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06 October 2025

RESEARCH

AUTOMOBILES

Tractors in spotlight; uptick visible, likely to gain momentum

SUMMARY

AUTOMOBILES

- PV volumes rose 6% YoY, showing early festive revival. MSIL's domestic sales dipped, but exports spurted
- Tractor sales was the strongest segment, surging 49% YoY on the back of robust monsoons, healthy Kharif sowing and GST benefits
- 2Ws grew 11% YoY, supported by festive lift in scooters and premium bikes, EIM and TVS in top gear, BJAUT and HMCL gaining space steadily

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PVs show signs of revival: Domestic PV sales rose 6% YoY in September, aided by compact cars, utility vehicles (UVs) and electric vehicle (EV) traction. MSIL volumes were sluggish as an 11% YoY rise in compacts was offset by 21% drop in UVs. TTMT gained share in EVs with 96% YoY growth, and 45% YoY overall growth. HMIL volume stayed positive at 10% YoY. GST rate cut, a pipeline of launches in 2HFY26 and improving rural affordability are expected to support further momentum.

Festive uplift visible in 2Ws, exports resilient: EIM led with a 43% YoY surge to 124k units, keeping the premium segment momentum intact. TVSL grew 11% YoY, backed by scooters and EVs; while HMCL rose 8% YoY with scooters and VIDA. BJAUT grew 8% YoY, aided by exports and KTM recovery. Export markets remained buoyant, with double-digit growth across companies, offsetting domestic softness.

3Ws sustain mobility push: 3W sales climbed 22% YoY, reflecting resilient last-mile demand. BJAUT grew 15% YoY, while TVSL grew 60% YoY (smaller base). MM's 3W volumes rose 30% YoY on e3W adoption. The segment continues to benefit from EV and CNG transition, while MoM sales flowed on GST cuts and festive timing.

Tractors stand as outperformers: Tractor sales surged 49% YoY, powered by a healthy monsoon, robust Kharif sowing, and strong reservoir levels. MM rose 50% YoY and Escorts grew 48% YoY — both boosted by GST benefits and rural demand. Elevated rural sentiment and preponed festive demand supported broad-based strength, making tractors the best-performing segment in September.

CV recovery slow but gradual: CV sales grew 16% YoY, aided by GST benefits and festive restocking. AL rose 9% YoY, led by LCVs (+15% YoY); while MHCVs remained sluggish. Exports demand was robust, cushioning domestic headwinds. Infrastructure spend and mining activity are expected to aid volumes post-monsoon.

Key ratings: We assign a BUY rating on AL and SELL on ESCORTS and VSTT.

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