

# Auto Sales Update Oct 2024



## Auto Sales Update

### Valuation & View

#### Maruti Suzuki India Ltd:

In October 2024, Maruti Suzuki achieved record monthly sales, driven by strong PV-SUV growth and highest-ever monthly exports. In Q2FY25, performance of Maruti Suzuki reflects flat growth because of challenges from subdued domestic demand and rising costs. The company is strategically positioned for growth, focusing on expanding its product lineup, enhancing customer outreach, and tapping into emerging markets, particularly in rural areas. With strong festive season sales and plans for new EVs and CNG models, Maruti remains well-equipped to navigate current market dynamics and capitalize on future opportunities. **We apply a P/E multiple of 26.0x on FY26E EPS of INR 515.6 to arrive at a target price of INR 13,407/share. We have a “BUY” rating on the shares of Maruti Suzuki India Ltd. since our last update on 30<sup>th</sup> Oct 2024, with a remaining upside potential of 21.3%.**

#### Tata Motors Ltd:

In October 2024, Tata Motors experienced mixed sales but remains optimistic, particularly in the EV segment. The company experienced modest performance in Q1FY25, with growth in commercial vehicle volumes and market share gains. Looking ahead, Tata Motors anticipates gradual improvement in domestic demand fueled by infrastructure investment and the festive season, although global demand remains subdued. Strategic demergers, EV innovation, and targeted investments are set to enhance market position. Additionally, JLR’s focus on improving operational metrics and resolving supply chain issues will be crucial for future growth. **We value JLR at 3.2x EV/EBITDA, Chery-JLR JV business at 2.4x EV/EBITDA, TML-CV at 14.0x EV/EBITDA, and TML-PV business at 16.0x EV/EBITDA and a value of INR 42 per share for the remaining stake in Tata Technologies. Consequently, we arrive at a target price of INR 1,156/share. We have an “ACCUMULATE” rating on the shares of Tata Motors Ltd. since our last update on 12<sup>th</sup> Aug 2024, with a remaining upside potential of 40.3%.**

#### Bajaj Auto Ltd:

Bajaj Auto's October 2024 sales showed mixed results, with declining domestic two-wheeler sales offset by strong export growth led by international demand. Bajaj Auto’s strong top-line growth in Q2FY25, driven by strong demand for its two-wheeler and three-wheeler segments, as well as a steady recovery in exports. The company’s focus on electric vehicles and new model launches positions it well for future expansion. Despite challenges impacting net profit, the stable margins indicate effective cost management. With significant investments in international markets, particularly in Brazil, and planning to enhance production capacity, Bajaj Auto is set to capitalize on growing market opportunities while maintaining a commitment to innovation and customer satisfaction. **We assign a P/E multiple of 29.1x on FY26E EPS of INR 393.3 to arrive at a target price of INR 11,446/share. We have an ‘ACCUMULATE’ rating on Bajaj Auto Ltd. since our last update on 17<sup>th</sup> Oct 2024, with a remaining upside potential of 20.2%.**

#### Ashok Leyland Ltd:

Ashok Leyland’s sales in October-24 fell by 9.2% YoY, primarily due to intense competition, weak demand for M&HCV vehicles, and inventory-related issues but showed resilience through strong exports and the launch of the E-LCV. In Q1FY25, the company demonstrated solid growth in the LCV and MHCV segments, gaining market share and excelling in defense and exports. The introduction of new E-LCV models has enhanced competitiveness. Despite challenges in the truck segment, improved demand is anticipated in H2FY25E, driven by the infrastructure and construction sectors, with strategies for cost-effectiveness supporting continued growth. **We assign a P/E multiple of 20.0x to FY26E EPS of INR 14.1 to arrive at a price target of INR 282/share. We have an ‘ACCUMULATE’ rating on Ashok Leyland Ltd. since our last update on 30<sup>th</sup> July 2024 with a remaining potential upside of 35.1%.**

**Top Pick:** Maruti Suzuki is our top pick, benefiting from rural recovery and an attractive valuation, alongside expanding production capacity, a broader model range including EVs and CNGs, increased exports, and advancements in powertrain technologies.

