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AUTO SALES VOLUME REVIEW

Automobiles

Strong dispatches indicate bumper festive demand

Overall, auto OEMs reported an encouraging set of numbers posting strong growth across segments, barring tractors, thus far this festive season. Retail sales have been strong in the latter half of October during Navratri. In anticipation of a strong festive season, we were expecting a strong uptick in dispatches as OEMs fill up the channel ahead of the festivals. PV/ 2W/ CV volumes came in strong, posting volume growth of ~18%/ 22%/13% YoY and were ahead of our expectations. In PVs, MSIL came as a surprise posting a growth of 19%/ 10% YoY/ MoM largely due to a very strong response to Fronx, Jimny, and Grand Vitara. SUV volume grew 91% YoY for MSIL. For Tamo, PV growth was largely led by the new Nexon and EVs.

In CVs, AL/ VECV growth came in strong at 14%/ 24% YoY against 4% YoY growth for Tamo. Our channel checks also indicate AL gaining strong traction in northern markets. The LCV segment also saw a marginal recovery in volumes for all the players in the month of October. In 2Ws, volume came in ahead of our estimates led by a broad-based recovery in the segment. Hero's volumes came in very strong at 574k units, a growth of ~27% YoY. HMCL has also been pushing the inventory aggressively and is ahead of the competition in running schemes during the festival season. It has introduced cash discounts of ~4-5.5k on HF Deluxe across the country, which has received a good response. TVS & Bajaj volumes also are seeing good recovery both in the rural and urban markets led by positive sentiments and favorable finance schemes.

Exports continue to remain under pressure on a YoY basis, especially for Bajaj Auto, however, sequentially we see a marginal recovery. Inventory across players continues to remain at comfortable levels ahead of the festivals at ~55-60 days. HMCL has the highest inventory. Tractor dispatches declined 4% on a YoY basis as demand is impacted due to lower rainfall and delayed harvest.

PVs

Overall, PV OEMs reported robust volume, up 18%/ 8% YoY/ QoQ. Growth was mainly driven by Maruti and M&M driven by new launches by both companies in the SUV space. MSIL's overall volume grew by 19% YoY driven by 91% growth in the SUV segment, while the small car segment comprising of the Alto and Spresso was down by 42% impacted by the ongoing premiumization trend. We believe there will be a strong volume contribution from Fronx, Baleno, and Grand Vitara ahead of Diwali. M&M's volume growth continues to be driven by its robust order book. The company delivered an all-time high number in the UV space at 43.7k, as the company is continuously increasing its capacity. Tata Motors' volume was driven by its newly launched Nexon, which has garnered a good response, while its existing models continue to support volumes. MSIL reported volume of 199k, M&M at 43.7k, and TTMT at 48.6k

2Ws

Strong numbers were seen across 2W OEMs, driven by strong domestic demand and channel filling ahead of the upcoming festive season followed by the marriage season. Overall volume grew by 22%/ 12% YoY/ QoQ where outperformance was mainly driven by Hero and TVS, while RE's numbers were relatively weak due to lower exports. We believe Hero's channel inventory has gone up to over ~8 weeks ahead of the festivals. There is some gradual improvement in exports in Bajaj Auto but is far from its peak, management has indicated sustained recovery in exports to continue as retails are improving in the international markets. E2W volume showed a positive sign with volume continuing to grow sequentially driven by new low-cost product launches. TVS' IQube sales stood at ~20k units compared to 8.1k in the last year. HMCL's volume stood at 575k, TVS was at 421k, Bajaj Auto's volume came in at 408k units, RE reported ~84.4k units.

Tractors

Overall, tractor volume declined ~4% on a YoY basis as volumes were impacted by irregular rainfall and prolonged heat in parts of the country. Both M&M and Escorts saw de-growth on YoY basis. However, M&M believes that its volume will improve going ahead driven by Kharif production, higher MSPs, and governments' support ahead of the elections. Mahindra's volume stood at 50k units, while Escorts' stood at ~13k units.

