

India

September 02, 2025 - 12:10 AM

Neutral (no change)

Highlighted Companies

Maruti Suzuki**ADD, TP Rs14509, Rs14887 close**

Maruti Suzuki is better positioned to benefit from demand revival because of GST rate cut and easing interest rates. New SUV launch to help plug the product gap and recover market share. We maintain our ADD rating on the stock.

Tata Motors**REDUCE, TP Rs642, Rs690 close**

Domestic market share challenges in car and CV segments to prolong, as the company's management focuses on profitability and IVECO merger. JLR's recovery has been delayed to CY26F. We maintain our REDUCE rating on the stock.

Bajaj Auto**ADD, TP Rs9944, Rs8967 close**

Leadership in the fast-growing E2W and E3W segments, with the least impact on corporate margin, provides comfort in respect of healthy dividend yield. The GST rate cut will lead to a recovery in its domestic sales. We maintain our ADD rating on the stock.

Summary Valuation Metrics

P/E (x)	Mar26-F	Mar27-F	Mar28-F
Maruti Suzuki	29.0	25.6	22.9
Tata Motors	9.8	8.2	6.8
Bajaj Auto	27.2	23.9	21.3

P/BV (x)	Mar26-F	Mar27-F	Mar28-F
Maruti Suzuki	4.4	4.0	3.6
Tata Motors	1.8	1.5	1.3
Bajaj Auto	7.2	6.6	6.1

Dividend Yield	Mar26-F	Mar27-F	Mar28-F
Maruti Suzuki	1.0%	1.3%	1.4%
Tata Motors	1.2%	0.0%	0.0%
Bajaj Auto	2.6%	3.0%	3.3%

Research Analyst(s)

Pramod AMTHE

T (91) 22 4161 1541

E pramod.amthe@incredresearch.com

Autos

Aug 2025 auto sales volume performance

- Early festive period influenced dispatches, deviating from the retail trend. 2W saw high yoy rise in dispatches vs. flat retail sales. Cars saw better retail sales.
- Aug 2025 volume momentum favours our ADD rating on Bajaj Auto with a beat. We have REDUCE ratings on Hyundai & Tata Motors for missing expectations.
- GST cut stimulus hopes have led to a spike in Nifty auto index's forward P/E to the 10-year mean. We prefer 2W OEMs where prospects of a cut are high.

Aug 2025 sales volume highlights

- **YoY growth leaders/laggards:** Eicher Motors (+51%), TVS Motor Company (+34%), Escorts Kubota (+27%), Hero MotoCorp (+8%), Mahindra & Mahindra or M&M (+6%), Ashok Leyland (+5%), Tata Motors (+5%), and Bajaj Auto (+5%). The YoY laggard was Hyundai Motor India (-4%) and Maruti Suzuki (-1%).
- **MoM growth leaders/laggards:** TVS Motor Company (+27%), Eicher Motors (+27%), Hero MotoCorp (+23%), Bajaj Auto (+14%), Tata Motors (+7%), Ashok Leyland (+1%), and Hyundai Motor India (+1%). The MoM laggards were Escorts Kubota (-27%) and M&M (-8%).
- **Beat vs. our expectations:** Eicher Motors (+31%), Escorts Kubota (+22%), TVS Motor Company (+19%), Bajaj Auto (+13%), Tata Motors (+6%), Hyundai Motor India (+1%), and Hero MotoCorp (+1%).
- **Miss vs. expectations:** Ashok Leyland (-7%), Maruti Suzuki (-5%), and M&M (-2%).
- **Vahan retail sales:** In Aug 2025, on yoy basis, the retail sales of tractors led the pack with a growth of (+32%), followed by electric vehicles or EVs (26%), while car retail sales improved to a high single-digit (9%) and 2W retail sales improved to 2%. As regards the MoM trend, growth was flat across the board. All segment leaders continued to lose market share in recent months like Hero MotoCorp, Maruti Suzuki, and Tata Motor's commercial vehicle division.

Higher probability of GST rate cut favours our 2W OEM preference

- The GST rate cut hopes have raised Nifty Auto Index by 10% in recent months, thereby pushing the forward P/E to close to the 10-year mean level. Considering the Union budget constraint challenges, we feel the GST rate cut stimulus will be selective for high demand-elasticity segments. We feel there is a higher probability of a GST rate cut (70-85%) for 2Ws and compact cars, which favours our preference for the 2W segment (Overweight) in the automotive space & Maruti Suzuki in the passenger vehicle segment.
- We maintain our Neutral sector rating as management commentaries on FY26F demand remains cautious, while commodity prices are gradually rising. Our order of preference is Maruti Suzuki, Bajaj Auto, Ashok Leyland, and Hero MotoCorp with an ADD rating. We maintain our REDUCE rating on Tata Motors, Hyundai Motor India, and TVS Motor Company. We have a HOLD rating on Eicher Motors and M&M.

