spending and mining activity.

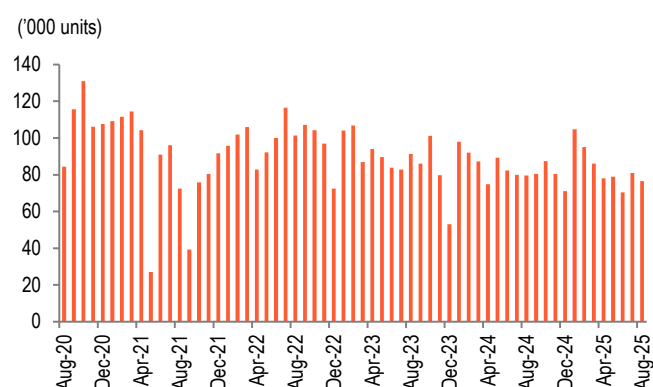
**Key ratings:** BUY on MSIL, MM and AL, and SELL on ESCORTS and VSTT.



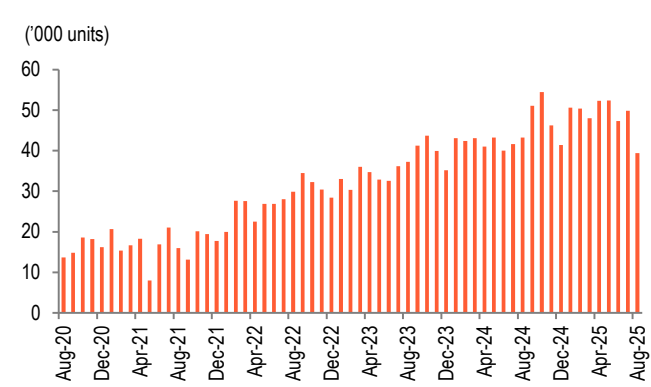
## Performance highlights of individual OEMs

**Maruti Suzuki India:** MSIL reported a marginal 0.6% YoY decline in the overall sales to ~181k units in August 2025. Domestic sales fell 7.5%/3.1 YoY/MoM to 144k units. Key compact cars grew 2.7% YoY (-9.2% MoM) to 59.6k units, driven by strong urban demand and festive promotions. However, utility vehicles fell 13.8% YoY to 54k units (+2.4% MoM). Exports surged 40.5% YoY to 37k units, boosting the export share in total sales to 20.2% from 14.3% YoY, driven by strong demand for models like Fronx, Jimny, and Baleno in LATAM, Africa, and the Middle East. MSIL is banking on festive season demand (Navratri, Diwali), GST rate rationalisation and limited-edition models like Brezza ZXI(O) and Fronx Turbo to revive momentum.

