

AUTOMOBILES

03 June 2025

2W segment stays in sweet spot; PV YTD growth a surprise

- PV overall volumes grew ~5% YTD with the premium SUV segment driving the growth as compact car worries persist
- 2W segment continues its healthy pace, adding ~9.0%/18.0% YoY/MoM despite the relative drag by Hero Motors sustains
- Tractors growth path firms with 11.3% YoY growth; CV segment stays flat YoY gain driven by exports even as domestic sales stay muted

Milind Raginwar
 research@bobcaps.in

Passenger vehicle segment YTD growth at 5%: The domestic PV industry fell by 1.9%/3.1 YoY/MoM to 0.32mn units. MSIL volume outpaced industry with 3.2% YoY growth (flat MoM) driven by the SUV segment that grew by 1.3% YoY against the car segment that fell by ~12% YoY. Exports jumped by a strong 80%/12% YoY/MoM. TTMT domestic volumes fell by 11%/9% YoY/MoM and now occupies 4th position while MM sales gained by 21% YoY (flat MoM) driven by SUV sales. Hyundai India's domestic volume fell by 8%/3% YoY/MoM gaining second spot. Despite the YoY weakness in May, the PV segment YTD growth was healthy 5%.

2W growth driven by exports: Following a weak show in April, the 2W segment regained strength with a jump of 9.0%/18% YoY/MoM. It was a mixed bag, with TVSL and EIM outperforming by ~16%/25% YoY gains, while HMCL continuing with a drag at 1.9% YoY (vendor-related issues). Exports grew by a strong ~21.0%/6.3% YoY/MoM vs domestic volume that grew by 6.3% YoY.

3W segment: 3W volumes grew 12%/11%YoY/MoM, driven by exports markets that nearly doubled to 30K units from 16K units, driven by TVS and BJAUT. Domestic markets volume fell 10% YoY (+9% MoM). BJAUT and TVSL domestic 3W volume dipped 7%/48% YoY (+7%/+5% MoM). BJAUT export volume grew 37%/13% YoY/MoM to 17.9K units, holding a total market share of 70.6% vs 75.3% YoY.

Tractors segment: Tractor sales grew by a healthy 11.3% YoY (5% MoM on a strong base). MM grew 10% YoY (flat MoM) in domestic markets and its overall market share improved at 79.6% vs 72% YoY. ESCORTS grew 18%/19% YoY/MoM in domestic markets that drove the overall growth of 20%/18%.

Commercial Vehicles: CV segment volumes were flat YoY, driven by AL gaining ~6% YoY, offsetting TAMO's loss of 6% and EIM adding 7.3%8.1% YoY/MoM. MHCV segment was the driver staying flat YoY (fell by 15.4% MoM). Exports beat domestic growth adding 31.3%/17.8 YoY/MoM vs a fall of 3%/4% YoY/MoM (domestic).

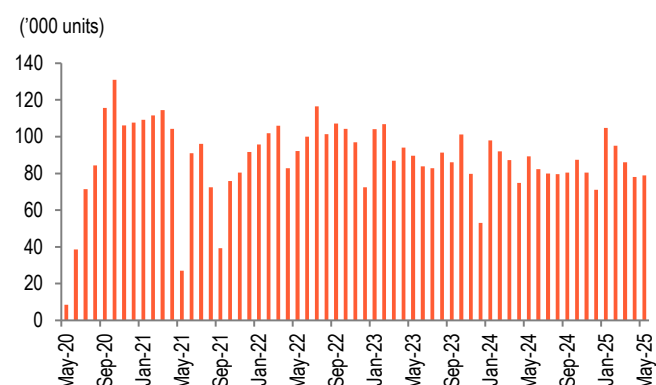
Key ratings: BUY rating on MSIL, MM and AL, and SELL on ESCORTS and VSTT.



