

## Solid month for CVs and Tractors

**Sector performance** - The base month of February 2022 witnessed waning impact of Omicron virus and therefore the base was low. 2Ws have shown a good improvement yoy, which is a heartening sign. 2W exports have shown a continuous trend of massive decline and a similar story was observed in February, as now along with Africa; Latam and South Asia are gradually drifting into negative territory. The semi-conductor shortage seems to be easing gradually due to which PV sales have grown at a moderate pace during the month. On the CV front, we saw a solid growth in M&HCV segment for both Tata Motors and Ashok Leyland. However, the LCVs segment of Tata Motors faltered on high base. Bus segment posted robust performance both yoy and mom for Tata Motors. Tractors segment in the month of February witnessed a strong yoy growth.

**Company wise performance** - Among the PV OEMs, MSIL posted strong growth of 9.6% yoy. On mom basis, sales were down by 0.4% as the small size segment came down by 14% mom while grew 11% yoy, The UV segment grew 32.5% yoy and dropped by 5.1% mom on success of All New Brezza and Grand Vitarra model variants. Even the compact segment posted 2.7% yoy and 8.2% mom growths. In the exports markets however, the company posted a massive 28.4% fall yoy and 1.1% dip mom. TaMo's PV segment saw a 10.7% mom fall. On yoy basis, TaMo's PV sales grew by 7%. M&M's SUV segment as well jumped up by 9.7% yoy and fell by 8.1% mom. CV division posted a small growth of 3.4% yoy and fell by 4.1% mom. M&M's tractor business in the domestic markets expanded by 30.2% yoy and down by 10.9% mom. Similarly, Escorts Kubota's domestic tractor sales too grew by 27.4% yoy while grew 16.2% yoy.

In 2W segment Bajaj reported an improvement of 24.7% yoy and 14.3% mom dip for its domestic motorcycles while in exports, motorcycles de-grew by 37% yoy and 14.2% mom. TVS 2W segment reported yoy de-growth of just 2% as motorcycle segment and remained flattish yoy, while scooters supported the sales with a growth of 21%, on higher e-scooter I-Qube sales. Mopeds de-grew by 4.1% yoy and 1.7% yoy. For Bajaj, its 3W segment moved up by 103% yoy while de-grew 0.3% mom domestically on a good pick up in 3W sales, mainly by the CNG portfolio and e-3Ws. Exports of 3Ws however de-grew by 41.8% yoy and 1.1% mom. Hero Motocorp witnessed a good recovery in sales as they grew by 10% both qoq and yoy.

**Our View** - We witnessed a softer February sequentially, while on yoy basis, the sales were strong for CVs and tractors. Though February was moderate for PVs, the fourth and the last quarter of the year looks sanguine 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 anticipated solid Rabi crop output. However, impact of expected El Nino needs to be seen on the rural centric segments. CVs are going quite healthy in February after they witnessed a speed breaker in January. The growth shall get moderated in H1 of FY23. 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 entry opportunities for investors from a medium to long term perspective.



|                 | Feb-23   | Jan-23   | % mom  | Feb-22   | % yoy  | YTD FY 23 | YTD FY 22 | % yoy |
|-----------------|----------|----------|--------|----------|--------|-----------|-----------|-------|
| Hero Motocorp   | 3,94,460 | 3,56,690 | 10.6%  | 3,58,254 | 10.1%  | 48,09,204 | 44,93,828 | 7.0%  |
| Bajaj Auto      | 2,80,226 | 2,85,995 | -2.0%  | 3,16,020 | -11.3% | 36,36,290 | 40,11,245 | -9.3% |
| TVS             | 2,76,150 | 2,74,575 | 0.6%   | 2,81,714 | -2.0%  | 33,64,376 | 30,01,624 | 12.1% |
| Maruti          | 1,72,321 | 1,72,535 | -0.1%  | 1,64,056 | 5.0%   | 17,96,093 | 14,82,258 | 21.2% |
| M&M             | 84,592   | 93,261   | -9.3%  | 74,892   | 13.0%  | 10,04,896 | 7,35,893  | 36.6% |
| <i>Auto</i>     | 58,801   | 64,335   | -8.6%  | 54,455   | 8.0%   | 6,32,365  | 4,10,958  | 53.9% |
| <i>Tractors</i> | 25,791   | 28,926   | -10.8% | 20,437   | 26.2%  | 3,72,531  | 3,24,935  | 14.6% |
| Tata Motors     | 79,705   | 81,069   | -1.7%  | 77,733   | 2.5%   | 8,63,060  | 6,37,139  | 35.5% |
| Ashok Leyland   | 18,571   | 17,200   | 8.0%   | 14,657   | 26.7%  | 1,68,279  | 1,08,203  | 55.5% |
| Escorts Kubota  | 7,811    | 6,649    | 17.5%  | 6,114    | 27.8%  | 92,985    | 84,154    | 10.5% |



