

Auto-Roundup | August 2023

SUVs continue to add flavour...

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Sector performance

The month of August was a mixed bag again for the auto companies. 2Ws posted weak domestic performance as sales decline for Bajaj Auto in the domestic markets at 31% yoy, while sequentially they grew by 13.3%. TVS posted 5-6% growth in the month, both on yoy and mom basis. 2W exports have shown some signs of improvement sequentially as well as yoy, which can be an important parameter to trace the going forward. This growth was in lower single to lower negative single digit for both TVS and Bajaj Auto after huge negative growths witnessed over the last one year. On the PV front, all the companies have posted strong growth led by the SUV growth story. On the CV side of the sector, we witnessed Tata Motors posting a good growth, while Ashok Leyland posting deep negative falls both yoy and mom.

Company wise performance

Among the PV OEMs, MSIL has posted slightly strong number at 1.89 lakhs. On a yoy basis, the total sales in the domestic markets came in at 15.4% while the exports grew by 14.6%. The domestic growth came on the back of the successful launch of Invicto, Fronx and Jimny 5 door SUV in the last few months. The continued success of the twin launches of new Granda Vitarra and Brezza in the earlier months initiated the growth in the SUV segment earlier. Also the easing up of chip shortage led to catering of the pent up demand. Small cars in August de-grew by 44.9% yoy and were up by 27.3% mom. The compact car segment was up 1.2% yoy and 8% mom. The UV segment grew 118% yoy and dipped by 5.3% sequentially.

TaMo's PV segment saw a 3% yoy and 3.6% dip sequentially. M&M's SUV segment on the other hand, jumped by 26.3% yoy and 2.9% mom. CV division was up 9.9% yoy and 13% mom despite the impact of BS VI Phase-2 implementation and OBD-2 norms. M&M's tractor business in the domestic markets rose by 2.5% yoy and dropped by 14.6% mom. However, Escorts Kubota's domestic tractor sales dropped 2.1% yoy and grew by 0.8% mom. With below normal monsoon till date due to poor August rains, tractor sales may get impacted negatively in FY 24E.

In 2W segment Bajaj reported a growth of 31% yoy fall and 13.3% mom gain for its domestic motorcycles while in exports, motorcycles improved by growing at 2% yoy and de-grew by 2.1% mom. This sequential growth is a positive sign indicating exports may have bottomed out. However, we need to follow this trend closely in the ensuing months. Their 3W segment moved up by 22.9% yoy and 11% mom domestically on a good pick up in the CNG portfolio and e-3Ws. Exports 3Ws however disappointed by posting a de-growth of 47% yoy and 10.2% mom. Hero Motocorp is yet to post its August sales numbers.

TVS 2W segment reported 5.3% yoy growth of which motorcycle segment de-grew by 2.6% yoy and fell by 0.6% mom, while scooters grew by 16.9% yoy, on highest e-scooter I-Qube sales (23.9K in June v/s 4.4K units in August 22). The sales seemed to have grown despite the impact of FAME-2 subsidy. Mopeds segment of TVS remained flat both mom and yoy. 3Ws fell 24.7% yoy and remained flattish mom.

Consolidated

	Aug-23	Jul-23	% mom	Aug-22	% yoy	YTD FY24	YTD FY 23	% yoy
Bajaj Auto	341,548	319,747	6.8%	401,595	-15.0%	1,688,802	1,689,731	-0.1%
TVS	345,848	325,977	6.1%	333,787	3.6%	1,615,503	1,555,217	3.9%
Maruti	189,082	181,630	4.1%	165,173	14.5%	868,742	809,020	7.4%
M&M	92,026	91,299	0.8%	80,559	14.2%	484,472	431,985	12.2%
<i>Auto</i>	70,350	66,124	6.4%	59,039	19.2%	322,612	268,649	20.1%
<i>Tractors</i>	21,676	25,175	-13.9%	21,520	0.7%	161,860	163,336	-0.9%
Tata Motors	78,430	80,633	-2.7%	79,028	-0.8%	385,308	391,363	-1.5%
Ashok Leyland	15,576	15,068	3.4%	14,121	10.3%	71,973	67,397	6.8%
Escorts Kubota	5,593	5,570	0.4%	6,111	-8.5%	37,745	38,268	-1.4%

Our view

We witnessed a stronger August for PVs, especially the SUV segment. 2Ws were slightly weak domestically, but exports improved sequentially and yoy. Going forward, the impact of currently prevailing El Nino needs to be seen on the rural centric segments like 2Ws and tractors. CVs again have posted a subdued performance post improvement in previous months. The impact of BS VI phase-2 implementation, OBD-2 norms and high base are resulting into this weakness.

