

AUTOMOBILES

04 February 2025

Steady beginning to the new year; 2-wheelers the best in pack

- Domestic passenger vehicle volumes grew 6.1%/24.4% YoY/MoM as compact segment growth beat SUV segment's for MSIL after a year
- The 2W segment grew 8.9%/26.5% YoY/MoM driven by the premium segment, resulting in HMCL and BJAUT losing market share
- The commercial vehicle segment showed signs of revival with only a marginal gain of 4.7% with M&HCV segment volume growth of 2.7% YoY

Milind Raginwar
 research@bobcaps.in

Passenger vehicle segment: Domestic PV industry volumes grew 6.1%/24.4% YoY/MoM. MSIL's volume grew 6.5% YoY with compact segment growth at 7.5% YoY, higher than the SUV segment's 4.9% YoY after a 12-month gap. MSIL's exports grew 13.3% YoY (-27.5% MoM). MM grew by a healthy 17.6%/22.3% YoY/MoM driven by sales of the Thar Roxx. TTMT's domestic volumes grew 8.7% MoM but fell 10.4% YoY, while Hyundai India's domestic volume grew by 5.3%/29% YoY/MoM and continued in second position.

Two-wheeler segment: The 2W segment grew 8.9%/26.5% YoY/MoM driven by the premium segment. HMCL grew just 2.1%/36.3% YoY/MoM and BJAUT's volumes grew in single digit at 6.5% YoY (-20.6% MoM) as domestic volume fell 11.4% and exports gained 36.7% YoY. TVSL's volume grew in double digits by 17.5%/24.3% YoY/MoM in the <200cc segment. EIM's volume grew by 19.6%/14.7% YoY/MoM. HMCL and BJAUT lost market share to TVS and EIM in Jan'25.

Three-Wheeler segment: Volumes grew 11.2%/5.5% YoY/MoM, with growth facilitated by domestic volume growth of 6.6%/12.3% YoY/MoM. BJAUT's domestic 3W volume grew 1%/8.7% YoY/MoM and MM's domestic volume grew 31.9%/29.6% YoY/MoM. TVSL's domestic volume grew 39.8%/22.04% YoY/MoM, but export volumes fell MoM and YoY. BJAUT lost market share in Jan'25.

Tractors segment: Tractor sales grew 13.4%/20% YoY/MoM with ESCORTS and MM driving growth in the domestic and export markets; ESCORTS grew 7.8%/21.9% YoY/MoM and MM by 15.1%/20.1% YoY/ MoM. VSTT lagged.

Commercial vehicles: CV segment volume gained 4.7% YoY/fell by 2.48% MoM. Domestic volumes grew 2.7%YoY/slipped by 8.8% MoM. The M&HCV segment's volume grew 2.7% YoY (-5.8% MoM), TTMT's fell/grew 5.6%/0.9% MoM/YoY, and AL's grew 4.3% YoY/declined ~6.0% MoM. In the LCV segment TTMT's volumes declined by 3%/7.7% YoY/MoM, and AL's grew by 0.3%/4.6% YoY/MoM.

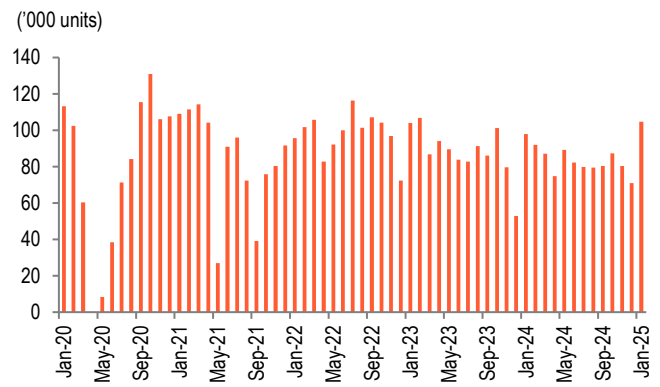
Key ratings: BUY rating on MSIL, MM and AL, and SELL on ESCORTS and VSTT.