### Hero Motocorp

|             | Feb-23   | Jan-23   | % mom | Feb-22   | % yoy | YTD FY 23 | YTD FY 22 | % yoy |
|-------------|----------|----------|-------|----------|-------|-----------|-----------|-------|
| Total sales | 3,94,460 | 3,56,690 | 10.6% | 3,58,254 | 10.1% | 48,09,204 | 44,93,828 | 7.0%  |

### Bajaj Auto

|                    | Feb-23          | Jan-23          | % mom        | Feb-22          | % yoy         | YTD FY 23        | YTD FY 22        | % yoy         |
|--------------------|-----------------|-----------------|--------------|-----------------|---------------|------------------|------------------|---------------|
| <b>Motorcycles</b> |                 |                 |              |                 |               |                  |                  |               |
| Domestic           | 1,20,335        | 1,40,428        | -14.3%       | 96,523          | 24.7%         | 16,53,596        | 15,34,003        | 7.8%          |
| Exports            | 1,15,021        | 1,00,679        | 14.2%        | 1,82,814        | -37.1%        | 15,42,241        | 20,46,529        | -24.6%        |
| <b>Total</b>       | <b>2,35,356</b> | <b>2,41,107</b> | <b>-2.4%</b> | <b>2,79,337</b> | <b>-15.7%</b> | <b>31,95,837</b> | <b>35,80,532</b> | <b>-10.7%</b> |
| <b>3W</b>          |                 |                 |              |                 |               |                  |                  |               |
| Domestic           | 32,956          | 32,842          | 0.3%         | 16,224          | 103.1%        | 2,66,499         | 1,41,052         | 88.9%         |
| Exports            | 11,914          | 12,046          | -1.1%        | 20,459          | -41.8%        | 1,73,954         | 2,89,661         | -39.9%        |
| <b>Total</b>       | <b>44,870</b>   | <b>44,888</b>   | <b>0.0%</b>  | <b>36,683</b>   | <b>22.3%</b>  | <b>4,40,453</b>  | <b>4,30,713</b>  | <b>2.3%</b>   |
| Domestic           | 1,53,291        | 1,73,270        | -11.5%       | 1,12,747        | 36.0%         | 19,20,095        | 16,75,055        | 14.6%         |
| Exports            | 1,26,935        | 1,12,725        | 12.6%        | 2,03,273        | -37.6%        | 17,16,195        | 23,36,190        | -26.5%        |
| <b>Total</b>       | <b>2,80,226</b> | <b>2,85,995</b> | <b>-2.0%</b> | <b>3,16,020</b> | <b>-11.3%</b> | <b>36,36,290</b> | <b>40,11,245</b> | <b>-9.3%</b>  |

### TVS Motors

|                          | Feb-23          | Jan-23          | % mom       | Feb-22          | % yoy        | YTD FY 23        | YTD FY 22        | % yoy        |
|--------------------------|-----------------|-----------------|-------------|-----------------|--------------|------------------|------------------|--------------|
| Motorcycles              | 1,26,243        | 1,21,042        | 4.3%        | 1,43,523        | -12.0%       | 15,92,006        | 15,70,937        | 1.3%         |
| Scooters                 | 1,04,825        | 1,06,537        | -1.6%       | 86,616          | 21.0%        | 11,69,434        | 8,27,831         | 41.3%        |
| Mopeds                   | 35,958          | 36,591          | -1.7%       | 37,486          | -4.1%        | 4,43,415         | 4,46,017         | -0.6%        |
| <b>Total 2W</b>          | <b>2,67,026</b> | <b>2,64,170</b> | <b>1.1%</b> | <b>2,67,625</b> | <b>-0.2%</b> | <b>32,04,855</b> | <b>28,44,785</b> | <b>12.7%</b> |
| 3W                       | 9,124           | 10,405          | -12.3%      | 14,089          | -35.2%       | 1,59,521         | 1,56,839         | 1.7%         |
| <b>Total sales</b>       | <b>2,76,150</b> | <b>2,74,575</b> | <b>0.6%</b> | <b>2,81,714</b> | <b>-2.0%</b> | <b>33,64,376</b> | <b>30,01,624</b> | <b>12.1%</b> |
| Exports out of the above | 53,405          | 57,024          | -6.3%       | 1,07,574        | -50.4%       | 9,93,020         | 11,43,467        | -13.2%       |
| 2W exports               | 45,624          | 48,239          | -5.4%       | 94,427          | -51.7%       | 8,48,239         | 9,94,177         | -14.7%       |

