

**Auto-Roundup** | May 2023

2Ws and PVs doing well, CVs weaken on regulatory interventions

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**Sector performance**

The month of May was a mixed bag for the auto companies. 2Ws have shown a good performance both yoy and qoq. 2W exports have shown a continuous trend of massive declines and a similar story was observed in May as well, since Africa is not yet out of the woods. On the PV front, all the companies have posted strong growth led by the SUV growth story. On the CV front, we saw a fall in LCV segment for both Tata Motors and Ashok Leyland, however the sequential growth for TaMo was strong across the segments. Pre-buying seen in March just before the BS-VI Phase 2 implementation in April, saw the sequential growth on a low base. Tractors segment in the month of May witnessed a fall for M&M, while growth for Escorts.

**Company wise performance**

Among the PV OEMs, MSIL has surprised the street by posting highest sales after 31 months at 1.78 lakh units. This growth came on the back of the successful launch of Fronx SUV in April and the continued success of the twin launches of new Granda Vitarra and Brezza in the earlier months. Also the easing up of chip shortage led to catering of the pent up demand. Exports too posted a heart-warming performance to everyone's surprise (56% mom growth, yoy fall was just 2%). Small cars in May de-grew by 29.7% yoy and 13.3% mom. The compact car segment however went up by 5% yoy. The UV segment grew 65% yoy and 26% mom on success of the new launch and the 2 model variants mentioned above. Upcoming launch of Jimny 5 door in June should add up to the numbers in the coming months.

TaMo's PV segment saw a 6% yoy and fell by 2.4% sequentially. M&M's SUV segment on the other hand, jumped by 23.5% yoy while fell by 5.2% mom. CV division fell by 5.1% yoy and was up by 5% mom on the impact of BS VI Phase 2 implementation which have increased the cost of CVs. M&M's tractor business in the domestic markets dropped by 3% yoy and 6.5% mom. However, Escorts Kubota's domestic tractor sales grew by 13.5% yoy and 20% mom. Tractor segment posted mixed bag in May, while their future performance shall be good if monsoons turn out to be normal and impact of El Nino is minimum.

In 2W segment Bajaj reported a growth of 103% yoy and 7.1% mom rise for its domestic motorcycles while in exports, motorcycles de-grew by 26.4% yoy and grew by 6.3% mom. Bajaj has gained market share in the >125 cc which now contributes >30% of the total domestic motorcycle volumes. Management expects 3-5% growth for the domestic 2W industry over the next 2-3 months, while expecting Bajaj to grow double of this rate. Their 3W segment moved up by 107% yoy and 7.2% mom domestically on a good pick up in 3W sales, mainly by the CNG portfolio and e-3Ws. Exports 3Ws surprised the street by growing at 36.4% yoy and 16% mom. This growth was seen after several months. Hero Motocorp is yet to report their May sales numbers.

TVS 2W segment reported 11.2% yoy growth of which motorcycle segment grew by 9.2% yoy and 6.5% mom, while scooters grew by 2.5% yoy, on higher e-scooter I-Qube sales (20K retail in May). TVS has raised its prices for iQube by Rs17K-Rs22K depending upon the variant in line with the withdrawal of the FAME-II subsidy on EV 2Ws. Mopeds segment of TVS zoomed up by 42% yoy and 54% mom.

**Consolidated**

	May-23	Apr-23	% mom	May-22	% yoy	YTD FY24	YTD FY 23	% yoy
<b>Bajaj Auto</b>	3,55,148	3,31,278	7.2%	2,75,868	28.7%	6,86,426	5,86,642	17.0%
<b>TVS</b>	3,30,609	3,06,224	8.0%	3,02,352	9.3%	6,36,833	5,98,290	6.4%
<b>Maruti</b>	1,78,083	1,60,529	10.9%	1,61,413	10.3%	3,38,612	3,12,074	8.5%
<b>M&amp;M</b>	95,541	97,549	-2.1%	89,448	6.8%	1,94,240	1,76,027	10.3%
<i>Auto</i>	61,415	61,144	0.4%	53,726	14.3%	1,23,709	99,366	24.5%
<i>Tractors</i>	34,126	36,405	-6.3%	35,722	-4.5%	70,531	76,661	-8.0%
<b>Tata Motors</b>	74,973	69,599	7.7%	76,210	-1.6%	1,44,572	1,48,584	-2.7%
<b>Ashok Leyland</b>	13,134	12,974	1.2%	13,273	-1.0%	26,108	25,120	3.9%
<b>Escorts Kubota</b>	9,167	7,565	21.2%	8,421	8.9%	16,732	16,746	-0.1%

