

AUTOMOBILES

02 June 2026

Momentum continues in May; weakness may cripple in Q2

- Momentum across segments continues as double-digit growth sustains with little impact of geopolitical tensions; repercussion likely in future
- Favourable farm sentiment and healthy cash flows aid tractor demand; higher base effect to play in 2H. Export recovery drives 2W/3W growth
- CV volume remains divergent with LCV gains, MHCV segment for TMCV grows healthy, AL disappoints; 3Ws growth unabated

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PV growth stay put: PV momentum remained strong in May, as volumes grew ~26% YoY across our coverage universe. MSIL delivered ~35% YoY growth, benefiting from the continued strength in small cars segment and UVs, while Kia India grew ~24% YoY. MM maintained healthy SUV-led ~11% YoY growth however, HMIL posted a moderate ~9% domestic growth. TMPV led the pack with a robust ~42% YoY growth on the back of EV strength and new SUV launch (Sierra).

Export-driven 2W growth: 2W strong momentum continued, driven by resilient domestic demand and robust exports. TVSL (~31% YoY) was the top gainer, while BJAUT/HMCL (~20%/~12 YoY) benefited from exports gaining strength. EIM (~15% YoY) sustained its steady mid-sized motorcycle growth but cut +350cc segment sharply.

Overall 3W growth continues unabated: 3W segment continued a robust growth, driven by the rising last-mile mobility demand, e-commerce business drive and healthy traction in exports. MM (~89% YoY) and TVSL (~55% YoY) posted strong gains, led by passenger carriers and export demand, while BJAUT (~30% YoY) sustained momentum with steady domestic growth and a strong jump in exports (~65% YoY).

Tractor demand healthy though trends mixed: The segment sustained its growth momentum, amid healthy rural cash flows as well as the timely Rabi harvesting. MM (~22% YoY) and ESCORTS (~19% YoY) reported strong domestic performance. VSTT (~28% YoY) outperformed, led by power tiller demand, though tractor growth was modest. However, the evolving monsoon outlook remains key near-term monitorable.

CV demand steady amid mixed MHCV trends: CV performance remained resilient, supported by LCV demand and infrastructure activity. TMCV (~19% YoY) stayed steady on strong LCV demand, while VECV (~8% YoY) gains were well balanced led by SCV/LMD trucks. AL (~4% YoY declined) fell on account of MHCV weakness and a softer demand in the bus segment, even as LCV momentum remained healthy.

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:

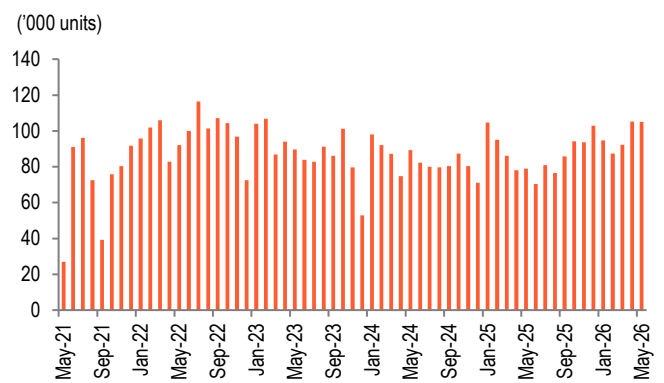
MSIL sustained its strong momentum in May 2026, with total wholesales rising to ~243k units; up 34.8% YoY (+1.3% MoM). This was driven by the continued strength in domestic demand and resilient exports growth. Domestic (PV+LCV+OEM) sales rose 34.9% YoY to ~201k units; underpinning healthy small car revival (favourable base), consumer sentiment and attractive financing conditions.

Passenger cars remained the key growth driver, rising 43.3% YoY to ~98k units. Industry trends continue to indicate a revival in the small-car segment, with MSIL leading the recovery through strong demand for Dzire, WagonR, Swift and Baleno. Fleet demand remained supportive, as Dzire remained among the top-selling PV in the country. UV also maintained a healthy momentum, growing 44.4% YoY to ~79k units, significantly outperforming the industry growth. Strong traction in Brezza, Fronx, Grand Vitara and the recently launched Victoris, which has rapidly gained market share (~5.3% per SIAM data), continued to support UV volumes and helping overall strong growth momentum for MSIL.

