RESEARCH

AUTOMOBILES

Mixed show in August before gear changes for festive season

SUMMARY

AUTOMOBILES

- PV domestic volumes up ~23% YoY, driven by entry-level recovery and robust SUV demand, pre-GST rate cut lull in the base also a contributor
- 2W growth steady at 15% YoY aided by healthy retail push; strong impetus for last mile mobility helps continued 3-W demand momentum
- Tractors growth moderate to 8% YoY as sowing season progress normalizes; CV volumes grew ~33% YoY on healthy freight availability

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AUTOMOBILES

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Mixed show in August before gear changes for festive season

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PVs sustained momentum amplified by GST disruption: Passenger Vehicles (PV) growth moderated from July peaks though the healthy run sustained in August. MM and TMPV were standout performers at ~50/%56% YoY (on lower Aug-2025 base on account of pre-GST rate cut lull), MSIL grew ~29% YoY led by UV (46% YoY) including exports. HMIL growth was capped at ~9% YoY as shipment disruptions dented exports (-30%) though domestic volume grew by 24%.

2W demand steady overall, **supported by strong retail**: TVSL (~21% YoY) continued to outperform with strong EV growth (+137%) and resilient exports (+29%), while BJAUT (~30% YoY) sustained export-led growth (+53% 2W exports). HMCL growth moderated to ~3% YoY, but strong 19% retail growth points to healthy underlying demand, while EIM (~11% YoY) maintained double digit growth despite moderation from July.

Last mile demand a structural tailwind for 3W: 3W segment remains well supported by last mile demand and exports. The increasing EV penetration driven by commercial fleet operators aid MM/TVSL up by ~42%/40% YoY. BJAUT remains the volume anchor up by ~22% YoY with steady domestic demand well supported by exports.

QoQ moderation in tractor: After the strong performance in the past few months' tractor growth moderated in August. ESCORTS was the exception at 19% YoY pushed up by new launches in the 40-50HP segment. MM grew at a muted pace of 5% YoY and VSTT declined by ~17% YoY as compact tractors and tillers continue to face pressure. Improving monsoon, kharif progress and festive season should provide support going forward though a strong base should offset.

CV momentum strengthens further: CV demand accelerated, supported by healthy freight movement, infrastructure activity and replacement demand. AL (~38% YoY) and VECV (~18% YoY) delivered strong domestic growth, led by MHCV trucks and LCVs, while TMCV sustained robust momentum with domestic CV volumes up ~33% YoY and total volumes rising ~49% YoY, reinforcing the strength of the overall CV cycle.

Key ratings: Retain BUY on MSIL and MM; assign HOLD rating to the 2Ws pack (TVSL, EIM, BJAUT, HMCL) on fair valuations. SELL on VSTT.

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