### Maruti Suzuki

|   | Feb-23          | Jan-23          | % mom        | Feb-22          | % yoy       | YTD FY 23        | YTD FY 22        | % yoy        |
|---|-----------------|-----------------|--------------|-----------------|-------------|------------------|------------------|--------------|
| Mini(Alto, Old WagonR, S-Presso)                              | 21,875          | 25,446          | -14.0%       | 19,691          | 11.1%       | 2,21,329         | 1,96,271         | 12.8%        |
| Compact(New WagonR, Swift,Celerio, Baleno, Dzire, Ignis)      | 79,898          | 73,840          | 8.2%         | 77,795          | 2.7%        | 7,91,197         | 6,22,567         | 27.1%        |
| Mid size (Ciaz)   | 792             | 1,000           | -20.8%       | 1,912           | -58.6%      | 13,310           | 14,035           | -5.2%        |
| <b>Total passenger cars</b>                                   | <b>1,02,565</b> | <b>1,00,286</b> | <b>2.3%</b>  | <b>99,398</b>   | <b>3.2%</b> | <b>10,25,836</b> | <b>8,32,873</b>  | <b>23.2%</b> |
| Utility Vehicles(Gypsy, Ertiga, XL6, S-Cross, Vitarra Brezza) | 33,550          | 35,353          | -5.1%        | 25,360          | 32.3%       | 3,29,075         | 2,65,700         | 23.9%        |
| Vans(Omni, Eeco)  | 11,352          | 11,709          | -3.0%        | 9,190           | 23.5%       | 1,19,196         | 99,124           | 20.2%        |
| LCV (Super Carry)   | 3,356           | 4,019           | -16.5%       | 3,659           | -8.3%       | 33,982           | 30,015           | 13.2%        |
| <b>Total domestic sales</b>                                   | <b>1,50,823</b> | <b>1,51,367</b> | <b>-0.4%</b> | <b>1,37,607</b> | <b>9.6%</b> | <b>15,08,089</b> | <b>12,27,712</b> | <b>22.8%</b> |
| Sales to other OEM :A:Compact                                 | 4,291           | 3,775           | 13.7%        | 2,428           | 76.7%       | 58,790           | 42,666           | 37.8%        |
| Exports   | 17,207          | 17,393          | -1.1%        | 24,021          | -28.4%      | 2,29,214         | 2,11,880         | 8.2%         |
| <b>Total sales</b>  | <b>1,72,321</b> | <b>1,72,535</b> | <b>-0.1%</b> | <b>1,64,056</b> | <b>5.0%</b> | <b>17,96,093</b> | <b>14,82,258</b> | <b>21.2%</b> |



**Mahindra & Mahindra**

| Auto segment                | Feb-23        | Jan-23        | % mom        | Feb-22        | % yoy       | YTD FY 23       | YTD FY 22       | % yoy        |
|-----------------------------|---------------|---------------|--------------|---------------|-------------|-----------------|-----------------|--------------|
| Utility Vehicles            | 30,221        | 32,915        | -8.2%        | 27,551        | 9.7%        | 3,20,985        | 1,96,302        | 63.5%        |
| Cars+Vans                   | 137           | 125           | 9.6%         | 112           | 22.3%       | 2,271           | 1,990           | 14.1%        |
| <b>Total PV</b>             | <b>30,358</b> | <b>33,040</b> | <b>-8.1%</b> | <b>27,663</b> | <b>9.7%</b> | <b>3,23,256</b> | <b>1,98,292</b> | <b>63.0%</b> |
| LCV(<3.5 T)                 | 19,756        | 20,776        | -4.9%        | 19,479        | 1.4%        | 2,17,727        | 1,51,674        | 43.5%        |
| LCV (>3.5T)+ MHCV           | 1,087         | 948           | 14.7%        | 687           | 58.2%       | 8,567           | 5,606           | 52.8%        |
| <b>Total CV</b>             | <b>20,843</b> | <b>21,724</b> | <b>-4.1%</b> | <b>20,166</b> | <b>3.4%</b> | <b>2,26,294</b> | <b>1,57,280</b> | <b>43.9%</b> |
| 3 wheelers                  | 5,350         | 6,562         | -18.5%       | 3,812         | 40.3%       | 52,823          | 26,036          | 102.9%       |
| <b>Total domestic sales</b> | <b>56,551</b> | <b>61,326</b> | <b>-7.8%</b> | <b>51,641</b> | <b>9.5%</b> | <b>6,02,373</b> | <b>3,81,608</b> | <b>57.9%</b> |
| Total exports               | 2,250         | 3,009         | -25.2%       | 2,814         | -20.0%      | 29,992          | 29,350          | 2.2%         |
| <b>Total sales</b>          | <b>58,801</b> | <b>64,335</b> | <b>-8.6%</b> | <b>54,455</b> | <b>8.0%</b> | <b>6,32,365</b> | <b>4,10,958</b> | <b>53.9%</b> |

