

## AUTOMOBILES

03 January 2025

### Mixed bag – 2W at slower pace, PV in top gear, CV on sidelines

- Passenger vehicle domestic volumes grew in double digits (~23.04%) YoY with the SUV segment's share continuing to stay higher
- The 2-wheeler segment fell sharply by ~24.11% MoM post festive season, declining by ~4.06% YoY
- Commercial vehicle segment shows signs of revival with marginal increase of ~1.35%/1.07% MoM/YoY

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**Passenger vehicle segment in the driver's seat:** The domestic PV industry's volume grew/fell 23%~8.3 YoY/MoM after a sharp jump in the pre-festive season dispatches. MSIL's volume grew 29.6% YoY as the SUV segment continues to offset the decline in compact segment sales (10.1% YTD fall). MSIL's exports grew 39.2% YoY (31% fall MoM). TTMT's volumes grew/fell 1.7%/6% YoY/MoM and MM volume grew/fell 17.8%/10.38% YoY/MoM driven by SUVs sales. Hyundai India's domestic sales grew by ~29% YoY and continued its second position (~10% MoM dip).

**2W segment slows:** The 2W segment's volume fell ~24% YoY/MoM due to normalisation of volumes post festivities. However, volume was weak by 4% YoY following lower uptake. HMCL's volumes fell 17.5%/29.3% YoY/MoM, while BJAUT's fell 3.8%/26% YoY/MoM dragged by domestic volume (19% fall YoY) and was offset by 15.4% YoY growth in exports. TVSL's volume grew 7.6% YoY due to by domestic and export volumes. EIM's volume grew by 25.4% YoY, but declined 3.39% MoM.

**3W segment continues to be steady:** Volumes grew 8.9% YoY, but fell 5.68% MoM largely due to a drop in domestic volumes of 11.3% MoM. BJAUT's domestic 3W volume grew/fell 4.7%/8.5% YoY/MoM, and TVSL's overall volume grew 10.35% MoM facilitated by both exports and domestic volumes up by 2%/13% YoY/QoQ.

**Tractors segment normalises:** Overall tractor sales rose/fell 12.1/32.6% YoY/MoM as normalcy was restored post festivals. ESCORTS's exports grew 12.6%/86.89% YoY/MoM. In contrast, MM's exports fell sharply by 16.8%/43.4% YoY/MoM.

**Commercial vehicles await triggers:** CV segment's volume fell by ~2% YoY/MoM. Domestic volumes were a mixed bag with flat growth YoY but dropped 28% MoM, as did exports which were flat YoY but fell 7.7% MoM. The M&HCV segment's volume fell 6.1% YoY but jumped by 29% MoM. TTMT's volume fell/grew 15%/25.5% YoY/MoM, but AL's volume grew 3.8%/32.5% YoY/MoM. In the LCV segment, TTMT's volume rose 6.4%/22.86% YoY/MoM, and AL's 0.1%/14.6% YoY/MoM.

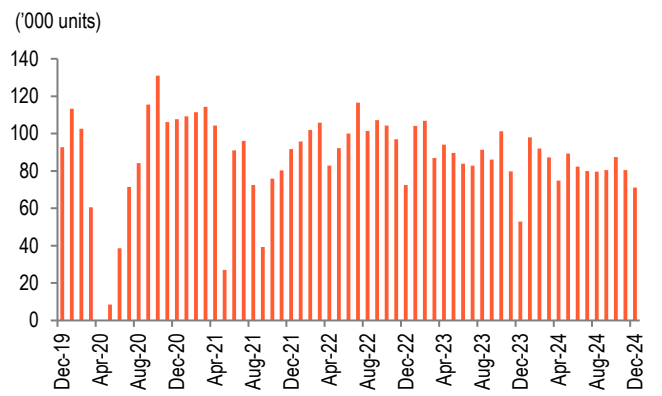
**Key ratings:** BUY rating on MSIL, MM and AL, and SELL on ESCORTS and VSTT.



