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AUTOMOBILES

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Steady growth amidst challenges

- **Auto demand remains decisively strong post festive and GST rationalisation. Growth spread across PVs, CVs, 2Ws, 3Ws & Tractors**
- **2W (32%) & 3W (40%) led the volume momentum, on premium demand, scooters, export strength and electrification**
- **Rural and infrastructure tailwinds continue to anchor demand, sustaining strong tractor trend (31%) and CV upcycle (30%)**

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Growth: PV momentum was sustained in March, supported by SUV demand and strong exports across OEMs. Industry grew by ~14% YoY, led by a robust performance from TMPV (~28% YoY). MM maintained strong SUV-led momentum with ~25% YoY growth, while HMIL (~2.5% YoY) and Kia India (~14% YoY) delivered steady growth. Market leader MSIL reported ~11% domestic growth, with exports (~43% YoY) continuing to support the overall volumes amid gradual recovery in small cars.

Robust 2W demand: 2W demand stayed healthy (16% YoY), supported by broad-based domestic demand (~15.5% YoY) and continued but relatively weak exports (~13%% YoY). TVSL (~25% YoY) and BJAUT (~21% YoY) led growth on scooters, premiumisation and EV traction. EIM (~11% YoY) posted steady growth, aided by mid-size motorcycle demand. HMCL disappointed, with ~9% YoY gains that were driven by exports, but weak domestic sales of commuter motorcycles.

3W all-round growth continues: 3W growth remained strong across domestic and export markets. BJAUT continued leading with ~20% YoY growth, TVLS reported a robust growth of ~46% YoY on a lower base with strong export traction; while MM grew by ~39% amid steady demand for passenger and cargo e-3W segments

Tractors demand robust: Tractor segment end FY26 strong with 23% YoY growth in March. This was supported by the peak Rabi harvesting activity and sustained rural cashflows, along with festive tailwinds. MM and ESCORTS reported strong growth of ~29%/~7% YoY respectively, while VSTT posted a healthy ~12% YoY growth.

Replacement demand holds: CV cycle remained healthy (~20% YoY), aided by infrastructure activity, replacement demand and steady freight movement. TMCV grew robustly by ~25% YoY, AL grew 24% YoY while growth in VECV was 10% YoY. This was driven by healthy MHCV and LCV demand underscoring the demand strength backed by infrastructure activity.

Key ratings: Retain BUY on MSIL and MM; assign HOLD rating to the 2Ws pack (TVSL, EIM, BJAUT, HMCL) on fair valuations. SELL on VSTT and ESCORTS.

Performance highlights of individual OEMs

Maruti Suzuki:

MSIL's performance improved in March 26, with total wholesales at ~225k units, up ~17% YoY (+5% MoM), supported by a recovery in both domestic volumes and sustained export strength. Domestic (PV+LCV+OEM) sales grew ~11% YoY (+2% MoM) to ~178k units, indicating stable underlying demand conditions.

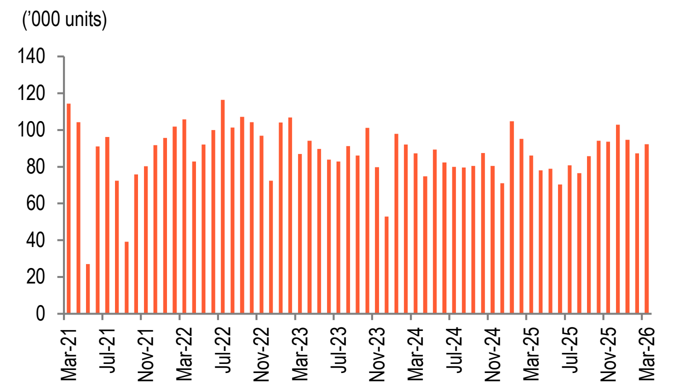
Within segments, the UV portfolio remained a key growth driver, increasing 16.8% YoY, as consumer preference for SUVs continue and strong traction for new launch Victoris. The Mini + Compact segment turned positive with a recovery, up ~6% YoY, indicating gradual stabilisation in entry-level demand after prolonged weakness. Vans (Eeco) remained steady at up by 9% YoY, while LCV (Super Carry) grew strongly 34.2% YoY, supported by last-mile commercial demand.

Exports remained a standout, rising 42.7% YoY (+20% MoM) to ~47k units, maintaining strong momentum across key international markets — which is commendable in the wake of the ongoing geopolitical tensions.

In FY26, MSIL reported total sales of ~2.42mn units, up 8.4% YoY, driven by robust export growth (~35% YoY) and steady domestic expansion (~4% YoY). Segment-wise, UVs grew ~6% YoY, reinforcing premiumisation trends. The Mini + Compact segment rose ~3% YoY, indicating early signs of recovery in small cars after multiple weak years.

