

AUTOMOBILES

04 August 2025

3-W segment hogs the limelight; 2-W stays in sweet spot

- PV overall volumes stayed tepid with 1% marginal decline in volume in a seasonally weak month. Base segment revival encouraging.
- The 3W segment surged 30% YoY, driven by last-mile mobility and electrification, 11% gains MoM
- 2Ws continue a healthy pace adding 18.0% YoY (down 4% MoM) despite the continued relative drag by Bajaj Auto.

Milind Raginwar
 research@bobcaps.in

Base segment revival encouraging though overall sales tepid: Domestic PV segment saw subdued demand declining by ~1% YoY to 0.32mn units. MSIL reported total sales of 180k units, driven by the compact segment. MM continues to outperform the industry growing ~20% YoY, driven by new models especially EVs. TTMT declined 12% YoY however recorded strong EV growth of 42%. Hyundai reported a 7% YoY decline while Kia grew ~8% YoY. Geopolitical uncertainties and high inventory levels (~60 days) remain concern, but new launches by companies in the 2HFY26 is expected to drive up demand.

Exports in fast lane for 2Ws: The 2W sales grew ~18% YoY to 1.2 mn units, but declined 4% MoM, as seasonal slowdown impacted sales. TVS (+29% YoY), HMCL (+22%) and EIM (+31% YoY) had significant performance led by their strong premium portfolio and an increasing demand for higher capacity Scooters. HMCL and TVSL reported strong growth for EV scooters supported by new launches though rare earth shortages pose risks.

3Ws key driver of the month: Three-wheeler (3W) sales surged 30% YoY driven by last-mile mobility and electrification. MM led with a strong 164% YoY growth. TVSL grew 21% YoY with domestic sales up 117% YoY and exports up 3% YoY.

Tractors segment steady: Tractor sales were up 5% YoY driven by healthy monsoon and higher kharif sowing. MM grew by ~6% YoY in the domestic markets and continued to dominate the market. ESCORTS showed a slowdown in momentum growing ~3% YoY but exports remained strong, growing 25%.

CVs stay slow in domestic segment: CV segment performance was benign growing ~9%. Domestic sales were slow at ~5% YoY impacted by monsoon induced slowdown and high vehicle prices while exports were strong at 63% YoY. Growth in mining and infrastructure is expected to drive recovery post-monsoon, supported by government spending.

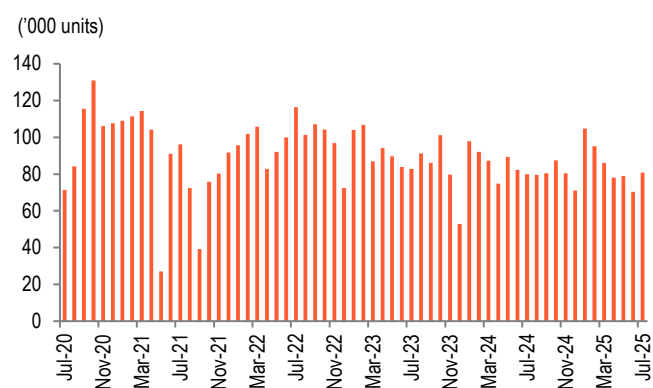
Key ratings: BUY rating on MSIL, MM and AL, and SELL on ESCORTS and VSTT.



Performance highlights of individual OEMs

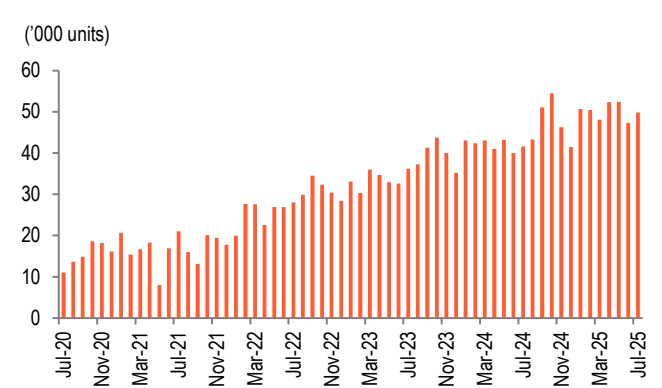
Maruti Suzuki India: MSIL reported 3%/7% YoY/MoM increase in overall volumes. Domestic sales were down 1.5% YoY but up 14.3% MoM showing early signs of pick-up after seasonal slowdown. A slight respite comes in the form of ~12%/21% YoY/MoM increase in the compact car segment (MSIL's key segment). However, the utility segment (Brezza, Ertiga, Grand Vitara, Fronx, XL6, Jimny, Invicto) declined 6.3% YoY (up 10% MoM) due to rising input costs from mandatory six-airbag fitments. Exports surged 32.4% YoY to 31.7k units, boosting the export share to 17.6% from 13.7% YoY, driven by strong demand in Latin America, Africa, and the Middle East. MSIL is banking on festive season demand (Onam, Ganapati, Navratri) and limited-edition models to revive momentum.

