

Sequential declines seen, numbers look good year on year on a low base

Sector performance - The base month of October 21 was low on severe chip shortage issue. Therefore while comparing October 21 numbers on yoy basis, we have to always consider this fact. October 22 witnessed a soft performance for the auto OEMs wherein all the segments posted small declines sequentially. For the two-wheeler sector domestic markets posted subdued performance despite festive season lying completely in the month of October. Possibly this was due to prolonged severe rains, higher fuel costs, slow growth in rural economy and inflation. Also the exports performance has been on similar lines for past few months now, however a slight recovery was seen in October exports fall in % terms as compared to previous months. On the PV side of the industry as well, the sector posted softer performance sequentially on high base of last month, little recovery of chip shortage issue and weaker than expected festive sales. Even CVs which have all their underlying parameters in place posted softer numbers sequentially. Tractors segment has been reporting unstable growth over the past few months. In the month of October, but we saw some good growth in tractor sales with buying initiated a bit early for the upcoming Rabi crop sowing.

Company wise performance - Among the PV OEMs, MSIL posted strong growth of 27% yoy on a low base. On mom basis, sales were down by 5.1% as the small size segment declined by 15.7%, while the UV segment dropped by 4.9% on a high base of September when the All New Brezza and Grand Vitara model variants were launched. In the exports markets however, the company posted a 4.5% fall mom. TaMo's PV segment saw a 5.1% mom de-growth in line with the industry dynamics. On yoy basis, TaMo's PV sales grew by 33%. M&M's SUV segment as well narrowed down by 5.9% mom, while grew by 61% yoy. CV division posted de-growth of 3.2% mom while growing by 39% yoy. M&M's tractor business in the domestic markets grew by 7.3% mom and 11.3% yoy. This sector has bucked the trend on good monsoon, festive season and early Rabi season buying. Similarly Escorts Kubota's domestic tractor sales too expanded by 21.6% mom and 8.6% yoy. The M&HCV segment even saw a mom growth reduction for both the companies on high base of September.

In 2W segment Bajaj reported a de-growth of 7.5% mom and a growth of 3.7% yoy for its domestic motorcycles while in exports, motorcycles declined by 29.5% yoy and grew by 8.2% mom. We are seeing some recovery in exports which were in a weak lane due to Africa since last few months. TVS 2W segment reported mom drop of 4.9% as motorcycle segment de-grew by 2.8%, while scooters fell by 6.3% mom, while jumped by 19.5% yoy on higher e-scooter I-Qube sales. Mopeds de-grew by 6.6% mom and 20% yoy. For Bajaj, its 3W segment moved up by 15.9% mom and 85.5% yoy on a low base domestically and a good pick up in 3W sales, mainly by the CNG portfolio. Exports 3Ws however de-grew by 42% yoy while grew by 13% mom overcoming the African weakness. Hero Motocorp witnessed a mom fall of 12.6% mom and 17% yoy fall. However the retails were 20% during the festive as per the management.

Our View – We believe October was low due to high base. However, we believe the rest of the second half of the year to witness stronger growth in the PV segment as the chip shortage issue eases further and new launches on both ICE and EV sides do take place. 2Ws shall further strength on low base of last year, EV launches and good monsoon leading to better rural demand. CVs shall be back with their good run; however increasing interest rates may act as a spoiler. Tractors shall report a decent growth this year on good monsoon, Rabi sowing and improvement in the rural economy. We remain positive on the entire automobile sector. Our choice is in the following order - PVs, CVs and 2Ws. Stocks specifically, within the 2Ws, we like Hero Motocorp as we believe it is almost free from the exports weakness and is also led by strong monsoons barring a few eastern states, improvement in rural economy and upcoming EV launches. We even like Bajaj Auto on its domestic strength despite exports weakness (which sea a recovery this month) and then TVS for its volume excellence and margin revival. While on the PV side, we believe MSIL is coming out of the chip shortage issue and with new launches last month, the company is in a sweet spot. Its focus on CNG is yielding good results though it is delaying its EV plans. With new launches coming up, huge order book and their EV plus Hybrid plans now in place, we believe the upcoming quarters to be quite good for MSIL. We also like M&M because of its thrust on rural markets through its leadership in tractors business, prudent capital allocation and a robust growth strategy in UVs, EVs and CVs. We like Ashok Leyland within CVs as it has a diversified revenue base deriving from LCVs, Defence, MHCVs and spares. Tata Motors is seeing a strong PV business, along with a very healthy revival in CVs and improvement in JLR business. Every dip in these stocks in the short term, shall provide good opportunities for investors from medium to long term perspective.



