

Auto Sales Update November 2023



Auto Sales Update

Maruti Suzuki India Ltd (MSIL) – Monthly Sales Data

Maruti Suzuki	November 2023	October 2023	November 2022	MoM (%)	YoY (%)
Grand Total	1,64,439	1,99,217	1,59,044	-17.5%	3.4%

Maruti Suzuki	November 2023	October 2023	November 2022	MoM (%)	YoY (%)
Domestic	1,41,489	1,77,266	1,39,306	-20.2%	1.6%
Exports	22,950	21,951	19,738	4.6%	16.3%

Maruti Suzuki	November 2023	October 2023	November 2022	MoM (%)	YoY (%)
PV – Mini	9,959	14,568	18,251	-31.6%	-45.4%
PV - Compact	64,679	80,662	72,844	-19.8%	-11.2%
PV – Mid Size	278	695	1,554	-60.0%	-82.1%
PV - SUV	49,016	59,147	32,563	-17.1%	50.5%
PV – Vans	10,226	12,975	7,183	-21.2%	42.4%
Total Domestic PV	1,34,158	1,68,047	1,32,395	-20.2%	1.3%

Maruti Suzuki	November 2023	October 2023	November 2022	MoM (%)	YoY (%)
LCV	2,509	3,894	2,660	-35.6%	-5.7%
OEM Sales	4,822	5,325	4,251	-9.4%	13.4%

Source: Company, KRChoksey Research

Maruti Suzuki India Ltd (MSIL)

MSIL's total sales volumes for the month of November 2023 increased by 3.4% YoY to 1,64,439 units. This meant a decline of 17.5% MoM. Total Domestic sales grew by 1.6% YoY while they declined by 20.2% MoM. Export sales grew by 16.3% YoY/ 4.6% MoM. Within Domestic sales, SUV and Vans saw strong growth traction of 50.5% and 42.4% YoY, respectively. Mini/ Compact/ Midsize sales declined by 45.4%/ 11.2%/ 82.1% YoY, respectively.

LCV sales declined by 5.7% YoY/ 35.6% MoM to 2,509 units. OEM sales were higher by 13.4% YoY but declined by 9.4% MoM.

Our View

MSIL's sales in November 2023 came off from the festive high seen in October but continued to be in the green on a YoY basis. Exports saw a stronger growth during the month. Share of SUVs in the overall Domestic PVs has declined slightly in October (35.2%) and November (36.5%) vs. what was seen in Q2FY24 (39.2%).

Auto Sales Update

Tata Motors Ltd – Monthly Sales Data

Tata Motors	November 2023	October 2023	November 2022	MoM (%)	YoY (%)
Grand Total	74,172	82,954	75,478	-10.6%	-1.7%

Tata Motors	November 2023	October 2023	November 2022	MoM (%)	YoY (%)
Domestic-CV	26,579	32,488	27,430	-18.2%	-3.1%
Exports - CV	1,450	1,829	1,623	-20.7%	-10.7%
Domestic- PV	46,068	48,337	46,037	-4.7%	0.1%
Exports-PV	75	300	388	-75.0%	-80.7%

Tata Motors	November 2023	October 2023	November 2022	MoM (%)	YoY (%)
HCV + ILMCV	12,638	15,555	12,341	-18.8%	2.4%
P. Carriers	2,130	2,514	2,041	-15.3%	4.4%
SUV Cargo & pickup	11,811	14,419	13,048	-18.1%	-9.5%
Domestic- CV	26,579	32,488	27,430	-18.2%	-3.1%

Tata Motors	November 2023	October 2023	November 2022	MoM (%)	YoY (%)
PV- Total EV	4,761	5,465	4,451	-12.9%	7.0%
PV- Total ICE	41,382	43,172	41,974	-4.1%	-1.4%
Total PV (Domestic + Exports)	46,143	48,637	46,425	-5.1%	-0.6%

Source: Company, KRChoksey Research

Tata Motors Ltd (TTMT)

TTMT's total sales volumes for the month of November 2023 were 74,172 units, which is a decline of 1.7% YoY/ 10.6% MoM. The Domestic CV sales declined by 3.1% YoY/ 18.2% MoM. The Export CV sales decreased by 10.7% YoY/ 20.7% MoM. The Domestic PV sales were flat on a YoY basis while they declined by 4.7% MoM. The Export PV sales decreased by 80.7% YoY/ 75.0% MoM.

