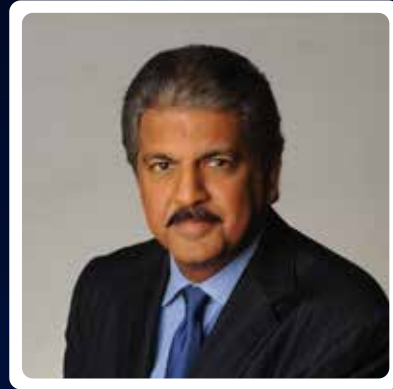




**Phillip Fisher**  
American Investor

“The stock market is filled with individuals who know the price of everything, but the value of nothing.”



**Anand Mahindra**  
Chairman, M&M

“I see a one - time opportunity for the government and industry to work together to invest in manufacturing, R&D and the supply chain and make India the undisputed global hub of the EV world”

## WHAT'S INSIDE

- **KEY BUSINESS UPDATES FOR Q4FY23**
- **ANNUAL AUTO TRENDS**
- **ENERGY DRINKS – POWERING THROUGH!**
- **WHAT CAUGHT OUR ATTENTION THIS MONTH !**

# KEY BUSINESS UPDATES FOR Q4FY23



**Sales grew 25% YoY on a weaker base (3-year CAGR: 27%) in Q4FY23.** Jewellery business grew 23% YoY. Watches & wearables and EyeCare division grew 41% and 22% YoY resp. **Jewellery robust performance led by buyer growth, both new and repeat, and increase in ticket size.**



**APL Apollo reported volume growth of ~18% YoY in Q4FY23. It achieved its FY23 volume guidance** and recorded volumes of ~2.2mn tons in FY23.



**Revenue expected to grow mid-single digit. Operating margin expected to be lower by ~200-250 bps** due to increased brand spends. Demand trajectory across both urban and rural markets has shown a slight improvement.



Tier 1 consumers have demonstrated sustained consumption. **FY23 Beauty and Personal care revenue growth rates to be in line with 9MFY23, early-thirties. For Q4FY23, expect revenue growth rates in the Fashion business to be in the late teens.** Consumer pullback in discretionary spends has had some impact on fashion business.



**Revenue grew 20% YoY and at a 3-year CAGR of 19% in Q4FY23. Store addition pace picked up with 18 stores added in Q4** taking the total to 324 stores.



BAJAJ FINANCE LIMITED

**Loan book grew by 28.8% YoY and 7.1% QoQ to Rs.2.47 trn. In Q4FY23 customer franchise increased by 3.1mn customers** and now it has reached 69.1mn customers.



**Gross advances grew by 26% YoY and 5% QoQ and deposits grew by 32% YoY and 14% QoQ** with CASA ratio at 38.4% Vs 37.3% YoY and flat on QoQ basis.



**Tata Steel domestic deliveries increased marginally by 1% YoY and 9% QoQ to 5.15mn tons** and were the highest ever quarterly deliveries. FY23 India deliveries increased by 3% YoY despite volatile operating environment.



**Net advances grew 21% YoY and 6% QoQ and deposits grew 15% YoY and 3% QoQ.** CASA ratio stood at 40.1% down from 42.8% YoY and 42.0% QoQ.



**Advances grew 16.9% YoY and 6.2% QoQ and deposits grew 20.8% YoY and 8.7% QoQ.** CASA deposits up 11.3% YoY and 9.6% QoQ.



**Advances grew 20.2% YoY and 3.8% QoQ and deposits grew 17.4% YoY and 5.9% QoQ.** CASA ratio stood at 32.7% down from 37% YoY and 34.2% QoQ.



**Advances grew 29.6% YoY and 11.7% QoQ and deposits grew 15.7% YoY and 12.3% QoQ.** CASA ratio stood at 53.4% down from 57.9% YoY and 52.5% QoQ.

# ANNUAL AUTO TRENDS

Particulars	FY22	FY23	YoY (%)
<b>Two-Wheeler</b>	<b>13,494,214</b>	<b>15,995,968</b>	<b>19%</b>
Hero Moto Corp	4,944,150	5,328,546	8%
Bajaj Auto 2W	3,836,856	3,440,704	-10%
<b>Three-Wheeler</b>	<b>417,108</b>	<b>767,071</b>	<b>84%</b>
Bajaj Auto 3W	471,577	485,018	3%
M&M	30,079	58,520	95%
<b>Passenger Vehicles</b>	<b>2,942,273</b>	<b>3,620,039</b>	<b>23%</b>
Maruti Suzuki India	1,652,653	1,966,164	19%
Tata Motors	370,939	540,569	46%
M&M (PV)	225,895	359,253	59%
<b>Tractors</b>	<b>766,545</b>	<b>827,403</b>	<b>8%</b>
Escorts Kubota	94,228	103,290	10%
M&M (Tractors)	354,698	407,545	15%
<b>Commercial Vehicle Sales</b>	<b>707,186</b>	<b>939,741</b>	<b>33%</b>
Tata Motors	357,510	413,539	16%
Ashok Leyland	128,326	192,205	50%
Volvo Eicher	57,077	79,623	40%

Source: Company Data, Vahaan, FADA, and Equentis Research.

