

Auto-Roundup | June 2024

Moderate growth across the sector

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Sector performance

The month of June has shown a consistently strong volume performance for the SUV segment, while M&HCVs have shown a dip. Improvement in sentiments, absorption of price hikes, new model launches and slow and steady revival of rural markets has led to a mid-single digit growth for 2Ws. LCVs have performed well on low base, while buses were remarkably good. 2W exports however posted a weak performance considering the continued issues in some of the African countries and Red Sea concerns.

On the PV front, SUV growth story remained intact. On the CV side of the sector, we witnessed M&HCV segment decline for both the major CV players, while we saw LCV segment posting better growth. Tractor makers witnessed a lower to mid-single digit growth yoy except for VST, which witnessed a huge fall. Sequential growth for all the three companies was highly positive in the domestic markets.

Company wise performance

Among the PV OEMs, MSIL posted sales of 1.79 lakh units. On a yoy basis, the total sales in the domestic markets rose by 2.9% yoy while the exports grew by 57% yoy, which led the total sales to rise by 12% yoy. SUV positivity was offset by the deceleration in the small car segment which fell by 33%. The compact car segment as well de-grew by 0.7% yoy and 6.1% mom. The SUV segment continued its splendid run at 20.7% yoy while de-growing at 3.4% mom.

TaMo's PV segment saw an 8% yoy de-growth and 12% mom growth. M&M's SUV segment on the other hand, continued its strong run and jumped by 23% yoy and fell by 7.4% mom. CV division was down by a bit 1.7% yoy but was up 4% mom. For Ashok Leyland as well, MHC sales fell by 4.4% yoy and rose by 3% mom. LCVs posted 1.2% growth yoy, while total sales de-grew by 2.5% yoy while growing by 1.8% mom.

M&M's tractor business in the domestic markets grew by 5.8% yoy and 30% qoq. Escorts Kubota domestic tractor sales grew by 1% yoy and 13.7% mom. VST Tillers compact tractors segment plummeted by 55% yoy and grew by 17% mom signalling good monsoon in some of the states where it has a strong hold. Tillers fell by 49% yoy while growing 58% mom.

2W sector has been the outperformer in the industry for a while now. On a YTD basis, though Bajaj has grown by 7.3%, June sales reported growth of 6.6% yoy, but fell by 5.9% mom for its domestic motorcycles, while exports motorcycles dropped by 0.7% yoy, while grew by 7.9% mom. A continued traction in exports is necessary to confirm the momentum going forward. Their 3W segment moved up by a strong 16.5% yoy domestically on a good pick up in the CNG portfolio and e-3Ws. Exports 3Ws posted a solid recovery of 14.3% yoy.

TVS's 2W segment reported 5.8% yoy growth of which motorcycle segment grew by 3% yoy, while scooters grew by 6.3% yoy, I-Qube, the e-scooter sales were ~14.4K v/s 15.8 yoy indicating slight slowdown in EV scooters. Mopeds segment of TVS de-grew 0.4% yoy. 3Ws decreased by 4.4% yoy but rose by 11.2% mom. Hero Motocorp is yet to report their June 2024 sales numbers.

Consolidated

| | Jun-24 | May-24 | % mom | Jun-23 | % yoy | YTD FY25 | YTD FY24 | % yoy |
|-----------------------------------|---------|---------|-------|---------|--------|-----------|-----------|--------|
| Hero Motocorp | NA | 498,123 | - | - | - | - | - | - |
| Bajaj Auto | 358,477 | 355,323 | 0.9% | 340,981 | 5.1% | 1,102,056 | 1,027,407 | 7.3% |
| TVS | 333,646 | 369,914 | -9.8% | 316,411 | 5.4% | 1,009,784 | 953,244 | 5.9% |
| Maruti | 179,228 | 174,551 | 2.7% | 159,418 | 12.4% | 521,868 | 498,031 | 4.8% |
| M&M | 116,716 | 108,791 | 7.3% | 106,907 | 9.2% | 343,547 | 311,983 | 10.1% |
| <i>Auto</i> | 69,397 | 71,682 | -3.2% | 62,429 | 11.2% | 222,080 | 196,974 | 12.7% |
| <i>Tractors</i> | 47,319 | 37,109 | 27.5% | 44,478 | 6.4% | 121,467 | 115,009 | 5.6% |
| Tata Motors | 75,604 | 76,766 | -1.5% | 81,673 | -7.4% | 229,901 | 226,245 | 1.6% |
| Ashok Leyland | 14,940 | 14,682 | 1.8% | 15,321 | -2.5% | 43,893 | 41,329 | 6.2% |
| Escorts Kubota | 9,593 | 8,612 | 11.4% | 9,850 | -2.6% | 25,720 | 26,582 | -3.2% |
| VST Tillers & Tractors | 3710 | 2474 | 50.0% | 7382 | -49.7% | 4638 | 10596 | -56.2% |

