

## AUTOMOBILES

05 November 2024

### MoM volume trends indicate healthy recovery mode

- Passenger vehicle volumes grew a high single digit (~7%) YoY with the SUV segment's share continuing to stay higher
- 2-wheeler segment takes a breather with 5% MoM growth after strong recovery in Sep'24 (+22% growth)
- Commercial vehicle segment grew MoM (~10%) on the back of 15% growth in Sep'24, pointing to healthy signals in the near future

Milind Raginwar  
 research@bobcaps.in

**Passenger vehicle segment:** Domestic PV industry volumes grew 7.38%/11.18% YoY/MoM driven by the healthy festive season and better-than-expected crop yields. MSIL's volume dropped 2.3% YoY but grew 10.4% MoM as the SUV segment continues to offset the decline in compact segment sales. Exports were healthy too. TTMT volumes were flat YoY but grew 17.2% MoM, and MM grew ~22.7%/6.7% YoY/MoM driven by record sales of SUV and tractor sales. Hyundai India's domestic volume grew by ~27.1%/9.2% YoY/MoM and continued in second position.

**Two-wheeler segment:** The 2W segment grew ~13.04%/5.38% YoY/MoM, driven equally by domestic and export markets. HMCL grew a strong 18.1%/6.6% YoY/MoM. BJAUT delivered tepid growth of ~1.5% YoY despite new launches. BJAUT's domestic volume degrowth of 8.1% YoY was offset by 22.2% growth in exports. TVSL's volume grew 13.7% YoY contributed by both domestic and export volumes. EIM's volume posted strong ~31%/27.1% YoY/MoM volume growth.

**Three-wheeler segment:** Volumes were flat (0.6%) YoY (+4.2%/MoM) driven by domestic and export volumes. BJAUT's domestic 3W volume grew 3.6% YoY and dropped 5.4% MoM, while TVSL's overall volume fell 23% YoY dragged by exports.

**Tractors segment:** Overall tractor sales grew 31.72%/47.51% YoY/MoM due to healthy monsoon. Domestic market volumes of ESCORTS, MM and VSTT grew YoY/MoM; ESCORTS's exports fell sharply by 52%/31.5% YoY/MoM.

**Commercial vehicles:** CV segment volume grew 3.33%/10.44% YoY/MoM. Exports were flat, while domestic volume grew 4.37% YoY and fell 18.9% QoQ. The M&HCV segment's volume fell 5.88%/5.35% YoY/MoM. TTMT volumes grew 7.8% MoM, but dropped 1.8% YoY. AL's CV volume dropped 10.3%/17.4% YoY/MoM. In the LCV segment TTMT grew 17.3%/~2% MoM/YoY, and AL fell by ~11.3%/3.4% YoY/MoM. The LCV segment declined, with TTMT volume falling 13.8%/1.0% YoY/MoM. Overall, the segment fell 7% YoY but gained 2.5% MoM.

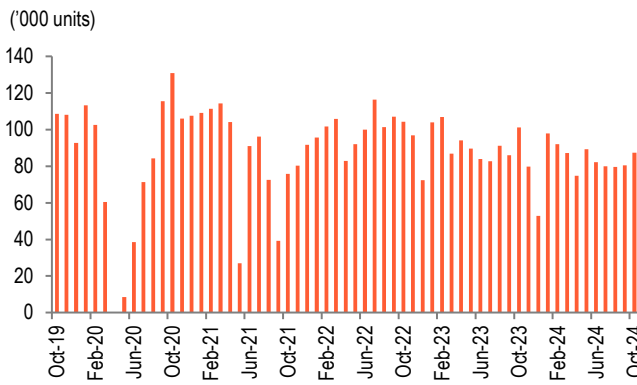
**Key ratings:** BUY rating on MSIL, MM and AL, and SELL on ESCORTS and VSTT.



