

## Strong PV recovery, two wheelers weak...

**Sector performance** - The base month of January 2022 witnessed the Omicron led third wave of Covid pandemic which saw slight impact on auto sales, since the wave was not that severe. Improvement had already started before that, but January witnessed a little break. Therefore the base is slightly low when we compare on yoy basis. However, 2Ws are yet to get their mojo back as domestic along with exports sales are posting disappointing numbers. Exports performance has been weak for past few months now, and a similar story was observed in January, as now along with Africa; Latam and South Asia are gradually drifting into negative territory. On the PV side of the industry however, we have seen great start to the new calendar year, wherein all the three listed PV players have posted quite an impressive show both yoy and mom. The semi-conductor shortage seems to be easing up to a good extent leading to higher retail demand as well. On the CV front, we saw a slight moderation of growth sequentially for both Tata Motors and Ashok Leyland. Even the LCVs segment of Tata Motors faltered on high base. Bus segment bucked the trend posting robust performance both yoy and mom for Tata Motors. Tractors segment has been reporting unstable growth over the past few months. In the month of January, we saw strong yoy as well as mom growths, as tractors posted robust growth. Tractor exports remained weak.

**Company wise performance** - Among the PV OEMs, MSIL posted strong growth of 11.8% yoy. On mom basis, sales were up by 23.8% as the small size segment zoomed up by 37% yoy and 161% mom, while the UV segment grew 33% yoy and 7% mom on success of All New Brezza and Grand Viterra model variants. Even the compact segment posted 3.3% yoy and 28% mom growths. In the exports markets however, the company posted a 3% fall yoy and 20% dip mom. TaMo's PV segment saw an 18% mom growth. On yoy basis, TaMo's PV sales grew by 19.5%. M&M's SUV segment as well jumped up by 66% yoy and 16% mom, joining the bandwagon. CV division posted a small growth of 2.9% mom and a better growth of 8.2% yoy. M&M's tractor business in the domestic markets expanded by 30.5% yoy and 27.7% mom. Similarly, Escorts Kubota's domestic tractor sales too grew by 25% mom while grew 22% yoy.

In 2W segment Bajaj reported an improvement of 3.6% yoy and 11.9% mom for its domestic motorcycles while in exports, motorcycles de-grew by 17% mom and 46% yoy. TVS 2W segment reported yoy growth of just 3% as motorcycle segment de-grew by 12%, while scooters supported the sales with a growth of 32%, on higher e-scooter I-Qube sales. Mopeds grew by 40% mom and 2% yoy. For Bajaj, its 3W segment moved up by 42% mom while grew 132% yoy domestically on a good yoy pick up in 3W sales, mainly by the CNG portfolio and e-3Ws. Exports 3Ws however de-grew by 53% yoy, while recovered by 5% mom. Hero Motocorp witnessed dip both mom and yoy of 6.3% and 9.5% respectively

**Our view** - We witnessed a better January than December for PVs. As expected, the fourth and the last quarter of the year looks strong for the PV segment as the chip shortage issue eases further and new launches on both ICE and EV sides shall take place. Seasonally too, Q4 is a good quarter. 2Ws shall gain strength on low base of last year, EV launches and better rural demand on the back of anticipated solid Rabi crop output. CVs are going good, however they witnessed a speed breaker in January. The growth shall get moderated as we go further on high base of Q4 FY 22 and H1 of FY 23. Tractors shall report a decent growth this year on good monsoon, Rabi sowing and improvement in the rural economy.

We remain positive on the sector. However, our choice is in the following order - PVs, CVs and 2Ws. Stocks specifically, within the 2Ws, we like Bajaj Auto as we expect solid recovery in domestic sales hereon and bounce back of exports 3-4 months down the line as \$ scenario improves in Africa. We also 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. 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 also like MSIL on the PV side. We like Ashok Leyland within CVs as it has a diversified revenue base deriving from LCVs, Defense, MHCVs, exports and spares. Every dip in the stocks mentioned above, shall provide good opportunities for investors to enter into them from medium to long term perspective.



