

Automobile

Recovery in domestic market; export muted

Summary

In May 23, Overall Indian Auto industry witnessed mixed set of numbers and export market remains weak. The Passenger Vehicle (PV) segment saw strong growth led by SUVs whereas sedans sales remain muted. The 2 wheeler segment witnessed recovery on the back of improving demand on the back of wedding season. The CV segment reported mixed numbers, going forward expected to improve on the back of infra, ecommerce and construction sectors, and the Tractor segment performance muted than last year as well as sequentially on the back of weak rural sentiments. Our Top picks in the sector are M&M, Maruti, Eicher and SJS Enterprises. M&M is well positioned to address turnaround in Indian PV market, new launches of 2W players are expected to performance in FY24. Sona Comstar to be beneficiary of growth momentum in EV Industry.

Key highlights

- **PV segment:** PV vol nos were better than street estimates as M&M saw a vol growth of 22% YoY followed by Hyundai & Maruti which saw double digit vol growth whereas TaMo saw vol growth of only 6% and on MoM PV sales up 15%.
- **2W segment:** 2W segment saw recovery as Bajaj and Eicher vols were up by ~22% each followed by TVS which was vol growth of 11% and Hero motocorp crop vols was up by single digit, on MoM compression 2Ws vol were up by 10%.
- **CV segment:** CV segment remain mixed bag as Volvo vol were up by 12% whereas TaMo CV vol were down by 12% YoY and Ashok Leyland saw flat growth in vol. On MoM CV segment saw de-growth of 10%.
- **Tractor segment:** Tractor segment saw soft growth as MM vol were down 5% and Escorts vol were up by 9% on the back of weak sentiment in rural market.

Monthly Sales volume summary (Domestic + Exports)

Company	May-23	May-22	YoY (%)	April-22	MoM (%)
2W					
Hero MotoCorp	5,19,474	4,86,704	6.7	3,96,107	31.1
Bajaj Auto	3,07,696	2,49,499	23.3	2,87,985	6.8
TVS Motor	3,19,295	2,87,058	11.2	3,06,224	4.3
RE	77,461	63,643	21.7	73,136	5.9
PV					
MSIL	1,78,083	1,61,413	10.3	1,60,529	10.9
Hyundai India	59,601	51,263	16.3	58,201	2.4
Tata Motors (D)	45,984	43,392	6.0	43,140	6.6
MM (D)	32,886	26,904	22.2	34,698	(5.2)
Toyota (D)	19,379	10,216	89.7	14,162	36.8
CV					
Tata Motors	27,570	31,414	(12.2)	35,144	(21.6)
AL	13,134	13,273	(1.0)	12,974	1.2
VECV	6,289	5,637	11.6	6,567	(4.2)
Tractors					
MM	34,126	35,722	(4.5)	36,405	(6.3)
Escorts	9,167	8,421	8.9	7,565	21.2

Source: Company

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Exhibit 1: Valuation Snapshot

Companies	MktCap	CMP	TP	Upside	Reco	EPS (Rs)		BVPS (Rs)		PER (x)		P/B (x)		EV/EBITDA (x)		RoE(%)		RoCE (%)	
	(Rs bn)	(Rs)	(Rs)	(%)		FY23E	FY24E	FY23E	FY24E	FY23E	FY24E	FY23E	FY24E	FY23E	FY24E	FY23E	FY24E	FY23E	FY24E
OEM's																			
MARUTI SUZUKI	2,834	9,381	10,099	7.7	BUY	335	415	2183	2453	28.0	22.6	4.3	3.8	15.8	12.5	16.1	17.9	18.0	20.3
MAHINDRA & MAHINDRA	1,652	1,328	1,557	17.2	BUY	78	82	425	487	17.0	16.2	3.1	2.7	11.1	10.0	19.7	18.0	34.3	29.2
BAJAJ AUTO	1,329	4,592	4,537	(1.2)	HOLD	232	265	964	1038	19.8	17.3	4.8	4.4	16.7	14.4	24.9	26.5	28.3	30.1
EICHER MOTORS	1,006	3,677	4,000	8.8	BUY	128	153	655	779	28.6	24.0	5.6	4.7	20.6	17.2	21.4	21.4	23.7	23.0
HERO MOTOCORP	555	2,780	2,900	4.3	HOLD	154	179	874	923	18.1	15.5	3.2	3.0	12.8	10.8	18.0	19.9	20.2	22.6
ASHOK LEYLAND	428	146	180	23.5	BUY	5	7	32	37	26.6	21.5	4.5	4.0	14.7	12.4	17.9	19.6	18.2	21.2
TVS MOTOR	609	1,282	1,253	(2.3)	HOLD	38	48	155	191	33.9	26.5	8.3	6.7	18.7	14.9	26.9	28.0	32.5	36.2
Auto Anc.																			
SONACOMS	312	533	670	25.7	BUY	11	15	49	62	47.3	35.9	10.9	8.5	29.6	23.0	25.6	26.6	32.1	33.4
JAMNA AUTO	40	100	123	23.4	HOLD	5	6	22	26	19.4	17.4	4.6	3.8	11.8	10.3	26.2	24.1	29.5	28.0
SUBROS	21	329	340	3.4	HOLD	14	16	145	159	22.9	20.0	2.3	2.1	11.3	10.0	10.4	10.8	12.3	13.0
SJS ENTERPRISES	15	479	565	18.0	BUY	22	36	159	195	21.7	13.4	3.0	2.5	13.1	8.3	14.9	20.2	17.1	23.8
LUMAX AUTO TECH.	23	308	340	10	HOLD	18	24	110	110	18.1	13.6	3.0	3.0	8.6	7.5	18.0	22.1	17.6	22.0

Source: Company; IDBI Capital Research

Exhibit 2: Auto monthly Sales volumes (Domestic + Exports)