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

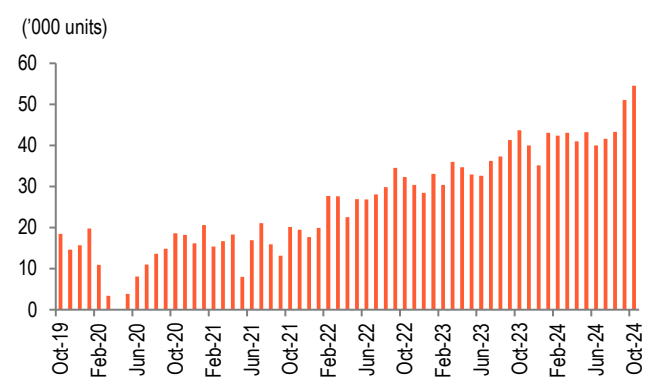
**Maruti Suzuki India:** Demand uptick for utility vehicles (UV) continued with YTD growth of 13.3% MoM and 19.4% YoY. The passenger car segment's (comprising mini, compact, and mid-size cars) share in domestic sales dropped to 50.46% in Oct'24 from 57.12% in Oct'23 and further from 51.24% in Sep'24. This segment's YTD contribution declined to 52.73% from 57.46% a year ago. MSIL's exports rose 51.1%/19.6% YoY/MoM to ~33.16k units. Overall volume growth was driven strongly by the buoyant festive buying that helped MSIL beat industry growth.

**Fig 1 – MSIL's PV sales**



Source: Company, BOBCAPS Research

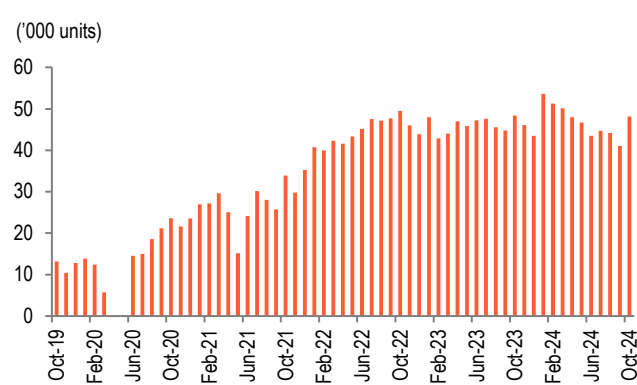
**Fig 2 – MM's PV sales**



Source: Company, BOBCAPS Research

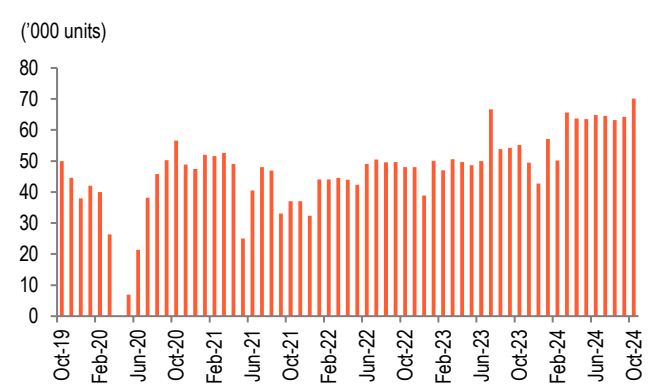
- Mahindra & Mahindra:** MM's SUV segment grew ~24.7% YoY following a healthy response to the newly launched Thar Roxx and the compact model 3XO. Sales growth was in single digits MoM due to the withdrawal of price cuts by September end (started in Jun'24). In the tractor segment, volume grew by 29.7% YoY and 10.2% YTD. With the cumulative monsoon rainfall being normal to above normal across the country, tractor volume could be well ahead of the 5% estimates for FY25 as indicated by MM's management earlier.

**Fig 3 – TTMT's PV sales**



Source: Company, BOBCAPS Research

**Fig 4 – Hyundai's PV sales**



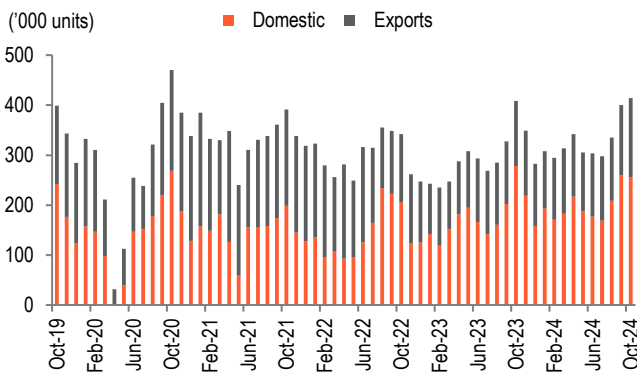
Source: Company, BOBCAPS Research

**Bajaj Auto:** Overall 2W volume growth stayed muted as strong export volume (24.2%/11.6% YoY/MoM) was offset by the decline in domestic volumes that dipped by 7.8%/2.6% YoY/MoM. BJAUT launched a new 125cc Pulsar on 16 October 2024 and the launch of Pulsar NS400Z has already clocked 3,000 retail bookings. The buoyancy in the CNG product has prompted BJAUT to launch another model by FY25-end. The commercial vehicle volume exports grew by a healthy 46% on a low base and helped overall growth of 2% as domestic volume continued to drag.