Summary of key performance highlights of individual OEMs

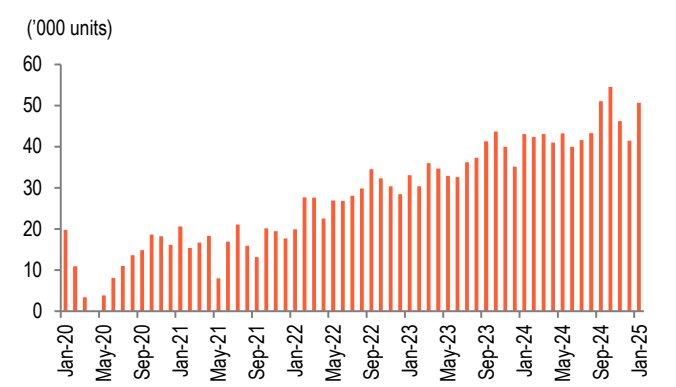
Maruti Suzuki India: Demand uptick for utility vehicles (UV) continued with volume gains of 17% MoM/4.9% YoY (+13.7% YTD). The passenger car segment's (mini, compact, super compact and mid-size cars) share in domestic sales rose to 56.6% in Jan'25 from 50.5%/55.8% MoM/YoY. The YTD contribution of this segment declined to 52.96% from 56.48% YoY. MSIL's exports grew 13.3% YoY but declined 26.6% MoM to ~27.1k units. MSIL unveiled the e-Vitara, its first e-SUV, at the Bharat Mobility Global Expo 2025. It comes with an efficient battery pack to deliver 500km for 61kwh in a single charge. E-Vitara will have OEM sales and exports to about 100 countries.

Fig 1 – MSIL’s compact sales growth beat SUV volume gains after 12 months



Source: Company, BOBCAPS Research

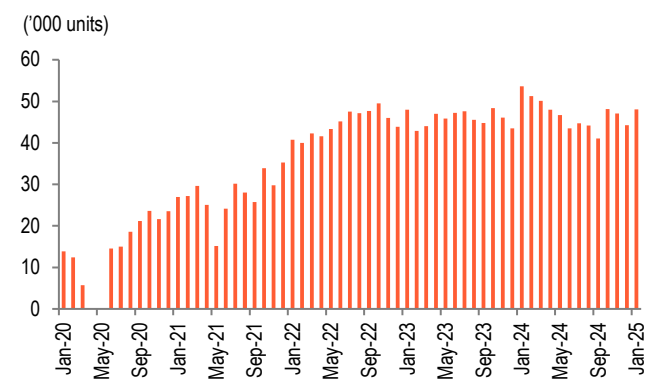
Fig 2 – MM’s production capacity enhancement will keep volumes gain intact



Source: Company, BOBCAPS Research

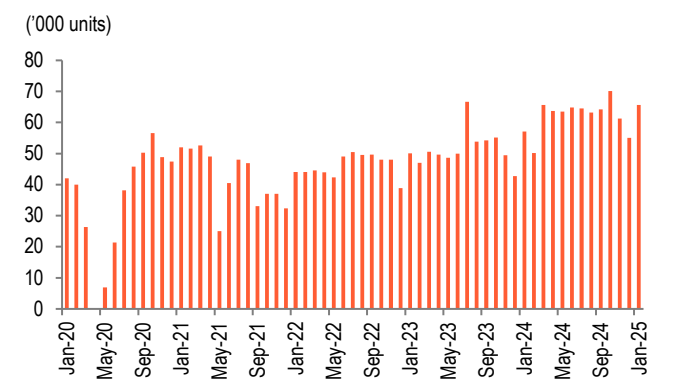
Mahindra & Mahindra: MM's SUV segment grew 22.3%/17.6% MoM/YoY. In the tractor segment, domestic volume grew by 19.5%/14.5% MoM/YoY. Tractor exports grew 28.3%/35.5% YoY/MoM due to a lower base. Bookings for MM's new EV launches – BE 6 and XEV 9e – will open on 14 February 2025.

Fig 3 – TTMT’s PV segment loses ground



Source: Company, BOBCAPS Research

Fig 4 – Hyundai retains number 2 slot



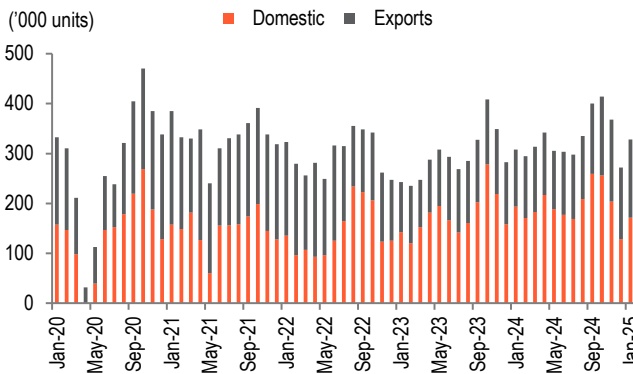
Source: Company, BOBCAPS Research

Bajaj Auto: The overall 2W volume grew 6.5%/20.7% YoY/ MoM. The decline in 2W domestic volumes of 11.4% YoY to 171k units was partially offset by 36.7% YoY growth in export volumes. The green energy portfolio comprising EV and CNG across 2Ws and 3Ws is 44% of BJAUT's domestic revenue. The commercial vehicle exports volume declined by 7.7% MoM/grew 40.6%YoY to 15.5k units, whereas domestic commercial volumes grew by 1%/8.7% YoY/QoQ to 37k units.

