

Volumes fall sequentially yet again, yoy growth looks robust

Sector performance - The base month of November 21 was low on heavy chip shortage. Therefore while comparing November 21 numbers on yoy basis, we have to always consider this fact. November 22 witnessed a sharp fall for 2Ws whereas the 4Ws decline was slight sequentially. For the two-wheeler sector domestic markets posted subdued performance on festive October, although the festive season was not that upbeat. Possibly this was due to prolonged severe rains leading to weakness in rural markets, higher fuel costs, weak sentiments and inflation. Also the exports performance has been on similar lines for past few months now, however a slight recovery was seen in November as exports sequentially grew in lower single digits. On the PV side of the industry as well, the sector posted softer performance sequentially on high base of last month due to festive season and higher fuel costs including CNG. However this fall was quite less as compared to the 2W sales dip. 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 November, we saw the sharpest decline among all the segments at >40% sequentially as October saw a solid early buying related with strong Rabi crop expectations.

Company wise performance - Among the PV OEMs, MSIL posted growth of 14.3% yoy on a low base. On mom basis, sales were down by 5.1% as the small size segment declined by 26.8%, while the UV segment grew by 5.1% mom on success of All New Brezza and Grand Vitara model variants. In the exports markets however, the company posted a 3.5% fall mom. TaMo's PV segment saw a 2.2% mom growth slightly better than its peers. On yoy basis, TaMo's PV sales grew by 55%. M&M's SUV segment as well narrowed down by 6.2% mom, while grew by 56% yoy. CV division posted de-growth of 6.6% mom while growing by 31% yoy. M&M's tractor business in the domestic markets plummeted by 42% mom and grew 11.8% yoy. Similarly, Escorts Kubota's domestic tractor sales too contracted by 47% mom while grew 12% yoy. The CV segment even saw a mom growth reduction for both the companies on festive October.

In 2W segment Bajaj reported a de-growth of 40% mom and 15% yoy for its domestic motorcycles while in exports, motorcycles grew by 2.1% mom, while fell by 28.4% yoy. 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 23.5% as motorcycle segment de-grew by 12%, while scooters fell by 38% mom, while jumped by 11.5% yoy on higher e-scooter I-Qube sales. Mopeds de-grew by 22% mom and 18% yoy. For Bajaj, its 3W segment moved down by 16.7% mom while grew 9% yoy on a low base domestically and a good pick up in 3W sales, mainly by the CNG portfolio and e-3Ws. Exports 3Ws however de-grew by 44% yoy and 8% mom. Hero Motocorp witnessed a mom fall of 14% while grew 12% yoy.

Our View -We believe November was sequentially low due to high base of October despite a muted festive season. 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 gain strength on low base of last year, EV launches and good monsoon leading to better rural demand on the back of solid Rabi crop. 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 are witnessed a recovery for the second consecutive month) and then TVS for its volume excellence and margin revival. While on the PV side, we 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 MSIL second based on its huge order book and new launch pipeline. We like Ashok Leyland within CVs as it has a diversified revenue base deriving from LCVs, Defence, MHCVs, exports and spares. Tata Motors is seeing a strong PV business, along with a very healthy revival in CVs and improvement in JLR business. Concerns are however around its JLR business. Every dip in the stocks mentioned above, shall provide good opportunities for investors to enter into them from medium to long term perspective.



	Nov-22	Oct-22	% mom	Nov-21	% yoy	YTD FY 23	YTD FY 22	% yoy
Hero Motocorp	3,90,932	4,54,582	-14.0%	3,49,393	11.9%	36,63,875	33,60,325	9.0%
Bajaj Auto	3,06,552	3,95,238	-22.4%	3,79,276	-19.2%	27,86,448	29,69,312	-6.2%
TVS	2,77,123	3,60,288	-23.1%	2,72,693	1.6%	25,71,639	22,02,189	16.8%
Maruti	1,59,044	1,67,520	-5.1%	1,39,184	14.3%	13,11,890	10,10,674	29.8%
M&M	88,831	1,13,108	-21.5%	67,783	31.1%	7,47,183	5,33,995	39.9%
<i>Auto</i>	58,303	61,114	-4.6%	40,102	45.4%	4,52,552	2,70,448	67.3%
<i>Tractors</i>	30,528	51,994	-41.3%	27,681	10.3%	2,94,631	2,63,547	11.8%
Tata Motors	75,478	78,335	-3.6%	62,192	21.4%	6,27,930	4,14,111	51.6%
Ashok Leyland	14,561	14,863	-2.0%	10,480	38.9%	1,14,370	67,089	70.5%
Escorts Kubota	7,960	14,492	-45.1%	7,116	11.9%	72,952	67,638	7.9%