**TVS Motors:** TVS iQube Electric 2W grew ~45.4% YoY to ~29.3k units in Oct'24, whereas MoM growth remained flat at 1.4%. YTD growth of electric vehicles (EV) is also very healthy at 28% in FY25, in our view. TVSL is currently exporting i-Qube to a few ASEAN and Asian countries.

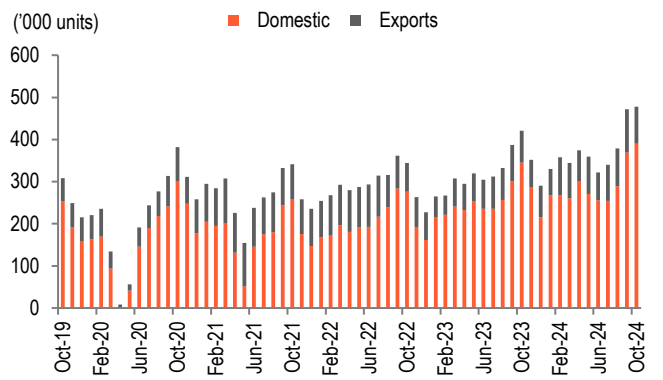
**Hero Motors Corp:** HMCL has several launches slated for the EICMA Show starting next week. These are expected to be the new Karizma XMR 250, Xtreme 250R and Xpulse 210, along with a new variant of electric scooter. The company's YTD FY25 volume growth was ~31.8% and continues to experience strong demand across the 100cc, 125cc, and premium segments.