Figure 1: Monthly automobile wholesale dispatches

Company	Aug-2025	YoY %	MoM %	vs. forecast
Maruti Suzuki	1,80,683	(0.6)	0.1	(4.9)
Hyundai Motor India	60,501	(4.2)	0.7	0.8
Mahindra & Mahindra	1,04,018	6.4	(7.5)	(1.9)
Tata Motors	81,718	5.3	7.2	6.1
Bajaj Auto	4,17,616	5.0	14.1	13.2
Eicher Motors	1,21,169	51.1	27.3	30.7
Hero MotoCorp	5,53,727	8.1	23.1	0.7
TVS Motor Company	5,09,536	34.1	26.7	18.9
Ashok Leyland	15,239	5.4	1.2	(7.4)
Escorts Kubota	8,456	27.1	(26.5)	22.4

SOURCE: INCRED RESEARCH, COMPANY REPORTS

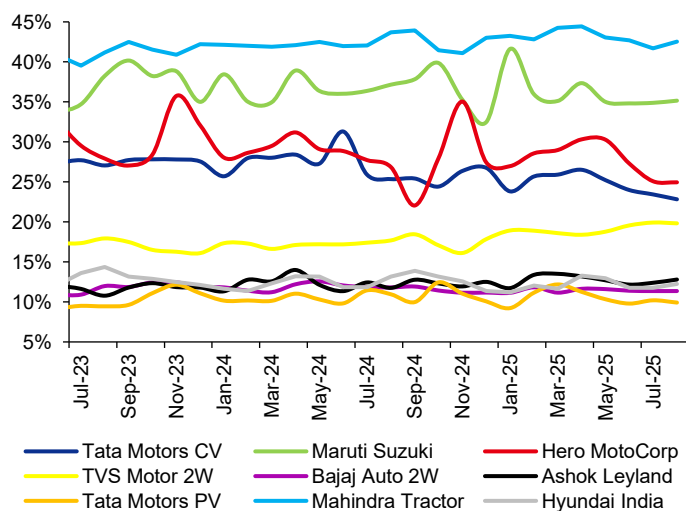
Aug 2025 auto sales volume performance

Figure 2: Company-wise monthly wholesale automobile dispatches

	Aug-2025	YoY %	MoM %	Apr-Aug 2025	YoY %	vs forecast
Maruti Suzuki						
Domestic	1,44,145	(7.5)	(3.1)	7,23,815	(4.5)	(7.0)
Exports	36,538	40.5	15.1	1,65,255	37.1	4.4
Grand Total	1,80,683	(0.6)	0.1	8,89,070	1.2	(4.9)
Hyundai Motor India						
Domestic	44,001	(11.2)	0.1	2,20,233	(11.2)	(2.2)
Exports	16,500	20.9	2.5	80,740	12.5	10.0
Grand Total	60,501	(4.2)	0.7	3,00,973	(5.9)	0.8
Mahindra & Mahindra						
Utility Vehicles	39,399	(9.0)	(21.0)	2,41,337	15.4	(21.2)
Pick-up, Gio & Maxximo	19,502	13.0	3.7	98,400	8.1	8.3
3-Wheelers	10,527	12.9	11.1	40,561	32.7	75.5
Trucks & Buses	2,925	(1.1)	5.9	10,554	(7.4)	(2.5)
Tractors	28,117	28.3	(2.1)	1,90,914	11.9	6.1
Auto Exports	3,548	15.9	27.9	15,989	36.7	41.9
Grand Total	1,04,018	6.4	(7.5)	5,97,755	14.0	(1.9)
Tata Motors						
CVs	29,863	9.8	3.1	1,44,425	(0.7)	(6.7)
PVs	51,855	2.8	9.6	2,08,299	(8.7)	15.2
Grand Total	81,718	5.3	7.2	3,52,724	(5.6)	6.1
Bajaj Auto						
Motorcycles	3,41,887	2.0	15.4	15,54,038	(1.9)	10.6
3-Wheelers	75,729	20.9	8.6	3,07,928	13.9	26.2
Grand Total	4,17,616	5.0	14.1	18,61,966	0.4	13.2
Eicher Motors						
Royal Enfield	1,14,002	54.8	29.5	4,67,575	27.4	33.5
VECV	7,167	9.5	0.7	35,893	9.2	(1.8)
Grand Total	1,21,169	51.1	27.3	5,03,468	25.9	30.7
Hero MotoCorp						
Grand Total	5,53,727	8.1	23.1	23,70,552	(2.0)	0.7
TVS Motor						
Domestic 2W	3,68,862	27.6	31.3	15,91,528	17.7	23.0
Export 2W	1,21,926	55.9	16.5	5,70,244	45.6	10.8
3W	18,748	47.1	15.0	81,286	40.1	1.3
Grand Total	5,09,536	34.1	26.7	22,43,058	24.5	18.9
Ashok Leyland						
MHCVs	9,381	8.3	(1.6)	46,981	4.4	(2.8)
LCVs	5,858	1.0	5.8	27,560	1.0	(13.9)
Grand Total	15,239	5.4	1.2	74,541	3.1	(7.4)
Escorts Kubota						
Domestic	7,902	26.6	(28.1)	43,374	2.8	21.6
Exports	554	35.5	10.6	2,817	57.1	35.1
Grand Total	8,456	27.1	(26.5)	46,191	5.0	22.4

