

## AUTOMOBILES

02 July 2026

### Momentum continues for now; monsoon stays a key concern

- Entry segment demand tapers off MoM in PVs; 2W commuter space faces headwinds; Premiumisation trend across remains indifferent
- Freight availability and utilisation trending upwards, despite the higher fuel cost, driving CVs up by ~33% YoY; exports swells ~83% YoY
- Despite weak rural sentiment expectations tractors maintain a healthy pace at ~13% YoY; 3Ws remain consistent performers at ~29% growth

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**PVs YoY growth accelerates further:** Momentum in passenger vehicles (PVs) strengthened further in June, with volumes across our coverage universe rising ~20% YoY. MSIL maintained a healthy ~19% YoY growth, supported by the sustained strength in small cars and exports; while MM delivered a strong ~28% YoY SUV-led performance. However, HMIL was impacted by temporary disruptions in production, resulting in a ~16% YoY decline in domestic volumes; but are expected to cover up the losses in Q2FY27.

**2Ws continue premium drive:** 2W demand stayed robust, despite domestic market divergence, though exports strength continued. TVSL (~47% YoY) remained the fastest grower, while BJAUT (~30% YoY) benefited from strong export demand (~49% 2W exports). HMCL volumes moderated (-2% YoY), driven by a partial higher base and weakness in commuter segment. EIM (~27% YoY) maintained a healthy momentum.

**3Ws growth remains healthy:** Passenger carrier demand was driven by last mile mobility and surging exports drive. MM/TVSL grew ~63%/51% YoY and TVSL (~51% YoY) reported robust growth. BJAUT (~18% YoY) growth was normalised as domestic demand matured, though exports remained a key growth driver (+33% YoY).

**Tractors remain healthy despite delayed monsoon:** Demand for tractors stayed healthy, supported by Kharif sowing, resilient rural cash flows and reservoir levels despite a delayed monsoon. MM/ESCORTS (~12%/~19% YoY) growing in double digits (domestic growth), with Escorts outperforming on its specialised wetland tractor range. VSTT was flat, as strong power tiller demand offset the weaker tractor volumes.

**CVs demand strengthens:** CV momentum improved, supported by stronger freight availability, infrastructure activity and replacement demand. TMCV (~29% YoY) and AL (~25% YoY) posted robust growth, led by MHCV trucks and healthy LCV demand. VECV (~29% YoY) gained across domestic trucks and exports, highlighting a healthy recovery in the overall CV cycle.

**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.**



## Performance highlights of individual OEMs

### Maruti Suzuki:

MSIL sustained its healthy momentum in June 2026, with total sales rising to ~200.4k units, up 19.3% YoY. Growth continued to be supported by resilient domestic demand and steady export traction. Growth moderating MoM from the exceptionally strong phase in the previous two months as the healthy year-end order book unfolded. Domestic (PV+LCV+OEM) sales jumped 21.1% YoY to ~157.6k units, reflecting sustained consumer demand, improving financing conditions and continued recovery in the entry-level passenger vehicle segment.

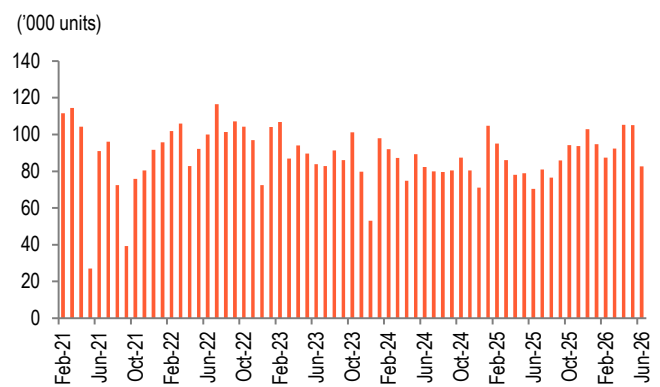
Passenger cars remained the primary growth driver, rising 24.2% YoY to ~75.2k units. SIAM data for May 2026 highlighted that the industry's small-car segment expanded 28.8% YoY, with MSIL significantly outperforming peers (56%) and strengthening its segment market share to 80.9% (vs 73.2% YoY).

SUV volumes also remained healthy, growing 28.7% YoY to ~61.7k units, supported by sustained traction in Brezza, Fronx, Grand Vitara and Victoris, although growth moderated from the elevated pace seen in May 2026. Vans grew 9.5% YoY, while LCV volumes increased 21.8% YoY, reflecting a stable demand from last-mile logistics and small commercial operators.