	Oct-22	Sep-22	% mom	Oct-21	% yoy	YTD FY 23	YTD FY 22	% yoy
Hero Motocorp	4,54,582	5,19,980	-12.6%	5,47,970	-17.0%	32,72,943	30,10,932	8.7%
Bajaj Auto	3,95,238	3,94,747	0.1%	4,39,615	-10.1%	24,79,896	25,90,036	-4.3%
TVS	3,60,288	3,79,011	-4.9%	3,55,033	1.5%	22,94,516	19,29,496	18.9%
Maruti	1,67,520	1,76,306	-5.0%	1,38,335	21.1%	11,52,846	8,71,490	32.3%
M&M	1,13,108	1,13,199	-0.1%	88,925	27.2%	6,58,292	4,66,302	41.2%
<i>Auto</i>	61,114	64,486	-5.2%	41,908	45.8%	3,94,249	2,30,436	71.1%
<i>Tractors</i>	51,994	48,713	6.7%	47,017	10.6%	2,64,043	2,35,866	11.9%
Tata Motors	78,335	82,754	-5.3%	67,829	15.5%	5,52,452	3,52,088	56.9%
Ashok Leyland	14,863	17,549	-15.3%	11,079	34.2%	99,809	56,609	76.3%
Escorts Kubota	14,492	12,232	18.5%	13,514	7.2%	64,992	60,522	7.4%



Hero Motocorp

	Oct-22	Sep-22	% mom	Oct-21	% yoy	YTD FY 23	YTD FY 22	% yoy
Total sales	4,54,582	5,19,980	-12.6%	5,47,970	-17.0%	32,72,943	30,10,932	8.7%

Bajaj Auto

	Oct-22	Sep-22	% mom	Oct-21	% yoy	YTD-23	YTD-22	% yoy
Motorcycles								
Domestic	2,06,131	2,22,912	-7.5%	1,98,738	3.7%	11,41,683	10,29,438	10.9%
Exports	1,35,772	1,25,443	8.2%	1,92,565	-29.5%	10,66,412	12,91,085	-17.4%
Total	3,41,903	3,48,355	-1.9%	3,91,303	-12.6%	22,08,095	23,20,523	-4.8%
3W								
Domestic	36,786	31,752	15.9%	19,827	85.5%	1,48,445	78,480	89.2%
Exports	16,549	14,640	13.0%	28,485	-41.9%	1,23,356	1,91,033	-35.4%
Total	53,335	46,392	15.0%	48,312	10.4%	2,71,801	2,69,513	0.8%
Domestic	2,42,917	2,54,664	-4.6%	2,18,565	11.1%	12,90,128	11,07,918	16.4%
Exports	1,52,321	1,40,083	8.7%	2,21,050	-31.1%	11,89,768	14,82,118	-19.7%
Total	3,95,238	3,94,747	0.1%	4,39,615	-10.1%	24,79,896	25,90,036	-4.3%

TVS Motors

	Oct-22	Sep-22	% mom	Oct-21	% yoy	YTD FY 23	YTD FY 22	% yoy
Motorcycles	1,64,568	1,69,322	-2.8%	1,72,361	-4.5%	10,75,010	10,16,257	5.8%
Scooters	1,35,190	1,44,356	-6.3%	1,13,124	19.5%	7,97,627	5,18,060	54.0%
Mopeds	44,872	48,051	-6.6%	56,028	-19.9%	3,09,714	2,95,449	4.8%
Total 2W	3,44,630	3,61,729	-4.7%	3,41,513	0.9%	21,82,351	18,29,766	19.3%
3W	15,658	17,282	-9.4%	13,520	15.8%	1,12,165	99,730	12.5%
Total sales	3,60,288	3,79,011	-4.9%	3,55,033	1.5%	22,94,516	19,29,496	18.9%
Exports out of the above	82,816	92,975	-10.9%	91,591	-9.6%	7,19,055	7,38,615	-2.6%
2W exports	68,696	77,851	-11.8%	82,736	-17.0%	6,16,167	6,42,854	-4.2%

