

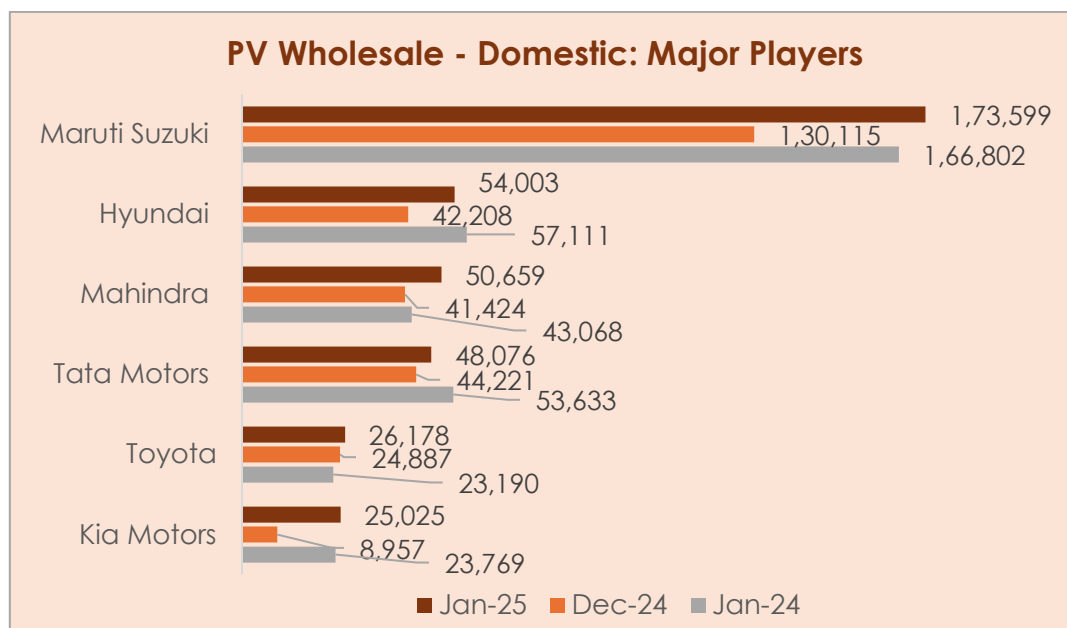


Auto Sales Jan'2025: In Higher Gear



February 10, 2025

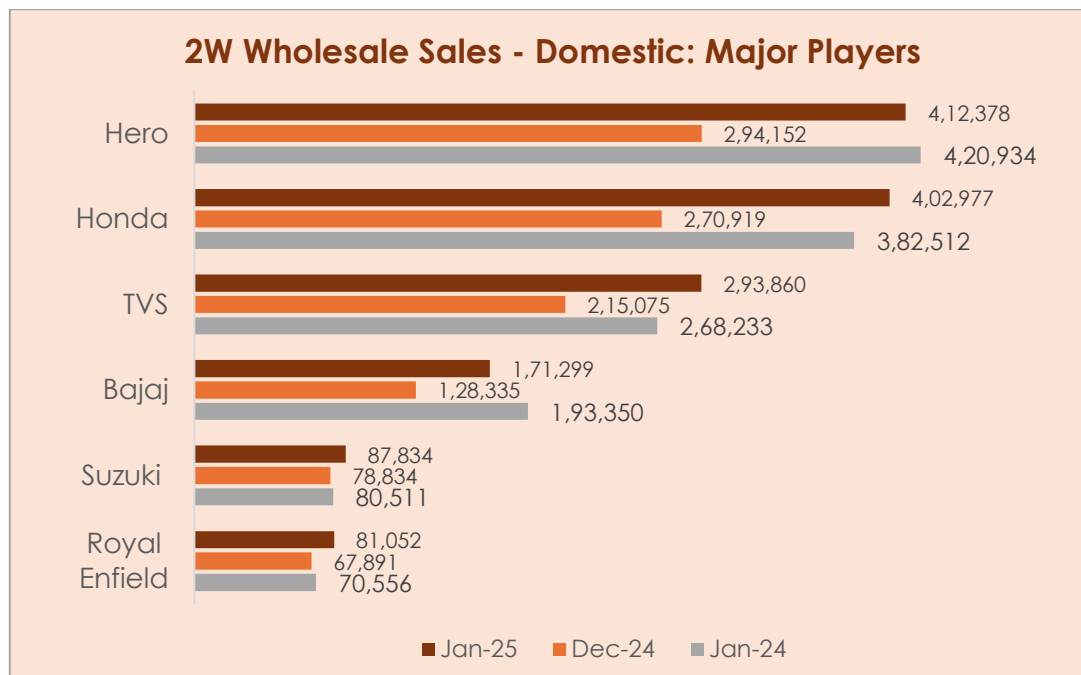
Passenger Vehicles:



Source: Company Data

- On wholesale front, domestic sales volume of passenger vehicles (PVs) across the top 13 OEMs in the country were up 2.1% in Jan'25 compared to Jan'24, though it showed a significant sequential rise of 25.0% vs Dec'24.
- In Jan'25, Maruti made a comeback with a 33.4% MoM and 4.1% YoY growth in domestic despatches, indicating a pickup in entry level car demand. However, Mahindra continues to be in the limelight with a consistent growth in its volumes- 22.3% MoM and 17.6% YoY, driven by both the popularity of its SUV brands and also aggressive discounts. Toyota is also on a higher gear, moving up to the fifth position in terms of market share in Jan'2025 with 12.9% YoY volume growth.
- On the other hand, Hyundai's volumes dropped by 5.4% likely due to increased competition and a shift in consumer preferences towards other brands although there is a sequential improvement in volumes in Jan'2025. Tata Motors also experienced a 10.4% YoY decline, primarily due to a notable drop in EV sales, which saw a significant drop of 24.9% over the same month last year. Overall, the variations in sales volumes are primarily being driven by channel re-stocking and customer preferences for certain models particularly in SUV category.
- On retail front, PV sales increased by a strong 15.5% on YoY and 58.8% on MoM basis, partly fuelled by portion of Dec'24 purchases carried over into Jan'25 to take advantage of the "2025 model year". Several dealers reported higher demand, noting heavy discounting helped clear inventory of older models and boost registrations. Inventory levels improved, dropping to around 50–55 days, indicating a better supply-demand balance. (Source: FADA).
- New product launches in Jan'25 such as Kia Syros, MG Majestor, Tata Sierra and Maruti Suzuki Grand Vitara 7-seater are expected to generate interest among urban car buyers and improve PV volumes in Feb-Mar'2025.

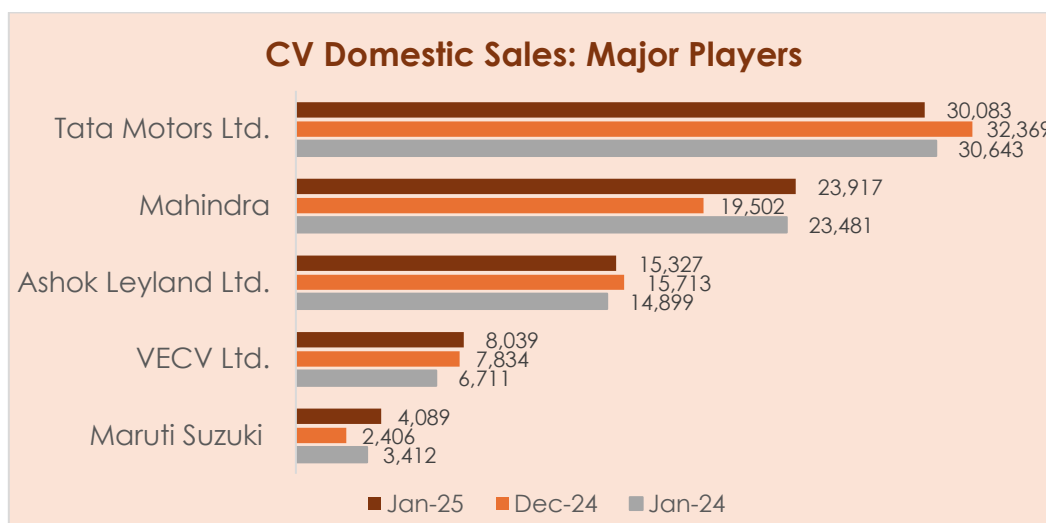
Two Wheelers:



Source: Company Data

- In Jan'25, the top six OEMs in the Indian two-wheeler market reported strong sales growth compared to the same month last year, fuelled by a significant rise in both domestic demand and export volumes. This resulted in a total wholesale growth of 8.5% on YoY basis and 29.5% on MoM basis.
- While Hero continues to have the largest domestic volumes, the growth numbers are better for Honda at 5.4% YoY vs a contraction of 2.0% YoY for the former. TVS Motors, the third largest domestic player, showed a growth of 9.6% increase in total domestic sales compared to the same month last year, driven by healthy demand for the new model "TVS Jupiter 110". Suzuki Motorcycles also showed a growth of 9.1% on YoY basis, on the back of new model launch of Suzuki Access 125 and the Gixxer SF 250 Flex Fuel. Bajaj Auto reported a YoY decline of 11.4% due to ongoing domestic market challenges such as rising competition, particularly from new entrants across segments. Royal Enfield had a robust 14.9% YoY growth in sales in Jan'25, largely driven by demand for Hunter 350 and recently launched "Scram 440" model.
- On the wholesale export front, volume growth for the top six OEMs has been a healthy 43.5% on YoY basis and 4.8% on MoM basis, reflecting a healthy revival in global demand. Indian OEMs are expanding their global presence by tapping the demand for affordable bikes in key global markets like Bangladesh and Colombia.
- At retail front, 2Ws sales jumped by 4.2% on YoY and a notable 27.4% on MoM basis, driven by new model launches and increased demand from the marriage season, and better financing options. Urban markets gained back market share, rising from 41.6% in Dec'24 to 43.7% in Jan'25, with urban sales growing faster than rural, up 4.5% YoY compared to 3.8%.

Commercial Vehicles:

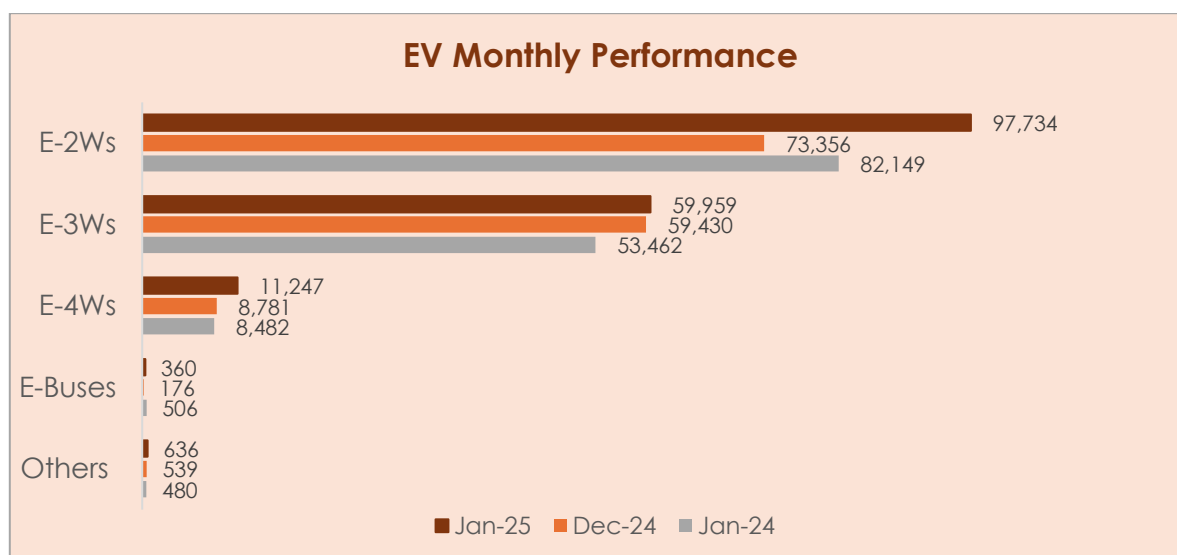


Source: Company Data

- In Jan'25, the Commercial Vehicle (CV) domestic sales trend has recovered for the top five players, witnessing 2.9% YoY and 4.7% MoM growth.
- On wholesale front, Mahindra achieved 23,917 units in domestic sales, reflecting a modest 1.9% increase on YoY basis and 22.6% increase on MoM basis. Tata Motors reported 30,083 units, a decline of 1.8% YoY basis and 7.1% MoM basis. This decline was primarily driven by a decrease in the SCV (Small Commercial Vehicle) cargo and pickup segment, where the company sold 11,213 units in Jan'25, down from 13,122 units in Jan'24, reflecting a 14.6% decrease. The demand in this segment has been hindered by a shift to Electric 3Ws. Both VECV and Maruti Suzuki stood out with a significant 19.8% growth on YoY basis, selling 8,039 and 4,089 units, driven by new model launches and a strategic focus on domestic markets.
- On the retail front, CV sales experienced a notable growth, with 8.2% on YoY and 38.0% on MoM basis. The demand boost was fuelled by higher freight rates and increased passenger carrier demand. However, dealers flagged obstacles including low cash flow, tight financing regulations, and moderation in industry like cement.
- Increased investments in road infrastructure, logistics hubs, and urban development is likely to boost CV sales by improving transportation efficiency and market access. Strong agricultural markets and continued bulk purchasing are also expected to drive growth.
- On the total exports front, the volumes for the top four players have seen strong 66.6% YoY growth and increase of 20.7% on MoM basis. This growth was led by Mahindra, selling 3,404 units up 95.0% on YoY basis and 10.1% on MoM basis, respectively.

Electric Vehicles (EV):

In Jan'25, India's EV market showed a decent performance across different categories. The market of EVs in India recovered in Jan'2025, driven by growing consumer adoption and competitive market dynamics. From E2Ws to E-Buses, the sector maintained its upward momentum, supported by the PM E-DRIVE Scheme and supportive state government incentives.



Source: Vaahan Portal, EV Reporter

- E2W:** The segment saw growth of 19.0% on YoY and 33.2% on MoM basis, on the back of improved consumer demand and seasonal promotions like discounts at the start of the new year, boosting sales.
 - This growth was led by OLA Electric, selling 24,336 units in Jan'25 but saw a 24.9% decline on YoY basis. The Company, launched 3,200 new stores and introduced the 3rd Gen S1 lineup, featuring improved features and a 320 km range in the S1 Pro+. With these new offerings, OLA aims to retain its position in the coming months.
 - Bajaj Auto experienced a sales boost, selling a record 21,310 units, while TVS Motors followed closely with 23,809 units, and Aether Energy reached 12,906 units. Bajaj Auto's Chetak 35 series stand out with a 153 km range, improved seating, and 35 liters of storage, addressing previous model limitations at competitive pricing. TVS's iQube remains a strong competitor with reliable performance and legacy brand trust. Ather's updated 2025 Rizta has gained traction, offering unmatched space and practicality. Hero's Vida V2, with modest updates, benefits from the brand's reputation and should see steady sales. As Honda and Suzuki enter the market, competition among top e-2W manufacturers will intensify, driving innovation and improving consumer choices.
- E3W:** The overall E3W market experienced a growth of 12.2% on YoY and 0.9% on MoM basis, reflecting a stable expansion in the segment, though the performance varied across its sub-segments:

- E3W (e-rickshaw) segment saw a decline of 4.2% on YoY and 4.9% on MoM basis. This was due to decline in sales of SAERA Electric, down by 8.8% on YoY basis but in contrast, YC Electric saw a growth of 11.1%, sold 3,458 units in Jan'25. The dip in this segment is attributed to market challenges faced by some brands.
 - E3W (Passenger L5 Pax) segment saw a strong growth of 85.4% on YoY basis and 21.2% on MoM basis. This growth was led by Mahindra Last Mile Mobility led the charge, sold 5,001 units followed by Bajaj Auto, sold 4,878 units and Piaggio Vehicles, sold 1,430 units in Jan'25. This surge indicates a rise in demand for E3W Passenger L5 Pax, fueled by improved infrastructure and government support for eco-friendly mobility options.
 - E-Cart segment saw a growth of 53.8% on YoY basis but slight decline of 1.1% on MoM basis. This performance was attributed by YC Electric and Dilli Electric, sold 408 units and 393 units in Jan'25. The slight MoM drop is attributed due to normal market fluctuations, as sales was higher in Dec'24 due to year-end incentives and seasonal factors.
 - E3W (Goods L5) segment saw a growth of 10.4% on YoY basis and 17.0% on MoM basis. This growth was led by Bajaj Auto, sold 480 units in Jan'25 compared to 116 units sold in Jan'24. This highlights growing demand for electric goods carriers, reflecting increased adoption of sustainable logistics solutions.
- **EPV (e-4W):** Jan'25 turns out to be the third-best month for electric passenger vehicles in the current fiscal after festive push in Oct'24. The sales in this segment grew 32.6% on YoY basis and 28.1% on MoM basis. MG Motors led the market and saw a growth of 267.6% on YoY basis, sold 4,234 units in Jan'25. This significant YoY increase points to a strong adoption of electric cars, driven by improved infrastructure and better model availability. In contrast, Tata Motors saw a decline of 9.0%, reflecting the growing competition from rival EV OEMs, increased product choice for buyers and volumes that has declined in the October-December 2024 quarter (Q3FY25) due to the expiry of the FAME 2 subsidy.
 - **ECV (e-Bus):** Overall e-bus segment reported mixed performance. The sales in this segment declined by 28.9% on YoY basis but saw a robust growth of 104.5% on MoM basis. Switch Mobility led e-bus reported its sales with a highest market share in e-bus of 34.7% in Jan'25, selling 125 units, followed by PMI Electro Mobility, selling 68 units in Jan'25. The market for e-bus is facing challenges like long procurement cycles and infrastructure limitations. The significant MoM increase shows a surge in deployments and new orders in the short term, potentially due to the completion of major contracts and government initiatives to expand e-bus fleets quickly.

Overall Comments – Auto Sales:

Auto sales trends in Jan'2025 indicates a healthy recovery in consumer demand and a moderate recovery in industrial demand.

Passenger Vehicles

There is a recovery visible in the PV segment in Jan'2025 as expected with 15.5% annualized growth in dealer level sales. What is encouraging is the pickup in entry level car sales, reflecting the impact of better rural demand and the wedding season. With improved urban consumer sentiments after the Union Budget 2025-26, sales are likely to get a boost in Apr-Feb'2025; nevertheless, overall volume growth is likely to be limited to low single digits for the whole fiscal i.e FY25.

Two Wheelers

The 2W segment has seen a steady revival in the current fiscal, driven by a pickup in rural demand, favourable monsoon conditions and improved growth in agriculture as well as government efforts to enhance rural incomes. Urban demand may get a boost with the tax cut decisions and higher disposable incomes in the middle income category. Export sales in the industry have also seen a healthy revival vis-à-vis last fiscal but its sustainability remains to be seen.

Commercial Vehicles

CV volumes have been weak and inconsistent in the current fiscal so far but is likely to witness a normalization with a pickup in the pace of infrastructure projects from the fourth quarter. With government capital expenditure seeing a revival, a corresponding boost to CV demand is anticipated.

Overall, the auto sector should regain strength in the fourth quarter of FY25 on the back of a favourable monsoon, improved agricultural incomes and higher rural demand in addition to the support from the infrastructure sector.

- Suman Chowdhury, Executive Director & Chief Economist, Acuite Ratings & Research

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Media Contact:

Sahban Kohari
Ph: + 91-9890318722
sahban@eminencestrategy.com

Analytical Contact:

Suman Chowdhury
Executive Director & Chief Economist
Ph: + 91-9930831560
suman.chowdhury@acuite.in

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