Exports remained a key support pillar, increasing 13% YoY to ~42.8k units, driven by steady demand across key international markets, despite the continual macroeconomic and geopolitical uncertainties.

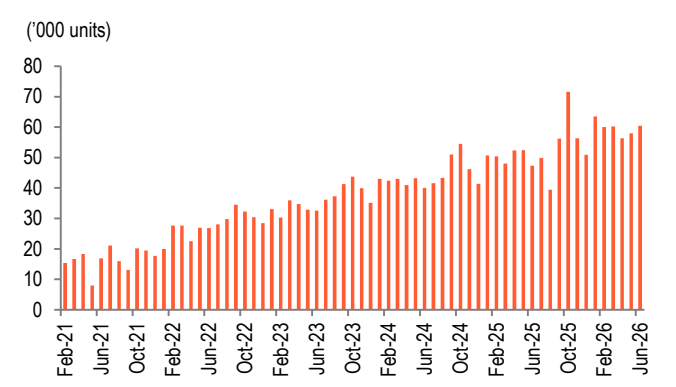
### New Launch: Wagon R Flex fuel

**Fig 1 – Small car segment contributed meaningfully for MSIL**



Source: Company, BOBCAPS Research

**Fig 2 – Easing supply side challenges key positive for MSIL**



Source: Company, BOBCAPS Research

### Mahindra & Mahindra:

MM overall auto sales grew 34.5% YoY to ~106k units, driven by broad-based strength across SUVs, CVs, 3Ws and exports helping continued volume momentum. Domestic PV volumes grew 27.7% YoY to ~60.4k units, reflecting sustained demand for its SUV portfolio as supply-side constraints eased gradually. Industry trends remained

supportive, with SIAM data indicating that UV demand stayed robust (+24.8% YoY in May'26). However, UV share in the PV industry moderated to 64.7% (vs 65.6% YoY) as the small car segment continued recovery. MM maintained its position as the second-largest PV OEM, supported by healthy bookings and an indicative waiting period of around three months.

Performance of commercial vehicles (CVs) strengthened further, with domestic LCV (<3.5T) volumes rising 35% YoY to ~22.6k units. This was aided by replacement demand and resilient last-mile logistics. The 3W segment continued to outperform, surging 63.5% YoY to ~13.8k units, supported by rapid EV adoption and strong passenger carrier demand, with SIAM data showing passenger 3Ws growing by ~2.1x YoY in May 2026. Robust exports jumping 124.7% YoY to ~5.9k units albeit on a lower base, reflecting improving traction across key overseas markets.

In the Farm Equipment segment, MM reported domestic tractor sales of ~58.2k units (+12.4% YoY), while total tractor volumes increased 12.3% YoY to ~59.9k units. Demand continued being supported by the sustained rural cash flows, government support measures including continued fertiliser subsidies as well as the onset of Kharif sowing. However, management highlighted that the evolving El Niño conditions and monsoon progression remain key monitorables for sustaining tractor demand through the remainder of the season.

#### **New Launches: No new launch**

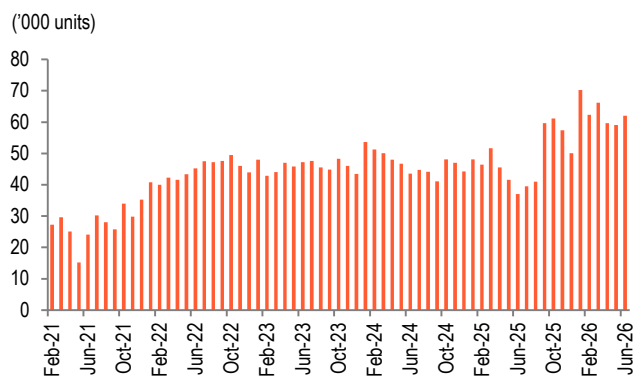
#### **Hyundai Motor India:**

HMIL's performance moderated in June 2026, with total sales declining to ~51.3k units, impacted by a temporary production disruption arising from a fire at a key supplier's manufacturing facility. Domestic sales came at ~39.6k units, while exports were ~11.7k units, reflecting supply-side constraints rather than underlying demand weakness. This is further highlighted as industry volumes stayed on a robust growth trajectory. Production normalised from 22 June, with management expecting the lost volumes (~13.9k units) to be recovered during Q2FY27.