Fig 1 – Compact segment momentum positive for MSIL



Source: Company, BOBCAPS Research

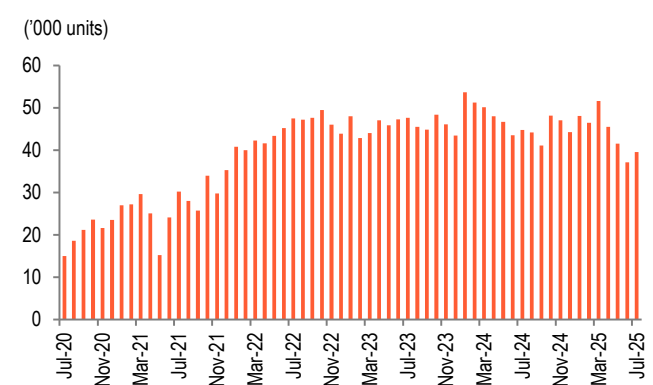
Fig 2 – MM's strong trend outperforms market



Source: Company, BOBCAPS Research

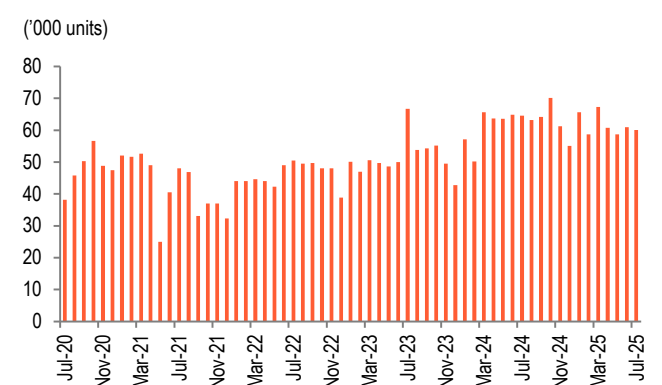
- Mahindra & Mahindra:** The SUV segment continues strong momentum, growing by 20%/5% YoY/MoM to ~50k units (driven by models like 3XO, Thar and Scorpio N) as seasonal demand pick up starts. The commercial vehicle (CV) segment also saw demand pick up with 9.4%/5% YoY/MoM growth. The three-wheeler (3W) segment surged by ~3x YoY on a weak base and 12.1% MoM, driven by urban mobility demand and growing electric 3W adoption. In the tractor segment, domestic volumes rose 5.5% YoY to 26k units (-48% MoM), supported by timely monsoons and higher MSPs, while exports grew ~6% YoY/MoM. YTD (April–July 2025) sales reached 330k units, up 19% YoY, bolstered by rural demand and new model launches. The recent SML Isuzu acquisition strengthens M&M's CV portfolio with CNG and EV variants