Company	April-23	April-22	YoY (%)	Mar-22	MoM (%)	FY24	FY23	YoY (%)
2W								
Hero MotoCorp	5,19,474	4,86,704	6.7	3,96,107	31.1	9,15,581	9,05,326	1.1
Bajaj Auto	3,07,696	2,49,499	23.3	2,87,985	6.8	5,95,681	5,31,480	12.1
TVS Motor	3,19,295	2,87,058	11.2	3,06,224	4.3	6,25,519	5,82,366	7.4
RE	77,461	63,643	21.7	73,136	5.9	1,50,597	1,25,798	19.7
PV								
MSIL	1,78,083	1,61,413	10.3	1,60,529	10.9	3,38,612	1,67,520	102.1
Hyundai India	59,601	51,263	16.3	58,201	2.4	1,17,802	58,006	103.1
Tata Motors (D)	45,984	43,392	6.0	43,140	6.6	93,091	85,022	9.5
MM (D)	32,886	26,904	22.2	34,698	(5.2)	67,584	32,298	109.3
Toyota (D)	19,379	10,216	89.7	14,162	36.8	33,541	13,143	155.2
CV								
Tata Motors	27,570	31,414	(12.2)	35,144	(21.6)	49,077	61,294	(19.9)
AL	13,134	13,273	(1.0)	12,974	1.2	26,108	14,863	75.7
VECV	6,289	5,637	11.6	6,567	(4.2)	12,856	6,038	112.9
Tractors								
MM	34,126	35,722	(4.5)	36,405	(6.3)	70,531	51,994	35.7
Escorts	9,167	8,421	8.9	7,565	21.2	16,732	14,492	15.5

Source: Company

Maruti Suzuki: Dispatches rise on SUV sales boost

- MSIL Mini segment down by 30% YoY but 13% on MoM at 12k. The Compact sales up YoY by 5% but down by 5% MoM to 71k units. The Mid-Size segment grew YoY by 69% to 992units. The Domestic sales were up by 15% on YoY at 147k units.
- Total Sales were up by 10% on YoY and 11 6% on MoM, Exports de-grew by 3% on YoY.
- The shortage of electronic components had a minor impact on the production of vehicles, mainly in domestic models. The Company took all possible measures to minimise the impact.

Exhibit 3: MSIL sales volume

Segment	May-23	May-22	YoY (%)	April-22 MoM (%)	FY24YTD	FY23YTD	YoY (%)	
A2: Mini (Alto, WagonR)	12,236	17,408	(29.7)	14,110	(13.3)	26,346	34,545	(23.7)
A2: Compact (Swift, Ritz, Celerio, Dzire, Baleno, Ignis)	71,419	67,947	5.1	74,935	(4.7)	1,46,354	1,27,131	15.1
A3: Mid-Size (Ciaz)	992	586	69.3	1,017	(2.5)	2,009	1,165	72.4
Total PC	84,647	85,941	(1.5)	90,062	(6.0)	1,74,709	1,62,841	7.3
B: Uvs (Gypsy, Ertiga, S-Cross, Vitara Brezza)	46,243	28,051	64.9	36,754	25.8	82,997	61,992	33.9
C: Vans (Omni, Eeco)	12,818	10,482	22.3	10,504	22.0	23,322	21,636	7.8
LCV: Super Carry	2,888	3,526	(18.1)	2,199	31.3	5,087	7,792	(34.7)
Total Domestic sales	1,46,596	1,28,000	14.5	1,39,519	5.1	2,86,115	2,54,261	12.5
Exports	26,477	27,191	(2.6)	16,971	56.0	43,448	45,604	(4.7)
Sales to other OEM	5,010	6,222	(19.5)	4,039	24.0	9,049	12,209	(25.9)
Total sales	1,78,083	1,61,413	10.3	1,60,529	10.9	3,38,612	3,12,074	8.5