Performance highlights of individual OEMs: Summary

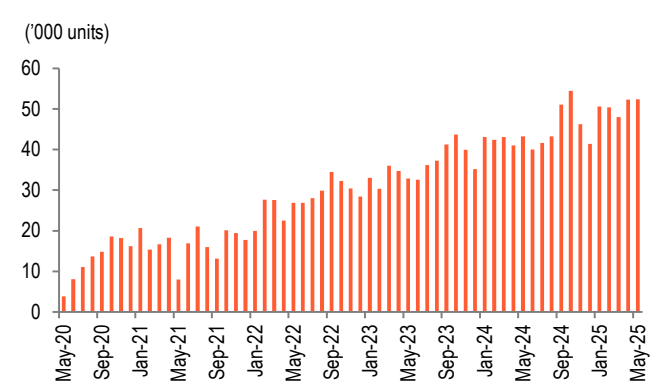
Maruti Suzuki India: Utility segment witnessed a flattish 1.3% increase YoY but decelerated MoM, decreasing by 7%. The compact segment (MSIL's forte) demand slowed down by 9.8 YoY (flat MoM) to 61.5K units. Consequently, passenger cars proportion fell to 53% from 56.8% YoY (51.4% MoM). MSIL's exports have had a strong upward trend, growing 79.8% YoY (11.9% MoM) with the export share improving to 17% from 10% YoY. The export focus will continue as MSIL has guided to produce 70K units of the electric SUV in FY26 with the bulk focused on the export market. MSIL has another SUV (undisclosed) in the pipeline for FY26 (apart from e-Vitara).

Fig 1 – MSIL's PV sales



Source: Company, BOBCAPS Research

Fig 2 – MM's PV sales

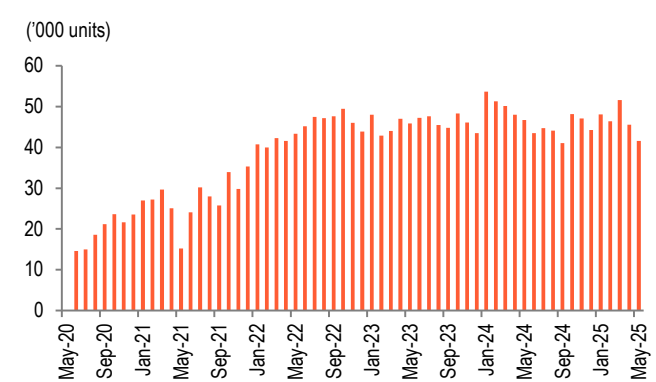


Source: Company, BOBCAPS Research

Mahindra & Mahindra: MM's SUV segment performance was strong, growing by 21.3% YoY, though stable MoM growing by 0.2%. CV segment was a mixed bag growing by 7.9% YoY (down 6.9% MoM). Volume includes the Thar Roxx launched in October 2024 and not present in the May 2024 volume. 3W segment picked up pace with 11.2%/21.3% growth YoY/MoM. With the SML Isuzu acquisition, MM will expand its CV portfolio by introducing CNG and EV variants.

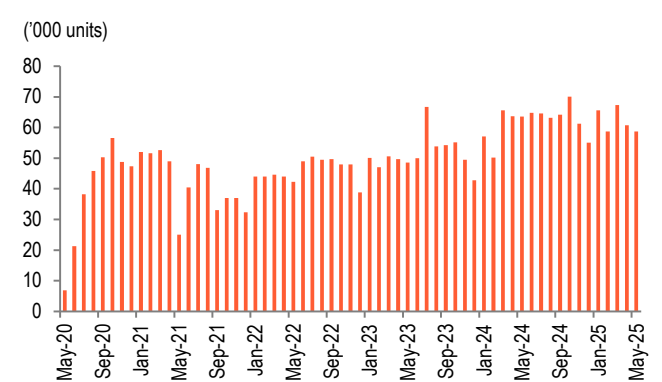
In the tractor segment, domestic volume grew by 10.4%/1% YoY/MoM; while exports declined 7.6% YoY (+12.4% MoM). MM's tractor market share rose from 72% to 79.6% YoY.

Fig 3 – TTMT's PV sales



Source: Company, BOBCAPS Research

Fig 4 – Hyundai's PV sales



Source: Company, BOBCAPS Research

Bajaj Auto: Domestic 2W volumes were relatively stable at 1.6%/1.5% YoY/MoM, however, exports jumped owing to demand surge in LATAM region that grew by 20.3%/9% YoY/MoM. CV segment performance was sluggish growing by 4.8% YoY (9.1%MoM), dragged by a decline in domestic volume by 6.6% YoY (+7.3% MoM); while exports surged by 36.9%/13% YoY/MoM. As a result, total volumes grew by 8.2%/5.1% YoY/MoM.

TVS Motors: TVSL had a strong performance across segments as motorcycle and scooter volumes grew by 21.8%/14.8% YoY respectively. Growth was strong in exports at 20.8% YoY as demand picked up in Asia, LATAM and Sri Lanka. The EV segment surged by 49% YoY but supply chain constraints related to the availability of magnets (earth products) may create challenges in the near term.