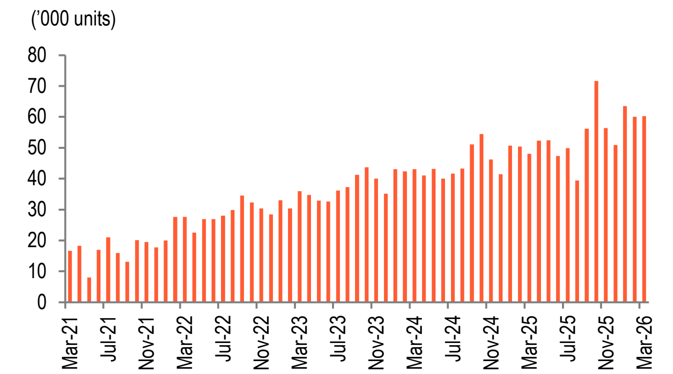
New Launch: No new launch

Fig 1 – Exports provide the much-needed buffer for volatile small car demand



Source: Company, BOBCAPS Research

Fig 2 – Specialised SUV demand intensified for MM after GST rate reduction



Source: Company, BOBCAPS Research

Mahindra & Mahindra:

Strong performance by MM continued in March'26, with the overall auto sales rising 21.3% YoY (2.9% MoM) to ~100k units, supported by continued strength across SUVs, LCVs and 3Ws, aided by resilient rural demand and stable urban recovery. Domestic PVs grew 25.4% YoY to ~60.3k units, as core SUV demand trend remains structurally intact and strong execution across new launches, reflecting healthy order books and consistent customer traction.

CV and 3W segments remained steady, with domestic CVs up 10.9% YoY, led by LCV <3.5T growth (~13% YoY) indicating stable intra-city logistics and e-commerce demand. The 3W segment continued its strong run, rising 39.3% YoY, as the electrification trend continues. Overall, exports declined ~4% YoY, indicating near-term demand softness in select overseas markets.

In the Farm Equipment sector, MM delivered a strong 33% YoY growth to 43.4k domestic tractor units (total 45k units, +29% YoY). This was driven by Navratri festive sentiment, robust Rabi sowing area expansion, and a positive sentiment on Rabi harvest giving cash flow visibility.

For the full year FY26, MM achieved robust annual volumes with 660k SUVs (+20% YoY), 290k LCVs <3.5T (+13% YoY) and 526k tractors (+24% YoY), underscoring a solid year backed by consistent GST tailwinds, SUVization, rural recovery, healthy monsoon and infrastructure push.

New Launches: No New Launch

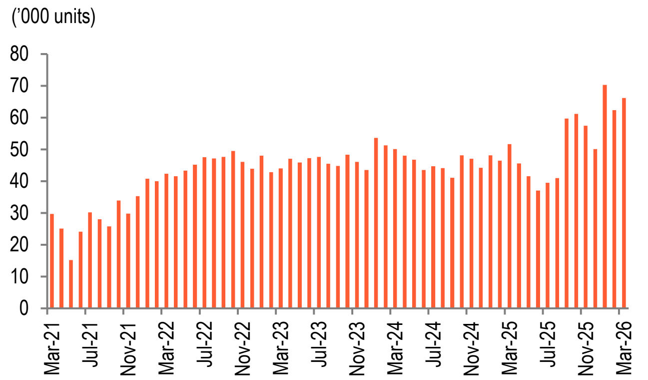
Hyundai Motor India:

HMIL's performance reflects the ongoing demand volatility continuing in the month of March'26. Overall sales grew 2.5%YoY (4.3% MoM) with domestic sales being the primary driver, growing 6.3% YoY — marking its highest-ever domestic performance in March driven by new launches (Verna & Exeter). In contrast, exports declined **10.1% YoY**, exerting pressure on the overall volumes amid geopolitical tensions and weak overseas market conditions.

On a full-year FY26 basis, HMIL's performance remained muted, with volumes up by 1.7% YoY, supported by its core SUV portfolio (Creta, Venue) and ongoing premiumisation within the PV segment. Domestic demand showed resilience and improved in H2FY26, aided by better urban sentiment and new product interventions. Weakness in exports remains a near-term concern.