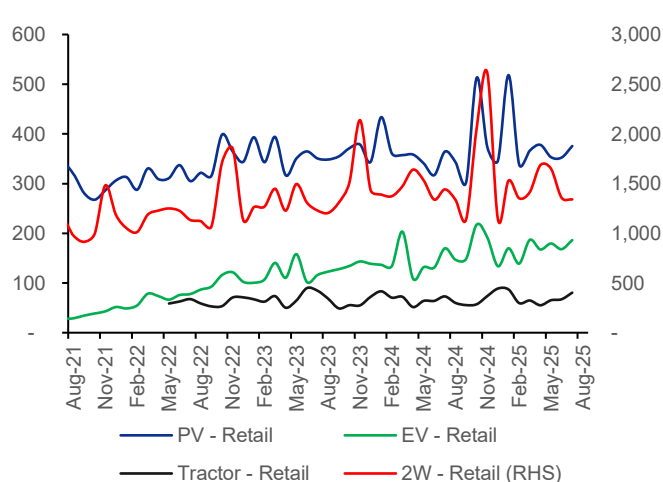
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 3: OEMs' domestic retail segment market share trend



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 4: Domestic retail segment's sales trend (in '000 units)



SOURCE: INCRED RESEARCH, COMPANY REPORTS

DISCLAIMER

This report (including the views and opinions expressed therein, and the information comprised therein) has been prepared by Incred Research Services Private Ltd. (formerly known as Earnest Innovation Partners Private Limited) (hereinafter referred to as "IRSPL"). IRSPL is registered with SEBI as a Research Analyst vide Registration No. INH000011024. Pursuant to a trademark agreement, IRSPL has adopted "Incred Equities" as its trademark for use in this report.

The term "IRSPL" shall, unless the context otherwise requires, mean IRSPL and its affiliates, subsidiaries and related companies. This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject IRSPL and its affiliates/group companies to registration or licensing requirements within such jurisdictions.

This report is being supplied to you strictly on the basis that it will remain confidential. No part of this report may be (i) copied, photocopied, duplicated, stored or reproduced in any form by any means; or (ii) redistributed or passed on, directly or indirectly, to any other person in whole or in part, for any purpose without the prior written consent of IRSPL.

The information contained in this report is prepared from data believed to be correct and reliable at the time of issue of this report.

IRSPL is not required to issue regular reports on the subject matter of this report at any frequency and it may cease to do so or change the periodicity of reports at any time. IRSPL is not under any obligation to update this report in the event of a material change to the information contained in this report. IRSPL has not any and will not accept any, obligation to (i) check or ensure that the contents of this report remain current, reliable or relevant; (ii) ensure that the content of this report constitutes all the information a prospective investor may require; (iii) ensure the adequacy, accuracy, completeness, reliability or fairness of any views, opinions and information, and accordingly, IRSPL and its affiliates/group companies (and their respective directors, associates, connected persons and/or employees) shall not be liable in any manner whatsoever for any consequences (including but not limited to any direct, indirect or consequential losses, loss of profits and damages) of any reliance thereon or usage thereof.

Unless otherwise specified, this report is based upon reasonable sources. Such sources will, unless otherwise specified, for market data, be market data and prices available from the main stock exchange or market where the relevant security is listed, or, where appropriate, any other market. Information on the accounts and business of company(ies) will generally be based on published statements of the company(ies), information disseminated by regulatory information services, other publicly available information and information resulting from our research. While every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Past performance is not a reliable indicator of future performance. The value of investments may go down as well as up and those investing may, depending on the investments in question, lose more than the initial investment. No report shall constitute an offer or an invitation by or on behalf of IRSPL and its affiliates/group companies to any person to buy or sell any investments.

The opinions expressed are based on information which is believed to be accurate and complete and obtained through reliable public or other non-confidential sources at the time made (information barriers and other arrangements may be established, where necessary, to prevent conflicts of interests arising. However, the analyst(s) may receive compensation that is based on his/their coverage of company(ies) in the performance of his/their duties or the performance of his/their recommendations. In reviewing this report, an investor should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Additional information is, subject to the duties of confidentiality, available on request. The report is not a "prospectus" as defined under Indian Law, including the Companies Act, 2013, and is not, and shall not be, approved by, or filed or registered with, any Indian regulator, including any Registrar of Companies in India, SEBI, any Indian stock exchange, or the Reserve Bank of India. No offer, or invitation to offer, or solicitation of subscription with respect to any such securities listed or proposed to be listed in India is being made, or intended to be made, to the public, or to any member or section of the public in India, through or pursuant to this report.

