

## AUTOMOBILES

02 September 2024

### Volume recovery in sight post the lull

- Passenger vehicle growth steady and expected to deliver healthy pickup driven by preference for the SUV segment
- 2-wheeler segment shows healthy signs of growth driven by mix of entry level pickup and high-end segment
- Tractor and commercial vehicle segment growth delivery awaits normal monsoon and policy framework; poised for growth

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**Passenger vehicle segment:** Domestic PV industry volumes grew 6.3%/1.3% YoY/MoM driven by continued SUV demand and periodic new launches. MSIL's volume fell 5.3% YoY but rose 3.1% MoM as the SUV segment continues to offset the decline in compact segment sales. Exports drove overall growth. TTMT fell ~3.0%/1.3% YoY/MoM while MM grew ~16%/4% YoY/MoM driven by the healthy response to new launch XLO 300. Hyundai India's domestic volume grew by ~17.4% YoY and continued its second position.

**Two-wheeler segment:** The 2W segment grew ~7.9%/18% YoY/MoM driven equally by domestic and export markets. HMCL grew a weak 4.8% YoY, impacted by temporary supply shortages. BJAUT delivered the highest growth of ~18% YoY driven by new launches. TVSL's volume grew 14% YoY. BJAUT's growth was driven by domestic markets as export growth was tepid at 1% YoY, while TVSL's growth was driven by exports which grew by ~19% YoY. EIM's volume fell ~5 YoY (+10% MoM).

**Three-Wheeler segment:** The 3W segment grew by 11.9%/52.8% YoY/MoM driven by domestic and export volumes. BJAUT's domestic 3W volume grew 2%/7% YoY/MoM and TVSL's overall volume fell 7.2%/11.9 YoY/MoM as exports stayed weak.

**Tractors segment:** Overall tractor sales stayed flat YoY but fell by 10.6% MoM due to seasonality (sales are down during monsoon months). ESCORTS and MM delivered flat growth YoY; MoM sales in the tractor segment fell. Higher exports drove MM's growth (36% exports growth) while ESCORTS lacked export pace (~4%).

**Commercial vehicles:** CV segment volume fell 6.8% YoY, but stayed flat at 1.4% MoM. Domestic and exports both fell 7.1%/6.2% each YoY. M&HCV segment volume fell 17.3% YoY and rose by 5.5% MoM with TTMT decreasing 20.9% YoY but seeing an uptick of 9.6% MoM, and AL falling by ~13.6% YoY (+1.4% MoM). LCV segment showed negative growth, with TTMT volume falling 13.8%/1.0% YoY/MoM. Overall, the segment fell 7% YoY but gained 2.5% MoM.

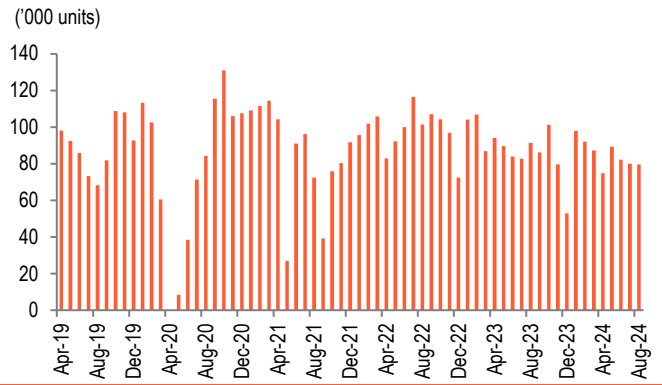
**Key ratings:** Retain BUY rating on MM and AL, and SELL on ESCORTS and VSTT.