## Key takeaways

- According to Federation of Automobile dealers association of India (FADA) which is an apex body of Automobile retail industry in India, In FY23 it was a strong show across segments, wherein except tractors all other segments posted growth in double digits.
- Although the 2-wheeler segment demonstrated YoY growth, it remains significantly below pre-pandemic levels, indicating that rural India is still bearing the burden of high inflationary costs.
- As per the SMEV, EV sales have crossed the ~1 mn units mark for the first time in India in FY23, which implies a jump of ~58% over FY22. The growth was largely led by the 2W segment, the E-2W segment (62% of total EVs) rose by 2.5x to 8,46,976 units in FY23, but this was lower by ~25% from the minimum target set by Niti Aayog. As per the industry body, withholding of subsidies under FAME II for not complying with the Phased Manufacturing Programme guidelines under the scheme had an impact on the sales of E2Ws. E-3W sales took the second spot (34% of total EVs) with 4,01,841 units, whereas E-4W comprised ~4% of total EV sales i.e., ~47,217 units of E-4W were sold and E-buses stood at 1,904 units or 0.16%.
- The 3-wheeler segment continues to grow at a healthy pace and volumes have jumped back to pre-covid levels. 3W Industry witnessed a tactical shift from ICE to EV; around ~52% 3W market is driven by EVs.
- PV's grew by ~23% in FY23, but for the month of March-23 it remained flat. Supply-chain problems for recent SUV launches and lackluster demand in the entry level segment remains a challenge. Demand within SUV segment continues to remain robust and industry is transiting from small cars to mid-size SUVs.
- CV's continue to grow in high double digit due to strong demand in passenger and cargo segments.
- Tractors showed the least growth but clocked an all-time high volume of ~8.27 lakh units in FY23. Looking at the high base, the Tractor segment could witness tapered growth in FY24 due to inflationary pressures coupled with routine price hikes and regulatory challenges.

**OEM Wise Market share trends:** According to the FADA's March-23 press release for FY23, 1) In PV segment, market share losses for Maruti Suzuki continued (125bps YoY to ~40.86%), while M&M (up ~217bps YoY to ~8.94%) and Tata Motors (up 212bps YoY to ~13.39%) were the beneficiaries led by their new product successes. 2) In 2W space, Hero Motocorp continues to lose market share for the third consecutive time to a decadal low of 32.07% in overall domestic 2Ws, while Bajaj Auto lost ~161bps to reach sub-10% market share. 3) In EVs, Tata Motors' share stood at 83% in PVs with MG Motors at ~6% share and M&M gaining ~3% market share; Ola Electric led the 2W EV space with market share at ~25% followed by Ather Energy at ~14%, taking market share from Hero Electric at ~8% and Okinawa at ~5%; 4) tractor segment witnessed TAFE gaining share (up 85bps YoY to ~11.02%) at the expense of Eicher Tractors (down 100bps YoY to ~6.33%) with M&M still maintaining its ~40% share YoY and Escorts Kubota at ~11%.

**New launches in H2FY23:** As the domestic Automobile industry witnessed strong recovery, OEMs are back in the market with the new launches. In H2FY23 we saw multiple new launches from the OEMs in order to capture the market share and meet the consumer demands. We would like to highlight some of the new launches by the OEMs.

### PVs

### 2Ws

	
<b>MSIL Jimny</b>	<b>MSIL EVX</b>
	
<b>KIA EV9</b>	<b>Tata Harrier EV</b>



**TVS Iqube ST**

## Conclusion

Domestic Automobile sector has witnessed a steady recovery in FY23, and it was the first full year without any covid challenges after a gap of two years. The PV segment has witnessed numerous new launches and there's a huge pending order book with the OEMs and easing semi-conductor chip shortage will provide strong volume growth in the upcoming quarters. The EV segment is gaining a lot of popularity and has also become quite attractive for commercial businesses engaged in last-mile delivery and ride sharing. The government's decision on the continuation of the FAME scheme is very critical and will decide the fate of the EV industry. Industry experts believe to encourage the entire EV ecosystem and adoption of EVs, extension of the FAME scheme by next 2-3 years is very necessary. We continue to remain positive on the Auto Industry and believe the PV and CV segment will continue to outperform the industry.