The ongoing revival in passenger cars was more selective, with HMIL unable to fully capitalise on the recovery owing to a ~7.7% YoY decline in its small car volumes. Additionally, the flagship Creta continued to face increasing competition despite the sustained traction from the broader SUV portfolio. Export performance also remained subdued amid weak demand across select overseas markets and geopolitical uncertainties.

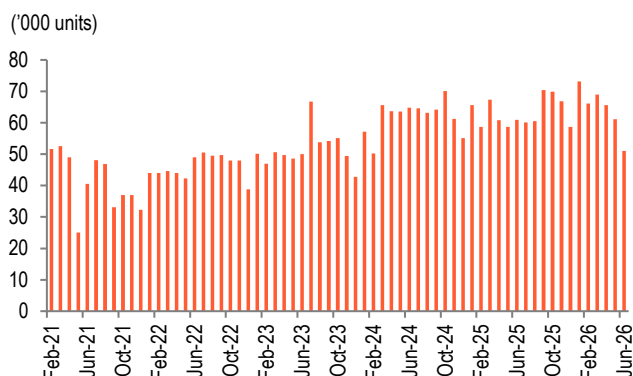
#### **New Launches: No new launch**

**Fig 3 – Comprehensive EV and SUV portfolio key positive for TMPV**



Source: Company, BOBCAPS Research

**Fig 4 – Short-term supply constraint alleviated; HML the biggest loser**



Source: Company, BOBCAPS Research

### Bajaj Auto

June 2026 marked another healthy month for BJAUT, with total vehicle sales rising ~28% YoY to ~463k units, driven by sustained strength in exports, while domestic demand remained steady across both 2W and 3W segments. BJAUT's leadership in export markets is reinforced, despite the growing competitive intensity in key geographies.

Domestic 2W volumes grew 11.8% YoY to ~167k units (down 20% MoM), indicating weakness in rural market. SIAM May 2026 data indicates continued weakness in the commuter motorcycle segment (-17.2% YoY), where BJAUT has a larger presence; competitive intensity stays elevated with rival OEMs expanding market share.

Exports remained the key growth driver, surging 49.1% YoY to ~222k units, supported by robust demand across LATAM, Africa and South Asia. SIAM data also indicates that the industry 2W exports remained strong (~47% YoY), with BJAUT retaining its leadership position at ~44% export market share, providing a buffer against softer domestic trends.

The 3W business delivered another healthy performance, with total volumes adding 18.4% YoY to ~73.8k units. Domestic 3W sales grew a relatively moderate 9.5% YoY to ~42.9k units, reflecting a gradual normalisation as market penetrations attend a particular level. Export volumes remained the key growth engine, rising 33.4% YoY to ~30.9k units, driven by continued demand across MENA, Africa and South Asia, where BJAUT continues strengthening its international franchise.

### New Launches: Bajaj Pulsar 220F, Bajaj Avenger Street 220

### TVS Motors

TVSL sustained its strong momentum in June 2026, with total sales surging 46.8% YoY (+4.1% MoM) to ~590k units. The growth underpins a healthy underlying demand and strong execution. SIAM May'26 data also highlighted TVSL's continued strength in the premium motorcycle segment (up ~2.3x YoY) and healthy scooter growth (~28.6% YoY), reinforcing its improving premium positioning.

Total 2W volumes rose 46.6% YoY to ~565k units, supported by robust domestic and export demand. Domestic 2W sales jumped 46.3% YoY to ~411k units, with motorcycles growing 41.5% YoY to ~267k units (driven by premium segment) and scooters outperforming at 52.8% YoY to ~248k units (urbanisation a key driver. EV volumes remained a key highlight, surging ~3.4x YoY to ~48.5k units. SIAM data indicates TVSL market share in the e-scooter segment at ~33% (vs ~40% YoY) indicating higher competitive intensity.

Exports stayed a key growth pillar, with total export business rising 47.1% YoY to ~172k units, while 2W exports jumped 47.5% YoY to ~154k units, supported by sustained demand across Africa, LATAM and South Asian markets. The 3W segment also maintained strong momentum, growing 50.8% YoY to ~24.6k units, driven by healthy export demand and continued strength in passenger carriers and last-mile mobility.

### **New Launches: TVS Ntorq (2026)**

#### **Hero MotoCorp**

HMCL's performance moderated in June 2026, with dispatches easing 2.3% YoY to ~541k units; primarily reflecting channel inventory normalisation even as underlying retail demand remained healthy. VAHAN registrations came at ~466k units, growing ~18% YoY; indicating continued customer offtake. HMCL closed Q1FY27 on a strong note, with dispatches rising ~23% YoY to ~1.68mn units, supported by broad-based demand across motorcycles, scooters and EVs.