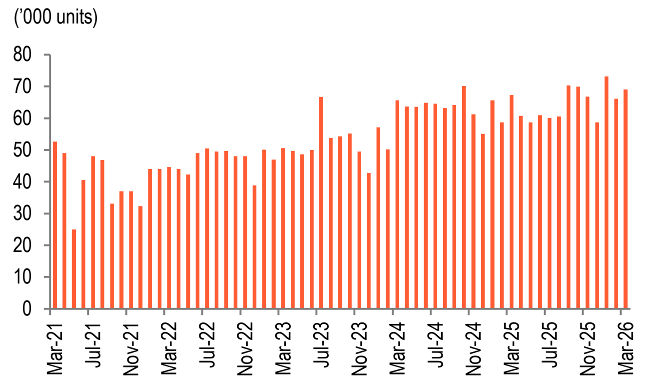
New Launches: Verna Facelift

Fig 3 – EV penetration builds on Compact SUV stronghold for TMPV



Source: Company, BOBCAPS Research

Fig 4 – Demand volatility not subsiding for HMIL



Source: Company, BOBCAPS Research

Bajaj Auto

BJAUT continued healthy momentum in March 26, total vehicle sales surged by ~20% YoY driven by robust recovery across domestic amid sustained rural demand and export strength. However, monthly growth was flat, largely due to weaker exports that were impacted by the war-impacted Middle-east markets. Domestic 2W sales grew by ~20% YoY (19% MoM) to ~221k units, supported by improved rural demand and portfolio refreshes garnering traction in the commuter and premium segment. 2W exports key pillar of growth added ~21% YoY to ~159k units, despite some impact on demand in LATAM, Africa, and South Asia due to longer sea-routes impacted by war zone. Steady recovery in KTM markets continued.

The CV segment continued to support growth, expanding ~20% YoY to ~65k units. Domestic CVs surged 20% YoY to ~45k units on steady last-mile mobility demand and intra-city freight uptick. CV exports jumped ~21% YoY to 20k units. Monthly growth was muted owing to the impact of war on the UAE markets. However, MENA and LATAM markets remained steady. Overall, traction in exports and CVs provide key support to BJAUT's growth as domestic 2Ws stabilise.

New Launches: No new launch

TVS Motors

TVSL sustained a strong growth trajectory in March 26, with total sales rising 25.2% YoY (-2% MoM), reflecting continued momentum across domestic, exports and EV segments despite a marginal moderation MoM. Total 2W volumes grew 24.5% YoY, led by domestic 2W sales up 25.1% YoY, supported by steady demand across motorcycles (+18% YoY) and strong scooter growth (+31% YoY), indicating sustained scooterisation trend and improving rural penetration.

EV volumes remained robust, growing 44.3% YoY, driven by strong traction in the iQube portfolio and continued uptake on E2W. Exports continued to support growth, rising 24.7% YoY, led by strong demand across key international markets including Africa, LATAM and South Asia. The 3W segment maintained strong momentum, growing 45.7% YoY, helped by export traction.

On a full-year basis (FY26), TVSL delivered a strong performance with total sales up 24.1% YoY, driven by broad-based growth across segments. 2W grew 23% YoY. The 3W segment saw sharp expansion (~63% YoY), highlighting the accelerating electrification and last-mile demand. Exports grew 33.1% YoY, reinforcing TVSL's strengthening global footprint.

New Launches: 2026 TVS Apache RTR 160 4V, TVS Apache RTR 310 – Africa debut

Hero MotoCorp

HMCL delivered a steady performance in March 26, with dispatches rising 8.8% YoY (+7% MoM), as retail traction and sentiment remained healthy across segments. This was indicative by VAHAN registrations at ~542k units (+24% YoY) as post festive momentum sustains.

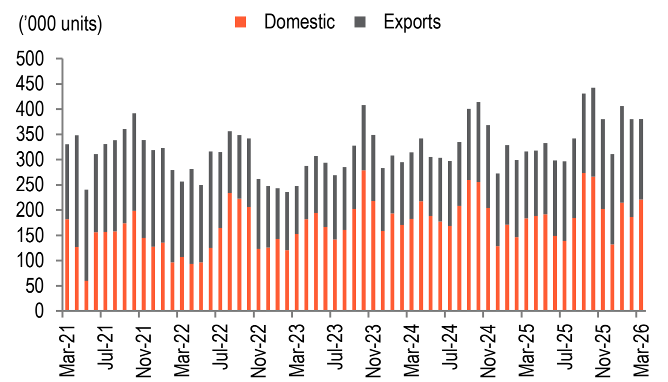
Scooters maintained strong growth momentum (+53% YoY), driven by continued traction in Xoom and Destini. The core 100–125cc motorcycle segment continues to anchor the volumes, supported by steady commuter demand and improving rural sentiment. Domestic volumes (+8% YoY) remained firm, aided by festive tailwinds (Navratri), stable rural cashflows and a strengthened product portfolio across commuter and premium categories.

Exports remained robust, rising 15.6% YoY, driven by strong demand across seeding international markets. VIDA continued its strong scale-up, with ~21.4k VAHAN registrations (~70% MoM growth), supported by expanding retail footprint, improving consumer acceptance and strong traction in VX2 and V2 platforms.