Source: Company

Exhibit 4: Mini + Compact sales trend

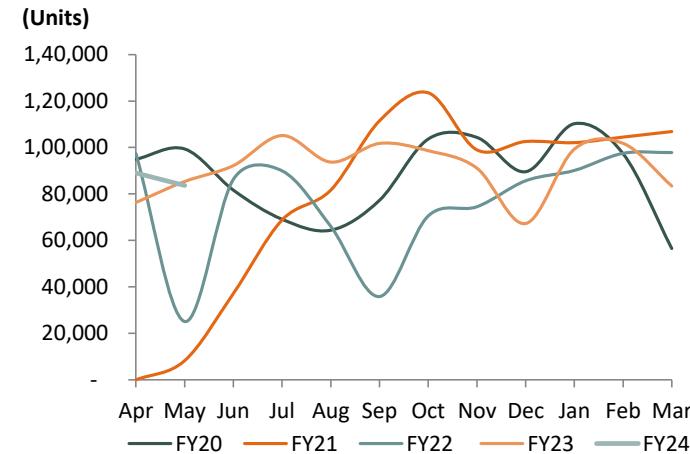


Exhibit 5: Domestic UVs sales trend

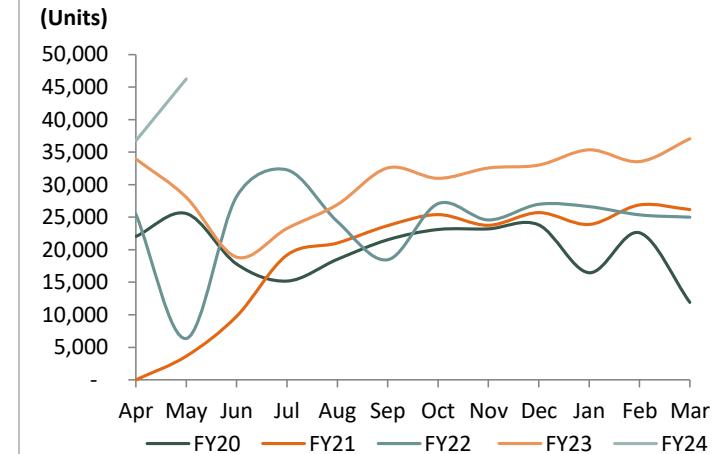


Exhibit 6: Domestic PC sales trend

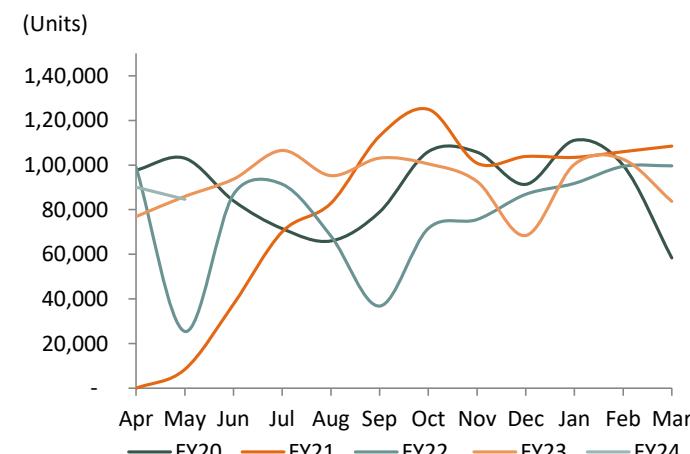
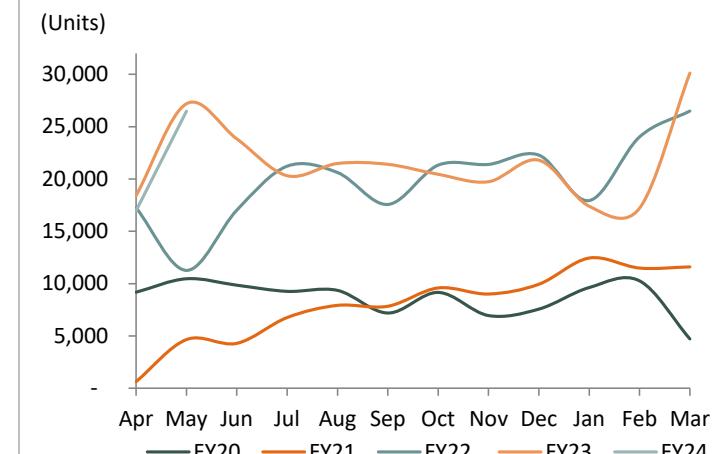


Exhibit 7: Export sales trend



M&M: Passenger vehicle sales grow, tractor sales fall

- M&M UV sales increased by 22% YoY to 33k units. The CV sales decreased by 5% YoY to 20k units. The Total Auto division Domestic sales increased by 14% YoY to 58k units.
- The Domestic FES Sales down by 3% YoY to 33K units, FES total sales down by 5% on YoY and 6% on MoM.
- Utility Vehicles segment saw strong growth despite disruptions in supply chain of Crash Sensors and Air Bag ECUs due to availability of semiconductors.

Exhibit 8: Mahindra & Mahindra sales volume

Segment	May-23	May-22	YoY (%)	April-22	MoM (%)	FY24YTD	FY23YTD	YoY (%)
Passenger Vehicles	32,886	26,904	22.2	34,698	(5.2)	67,584	49,430	36.7
Utility Vehicles	32,883	26,632	23.5	34,694	(5.2)	67,577	48,800	38.5
Cars + Vans	3	272	(98.9)	4	(25.0)	7	630	(98.9)
Commercial Vehicles	20,062	21,149	(5.1)	20,231	(0.8)	40,293	38,551	4.5
LCV < 3.5T	19,053	20,517	(7.1)	19,081	(0.1)	38,134	37,214	2.5
LCV > 3.5T+M&HCV	1,009	632	59.7	1,150	(12.3)	2,159	1,337	61.5
3W	5,851	3,645	60.5	5,552	5.4	11,403	6,654	71.4
Total Domestic	58,799	51,698	13.7	60,481	(2.8)	1,19,280	94,635	26.0
Export	2,616	2,028	29.0	1,813	44.3	4,429	4,731	(6.4)
Total Auto Sales	61,415	53,726	14.3	62,294	(1.4)	1,23,709	99,366	24.5
Farm Equipment Segment (FES)								
Domestic	33,113	34,153	(3.0)	35,398	(6.5)	68,511	73,558	(6.9)
Exports	1,013	1,569	(35.4)	1,007	0.6	2,020	3,103	(34.9)
Total FES	34,126	35,722	(4.5)	36,405	(6.3)	70,531	76,661	(8.0)