Our view

We remain positive on the sector with a cautious view. Our choice is in the following order –2W, PVs and CVs. Stocks specifically, within the 2Ws, we like **Bajaj Auto** more than its other two rivals as we see green shoots in the exports now (39.6% of total volumes). Also the EV strength gaining from Chetak and launch of e-3W can be additional positives. Domestically on the motorcycles side we expect new launches especially the premium ones (Bajaj + KTM + Triumph) to assist posting decent numbers. Market leadership on the 3Ws takes care of profitability. Higher than expected monsoons in the remaining months of the season would be an additional trigger for the 2W sector.

While on the PV side, we like **M&M** because of its strength in the proliferating SUV segment, prudent capital allocation and a robust growth strategy in UVs, EVs and CVs. Tractors can get a boost from good monsoons. For MSIL, however, we are concerned about its over dependence on SUVs for growth, as rest of the segments are underperformers and exports post erratic numbers.

We like **Ashok Leyland** within CVs as it has a diversified revenue base deriving from LCVs, Defense, MHCVs, exports and spares. We are cautious on CVs as we need to closely watch for the growth profile hereon considering the tapering off of the CV cycle. Tata Motors too looks good on JLR strength and domestic EV market leadership. However, the uncertainty on JLR is a risk according to us.

Overall auto sector may look in a consolidation mode in FY 25 considering high base of last year, due to which we maintain our cautiously positive view on the sector.

Bajaj Auto Limited

| | Jun-24 | May-24 | % mom | Jun-23 | % yoy | YTD FY25 | YTD FY24 | % yoy |
|--------------------|----------------|----------------|--------------|----------------|--------------|------------------|------------------|-------------|
| Motorcycles | | | | | | | | |
| Domestic | 177,207 | 188,340 | -5.9% | 166,292 | 6.6% | 582,497 | 542,931 | 7.3% |
| Exports | 126,439 | 117,142 | 7.9% | 127,357 | -0.7% | 368,420 | 346,399 | 6.4% |
| Total | 303,646 | 305,482 | -0.6% | 293,649 | 3.4% | 950,917 | 889,330 | 6.9% |
| 3W | | | | | | | | |
| Domestic | 39,244 | 36,747 | 6.8% | 33,691 | 16.5% | 108,124 | 98,625 | 9.6% |
| Exports | 15,587 | 13,094 | 19.0% | 13,641 | 14.3% | 43,015 | 39,452 | 9.0% |
| Total | 54,831 | 49,841 | 10.0% | 47,332 | 15.8% | 151,139 | 138,077 | 9.5% |
| Domestic | 216,451 | 225,087 | -3.8% | 199,983 | 8.2% | 690,621 | 641,556 | 7.6% |
| Exports | 142,026 | 130,236 | 9.1% | 140,998 | 0.7% | 411,435 | 385,851 | 6.6% |
| Total | 358,477 | 355,323 | 0.9% | 340,981 | 5.1% | 1,102,056 | 1,027,407 | 7.3% |