We remain positive on the sector. However, our choice is in the following order –PVs, 2Ws and CVs. Stocks specifically, within the 2Ws, we like Bajaj Auto as we expect the exports growth seen in August to continue hereon as things are easing out in Africa. Also the EV strength gaining from Chetak and upcoming launch of e-3W can be additional positives. Domestically on the motorcycles side we expect new launches to assist posting decent numbers. TVS too looks promising with its dominance in EV scooters and solid performance by its star performers like NTorq, Jupiter, Apache, Raider and the recently launched premium bike Ronnin. 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. We also like MSIL on the PV side because of its wide portfolio of vehicles and inroads into the SUV industry. We like Ashok Leyland within CVs as it has a diversified revenue base deriving from LCVs, Defense, MHCVs, exports and spares. Every dip in the stocks mentioned above, shall provide good opportunities for investors to enter into them from medium to long term perspective.

Bajaj Auto Limited

	Aug-23	Jul-23	% mom	Aug-22	% yoy	YTD FY24	YTD FY 23	% yoy
Motorcycles								
Domestic	160,820	141,990	13.3%	233,838	-31.2%	845,741	712,460	18.7%
Exports	124,211	126,850	-2.1%	121,787	2.0%	597,460	805,197	-25.8%
Total	285,031	268,840	6.0%	355,625	-19.9%	1,443,201	1,517,657	-4.9%
3W								
Domestic	44,280	37,273	18.8%	22,917	93.2%	180,178	79,907	125.5%
Exports	12,237	13,634	-10.2%	23,053	-46.9%	65,423	92,167	-29.0%
Total	56,517	50,907	11.0%	45,970	22.9%	245,601	172,074	42.7%
Domestic	205,100	179,263	14.4%	256,755	-20.1%	1,025,919	792,367	29.5%
Exports	136,448	140,484	-2.9%	144,840	-5.8%	662,883	897,364	-26.1%
Total	341,548	319,747	6.8%	401,595	-15.0%	1,688,802	1,689,731	-0.1%

TVS Motor Company Limited

	Aug-23	Jul-23	% mom	Aug-22	% yoy	YTD FY24	YTD FY 23	% yoy
Motorcycles	153,047	153,942	-0.6%	157,118	-2.6%	769,810	741,120	3.9%
Scooters	142,502	121,941	16.9%	121,866	16.9%	596,506	540,147	10.4%
Mopeds	36,561	36,424	0.4%	36,555	0.0%	196,583	194,725	1.0%
Total 2W	332,110	312,307	6.3%	315,539	5.3%	1,562,899	1,475,992	5.9%
3W	13,738	13,670	0.5%	18,248	-24.7%	62,170	79,225	-21.5%
Total sales	345,848	325,977	6.1%	333,787	3.6%	1,615,503	1,555,217	3.9%
Exports out of the above	87,515	89,123	-1.8%	93,111	-6.0%	404,052	543,264	-25.6%
2W exports	75,491	77,077	-2.1%	76,214	-0.9%	349,571	469,620	-25.6%