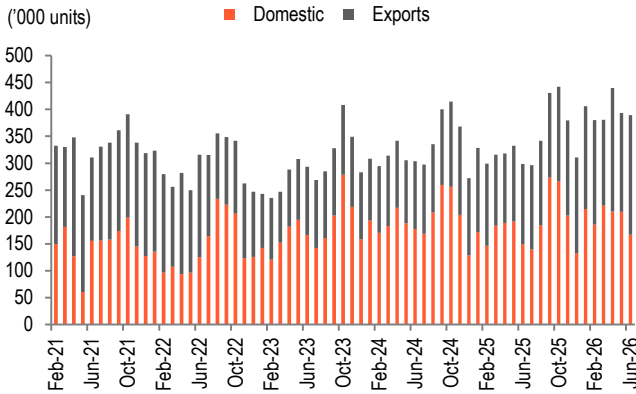
Domestic dispatches declined 4.2% YoY to ~503k units, with volume guarded by the scooter portfolio. Motorcycle volumes were impacted by a softer commuter segment. SIAM data for May 2026 showed the 75–125cc motorcycle segment—HMCL's core category—declining ~0.5% YoY.

VIDA continued to scale up strongly, recording ~21.8k VAHAN registrations in June, reflecting ~185% YoY retail growth and reinforcing Hero MotoCorp's improving position in the domestic electric 2W market.

Exports remained supportive, rising 32.8% YoY to ~38.3k units, driven by sustained demand across key international markets and continued expansion of the premium portfolio.

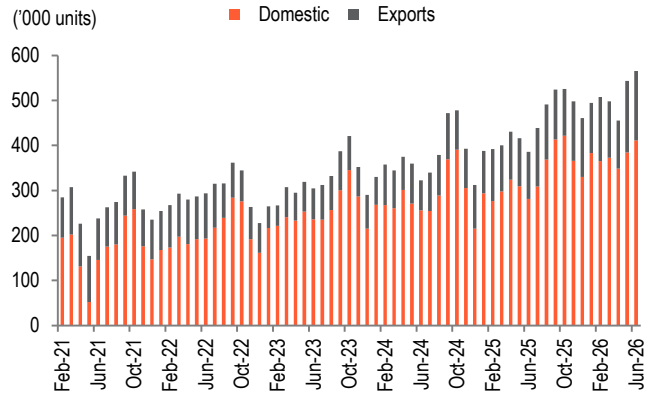
### **New Launches: Splendor+ Flex fuel, HF Deluxe Flex fuel**

