

AUTOMOBILES

03 July 2025

Seasonally weak month; premium segment, exports aide growth

- **PV volumes grew ~1% YTD with the domestic premium SUV segment volume impacted too; compact car worries continue**
- **2W segment continues its healthy pace, adding ~10% YoY continues to derive strength from premiumization and exports**
- **Tractors growth path firms with ~14%/27% YoY/MoM growth, CV continues to be a mixed bag; 3-W on a strong footing**

Milind Raginwar
 research@bobcaps.in

PV YTD growth softens to 1%: Domestic passenger vehicle (PV) sales in June were subdued, especially in the passenger car segment, PV volumes fell by 6.8%/8.6 YoY/MoM to 0.3mn units. MSIL domestic sales were dragged (~12% YoY/MoM) by the fall in mini & compact segments, but the overall sales were down by ~6%; helped by healthy exports. Volume softened for TTMT, Hyundai and Kia. TTMT fell the sharpest by 14.8% YoY and Hyundai's volume dipped by 6% YoY. MM was the only exception, growing 18.2% YoY driven by new models; especially EVs.

2W growth assisted by exports: Overall 2W segment volume growth was in double-digits (10.4%) YoY driven by premium segment and export sales. TVS (+19.7% YoY) with larger share of motorcycles above 125cc and EIM (+22.4% YoY) which cater to premium 350cc+ segment delivered healthy growth. HMCL was in-line with the industry grappling with the transition of a large vendor. BJAUT domestic volume fell the sharpest by ~16% YoY but was offset by strong exports (+18% YoY).

3Ws on a strong footing: The 3W segment volume grew by 20%17.7%YoY/MoM, driven by exports as domestic volume growth was in single digits ~9% YoY. TVS and BJAUT's exports grew by 29.2%/48.7% YoY respectively. Domestic markets volumes were a drag as market leader BJAUT's volume stayed flat YoY, while MM and TVSL grew by ~37%/109% YoY. The sustaining demand for last mile mobility and electrification is driving recovery in the urban and semi-urban markets.

Tractors growth unabated: With rural economy seeing an uptick as sowing season starts and onset of healthy monsoon tractor sales grow by a healthy 13.7% YoY (27.1% MoM on strong base). MM grew by 12.8%/33% YoY/MoM) in domestic markets and continued leadership. ESCORTS, too, grew by 17.5% YoY in domestic markets, while exports grew 2.1x on a low base.

CVs a mixed bag: CV segment performance was a mixed bag, declining 2.6% YoY but up 3.7% MoM. Domestic volumes were largely subdued declining 5.5%/45% YoY/MoM; while exports were slightly better, growing 53.6%/5.4% YoY/MoM.

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



Individual OEMs highlights

Maruti Suzuki India: Utility segment declined 8.5%/12.7% YoY/MoM, reaching 47,947 units due to seasonal demand fluctuations. Compact segment, MSIL's core strength, faced a significant YoY decline of 15.4% YoY to 54,177 units, with 11.9% MoM drop, reflecting persistent affordability challenges as entry-level car prices have risen over 70% since 2019. Consequently, passenger cars' proportion in the total sales dropped to 54.1% from 55.3% YoY (53% MoM). Exports surged by 21.9% YoY to 37,842 units, boosting the export share to 22.5% from 17.3% YoY; driven by strong demand in markets like Latin America and Africa.