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

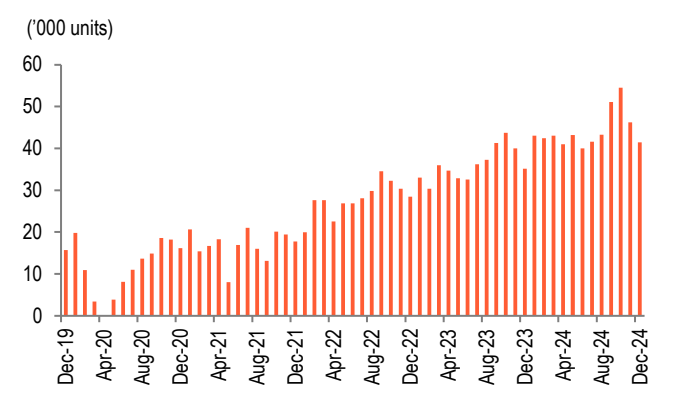
**Maruti Suzuki India:** The demand uptick for utility vehicles (UV) continued with volume gains of 21.1% YoY (+~15% YTD). However, volume fell by 5.7% MoM. The passenger car segment's (comprising mini, compact, super compact and mid-size cars) share in domestic sales rose marginally to 50.48% in Dec'24 from ~47.86% in Dec'23 and was a key positive (dipped MoM from 52.6% in Nov'24). The YTD contribution of this segment declined to 52.5% from 56.6% YoY. MSIL's exports rose 39.2%/30.7% YoY/MoM to ~37.4k units driven by the Latin America, Africa and Middle East markets. MSIL is to launch e-Vitara on 17 January 2025.

**Fig 1 – MSIL's PV sales YoY growth driven by base segment**



Source: Company, BOBCAPS Research

**Fig 2 – New launches drive MM's PV sales**

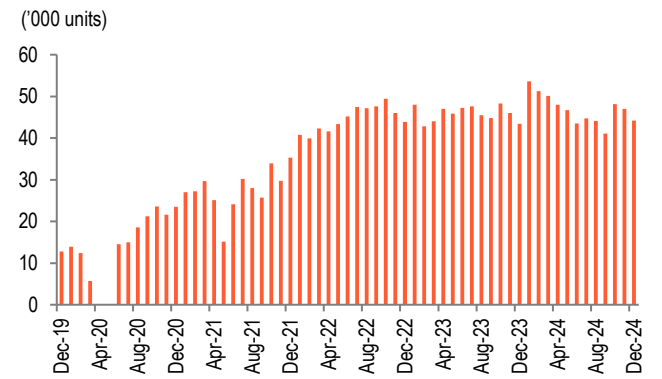


Source: Company, BOBCAPS Research

**Mahindra & Mahindra:** MM's SUV segment grew 17.8% YoY following a healthy response to the newly launched Thar Roxx and the compact model 3XO, but dipped 10.4% MoM. MM's new EV launches named BE 6 and XEV 9e will be available in the second half of January 2025.

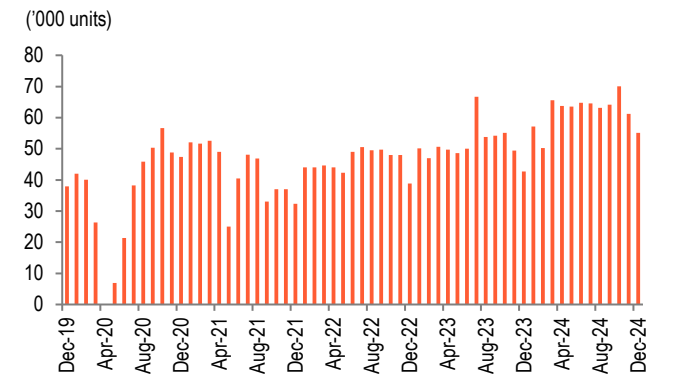
In the tractor segment, domestic volume grew by 22.1% YoY, attributed to above-normal monsoons and healthy reservoir levels (fell 30.6% MoM). Exports dipped 16.8%/43.4% YoY/MoM.