Vans posted a steady 7.4% YoY growth, while LCV volumes grew 17.2% YoY, reflecting stable demand from last-mile logistics and small commercial operators. Exports remained a key support pillar, increasing 34.3% YoY to ~41.9k units, driven by sustained demand across key international markets. Despite ongoing global macroeconomic uncertainties, momentum may partially taper off with continued global uncertainties.

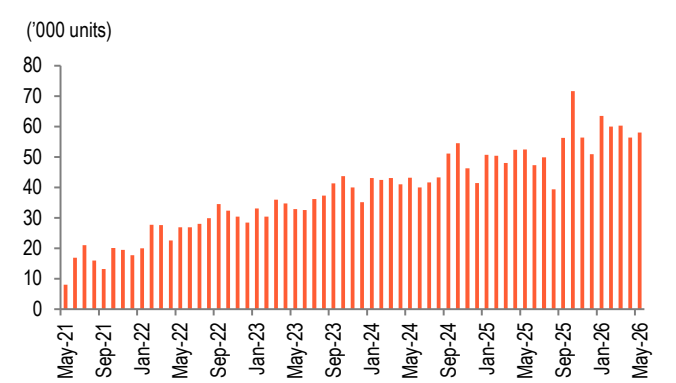
New Launch: No New launch

Fig 1 – Small car segment starting to contribute meaningfully for MSIL



Source: Company, BOBCAPS Research

Fig 2 – Specialised SUV demand structurally strong for MM despite supply side challenges



Source: Company, BOBCAPS Research

Mahindra & Mahindra:

MM sustained a healthy growth trajectory in May 2026, with the overall auto sales rising 18.5% YoY to ~99.6k units. This was supported by continued strength across SUVs, CVs, 3Ws and exports. Domestic PV volumes grew 10.7% YoY to ~58.0k units, reflecting resilient SUV demand despite supply-side constraints at select vendors.

Industry trends remain favourable, with SIAM data indicating UVs continue to dominate the PV market (~68% share in Apr'26). MM retained its position as the second-largest PV OEM with ~22% market share. Growth continues to be supported by strong customer traction for its core SUV portfolio and sustained order book visibility with an indicative waiting period of ~3 months.

CV performance remained resilient, with domestic LCV volumes (<3.5T) growing 12.6% YoY to ~24.1k units. This was helped by the healthy infrastructure activity, replacement demand pick-up and continued e-commerce-led freight movement, despite a weaker sentiment (Geopolitical crisis). The 3W segment remained a standout performer, surging 88.9% YoY to ~12.5k units. This was driven by a strong EV adoption in passenger carriers (~96% YoY Apr'26 SIAM) alongside the growing urban mobility demand. Overall exports also remained supportive, increasing 37.1% YoY to ~5.0k units — reflecting the improving traction across key overseas markets.

In the Farm Equipment segment, MM delivered another strong month, with domestic tractor sales rising 22.9% YoY to ~47.8k units (total tractor volumes ~49.7k units, +22.3% YoY). Growth was driven by timely completion of Rabi harvesting, favourable farm economics and healthy rural cash flows. The looming El Nino concerns (despite adequate reservoir levels) remains a key monitorable for the Kharif crop prospects, raising concerns for sustainable near-term growth.

New Launches: No New Launch

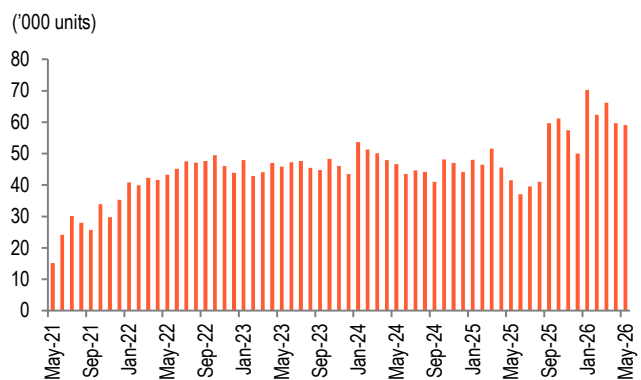
Hyundai Motor India:

HMIL's domestic momentum remained positive in May 2026, with sales rising 9.1% YoY to ~47.8k units. However, exports remained subdued, down by 10.4% YoY. Industry trends remained supportive, with SIAM April data indicating a recovery in passenger cars (~18% YoY), alongside a continued growth in UVs (~16% YoY). HMIL appears to be benefiting from the revival in the small-car segment, though its growth remains somewhat below the broader industry pace. Exports came at ~13.3k units, falling 10.4% YoY; reflecting continued weakness across select overseas markets amid geopolitical uncertainties as also the uneven recovery in key export regions.