**Summary of key performance highlights of individual OEMs**

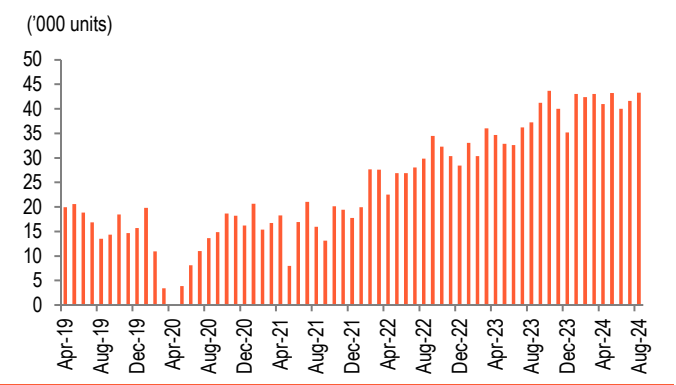
**Maruti Suzuki India:** Demand uptick for utility vehicles (UV) continued – rising 6.7%/11.3% YoY/MoM. The passenger car segment’s (comprising mini, compact, super compact and mid-size cars) share in domestic sales dropped to 51.1% in Aug’24 (from 55.5% in Aug’23) as observed in the mini segment which declined 12.8% YoY, compact 20% YoY and mid-size 16.7% YoY. MSIL’s exports rose 5.6%/8.4% YoY/MoM to ~26.0k units.

**Fig 1 – MSIL PV sales**



Source: Company, BOBCAPS Research

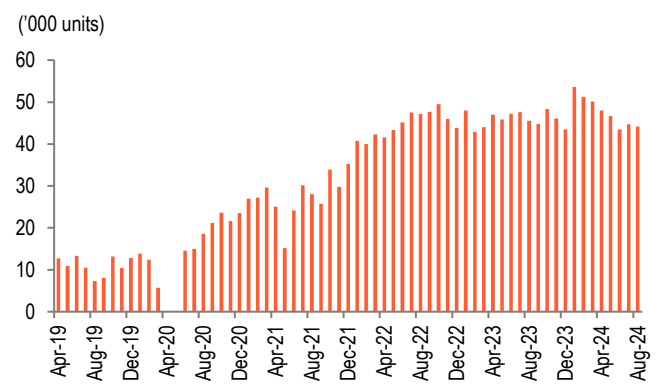
**Fig 2 – MM PV sales**



Source: Company, BOBCAPS Research

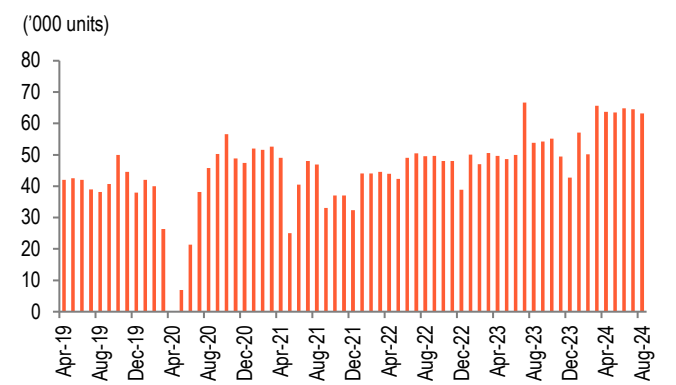
**Mahindra & Mahindra:** MM’s SUV segment grew ~16% YoY following the healthy response to its newly launched compact SUV XUV 3XO. In the tractor segment, cumulative monsoon rainfall is normal to above normal in the southern, central, western, and most northern states while remaining deficient in some eastern and northeastern states. The upcoming festive season, above-normal monsoon, bumper kharif harvest and favourable terms of trade for farmers are likely to drive growth for the tractor industry.

**Fig 3 – TTMT PV sales**



Source: Company, BOBCAPS Research

**Fig 4 – Hyundai PV sales**



Source: Company, BOBCAPS Research

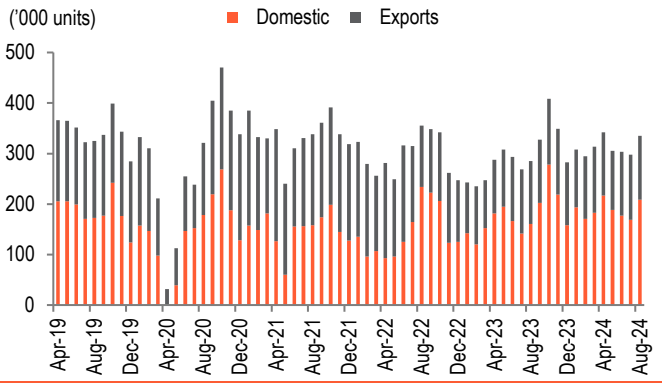
**Bajaj Auto:** BJAUT introduced Bajaj Freedom 125, the world’s first CNG-integrated motorcycle in three variants ranging from Rs 95k to Rs 110k. It targets pushing CNG variant sales to ~40k/month by Jan’25. BJAUT plans to introduce one more CNG motorcycle and launch an ethanol-based motorcycle in FY25.