Our View

The Domestic CV segment has seen a YoY decline in single digits after seeing growth in the last 4 months. The decline was driven by the SUV Cargo and pickup segment, while HCV+ILMCV and passenger carriers continued to be in the green. Within PVs, EV performance has continued to outpace the performance in ICE vehicles.

Auto Sales Update

Ashok Leyland Ltd (AL) – Monthly Sales Data

Ashok Leyland	November 2023	October 2023	November 2022	MoM (%)	YoY (%)
Grand Total	14,053	16,864	14,561	-16.7%	-3.5%

Ashok Leyland	November 2023	October 2023	November 2022	MoM (%)	YoY (%)
Domestic	13,031	15,759	13,654	-17.3%	-4.6%
Exports	1,022	1,105	907	-7.5%	12.7%

Ashok Leyland	November 2023	October 2023	November 2022	MoM (%)	YoY (%)
M & HCV	8,500	10,185	9,474	-16.5%	-10.3%
ILCV	5,553	6,679	5,087	-16.9%	9.2%

Source: Company, KRChoksey Research

Ashok Leyland Ltd (AL)

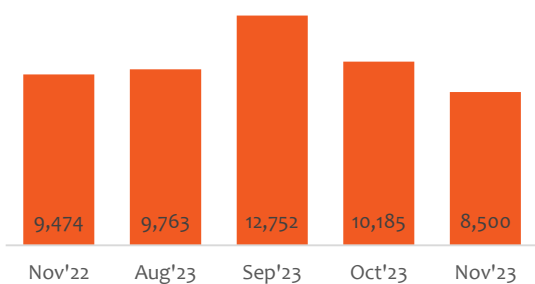
AL's total monthly sales for November 2023 declined by 3.5% YoY/ 16.7% MoM to 14,503 units. The decline was led by Domestic sales which were lower by 4.6% YoY/ 17.3% MoM. Total Exports for the month increased by 12.7% YoY but were lower by 7.5% MoM.

On a segmental basis, M&HCV sales for the month decreased by 10.3% YoY/ 16.5% MoM. LCV sales for the month grew by 9.2% YoY while declining by 16.9% MoM.

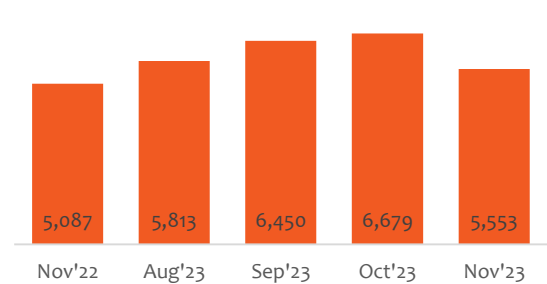
Our View

AL has seen a YoY decline in November 2023, after seeing growth for all months of FY23 and almost every month in FY24 so far (except May which saw a volume decline of 0.6%). The decline was due to lower M&HCV sales in both domestic and export markets, while LCV continued to be in the green. AL has an industry growth estimate of 8.0% to 10.0% for M&HCV and ~4.0% to 5.0% for LCVs for FY24E. The YTD domestic volume growth for AL is 9.6% for M&HCVs and 3.3% for LCVs. We remain watchful of the volume growth for the remaining months of FY24E and whether it aligns with AL's volume expectations.