The research analysts, strategists or economists principally responsible for the preparation of this research report are segregated from the other activities of IRSPL. Information barriers and other arrangements have been established, as required, to prevent any conflicts of interests.

The research analysts, strategists or economists principally responsible for the preparation of this research report are segregated from the other activities of IRSPL. Information barriers and other arrangements have been established, as required, to prevent any conflicts of interests.

IRSPL may have issued other reports (based on technical analysis, event specific, short-term views, etc.) that are inconsistent with and reach a different conclusion from the information presented in this report.

Holding of Analysts/Relatives of Analysts, IRSPL and Associates of IRSPL in the covered securities, as on the date of publishing of this report

Research Analyst or his/her relative(s) or InCred Research Services Private Limited or our associate may have any financial interest in the subject company.

Research Analyst or his/her relatives or InCred Research Services Limited or our associates may have actual or beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of the Research Report.

Research Analyst or his/her relative or InCred Research Services Private Limited or our associate entities may have any other material conflict of interest at the time of publication of the Research Report.

In the past 12 months, IRSPL or any of its associates may have:

- a) Received any compensation/other benefits from the subject company,
- b) Managed or co-managed public offering of securities for the subject company,
- c) Received compensation for investment banking or merchant banking or brokerage services from the subject company,
- d) Received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company

We or our associates may have received compensation or other benefits from the subject company(ies) or third party in connection with the research report.

Research Analyst may have served as director, officer, or employee in the subject company.

We or our research analyst may engage in market-making activity of the subject company.

Analyst declaration

- The analyst responsible for the production of this report hereby certifies that the views expressed herein accurately and exclusively reflect his or her personal views and opinions about any and all of the issuers or securities analysed in this report and were prepared independently and autonomously in an unbiased manner.
- No part of the compensation of the analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations(s) or view(s) in this report or based on any specific investment banking transaction.
- The analyst(s) has(have) not had any serious disciplinary action taken against him/her(them).
- The analyst, strategist, or economist does not have any material conflict of interest at the time of publication of this report.
- The analyst(s) has(have) received compensation based upon various factors, including quality, accuracy and value of research, overall firm performance, client feedback and competitive factors.

IRSPL and/or its affiliates and/or its Directors/employees may own or have positions in securities of the company(ies) covered in this report or any securities related thereto and may from time to time add to or dispose of, or may be materially interested in, any such securities.

IRSPL and/or its affiliates and/or its Directors/employees may do and seek to do business with the company(ies) covered in this research report and may from time to time (a) buy/sell the securities covered in this report, from time to time and/or (b) act as market maker or have assumed an underwriting commitment in securities of such company(ies), and/or (c) may sell them to or buy them from customers on a principal basis and/or (d) may also perform or seek to perform significant investment banking, advisory, underwriting or placement services for or relating to such company(ies) and/or (e) solicit such investment, advisory or other services from any entity mentioned in this report and/or (f) act as a lender/borrower to such company and may earn brokerage or other compensation. However, Analysts are forbidden to acquire, on their own account or hold securities (physical or uncertificated, including derivatives) of companies in respect of which they are compiling and producing financial recommendations or in the result of which they play a key part.

Registration granted by SEBI, membership of a SEBI recognized supervisory body (if any) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

InCred Research Services Private Limited

Research Analyst SEBI Registration Number: INH000011024

Registered Office: Unit No 1203, 12th Floor, B Wing, The Capital, C-70, G Block, BKC, Bandra (E), Mumbai – 400051

Phone: +91-22-6844-6100

Corporate Office: 05th floor, Laxmi Towers, Plot No. C-25, G Block, Bandra – Kurla Complex, Bandra (East), Mumbai – 400051

Phone: +91-22-4161-1500

Name of the Compliance Officer: Mr. Mayuresh Kadam

Email ID: compliance@incredresearch.com, Phone No: +91-22-41611539

For any queries or grievances, you may contact the Grievance Officer.

Name of the Grievance Officer: Mr. Rajarshi Maitra

Phone no. +91-022-41611546

Email ID: rajarshi.maitra@incredresearch.com

CIN: U74999MH2016PTC287535

Recommendation Framework

Stock Ratings

Definition:

- Add** The stock's total return is expected to exceed 10% over the next 12 months.
- Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- Reduce** The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings

Definition:

- Overweight** An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
- Neutral** A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight** An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings

Definition:

- Overweight** An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
- Neutral** A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
- Underweight** An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.