While the SUV segment stays structurally strong, competitive intensity has increased, with HMIL's flagship Creta witnessing moderation in segment share (5.9% vs 8% YoY). Nevertheless, HMIL's effort to diversify away from nameplate concentration helped sustain domestic growth, reporting a healthy start to FY27, with domestic sales up ~13% YoY during April–May FY27.

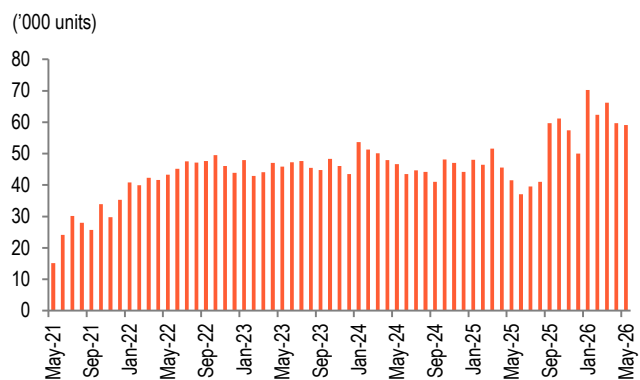
New Launches: No New Launch

Fig 3 – Aggressive launches and wide EV portfolio drives TMPV



Source: Company, BOBCAPS Research

Fig 4 – Domestic demand turning sustainably positive, near-term export volatility to persist



Source: Company, BOBCAPS Research

Bajaj Auto

May 2026 was yet another month of a healthy performance for BJAUT, with total vehicle sales rising ~20% YoY to ~461k units. This was driven by continued strength in exports and resilient demand across both 2W and 3W segments. While growth moderated from April's exceptionally strong export-led performance, volumes remained well above industry levels, reinforcing BJAUT's leadership in export markets.

Domestic 2W volumes grew ~9% YoY to ~210k units, supported by improving rural demand and sustained traction in the premium motorcycle portfolio. Exports remained the key growth driver, increasing ~30% YoY to ~184k units, despite a higher base. As per SIAM April'26 data, BJAUT maintained its spot as the largest contributor to the industry's 2W exports growth, with exports rising ~78% YoY. This was led by a sharp recovery in the 75–125cc segment (~95% YoY) and strong momentum in the >200cc category (~98% YoY), driven by KTM and Triumph platforms. Demand across LATAM, Africa and South Asia remained supportive.

The 3W segment sustained a strong momentum, with total volumes rising ~30% YoY to ~68k units. Domestic 3W sales jumped ~12% YoY to ~39k units, supported by steady urban mobility demand and last-mile transportation activity. Export volumes spiked with ~65% YoY gains to ~30k units, reflecting robust demand across key overseas markets including MENA, Africa and South Asia, where BJAUT continues to strengthen its market position.

New Launches: Bajaj Pulsar N160 (update)

TVS Motors

TVSL witnessed a healthy rebound in May 2026, with total sales rising 31.4% YoY (+19.7% MoM) to ~567k units, indicating the easing supply-chain constraints and continued strength across domestic, export and EV segments.

Total 2W volumes grew 30.5% YoY to ~543k units, owing to strong domestic demand and export recovery. Domestic 2W sales jumped 24.3% YoY to ~385k units, driven by growth across motorcycles and scooters. Motorcycle volumes rose 29.5% YoY to ~274k

units. Notably, SIAM data for April had indicated that TVSL lagged the broader industry in scooters (~18% YoY) and 75–125cc motorcycles (~30% decline YoY) — indicating a broad-based recovery in May.

EV volumes maintained strong momentum, rising 56.0% YoY to ~43.6k units, driven by continued traction in the iQube portfolio and the improving E2W adoption. Exports emerged as a key growth driver, with total exports surging 48.6% YoY to ~176k units, while 2W exports grew 48.3% YoY to ~159k units, supported by strong demand across Africa, LATAM and South Asian markets. The 3W segment also stayed robust, growing 55.4% YoY to ~23.5k units, aided by healthy exports demand (especially in passenger carriers) as well as sustained last-mile mobility requirements.