**Fig 1 – Compact segment momentum positive for MSIL**

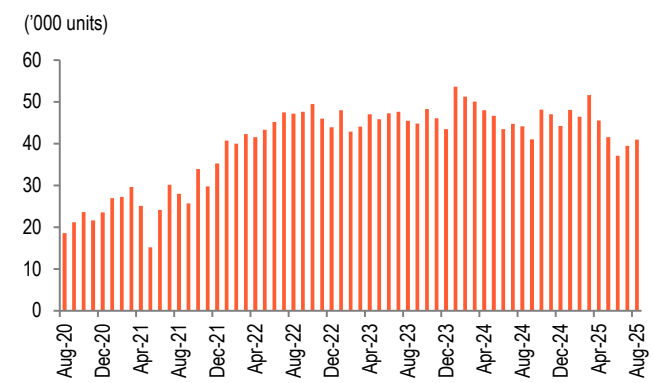


**Fig 2 – MM's strategy dampens volumes**

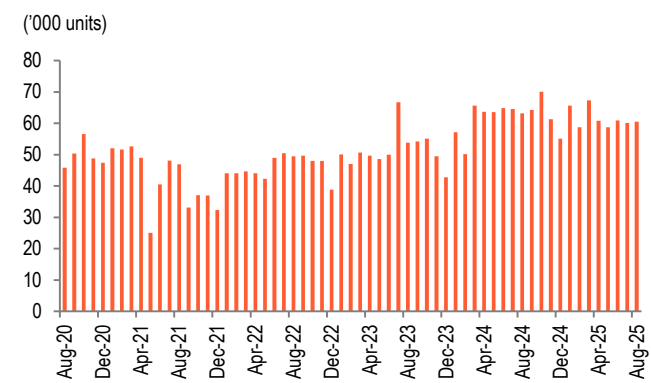


- Mahindra & Mahindra:** MM reported 1.1% YoY (-9.3% MoM) growth in total vehicle sales of ~76k units in August 2025, reflecting a strategic reduction in wholesale billing to manage dealer stock ahead of the anticipated rationalisation of the GST rate. SUV segment fell 9%/21% YoY/MoM to ~39k units. CV sales grew 6.3%/4% YoY/MoM to 22k units, supported by steady fleet demand and the recent SML Isuzu acquisition bolstering CNG and EV offerings. 3Ws including e3Ws, rose 12.9%/11.1% YoY/MoM to 10.5k units, driven by urban mobility demand and growing e3W adoption. Tractor sales grew 28.3% YoY to ~28k units, down 2% MoM, supported by timely monsoons, higher MSPs, and positive rural sentiment from increased Kharif sowing. Exports grew 15.9%/27.9% YoY/MoM to 3.5k units.

**Fig 3 – TTMT's EV momentum gaining**



**Fig 4 – Hyundai's volumes steady**



**Bajaj Auto:** Total vehicle sales for August 2025 were ~418k units — an increase of 5%/14.1% YoY/MoM. Domestic 2W sales remained sluggish, dropping 11.7% YoY but showed signs of improvement rising 32.2% MoM to 184k units, reflecting ongoing subdued urban demand partially offset by festive uptick. In contrast, 2W exports grew 24.6%/0.5% YoY/MoM to ~158k units, driven by a strong demand in LATAM (Brazil, Colombia), recovering markets like Bangladesh and Ethiopia and resuming of KTM exports.

In the EV 2W space, Bajaj faced market share loss amid rising competition and supply chain constraints. Bajaj's emphasis on electric and CNG vehicles, along with new Pulsar and Triumph launches, bolsters its export-driven strategy, though domestic market headwinds remain.

CV segment performed robustly, growing ~21%/8.6% YoY/MoM to ~76k units. Domestic CV sales rose 6.8%/10.1% YoY/MoM to ~48k units, supported by steady fleet demand and increasing CNG adoption. CV exports soared 57.5%/6% YoY/MoM to ~27k units, fueled by demand in MENA and LATAM regions.

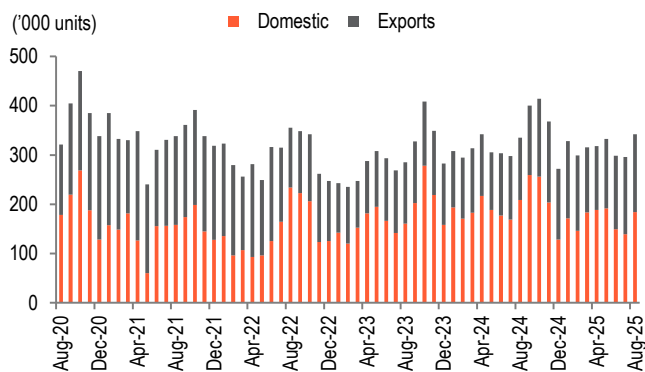
**TVS Motors:** TVSL reported a robust performance with total sales of ~510k units in August 2025, a 30.1%/11.7% YoY/MoM increase, marking its highest-ever monthly sales and crossing the 500k unit milestone. The 2W segment led growth, surging 29.5%/11.9% YoY/MoM to ~491k units, driven by motorcycles (+30%/10% YoY/MoM to ~222k units) and scooters (+36%/12% YoY/MoM to ~222k units). Domestic 2W sales grew 27.6%/19.5% YoY/MoM to ~369k units, reflecting strong urban and rural demand boosted by early festive season onset and favorable monsoon conditions. 2W exports grew 35.8% YoY to 122k units, though down 6% MoM, fueled by robust demand in Asia, LATAM, and recovering markets like Sri Lanka and Bangladesh.

TVSL's focus on premiumisation, EV innovation including the recent budget Orbiter scooter launch and an upcoming entry-level iQube variant alongside festive demand, positions it for a sustained growth; however, magnet supply issues linger as challenges.

The 3W segment grew 47%/6.8% YoY/MoM to ~19k units. EV sales rose marginally YoY to ~25k units, up 6.5% MoM, amid ongoing supply chain constraints due to earth magnet availability.