On a full-year basis (FY26), HMCL closed on a strong note with record domestic volumes (~6.47mn units) and robust export growth (+40% YoY), reflecting improving global traction. VIDA also scaled sharply with ~154% YoY growth, highlighting HMCL's strengthening presence in the EV space.

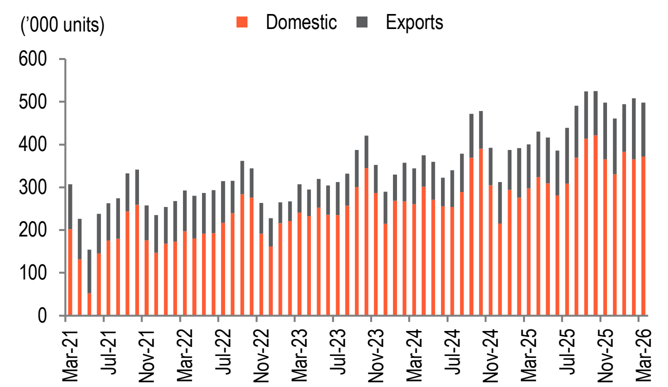
New Launches: VIDA VX2 Plus KKR Edition

Fig 5 – Domestic 2W growth better than estimated



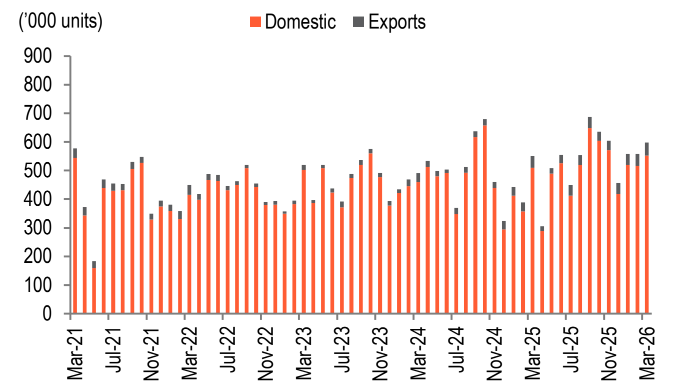
Source: Company, BOBCAPS Research

Fig 6 – Scooterisation trend building on TVSL's motorcycle portfolio



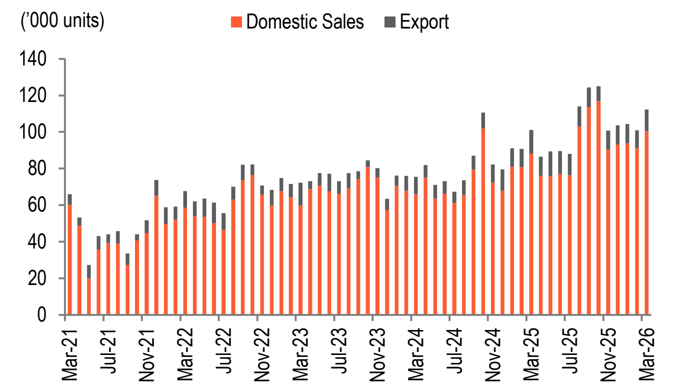
Source: Company, BOBCAPS Research

Fig 7 – Core 100-125cc segment demand expected to sustain for HMCL on rural cashflows