**Fig 5 – Premium portfolio drives BJAUT 2W demand; overall pace remains slow as domestic volumes drag**



Source: Company, BOBCAPS Research

**Fig 6 – Scooterisation trend building on TVSL’s motorcycle portfolio**



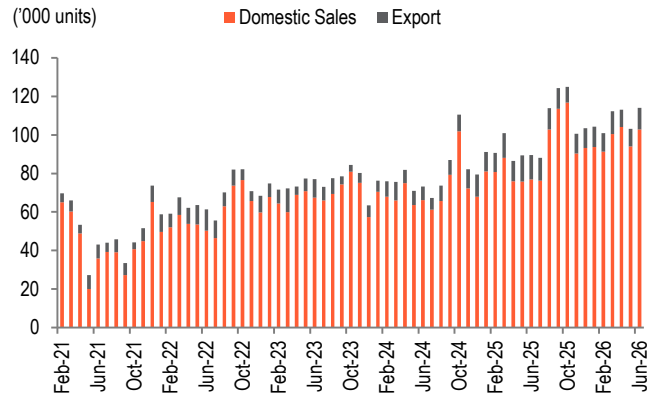
Source: Company, BOBCAPS Research

**Fig 7 – Competitive intensity mounting on low commuter segment demand for HMCL**



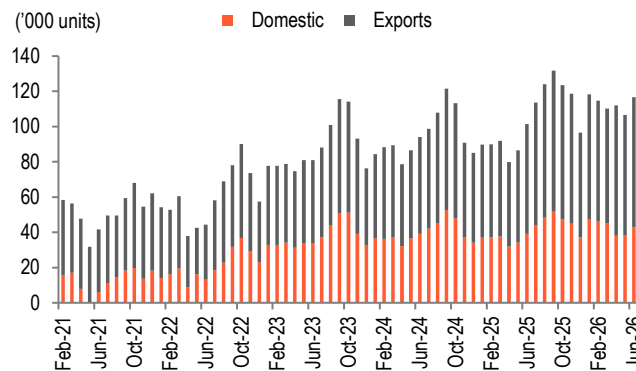
Source: Company, BOBCAPS Research

**Fig 8 – Premium motorcycle demand is expected to be indifferent despite market concerns for RE**



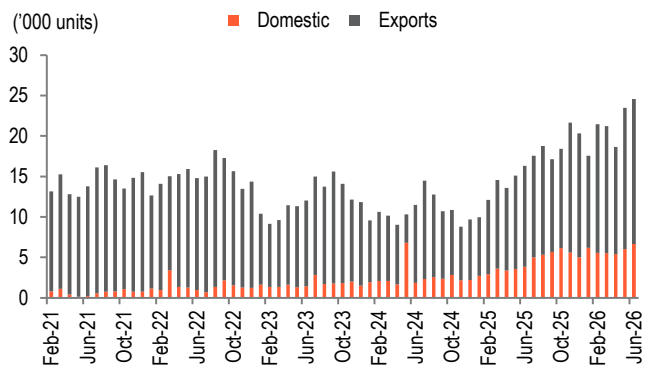
Source: Company, BOBCAPS Research

**Fig 9 – Exports key driver in BJAUT’s 3W volume**



Source: Company, BOBCAPS Research

**Fig 10 – TVSL 3W seeing healthy adoption in Passenger Carriers**



Source: Company, BOBCAPS Research

## Eicher Motors

EIM growth continued in June 2026, as the premium segment motorcycle business stayed indifferent, the CV segment was helped by a broad-based recovery across domestic and export markets.

Royal Enfield (RE) reported a robust 27.4% YoY growth to ~114k units, supported by strong domestic demand. Domestic volumes grew 33.8% YoY to ~103k units, driven by sustained traction in the core 350cc platform, including Classic, Hunter and Bullet, along with the commencement of customer deliveries of the Flying Flea C6 electric motorcycle in Bengaluru.

However, the premium motorcycle landscape is becoming increasingly competitive, with SIAM May'26 data indicating RE's share in the >200cc segment moderated to ~67.4% from ~76.5% YoY. Motorcycles up to 350cc grew 18.7% YoY to ~104k units. Export volumes remained under pressure, falling 11.8% YoY to ~11.1k units, highlighting continued volatility across international markets.

VECV delivered a strong performance, with total volumes rising 29.3% YoY to ~9.5k units, helped by domestic volumes that grew by ~28% YoY to ~8.6k units, supported by healthy infrastructure activity, freight availability and replacement demand. SCV/LMD trucks remained the key growth driver, gaining ~38% YoY to ~4.4k units, aided by robust e-commerce and last-mile logistics demand, while HD truck volumes rose 21.6% YoY to ~2.1k units. Bus demand improved at the LMD level (+21.1% YoY), although HD buses stayed weak (-26.7% YoY) due to slower institutional procurement. Exports performance also strengthened, with total exports rising 41.6% YoY to ~674 units, driven by a sharp increase in HD truck (+384% YoY) and bus (+73% YoY) exports, indicating improving traction in select overseas markets.

**New Launches: No new launch**

## Ashok Leyland

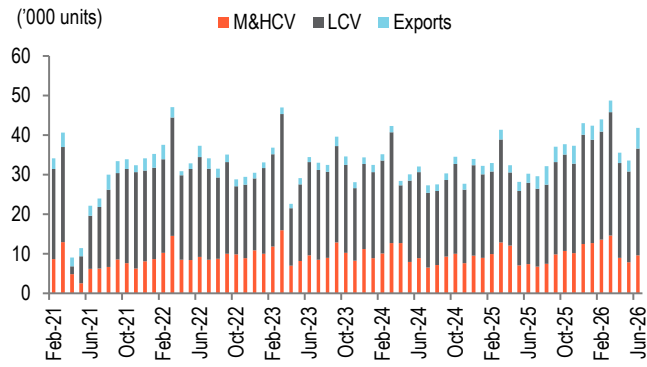
AL rebounded strongly in June 2026, with total vehicle sales increasing 25.2% YoY to ~19.2k units, led by a sharp improvement in MHCV trucks and sustained strength in LCVs.