Fig 3 – TTMT's EV trend positive



Source: Company, BOBCAPS Research

Fig 4 – Hyundai's continues to lose ground



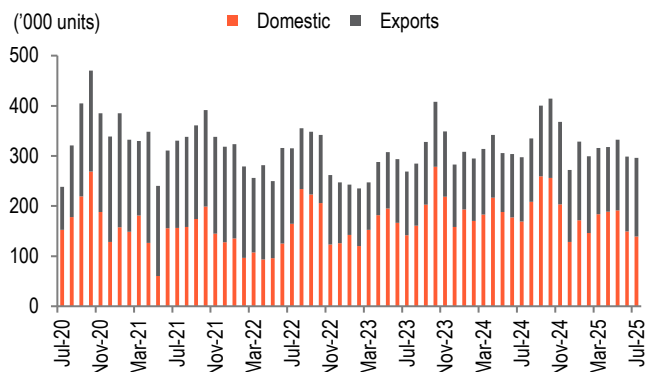
Source: Company, BOBCAPS Research

Bajaj Auto: Bajaj Auto reported total vehicle sales of 366k units in July 2025, a 3%/1.4% YoY/MoM increase. Domestic 2W sales remained weak, dropping ~18%/7% YoY/MoM to 139k units, reflecting subdued urban demand. In contrast, two-wheeler exports surged 22%/5% YoY to 157k units, driven by strong demand in Latin America (Brazil, Colombia) and recovering markets like Bangladesh and Ethiopia. The commercial vehicle (CV) segment performed robustly, growing 23%/12% YoY to ~70k units. Domestic CV sales rose 4% YoY to ~44k units, and 12% MoM, supported by steady fleet demand. CV exports soared 79%/12% YoY/MoM, fueled by demand in MENA and LATAM regions. Bajaj's focus on electric and CNG vehicles, alongside new Pulsar and Triumph model launches, supports its export-led growth, though domestic market challenges persist.

TVS Motors: TVS Motor Company reported a robust performance with total 2-W sales of 456k units in July 2025, a 29%/13.5% YoY/MoM increase. The two-wheeler segment led growth, surging 29% YoY, driven by motorcycles (+25% YoY to 201k units) and scooters (+42% YoY to 198k units). Domestic two-wheeler sales grew 21% YoY to 309k units, reflecting stable urban demand. Two-wheeler exports soared 52%/24.2% YoY/MoM to 130k units, fueled by strong demand in Asia, LATAM, and recovering markets like Sri Lanka and Bangladesh. The three-wheeler segment grew 21% YoY to ~18k units, with a 7.8% MoM increase, driven by export markets. Electric vehicle (EV) sales, primarily the TVS iQube, rose 10% YoY to ~24k units from ~21k, but faced supply chain constraints due to magnet availability, limiting faster growth. TVS's focus on premiumization and EV expansion, alongside festive season demand, positions it for sustained growth, though magnet supply issues and rising input costs remain challenges.

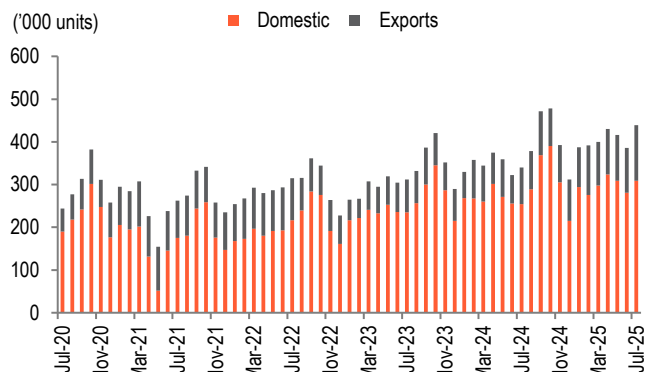
Hero Motors Corp: HMCL reported total dispatches of ~450k units in July 2025, a 21.5% YoY rise, but an 18.8% MoM decline. Domestic sales grew 18.7% YoY to 412k units from 347,535 units, though they fell 21.5% MoM, reflecting seasonal monsoon slowdowns. Exports surged 64.3% YoY and 29.6% MoM on a weak base driven by strong demand in Bangladesh, Colombia, and African markets. Motorcycle sales, comprising 89% of the portfolio, rose 17.7% YoY, supported by the newly launched HF Deluxe Pro with enhanced fuel efficiency and refreshed design. Scooter sales grew 64.4%/19% YoY/MoM, led by premium models like Destini 125 and Xoom 125. The EV brand VIDA achieved a record-breaking ~11k units dispatched, up from ~7k units in June 2025, with ~11k VAHAN registrations and a doubled YoY EV market share of 10.2%, driven by the VIDA Evooter VX2's Battery-as-a-Service model. HMCL's focus on premium motorcycles, scooters, and EV expansion, along with festive season bookings, supports growth prospects despite challenges from rising input costs and urban affordability constraints.