New Launches: TVS Jupiter (update), TVS iQube S (4.7kWh)

Hero MotoCorp

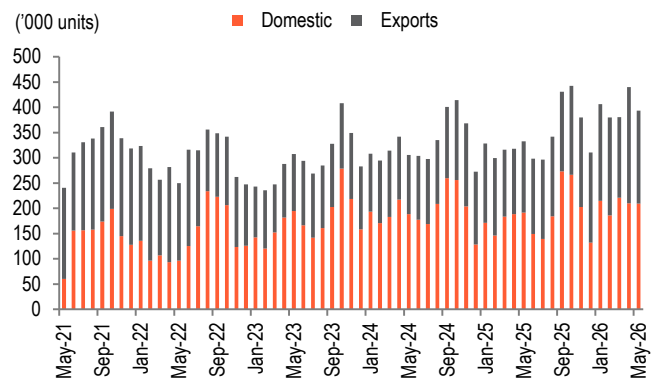
HMCL’s momentum in May 2026 was steady, though relatively slower, with sales rising 12.3% YoY to ~570k units. Retail demand saw a moderation in VAHAN registrations (~497k units), indicating stable customer offtake and inventory normalising, following a strong April.

Domestic volumes grew 9.8% YoY to ~537k units, on the back of robust demand in the Deluxe 125cc, premium motorcycle and scooter segments — all of which recorded growth in double digits. The launch of the Super Splendor XTEC 2.0 further deepened HMCL’s offering in the 125cc category. Industry data (SIAM Apr’26) also indicated a continued strength in scooters and 75-125cc segment, given that HMCL led the growth, rising ~75% YoY as well as gaining a hefty ~58% market share.

Exports remained a key growth driver, surging 77.9% YoY to ~33.3k units, driven by a strong traction across key international markets as also an expanding premium product portfolio, albeit on a lower base. VIDA continued to scale up strongly, with ~19.1k VAHAN registrations in May 2026 — reflecting ~166% YoY retail growth.