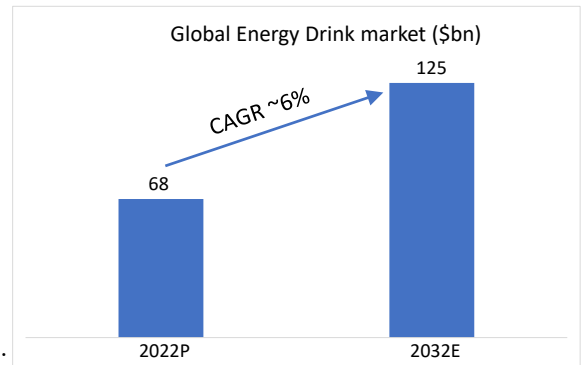
# ENERGY DRINKS – POWERING THROUGH!

## Global Energy drink industry

Energy drinks are beverages that are marketed as a drink that delivers an instant energy boost and contains high concentration of stimulants, majorly caffeine, taurine, ginseng, guarana etc. As per Future Market Insights (FMI), the global energy drink market is valued at ~\$68bn in 2022 and projects it to grow at a ~6-7% CAGR over 2022-2032, to reach ~\$125bn+ by 2032.

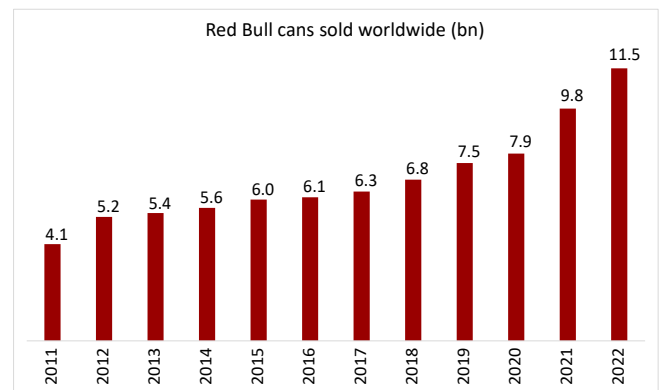
The US energy drink market is largely consolidated with leading players such as Red Bull and Monster Beverage dominating with ~60-70% market share together in the ~\$16-17bn US market in 2022.

In China, the energy drink sales volume is estimated at ~800mn cases, while the Vietnam energy drinks market is said to be ~170-200mn cases while currently India market would be estimated to be less than 100mn cases.



## Giving wings to the Energy Drinks category - Red Bull

- Red Bull was launched in Austria in 1987, leading to a new product: energy drinks.
- Since its launch, it has sold 100bn+ cans of Red Bull worldwide (+175 countries) including over 11.5bn cans in 2022.
- It controls a ~40% share of the global energy drinks market.
- Its revenue grew ~24% YoY to EUR 9.7bn in 2022.
- Red Bull sales have increased ~10x since 2000.



## The Indian Energy drink market

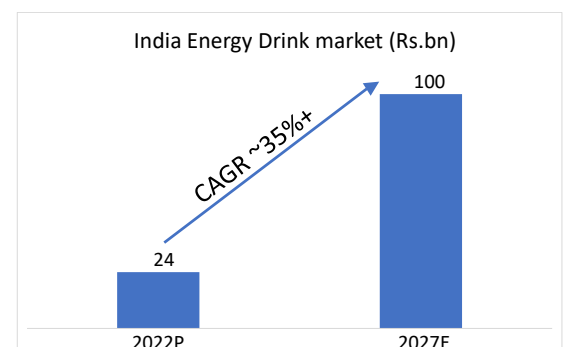
In 2012, the energy drinks market in India was estimated to be ~Rs.2.5bn where Red Bull had 75-80% market share during the time. The energy drink market in India is evolving and growing rapidly making it difficult to estimate market size. While news reports peg the market size to be ~Rs.24bn, however, as per our estimates, retail sales of energy drink Sting itself in CY22 would be ~Rs.28bn (60mn cases sold x 24 bottles/case x Rs.20/bottle). The market is expected to grow at a CAGR of 45-50% and is estimated to reach ~Rs.100bn by 2027 with the affordable price segment growing faster.

The premium segment of the energy drinks market held around ~90%+ share in terms of value 4-5 years ago, but now with more affordable options available, the premium to affordable share is said to be a 50-50 mix in terms of value, while volumes are dominated by the affordable segment.

## Major players in the Indian market

In India, energy drinks were a late entrant with Red Bull entering the market in 2009. Its launch brought a new product category in the country. Given its premium positioning at Rs.125/250ml, the market saw a gradual acceptance of the product due to lower awareness and price sensitive nature of the Indian market.