Hero Motocorp

	Nov-22	Oct-22	% mom	Nov-21	% yoy	YTD FY 23	YTD FY 22	% yoy
Total sales	3,90,932	4,54,582	-14.0%	3,49,393	11.9%	36,63,875	33,60,325	9.0%

Bajaj Auto

	Nov-22	Oct-22	% mom	Nov-21	% yoy	YTD-23	YTD-22	% yoy
Motorcycles								
Domestic	1,23,490	2,06,131	-40.1%	1,44,953	-14.8%	12,65,173	11,74,391	7.7%
Exports	1,38,630	1,35,772	2.1%	1,93,520	-28.4%	12,05,042	14,84,605	-18.8%
Total	2,62,120	3,41,903	-23.3%	3,38,473	-22.6%	24,70,215	26,58,996	-7.1%
3W								
Domestic	29,226	36,786	-20.6%	13,802	111.8%	1,77,671	92,282	92.5%
Exports	15,206	16,549	-8.1%	27,001	-43.7%	1,38,562	2,18,034	-36.4%
Total	44,432	53,335	-16.7%	40,803	8.9%	3,16,233	3,10,316	1.9%
Domestic	1,52,716	2,42,917	-37.1%	1,58,755	-3.8%	14,42,844	12,66,673	13.9%
Exports	1,53,836	1,52,321	1.0%	2,20,521	-30.2%	13,43,604	17,02,639	-21.1%
Total	3,06,552	3,95,238	-22.4%	3,79,276	-19.2%	27,86,448	29,69,312	-6.2%

TVS Motors

	Nov-22	Oct-22	% mom	Nov-21	% yoy	YTD FY 23	YTD FY 22	% yoy
Motorcycles	1,45,006	1,64,568	-11.9%	1,40,097	3.5%	12,20,016	11,56,354	5.5%
Scooters	83,679	1,35,190	-38.1%	75,022	11.5%	8,81,306	5,93,082	48.6%
Mopeds	34,957	44,872	-22.1%	42,744	-18.2%	3,44,671	3,38,193	1.9%
Total 2W	2,63,642	3,44,630	-23.5%	2,57,863	2.2%	24,45,993	20,87,629	17.2%
3W	13,481	15,658	-13.9%	14,830	-9.1%	1,25,646	1,14,560	9.7%
Total sales	2,77,123	3,60,288	-23.1%	2,72,693	1.6%	25,71,639	22,02,189	16.8%
Exports out of the above	84,134	82,816	1.6%	96,000	-12.4%	8,03,189	8,34,615	-3.8%
2W exports	71,912	68,696	4.7%	81,923	-12.2%	6,88,079	7,24,777	-5.1%

Maruti Suzuki

	Nov-22	Oct-22	% mom	Nov-21	% yoy	YTD FY 23	YTD FY 22	% yoy
Mini(Alto, Old WagonR, S-Presso)	18,251	24,936	-26.8%	17,473	4.5%	1,64,243	1,41,626	16.0%
Compact(New WagonR, Swift,Celerio, Baleno, Dzire, Ignis)	72,844	73,685	-1.1%	57,019	27.8%	5,79,957	4,03,955	43.6%
Mid size (Ciaz)	1,554	1,884	-17.5%	1,089	42.7%	10,364	9,253	12.0%
Total passenger cars	92,649	1,00,505	-7.8%	75,581	22.6%	7,54,564	5,54,834	36.0%
Utility Vehicles(Gypsy, Ertiga, XL6, S-Cross, Vitarra Brezza)	32,563	30,971	5.1%	24,574	32.5%	2,27,164	1,86,734	21.7%
Vans(Omni, Eeco)	7,183	8,861	-18.9%	9,571	-25.0%	85,554	70,241	21.8%
LCV (Super Carry)	2,660	2,913	-8.7%	3,291	-19.2%	25,082	19,804	26.7%
Total domestic sales	1,35,055	1,43,250	-5.7%	1,13,017	19.5%	10,92,364	8,31,613	31.4%
Sales to other OEM :A:Compact	4,251	3,822	11.2%	4,774	-11.0%	46,708	31,419	48.7%
Exports	19,738	20,448	-3.5%	21,393	-7.7%	1,72,818	1,47,642	17.1%
Total sales	1,59,044	1,67,520	-5.1%	1,39,184	14.3%	13,11,890	10,10,674	29.8%