	Jan-23	Dec-22	% mom	Jan-22	% yoy	YTD FY 23	YTD FY 22	% yoy
Hero Motocorp	3,56,690	3,94,179	-9.5%	3,80,476	-6.3%	44,14,744	41,35,574	6.8%
Bajaj Auto	2,85,995	2,81,546	1.6%	3,63,443	-21.3%	33,53,929	36,95,225	-9.2%
TVS	2,74,575	2,42,012	13.5%	2,66,788	2.9%	30,88,226	27,19,910	13.5%
Maruti	1,72,535	1,39,347	23.8%	1,54,379	11.8%	16,23,772	13,18,202	23.2%
M&M	93,261	79,920	16.7%	69,490	34.2%	9,20,277	6,61,001	39.2%
<i>Auto</i>	64,335	56,677	13.5%	46,808	37.4%	5,73,537	3,56,503	60.9%
<i>Tractors</i>	28,926	23,243	24.5%	22,682	27.5%	3,46,740	3,04,498	13.9%
Tata Motors	81,069	74,356	9.0%	73,210	10.7%	7,83,355	5,59,606	40.0%
Ashok Leyland	17,200	14,381	19.6%	8,663	98.5%	1,49,708	93,546	60.0%
Escorts Kubota	6,649	5,573	19.3%	5,707	16.5%	85,174	78,040	9.1%



### Hero Motocorp

	Jan-23	Dec-22	% mom	Jan-22	% yoy	YTD FY 23	YTD FY 22	% yoy
Total sales	3,56,690	3,94,179	-9.5%	3,80,476	-6.3%	44,14,744	41,35,574	6.8%

### Bajaj Auto

	Jan-23	Dec-22	% mom	Jan-22	% yoy	YTD FY 23	YTD FY 22	% yoy
<b>Motorcycles</b>								
Domestic	1,40,428	1,25,525	11.9%	1,35,496	3.6%	15,31,126	14,37,480	6.5%
Exports	1,00,679	1,21,499	-17.1%	1,87,934	-46.4%	14,27,220	18,63,715	-23.4%
<b>Total</b>	<b>2,41,107</b>	<b>2,47,024</b>	<b>-2.4%</b>	<b>3,23,430</b>	<b>-25.5%</b>	<b>29,58,346</b>	<b>33,01,195</b>	<b>-10.4%</b>
<b>3W</b>								
Domestic	32,842	23,090	42.2%	14,160	131.9%	2,33,543	1,24,828	87.1%
Exports	12,046	11,432	5.4%	25,853	-53.4%	1,62,040	2,69,202	-39.8%
<b>Total</b>	<b>44,888</b>	<b>34,522</b>	<b>30.0%</b>	<b>40,013</b>	<b>12.2%</b>	<b>3,95,583</b>	<b>3,94,030</b>	<b>0.4%</b>
Domestic	1,73,270	1,48,615	16.6%	1,49,656	15.8%	17,64,669	15,62,308	13.0%
Exports	1,12,725	1,32,931	-15.2%	2,13,787	-47.3%	15,89,260	21,32,917	-25.5%
<b>Total</b>	<b>2,85,995</b>	<b>2,81,546</b>	<b>1.6%</b>	<b>3,63,443</b>	<b>-21.3%</b>	<b>33,53,929</b>	<b>36,95,225</b>	<b>-9.2%</b>