Fig 1 – Affordability concerns pressuring MSIL's compact segment

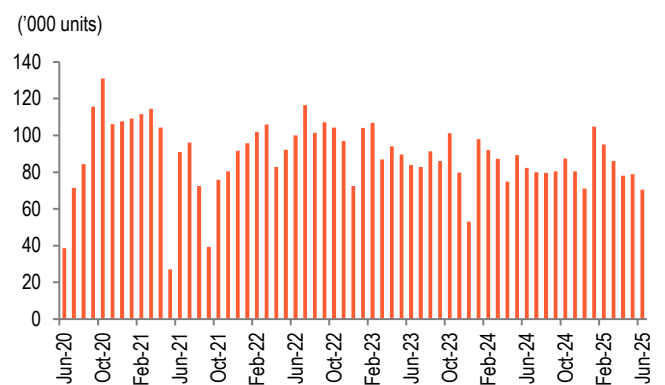
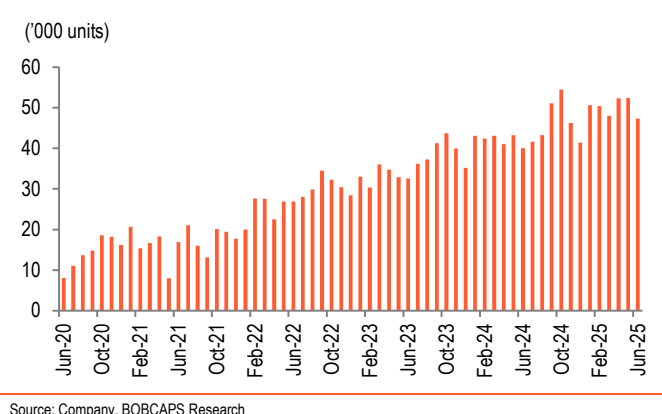


Fig 2 – MM's momentum strong on the SUVization trend



- Mahindra & Mahindra:** The SUV segment delivered a robust show, growing by 18% YoY to 47,306 units, but declining by 9.8% MoM on seasonal demand softening. Commercial vehicle (CV) segment was flat YoY to 20,575 units with ~4% MoM slide, reflecting a slowdown in domestic demand. 3W segment surged by 27.4%/16.4% YoY/MoM, driven by urban mobility demand. In the tractor segment, domestic volumes grew by 12.8%/33% YoY/33%; while exports jumped 13.4% YoY (-6.1% MoM). Recent SML Isuzu acquisition is expected to bolster the CV portfolio with new CNG and EV variants, supporting MM's electrification push. Total vehicle sales at 78,969 units were up 13.8% YoY; marking a strong wrap-up to Q1.

Fig 3 – TTMT's models struggling to maintain foothold

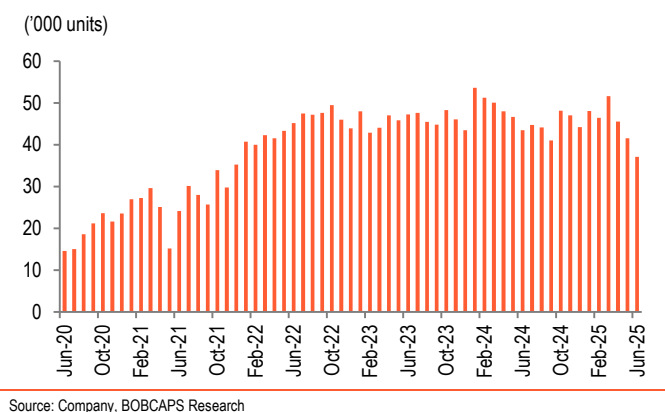
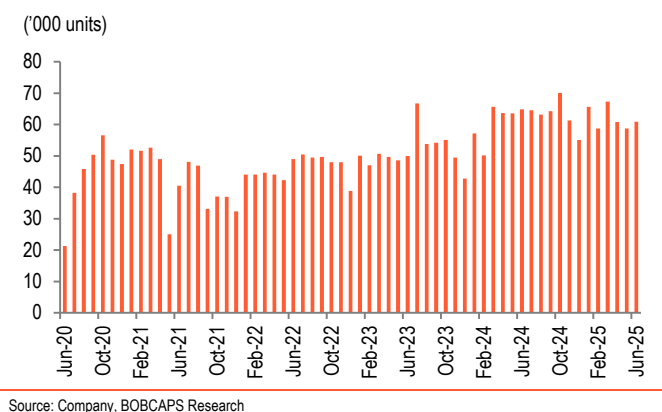