TVS Motor Company Limited

| | Jun-24 | May-24 | % mom | Jun-23 | % yoy | YTD FY25 | YTD FY 24 | % yoy |
|--------------------------|----------------|----------------|---------------|----------------|-------------|------------------|----------------|-------------|
| Motorcycles | 152,701 | 173,627 | -12.1% | 148,208 | 3.0% | 478,693 | 462,821 | 3.4% |
| Scooters | 128,986 | 145,305 | -11.2% | 121,364 | 6.3% | 381,787 | 332,063 | 15.0% |
| Mopeds | 40,481 | 40,658 | -0.4% | 34,829 | 16.2% | 116,064 | 123,598 | -6.1% |
| Total 2W | 322,168 | 359,590 | -10.4% | 304,401 | 5.8% | 976,544 | 918,482 | 6.3% |
| 3W | 11,478 | 10,324 | 11.2% | 12,010 | -4.4% | 33,240 | 34,762 | -4.4% |
| Total sales | 333,646 | 369,914 | -9.8% | 316,411 | 5.4% | 1,009,784 | 953,244 | 5.9% |
| Exports out of the above | 76,074 | 96,966 | -21.5% | 79,144 | -3.9% | 244,703 | 227,414 | 7.6% |
| 2W exports | 66,434 | 88,450 | -24.9% | 68,568 | -3.1% | 216,714 | 197,003 | 10.0% |

Maruti Suzuki India Limited

| | Jun-24 | May-24 | % mom | Jun-23 | % yoy | YTD FY25 | YTD FY 24 | % yoy |
|---|----------------|----------------|--------------|----------------|--------------|----------------|----------------|---------------|
| Mini(Alto, Old WagonR, S-Presso) | 9,395 | 9,902 | -5.1% | 14,054 | -33.2% | 30,816 | 40,400 | -23.7% |
| Compact(New WagonR, Swift,Celerio, Baleno, Dzire, Ignis) | 64,049 | 68,206 | -6.1% | 64,471 | -0.7% | 189,208 | 210,825 | -10.3% |
| Mid size (Ciaz) | 572 | 730 | -21.6% | 1,744 | -67.2% | 2,169 | 3,753 | -42.2% |
| Total passenger cars | 74,016 | 78,838 | -6.1% | 80,269 | -7.8% | 222,193 | 254,978 | -12.9% |
| Utility Vehicles(Gypsy, Ertiga, XL6, S-Cross, Viterra Brezza) | 52,373 | 54,204 | -3.4% | 43,404 | 20.7% | 163,130 | 126,401 | 29.1% |
| Vans(Omni, Eeco) | 10,771 | 10,960 | -1.7% | 9,354 | 15.1% | 33,791 | 32,676 | 3.4% |
| LCV (Super Carry) | 2,758 | 2,692 | 2.5% | 2,992 | -7.8% | 7,946 | 8,079 | -1.6% |
| Total domestic sales | 139,918 | 146,694 | -4.6% | 136,019 | 2.9% | 427,060 | 422,134 | 1.2% |
| Sales to other OEM :A:Compact | 8,277 | 10,490 | -21.1% | 3,629 | 128.1% | 24,248 | 12,679 | 91.2% |
| Exports | 31,033 | 17,367 | 78.7% | 19,770 | 57.0% | 70,560 | 63,218 | 11.6% |
| Total sales | 179,228 | 174,551 | 2.7% | 159,418 | 12.4% | 521,868 | 498,031 | 4.8% |

Ashok Leyland Limited

| | Jun-24 | May-24 | % mom | Jun-23 | % yoy | YTD FY25 | YTD FY24 | % yoy |
|--------------|---------------|---------------|-------------|---------------|--------------|---------------|---------------|-------------|
| MHCV | 9,519 | 9,243 | 3.0% | 9,962 | -4.4% | 27,885 | 26,165 | 6.6% |
| LCV | 5,421 | 5,439 | -0.3% | 5,359 | 1.2% | 16,008 | 15,164 | 5.6% |
| Total | 14,940 | 14,682 | 1.8% | 15,321 | -2.5% | 43,893 | 41,329 | 6.2% |