Hero Motors Corp: HMCL regained its No.1 spot growing by 69% MoM (domestic) as vendor issues and supply chain revamp subsiding; however, growth was only 2% YoY. Overall 2W sales were flat at 1.9% YoY (66.2% MoM) with the motorcycle volume dragging at ~1%; while scooters growing by 20.8% driven by new premium 125cc scooters. Export momentum turned positive at 0.8%/10.8% YoY/MoM as Bangladesh and Colombia regions showed signs of recovery. HMCL is strengthening its premium segment by expanding Premia retail network to >100 outlets. Volume impact may continue in June 2025, due to the transition impact and is expected to normalised towards Q1FY26-end effectively, implying Q1FY26 volumes will be lower.

Fig 5 – BJAUT's 2W sales

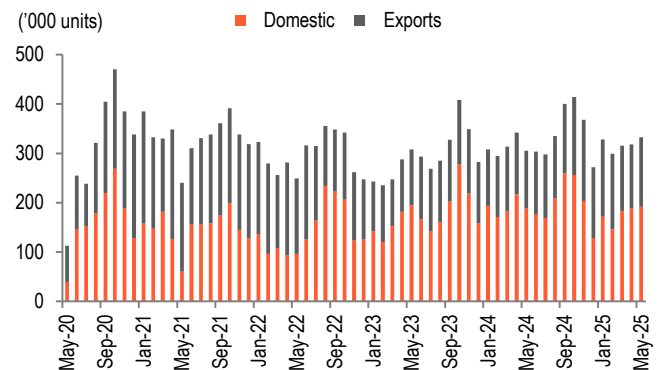


Fig 6 – TVSL's 2W sales

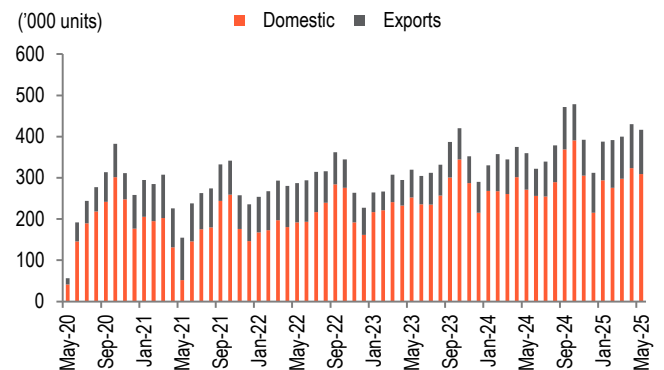


Fig 7 – HMCL's 2W sales

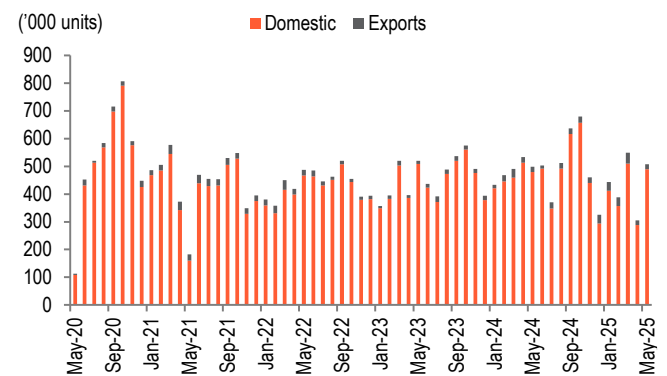


Fig 8 – EIM's 2W sales

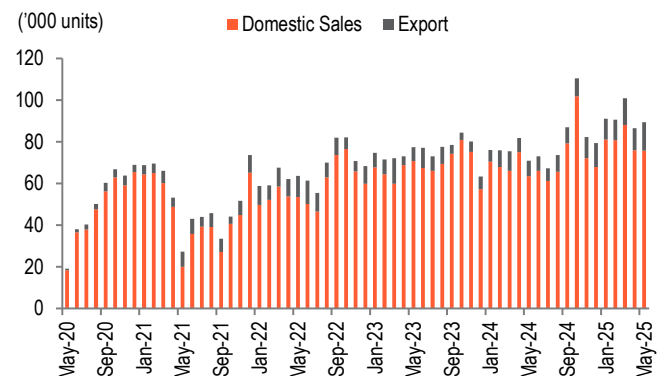


Fig 9 – BJAUT's 3W sales

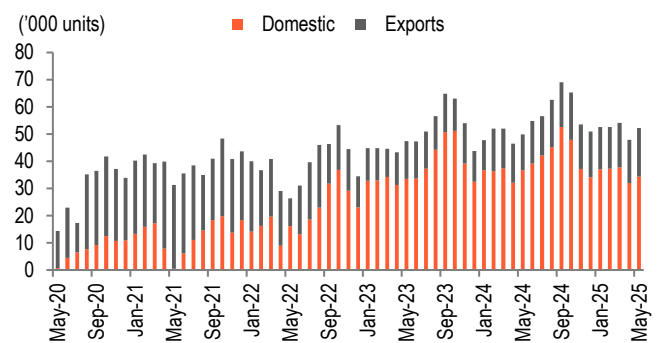
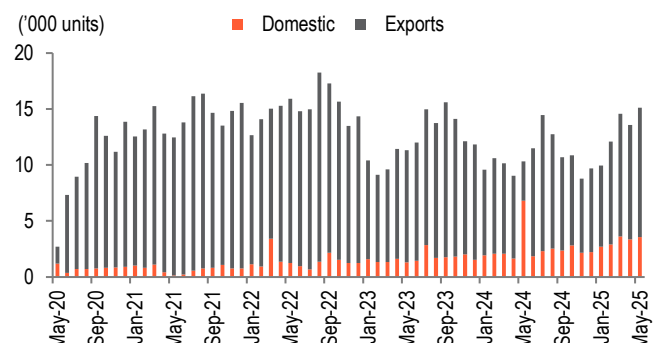