Fig 4 – Hyundai's aging portfolio a point of concern



Bajaj Auto: Bajaj Auto's domestic 2Ws volume stayed subdued, decreasing by 15.7/22% YoY/MoM to 149,317 units. However, exports, surged by 18% YoY and 5.8% MoM to 149,167 units, driven by robust demand in the LATAM region, particularly in Brazil and Colombia, as well as recovering markets like Bangladesh. CV segment grew by 13.7%/19.3% YoY/MoM to 62,322 units with domestic sales stable at 39,143 units (-0.3% YoY, up 14% MoM) and exports jumping 48.7% YoY and 29.3% MoM to 23,179 units. Total volumes grew by 0.6% YoY (-6.2% MoM) to 360,806 units, supported by exports and CV performance, despite domestic challenges.

TVS Motors: TVSL reported a robust performance with total sales of ~0.4mn units in June 2025, reflecting a 20.5% YoY jump from 0.33 mn units in June 2024. 2Ws drove the growth, with sales rising 19.7% YoY to 0.38mn units from 0.32 mn units, led by motorcycles (up 23.6% YoY to 0.18 mn units from 0.15 units) and scooters (up 25.8% YoY to 0.161 mn units from 0.13 mn units). Domestic 2W sales grew by 9.9% YoY to 0.28 mn units from 0.25mn units, while exports surged 57.6% YoY to 0.1mn units, fueled by strong demand in Asia, LATAM, and Sri Lanka. 3W segment grew 42% YoY to 16,303 units from 11,478 units, with exports contributing significantly.

EV sales, primarily driven by the TVS iQube, declined 9.1% YoY to 14,400 units from 15,859 units, impacted by supply chain constraints related to magnet availability. New launches, including the TVS Apache RTR 160 with dual-channel ABS, and expanded premium scooter offerings are expected to sustain the momentum.

Hero Motors Corp: HMCL reported total sales of 0.55 mn units in June 2025, marking a 9.1% YoY rise from 0.50 mn units in June 2024. Domestic sales grew by 6.9% YoY to 0.52 mn units from 0.49 mn units, while exports surged 139.6% YoY to 28,827 units from 12,032 units; driven by strong demand in Bangladesh and Colombia. Motorcycle sales, comprising 92.6% of the portfolio, rose 8.3% YoY to 0.51 mn units from 0.47 mn units. Scooter sales grew 36.7% YoY to 41,305 units from 30,220 units, bolstered by the premium Destini 125 and Xoom 125R. The EV brand VIDHA dispatched 7,178 units, with 7,650 VAHAN registrations, reflecting a robust EV demand. HMCL and Harley Davidson introduced the new CVO Street Glide and CVO Road Glide super-premium limited-edition models.

Fig 5 – BJAUT's 2W faltering even as the broader market recovers



Fig 6 – TVSL's 2W sales for FY26 started on a strong note

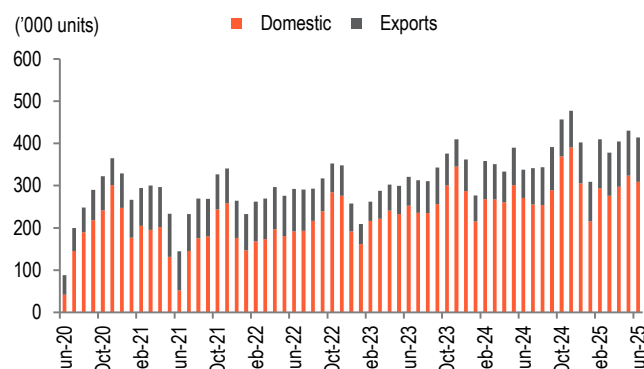
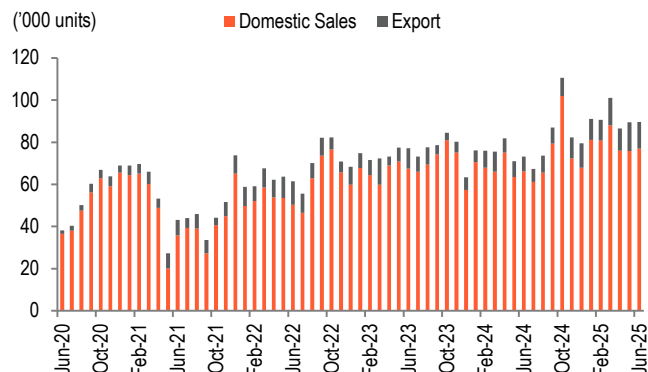