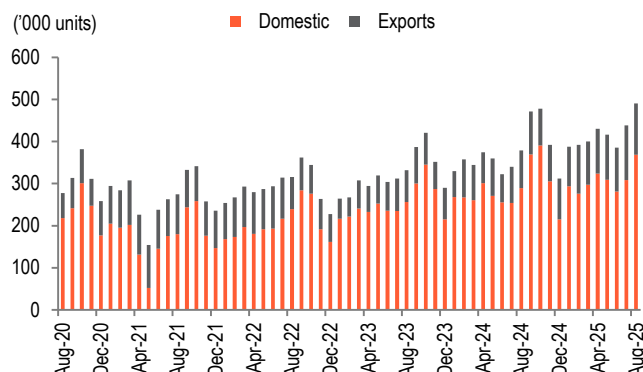
**Hero Motors Corp:** HMCL reported total dispatches of ~554k units in August 2025 — an 8.1%/23.1% YoY/MoM increase — signaling a revival in the festive season demand. Domestic sales grew 5.5%/25.9% YoY/MoM, despite monsoon-related slowdowns, driven by strong rural demand. Exports surged 72.1% YoY (-7.4% MoM), fueled by robust demand in Bangladesh, Colombia, and African markets. Motorcycle sales, comprising 90.5% of the portfolio, rose 4.9%/25.2 YoY/MoM to 501.5k units. Scooter sales surged 52.9% YoY to 52k units, led by premium models like Destini 125 and Xoom 125. The EV brand VIDA dispatched ~12k units, with ~13k VAHAN registrations, driven by the VIDA Evooter VX2's Battery-as-a-Service model. HMCL's focus on premium motorcycles (new Glamour X125 launched), scooters, EV expansion, and festive season momentum, supported by favourable monsoons positions it for growth.

