

FIRST LIGHT 04 March 2025

### RESEARCH

# **AUTOMOBILES**

A mixed signal with PV segment gain, 2W weak, CV gains MoM

## **PHARMACEUTICALS**

Hyderabad Visit note

# **SUMMARY**

### **AUTOMOBILES**

- Passenger vehicle domestic volumes grew 6.7% YoY with share of SUV segment continue to stay healthy; MSIL share gaining 1% YoY to 37%
- The 2-wheeler segment declined ~ 6.4%/2.2% MoM/YoY contributed fully by the fall in HMCL volume while TVSL, BJAUT and EIM increased YoY
- Commercial vehicle segment continues to improve MoM with 1.5% growth (fall of 2.3% YoY). Total tractor segment improved ~16% YoY

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# **PHARMACEUTICALS**

- ADC is the most effective and upcoming 2nd line of treatment in oncology.
  Today Oligonucleotides is where ADC was 7-8 years back
- Revlimid was a unique opportunity for the sector; the next equivalent big opportunity is GLP-1, led by Semaglutide
- The US has become very competitive; hence, companies are eyeing European regions for growth as it is a branded generic market

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# **AUTOMOBILES**

03 March 2025

# A mixed signal with PV segment gain, 2W weak, CV gains MoM

 Passenger vehicle domestic volumes grew 6.7% YoY with share of SUV segment continue to stay healthy; MSIL share gaining 1% YoY to 37% Milind Raginwar research@bobcaps.in

- The 2-wheeler segment declined ~ 6.4%/2.2% MoM/YoY contributed fully by the fall in HMCL volume while TVSL, BJAUT and EIM increased YoY
- Commercial vehicle segment continues to improve MoM with 1.5% growth (fall of 2.3% YoY). Total tractor segment improved ~16% YoY

Passenger vehicle segment: Domestic PV industry volumes grew 6.7% YoY (declined 5.21% MoM). MSIL's volume declined 6.5% MoM however, grew 1% YoY as the SUV segment partially offset the decline in mini segment sales (declined 12.4% YoY). MSIL's exports declined 13.5%/7.7% YoY/MoM. TTMT domestic volumes fell 3.4%/9.4% MoM/YoY. MM continues its strong growth with ~19% YoY (flat MoM) driven by sales of SUV. Hyundai India's domestic volume grew by 17% YoY but fell by 10.5% MoM. Hyundai continued its second position.

**Two-wheeler segment:** The 2W segment fell 2.2%/6.4% YoY/MoM. HMCL fall was sharpy by 17.2%/12.4% YoY/MoM. BJAUT volumes were mixed bag with 1.6% gain YoY (fall by ~9% MoM), BJAUT's domestic volume fall of 14.3% YoY was offset by a 23.5% exports growth YoY. TVSL's volume grew 3.2% YoY and EIM volume grew by 19.6% YoY indicating preference for premium products in the segment.

**Three-Wheeler segment:** Volumes grew 3.5%/1.6% YoY/MoM, domestic and export markets both grew YoY, however domestic market declined MoM. BJAUT's domestic 3W volume grew 2.5% YoY and MM's domestic volume grew 3.8% YoY but fell by 14.2% MoM. TVSL's domestic volumes grew 40.9%/7.5% YoY/MoM, export grew as well by 7.3%/26.7% YoY/MoM however its contribution is miniscule in the total volume.

**Tractors segment:** Overall tractor sales grew ~16%/flat YoY/MoM. ESCORTS grew 10%/32% YoY/MoM in the domestic markets and grew by 41%/1.8% YoY/MoM in the Export markets. MM grew 6.2%/31.6% YoY/MoM in the export markets however in the domestic markets grew 18.7% YoY and declined by 9.2% MoM.

Commercial vehicles: CV segment volume fell ~2% YoY but gained by 1.5% MoM. Domestic volumes grew 1.2%MoM (fell 5.5% YoY). M&HCV segment volume grew 6% MoM (down 4% YoY). In the M&HCV segment, TTMT volumes declined 2%/10% YoY/MoM and AL volume was mixed bag grew 2.5% MoM (down 6% YoY). In the LCV segment TTMT fell 11%/flat YoY/MoM, and AL grew 1.1%/5.6% YoY/MoM.

Key ratings: BUY rating on MSIL, MM and AL, and SELL on ESCORTS and VSTT.





# **PHARMACEUTICALS**

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- Revlimid was a unique opportunity for the sector; the next equivalent big opportunity is GLP-1, led by Semaglutide
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We interacted with the management of the companies largely not under our coverage during our visit to Hyderabad, and the following are the views on the companies: -

**Suven Pharma** – The management was positive on the ADC space and expects this segment to become 3x by 2030 from the current market size of USD 12bn. Currently there are ~400 molecules in the ADC space, where 250+ molecules are in clinical trials, 127 have been discontinued, and only 15 are approved. Amongst the ADCs, the topoisomerase inhibitor has a good success rate in the preclinical studies, with only 1 molecule discontinued from 247 molecules, and the tubulin inhibitor has the highest failure rate due to its toxic compound, resulting in 46 discontinued molecules amongst a total of 388 molecules

**Aurobindo Pharma –** The company has many growth levers till FY30 driven by expanding capacities in the oral solid drugs to 60-65bn from the current 50bn, backward integration for the higher yield of Pen G, 14 pipeline products of biosimilars worth USD 50bn, and commercialization of the CDMO plant. All these drivers aid in increasing EBITDA Margin every year from 22% in FY25.

Natco Pharma – The company believes it will have a blockbuster product every 3-4 years. Earlier they had a slew of blockbuster products like Lanthanum Carbonate, Copaxone, Tamiflu, and Revlimid. Post Revlimid going off patent, it believes Semaglutide to be a blockbuster product in the US region. The company is actively scouting for M&A deals, preferably in the ROW region or in the domestic/US region if the ROW deal does not get through.

**Gland Pharma -** The company expects Cenexi to turn profitable from 3QFY26 and expects 2Q to always slip into losses due to an annual plant shutdown in August for three weeks. However, US business is healthy as it supplies injectables to all key players like Pfizer, Hikma, Teva, etc.; hence, it is not subject to price erosion pressure in the US (maybe 1-2%) due to less competition.





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