Source: Company

Exhibit 9: Domestic UV sales trend

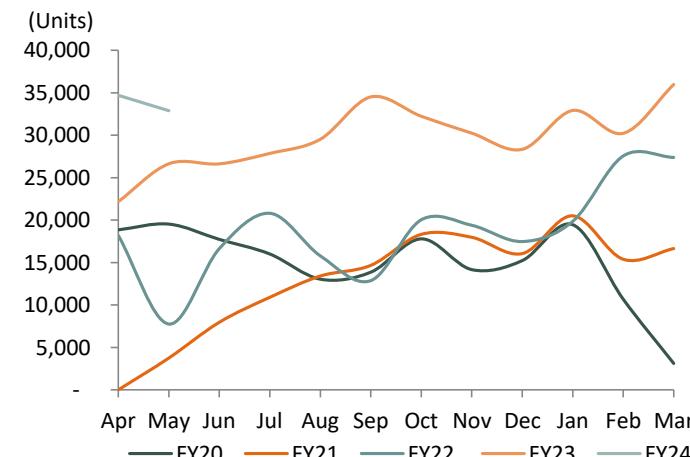


Exhibit 10: Domestic CV sales trend

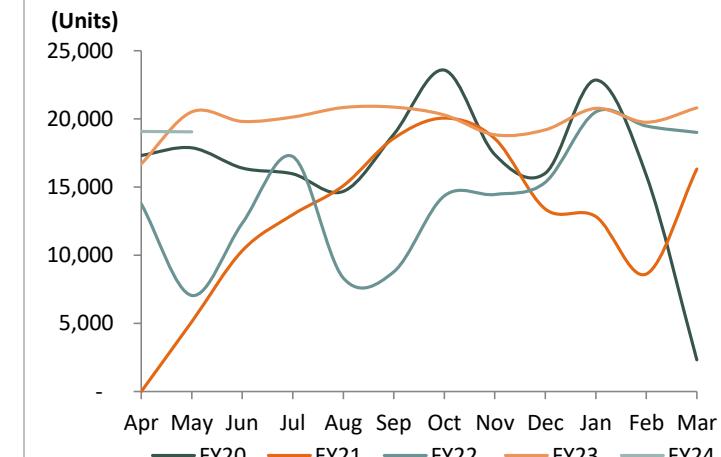


Exhibit 11: Total auto sales trend

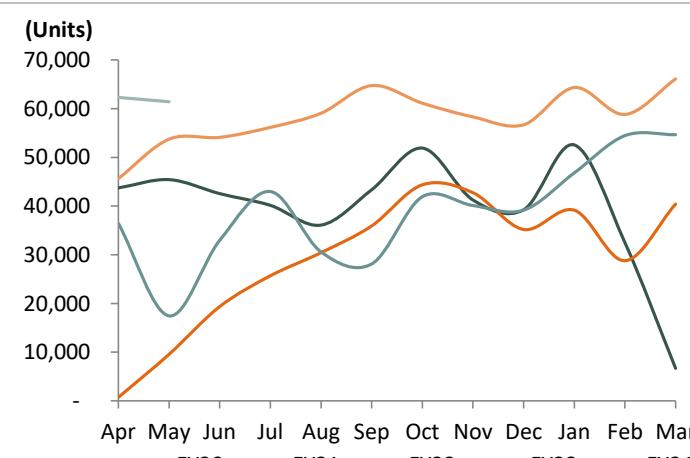
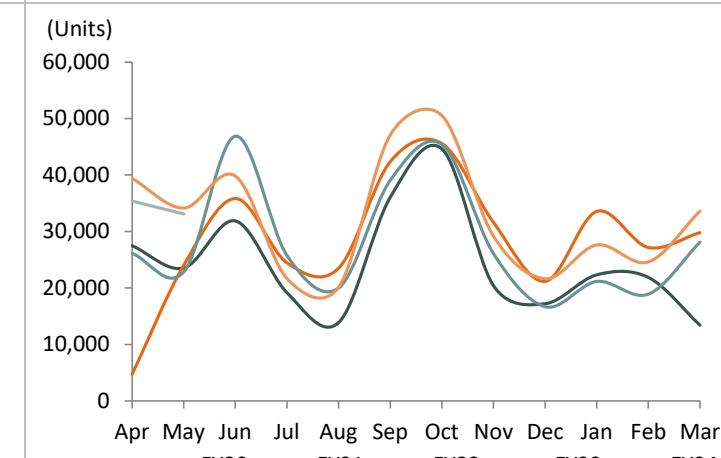


Exhibit 12: Domestic tractor sales trend



Escorts: Good performance across the board expect exports

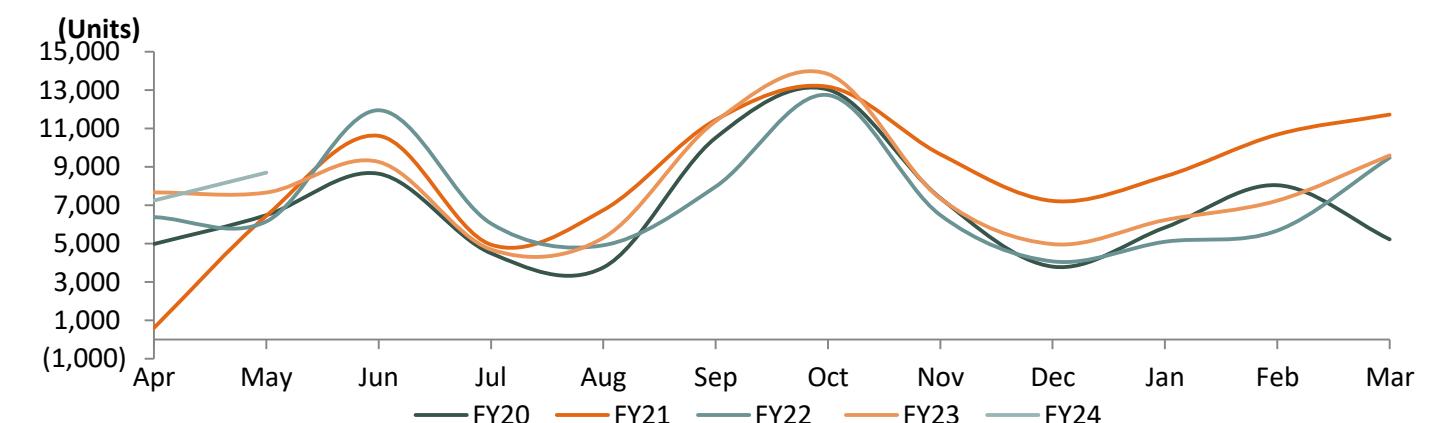
- Escorts Kubota total sales decreased by 9% YoY and 21% on MoM at 9k tractors last month. Sales in the domestic market were up by 14% on YoY to 8.7k tractors. Export sales down by 39% YoY.