Fig 7 – HMCL's 2W commuter segment grappling with vendor transition phase



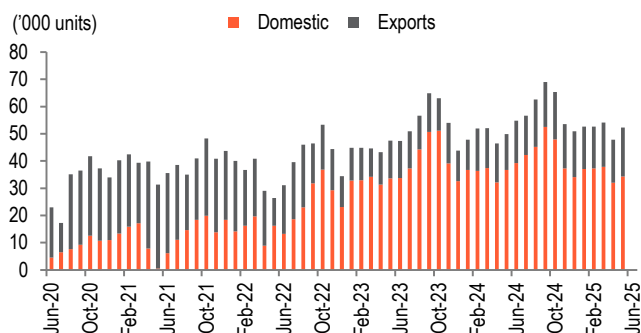
Source: Company, BOBCAPS Research

Fig 8 – Deeper penetration in foreign markets and premiumisation in domestic market drive RE sales



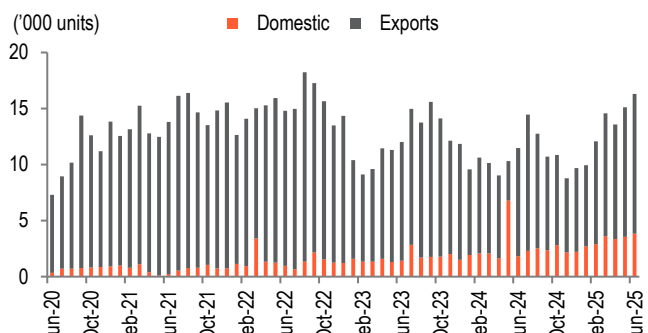
Source: Company, BOBCAPS Research

Fig 9 – BJAUT's 3W maintains stable share



Source: Company, BOBCAPS Research

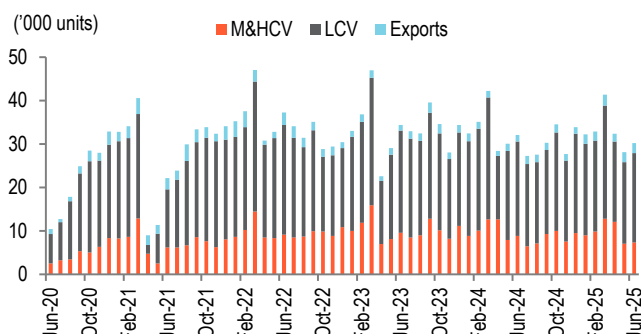
Fig 10 – Exports have been a growth driver, though domestic sales picking up for TVSL 3W