TVS Motors: TVS iQube Electric 2W grew ~54.8%/25% YoY/MoM to ~25k units in Jan'25. YTD growth of EV vehicles is also very healthy at 37.3% in FY25 compared to FY24. TVSL has entered Morocco and experienced a positive response. Total domestic 2Ws grew 9.6%/36.6% YoY/MoM.

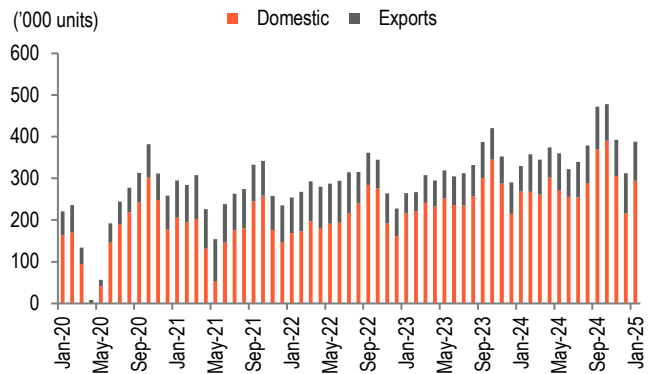
Hero Motors Corp: The company's YTD FY25 volume grew ~6.4% and continues to experience revival across the 100cc, 125cc, and premium segments. Exports are a small portion of the overall volume for HMCL and grew 140%/flat YoY/MoM, whereas domestic volumes dipped 2% YoY/grew 40% MoM despite buoyancy due to stiff competition from Honda Motors.