**Fig 3 – TTMT's PV sales stay tepid**



Source: Company, BOBCAPS Research

**Fig 4 – Hyundai's continues its second position in PVs**



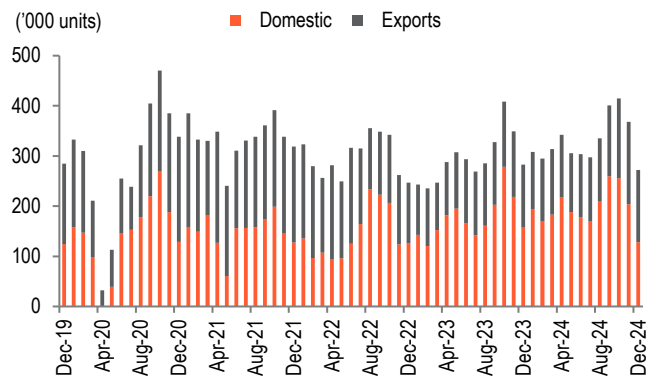
Source: Company, BOBCAPS Research

**Bajaj Auto:** Overall 2W volume growth stayed muted YoY but fell sharply by 23.4% MoM due to a 32.6% drop in domestic volumes. Weak domestic volumes YoY was offset by 18.3% YoY exports growth leading to listless YoY growth. Post its CNG launch, BJAUT is exploring compressed biogas and hydrogen fuelled 2W though it is at the inception stage. The commercial vehicles exports volume grew by 49.8% YoY on a lower base and grew by 3.3% MoM to 16.8k units, whereas domestic commercial volumes grew by 4.7% YoY and dipped by 8.5% MoM to 34k units.

**TVS Motors:** TVS iQube Electric 2W grew ~80% YoY to ~20.17k units in Dec'24, but decreased MoM by 23.3%. YTD growth of the EV vehicles is also very healthy at 35.3% in FY25 compared to FY24. TVSL is currently exporting i-Qube to a few ASEAN and Asian countries. Total domestic 2Ws remained flat YoY, but dropped 29.6% MoM leading to overall growth of ~8% YoY but declining 21% MoM.

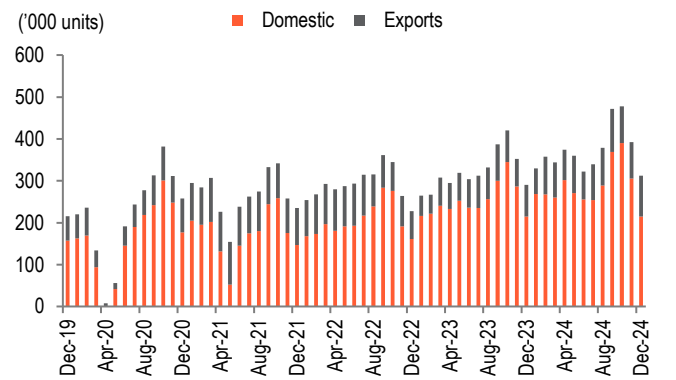
**Hero Motors Corp:** The company's YTD FY25 volume grew ~6.8% and continues to experience strong demand across the 100cc, 125cc and premium segments. Exports are a small portion of the overall volume for HMCL and grew 90.9%/53.6% YoY/MoM. However, domestic volumes dipped 22.1%/33.1% YoY/MoM.