Domestic volumes grew 26.3% YoY to ~17.9k units. LCVs continued to deliver healthy growth, rising 27.6% YoY to ~6.8k units. MHCV volumes rebounded 25.5% YoY to ~11.1k units, driven by a robust 44.3% YoY increase in truck volumes to ~9.5k units, reflecting healthy fleet utilisation, aided by infrastructure-led demand. However, bus volumes remained weak, declining 27.7% YoY to ~1.7k units, owing to continued delays in institutional ordering and slower procurement by state transport undertakings.

Export performance also improved meaningfully, with total export volumes increasing ~55% YoY to ~1.3k units.

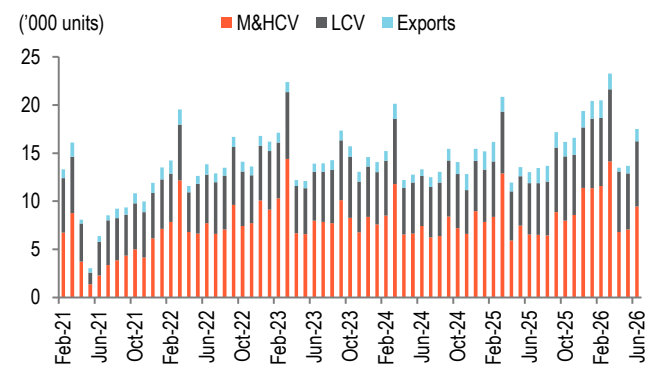
**New Launches: No new launch**

**Fig 11 – As freight, infrastructure and mining activity continued, demand stays healthy for TMCV’s higher tonnage vehicles**



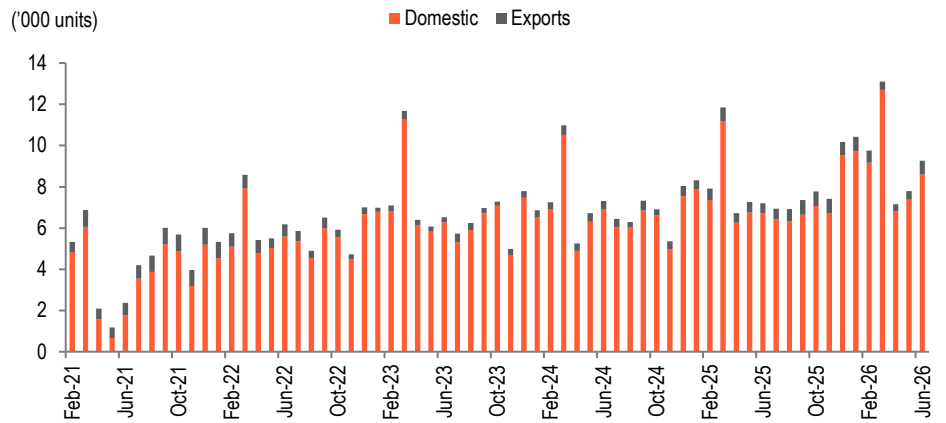
Source: Company, BOBCAPS Research

**Fig 12 – Contract procurement dampening the momentum revival for AL**



Source: Company, BOBCAPS Research

**Fig 13 – Freight and infrastructure headwinds fading, driving EIM’s truck demand**



Source: Company, BOBCAPS Research

### Escorts Kubota

ESCORTS sustained healthy growth momentum in June 2026, with total tractor sales rising 19.1% YoY to ~13.7k units. Domestic volumes grew 19.8% YoY to ~13.2k units, aided by wholesale and retail demand, persistent stability in rural fundamentals and the commencement of Kharif sowing across several regions.

Export volumes recovered, rising 4.4% YoY to ~523 units after two consecutive months of decline, showing positive signs in overseas demand.

### New Launches: No new launch

### VSTT

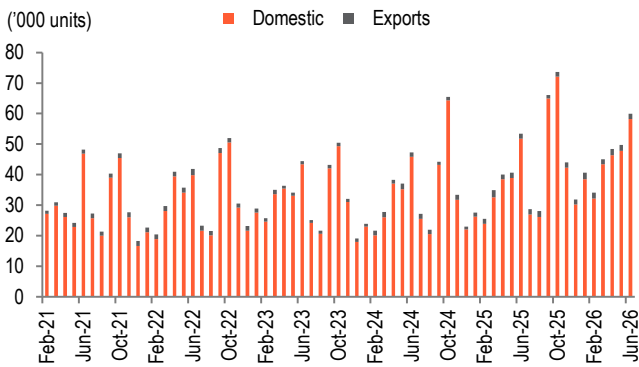
VSTT reported a relatively muted performance in June 2026, with total sales increasing 3% YoY to ~8.1k units, supported by steady demand across farm mechanisation products. Power tiller volumes remained stable at ~6.7k units (+0.3% YoY), following the commencement of Kharif sowing; though the delayed onset of the southwest

monsoon moderated activity in some regions. Stable rural fundamentals continued supporting underlying demand.