Fig 5 – BJAUT's 2W sales focused more on EV segment



Source: Company, BOBCAPS Research

Fig 6 – TVSL delivers overall healthy growth



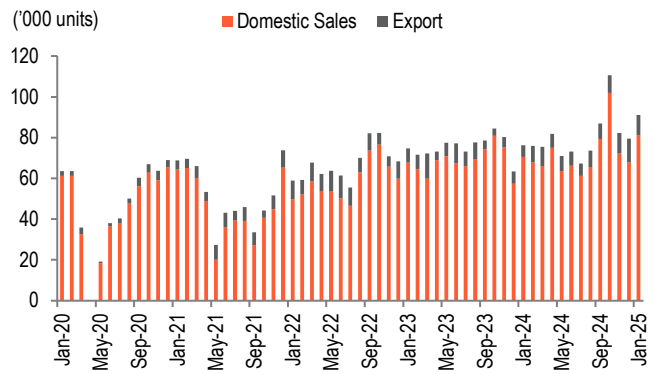
Source: Company, BOBCAPS Research

Fig 7 – HMCL's 2W motorcycle segment faces strong competition



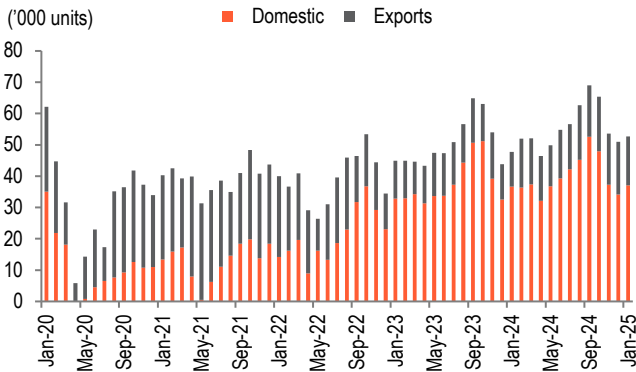
Source: Company, BOBCAPS Research

Fig 8 – EIM's 2W sales gain back lost ground



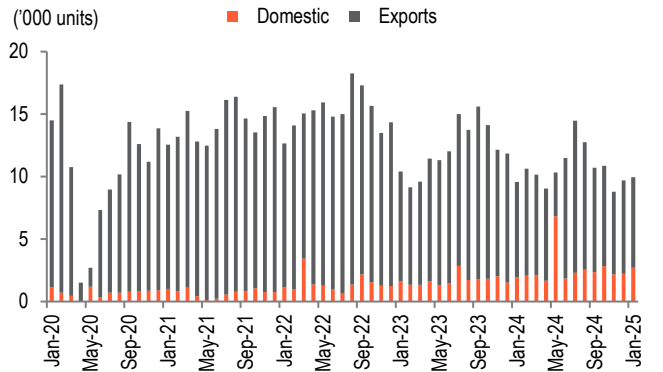
Source: Company, BOBCAPS Research

Fig 9 – BJAUT retains leadership in 3W volume



Source: Company, BOBCAPS Research

Fig 10 – TVSL’s 3W sales stay listless

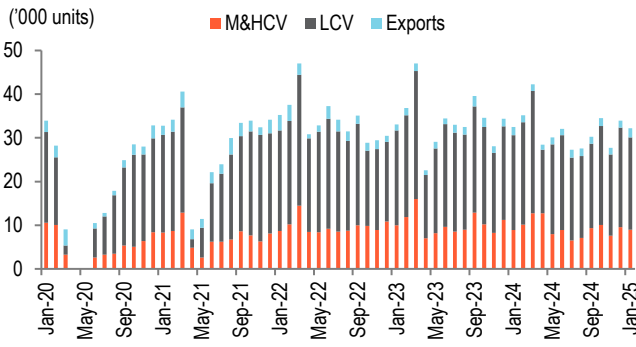


Source: Company, BOBCAPS Research

Eicher Motors: EIM’s domestic volumes of trucks and buses grew 21.1%/4.3% YoY/MoM in Jan’25, whereas export volumes grew 26.8% YoY (-8.2% MoM). The <350 cc segment grew 16.6%/13.4% YoY/MoM, while 350cc+ volumes grew 43.8%/23.3% YoY/MoM. EIM’s exports grew 79% YoY/declined 13% MoM.

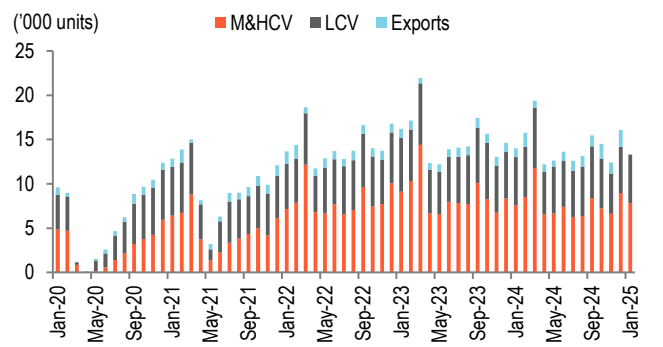
Ashok Leyland: AL’s overall volumes grew YoY/MoM by 8%/1.5%. In the domestic market, the trucks segment grew by 3.4% YoY/declined 12.7% MoM, while the domestic bus segment’s growth momentum continued at 8.1%/34.2% YoY/MoM. LCV domestic volumes grew 4.6% MoM (flat YoY). Overall exports delivered growth of 81.3%/51.6% YoY/MoM to 1.8k units on account of the low base.

Fig 11 – TTMT’s MHCV segment faces competition



Source: Company, BOBCAPS Research

Fig 12 – AL’s CV sales pick up is slow



Source: Company, BOBCAPS Research

Fig 13 – EIM’s CV sales saved by domestic segment as exports weak

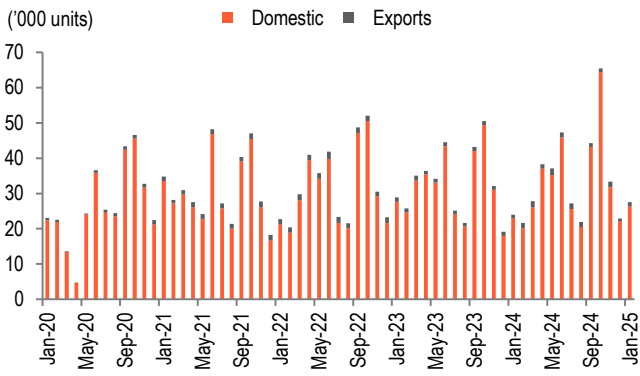


Source: Company, BOBCAPS Research

Escorts: Escorts Kubota’s Agri Machinery Business Division sold 6.6k tractors in Jan’25, registering growth of 7.8%/22% YoY/MoM. Export volumes grew 66%/34% YoY/MoM. Domestic tractor sales in Jan’25 were 6k, growing 20.8%/4.1% YoY/ MoM.