Exhibit 13: Escorts sales volume

Segment	May-23	May-22	YoY (%)	April-22	MoM (%)	FY24YTD	FY23YTD	YoY (%)
Domestic	8,704	7,667	13.5	7,252	20.0	15,956	15,343	4.0
Export	463	754	(38.6)	313	47.9	776	1,403	(44.7)
Total	9,167	8,421	8.9	7,565	21.2	16,732	16,746	(0.1)

Source: Company

Exhibit 14: Domestic tractor sales trend



Source: Company

Hero MotoCorp: Indicating the continuously improving in consumer sentiment

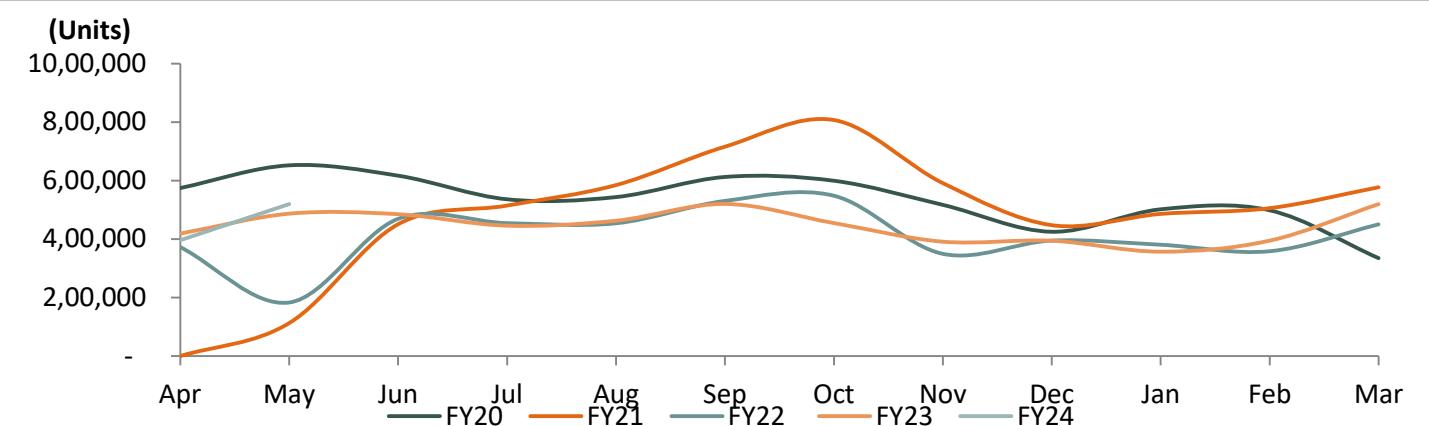
- HMCL Domestic sales up by 9% on YoY and 33% on MoM to 508k units. The Exports sales decreased by 45% YoY to 11k units. The Total Sales was up by 7% on YoY and to 519k units
- The company expects the positive trend to continue in the coming months, on the back of favorable economic indicators.

Exhibit 15: HMCL sales volume

Segment	May-23	May-22	YoY (%)	April-22	MoM (%)	FY24YTD	FY23YTD	YoY (%)
Motorcycles	4,89,336	4,52,246	8.2	3,68,830	32.7	8,58,166	8,44,873	1.6
Scooters	30,138	34,458	(12.5)	27,277	10.5	57,415	60,453	(5.0)
Total	5,19,474	4,86,704	6.7	3,94,773	31.6	9,15,581	9,05,326	1.1
Domestic	5,08,309	4,66,466	9.0	3,86,184	31.6	8,94,493	8,64,956	3.4
Exports	11,165	20,238	(44.8)	9,923	12.5	21,088	40,370	(47.8)

Source: Company

Exhibit 16: Total 2W sales trend



Source: Company

Bajaj Auto: Domestic two-wheeler dispatches double

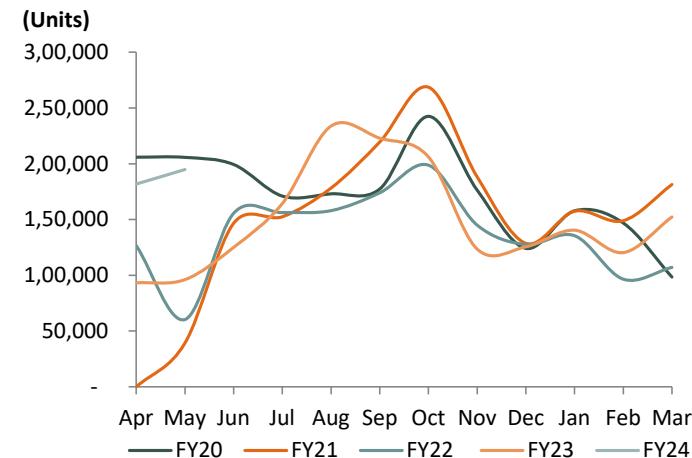
- BJAUTO Domestic Motorcycle sales up by 103% YoY to 195k units whereas Export Motorcycle sales decreased by 26% YoY to 112k units. The Total 3W sales up by 80% YoY and 10% MoM to 47k units. The Total sales grew YoY by 29% to 355K units.

Exhibit 17: BJAUT sales volume

Segment	May-23	May-22	YoY (%)	April-22	MoM (%)	FY24YTD	FY23YTD	YoY (%)
Domestic	1,94,811	96,102	102.7	1,81,828	7.1	3,76,639	1,89,335	98.9
Exports	1,12,885	1,53,397	(26.4)	1,06,157	6.3	2,19,042	3,42,145	(36.0)
Total 2W	3,07,696	2,49,499	23.3	2,87,985	6.8	5,95,681	5,31,480	12.1
Domestic	33,590	16,206	107.3	31,344	7.2	64,934	25,150	158.2
Exports	13,862	10,163	36.4	11,949	16.0	25,811	30,282	(14.8)
Total 3W	47,452	26,369	80.0	43,293	9.6	90,745	55,432	63.7
Domestic	2,28,401	1,12,308	103.4	2,13,172	7.1	4,41,573	2,14,485	105.9
Exports	1,26,747	1,63,560	(22.5)	1,18,106	7.3	2,44,853	3,72,427	(34.3)
Total Sales	3,55,148	2,75,868	28.7	3,31,278	7.2	6,86,426	5,86,912	17.0