Fig 5 – BJAUT's 2W exports are consistently higher than domestic



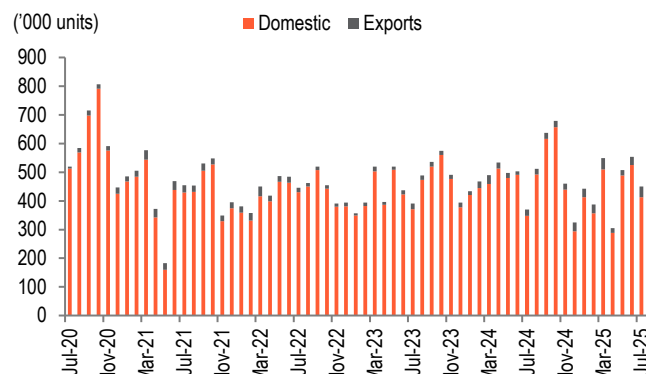
Source: Company, BOBCAPS Research

Fig 6 – TVSL's 2W premium portfolio has strong uptake



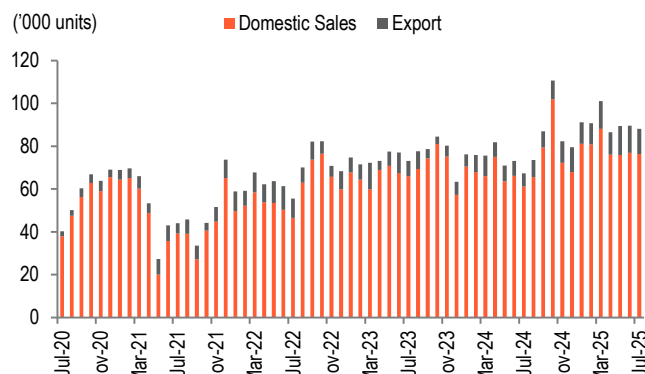
Source: Company, BOBCAPS Research

Fig 7 – HMCL's 2W commuter segment continues weakening



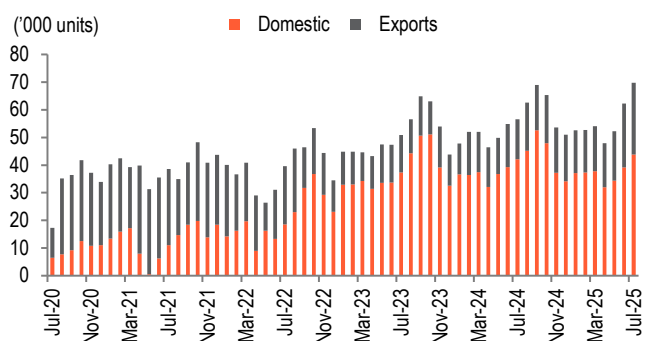
Source: Company, BOBCAPS Research

Fig 8 – 350-600cc segment maintaining the sheen for RE



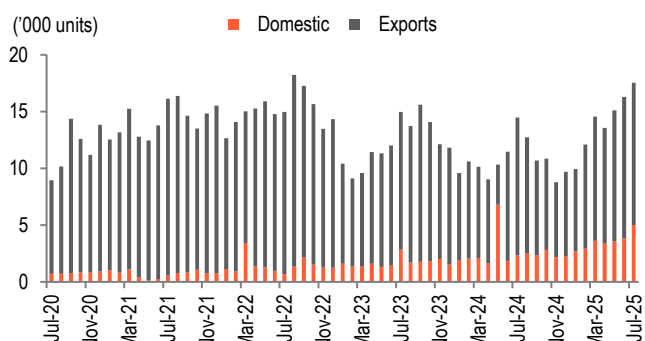
Source: Company, BOBCAPS Research

Fig 9 – BJAUT's 3W continues to maintain stable share



Source: Company, BOBCAPS Research

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



Source: Company, BOBCAPS Research

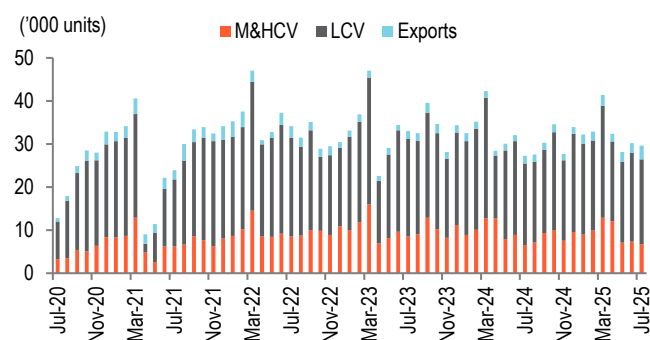
Source: Company, BOBCAPS Research

Source: Company, BOBCAPS Research

Eicher Motors: EIM reported a ~31% YoY increase in 2W sales, but a ~2% MoM decline. Domestic 2W sales grew ~25% YoY, though flattish MoM, impacted by monsoon-related demand softening. Exports surged ~95% YoY, but dropped 6% MoM, (proportion of exports is lower in total sales) driven by strong demand in Europe and LATAM for Royal Enfield's premium models. The up-to-350cc segment, led by Classic 350 and Hunter 350, grew 34% YoY, while the 350cc+ segment, including Meteor and Interceptor, rose 12% YoY. The upcoming Classic 650 and new Himalayan variants are expected to bolster premium segment growth. VE Commercial Vehicles (VECV) saw commercial vehicle (CV) sales benign, increasing by 7% YoY but declining 3% MoM.