**Fig 5 – BJAUT's 2W sales points weakness**



Source: Company, BOBCAPS Research

**Fig 6 – TVSL's 2W sales well maintained**



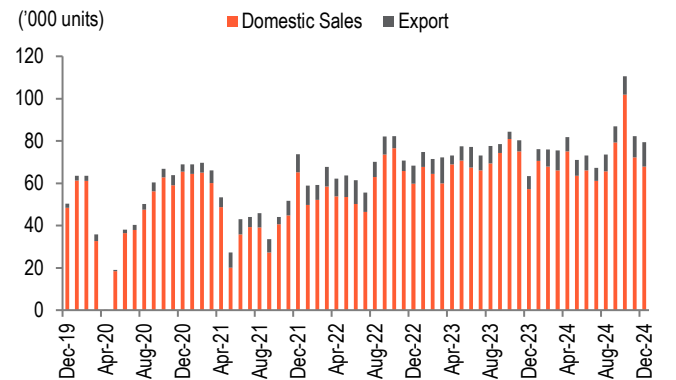
Source: Company, BOBCAPS Research

**Fig 7 – HMCL's 2W sales fall a surprise**



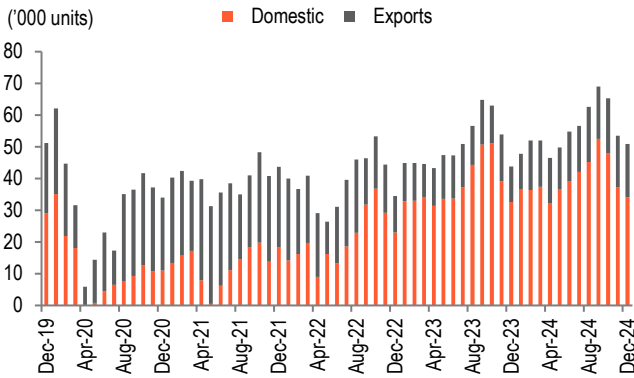
Source: Company, BOBCAPS Research

**Fig 8 – EIM's 2W sales stay robust**



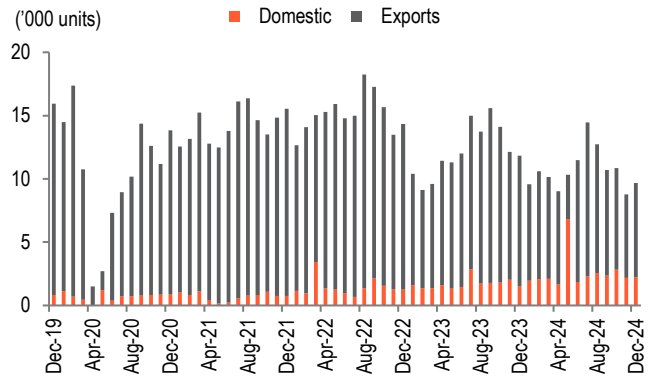
Source: Company, BOBCAPS Research

**Fig 9 – BJAUT’s 3W leadership continued**



Source: Company, BOBCAPS Research

**Fig 10 – TVSL’s 3W sales, nothing to cheer**



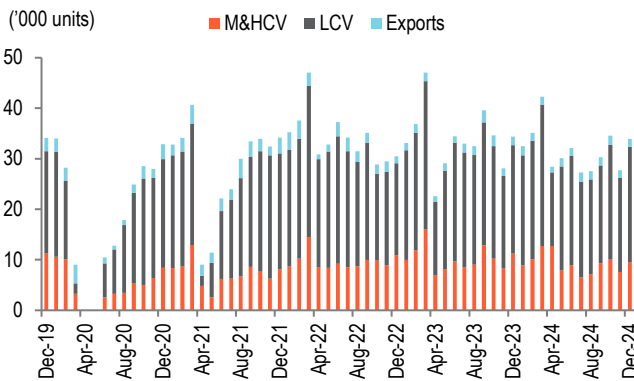
Source: Company, BOBCAPS Research

**Eicher Motors:** Domestic volumes for EIM’s trucks and buses grew 1%/52.2% YoY/MoM in Dec’24, whereas exports volumes grew 52.6%/21.9% YoY/MoM. The less-than-350 cc segment fell 2.5% MoM but grew 25.4% YoY, while 350cc+ volumes grew 25.1% YoY and dipped 9.1% MoM. Exports for EIM grew 33.9% YTD. This indicates top-end motorcycle demand is healthy and competition in the segment has little impact on EIM.

**Ashok Leyland:** AL’s overall volumes grew YoY/MoM by 3.9%/19.9%. In the domestic market, the trucks segment grew by 7.2%/35.9% YoY/MoM, while domestic bus segment growth momentum continued MoM (+15.7%) but dipped 12.4% YoY. LCV domestic volumes grew 0.1%/14.6% YoY/MoM. Overall exports delivered growth of 24.3% YoY, but fell by 25.2% MoM.

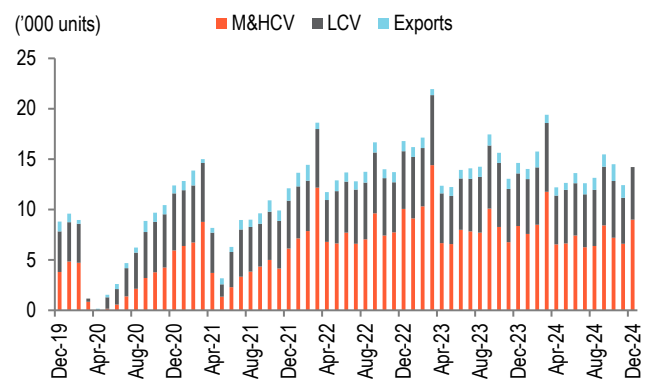
The recovery in AL’s volume is encouraging as it points to the long-awaited recovery in the CV segment. Further, with economic activity gaining pace, as reflected by cement and steel demand growth, the CV cycle will gain pace further.