### Our View

We witnessed a stronger May as compared to April for 2Ws and PVs. PVs witnessed a faster easing of chip shortage issue in May, which we expect to witness going forward too, while 2Ws gained strength on low base of last year, marriage season, positive sentiments and both ICE and EV launches. Going forward, the impact of expected El Nino needs to be seen on the rural centric segments. CVs are witnessing a temporary dip on the back of BS VI phase-2 implementation, while underlying strength would keep the going strong. Tractor industry growth needs to be monitored as well on expected El Nino setting up in the coming monsoon.

We remain positive on the sector. However, our choice is in the following order –PVs, 2Ws and CVs. Stocks specifically, within the 2Ws, we like Bajaj Auto as we expect bounce back of exports 3-4 months down the line as \$ scenario may improve in Africa. Also the EV strength gaining from Chetak and upcoming launch of e-3W can be additional positives. Domestically on the motorcycles side as well the company is posting very strong numbers. TVS too looks promising with its dominance in EV scooters and solid performance by its star performers like NTorq, Jupiter, Apache, Raider and the recently launched Ronin. 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 because of its wide portfolio of vehicles and inroads into the SUV industry. 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.

### Bajaj Auto Limited

	May-23	Apr-23	% mom	May-22	% yoy	YTD FY24	YTD FY 23	% yoy
<b>Motorcycles</b>								
Domestic	1,94,811	1,81,828	7.1%	96,102	102.7%	3,76,639	1,89,335	98.9%
Exports	1,12,885	1,06,157	6.3%	1,53,397	-26.4%	2,19,042	3,41,875	-35.9%
Total	3,07,696	2,87,985	6.8%	2,49,499	23.3%	5,95,681	5,31,210	12.1%
<b>3W</b>								
Domestic	33,590	31,344	7.2%	16,206	107.3%	64,934	25,150	158.2%
Exports	13,862	11,949	16.0%	10,163	36.4%	25,811	30,282	-14.8%
Total	47,452	43,293	9.6%	26,369	80.0%	90,745	55,432	63.7%
Domestic	2,28,401	2,13,172	7.1%	1,12,308	103.4%	4,41,573	2,14,485	105.9%
Exports	1,26,747	1,18,106	7.3%	1,63,560	-22.5%	2,44,853	3,72,157	-34.2%
Total	3,55,148	3,31,278	7.2%	2,75,868	28.7%	6,86,426	5,86,642	17.0%

### TVS Motor Company Limited

	May-23	Apr-23	% mom	May-22	% yoy	YTD FY24	YTD FY 23	% yoy
Motorcycles	1,62,248	1,52,365	6.5%	1,48,560	9.2%	3,14,613	2,87,587	9.4%
Scooters	1,03,203	1,07,496	-4.0%	1,00,665	2.5%	2,10,699	2,02,874	3.9%
Mopeds	53,844	34,925	54.2%	37,833	42.3%	88,769	76,619	15.9%
Total 2W	3,19,295	2,94,786	8.3%	2,87,058	11.2%	6,14,081	5,67,080	8.3%
3W	11,314	11,438	-1.1%	15,294	-26.0%	22,752	31,210	-27.1%
Total sales	3,30,609	3,06,224	8.0%	3,02,352	9.3%	6,36,833	5,98,290	6.4%
Exports out of the above	76,607	71,663	6.9%	1,10,245	-30.5%	1,48,270	2,23,672	-33.7%
2W exports	66,605	61,830	7.7%	95,576	-30.3%	1,28,435	1,95,065	-34.2%