CVs

CV OEMs reported a decent set of number this month on a YoY basis with overall volumes up 13% YoY. MHCV volumes for AL saw sequential decline in October due to a higher base in September while LCV segment continues to perform well for the company compared to industry. The MHCV segment showcased good growth driven by the bus segment Bus segment grew 43% for Tamo; AL growth has been ahead of TAMO as it is very aggressive in northern and eastern markets and has gained share. We note the underlying demand drivers for MHCV (infrastructure spending driving freight availability and healthy fleet operators' profitability) are in place and will support demand in FY24. We also expect LCV volumes to improve going ahead as rural demand picks up gradually. Ashok Leyland reported volumes of 16.9k, while Tamo and VECV's reported volumes stood at 34k and 7.5k respectively.

Exhibit 1: Automobile sales snapshot

Total Volume	Oct-23	Oct-22	YoY (%)	Sep-23	MoM (%)	YTDFY24	YTDFY23	(%) Chg
Passenger Vehicles								
Maruti Suzuki India	199,217	167,520	18.9	181,343	9.9	1,249,302	1,152,846	8.4
M&M - PV	45,562	35,073	29.9	43,686	4.3	274,801	219,552	25.2
Tata Motors - PV	48,637	45,423	7.1	44,809	8.5	328,026	318,083	3.1
Two Wheelers								
Bajaj Auto	408,144	341,903	19.4	327,712	24.5	2,179,057	2,208,095	(1.3)
Hero MotoCorp	574,930	454,582	26.5	536,499	7.2	3,344,030	3,272,942	2.2
TVS Motor	420,610	344,630	22.0	386,955	8.7	2,370,248	2,182,351	8.6
Royal Enfield	84,435	82,235	2.7	78,580	7.5	541,421	477,204	13.5
Commercial Vehicles								
Tata Motors - CV	34,317	32,912	4.3	39,064	(12.2)	227,648	230,972	(1.4)
M&M - CV	25,715	20,980	22.6	23,997	7.2	155,475	144,066	7.9
Ashok Leyland	16,864	14,863	13.5	19,202	(12.2)	108,039	99,809	8.2
VE Commercial Vehicles	7,486	6,038	24.0	7,198	4.0	46,608	41,123	13.3
Three Wheelers								
Bajaj Auto - 3Ws	63,044	53,335	18.2	64,846	(2.8)	373,491	271,801	37.4
M&M - 3Ws	9,402	5,081	85.0	7,921	18.7	48,628	30,661	58.6
TVS Motor - 3Ws	14,104	15,658	(9.9)	15,598	(9.6)	91,872	112,165	(18.1)
Atul Auto	3,060	2,352	30.1	2,662	15.0	13,525	13,661	(1.0)
Tractors								
M&M – Tractors	50,460	51,994	(3.0)	43,210	16.8	255,530	264,043	(3.2)
Escorts	13,205	14,492	(8.9)	10,861	21.6	61,811	64,992	(4.9)

Source: Company, Antique

MSIL posted decent numbers in the month driven by robust UV growth (91% YoY) while small car dispatches declined YoY. Exports grew 7% YoY. The company is expecting a bumper festive season leading to high dealer inventory.

New model launches are received well by the market, which is leading to an improving SUV share backed by a strong order book.