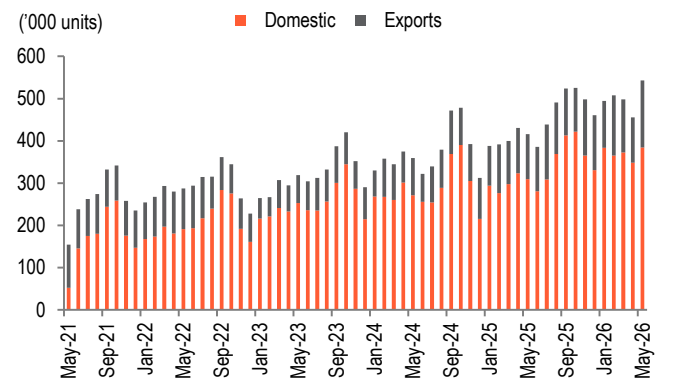
New Launches: Super Splendor XTEC 2.0

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



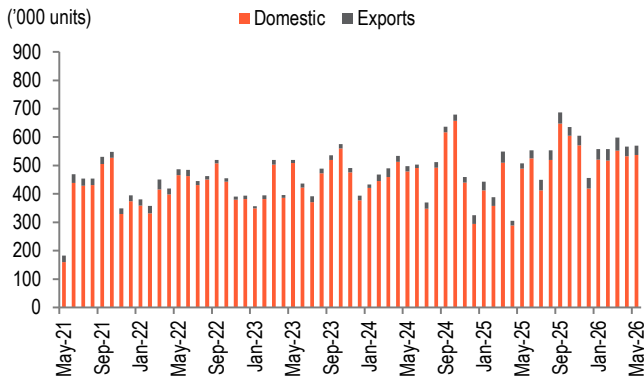
Source: Company, BOBCAPS Research

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



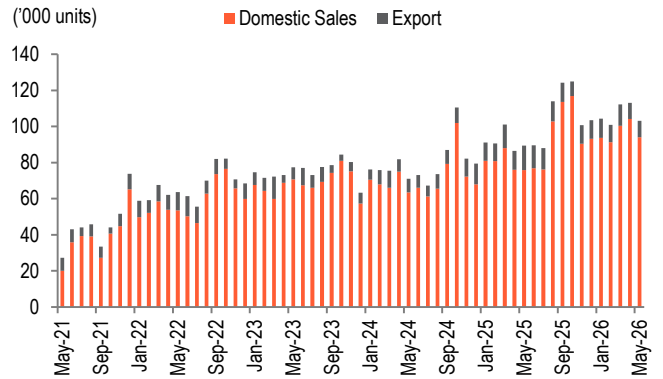
Source: Company, BOBCAPS Research

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



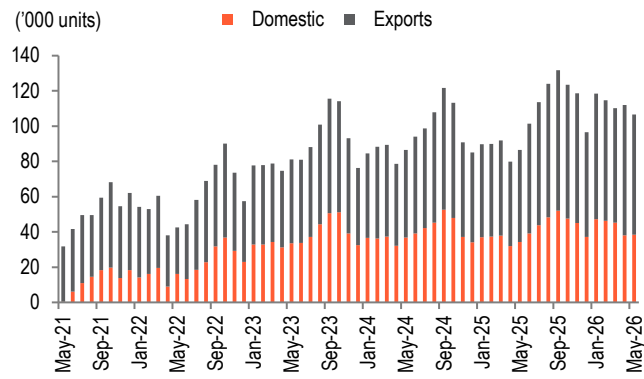
Source: Company, BOBCAPS Research

Fig 8 – RE's export softness and a >350cc slowdown pressurising the overall growth



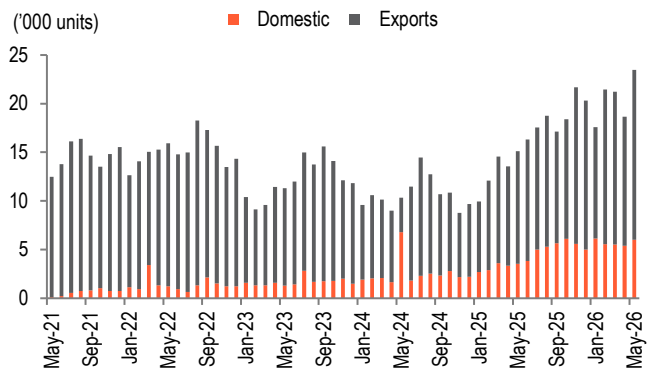
Source: Company, BOBCAPS Research

Fig 9 – Export key driver and dominant in 3W volume for BJAUT



Source: Company, BOBCAPS Research

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



Source: Company, BOBCAPS Research

Eicher Motors

EIM sustained a healthy momentum in May 2026, driven by continued strength in the motorcycle business, while CV segment delivered steady growth on the back of domestic demand.

Royal Enfield (RE) reported a steady 15.4% YoY growth to ~103k units, as domestic demand remained resilient despite a higher base. Domestic volumes grew by a strong ~24% YoY growth to ~94k units, supported by continued traction in the core 350cc platform, including Classic, Hunter and Bullet. SIAM data indicates the >200cc motorcycle segment continued to expand strongly, with RE maintaining leadership even with the industry growth outpacing the company's (37% YoY vis-à-vis 49.5% YoY). Volumes in motorcycles up to 350cc grew 18.7% YoY to ~90.8k units. The >350cc portfolio remained largely stable (-3.8% YoY), reflecting a high base and selective premium demand. Export volumes fell sharply by ~33% YoY to ~9.1k units, highlighting continued volatility across international markets despite RE's expanding global footprint and increasing brand engagement initiatives.

VECV reported a steady performance, with total volumes rising 7.8% YoY to ~8k units. Domestic volumes grew 9.1% YoY to ~7.4k units, on the back of the ongoing infrastructure activity and stable freight demand. SCV/LMD trucks remained the key growth driver, rising 16.1% YoY to ~3.8k units — benefiting from the sustained demand in last-mile logistics and e-commerce. HD truck volumes also remained positive — jumping 7.9% YoY to ~1.6k units — although growth moderated vs the previous months, as fleet additions normalised amid the rising fuel prices. Demand in the buses category remained mixed, with LMD buses being largely flat (+0.1% YoY) while HD buses declining 17.6% YoY — reflecting continued weakness in institutional and state transport procurement.

Exports remained under pressure, declining 17.2% YoY to ~414 units amid softer overseas demand and geopolitical uncertainties. However, HD truck exports grew 31.2% YoY, partially offsetting weakness in SCV/LMD and bus exports.

New Launches: Bullet 650

Ashok Leyland

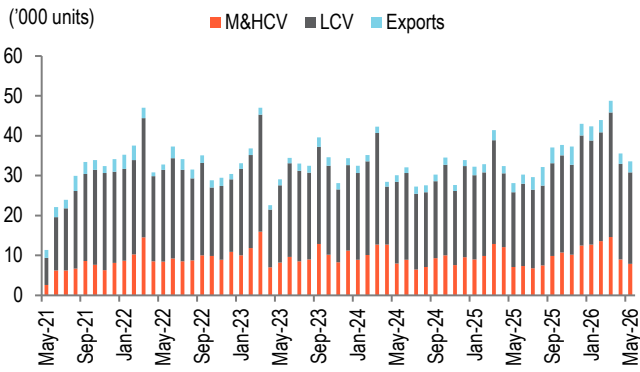
AL's performance moderated in May 2026, with total vehicle sales declining 3.6% YoY to ~14.9k units; reflecting a softer demand environment in the MHCV segment despite the continued resilience in LCVs. The moderation comes amid a high base as well as some normalisation in fleet additions, following the strong replacement-driven growth witnessed over the past year.