**TVS Motors:** TVS’s iQube Electric 2W grew ~4% YoY to ~24.8k units in Aug’24 after a jump to 21.4K units in Jul’24. TVS introduced new colours to the TVS NTORQ 125 and

Race XP series besides the launch of the TVS Jupiter 110 at a price of Rs 73.7k (ex-showroom).

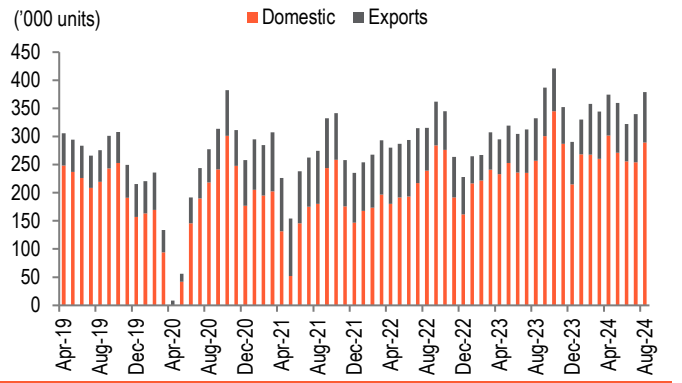
**Hero Motors Corp:** HMCL’s emerging mobility brand VIDA continued to register a positive sales trend where it achieved its highest-ever monthly dispatches and crossed 6k monthly units in Aug’24. HMCL launched the Hero Glamour 2024 during the month. In the 125cc segment, HMCL’s newly launched Xtreme 125 is receiving a healthy response.