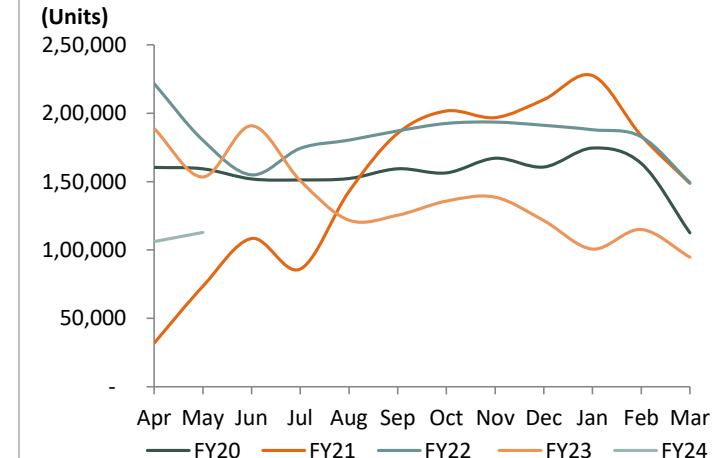
Source: Company

Exhibit 18: Domestic motorcycle sales trend



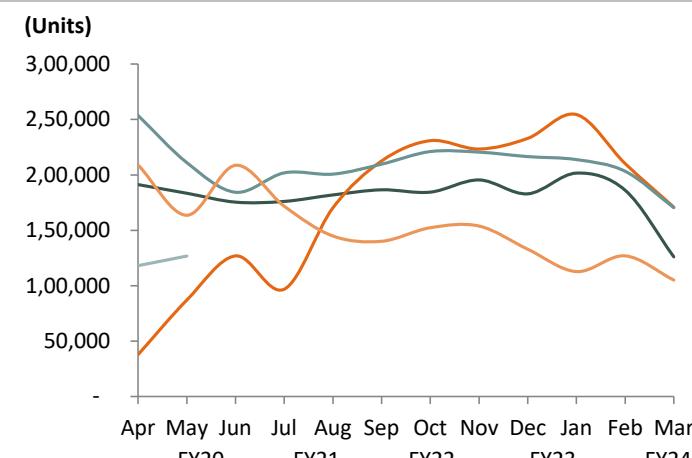
Source: Company

Exhibit 19: Export motorcycle sales trend



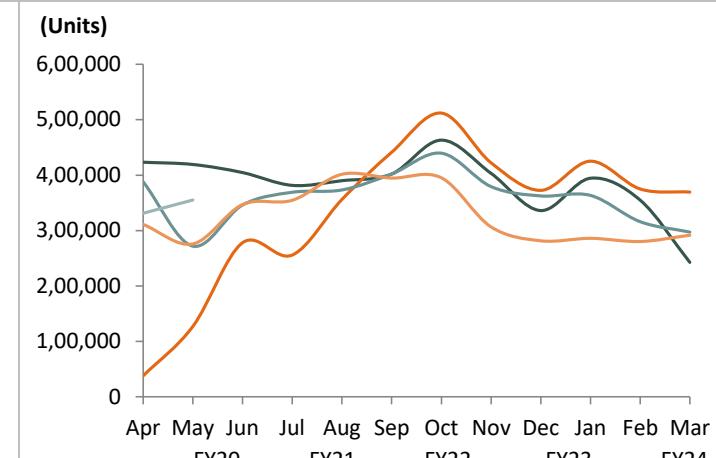
Source: Company

Exhibit 20: Total exports sales trend



Source: Company

Exhibit 21: Total sales trend



Source: Company

TVS: Weakness in the overseas markets continued.

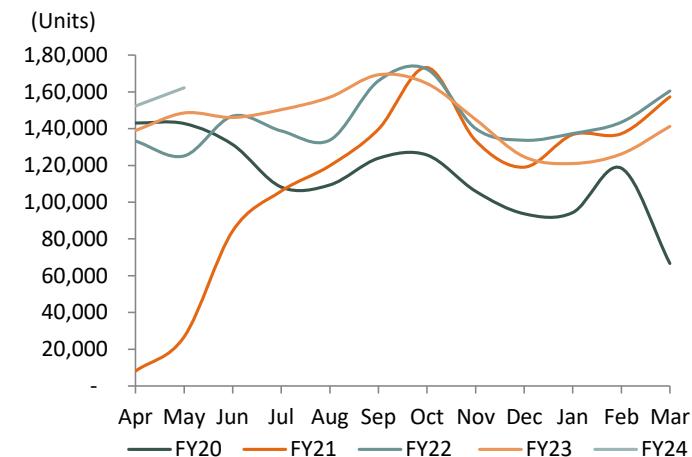
- The Motorcycle Sales at 162k units up by 9% on YoY. The Scooter sales increased by 3% YoY to 103k units. The 3W Domestic Sales decreased by 29% YoY to 11K units. The Total Sales up by 9% YoY and 4% on MoM to 330K units.

Exhibit 22: TVSL sales volume

Segment	May-23	May-22	YoY (%)	April-22	MoM (%)	FY24YTD	FY23YTD	YoY (%)
Motorcycle	1,62,248	1,48,560	9.2	1,52,365	6.5	3,14,613	2,87,587	9.4
Scooters	1,03,203	1,00,665	2.5	1,07,496	(4.0)	2,10,699	2,02,874	3.9
Mopeds	53,844	37,833	42.3	46,363	16.1	1,00,207	91,905	9.0
2W (Total)	3,19,295	2,87,058	11.2	3,06,224	4.3	6,25,519	5,82,366	7.4
3W	11,314	15,924	(29.0)	11,438	(1.1)	22,752	31,210	(27.1)
Sales volume (2W+3W)	3,30,609	3,02,982	9.1	3,17,662	4.1	6,48,271	6,13,576	5.7