**Maruti Suzuki India Limited**

	May-23	Apr-23	% mom	May-22	% yoy	YTD FY24	YTD FY 23	% yoy
Mini(Alto, Old WagonR, S-Presso)	12,236	14,110	-13.3%	17,408	-29.7%	26,346	34,545	-23.7%
Compact(New WagonR, Swift,Celerio, Baleno, Dzire, Ignis)	71,419	74,935	-4.7%	67,947	5.1%	1,46,354	1,27,131	15.1%
Mid size (Ciaz)	992	1,017	-2.5%	586	69.3%	2,009	1,165	72.4%
Total passenger cars	84,647	90,062	-6.0%	85,941	-1.5%	1,74,709	1,62,841	7.3%
Utility Vehicles(Gypsy, Ertiga, XL6, S-Cross, Viterra Brezza)	46,243	36,754	25.8%	28,051	64.9%	82,997	61,992	33.9%
Vans(Omni, Eeco)	12,818	10,504	22.0%	10,482	22.3%	23,322	21,636	7.8%
LCV (Super Carry)	2,888	2,199	31.3%	3,526	-18.1%	5,087	7,792	-34.7%
Total domestic sales	1,46,596	1,39,519	5.1%	1,28,000	14.5%	2,86,115	2,54,261	12.5%
Sales to other OEM :A:Compact	5,010	4,039	24.0%	6,222	-19.5%	9,049	12,209	-25.9%
Exports	26,477	16,971	56.0%	27,191	-2.6%	43,448	45,604	-4.7%
Total sales	1,78,083	1,60,529	10.9%	1,61,413	10.3%	3,38,612	3,12,074	8.5%

**Mahindra & Mahindra Limited**

Auto segment	May-23	Apr-23	% mom	May-22	% yoy	YTD FY24	YTD FY 23	% yoy
Utility Vehicles	32,883	34,694	-5.2%	26,632	23.5%	67,577	48,800	38.5%
Cars+Vans	3	4	-25.0%	272	-98.9%	7	630	-98.9%
Total PV	32,886	34,698	-5.2%	26,904	22.2%	67,584	49,430	36.7%
LCV(<3.5 T)	19,053	3,416	457.8%	20,517	-7.1%	38,134	37,214	2.5%
LCV (>3.5T)+ MHCV	1,009	15,665	-93.6%	632	59.7%	2,159	1,337	61.5%
Total CV	20,062	19,081	5.1%	21,149	-5.1%	40,293	38,551	4.5%
3 wheelers	5,851	5,552	5.4%	3,645	60.5%	11,403	6,654	71.4%
Total domestic sales	58,799	59,331	-0.9%	51,698	13.7%	1,19,280	94,635	26.0%
Total exports	2,616	1,813	44.3%	2,028	29.0%	4,429	4,731	-6.4%
Total sales	61,415	61,144	0.4%	53,726	14.3%	1,23,709	99,366	24.5%
FES	May-23	Apr-23	% mom	May-22	% yoy	YTD FY24	YTD FY 23	% yoy
Domestic	33,113	35,398	-6.5%	34,153	-3.0%	68,511	73,558	-6.9%
Exports	1,013	1,007	0.6%	1,569	-35.4%	2,020	3,103	-34.9%
Total FES	34,126	36,405	-6.3%	35,722	-4.5%	70,531	76,661	-8.0%

**Ashok Leyland Limited**

	May-23	Apr-23	% mom	May-22	% yoy	YTD FY24	YTD FY 23	% yoy
MHCV	8,270	7,933	4.2%	7,945	4.1%	16,203	15,633	3.6%
LCV	4,864	5,041	-3.5%	5,328	-8.7%	9,905	9,487	4.4%
Total	13,134	12,974	1.2%	13,273	-1.0%	26,108	25,120	3.9%

## Tata Motors Limited

	May-23	Apr-23	% mom	May-22	% yoy	YTD FY24	YTD FY 23	% yoy
M&HCV	8,160	6,984	16.8%	7,343	11%	15,144	16,898	-10%
I & LCV	3,450	2,148	60.6%	5,540	-38%	5,598	9,017	-38%
Passenger Carriers	3,874	2,061	88.0%	3,632	7%	5,935	5,769	3%
SCV cargo and pick up	12,086	10,314	17.2%	14,899	-19%	22,400	29,610	-24%
Total CV	27,570	21,507	28.2%	31,414	-12%	49,077	61,294	-20%
Total PV	45,984	47,107	-2.4%	43,392	6%	93,091	84,928	10%
Exports	1,419	985	44.1%	1,404	1%	2,404	2,362	2%
Total sales	74,973	69,599	7.7%	76,210	-2%	144572	148584	-3%

## Escorts Kubota Limited

	May-23	Apr-23	% mom	May-22	% yoy	YTD FY24	YTD FY 23	% yoy
Domestic	8,704	7,252	20.0%	7,667	13.5%	15,956	15,343	4.0%
Exports	463	313	47.9%	754	-38.6%	776	1,403	-44.7%
Total	9,167	7,565	21.2%	8,421	8.9%	16,732	16,746	-0.1%

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