Ashok Leyland M&HCV Sales



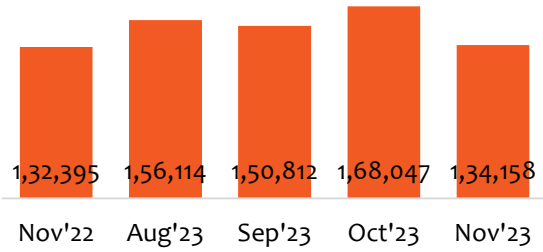
Ashok Leyland LCV Sales



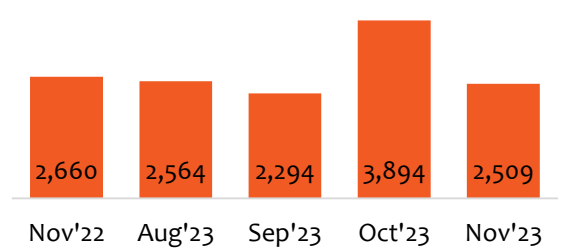
Source: Company, KRChoksey Research

Auto Sales Update

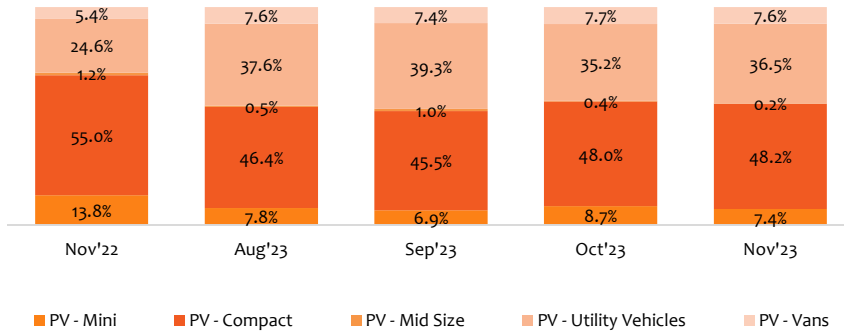
Maruti Suzuki Domestic PV Sales



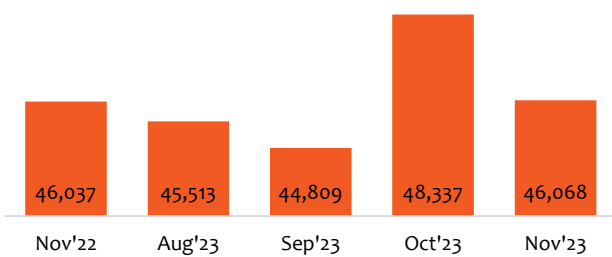
Maruti Suzuki LCV Sales



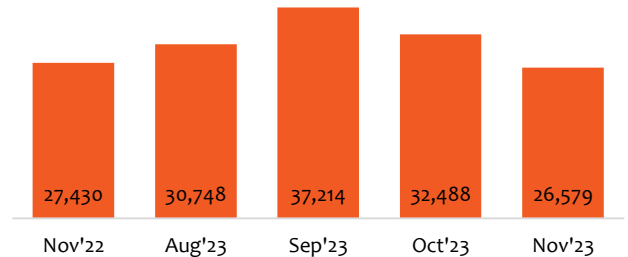
Maruti Suzuki PV Segment Break-up



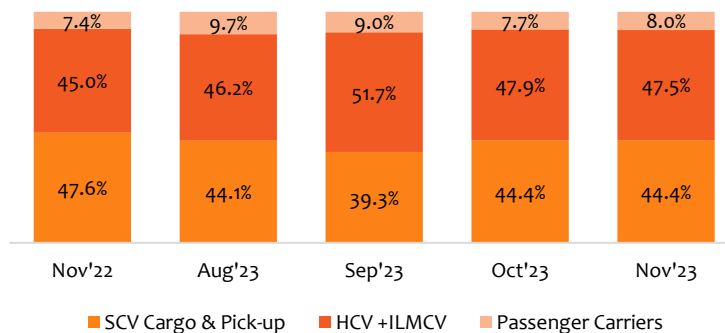
Tata Motors Domestic PV Sales



Tata Motors Domestic CV Sales



Tata Motors CV Segment Break-up



Source: Company, KRChoksey Research

Auto Sales Update

Bajaj Auto Ltd (BJAUT) – Monthly Sales Data

Bajaj Auto	November 2023	October 2023	November 2022	MoM (%)	YoY (%)
2-wheelers (2-w)	3,49,048	4,08,144	2,62,287	-14.5%	33.1%
CV	53,955	63,044	44,432	-14.4%	21.4%
Grand Total	4,03,003	4,71,188	3,06,719	-14.5%	31.4%

Bajaj Auto	November 2023	October 2023	November 2022	MoM (%)	YoY (%)
2-w Domestic	2,18,597	2,78,486	1,23,657	-21.5%	76.8%
2-w Exports	1,30,451	1,29,658	1,38,630	0.6%	-5.9%
CV Domestic	39,147	51,132	29,226	-23.4%	33.9%
CV Exports	14,808	11,912	15,206	24.3%	-2.6%

Bajaj Auto Ltd (BJAUT)

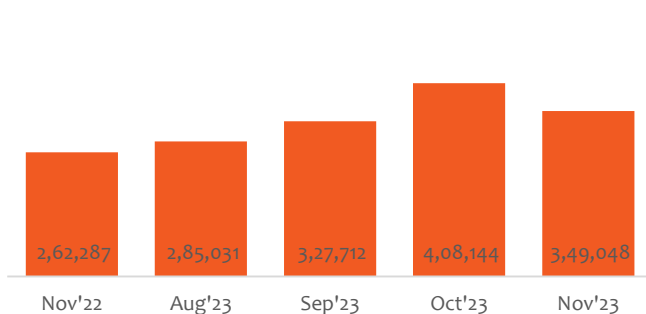