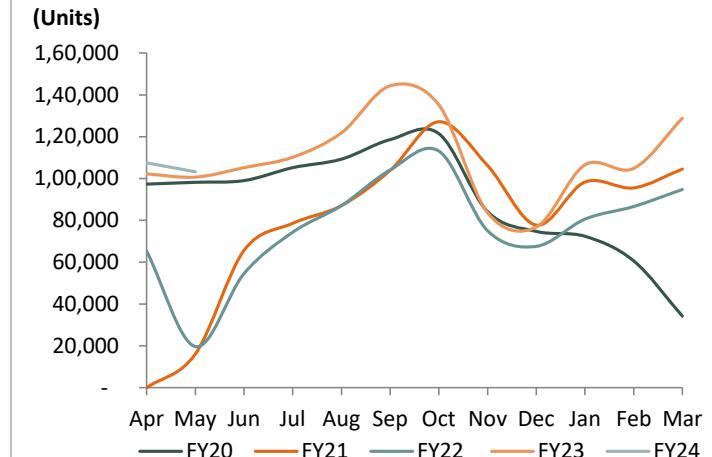
Source: Company

Exhibit 23: Motorcycle sales trend



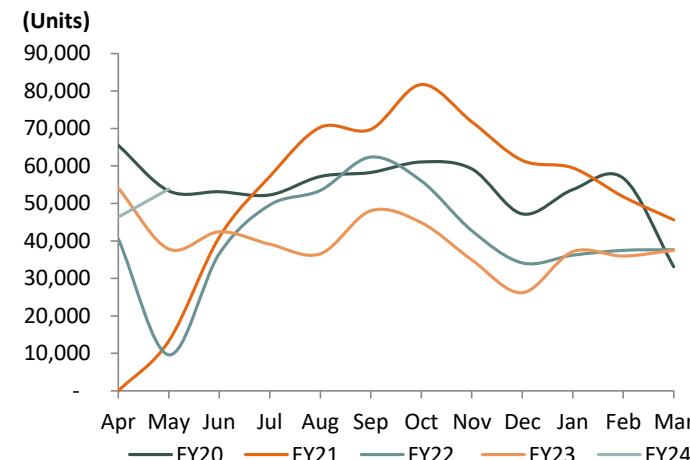
Source: Company

Exhibit 24: Scooter sales trend



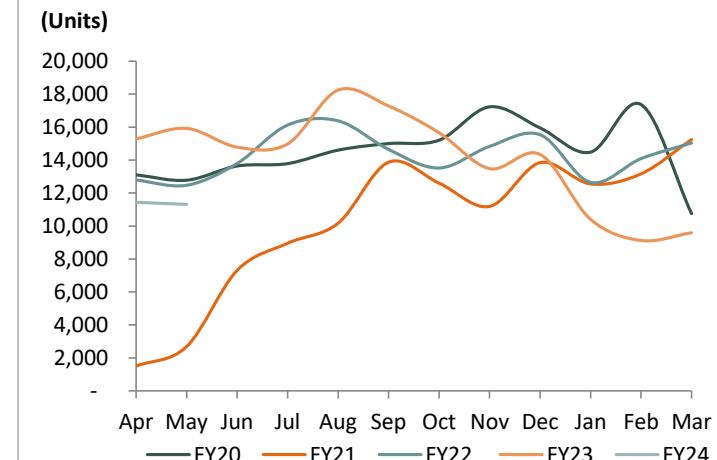
Source: Company

Exhibit 25: Moped sales trend



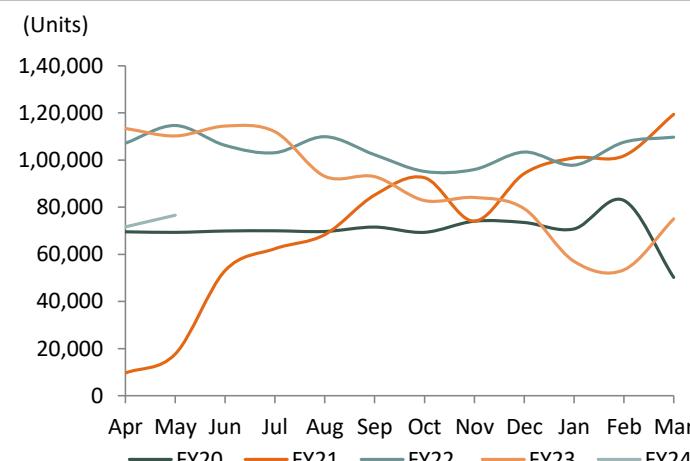
Source: Company

Exhibit 26: 3W sales trend



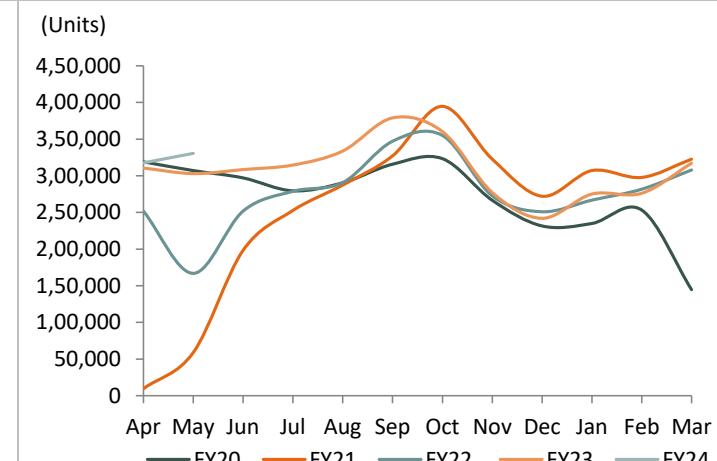
Source: Company

Exhibit 27: Export sales trend



Source: Company

Exhibit 28: Total sales trend



Source: Company

Eicher Motors: Strong performance across the board; Weak exports

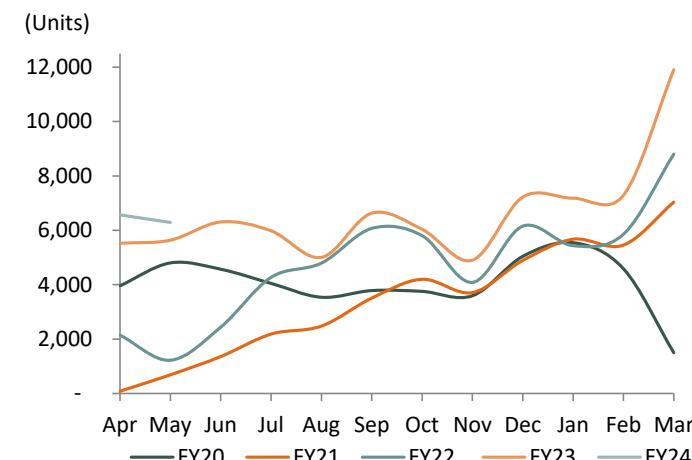
- Royal Enfield Domestic Sales up by 32% YoY to 71k units. The Total Sales increased by 22% YoY to 77k. VECV Sales grew by 11% YoY and down by 4% MoM to 6k units.