Tractor sales fell ~13% YoY to 435 units, underpinning the industry's ongoing shift towards higher horsepower tractors and some moderation in compact tractor demand. Power weeder segment rose 39% YoY to ~1k units, highlighting the increasing adoption of small farm mechanisation equipment.

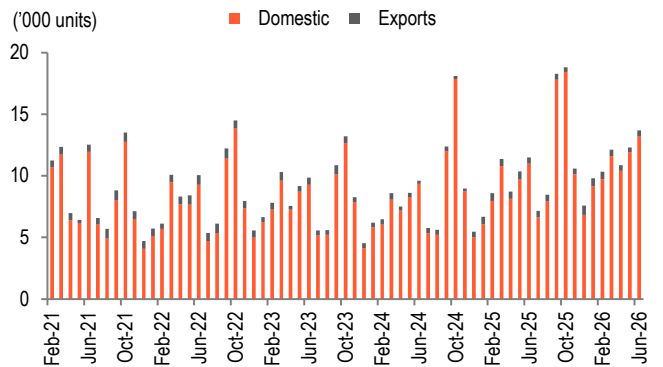
**New Launches: No new launch**

**Fig 14 – Commencement of Kharif sowing keeps tractor demand buoyant for MM**



Source: Company, BOBCAPS Research

**Fig 15 – ESCORTS's specialised tractor launches are being accepted in the market**



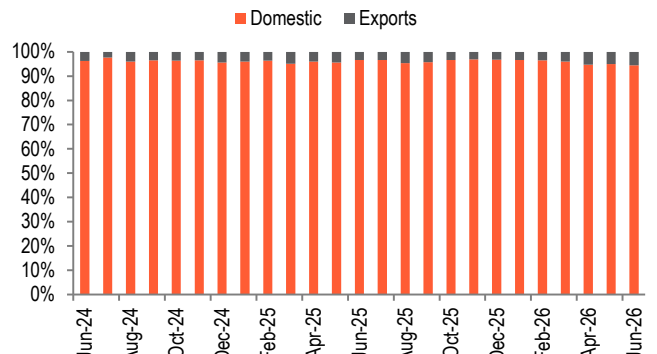
Source: Company, BOBCAPS Research

**Fig 16 – MSIL's small car rebound turning decisively positive**



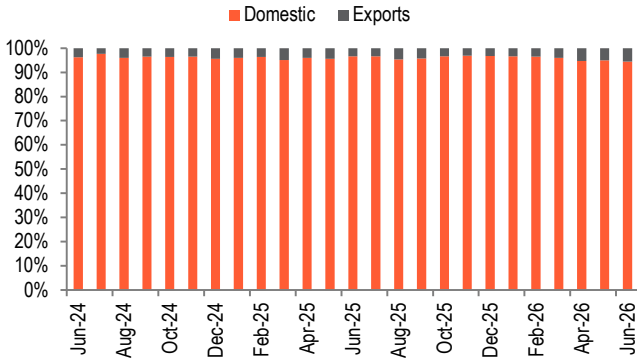
Source: Company, BOBCAPS Research

**Fig 17 – MM's volume stay dominated by domestic market**



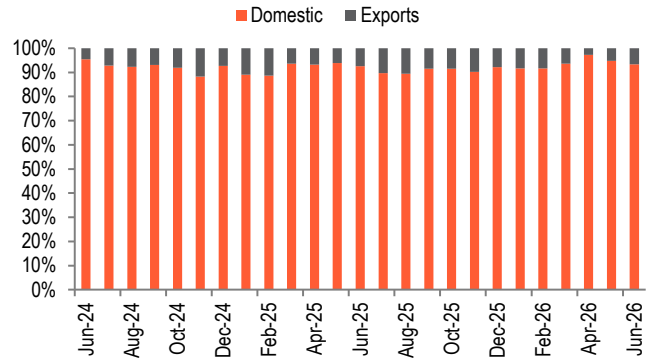
Source: Company, BOBCAPS Research

**Fig 18 – CV exports pick up for TTMT while PV exports contributing gradually**



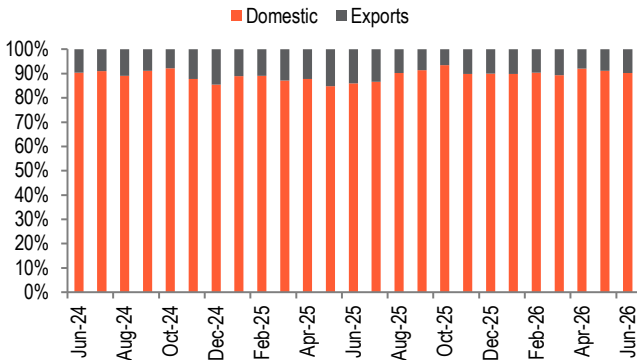
Source: Company, BOBCAPS Research

**Fig 19 – AL’s domestic volumes maintain pace**



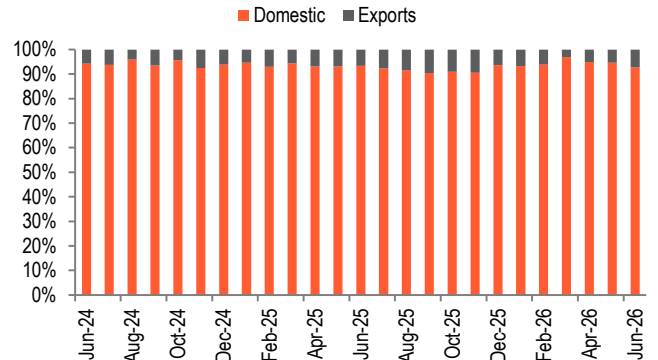
Source: Company, BOBCAPS Research