Domestic volumes fell 2.7% YoY to ~14.1k units. LCVs remained the key growth driver, growing 13.2% YoY to ~5.8k units, supported by the steady improving rural consumption trends, last-mile delivery demand and e-commerce activity and improving rural consumption trends. However, the decline 11.4% YoY decline in MHCV volumes to ~8.3k units, remained a key highlight. Within MHCV, truck volumes fell 5.4% YoY, indicating moderation in freight availability and fleet utilization. Bus volumes declined sharply by 34.6% YoY, due to continued weakness in institutional ordering and slower procurement by state transport undertakings.

Export performance remained mixed, with total exports improving ~92% MoM, but continuing to face pressure from geopolitical uncertainties and uneven demand across international markets. Overall MHCV exports remained subdued, as bus exports fell sharply by 50% YoY; partly offset by relatively resilient truck exports that were up 90% YoY.

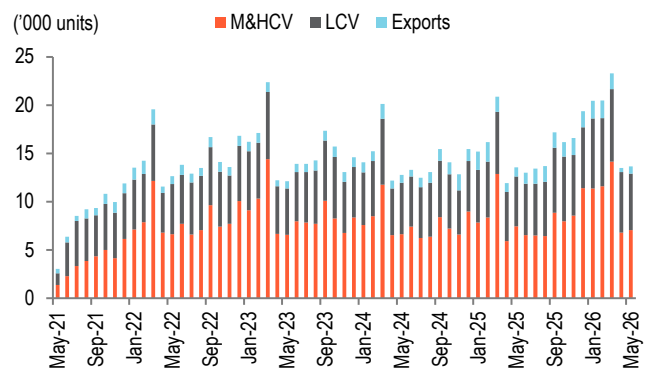
New Launches: No New Launch

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



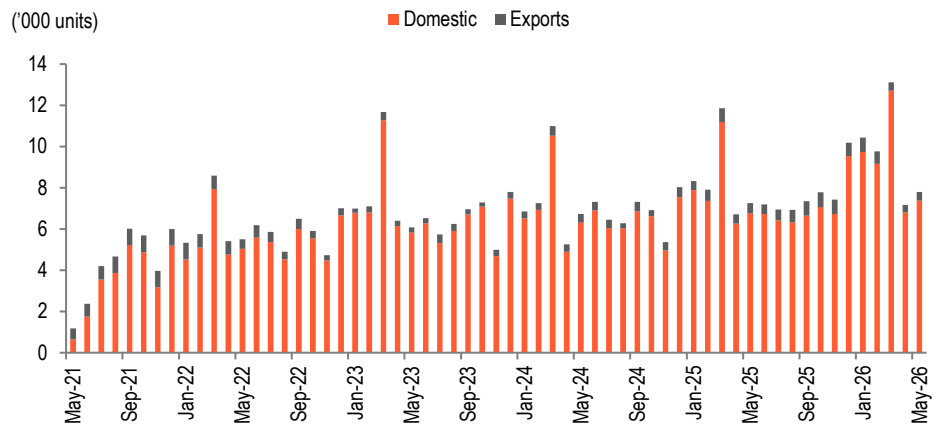
Source: Company, BOBCAPS Research

Fig 12 – Rising fuel prices and weakening sentiment arrest AL's replenishment cycle



Source: Company, BOBCAPS Research

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



Source: Company, BOBCAPS Research

Escorts Kubota

ESCORTS sustained its strong momentum in May 2026, with total tractor sales rising 18.9% YoY to ~12.3k units. Domestic volumes grew 22.5% YoY to ~11.9k units — reflecting a healthy farm sentiment, timely completion of Rabi harvesting as also the improving cash flows in rural markets. Demand remained steady, aided by adequate reservoir levels, and sustained mechanisation trends ahead of the Kharif season. Export volumes were hit by 35% YoY to coming at ~423 units, reflecting continued weakness across international markets amid uneven global agricultural demand and macroeconomic uncertainties.