BJAUT's overall sales for the month of November 2023 were at 4,03,003 units, an increase of 31.4% YoY but a decline of 14.5% MoM. The total 2-wheeler wholesales for the month increased by 33.1% YoY while declining by 14.5% MoM. Within 2-wheelers, domestic sales grew by 76.8% YoY but were lower by 21.5% MoM, while exports declined by 5.9% YoY and were flat MoM (+0.6%).

Total CV sales growth was at 21.4% YoY, which was a decline of 14.4% MoM. Domestic CV sales increased by 33.9% YoY but declined by 23.4% MoM. The export of CVs was lower by 2.6% YoY but improved by 24.3% MoM.

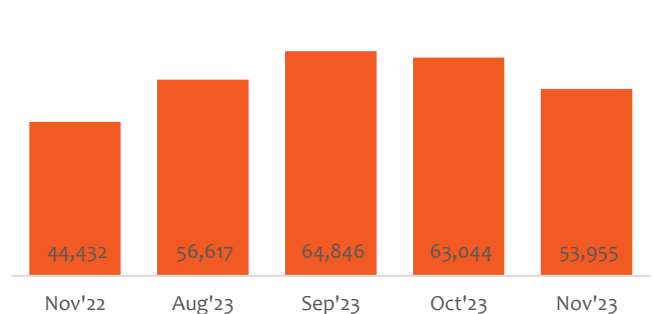
Our View

For the 3 months of Sep-Oct-Nov, retail growth for the industry was 8.0% YoY, while BJAUT has seen a 2x growth rate. In the 125cc+ segment, the industry has grown by 9.0% YoY, while BJAUT has seen a 3x growth and has seen a market share gain of 5% YoY. In the last few days, BJAUT has not seen a big drop in retail as is usually the case post the end of the festive season. BJAUT has not seen widespread discounting in the festive period and pricing is steady due to steady input costs and marginal FX benefit. Nigeria and Bangladesh are still a drag, but are seeing gradual sequential improvement.