Mahindra & Mahindra

Auto segment	Nov-22	Oct-22	% mom	Nov-21	% yoy	YTD FY 23	YTD FY 22	% yoy
Utility Vehicles	30,238	32,226	-6.2%	19,384	56.0%	2,29,516	1,31,344	74.7%
Cars+Vans	154	72	113.9%	74	108.1%	1,897	1,509	25.7%
Total PV	30,392	32,298	-5.9%	19,458	56.2%	2,31,413	1,32,853	74.2%
LCV(<3.5 T)	18,836	20,290	-7.2%	14,458	30.3%	1,57,994	96,328	64.0%
LCV (>3.5T)+ MHCV	755	690	9.4%	521	44.9%	5,653	3,737	51.3%
Total CV	19,591	20,980	-6.6%	14,979	30.8%	1,63,647	1,00,065	63.5%
3 wheelers	5,198	5,081	2.3%	2,564	102.7%	35,859	16,876	112.5%
Total domestic sales	55,181	58,359	-5.4%	37,001	49.1%	4,30,919	2,49,794	72.5%
Total exports	3,122	2,755	13.3%	3,101	0.7%	21,633	20,654	4.7%
Total sales	58,303	61,114	-4.6%	40,102	45.4%	4,52,552	2,70,448	67.3%

FES	Nov-22	Oct-22	% mom	Nov-21	% yoy	YTD FY 23	YTD FY 22	% yoy
Domestic	29,180	50,539	-42.3%	26,094	11.8%	2,82,084	2,52,181	11.9%
Exports	1,348	1,455	-7.4%	1,587	-15.1%	12,547	11,366	10.4%
Total FES	30,528	51,994	-41.3%	27,681	10.3%	2,94,631	2,63,547	11.8%

Ashok Leyland

	Nov-22	Oct-22	% mom	Nov-21	% yoy	YTD FY 23	YTD FY 22	% yoy
MHCV	9,474	9,054	4.6%	5,608	68.9%	71,356	34,250	108.3%
LCV	5,087	5,809	-12.4%	4,872	4.4%	43,014	32,839	31.0%
Total	14,561	14,863	-2.0%	10,480	38.9%	1,14,370	67,089	70.5%

Tata Motors

	Nov-22	Oct-22	% mom	Nov-21	% yoy	YTD FY 23	YTD FY 22	% yoy
M&HCV	8,879	9,860	-9.9%	6,266	42%	72,060	46,543	55%
I & LCV	3,462	4,083	-15.2%	5,099	-32%	35,005	30,044	17%
Passenger Carriers	2,041	1,759	16.0%	1,183	73%	21,477	7,085	203%
SCV cargo and pick up	13,048	15,618	-16.5%	15,747	-17%	1,19,676	97,475	23%
Total CV	27,430	31,320	-12.4%	28,295	-3%	2,48,218	1,81,147	37%
Total PV	46,425	45,423	2.2%	29,947	55%	3,64,508	2,12,022	72%
Exports	1,623	1,592	1.9%	3,950	-59%	15,204	20,942	-27%
Total sales	75,478	78,335	-3.6%	62,192	21%	6,27,930	4,14,111	52%

Escorts Kubota

	Nov-22	Oct-22	% mom	Nov-21	% yoy	YTD FY 23	YTD FY 22	% yoy
Domestic	7,359	13,843	-46.8%	6,492	13.4%	67,206	62,691	7.2%
Exports	601	649	-7.4%	624	-3.7%	5,746	4,947	16.2%
Total	7,960	14,492	-45.1%	7,116	11.9%	72,952	67,638	7.9%

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