Maruti Suzuki

	Oct-22	Sep-22	% mom	Oct-21	% yoy	YTD FY 23	YTD FY 22	% yoy
Mini(Alto, Old WagonR, S-Presso)	24,936	29,574	-15.7%	21,831	14.2%	1,45,992	1,24,153	17.6%
Compact(New WagonR, Swift,Celerio, Baleno, Dzire, Ignis)	73,685	72,176	2.1%	48,690	51.3%	5,07,113	3,46,936	46.2%
Mid size (Ciaz)	1,884	1,359	38.6%	1,069	76.2%	8,810	8,164	7.9%
Total passenger cars	1,00,505	1,03,109	-2.5%	71,590	40.4%	6,61,915	4,79,253	38.1%
Utility Vehicles(Gypsy, Ertiga, XL6, S-Cross, Vitarra Brezza)	30,971	32,574	-4.9%	27,081	14.4%	1,94,601	1,62,160	20.0%
Vans(Omni, Eeco)	8,861	12,697	-30.2%	10,320	-14.1%	78,371	60,670	29.2%
LCV (Super Carry)	2,913	2,505	16.3%	3,797	-23.3%	22,422	16,513	35.8%
Total domestic sales	1,43,250	1,50,885	-5.1%	1,12,788	27.0%	9,57,309	7,18,596	33.2%
Sales to other OEM :A:Compact	3,822	4,018	-4.9%	4,225	-9.5%	42,457	26,645	59.3%
Exports	20,448	21,403	-4.5%	21,322	-4.1%	1,53,080	1,26,249	21.3%
Total sales	1,67,520	1,76,306	-5.0%	1,38,335	21.1%	11,52,846	8,71,490	32.3%



Mahindra & Mahindra

Auto segment	Oct-22	Sep-22	% mom	Oct-21	% yoy	YTD FY 23	YTD FY 22	% yoy
Utility Vehicles	32,226	34,262	-5.9%	20,034	60.9%	1,99,278	1,12,050	77.8%
Cars+Vans	72	246	-70.7%	96	-25.0%	1,743	1,435	21.5%
Total PV	32,298	34,508	-6.4%	20,130	60.4%	2,01,021	1,13,485	77.1%
LCV(<3.5 T)	20,290	20,865	-2.8%	14,353	41.4%	1,39,158	81,870	70.0%
LCV (>3.5T)+ MHCV	690	801	-13.9%	724	-4.7%	4,898	3,216	52.3%
Total CV	20,980	21,666	-3.2%	15,077	39.2%	1,44,056	85,086	69.3%
3 wheelers	5,081	5,774	-12.0%	3,527	44.1%	30,661	14,312	114.2%
Total domestic sales	58,359	61,948	-5.8%	38,734	50.7%	3,75,738	2,12,883	76.5%
Total exports	2,755	2,538	8.6%	3,174	-13.2%	18,511	17,553	5.5%
Total sales	61,114	64,486	-5.2%	41,908	45.8%	3,94,249	2,30,436	71.1%

FES	Oct-22	Sep-22	% mom	Oct-21	% yoy	YTD FY 23	YTD FY 22	% yoy
Domestic	50,539	47,100	7.3%	45,420	11.3%	2,52,844	2,26,087	11.8%
Exports	1,455	1,613	-9.8%	1,597	-8.9%	11,199	9,779	14.5%
Total FES	51,994	48,713	6.7%	47,017	10.6%	2,64,043	2,35,866	11.9%

Ashok Leyland

	Oct-22	Sep-22	% mom	Oct-21	% yoy	YTD FY 23	YTD FY 22	% yoy
MHCV	9,054	11,314	-20.0%	6,078	49.0%	61,882	28,642	116.1%
LCV	5,809	6,235	-6.8%	5,001	16.2%	37,927	27,967	35.6%
Total	14,863	17,549	-15.3%	11,079	34.2%	99,809	56,609	76.3%

Tata Motors

	Oct-22	Sep-22	% mom	Oct-21	% yoy	YTD FY 23	YTD FY 22	% yoy
M&HCV	9,860	9,983	-1.2%	7,644	29%	63,181	40,277	57%
I & LCV	4,083	5,144	-20.6%	5,599	-27%	31,543	24,945	26%
Passenger Carriers	1,759	2,287	-23.1%	958	84%	19,436	5,902	229%
SCV cargo and pick up	15,618	15,565	0.3%	17,025	-8%	1,06,628	81,728	30%
Total CV	31,320	32,979	-5.0%	31,226	0%	2,20,788	1,52,852	44%
Total PV	45,423	47,864	-5.1%	34,155	33%	3,18,083	1,82,244	75%
Exports	1,592	1,911	-16.7%	2,448	-35%	13,581	16,992	-20%
Total sales	78,335	82,754	-5.3%	67,829	15%	5,52,452	3,52,088	57%

Escorts Kubota

	Oct-22	Sep-22	% mom	Oct-21	% yoy	YTD FY 23	YTD FY 22	% yoy
Domestic	13,843	11,384	21.6%	12,749	8.6%	59,847	56,199	6.5%
Exports	649	848	-23.5%	765	-15.2%	5,145	4,323	19.0%
Total	14,492	12,232	18.5%	13,514	7.2%	64,992	60,522	7.4%



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