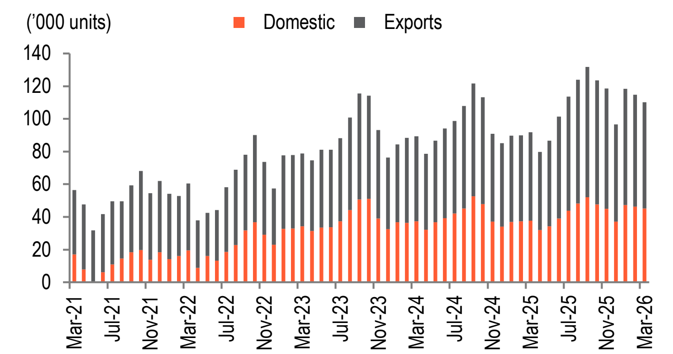
Source: Company, BOBCAPS Research

Fig 8 – RE's <350cc premium bikes growth consistent



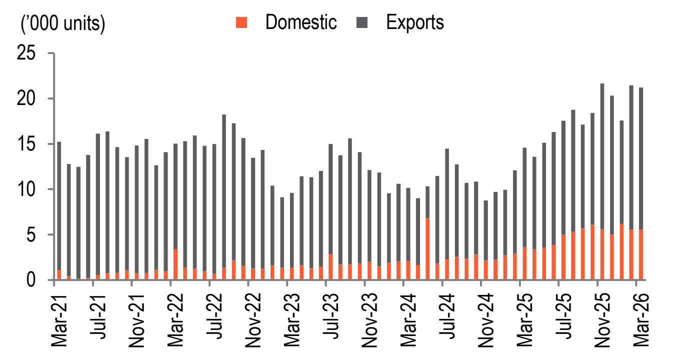
Source: Company, BOBCAPS Research

Fig 9 – Strong growth continues in 3Ws, keeping BJAUT leadership intact



Source: Company, BOBCAPS Research

Fig 10 – TVSL 3W demand strong in key LATAM and South Asia regions



Source: Company, BOBCAPS Research

Eicher Motors

EIM sustained a healthy growth trajectory in March 2026, with performance reflecting steady demand in both its motorcycle and CV businesses, alongside a strong full-year close.

Royal Enfield (RE) grew by 11.2% YoY (11.3% MoM) in March 2026, supported by continued traction in the <350cc segment up by 12.2% YoY (Classic, Hunter, Bullet) and steady retail demand across urban and rural markets. Domestic volumes rose 14% YoY, indicating resilient core demand, while exports declined 8% YoY. International markets remained volatile, despite their deepening presence in Europe, Southeast Asia and LATAM.

On a full-year basis, RE delivered a record performance, crossing ~1.24mn units (+23% YoY), with domestic and exports growing ~23%/24% respectively. The growth was driven by sustained premium demand, a healthy product portfolio, and increasing global brand presence. Capacity expansion at the Cheyyar facility (towards ~2mn units annually) highlights confidence in long-term growth.

VECV reported total growth of 10.1% in March 2026, driven by steady domestic demand and infrastructure-led freight activity. Domestic volumes grew 13.6% YoY, led by strong traction in SCV/LMD trucks (+29% YoY) driven by e-commerce and last-mile logistics, while HD trucks grew ~18% YoY, as infrastructure activity continues while replacement demand picks up. Bus segments remained weak due to muted institutional ordering. During the month, exports declined 38.8% YoY as the international market witnesses demand softening.

For FY26, VECV posted a healthy 14.8% YoY growth, driven by 13.9% YoY growth in domestic volumes and strong export growth (~36% YoY), highlighting improved international market penetration despite volatile demand in the latter part of the year.

New Launches: 2026 RE Guerrilla

Ashok Leyland

AL closed FY26 on a steady note in March 2026, with total vehicle sales rising 5.5% YoY, reflecting moderation from the strong growth seen in prior months, but sustaining the overall CV upcycle.

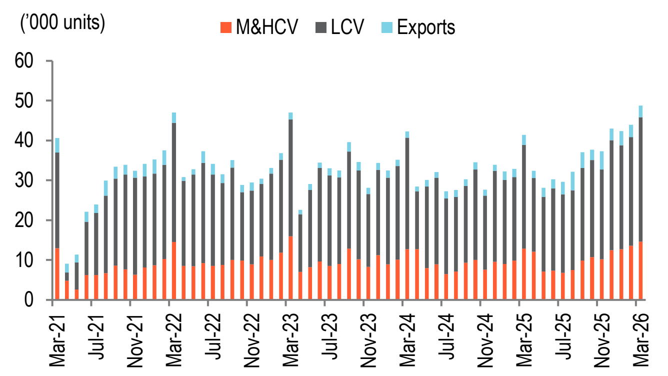
Domestic volumes grew 5.5% YoY, supported by stable freight demand, infrastructure activity and replacement cycles. MHCV volumes (including buses) were largely subdued growing 2.8% YoY. Within MHCV, truck volumes remained resilient, growing 11.1% YoY, driven by steady logistics demand and infrastructure-led freight movement. However, bus volumes declined (~24% YoY overall; ~34% YoY domestic), reflecting weak institutional ordering and volatility in the state transport undertakings, partially offset by exports (+15% YoY).

LCV volumes continued showing healthy traction, rising ~12% YoY to ~7.9k units, supported by sustained last-mile delivery demand, e-commerce activity and increasing adoption of alternate fuel vehicles (CNG/Electric).

Full-year (FY26) performance remained robust, with total volumes growing 13% YoY to ~220k units. MHCV volumes increased 12.5% YoY, led by strong truck demand (+14% YoY). LCVs also grew 12.6% YoY, reflecting broad-based strength across segments. Bus volumes grew 12% YoY despite monthly volatility, supported by gradual recovery in public transport demand.