Fig 10 – TVSL's 3W sales



Eicher Motors: EIM's 2W volumes increased by 25.9%/3.3% YoY/MoM driven by exports that grew by 82%/28.9% YoY/MoM as domestic markets fluctuate at 19.3% YoY (-0.2% MoM). Up to 350cc segment grew by 27.8%/3% YoY/MoM as portfolio was strengthened by new launches and facelifts. On the other hand, 350cc+ grew by 15.9%/5.4% YoY/MoM, slightly softening the premiumisation trend. Trucks and buses increased by ~8% YoY & MoM; however, sales of Volvo (premium) buses declined by 20.9% YoY (11.6% MoM).

Ashok Leyland: AL's total volumes growth recovered, growing by 5.5%/15.4% YoY/MoM however, cumulative sales were flat at 28.9K units in April 2025/May 2024. MHCV Trucks segment grew 12.2%/ 24.3%; while buses grew by 8.6%/45.4% YoY/MoM. LCV was a laggard, declining by 4.4%/4.7% YoY/MoM. The steady growth may be attributed to a recovery in the MHCV segment.

Fig 11 – TTMT's CV sales

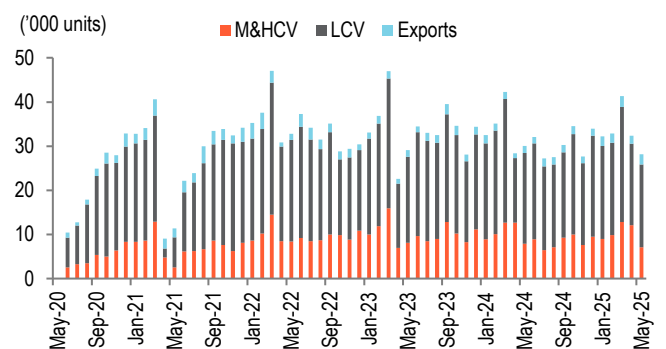


Fig 12 – AL's CV sales

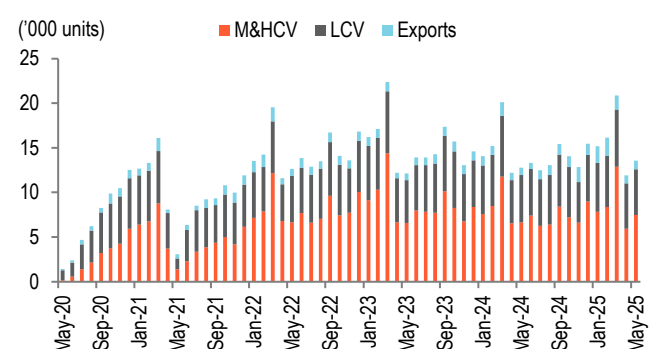
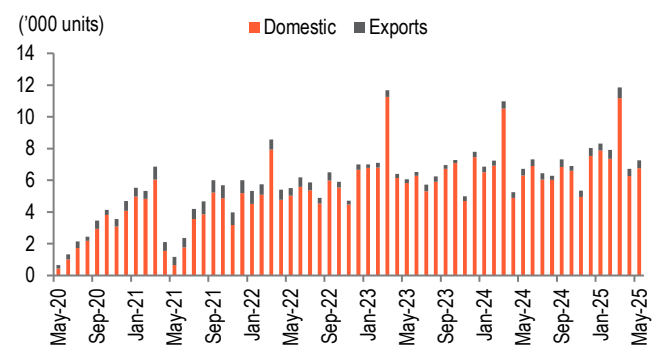