The concerns around rising fertiliser costs, softer prices for select cash crops and evolving geopolitical developments, persist; though management expects the underlying rural demand to be healthy. Monsoon progression and Kharif acreage trends will be key determinants for demand sustainability over the coming months.

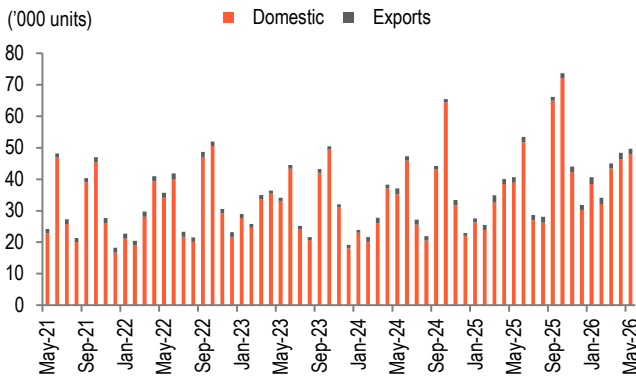
New Launches: Kubota NeoStar compact tractor series

VSTT

VSTT sustained momentum in May 2026, with total sales rising 28.3% YoY to ~4.5k units, supported by strong growth in power tillers and stable tractor demand. Power tiller volumes rose 31.9% YoY to ~4.0k units, driven by the continued mechanisation adoption, healthy farm activity as well as favourable rural sentiment ahead of the Kharif season. Demand remained strong, supported by adequate reservoir levels, timely completion of rabi harvesting.

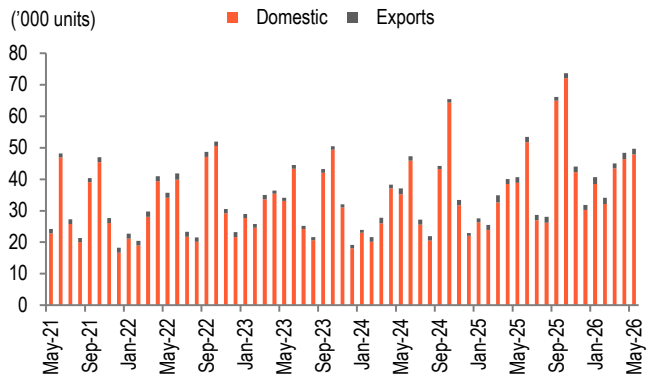
Tractor sales remained steady, growing 3.2% YoY to ~453 units, while the compact tractors continued witnessing demand support from the improving rural cash flows and mechanisation trends. The industry-wide preference towards higher horsepower tractors has moderated growth relative to power tillers.

Fig 14 – Timely rabi harvest drives cash flow; rural sentiment increasing demand for MM tractors