Tata Motors Limited

| | Jun-24 | May-24 | % mom | Jun-23 | % yoy | YTD FY25 | YTD FY24 | % yoy |
|-----------------------|---------------|---------------|--------------|---------------|--------------|----------------|----------------|--------------|
| M&HCV | 8,891 | 7,924 | 12.2% | 9,625 | -7.6% | 24,690 | 24,769 | -0.3% |
| I & LCV | 4,997 | 4,478 | 11.6% | 4,723 | 5.8% | 13,791 | 10,321 | 33.6% |
| Passenger Carriers | 5,654 | 4,737 | 19.4% | 4,810 | 17.5% | 14,893 | 10,745 | 38.6% |
| SCV cargo and pick up | 11,081 | 11,337 | -2.3% | 13,990 | -20.8% | 34,241 | 36,390 | -5.9% |
| Total CV | 30,623 | 28,476 | 7.5% | 33,148 | -7.6% | 87,615 | 82,225 | 6.6% |
| Total PV | 43,524 | 46,697 | -6.8% | 47,235 | -7.9% | 138,114 | 140,450 | -1.7% |
| Exports | 1,457 | 1,593 | -8.5% | 1,290 | 12.9% | 4,172 | 3,570 | 16.9% |
| Total sales | 75,604 | 76,766 | -1.5% | 81,673 | -7.4% | 229,901 | 226,245 | 1.6% |

Mahindra & Mahindra Limited

| Auto segment | Jun-24 | May-24 | % mom | Jun-23 | % yoy | YTD FY25 | YTD FY 24 | % yoy |
|-----------------------------|---------------|---------------|--------------|---------------|--------------|----------------|----------------|--------------|
| Utility Vehicles | 40,022 | 43,218 | -7.4% | 32,588 | 22.8% | 124,248 | 100,162 | 24.0% |
| Cars+Vans | | | - | | - | - | 10 | -100.0% |
| Total PV | 40,022 | 43,218 | -7.4% | 32,588 | 22.8% | 124,248 | 100,162 | 24.0% |
| LCV(<3.5 T) | 17,320 | 16,937 | 2.3% | 19,105 | -9.3% | 53,321 | 56,137 | -5.0% |
| LCV (>3.5T)+ MHCV | 3,274 | 2,889 | 13.3% | 1,854 | 76.6% | 9,201 | 5,115 | 79.9% |
| Total CV | 20,594 | 19,826 | 3.9% | 20,959 | -1.7% | 62,522 | 61,252 | 2.1% |
| 3 wheelers | 6,184 | 5,967 | 3.6% | 6,377 | -3.0% | 17,655 | 17,780 | -0.7% |
| Total domestic sales | 66,800 | 69,011 | -3.2% | 59,924 | 11.5% | 204,425 | 179,194 | 14.1% |
| Total exports | 2,597 | 2,671 | -2.8% | 2,505 | 3.7% | 17,655 | 17,780 | -0.7% |
| Total sales | 69,397 | 71,682 | -3.2% | 62,429 | 11.2% | 222,080 | 196,974 | 12.7% |
| FES | Jun-24 | May-24 | % mom | Jun-23 | % yoy | YTD FY25 | YTD FY 24 | % yoy |
| Domestic | 45,888 | 35,237 | 30.2% | 43,364 | 5.8% | 116,930 | 111,875 | 4.5% |
| Exports | 1,431 | 1,872 | -23.6% | 1,114 | 28.5% | 4,537 | 3,134 | 44.8% |
| Total FES | 47,319 | 37,109 | 27.5% | 44,478 | 6.4% | 121,467 | 115,009 | 5.6% |

Escorts Kubota Limited

| | Jun-24 | May-24 | % mom | Jun-23 | % yoy | YTD FY25 | YTD FY24 | % yoy |
|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|--------------|
| Domestic | 9,359 | 8,232 | 13.7% | 9,270 | 1.0% | 24,759 | 25,226 | -1.9% |
| Exports | 234 | 380 | -38.4% | 580 | -59.7% | 961 | 1,356 | -29.1% |
| Total | 9,593 | 8,612 | 11.4% | 9,850 | -2.6% | 25,720 | 26,582 | -3.2% |

VST Tillers & Tractors

| | Jun-24 | May-24 | % mom | Jun-23 | % yoy | YTD FY25 | YTD FY24 | % yoy |
|---------------|--------------|--------------|------------|--------------|---------------|--------------|---------------|---------------|
| Power Tillers | 3,128 | 1,978 | 58% | 6,089 | -48.6% | 4,016 | 9,125 | -56.0% |
| Tractors | 582 | 496 | 17% | 1,293 | -55.0% | 622 | 1,471 | -57.7% |
| Total | 3,710 | 2,474 | 50% | 7,382 | -49.7% | 4,638 | 10,596 | -56.2% |

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