**Fig 5 – BJAUT's 2W exports strong while domestic faces headwinds**



Source: Company, BOBCAPS Research

**Fig 6 – TVSL's 2W growth is strong in an upward market**



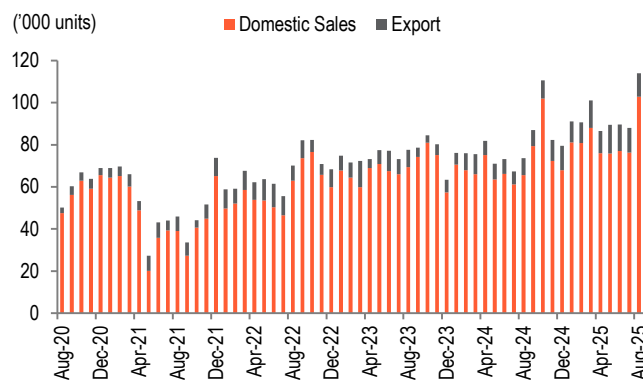
Source: Company, BOBCAPS Research

**Fig 7 – HMCL sees healthy festive season uptake**



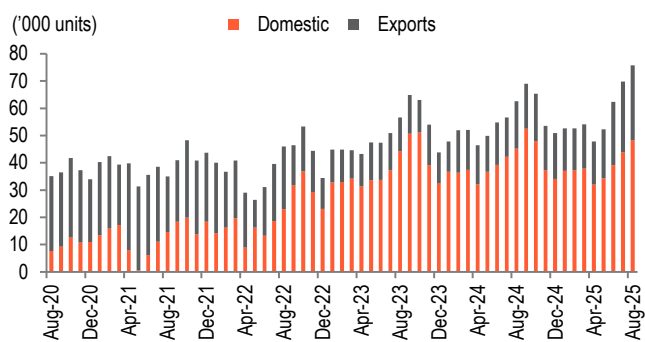
Source: Company, BOBCAPS Research

**Fig 8 – RE's premium bikes outperforms strongly ahead of GST rationalisation**



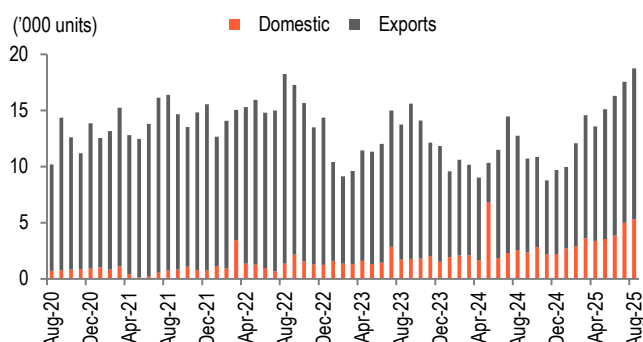
Source: Company, BOBCAPS Research

**Fig 9 – BJAUT's 3W maintains leadership**



Source: Company, BOBCAPS Research

**Fig 10 – Exports have been growth driver, however, domestic sales picking up for TVSL 3W**

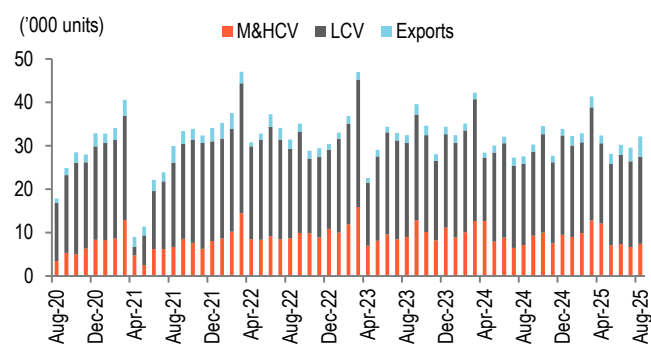


Source: Company, BOBCAPS Research

**Eicher Motors:** EIM reported a robust 54.8%/29.5% YoY increase in 2W sales to 114k units. Domestic 2W sales surged 56.8%/34.9% YoY/MoM to ~103k units, driven by festive season demand and new launches like the Hunter 350 in Graphite Grey and Guerrilla 450 in Shadow Ash. This was supported by favourable monsoon conditions boosting rural demand and a speculation of higher GST rate on larger displacement 2W. Exports grew 39% YoY to 11k units, with strong demand in Europe and LATAM. The up-to-350cc segment grew 61.5% YoY, while the 350cc+ segment rose 22.6% YoY. The upcoming variants of Himalayan and Bullet, along with events like Motoverse 2025 are expected to drive premium segment growth. VECV reported a 9.5% YoY rise in CV sales flat MoM.

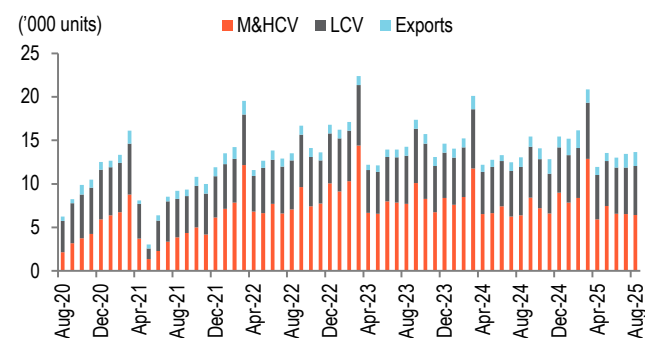
**Ashok Leyland:** AL reported a 5.4%/1.2% YoY/MoM increase in the total vehicle sales to ~15k units. Domestic sales grew 2.1% YoY to ~14k units, up 1% MoM amid steady demand despite ongoing monsoon impacts. MHCV sales rose 8.3% YoY to 9.4k units, driven by buses up 36% YoY to 2.6k units and trucks flat YoY at 6.7k units. LCV sales were up 1% YoY at ~5.9k units, up 5.8% MoM. Exports rose ~45% YoY to 1.6k units, up 3.5% MoM, driven by SAARC, Africa and GCC demand.

**Fig 11 – LCVs driving TTMT amid rising competition**



Source: Company, BOBCAPS Research

**Fig 12 – Ongoing monsoons keep AL's volume rangebound**



Source: Company, BOBCAPS Research

**Fig 13 – EIM's CV sales**



Source: Company, BOBCAPS Research

**Escorts:** ESCORTS reported a 27.1%/18.2% YoY/MoM increase in tractor sales to 8.5k units. Domestic tractor sales grew 26.6%/19.3% YoY/MoM to 7.9k units, supported by favorable rural conditions including widespread monsoon rains, strong reservoir levels, early festive season start, and higher Kharif sowing. Export tractor sales rose 35.5% YoY to 554 units, up 4.5% MoM.

**VSTT:** VSTT reported a 1.9% YoY increase in total sales to 4.5k units, but a 30.5% MoM decline. Power tiller sales rose 1.9% YoY to 4.1k units, though down 32% MoM, reflecting steady demand in rural affected by seasonal slowdown post July peak. Tractor sales remained nearly flat, up 1.3% YoY to 399 units, and down 10.3% MoM.