Exhibit 2: Maruti Suzuki India

	Oct-23	Oct-22	YoY (%)	Sep-23	MoM (%)	YTDFY24	YTDFY23	(%) Chg
Mini - Alto, S-Presso	14,568	24,936	(41.6)	10,351	40.7	87,118	145,992	(40.3)
Compact - New WagonR, Celerio, Ignis, Swift, Baleno, Dzire85,987				77,507	10.9	74,278	15.8	533,857
549,570	(2.9)							
Mid-size - Ciaz	695	1,884	(63.1)	1,491	(53.4)	8,136	8,810	(7.7)
Passenger cars	**101,250**	**104,327**	**(2.9)**	**86,120**	**17.6**	**629,111**	**704,372**	**(10.7)**
UVs - Gypsy, Ertiga, Grand Vitara, Brezza, XL6, Fronx, Jimny	59,147	30,971	91.0	59,271	(0.2)	365,614	194,601	87.9
Vans - Eeco	12,975	8,861	46.4	11,147	16.4	80,694	78,371	3.0
Total domestic sales	**173,372**	**144,159**	**20.3**	**156,538**	**10.8**	**1,075,419**	**977,344**	**10.0**
LCV - Super Carry	3,894	2,913	33.7	2,294	69.7	19,390	22,422	(13.5)
Total exports	21,951	20,448	7.4	22,511	(2.5)	154,493	153,080	0.9
Total sales	**199,217**	**167,520**	**18.9**	**181,343**	**9.9**	**1,249,302**	**1,152,846**	**8.4**

Source: Company, Antique

The company witnessed strong growth YoY in automotive, while farm volumes were flattish YoY. It has a strong order book, resulting in good dispatches in the UV space. UV volume was the highest ever at ~44k, including exports.

The company is seeing higher aggregate kharif production and better MSP's for rabi crops which will be positive for tractors.

Exhibit 3: M&M

	Oct-23	Oct-22	YoY (%)	Sep-23	MoM (%)	YTDFY24	YTDFY23	(%) Chg
Automobile division								
Passenger vehicles	43,708	32,298	35.3	41,267	5.9	258,631	201,021	28.7
Utility vehicles	43,708	32,226	35.6	41,267	5.9	258,621	199,278	29.8
Cars + vans	0	72	(100.0)	-		10	1,743	(99.4)
Commercial vehicles	25,715	20,980	22.6	23,997	7.2	155,475	144,066	7.9
LCV < 3.5T	24,684	20,290	21.7	22,858	8.0	148,041	139,158	6.4
Other CVs	1,031	690	49.4	1,139	(9.5)	7,434	4,908	51.5
Three-wheelers	9,402	5,081	85.0	7,921	18.7	48,628	30,661	58.6
Domestic sales	**78,825**	**58,359**	**35.1**	**73,185**	**7.7**	**462,734**	**375,748**	**23.2**
Total exports	1,854	2,775	(33.2)	2,419	(23.4)	16,170	18,531	(12.7)
Total sales	**80,679**	**61,134**	**32.0**	**75,604**	**6.7**	**478,904**	**394,279**	**21.5**
Tractor division								
Domestic	49,336	50,539	(2.4)	41,597	18.6	248,060	252,844	(1.9)
Exports	1,124	1,455	(22.7)	1,613	(30.3)	7,470	11,199	(33.3)
Total tractor sales	**50,460**	**51,994**	**(3.0)**	**43,210**	**16.8**	**255,530**	**264,043**	**(3.2)**

Source: Company, Antique

CV volume was marginally up on YoY basis driven by robust MHCV demand while LCV demand continues to create pressure. In MHCV, buses are showing strong growth, while trucks continue to show moderate growth driven by infrastructure push by the govt. and LCVs continue to be weak. The company is closely monitoring rural demand.

PV volume improved on YoY basis driven by new launches like Nexon, Harrier, and Safari. EV volume continued the momentum driven by Tiago EV and grew 28% YoY. The company is seeing its multi-powertrain strategy working well for Tiago and Altroz.