### TVS Motors

	Jan-23	Dec-22	% mom	Jan-22	% yoy	YTD FY 23	YTD FY 22	% yoy
Motorcycles	1,21,042	1,24,705	-2.9%	1,37,630	-12.1%	14,65,763	14,27,414	2.7%
Scooters	1,06,537	76,766	38.8%	80,580	32.2%	10,64,609	7,41,215	43.6%
Mopeds	36,591	26,195	39.7%	35,929	1.8%	4,07,457	4,08,531	-0.3%
<b>Total 2W</b>	<b>2,64,170</b>	<b>2,27,666</b>	<b>16.0%</b>	<b>2,54,139</b>	<b>3.9%</b>	<b>29,37,829</b>	<b>25,77,160</b>	<b>14.0%</b>
3W	10,405	14,346	-27.5%	12,649	-17.7%	1,50,397	1,42,750	5.4%
<b>Total sales</b>	<b>2,74,575</b>	<b>2,42,012</b>	<b>13.5%</b>	<b>2,66,788</b>	<b>2.9%</b>	<b>30,88,226</b>	<b>27,19,910</b>	<b>13.5%</b>
Exports out of the above	57,024	79,402	-28.2%	97,858	-41.7%	9,39,615	10,35,893	-9.3%
2W exports	48,239	66,297	-27.2%	86,334	-44.1%	8,02,615	8,99,750	-10.8%

### Maruti Suzuki

	Jan-23	Dec-22	% mom	Jan-22	% yoy	YTD FY 23	YTD FY 22	% yoy
Mini(Alto, Old WagonR, S-Presso)	25,446	9,765	160.6%	18,634	36.6%	1,99,454	1,76,580	13.0%
Compact(New WagonR, Swift,Celerio, Baleno, Dzire, Ignis)	73,840	57,502	28.4%	71,472	3.3%	7,11,299	5,44,772	30.6%
Mid size (Ciaz)	1,000	1,154	-13.3%	1,666	-40.0%	12,518	12,123	3.3%
<b>Total passenger cars</b>	<b>1,00,286</b>	<b>68,421</b>	<b>46.6%</b>	<b>91,772</b>	<b>9.3%</b>	<b>9,23,271</b>	<b>7,33,475</b>	<b>25.9%</b>
Utility Vehicles(Gypsy, Ertiga, XL6, S-Cross, Vitarra Brezza)	35,353	33,008	7.1%	26,624	32.8%	2,95,525	2,40,340	23.0%
Vans(Omni, Eeco)	11,709	10,581	10.7%	10,528	11.2%	1,07,844	89,934	19.9%
LCV (Super Carry)	4,019	1,525	163.5%	3,537	13.6%	30,626	26,356	16.2%
<b>Total domestic sales</b>	<b>1,51,367</b>	<b>1,13,535</b>	<b>33.3%</b>	<b>1,32,461</b>	<b>14.3%</b>	<b>13,57,266</b>	<b>10,90,105</b>	<b>24.5%</b>
Sales to other OEM :A:Compact	3,775	4,016	-6.0%	3,981	-5.2%	54,499	40,238	35.4%
Exports	17,393	21,796	-20.2%	17,937	-3.0%	2,12,007	1,87,859	12.9%
<b>Total sales</b>	<b>1,72,535</b>	<b>1,39,347</b>	<b>23.8%</b>	<b>1,54,379</b>	<b>11.8%</b>	<b>16,23,772</b>	<b>13,18,202</b>	<b>23.2%</b>



**Mahindra & Mahindra**

Auto segment	Jan-23	Dec-22	% mom	Jan-22	% yoy	YTD FY 23	YTD FY 22	% yoy
Utility Vehicles	32,915	28,333	16.2%	19,848	65.8%	2,90,764	1,68,751	72.3%
Cars+Vans	125	112	11.6%	116	7.8%	2,134	1,878	13.6%
<b>Total PV</b>	<b>33,040</b>	<b>28,445</b>	<b>16.2%</b>	<b>19,964</b>	<b>65.5%</b>	<b>2,92,898</b>	<b>1,70,629</b>	<b>71.7%</b>
LCV(<3.5 T)	20,776	19,201	8.2%	20,513	1.3%	1,97,944	1,32,195	49.7%
LCV (>3.5T)+ MHCV	948	879	7.8%	598	58.5%	7,480	4,919	52.1%
<b>Total CV</b>	<b>21,724</b>	<b>20,080</b>	<b>8.2%</b>	<b>21,111</b>	<b>2.9%</b>	<b>2,05,424</b>	<b>1,37,114</b>	<b>49.8%</b>
3 wheelers	6,562	5,052	29.9%	2,868	128.8%	47,473	22,224	113.6%
<b>Total domestic sales</b>	<b>61,326</b>	<b>53,577</b>	<b>14.5%</b>	<b>43,943</b>	<b>39.6%</b>	<b>5,45,795</b>	<b>3,29,967</b>	<b>65.4%</b>
Total exports	3,009	3,100	-2.9%	2,865	5.0%	27,742	26,536	4.5%
<b>Total sales</b>	<b>64,335</b>	<b>56,677</b>	<b>13.5%</b>	<b>46,808</b>	<b>37.4%</b>	<b>5,73,537</b>	<b>3,56,503</b>	<b>60.9%</b>