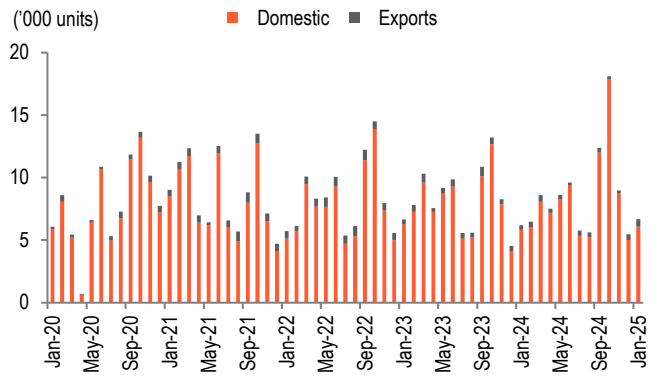
VSTT: VSTT’s Power Tiller segment volume fell 18.7% YoY (grew 3.3% MoM on weak base) owing slow infrastructure activity. The tractor segment decreased by 4.6%/14.8% YoY/MoM. Overall volumes fell 17.6% YoY (+1.3% MoM), whereas YTD volumes dropped 4.6%.

Fig 14 – MM’s tractor sales



Source: Company, BOBCAPS Research

Fig 15 – ESCORTS’s tractor sales



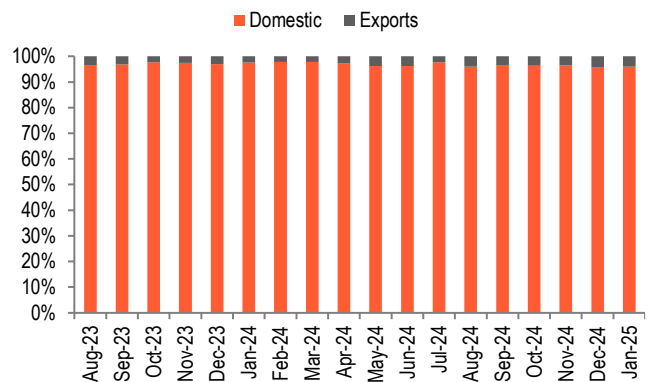
Source: Company, BOBCAPS Research

Fig 16 – MSIL’s domestic and exports volumes



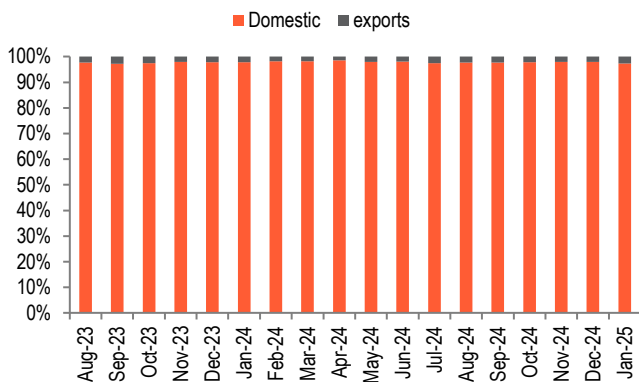
Source: Company, BOBCAPS Research

Fig 17 – MM’s domestic and exports volumes



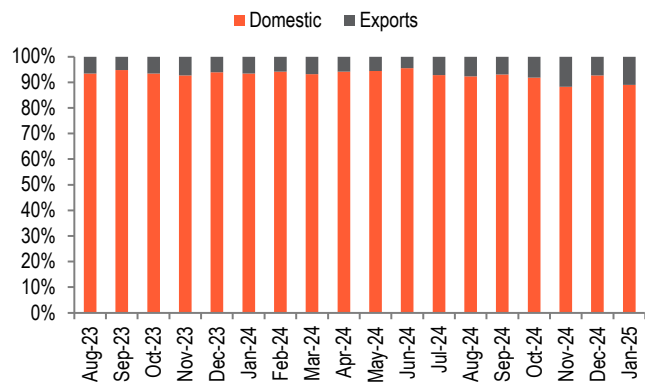
Source: Company, BOBCAPS Research

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) – Domestic and exports volumes