**Fig 14 – MM maintains steady tractor sales**

Source: Company, BOBCAPS Research

**Fig 15 – ESCORTS's tractor sales healthy**

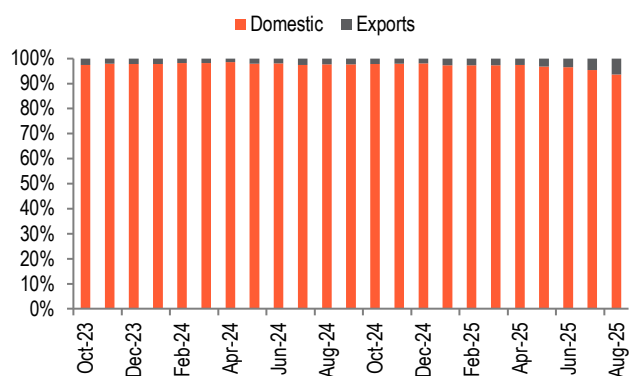
Source: Company, BOBCAPS Research

**Fig 16 – MSIL's deepening export presence**

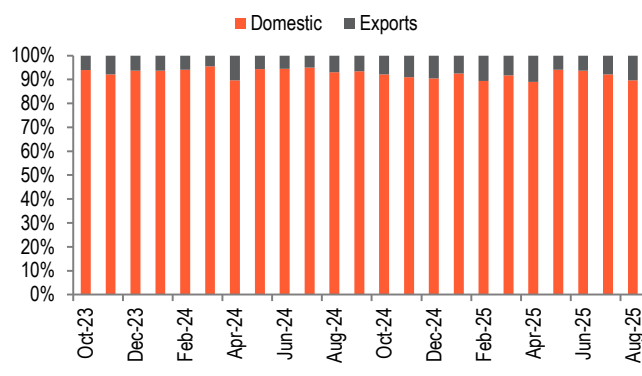
Source: Company, BOBCAPS Research

**Fig 17 – MM's exports are still in nascent stage**

Source: Company, BOBCAPS Research

**Fig 18 – TTMT's domestic and exports volumes**

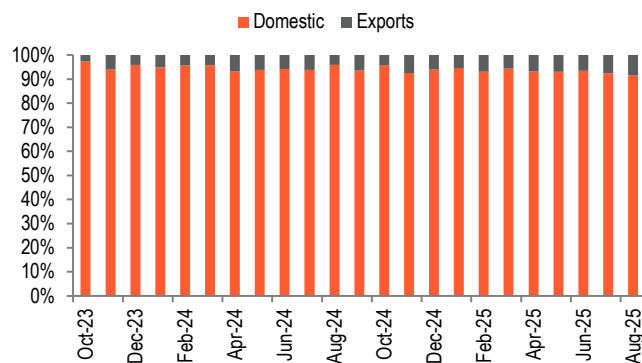
Source: Company, BOBCAPS Research

**Fig 19 – AL's domestic and exports volumes**

Source: Company, BOBCAPS Research

**Fig 20 – EIM (2W) – RE's export penetration increasing steadily**

Source: Company, BOBCAPS Research

**Fig 21 – EIM (CV) – Domestic and exports volumes**

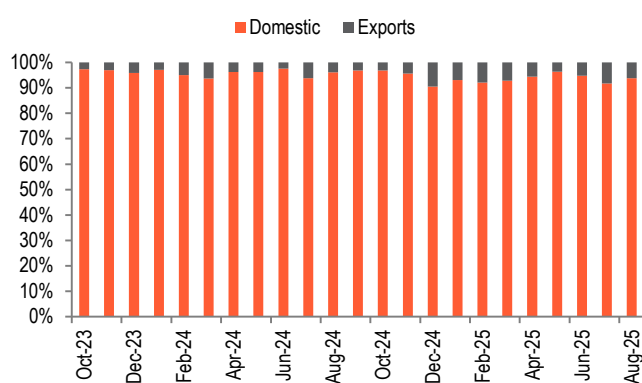
Source: Company, BOBCAPS Research

**Fig 22 – BJAUT's domestic volumes faltering**

Source: Company, BOBCAPS Research

**Fig 23 – TVSL's export volume strengthening**

Source: Company, BOBCAPS Research

**Fig 24 – HMCL's domestic dominance strong**

Source: Company, BOBCAPS Research

**Fig 25 – ESCORTS' domestic and exports volumes**

Source: Company, BOBCAPS Research

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