**Fig 20 – EIM (2W) – RE’s exports decelerating, though improved geopolitical condition to create demand**



Source: Company, BOBCAPS Research

**Fig 21 – EIM (CV) – Domestic CV strength to continue as freight utilisation inches up**



Source: Company, BOBCAPS Research

**Fig 22 – Exports dominance providing the much-needed buffer to BJAUT’s domestic softness**



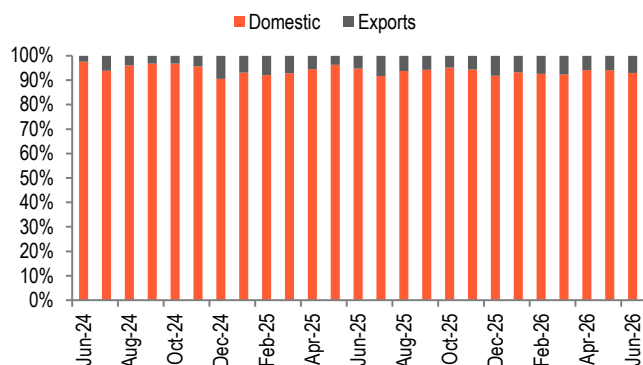
Source: Company, BOBCAPS Research

**Fig 23 – Strong exports traction continues to back TVSL’s domestic volume growth**



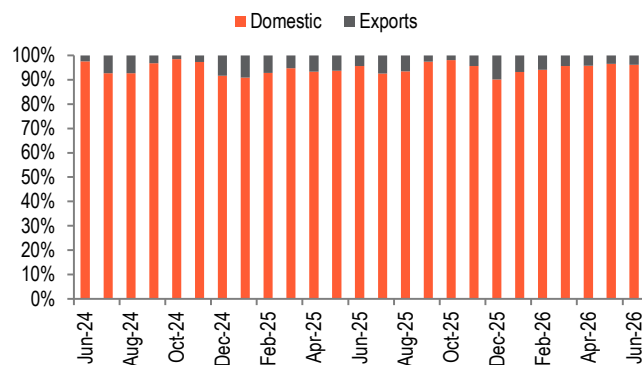
Source: Company, BOBCAPS Research

**Fig 24 – HMCL’s seeding market showing healthy acceptance for premium products**



Source: Company, BOBCAPS Research

**Fig 25 – ESCORTS’ exports volume recovery uneven**



Source: Company, BOBCAPS Research

**Fig 26 – SIAM (Apr-May '26) industry growth**

Segments (%)	Production	Domestic Sales	Exports
PV	12.1	25.2	13.3
Passenger cars	7.1	30.7	5.3
UVs	15.8	23.5	21.3
2W	20.1	21.2	34.7
Motorcycles	18.3	17.9	33.6
Scooters	23.5	27.0	42.9
3W	36.9	31.9	69.2

Source: SIAM, BOBCAPS Research

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**SELL** – Expected return <-6%

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