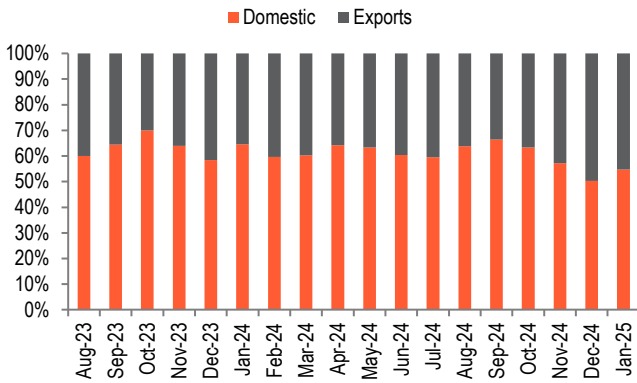
Source: Company, BOBCAPS Research

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



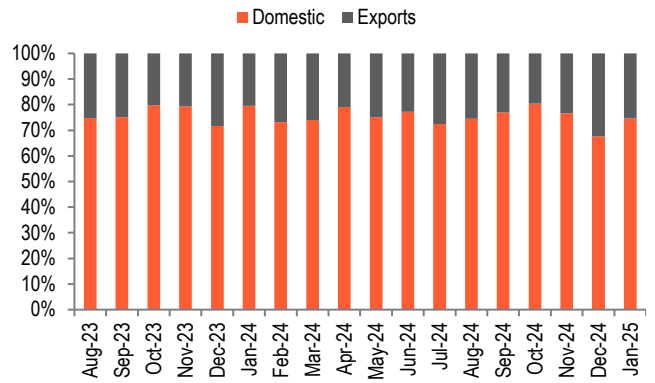
Source: Company, BOBCAPS Research

Fig 22 – BJAUT's domestic and exports volumes



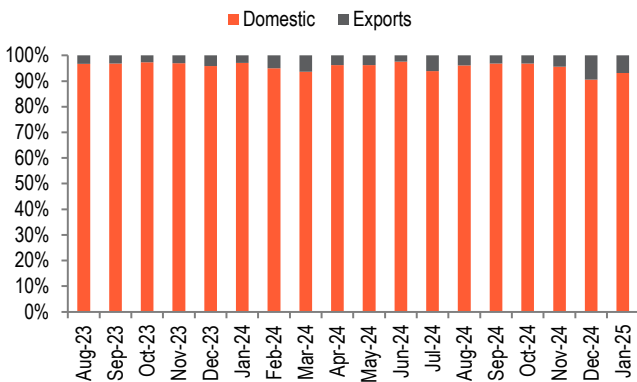
Source: Company, BOBCAPS Research

Fig 23 – TVSL's domestic and exports volumes



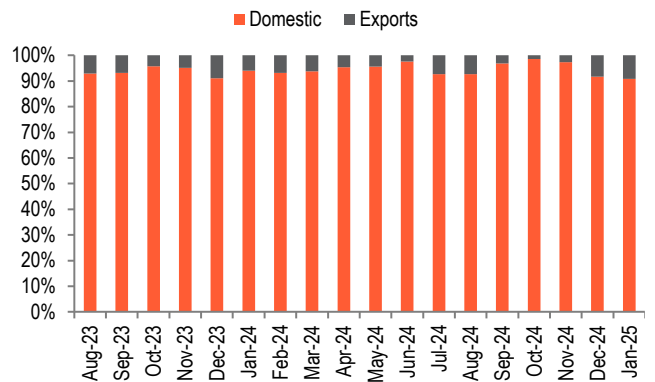
Source: Company, BOBCAPS Research

Fig 24 – HMCL's domestic and exports volumes



Source: Company, BOBCAPS Research

Fig 25 – ESCORTS' domestic and exports volumes



Source: Company, BOBCAPS Research

NOT FOR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES OF AMERICA ("US") OR IN OR INTO ANY OTHER JURISDICTION IF SUCH AN ACTION IS PROHIBITED BY APPLICABLE LAW.

Disclaimer

Name of the Research Entity: **BOB Capital Markets Limited**

Registered office Address: **1704, B Wing, Parinee Crescenzo, G Block, BKC, Bandra East, Mumbai 400051**

SEBI Research Analyst Registration No: **INH000000040 valid till 03 February 2025**

Brand Name: **BOBCAPS**

Trade Name: **www.barodaetrade.com**

CIN: **U65999MH1996GOI098009**



Investments in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Analyst certification

The research analyst(s) authoring this report hereby certifies that (1) all of the views expressed in this research report accurately reflect his/her personal views about the subject company or companies and its or their securities, and (2) no part of his/her compensation was, is, or will be, directly or indirectly, related to the specific recommendation(s) or view(s) in this report. Analysts are not registered as research analysts by FINRA and are not associated persons of BOB Capital Markets Limited (BOBCAPS).