Maruti Suzuki India Limited

	Aug-23	Jul-23	% mom	Aug-22	% yoy	YTD FY24	YTD FY 23	% yoy
Mini(Alto, Old WagonR, S-Presso)	12,209	9,590	27.3%	22,162	-44.9%	62,199	91,482	-32.0%
Compact(New WagonR, Swift,Celerio, Baleno, Dzire, Ignis)	72,451	67,102	8.0%	71,557	1.2%	350,378	361,252	-3.0%
Mid size (Ciaz)	849	1,348	-37.0%	1,516	-44.0%	5,950	5,567	6.9%
Total passenger cars	85,509	78,040	9.6%	95,235	-10.2%	418,527	458,301	-8.7%
Utility Vehicles(Gypsy, Ertiga, XL6, S-Cross, Vitara Brezza)	58,746	62,049	-5.3%	26,932	118.1%	247,196	131,056	88.6%
Vans(Omni, Eeco)	11,859	12,037	-1.5%	11,999	-1.2%	56,572	56,813	-0.4%
LCV (Super Carry)	2,564	2,559	0.2%	3,371	-23.9%	13,202	17,004	-22.4%
Total domestic sales	158,678	154,685	2.6%	137,537	15.4%	735,497	663,174	10.9%
Sales to other OEM :A:Compact	5,790	4,746	22.0%	6,155	-5.9%	23,214	34,617	-32.9%
Exports	24,614	22,199	10.9%	21,481	14.6%	110,031	111,229	-1.1%
Total sales	189,082	181,630	4.1%	165,173	14.5%	868,742	809,020	7.4%

Mahindra & Mahindra Limited

Auto segment	Aug-23	Jul-23	% mom	Aug-22	% yoy	YTD FY24	YTD FY 23	% yoy
Utility Vehicles	37,270	36,205	2.9%	29,516	26.3%	173,637	132,790	30.8%
Cars+Vans	-	-	-	336	-	10	1,425	-
Total PV	37,270	36,205	2.9%	29,852	24.8%	173,647	134,215	29.4%
LCV(<3.5 T)	22,664	19,903	13.9%	20,836	8.8%	100,499	98,003	2.5%
LCV (>3.5T)+ MHCV	949	995	-4.6%	646	46.9%	5,264	3,407	54.5%
Total CV	23,613	20,898	13.0%	21,482	9.9%	105,763	101,410	4.3%
3 wheelers	7,044	6,481	8.7%	4,793	47.0%	31,305	19,806	58.1%
Total domestic sales	67,927	63,584	6.8%	56,127	21.0%	310,715	255,431	21.6%
Total exports	2,423	2,540	-4.6%	2,912	-16.8%	11,897	13,218	-10.0%
Total sales	70,350	66,124	6.4%	59,039	19.2%	322,612	268,649	20.1%
FES	Aug-23	Jul-23	% mom	Aug-22	% yoy	YTD FY24	YTD FY 23	% yoy
Domestic	20,647	24,168	-14.6%	20,138	2.5%	156,690	155,205	1.0%
Exports	1,029	1,007	2.2%	1,382	-25.5%	5,170	8,131	-36.4%
Total FES	21,676	25,175	-13.9%	21,520	0.7%	161,860	163,336	-0.9%

Ashok Leyland Limited

	Aug-23	Jul-23	% mom	Aug-22	% yoy	YTD FY24	YTD FY 23	% yoy
MHCV	9763	9,571	-45.7%	8,379	-38.0%	45,499	41,514	9.6%
LCV	5813	5,497	-92.8%	5,742	-93.1%	26,474	25,883	2.3%
Total	15,576	15,068	-62.9%	14,121	-60.4%	71,973	67,397	6.8%

Tata Motors Limited

	Aug-23	Jul-23	% mom	Aug-22	% yoy	YTD FY24	YTD FY 23	% yoy
M&HCV	9000	8502	5.9%	7865	14%	42271	43338	-2%
I & LCV	5207	4899	6.3%	4968	5%	20427	22316	-8%
Passenger Carriers	2986	4292	-30.4%	2,299	30%	18023	15390	17%
SCV cargo and pick up	13555	13523	0.2%	14,181	-4%	63468	75445	-16%
Total CV	30,748	31,216	-1.5%	29,313	5%	144,189	156,489	-8%
Total PV	45933	47628	-3.6%	47,351	-3%	234,011	224796	4%
Exports	1749	1789	-2.2%	2,364	-26%	7,108	10078	-29%
Total sales	78,430	80,633	-2.7%	79,028	-1%	385,308	391,363	-2%

Escorts Kubota Limited

	Aug-23	Jul-23	% mom	Aug-22	% yoy	YTD FY24	YTD FY 23	% yoy
Domestic	5,198	5,161	0.7%	5,308	-2.1%	35,585	34,620	2.8%
Exports	395	409	-3.4%	803	-50.8%	2,160	3,648	-40.8%
Total	5,593	5,570	0.4%	6,111	-8.5%	37,745	38,268	-1.4%

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