  

| FES              | Feb-23        | Jan-23        | % mom         | Feb-22        | % yoy        | YTD FY 23       | YTD FY 22       | % yoy        |
|------------------|---------------|---------------|---------------|---------------|--------------|-----------------|-----------------|--------------|
| Domestic         | 24,619        | 27,626        | -10.9%        | 18,910        | 30.2%        | 3,55,909        | 3,08,940        | 15.2%        |
| Exports          | 1,172         | 1,300         | -9.8%         | 1,527         | -23.2%       | 16,622          | 15,995          | 3.9%         |
| <b>Total FES</b> | <b>25,791</b> | <b>28,926</b> | <b>-10.8%</b> | <b>20,437</b> | <b>26.2%</b> | <b>3,72,531</b> | <b>3,24,935</b> | <b>14.6%</b> |

**Ashok Leyland**

|              | Feb-23        | Jan-23        | % mom       | Feb-22        | % yoy        | YTD FY 23       | YTD FY 22       | % yoy        |
|--------------|---------------|---------------|-------------|---------------|--------------|-----------------|-----------------|--------------|
| MHCV         | 12,668        | 11,050        | 14.6%       | 9,363         | 35.3%        | 1,07,336        | 59,895          | 79.2%        |
| LCV          | 5,903         | 6,150         | -4.0%       | 5,294         | 11.5%        | 60,943          | 48,308          | 26.2%        |
| <b>Total</b> | <b>18,571</b> | <b>17,200</b> | <b>8.0%</b> | <b>14,657</b> | <b>26.7%</b> | <b>1,68,279</b> | <b>1,08,203</b> | <b>55.5%</b> |

**Tata Motors**

|                       | Feb-23        | Jan-23        | % mom         | Feb-22        | % yoy     | YTD FY 23       | YTD FY 22       | % yoy      |
|-----------------------|---------------|---------------|---------------|---------------|-----------|-----------------|-----------------|------------|
| M&HCV                 | 12,850        | 10,736        | 19.7%         | 10,233        | 26%       | 1,06,531        | 73,542          | 45%        |
| I & LCV               | 4,444         | 4,013         | 10.7%         | 5,599         | -21%      | 48,010          | 46,299          | 4%         |
| Passenger Carriers    | 3,632         | 2,851         | 27.4%         | 1,759         | 106%      | 30,654          | 11,917          | 157%       |
| SCV cargo and pick up | 14,218        | 14,094        | 0.9%          | 16,303        | -13%      | 1,62,815        | 1,45,999        | 12%        |
| <b>Total CV</b>       | <b>35,144</b> | <b>31,694</b> | <b>10.9%</b>  | <b>33,894</b> | <b>4%</b> | <b>3,48,010</b> | <b>2,77,757</b> | <b>25%</b> |
| <b>Total PV</b>       | <b>43,140</b> | <b>48,289</b> | <b>-10.7%</b> | <b>40,181</b> | <b>7%</b> | <b>4,96,344</b> | <b>3,28,079</b> | <b>51%</b> |
| Exports               | 1,421         | 1,086         | 30.8%         | 3,658         | -61%      | 18,706          | 31,303          | -40%       |
| <b>Total sales</b>    | <b>79,705</b> | <b>81,069</b> | <b>-1.7%</b>  | <b>77,733</b> | <b>3%</b> | <b>8,63,060</b> | <b>6,37,139</b> | <b>35%</b> |

**Escorts Kubota**

|              | Feb-23       | Jan-23       | % mom        | Feb-22       | % yoy        | YTD FY 23     | YTD FY 22     | % yoy        |
|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|--------------|
| Domestic     | 7,245        | 6,235        | 16.2%        | 5,686        | 27.4%        | 85,665        | 77,560        | 10.4%        |
| Exports      | 566          | 414          | 36.7%        | 428          | 32.2%        | 7,320         | 6,594         | 11.0%        |
| <b>Total</b> | <b>7,811</b> | <b>6,649</b> | <b>17.5%</b> | <b>6,114</b> | <b>27.8%</b> | <b>92,985</b> | <b>84,154</b> | <b>10.5%</b> |

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