Stocks	Recommendation	Market Cap.* (INR Mn)	CMP* (INR)	Target Price (INR)
Maruti Suzuki India Ltd (MSIL)	BUY	3,478,660	11,052	13,407
Bajaj Auto Ltd (BJAUT)	ACCUMULATE	2,662,442	9,526	11,446
Ashok Leyland (AL)	ACCUMULATE	610,776	209	282
Tata Motors Ltd (TTMT)	ACCUMULATE	3,033,873	824	1,156

Source: NSE, KRChoksey Research

\*CMP As on 04th Nov 2024 closing

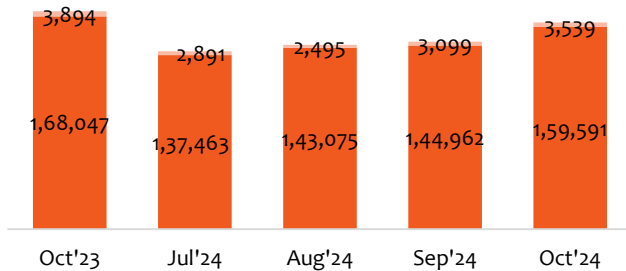
## Auto Sales Update

### Maruti Suzuki India Ltd (MSIL) – Monthly Sales Data

Maruti Suzuki	Oct-24	Sep-24	Oct-23	MoM (%)	YoY (%)
<b>Grand Total</b>	<b>206,434</b>	<b>184,727</b>	<b>199,217</b>	<b>11.8%</b>	<b>3.6%</b>
Maruti Suzuki	Oct-24	Sep-24	Oct-23	MoM (%)	YoY (%)
Domestic (Incl. Others & LCV)	173,266	156,999	177,266	10.4%	(2.3%)
Exports	33,168	27,728	21,951	19.6%	51.1%
Maruti Suzuki	Oct-24	Sep-24	Oct-23	MoM (%)	YoY (%)
PV – Mini	10,687	10,363	14,568	3.1%	(26.6%)
PV - Compact	65,948	60,480	80,662	9.0%	(18.2%)
PV – Mid Size	659	662	695	(0.5%)	(5.2%)
PV - SUV	70,644	61,549	59,147	14.8%	19.4%
PV – Vans	11,653	11,908	12,975	(2.1%)	(10.2%)
<b>Total Domestic PV</b>	<b>159,591</b>	<b>144,962</b>	<b>168,047</b>	<b>10.1%</b>	<b>(5.0%)</b>
Maruti Suzuki	Oct-24	Sep-24	Oct-23	MoM (%)	YoY (%)
LCV	3,539	3,099	3,894	14.2%	(9.1%)
OEM Sales	10,136	8,938	5,325	13.4%	90.3%

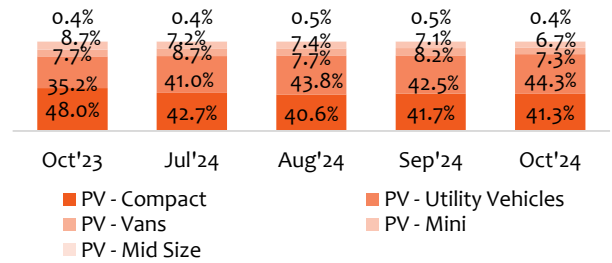
Source: Company, KRChoksey Research

#### Domestic PV Sales ■ Domestic CV Sales



Source: Company, KRChoksey Research

#### Maruti Suzuki PV Segment Break-up



Source: Company, KRChoksey Research

### Maruti Suzuki India Ltd (MSIL)

MSIL's total volumes for the month of Oct-24 stood at 206,434 units as compared to 199,217 units in Oct-23, an increase of 3.6% YoY. MSIL, sold a highest number of cars in one-month period. The YoY increase was driven by an **increase in the SUV segment by 19.4% YoY**, which contributed 44.3% of total domestic PV units, and highest ever **export sales (33,168 units) growth of 51.1% YoY** which contributed 16.1% of total sales units. The total domestic PV segment (77.3% of total sales units) decreased by 5.0% YoY, mainly due to a decrease in the PV-Compact segment by 18.2% YoY, but partly supported by a 19.4% YoY increase in PV-SUV segment. Sales to other OEM showed a robust growth of 90.3% YoY (13.4% MoM). For MoM, total sales rose by 11.8%, driven by an **increase in the PV-SUV segment by 14.8% MoM, PV-Compact segment 9.0% MoM, and exports up by 19.6% MoM**. Maruti Suzuki's Manesar facility recently surpassed 10 Mn cumulative production in just 18 years, becoming the fastest among Suzuki's global plants to achieve this milestone.