**Fig 11 – TTMT’s CV sales stays listless**



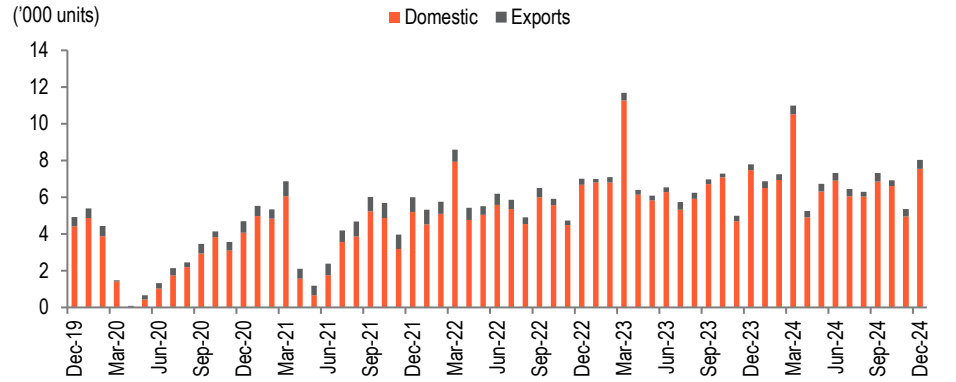
Source: Company, BOBCAPS Research

**Fig 12 – AL’s CV sales points towards reversal**



Source: Company, BOBCAPS Research

**Fig 13 – EIM’s CV sales healthy on a low base**

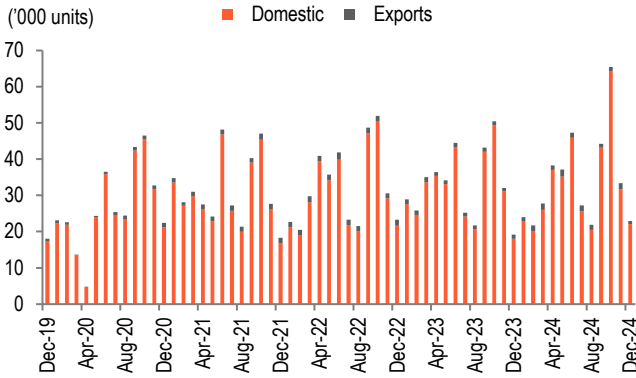


Source: Company, BOBCAPS Research

**ESCORTS:** Escorts Kubota’s Agri Machinery Business Division sold 5.4k tractors in Dec’24, registering growth of 20.6% YoY. The fall of 39% MoM was sharp and driven by the drop in domestic volumes. Domestic tractor sales was 5k in Dec’24, growing 21.4% YoY, but dropping 42.5% MoM.

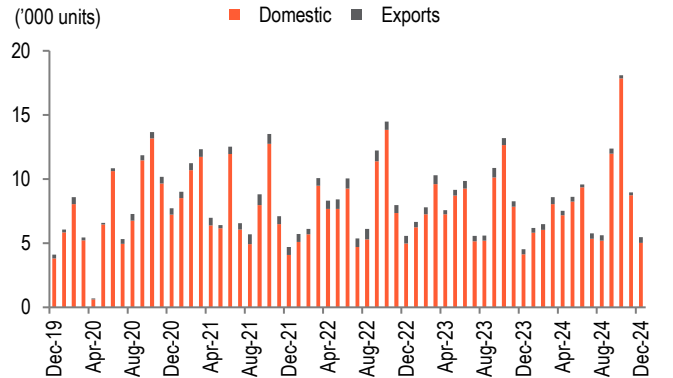
**VSTT:** VSTT’s Power Tiller segment volume grew 47.5%/57.9% YoY/MoM and the tractor segment grew 5.2% MoM, but dropped 7.6% YoY in Dec’24. Overall volumes grew 38.5%/49.8% YoY/MoM whereas YTD volumes dropped 2.8%.