**Fig 5 – BJAUT 2W sales**



Source: Company, BOBCAPS Research

**Fig 6 – TVSL 2W sales**



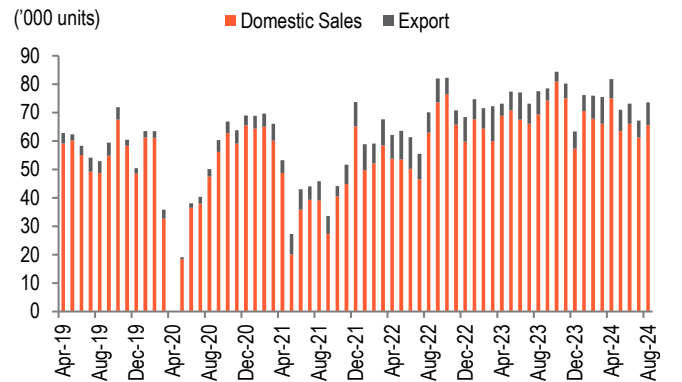
Source: Company, BOBCAPS Research

**Fig 7 – HMCL 2W sales**



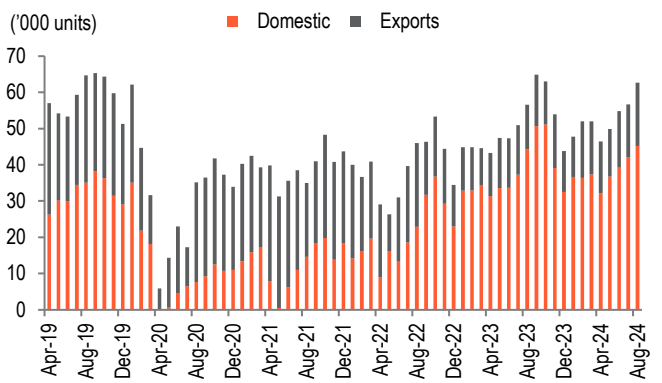
Source: Company, BOBCAPS Research

**Fig 8 – EIM 2W sales**



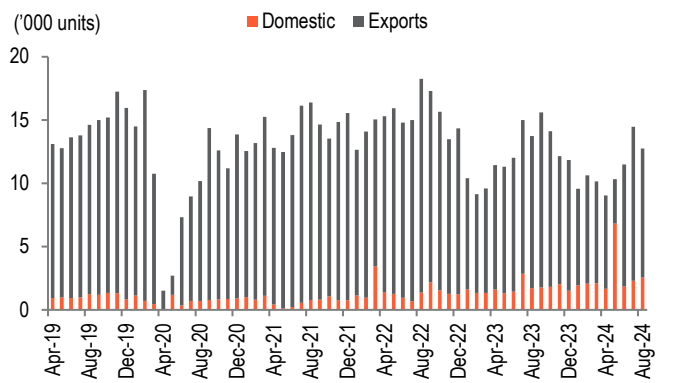
Source: Company, BOBCAPS Research

**Fig 9 – BJAUT 3W sales**



Source: Company, BOBCAPS Research

**Fig 10 – TVSL 3W sales**

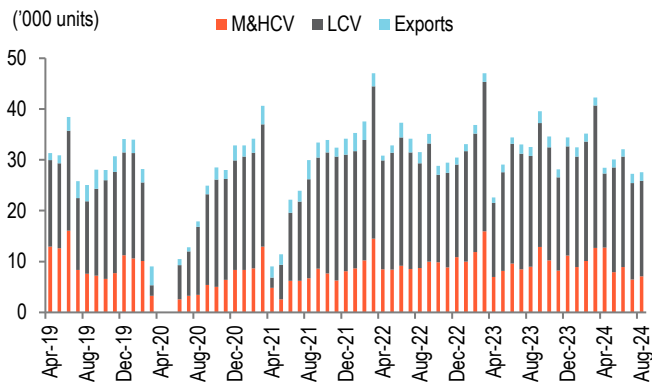


Source: Company, BOBCAPS Research

**Eicher Motors:** EIM’s trucks and buses remained flat YoY but fell 2.5% MoM in Aug’24. The less than 350cc segment fell ~11.5% YoY but improved 7.9% MoM, while the 350cc+ grew 46.5%/17.5% YoY/MoM. Exports for EIM saw degrowth of 2.2%YoY but showed signs of improvement of 32.2% MoM.

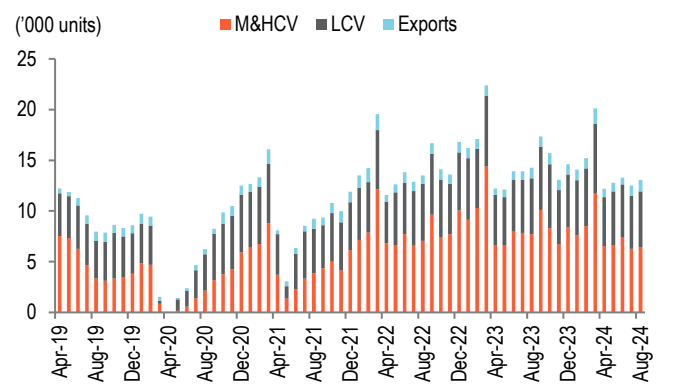
**Ashok Leyland:** AL’s overall volume was a mixed bag as YoY volume fell by 7.1%. However, the company delivered 3.8% MoM growth. On the domestic front, the trucks segment fell by 17.2% YoY (+2.1% MoM), while bus segment growth momentum continued at 7.7% YoY (-1.8% MoM). However, exports delivered negative growth of 15.4%/7.5% YoY/MoM.