### Our View

In October 2024, Maruti Suzuki India Ltd (MSIL) achieved record monthly sales, fueled by strong growth in PV-SUVs, highest-ever exports, and robust OEM sales, despite declines in PV-Compact and LCV sales. Festival season and on top of that the deep discounts offered have invariably helped dealers sell more cars this October. Anticipation for new-gen Swift and Dzire launches is expected to boost consumer interest and stabilize sales. MSIL's CNG and hybrid models are gaining popularity, with ambitious export targets of 300,000 units for FY25E. Key factors driving future growth include the upcoming festive season, new model launches, and an expanding electric vehicle portfolio. Additionally, the company aims to enhance customer engagement through attractive offers and promotions during the peak wedding season, which could further boost sales momentum and strengthen its market position in the competitive automotive landscape.

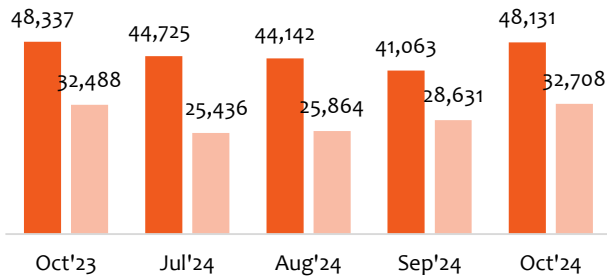
## Auto Sales Update

### Tata Motors Ltd – Monthly Sales Data

Tata Motors	Oct-24	Sep-24	Oct-23	MoM (%)	YoY (%)
<b>Grand Total</b>	<b>82,681</b>	<b>71,345</b>	<b>82,954</b>	<b>15.9%</b>	<b>(0.3%)</b>
Tata Motors	Oct-24	Sep-24	Oct-23	MoM (%)	YoY (%)
Domestic- CV	32,708	28,631	32,488	14.2%	0.7%
Exports - CV	1,551	1,401	1,829	10.7%	(15.2%)
Domestic- PV	48,131	41,063	48,337	17.2%	(0.4%)
Exports- PV	291	250	300	16.4%	(3.0%)
Tata Motors	Oct-24	Sep-24	Oct-23	MoM (%)	YoY (%)
HCV +ILMCV	15,860	14,682	15,555	8.0%	2.0%
P. Carriers	2,835	3,101	2,514	(8.6%)	12.8%
SCV Cargo	14,013	10,848	14,419	29.2%	(2.8%)
<b>Total Domestic CV</b>	<b>32,708</b>	<b>28,631</b>	<b>32,488</b>	<b>14.2%</b>	<b>0.7%</b>
Tata Motors	Oct-24	Sep-24	Oct-23	MoM (%)	YoY (%)
PV-EV (domestic + exports)	5,355	4,680	5,465	14.4%	(2.0%)
PV- ICE (domestic + exports)	42,776	36,383	42,872	17.6%	(0.2%)
<b>PV- Total</b>	<b>48,131</b>	<b>41,063</b>	<b>48,337</b>	<b>17.2%</b>	<b>(0.4%)</b>

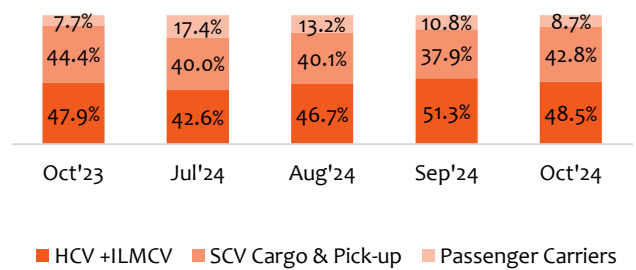
Source: Company, KRChoksey Research

■ Domestic PV Sales ■ Domestic CV Sales



Source: Company, KRChoksey Research

Tata Motors CV Domestic Segment Break-up



Source: Company, KRChoksey Research

### Tata Motors Ltd (TTMT)

In October 2024, Tata Motors reported total sales of 82,681 units, reflecting a flat decline of 0.3% YoY from 82,854 units in October 2023. The flat YoY decline was primarily driven by the PV segment (58.6% of total units), which fell 0.4% YoY, while the CV segment (42.1% of total units) grew 0.7% YoY. On a MoM basis, total sales rose 15.9%, led by a 17.2% increase in PV sales and a 14.2% growth in CV sales. Domestic sales, making up 97.8% of total units, were flat YoY but up 16.0% MoM. Export sales (2.2% of total units) declined 13.5% YoY but increased 11.6% MoM. Tata Motors announced major price cuts on its electric vehicles (EVs) for the festive season, reducing the Nexon EV by INR 0.3 Mn, the Punch EV by INR 0.12 Mn, and the Tiago EV by INR 40,000. Customers also received six months of free charging at over 5,500 Tata Power points. These promotions, valid until October 31, 2024, effectively boosted festive sales.