**Fig 14 – MM’s tractor YTD sales show healthy gains**



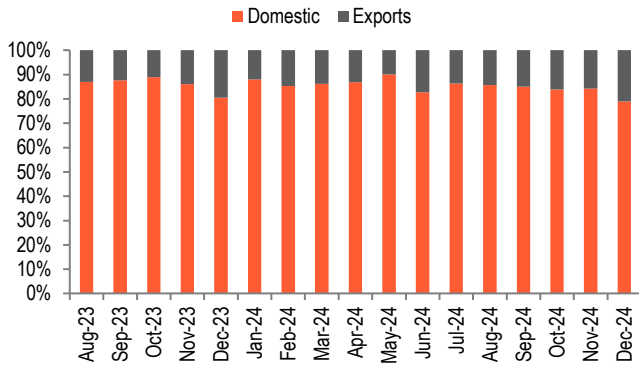
Source: Company, BOBCAPS Research

**Fig 15 – ESCORTS’ tractor sales less to cheer**



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**



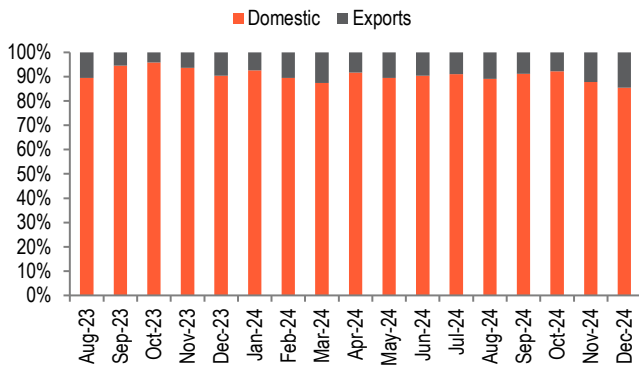
Source: Company, BOBCAPS Research

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



Source: Company, BOBCAPS Research

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



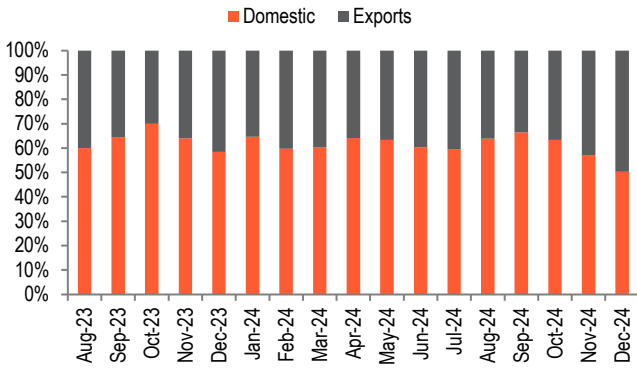
Source: Company, BOBCAPS Research

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



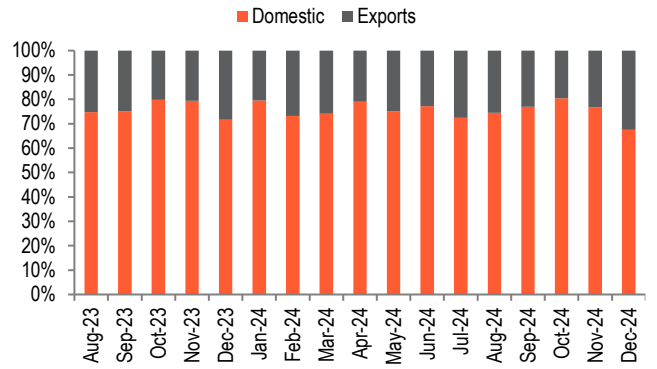
Source: Company, BOBCAPS Research

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



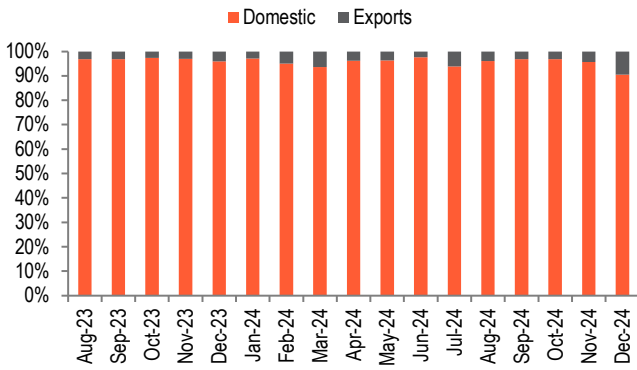
Source: Company, BOBCAPS Research

**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’s domestic and exports volumes**



Source: Company, BOBCAPS Research

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