**Fig 5 – BJAUT's 2W sales**



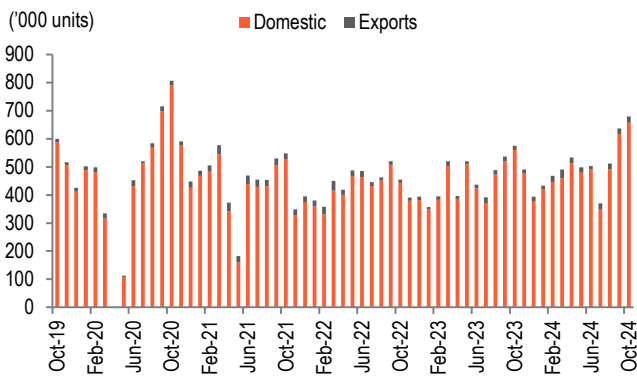
Source: Company, BOBCAPS Research

**Fig 6 – TVSL's 2W sales**



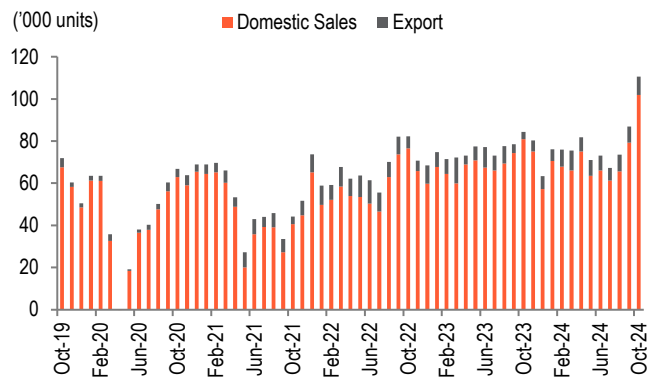
Source: Company, BOBCAPS Research

**Fig 7 – HMCL's 2W sales**



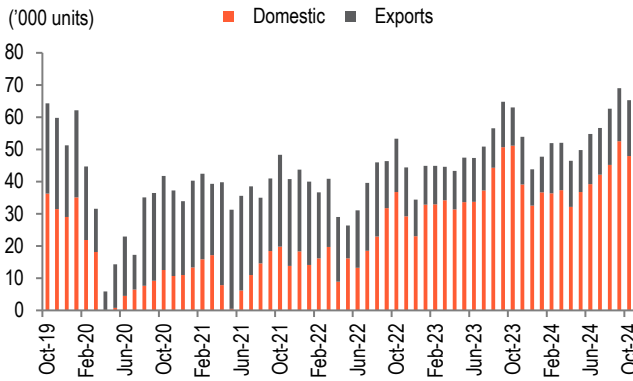
Source: Company, BOBCAPS Research

**Fig 8 – EIM's 2W sales**



Source: Company, BOBCAPS Research

**Fig 9 – BJAUT’s 3W sales**



Source: Company, BOBCAPS Research

**Fig 10 – TVSL’s 3W sales**

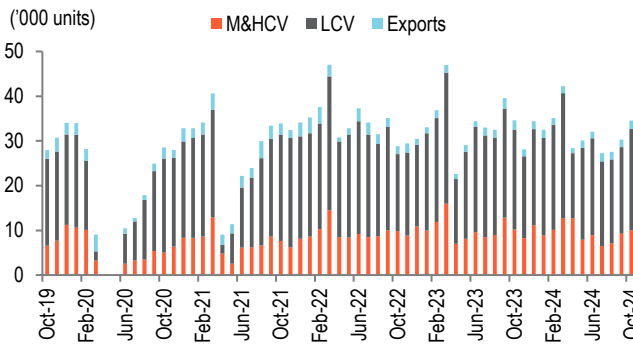


Source: Company, BOBCAPS Research

**Eicher Motors:** EIM’s domestic truck and bus volumes dipped by 5%/5.6% YoY/MoM in Oct’24. The less than 350cc segment grew ~27.3%/28.5% YoY/MoM, while the 350cc+ grew with a healthy rise of 64.3% YoY and 36% YTD sales. Exports for EIM saw 18.7% YTD growth.

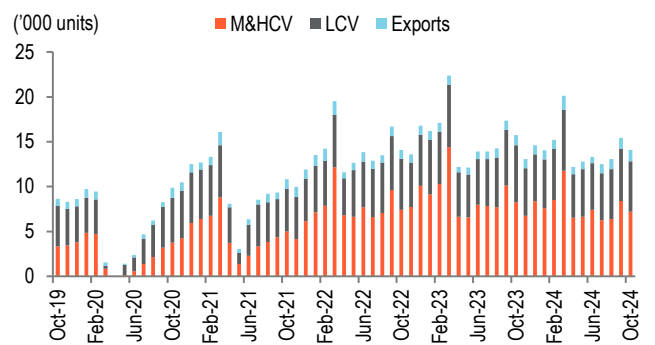
**Ashok Leyland:** AL’s overall volume dipped by 9.2%/11.2% YoY/MoM. In the domestic market, the truck segment fell by 12.9%/14.3% YoY/MoM, while the bus segment growth momentum continued at 23.8% YTD sales in FY25. However, exports delivered growth of 12.5%/4.3% YoY/MoM. The LCV continued to decline in Oct’24 with domestic sales falling 11% YoY and monthly sales also failing to pick up with a drop of 3%.

**Fig 11 – TTMT’s CV sales**



Source: Company, BOBCAPS Research

**Fig 12 – AL’s CV sales**



Source: Company, BOBCAPS Research

**Fig 13 – EIM’s CV sales**

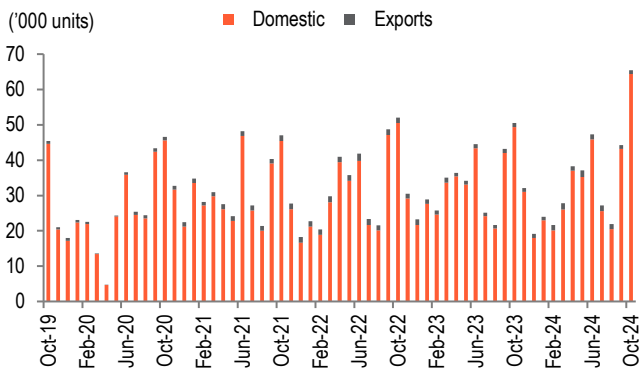


Source: Company, BOBCAPS Research

**Escorts:** Escorts Kubota’s Agri Machinery Business Division in Oct’24 sold 18,110 tractors, growing 37.1% YoY. Domestic tractor sales in Oct’24 were at 17,839 tractors, growing 41.1% YoY. With timely, widespread and above-average monsoon leading to replenished water reservoir levels, favourable terms of trade, and uptake in MSP, ESC anticipates good sales growth in H2FY25.