Source: Company, BOBCAPS Research

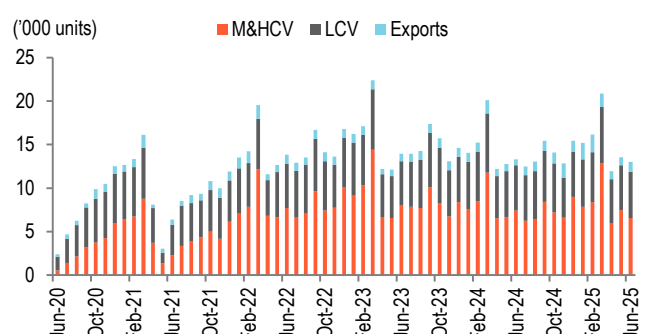
Eicher Motors: EIM reported a 22.4% YoY rise in 2W sales to 89,540 units in June 2025 from 73,141 units in June 2024, driven by a 79% YoY export surge to 12,583 units. Domestic 2W sales grew 16.4%/1.5 YoY/MoM to 79,957. The up-to-350cc segment rose 24.8% YoY to 76,680 units, while the 350cc+ segment grew 10.1% YoY to 12,860. New facelifts and the upcoming Classic 650 are expected to sustain the 2W momentum. On the other hand, trucks and buses were subdued by 0.8%/0.5% YoY/MoM as domestic volumes declined by 2.5%/0.5 YoY/MoM; while premium Volvo buses grew by 50%/14.6% YoY/MoM.

Fig 11 – LCVs driving TTMT amid rising competition



Source: Company, BOBCAPS Research

Fig 12 – AL's CV sales steady; while the market remains subdued



Source: Company, BOBCAPS Research

Fig 13 – EIM's CV YTD sales touches double-digit ~10%

Source: Company, BOBCAPS Research

Escorts: Escorts Kubota reported a ~20% YoY increase in tractor sales to 11,498 units in June 2025 from 9,593 units in June 2024. Domestic sales went up 17.5% YoY to 10,997 units vs 9,359 units, supported by timely monsoon arrival and higher MSP for Kharif crops. Exports surged 114.1% YoY to 501 units from 234 units.

VSTT: VSTT reported a 92.7% YoY sales increase to 7,149 units in June 2025 from 3,710 units. Power tillers surged 112.7% YoY to 6,651 units, while tractors fell 14.4% YoY to 498 units. YTD sales (April–June 2025) grew 75.5% YoY to 12,955 units.