General disclaimers

BOBCAPS is engaged in the business of Stock Broking and Investment Banking. BOBCAPS is a member of the National Stock Exchange of India Limited and BSE Limited and is also a SEBI-registered Category I Merchant Banker. BOBCAPS is a wholly owned subsidiary of Bank of Baroda which has its various subsidiaries engaged in the businesses of stock broking, lending, asset management, life insurance, health insurance and wealth management, among others.

BOBCAPS's activities have neither been suspended nor has it defaulted with any stock exchange authority with whom it has been registered in the last five years. BOBCAPS has not been debarred from doing business by any stock exchange or SEBI or any other authority. No disciplinary action has been taken by any regulatory authority against BOBCAPS affecting its equity research analysis activities.

BOBCAPS is also a SEBI-registered intermediary for the broking business having SEBI Single Registration Certificate No.: INZ000159332 dated 20 November 2017.

BOBCAPS prohibits its analysts, persons reporting to analysts, and members of their households from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. Additionally, BOBCAPS prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that the analysts cover.

Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein.

This material should not be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction. We are not soliciting any action based on this material. It is for the general information of BOBCAPS's clients. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Before acting on any advice or recommendation in this material, clients should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice. BOBCAPS research reports follow rules laid down by Securities and Exchange Board of India and individuals employed as research analysts are separate from other employees who are performing sales trading, dealing, corporate finance advisory or any other activity that may affect the independence of its research reports.

The price and value of the investments referred to in this material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur. BOBCAPS does not provide tax advice to its clients, and all investors are strongly advised to consult with their tax advisers regarding any potential investment in certain transactions — including those involving futures, options, and other derivatives as well as non-investment-grade securities — that give rise to substantial risk and are not suitable for all investors. The material is based on information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied on as such. Opinions expressed are our current opinions as of the date appearing on this material only. We endeavour to update on a reasonable basis the information discussed in this material, but regulatory, compliance, or other reasons may prevent us from doing so.

We and our affiliates, officers, directors, and employees, including persons involved in the preparation or issuance of this material, may from time to time have "long" or "short" positions in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein and may from time to time add to or dispose of any such securities (or investment). We and our affiliates may assume an underwriting commitment in the securities of companies discussed in this document (or in related investments), may sell them to or buy them from customers on a principal basis, and may also perform or seek to perform investment banking or advisory services for or relating to these companies and may also be represented in the supervisory board or any other committee of these companies.

For the purpose of calculating whether BOBCAPS and its affiliates hold, beneficially own, or control, including the right to vote for directors, one per cent or more of the equity shares of the subject company, the holdings of the issuer of the research report is also included.

BOBCAPS and its non-US affiliates may, to the extent permissible under applicable laws, have acted on or used this research to the extent that it relates to non-US issuers, prior to or immediately following its publication. Foreign currency denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of or income derived from the investment. In addition, investors in securities such as ADRs, the value of which are influenced by foreign currencies, effectively assume currency risk. In addition, options involve risks and are not suitable for all investors. Please ensure that you have read and understood the Risk disclosure document before entering into any derivative transactions.

No part of this material may be (1) copied, photocopied, or duplicated in any form by any means or (2) redistributed without BOBCAPS's prior written consent.

Company-specific disclosures under SEBI (Research Analysts) Regulations, 2014

The research analyst(s) or his/her relatives do not have any material conflict of interest at the time of publication of this research report.

BOBCAPS or its research analyst(s) or his/her relatives do not have any financial interest in the subject company. BOBCAPS or its research analyst(s) or his/her relatives do not have actual/beneficial ownership of one per cent or more securities in the subject company at the end of the month immediately preceding the date of publication of this report.

The research analyst(s) has not received any compensation from the subject company or third party in the past 12 months in connection with research report/activities. Compensation of the research analyst(s) is not based on any specific merchant banking, investment banking or brokerage service transactions.

BOBCAPS or its research analyst(s) is not engaged in any market making activities for the subject company.

The research analyst(s) has not served as an officer, director or employee of the subject company.

BOBCAPS or its associates may have material conflict of interest at the time of publication of this research report.