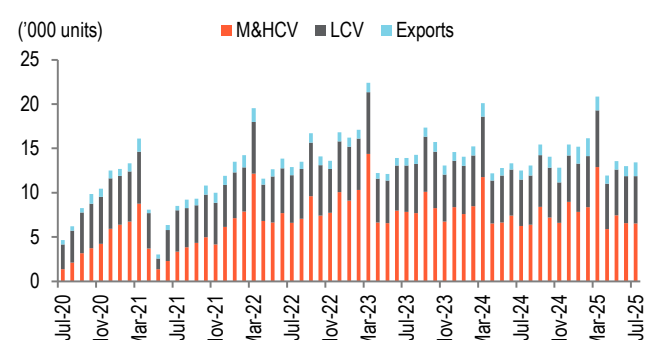
Ashok Leyland: AL reported an 8% YoY increase in total vehicle sales to ~15k units, but a 2% MoM. Domestic sales grew 4% YoY to ~14k units, down 5% MoM due to monsoon slowdown. M&HCV sales rose 13% YoY to 9.5k units, with buses up 42% YoY to ~3k units and trucks up 4% YoY to ~7k units. LCV sales were up 1% YoY at ~6k units, flat MoM. Exports jumped 56% YoY to 1.5k units, up 36% MoM, driven by SAARC and Middle East demand. New LCV dealerships and upcoming electric bus production support growth, despite high fuel prices.

Fig 11 – LCVs driving TTMT amid rising competition



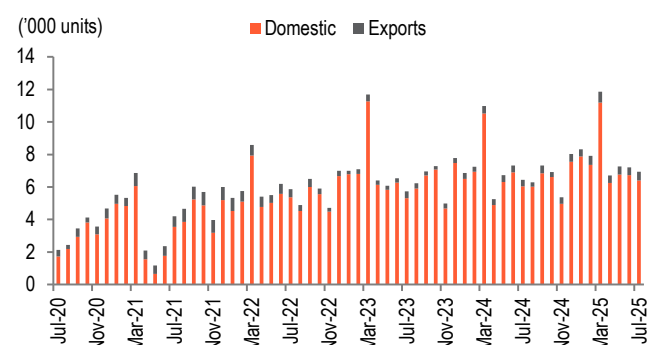
Source: Company, BOBCAPS Research

Fig 12 – CV sales of AL in tandem with market



Source: Company, BOBCAPS Research

Fig 13 – EIM's CV sales

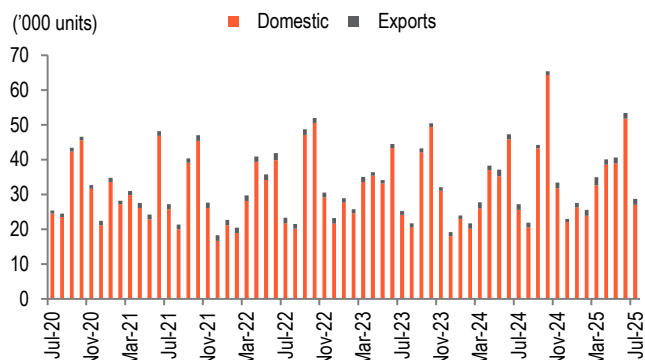


Source: Company, BOBCAPS Research

Escorts: Escorts Kubota reported a 2.7% YoY increase in tractor sales to 7.1k units, but a 37.8% MoM decline. Domestic tractor sales grew 1.3% YoY to 6.6k units from, down 39.8% MoM. Export tractor sales rose 25.3%/5.8% YoY/MoM. Strong rural sentiment from above-normal monsoon and 5% YoY higher Kharif sowing is expected to support tractor demand.