Exhibit 29: EIM sales volume

Segment	May-23	May-22	YoY (%)	April-22	MoM (%)	FY24YTD	FY23YTD	YoY (%)
Domestic	70,795	53,525	32.3	68,881	2.8	1,39,676	1,07,377	30.1
Export	6,666	10,118	(34.1)	4,255	56.7	10,921	18,421	(40.7)
Total RE	77,461	63,643	21.7	73,136	5.9	1,50,597	1,25,798	19.7
VECV	6,289	5,637	11.6	6,567	(4.2)	12,856	11,162	15.2

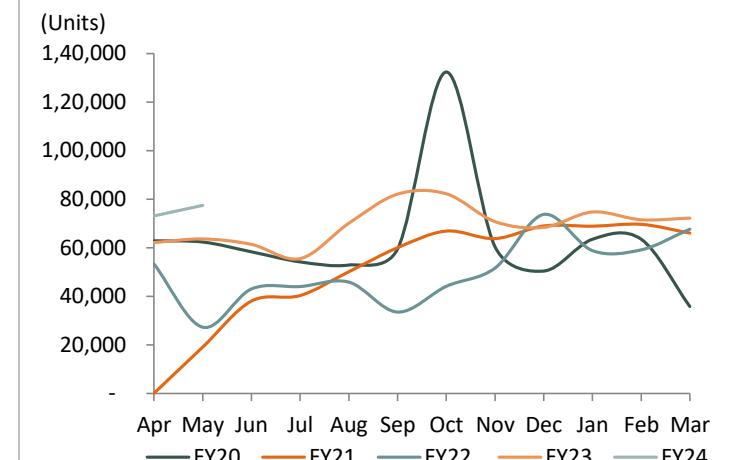
Source: Company

Exhibit 30: VECV sales trend



Source: Company

Exhibit 31: Royal Enfield domestic sales trend



Source: Company

Ashok Leyland: Dispatches fall on lower LCV sales

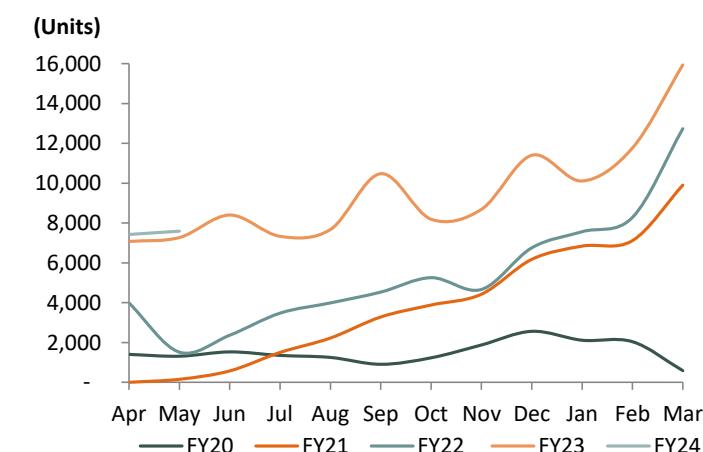
- The Domestic sales remain flat on YoY and sequentially at 13K units. M&HCV Goods segment remain flat on YoY to 7k units. The Domestic LCV segment decreased YoY by 8% to 5k units. Total sales remain flat at 13k units.

Exhibit 32: AL Sales Volumes

Segment	May-23	May-22	YoY (%)	April-22	MoM (%)	FY23YTD	FY22YTD	YoY (%)
M&HCV Goods	6,573	6,639	(1.0)	6,656	(1.2)	13,229	13,444	(1.6)
MH&CV Passenger	1,017	629	61.7	766	32.8	1,783	897	98.8
LCV	4,788	5,190	(7.7)	4,944	(3.2)	9,732	9,314	4.5
Domestic	12,378	12,458	(0.6)	12,366	0.1	24,744	23,655	4.6
Exports	756	815	(7.2)	608	24.3	1,364	1,465	(6.9)
Total Sales	13,134	13,273	(1.0)	12,974	1.2	26,108	25,120	3.9

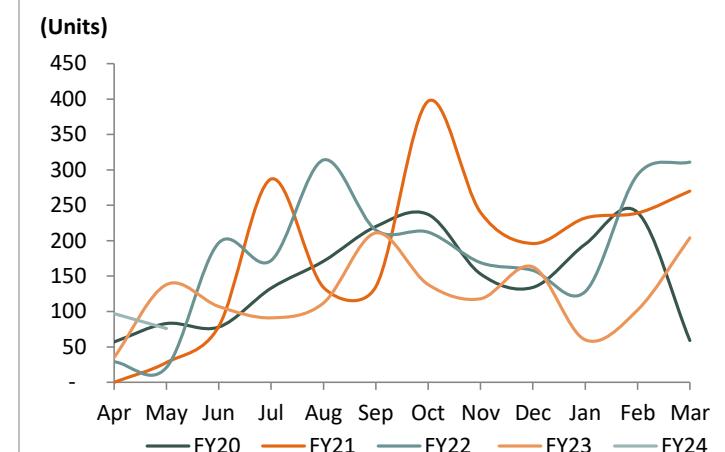
Source: Company

Exhibit 33: M&HCV Domestic Goods sales trend



Source: Company

Exhibit 34: LCV Domestic sales trend



Source: Company



Notes

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