BOBCAPS's associates may have financial interest in the subject company. BOBCAPS's associates may hold actual / beneficial ownership of one per cent or more securities in the subject company at the end of the month immediately preceding the date of publication of this report.

BOBCAPS or its associates may have managed or co-managed a public offering of securities for the subject company or may have been mandated by the subject company for any other assignment in the past 12 months.

BOBCAPS may have received compensation from the subject company in the past 12 months. BOBCAPS may from time to time solicit or perform investment banking services for the subject company. BOBCAPS or its associates may have received compensation from the subject company in the past 12 months for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory services in a merger or specific transaction. BOBCAPS or its associates may have received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months.

Other disclaimers

BOBCAPS and MAYBANK (as defined below) make no representation or warranty, express or implied, as to the accuracy or completeness of any information obtained from third parties and expressly disclaim the merchantability, suitability, quality and fitness of this report. The information in this report has not been independently verified, is provided on an "as is" basis, should not be relied on by you in connection with any contract or commitment, and should not be used as a substitute for enquiries, procedures and advice which ought to be undertaken by you. This report also does not constitute an offer or solicitation to buy or sell any securities referred to herein and you should not construe this report as investment advice. All opinions and estimates contained in this report constitute BOBCAPS's judgment as of the date of this report and are subject to change without notice, and there is no obligation on BOBCAPS or MAYBANK to update this report upon issuance. This report and the information contained herein may not be reproduced, redistributed, disseminated or copied by any means without the prior consent of BOBCAPS and MAYBANK.

To the full extent permitted by law neither BOBCAPS, MAYBANK nor any of their respective affiliates, nor any other person, accepts any liability howsoever arising, whether in contract, tort, negligence, strict liability or any other basis, including without limitation, direct or indirect, special, incidental, consequential or punitive damages arising from any use of this report or the information contained herein. By accepting this report, you agree and undertake to fully indemnify and hold harmless BOBCAPS and MAYBANK from and against claims, charges, actions, proceedings, losses, liabilities, damages, expenses and demands (collectively, the "Losses") which BOBCAPS and/or MAYBANK may incur or suffer in any jurisdiction including but not limited to those Losses incurred by BOBCAPS and/or MAYBANK as a result of any proceedings or actions brought against them by any regulators and/or authorities, and which in any case are directly or indirectly occasioned by or result from or are attributable to anything done or omitted in relation to or arising from or in connection with this report.

Distribution into the United Kingdom ("UK"):

This research report will only be distributed in the United Kingdom, in accordance with the applicable laws and regulations of the UK, by Maybank Securities (London) Ltd ("MSL") who is authorised and regulated by the Financial Conduct Authority ("FCA") in the United Kingdom (MSL and its affiliates are collectively referred to as "**MAYBANK**"). BOBCAPS is not authorized to directly distribute this research report in the UK.

This report has not been prepared by BOBCAPS in accordance with the UK's legal and regulatory requirements.

This research report is for distribution only to, and is solely directed at, selected persons on the basis that those persons: (a) are eligible counterparties and professional clients of MAYBANK as selected by MAYBANK solely at its discretion; (b) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended from time to time (the "Order"), or (c) fall within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc. as mentioned in the stated Article) of the Order; (all such persons together being referred to as "relevant persons").

This research report is directed only at relevant persons and must not be acted on or relied on by any persons who are not relevant persons. Any investment or investment activity to which this material relates is available only to relevant persons and will be engaged in only with relevant persons.

The relevant person as recipient of this research report is not permitted to reproduce, change, remove, pass on, distribute or disseminate the data or make it available to third parties without the written permission of BOBCAPS or MAYBANK. Any decision taken by the relevant person(s) pursuant to the research report shall be solely at their costs and consequences and BOBCAPS and MAYBANK shall not have any liability of whatsoever nature in this regard.

No distribution into the US:

This report will not be distributed in the US and no US person may rely on this communication.

Other jurisdictions:

This report has been prepared in accordance with SEBI (Research Analysts) Regulations and not in accordance with local regulatory requirements of any other jurisdiction. In any other jurisdictions, this report is only for distribution (subject to applicable legal or regulatory restrictions) to professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions by Maybank Securities Pte Ltd. (Singapore) and / or by any broker-dealer affiliate or such other affiliate as determined by Malayan Banking Berhad.

If the recipient of this report is not as specified above, then it should not act upon this report and return the same to the sender.

By accepting this report, you agree to be bound by the foregoing limitations.