**Fig 11 – TTMT CV sales**



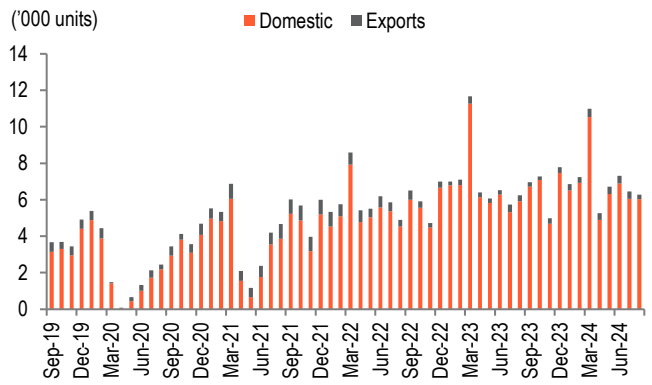
Source: Company, BOBCAPS Research

**Fig 12 – AL CV sales**



Source: Company, BOBCAPS Research

**Fig 13 – EIM CV sales**

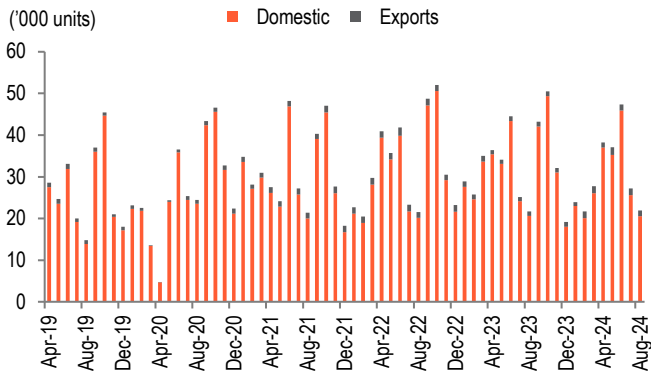


Source: Company, BOBCAPS Research

**Escorts:** Domestic tractor segment growth remained flat YoY but fell by 2.6% MoM in Aug’24. With the monsoon progressing well, the replenishing of water levels bode well for the upcoming rabi season along with government support. However, this has not reflected in ESCORTS’ sales as the response to its exports is below par.

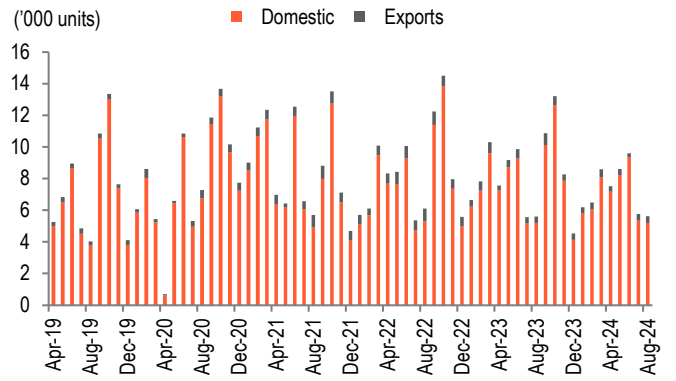
**VSTT:** VSTT’s power tiller segment **volume** grew by 11.2% YoY while that of the tractor segment declined 6.4% YoY in Aug’24. Aggregate sales grew by 9.4% in Aug. However, YTD sales growth for the power tillers and tractor segments were down by 14.3%/10.9%.