Exhibit 4: Tata Motors

	Oct-23	Oct-22	YoY (%)	Sep-23	MoM (%)	YTDFY24	YTDFY23	(%) Chg
Domestic CV	32,488	31,320	3.7	37,214	(12.7)	213,891	220,842	(3.1)
CV Exports	1,829	1,592	14.9	1,850	(1.1)	13,757	10,130	35.8
Total CV	**34,317**	**32,912**	**4.3**	**39,064**	**(12.2)**	**227,648**	**230,972**	**(1.4)**
Total PV	48,637	45,423	7.1	44,809	8.5	328,026	318,083	3.1

Source: Company, Antique

Hero MotoCorp delivered strong numbers on both YoY and MoM basis and we believe there is strong channel filling in anticipation of a robust festive demand.

Exhibit 5: Hero MotoCorp

	Oct-23	Oct-22	YoY (%)	Sep-23	MoM (%)	YTDFY24	YTDFY23	(%) Chg
Motorcycles	529,341	419,568	26.2	494,270	7.1	3,101,548	3,053,133	1.6
Scooters	45,589	35,014	30.2	42,229	8.0	242,482	219,809	10.3
Total sales	**574,930**	**454,582**	**26.5**	**536,499**	**7.2**	**3,344,030**	**3,272,942**	**2.2**

Source: Company, Antique

Bajaj Auto's overall 2W volume was decent, driven by strong domestic performance while exports continue to remain down on YoY basis but has improved marginally on sequential basis. The company continues to do well in the domestic 3W business.

Exhibit 6: Bajaj Auto

	Oct-23	Oct-22	YoY (%)	Sep-23	MoM (%)	YTDFY24	YTDFY23	(%) Chg
Two wheeler	408,144	341,903	19.4	327,712	24.5	2,179,057	2,208,095	(1.3)
Three wheeler	63,044	53,335	18.2	64,846	(2.8)	373,491	271,801	37.4
Total	**471,188**	**395,238**	**19.2**	**392,558**	**20.0**	**2,552,548**	**2,479,896**	**2.9**
Domestic	329,618	242,917	35.7	253,193	30.2	1,608,730	1,290,128	24.7
Exports	141,570	152,321	(7.1)	139,365	1.6	943,818	1,189,768	(20.7)

Source: Company, Antique

TVS posted decent volumes on YoY as well as MoM basis driven by stronger motorcycle performance. Exports saw decent improvement on YoY basis.

The company's IQube EV sales grew three-fold on a YoY basis to ~20k units.

Exhibit 7: TVS Motor Company

	Oct-23	Oct-22	YoY (%)	Sep-23	MoM (%)	YTDFY24	YTDFY23	(%) Chg
Motorcycles	201,965	164,568	22.7	186,438	8.3	1,158,213	1,075,010	7.7
Scooters	165,135	135,190	22.2	155,526	6.2	935,120	833,301	12.2
Mopeds	53,510	44,872	19.3	44,991	18.9	276,915	274,040	1.0
Two-wheelers	**420,610**	**344,630**	**22.0**	**386,955**	**8.7**	**2,370,248**	**2,182,351**	**8.6**
Three-wheelers	14,104	15,658	(9.9)	15,598	(9.6)	91,872	112,165	(18.1)
Total	**434,714**	**360,288**	**20.7**	**402,553**	**8.0**	**2,462,120**	**2,294,516**	**7.3**
Exports of above	87,952	82,816	6.2	100,294	(12.3)	592,484	719,031	(17.6)

Source: Company, Antique

Ashok Leyland posted decent set on YoY basis but numbers were weak on sequential basis due to some weakness in MHCV. The company continues to outperform industry in the LCV segment.

Exhibit 8: Ashok Leyland

	Oct-23	Oct-22	YoY (%)	Sep-23	MoM (%)	YTDFY24	YTDFY23	(%) Chg
MHCV	10,185	9,054	12.5	12,752	(20.1)	68,436	61,882	10.6
LCV	6,679	5,809	15.0	6,450	3.6	39,603	37,927	4.4
Total	**16,864**	**14,863**	**13.5**	**19,202**	**(12.2)**	**108,039**	**99,809**	**8.2**

Source: Company, Antique

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