### Our View

In October 2024, Tata Motors showed mixed sales performance amid automotive sector challenges but remains optimistic, especially in the growing electric vehicle (EV) segment. The company leads the EV market with a diverse portfolio, including Tiago.EV, Tigor EV, and Nexon.EV, with plans to launch Harrier.EV, Safari.EV, and Sierra.EV soon. In Q1FY25, Tata Motors outperformed industry trends, showing strong domestic growth in commercial vehicles and a recovery in the Passenger Carrier segment. The company is actively addressing high channel inventory and optimizing production to align with demand. We expect a gradual recovery in domestic demand due to infrastructure investments and the wedding season. To strengthen its market position, Tata Motors is focusing on strategic demergers and targeted investments. And, effective financial and supply chain management, especially for JLR, will be critical for driving future growth.

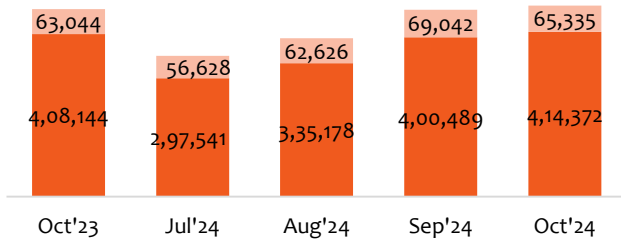
## Auto Sales Update

### Bajaj Auto Ltd (BJAUT) – Monthly Sales Data

Bajaj Auto	Oct-24	Sep-24	Oct-23	MoM (%)	YoY (%)
2-Wheelers	414,372	400,489	408,144	3.5%	1.5%
CV	65,335	69,042	63,044	(5.4%)	3.6%
<b>Grand Total</b>	<b>479,707</b>	<b>469,531</b>	<b>471,188</b>	<b>2.2%</b>	<b>1.8%</b>
Bajaj Auto	Oct-24	Sep-24	Oct-23	MoM (%)	YoY (%)
Domestic	303,831	311,887	329,618	(2.6%)	(7.8%)
Exports	175,876	157,644	141,570	11.6%	24.2%
Bajaj Auto	Oct-24	Sep-24	Oct-23	MoM (%)	YoY (%)
2-w Domestic	255,909	259,333	278,486	(1.3%)	(8.1%)
2-w Exports	158,463	141,156	129,658	12.3%	22.2%
CV Domestic	47,922	52,554	51,132	(8.8%)	(6.3%)
CV Exports	17,413	16,488	11,912	5.6%	46.2%

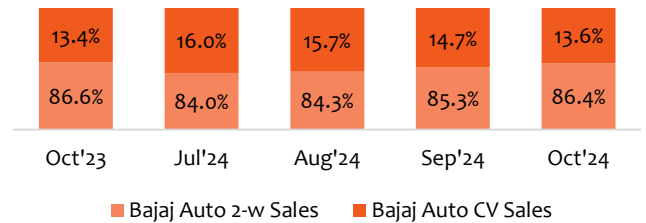
Source: Company, KRChoksey Research

■ Bajaj Auto 2-w Sales ■ Bajaj Auto CV Sales



Source: Company, KRChoksey Research

Bajaj Auto Segment Break-up



Source: Company, KRChoksey Research

### Bajaj Auto Ltd (BJAUT)

In Oct-24, Bajaj Auto Ltd. reported total volumes of 479,707 units compared to 471,188 in Oct-23, reflecting a flat growth of 1.8% YoY and 2.2% MoM. This growth was primarily driven by a significant **rise in the exports** (36.7% of total units), which saw a growth of 24.2% YoY and 11.6% MoM, partly offset by domestic growth which declined by 7.8% YoY (-2.6% MoM). The **commercial vehicle (CV) segment (13.6% of total units) contributed positively, with a growth of 3.6% YoY** but declined by 10.2% MoM. The overall performance was balanced by the robust export growth.

For the reporting October month, domestic sales were down by 7.8% YoY and 2.6% MoM to 3,03,831 units from 3,29,618 units sold in October last year, while exports grew 24.2% YoY and 11.6% MoM to 1,75,867 units from 141,570 units in Oct-23.