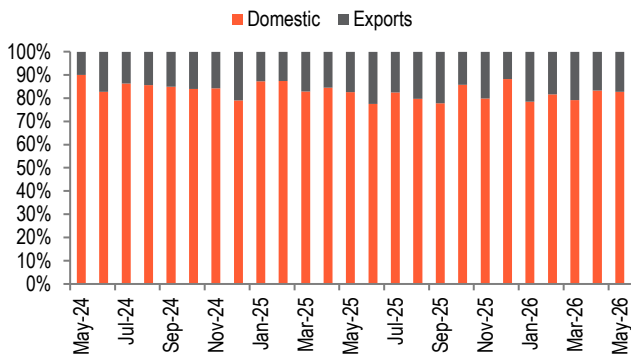
Source: Company, BOBCAPS Research

Fig 15 – ESCORTS's domestic tractor sales largely in line with industry leader



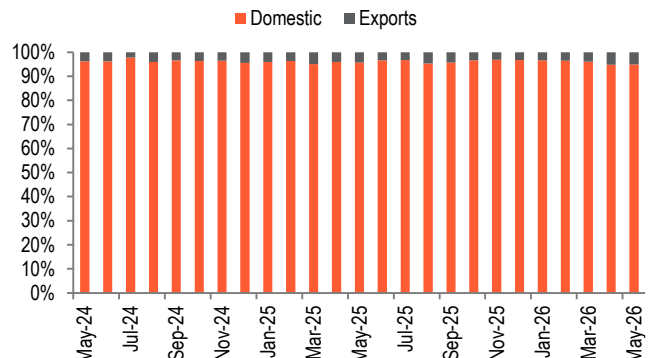
Source: Company, BOBCAPS Research

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



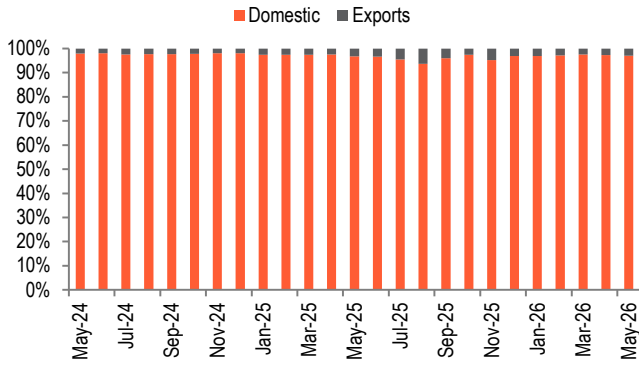
Source: Company, BOBCAPS Research

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



Source: Company, BOBCAPS Research

Fig 18 – Overall export contribution for TTMT remains miniscule



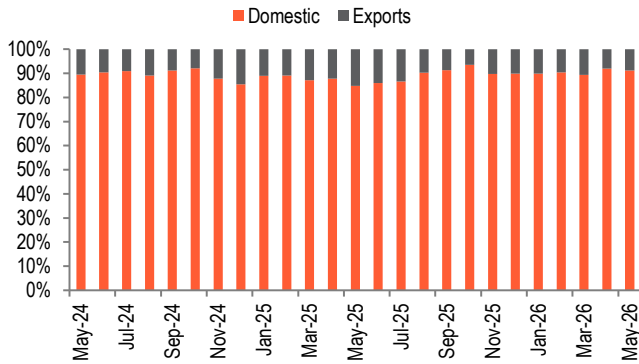
Source: Company, BOBCAPS Research

Fig 19 – AL’s domestic volumes maintain pace



Source: Company, BOBCAPS Research

Fig 20 – EIM (2W) – RE’s exports showing sign of deceleration despite improved presence



Source: Company, BOBCAPS Research

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



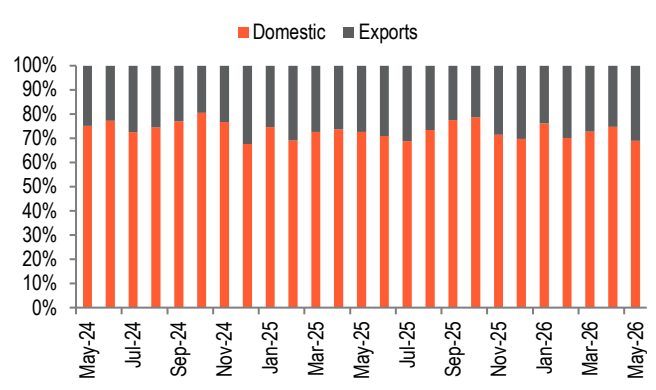
Source: Company, BOBCAPS Research

Fig 22 – With KTM shipment resumption, rebound in LATAM & MENA surge exports for BJAUT



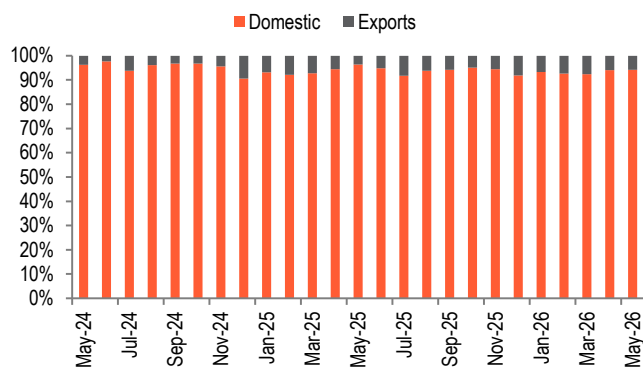
Source: Company, BOBCAPS Research

Fig 23 – Strong export traction continues to back 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

Fig 26 – SIAM Apr’26 Industry growth

Segments (%)	Production	Domestic Sales	Exports
PV	12.8	24.6	13.3
Passenger cars	7.9	32.7	12.1
Uvs	15.5	21.1	14.4
2W	28.1	28.4	38.3
Motorcycles	28.8	30.6	36.3
Scooters	27.6	26.2	50.0
3W	41.6	32.8	84.0

Source: SIAM, BOBCAPS Research

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

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Note: Recommendation structure changed with effect from 21 June 2021

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