Fig 14 – MM continues to dominate tractor sales

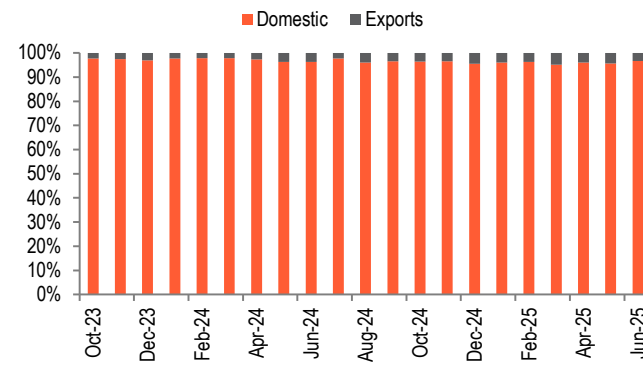
Source: Company, BOBCAPS Research

Fig 15 – ESCORTS's tractor sales regaining strength

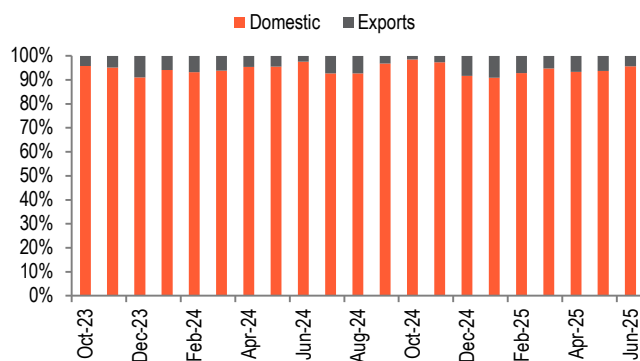
Source: Company, BOBCAPS Research

Fig 16 – MSIL's export pie expanding as domestic demand stays muted

Source: Company, BOBCAPS Research

Fig 17 – MM's volumes continue to be driven by domestic sales

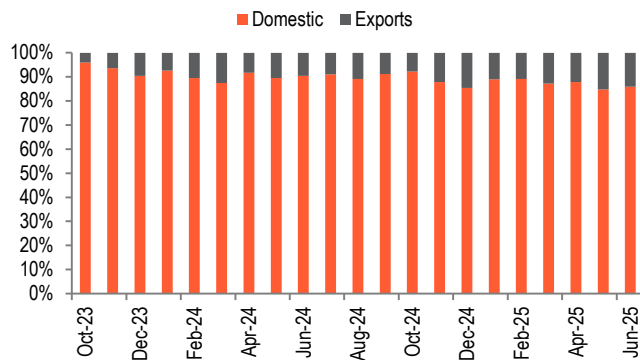
Source: Company, BOBCAPS Research

Fig 18 – TTMT's exports volumes dropping in June 2025

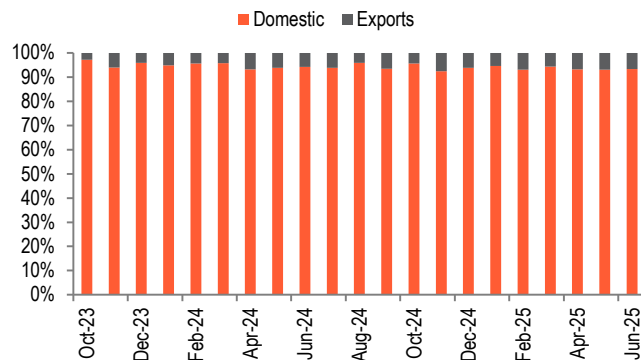
Source: Company, BOBCAPS Research

Fig 19 – AL's exports volumes picks up towards Q1-end

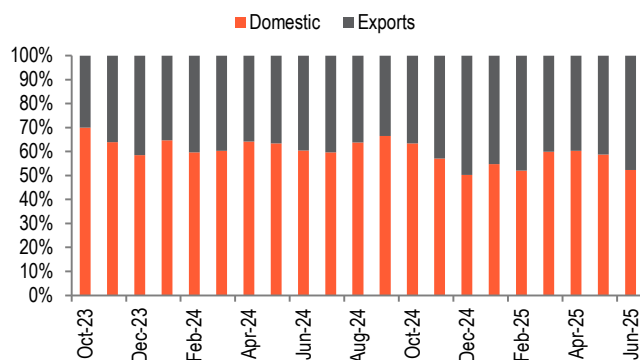
Source: Company, BOBCAPS Research

Fig 20 – EIM (2W) – RE's export penetration increasing steadily

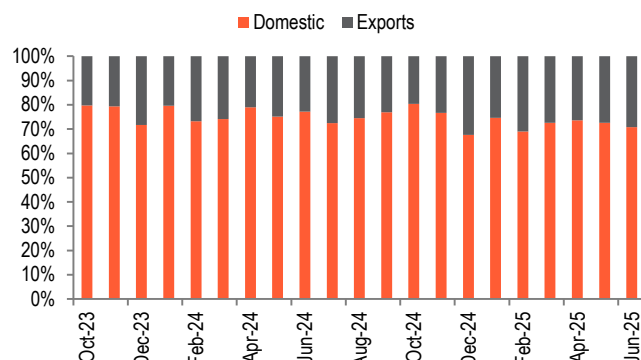
Source: Company, BOBCAPS Research

Fig 21 – EIM (CV) sales driven by India markets

Source: Company, BOBCAPS Research

Fig 22 – BJAUT's domestic volumes faltering

Source: Company, BOBCAPS Research

Fig 23 – TVSL's 3-W exports volumes gaining pace steadily

Source: Company, BOBCAPS Research

Fig 24 – HMCL’s exports focus continues to be dim



Source: Company, BOBCAPS Research

Fig 25 – ESCORTS’ domestic contribution remains key



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.