Fig 13 – EIM's CV sales



Escorts: Escorts Kubota's Agri Machinery Business Division delivered a strong volume in May 2025. In the domestic market, volume was up by 18%/19% YoY/MoM. Exports grew by ~71%/12% YoY/QoQ, given the smaller base. Overall growth was 20%/19% in May 2025.

VSTT: VSTT's Power Tiller segment recorded a growth of 54%/52% YoY/MoM, largely owing to lower base (YoY) on general elections in May 2024. The tractor segment was a mixed bag with ~12% dip YoY but a 39% swing MoM. Effectively, overall volumes increased 41%/50% YoY/MoM.

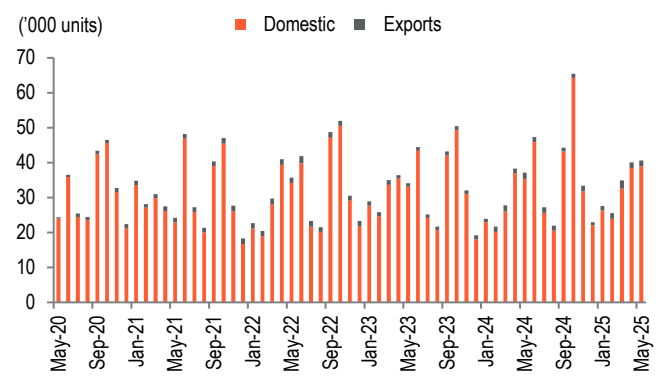
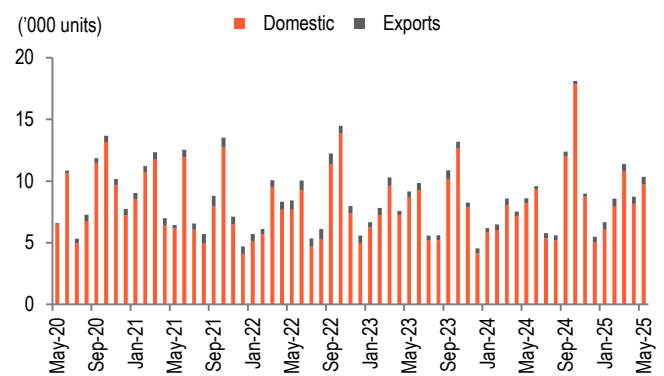
Fig 14 – MM's tractor sales