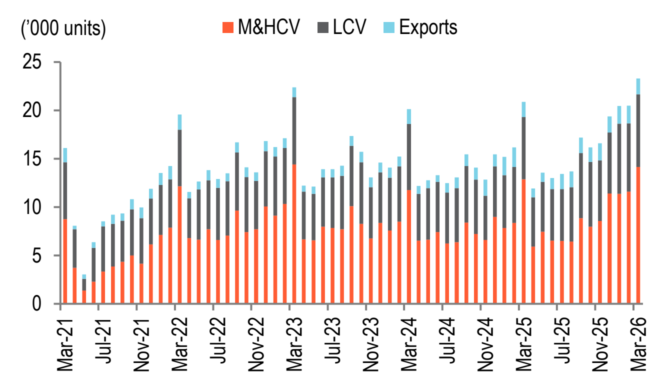
New Launches: No new launch

Fig 11 – Passenger Carriers and SCV at the forefront for TMCV



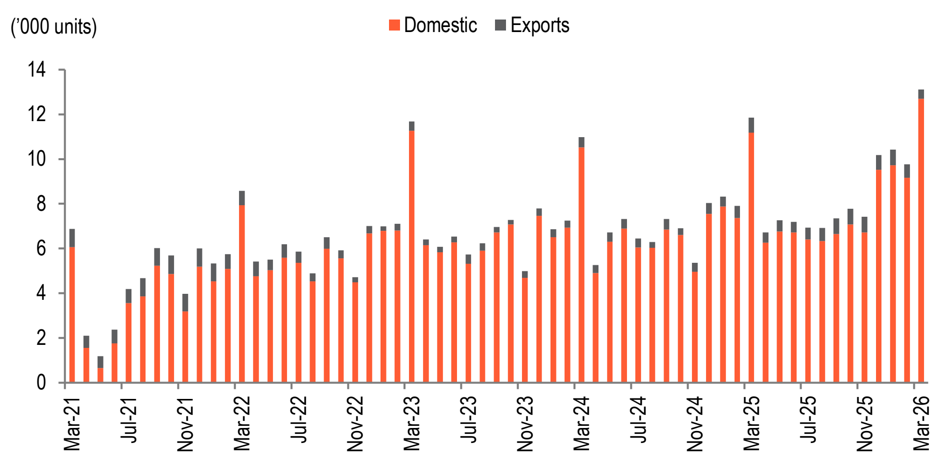
Source: Company, BOBCAPS Research

Fig 12 – Fleet replenishment expected to be steady, despite cyclical nature for AL



Source: Company, BOBCAPS Research

Fig 13 – Freight demand remains cyclical, though replacement demand drives EIM



Source: Company, BOBCAPS Research

Escorts Kubota

ESCORTS sustained growth momentum in March 26, albeit moderating further as the high base effect kicked in, with total tractor sales increasing 6.6% YoY to ~12.1k units. Domestic volumes grew 7.5% YoY to ~11.6k units, reflecting steady underlying demand supported by the onset of Rabi harvesting and continued rural cashflow stability. There were some harvesting delays due to unseasonal rainfall, the overall harvest outlook remains positive, indicating continued support for tractor demand in the near term.

Export volumes declined ~10% YoY to ~537 units, pointing to continued weakness in the overseas markets amid uneven global recovery trends.

On a full-year basis, ESCORTS closed FY26 with total volumes up 15.7% YoY to ~133.7k units and domestic growth at 14.9% YoY. This indicates a structurally improving farm mechanisation cycle driven by, favourable monsoons, higher MSPs and policy support. Exports remained strong at 33.8% YoY, indicating that demand was strong in start while latter part of the year saw persisting weakness.

New Launches: Powertrac Shaurya

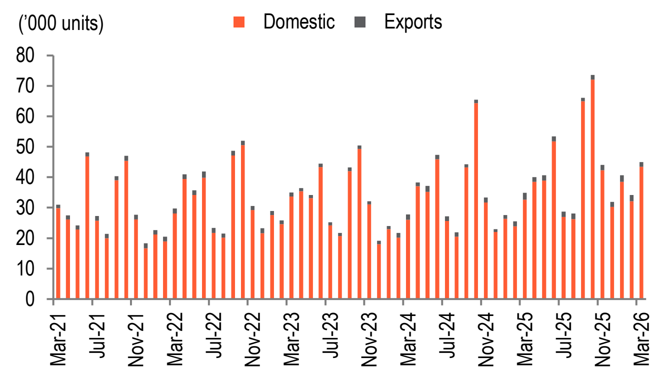
VSTT

VST Tillers Tractors Limited reported mixed performance in March 26, with total sales declining ~37% YoY to ~4.9k units, largely impacted by a high base in power tillers. Power tiller volumes fell ~42% YoY to ~4.2k units, reflecting normalisation after last year's strong demand and some moderation following the peak in Rabi sowing activity, despite continued support from favourable agri conditions and rural sentiment. However, tractor sales remained a bright spot, rising ~13% YoY to ~755 units, indicating sustained traction in the compact tractor segment driven by improving farm cashflows and mechanisation demand, even as the broader industry continues witnessing an upsizing trend.