**Fig 14 – MM Tractor sales**



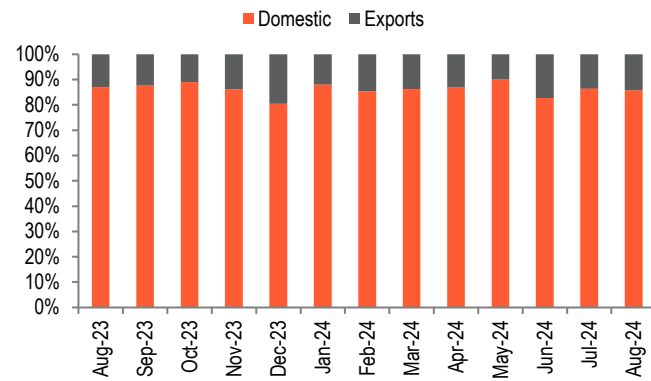
Source: Company, BOBCAPS Research

**Fig 15 – ESCORTS' tractor sales**



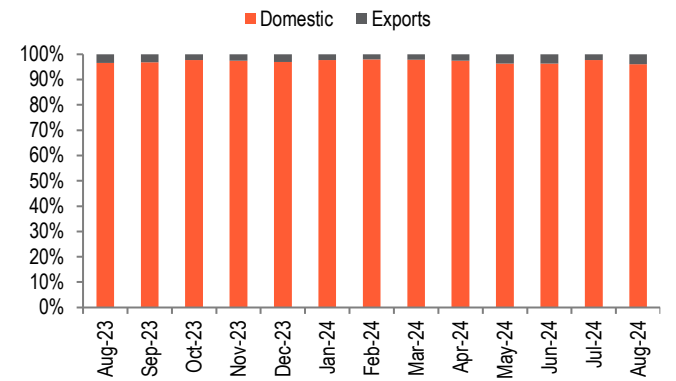
Source: Company, BOBCAPS Research

**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**



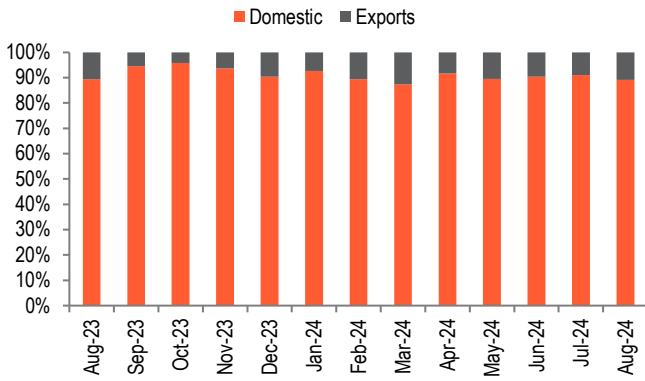
Source: Company, BOBCAPS Research

**Fig 19 – AL's domestic and exports volumes**



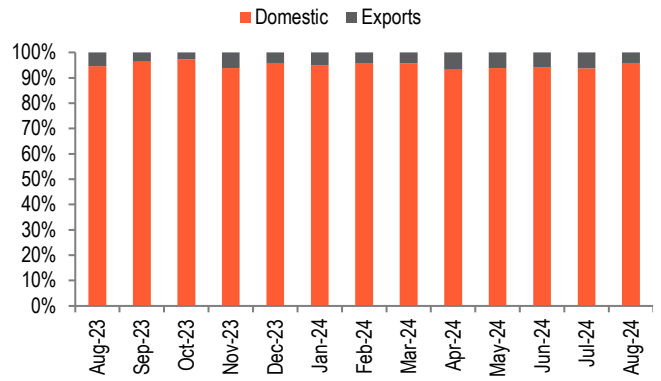
Source: Company, BOBCAPS Research

**Fig 20 – EIM (2W) – Domestic and exports volumes**



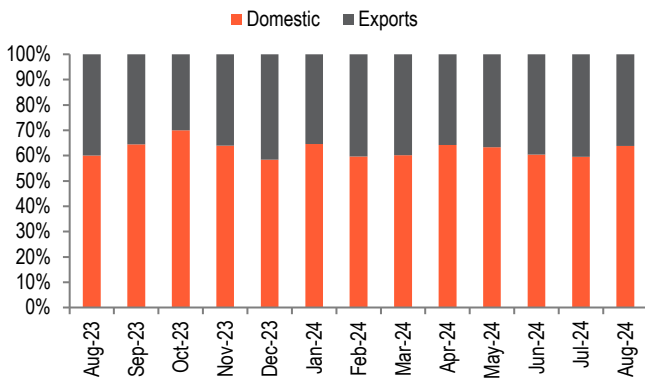
Source: Company, BOBCAPS Research

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



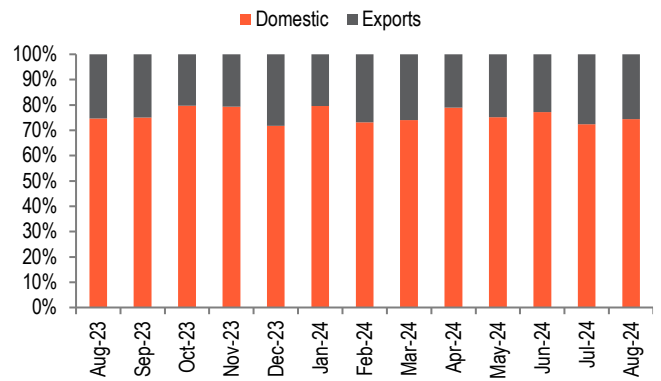
Source: Company, BOBCAPS Research

**Fig 22 – BJAUT's domestic and exports volumes**



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

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