FES	Jan-23	Dec-22	% mom	Jan-22	% yoy	YTD FY 23	YTD FY 22	% yoy
Domestic	27,626	21,640	27.7%	21,162	30.5%	3,31,290	2,90,030	14.2%
Exports	1,300	1,603	-18.9%	1,520	-14.5%	15,450	14,468	6.8%
<b>Total FES</b>	<b>28,926</b>	<b>23,243</b>	<b>24.5%</b>	<b>22,682</b>	<b>27.5%</b>	<b>3,46,740</b>	<b>3,04,498</b>	<b>13.9%</b>

**Ashok Leyland**

	Jan-23	Dec-22	% mom	Jan-22	% yoy	YTD FY 23	YTD FY 22	% yoy
MHCV	11,050	12,262	-9.9%	7,662	44.2%	94,668	50,532	87.3%
LCV	6,150	2,119	190.2%	1,001	514.4%	55,040	43,014	28.0%
<b>Total</b>	<b>17,200</b>	<b>14,381</b>	<b>19.6%</b>	<b>8,663</b>	<b>98.5%</b>	<b>1,49,708</b>	<b>93,546</b>	<b>60.0%</b>

**Tata Motors**

	Jan-23	Dec-22	% mom	Jan-22	% yoy	YTD FY 23	YTD FY 22	% yoy
M&HCV	10736	10885	-1.4%	8660	24%	93681	63309	48%
I & LCV	4013	4548	-11.8%	5526	-27%	43566	40700	7%
Passenger Carriers	2851	2694	5.8%	1,693	68%	27022	10158	166%
SCV cargo and pick up	14094	14827	-4.9%	15,829	-11%	148597	129696	15%
<b>Total CV</b>	<b>31,694</b>	<b>32,954</b>	<b>-3.8%</b>	<b>31,708</b>	<b>0%</b>	<b>3,12,866</b>	<b>2,43,863</b>	<b>28%</b>
<b>Total PV</b>	<b>48289</b>	<b>40407</b>	<b>19.5%</b>	<b>40942</b>	<b>18%</b>	<b>4,53,204</b>	<b>2,88,098</b>	<b>57%</b>
Exports	1086	995	9.1%	560	94%	17,285	27,645	-37%
<b>Total sales</b>	<b>81,069</b>	<b>74,356</b>	<b>9.0%</b>	<b>73,210</b>	<b>11%</b>	<b>7,83,355</b>	<b>5,59,606</b>	<b>40%</b>

**Escorts Kubota**

	Jan-23	Dec-22	% mom	Jan-22	% yoy	YTD FY 23	YTD FY 22	% yoy
Domestic	6,235	4,979	25.2%	5,103	22.2%	78,420	71,874	9.1%
Exports	414	594	-30.3%	604	-31.5%	6,754	6,166	9.5%
<b>Total</b>	<b>6,649</b>	<b>5,573</b>	<b>19.3%</b>	<b>5,707</b>	<b>16.5%</b>	<b>85,174</b>	<b>78,040</b>	<b>9.1%</b>

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