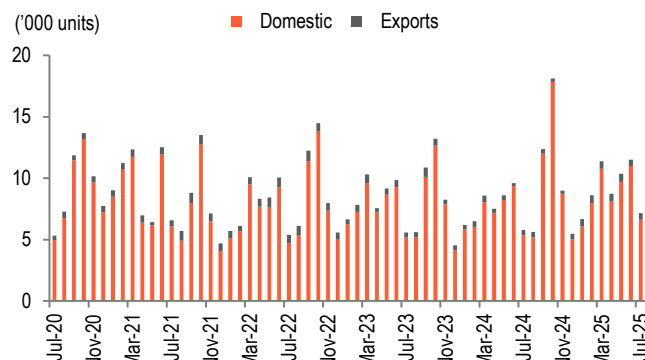
VSTT: VSTT reported a 16.7% YoY increase in total sales to 6.4k units, but a 9.5% MoM decline. Power tiller sales rose 18% YoY, though down 9.4% MoM, driven by strong demand for mechanized farming equipment in rural India. Tractor sales remained nearly flat, up 1.4% YoY, and down 10.6% MoM.

Fig 14 – MM continues to dominate tractor sales



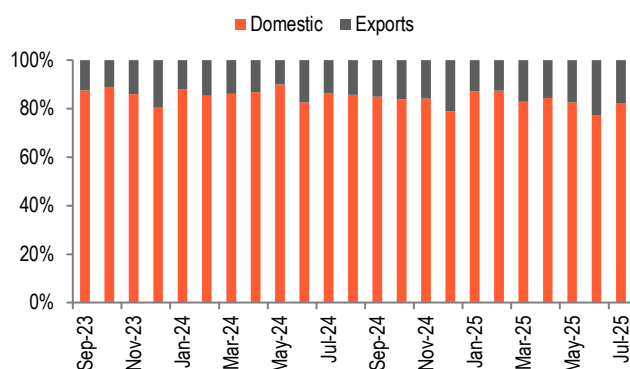
Source: Company, BOBCAPS Research

Fig 15 – ESCORTS's tractor sales driven by exports



Source: Company, BOBCAPS Research

Fig 16 – MSIL's domestic and exports volumes



Source: Company, BOBCAPS Research

Fig 17 – MM's domestic and exports volumes



Source: Company, BOBCAPS Research

Fig 18 – TTMT's domestic and exports volumes



Source: Company, BOBCAPS Research

Fig 19 – AL's domestic and exports volumes



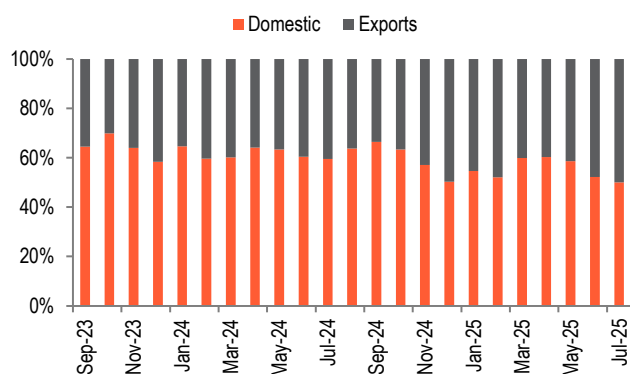
Source: Company, BOBCAPS Research

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

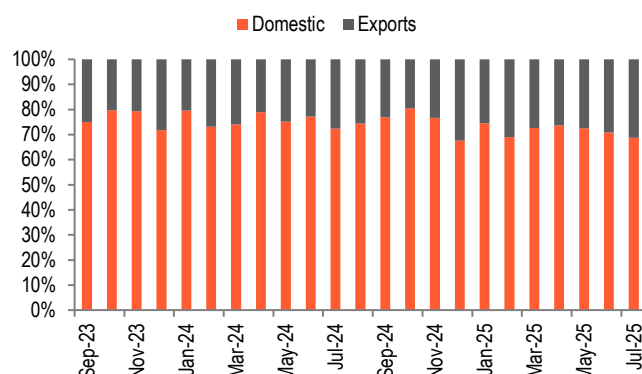

Source: Company, BOBCAPS Research

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


Source: Company, BOBCAPS Research

Fig 22 – BJAUT's domestic volumes faltering


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.