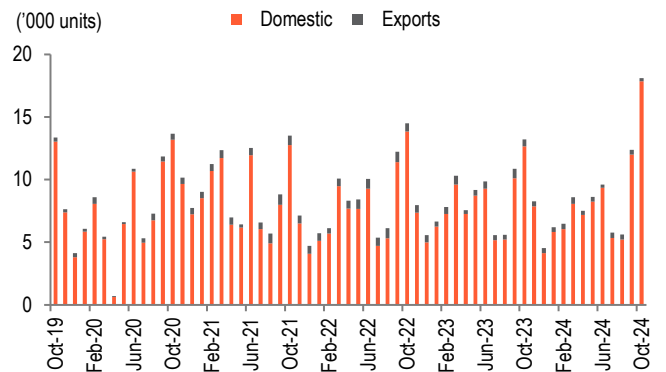
**VSTT:** VSTT’s Power Tiller segment volume grew 46% YoY and the tractor segment grew ~135% YoY in Oct’24. Aggregate volumes grew ~63.2% YoY whereas there was a MoM/YTD drop of 4.6%/7.8%. Power Tillers grew YoY, but dropped MoM, whereas Tractors grew both YoY and MoM.

**Fig 14 – MM’s tractor sales**



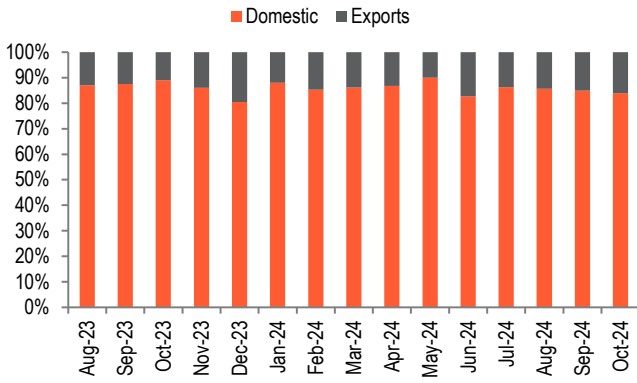
Source: Company, BOBCAPS Research

**Fig 15 – ESCORTS's 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**



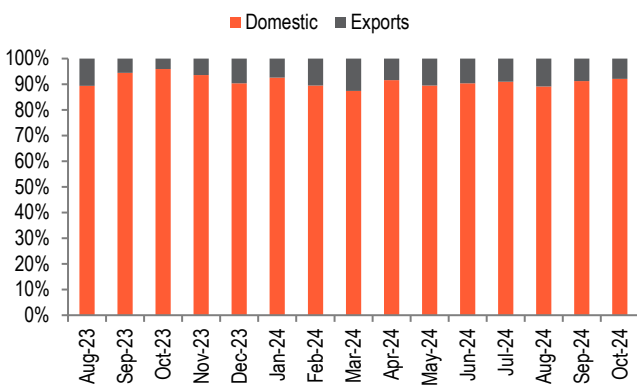
Source: Company, BOBCAPS Research

**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**



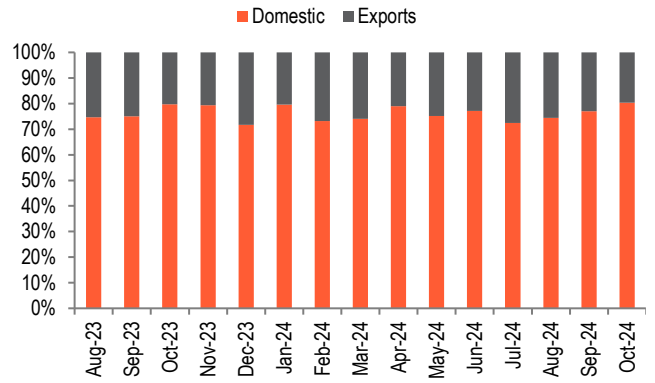
Source: Company, BOBCAPS Research

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



Source: Company, BOBCAPS Research

**Fig 23 – TVSL’s domestic and exports volumes**



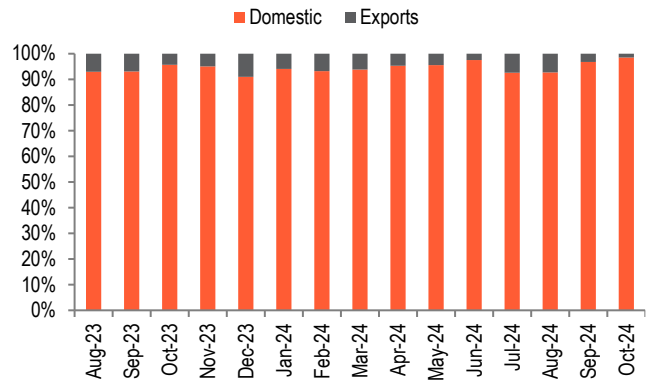
Source: Company, BOBCAPS Research

**Fig 24 – HMCL’s domestic and exports volumes**



Source: Company, BOBCAPS Research

**Fig 25 – ESCORTS’s domestic and exports volumes**



Source: Company, BOBCAPS Research

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