

We hosted a large West India-based dealer of MSIL PVs, HMSI 2Ws, and TTMT CVs, for deeper insight into the likely festive demand trend following the GST cut, dealer readiness to meet the demand surge, response to MSIL's new *Victoris* SUV launch, and impact on EV demand after the GST cut for ICE vehicles (also refer to [GST 2.0: Kick-starting auto demand; M&M key beneficiary](#)). KTAs from today's expert call: 1) After 1.5-2Y of subdued growth, the tide is turning for PVs, with 10% YoY retail growth in Aug-25 (in the dealer's region), 15-20% YoY growth in bookings across segments in Sep-25MTD (despite festive mismatch); volume growth for Oct-Dec '25/FY26 is pegged at >20%/high single digit. 2) MSIL, in a targeted attempt to revive the small car segment, has announced strategic price cuts in starting variants for entry-level hatchbacks; current consumer/discount schemes to continue till Sep-25 end, over and above the price cuts. 3) Initial response for the recently-launched *Victoris* SUV has been positive with deliveries slated to commence from Oct-25. 4) E-2W demand momentum is expected to sustain despite price gap reduction vs ICE (on GST cut), as customers are willing to pay a premium for differentiated offerings; E-2W prices are declining, amid a widening range of product offerings and improving cost curves. 5) Trucks are witnessing value growth higher than volume growth, amid fleet operators shifting toward higher tonnage vehicles to drive revenue / improve utilization; SCVs/buses continue to see strong traction (including in EVs), on the back of robust demand trends.

### GST/price cuts turning the tide for PVs; high single-digit growth seen in FY26

After nearly 18-24 months of slowdown, the industry has entered a positive trajectory, with Aug-25 Vahan registrations up 10% YoY in the dealer's regions. Festive sentiment has further lifted momentum, with enquiry levels up 15-20% YoY across segments in Sep-25 (despite the festive mismatch). PV volumes are expected to grow >20% YoY over Oct-Dec '25, aided by i) improved pricing clarity for models following the GST cuts, and ii) upcoming festive, after the relatively-subdued 5MFY26; volume growth for FY26 is expected to be in a high single digit. To help revive the small-car segment, MSIL has undertaken strategic and targeted price reductions in the starting variants for entry hatchbacks with models like *S-Presso* seeing cuts of up to Rs0.12mn. Additionally, current consumer/discount schemes to continue till Sep-25 end, over and above the price reductions, with revised prices also extended to bookings placed prior to 22-Sep-25. Some near-term volume impact is anticipated in *Brezza/Grand Vitara* due to the launch of *Victoris*, rather than GST slab changes. Initial response for *Victoris* has been positive; dispatches have begun in Sep-25, with deliveries slated to start in Oct-25, and volumes expected to range at 5-7k units/mth. With ample network inventory in place, dealers are well prepared for the upcoming festive season.

### 2Ws: EVs to sustain growth led by new product launches/price rationalization

Growth over Oct-Dec '25 is seen outpacing that of PVs. Entry of larger players such as Suzuki and HMSI into the EV space will be instrumental in sustaining momentum and expanding the category. Despite the narrowing price gap between ICE 2Ws and E-2Ws, EV demand is unlikely to slow down. Consumers are increasingly willing to pay a premium for differentiated EV offerings, while improving cost curves, declining product prices, and a broader industry product portfolio continue to strengthen category growth.

### CVs: Value-led growth in trucks; EV momentum picking up pace in SCVs/Buses

The combined effect of lower EMIs (driven by the recent rate cuts), reduced margin-money requirements, and vehicle price corrections is expected to support a cyclical recovery in CV demand. EV adoption momentum is strongest in SCVs (eg TTMT's Ace Pro EV is gaining strong traction) as well as buses (several state/city transport undertakings plan fleet upgrades/transition to EVs). With subsidy and pricing uncertainties gradually settling, the outlook for these segments is becoming more constructive. Overall truck volumes remain subdued, though the segment is seeing a structural shift toward higher-capacity vehicles (eg 55-tonners), enabling fleet operators to generate higher revenue from the same fleet base by carrying greater loads and improving asset utilization.

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**Exhibit 1: MSIL has announced price cuts across its portfolio (especially in the starting variants of entry hatchbacks) to boost demand**

Model	Segment	Reduction in ex-showroom price (Rs)	Starting price (Rs)
S-Presso	Entry	Up to 129,600	349,900
Alto K10	Entry	Up to 107,600	369,900
Tour S	Entry sedan	Up to 67,200	623,800
Dzire	Entry sedan	Up to 87,700	625,600
Celerio	Compact hatch	Up to 94,100	469,900
Wagon R	Compact hatch	Up to 79,600	498,900
Ignis	Premium hatch	Up to 71,300	535,100
Swift	Premium hatch	Up to 84,600	578,900
Baleno	Premium hatch	Up to 86,100	598,900
Fronx	Entry SUV	Up to 112,600	684,900
Brezza	Compact SUV	Up to 112,700	825,900
Jimny	Compact SUV	Up to 51,900	1,231,500
Grand Vitara	SUV	Up to 107,000	1,076,500
Invicto	Premium SUV	Up to 61,700	2,497,400
Ertiga	MPV	Up to 46,400	880,000
XL6	MPV	Up to 52,000	1,152,300
Eeco	Vans	Up to 68,000	518,100
Super Carry	LCV	Up to 52,100	506,100

Source: Company ([link](#)), Emkay Research

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