BJAUT 2-w Sales



BJAUT CV Sales



Source: Company, KRChoksey Research

Auto Sales Update

Valuation & View

Maruti Suzuki India Ltd:

MSIL's performance in Q2FY24 was strong in all areas- volumes, margins and net profit. The strong operating profitability, without any one-off benefits, is a testament to the Company's potential to revert closer to its pre-Covid margins (13.5% in FY19). Going ahead, factors such as a superior product mix due to a higher share of Utility vehicles, operating leverage due to normalized semiconductor availability, and cost optimization are likely to continue. **We apply a P/E multiple of 26.0x on FY25E EPS of INR 476.3 to arrive at a target price of INR 12,385/share. Accordingly, we maintain our "BUY" rating on the shares of Maruti Suzuki India Ltd.**

Tata Motors Ltd:

TTMT is looking at a strong H2FY24E and beyond due to improvements in all 3 business verticals. JLR will see higher volumes, and an improved product mix leading to a higher EBIT margin guidance for FY24E. TML-CV will continue to see double-digit EBITDA margins backed by strong realizations. The TML-PV margins are likely to improve due to new product launches done recently and improvements in EV margins. With all 3 businesses firing in the right direction, TTMT is well poised to deliver a solid performance going ahead. **We value JLR at 2.8x EV/EBITDA, Chery-JLR JV business at 2.4x EV/EBITDA, TML-CV at 13.0x EV/EBITDA, and TML-PV business at 14.5x EV/EBITDA, and a value of INR 28 per share for the remaining stake in Tata Technologies after the pre-IPO sale and arrive at a target price of INR 784 per share. Accordingly, we maintain our "BUY" rating on the shares of Tata Motors.**

Bajaj Auto Ltd:

BJAUT is seeing a strong run in the domestic market- both in 2W and 3W- which is helping it to deliver record revenues and profitability despite a slow recovery in exports. On the domestic 2W side, strong growth in the 125cc+ segment is leading to a better product mix and margins. On the domestic 3W front, growth is expected to continue in ICE due to the need for higher mobility and increasing penetration of CNG as well as in EVs as BJAUT enters territories with restrictions on ICE 3W. Gradual recovery in exports has started and is expected to continue. We expect margins to remain largely stable going ahead. **We assign a P/E multiple of 19.0x on FY25E EPS of INR 306.8 to arrive at a target price of INR 5,830/share. We maintain our recommendation of "ACCUMULATE" on the shares of Bajaj Auto.**

Ashok Leyland Ltd:

AL is seeing strong growth in the vehicle as well as non-vehicle businesses of defence, aftermarkets, and power solutions. In the vehicle business, AL is seeing volume growth, market share gains, and improving margins. We expect AL to continue to deliver on all three parameters going ahead. Volume growth will continue on the back of sustained demand for the CV industry, market share to improve on the back of distribution expansion and new launches by AL, and margins are expected to improve further driven by input costs softening, higher net realizations and operating efficiencies. **We assign a P/E multiple of 19.0x on FY25E EPS of INR 11.7 to arrive at a target price of INR 221/share. Accordingly, we maintain our "BUY" rating on the shares of Ashok Leyland Ltd.**

Stocks	Recommendation	Market Cap. (INR Mn)	CMP (INR)	Target Price (INR)
Maruti Suzuki India Ltd	BUY	31,89,663	10,559	12,385
Tata Motors Ltd	BUY	23,38,943	704	784
Bajaj Auto Ltd	ACCUMULATE	17,10,845	6,046	5,830
Ashok Leyland	BUY	5,16,612	176	221

Source: Company, KRChoksey Research

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Rating Legend (Expected over a 12-month period)

Our Rating	Upside
Buy	More than 15%
Accumulate	5% – 15%
Hold	0 – 5%
Reduce	-5% – 0
Sell	Less than – 5%

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