On a full-year basis, VSTT closed FY26 on a strong note, with total sales rising ~32% YoY to ~56.2k units, driven by robust growth in both power tillers (~35% YoY) and tractors (~12% YoY). The performance reflects a structurally improving mechanisation cycle, supported by favourable monsoons, strong Rabi output, increased water availability and continued policy support; though some normalisation is visible towards the year-end.

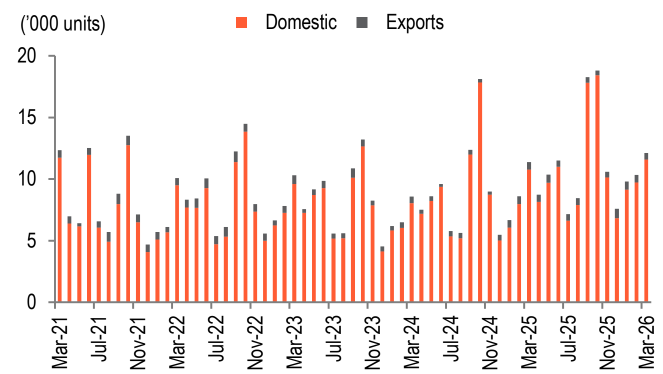
New Launches: No new launches

Fig 14 – Healthy Rabi harvest expectation drives MM tractor sales



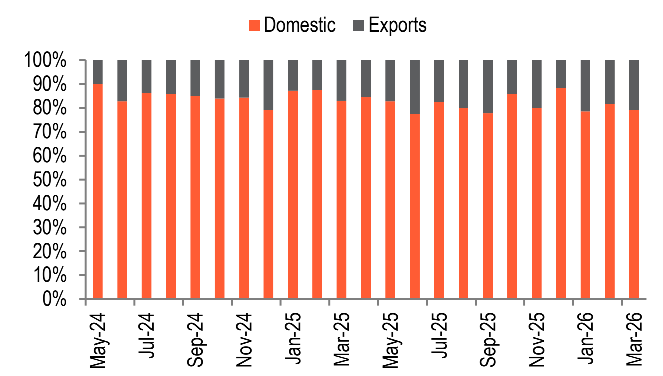
Source: Company, BOBCAPS Research

Fig 15 – ESCORTS's tractor sales lag, but near-term expectation remains benign



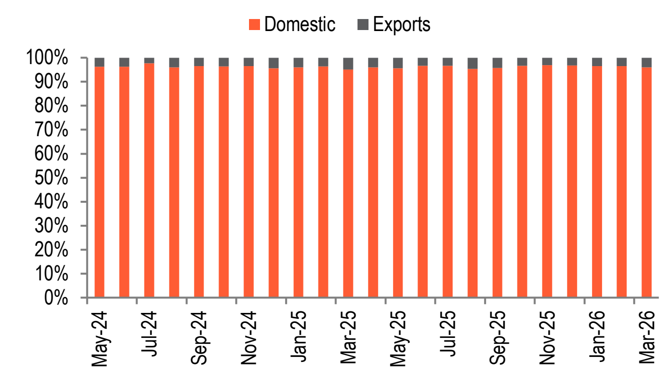
Source: Company, BOBCAPS Research

Fig 16 – MSIL's exports provide the much-needed fillip



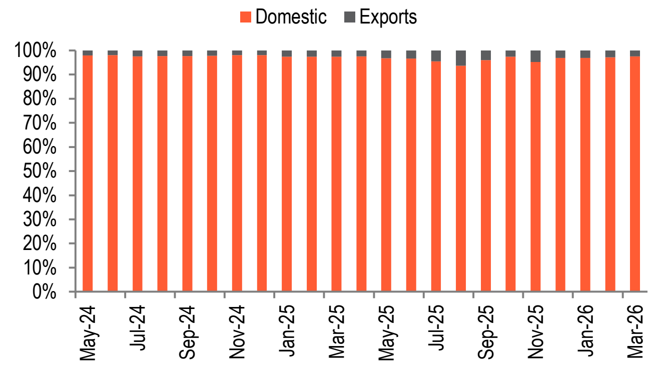
Source: Company, BOBCAPS Research

Fig 17 – MM's volumes stay dominated by domestic market



Source: Company, BOBCAPS Research

Fig 18 – Overall export contribution for TTMT remains miniscule



Source: Company, BOBCAPS Research

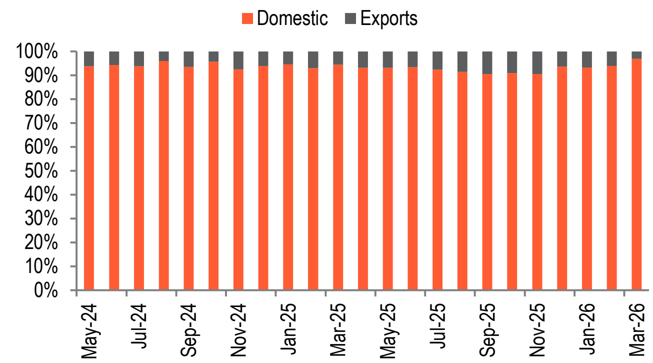
Fig 19 – AL's domestic volumes maintain pace