### Our View

Bajaj Auto's October 2024 sales reveal a mixed performance, with a decline in domestic two-wheeler sales offset by a significant increase in exports, reflecting robust international demand. This divergence highlights the challenges in the domestic market while also pointing to the company's potential for growth abroad. Moving forward, Bajaj Auto's strategy to enhance product offerings and explore new markets could position it well for recovery and expansion, enabling the company to adapt to changing market dynamics and consumer preferences. Bajaj Auto reported strong top-line growth in Q2FY25, driven by demand in its two-wheeler and three-wheeler segments and a recovery in exports. The company's emphasis on electric vehicles and new model launches supports future expansion. While net profit faced challenges, stable margins reflect effective cost management. With significant investments in international markets like Brazil and plans to boost production capacity, Bajaj Auto is well-positioned to capitalize on market opportunities while prioritizing innovation and customer satisfaction.

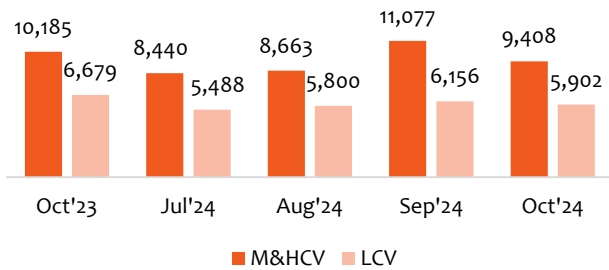
## Auto Sales Update

### Ashok Leyland Ltd (AL) – Monthly Sales Data

Ashok Leyland	Oct-24	Sep-24	Oct-23	MoM (%)	YoY (%)
<b>Grand Total</b>	<b>15,310</b>	<b>17,233</b>	<b>16,864</b>	<b>(11.2%)</b>	<b>(9.2%)</b>
Ashok Leyland	Oct-24	Sep-24	Oct-23	MoM (%)	YoY (%)
Domestic	14,067	16,041	15,759	(12.3%)	(10.7%)
Exports	1,243	1,192	1,105	4.3%	12.5%
Ashok Leyland	Oct-24	Sep-24	Oct-23	MoM (%)	YoY (%)
M & HCV	9,408	11,077	10,185	(15.1%)	(7.6%)
LCV	5,902	6,156	6,679	(4.1%)	(11.6%)

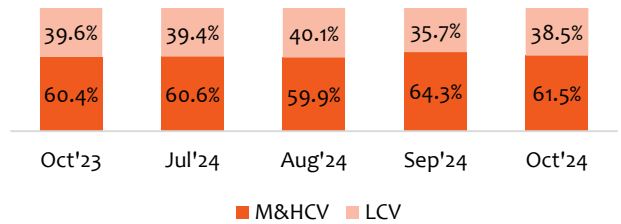
Source: Company, KRChoksey Research

#### Ashok Leyland M&HCV & LCV Sales Volumes



Source: Company, KRChoksey Research

#### Ashok Leyland Segment Break-up



Source: Company, KRChoksey Research

### Ashok Leyland Ltd (AL)

In Oct-24, Ashok Leyland reported sales of 15,310 units, down 9.2% YoY (-11.2% MoM) from 16,864 units in Oct-2023. This decline was primarily due to a 7.6% YoY (-15.1% MoM) decrease in the Medium and Heavy Commercial Vehicles (M&HCV) segment (61.5% of total units) and 11.6% YoY (-4.1% MoM) drop in the overall LCV segment (38.5% of total units). In Oct-24, domestic sales, (91.9% of total units), decreased by 10.7% YoY (-12.3% MoM). However, Exports (8.1% of total units) for the **month grew by 12.5% YoY and 4.3% MoM**.

### Our View

In October 2024, Ashok Leyland experienced a decline in YoY sales growth amid increased competition, higher inventory levels, and seasonal factors. However, the company demonstrated resilience with strong export performance and the launch of the E-LCV, alongside plans for the upcoming ieV3 model, enhancing its competitive position. Additionally, a subsidiary secured an order for 500 electric buses, promoting sustainable transport and improving urban transit efficiency in Chennai. Looking ahead, the medium and heavy commercial vehicle (MHCV) industry is expected to grow, driven by positive Q1FY25 results, effective cost management, and improvements in road infrastructure and freight activity. With these factors in play, Ashok Leyland is well-positioned for future growth in the M&HCV segment.

## Auto Sales Update

### Rating Legend (Expected over a 12-month period)

#### Our Rating

#### Upside

<b>Buy</b>	More than 15%
<b>Accumulate</b>	5% – 15%
<b>Hold</b>	0 – 5%
<b>Reduce</b>	-5% – 0
<b>Sell</b>	Less than – 5%

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