Fig 15 – ESCORTS tractor sales

Fig 16 – MSIL's domestic and exports volumes

Fig 17 – MM's domestic and exports volumes

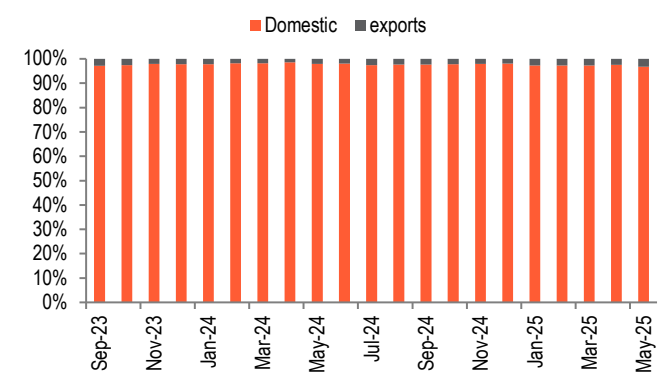
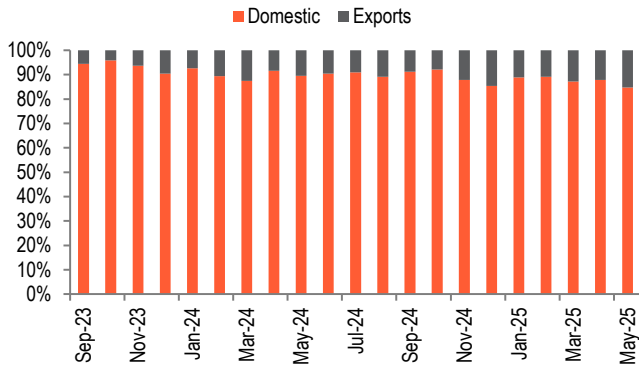
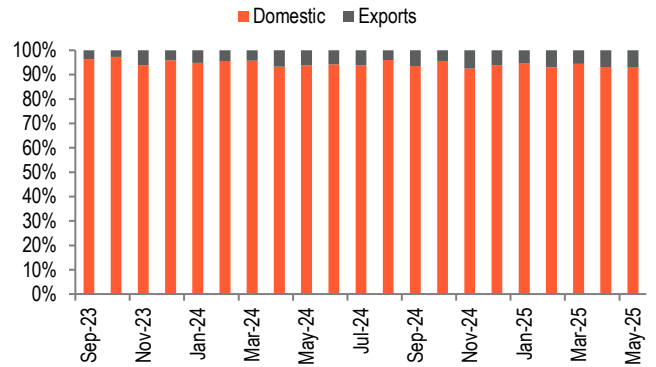
Fig 18 – TTMT's domestic and exports volumes

Fig 19 – AL's domestic and exports volumes


Fig 20 – EIM (2W) – Domestic and exports volumes



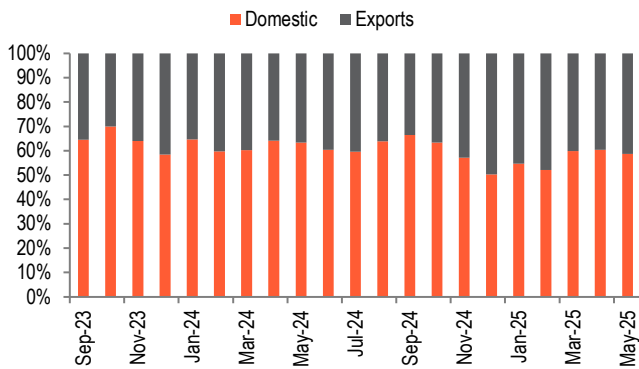
Source: Company, BOBCAPS Research

Fig 21 – EIM (CV) – Domestic and exports volumes



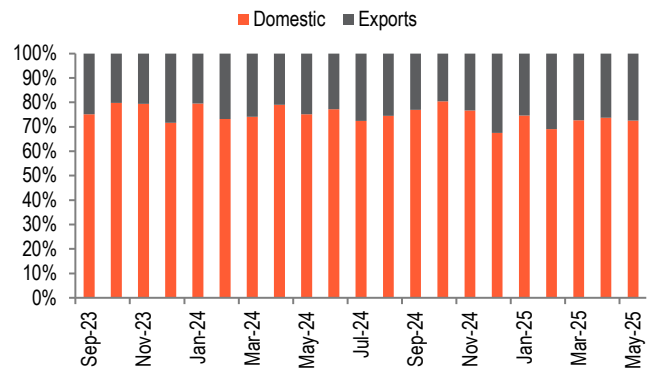
Source: Company, BOBCAPS Research

Fig 22 – BJAUT's domestic and exports volumes



Source: Company, BOBCAPS Research

Fig 23 – TVSL's domestic and exports volumes



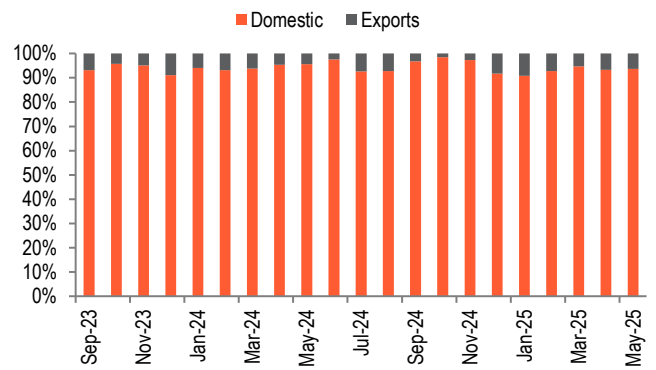
Source: Company, BOBCAPS Research

Fig 24 – HMCL's domestic and exports volumes



Source: Company, BOBCAPS Research

Fig 25 – ESCORTS' domestic and exports volumes



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.