Source: Company, BOBCAPS Research

Fig 20 – EIM (2W) – RE's exports stable, but losing momentum

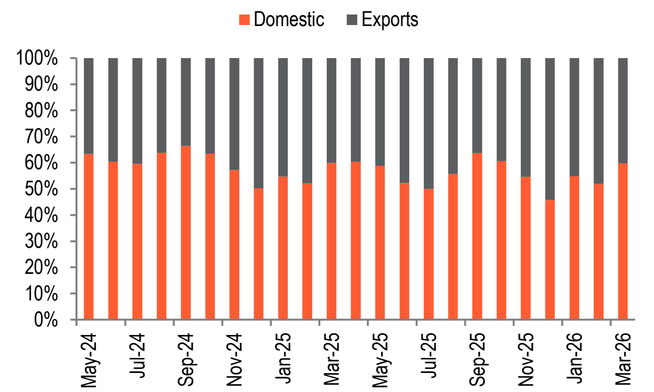
Source: Company, BOBCAPS Research

Fig 21 – EIM (CV) – Domestic CV volumes gaining strength



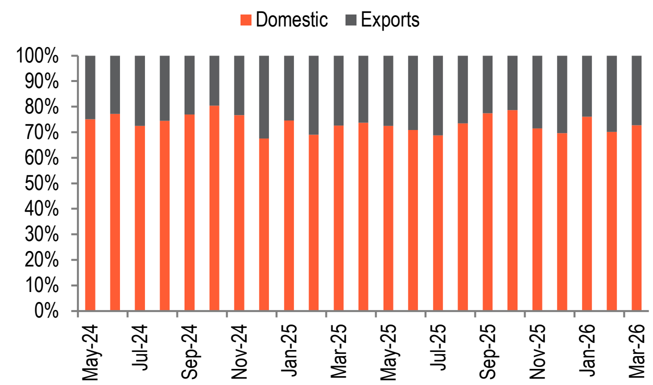
Source: Company, BOBCAPS Research

Fig 22 – LATAM & MENA surge exports for BJAUT offsets impact of war prone overseas markets



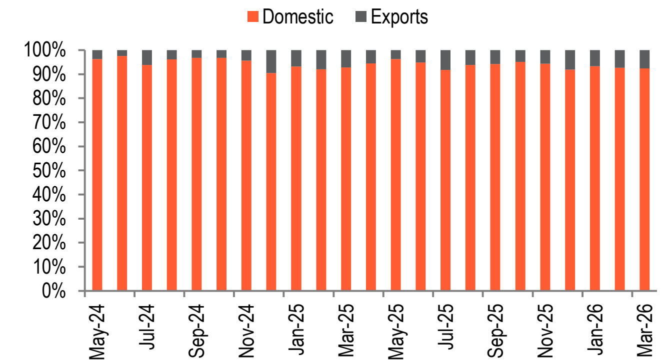
Source: Company, BOBCAPS Research

Fig 23 – T Strong export traction continues to support TVSL's domestic volume growth



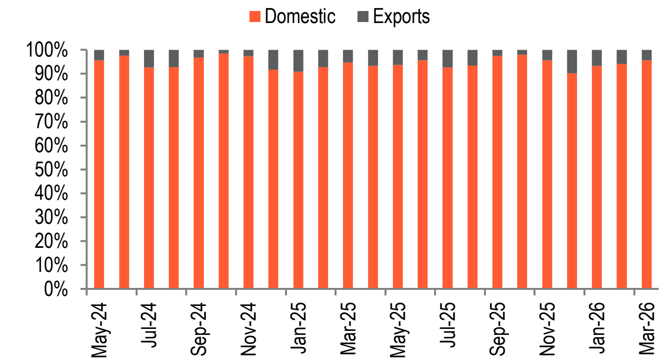
Source: Company, BOBCAPS Research

Fig 24 – Strong product acceptance supports HMCL's expansion in seeding overseas markets



Source: Company, BOBCAPS Research

Fig 25 – ESCORTS' exports volume recovery uneven



Source: Company, BOBCAPS Research

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