In 2017, PepsiCo launched its Energy drink Sting at a starting price of Rs.20/250ml leading to an inflection point and wider acceptance of the product. In 2021, brewing company AB InBev also forayed into this space with the launch of Budweiser Beats and Hurricane in the price range of Rs.90 and Rs.50 for 250ml respectively. It aims to garner a ~10% market share in the next two years. Competing at a similar price point to Sting, Coca-Cola recently launched 'Charged' in the price segment of Rs.20.



When Varun Beverages (VBL) launched energy drink Sting in 2017, the energy drink market size in India was ~2mn cases dominated by Red Bull. The entry of Sting at a lower price point led to rapid expansion of the category as Sting sold 60mn+ cases in CY22 (vs ~23mn in CY21), demonstrating a multi-fold increase in the size of the energy drink market. Given its premium pricing, Red Bull is estimated to have sold ~5mn cases.



Brands in India and pricing for 250ml

Company	Brand	MRP (Rs.)	Caffeine (mg/250ml)
Red Bull	Red Bull	125	75
Monster Beverages	Monster*	125	80
Jouleshealth Enterprise	NOCD	110	75
Ab InBev	Budweiser Beats	90	58
Hell Energy	Hell	60	75
Ab InBev	Hurricane	60	58
Paper Boat	Tzinga	60	75
Ocean Drinks	O'cean	55	75
Rio Innobev	Rio Boom	55	75
Monster Beverages	Predator#	50	75
Ghodawat Consumer	Rider	50	60
Pepsico	Sting	20	72
Coca-Cola	Charged	20	62
Jalaram Healthcare	Cloud9	20	67

\*Price for 350ml, #Price for 300ml

## Conclusion

Globally, the category has reached a steady state while India saw late entrants of players in this space. In terms of opportunity size and growth for India, there is sizable headroom ahead. The category has seen an exponential growth in the past few years driven by new entrants, increased marketing efforts & awareness and availability of lower price points to cater to a wider audience. The growth momentum is likely to continue to be robust, driven by newer variants (flavours, no/low sugar, caffeine content etc.) and competitive intensity inching up thus helping expand the energy drink market in India.

# WHAT CAUGHT OUR ATTENTION THIS MONTH !

## After 6 straight hikes, RBI keeps repo rate unchanged



## RBI keeps repo rate unchanged at 6.5%

The Reserve Bank of India stopped its rate-hike cycle by retaining the key lending rate at 6.5%.

RBI governor said that the repo rate has been kept unchanged on basis of macroeconomic and financial conditions. It continued to emphasise on withdrawal of accommodation.

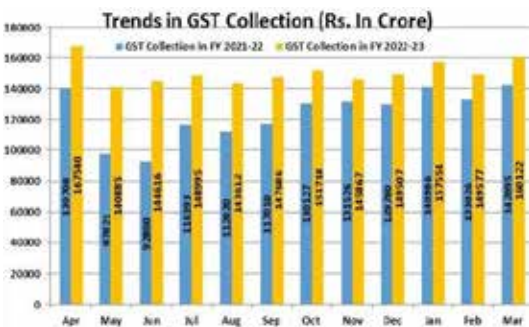
Before it decided to pause, the RBI increased interest rates six times in a row. It was widely anticipated that the MPC would press the pause as continuing rate cuts were not seen as productive.

## India's manufacturing PMI rises to three-month high of 56.4 in March

India's manufacturing sector activity continued to expand in March, with the S&P Global Purchasing Managers' Index (PMI) coming in at 56.4, up from February's 55.3.

This is the 21st consecutive 50-plus print for India's manufacturing PMI.

At the end of the final fiscal quarter, India's manufacturing sector displayed impressive performance as factory orders and production increased at the fastest rate in three months.



## India's March GST collection rises to second-highest Rs 1.60 lakh crore

India's gross collection from GST rose 13% from a year earlier to Rs 1,60,122 crore, registering second highest collection since implementation of GST in July 2017, suggesting economic strength despite number of challenges.

The ministry said that the gross GST collection has surpassed Rs 1.5 lakh crore for the fourth time in the current fiscal year, marking the second-highest collection since the regime's inception.

## Govt removes long-term tax benefits for debt mutual funds

The Finance Ministry has amended the Finance Bill 2023 to remove the long-term tax benefit that debt fund investors enjoyed after three years of investment, disappointing India's top mutual fund houses.

As per the amendments, debt funds having not more than 35% invested in equity shares would be taxed at the income tax slab level and treated as short term capital gain.

The changes would be applicable from April 1, 2023.



## Gold prices hit record high, cross ₹60,000 mark for the first time

Gold prices surged to touch a fresh lifetime high on the Multi Commodity Exchange (MCX), crossing the ₹60,000 mark after banking crisis in the US and Europe triggered a return to haven buying.

Mainly due to the decline in the dollar and global stock markets on the back of the crisis in the US, gold reached a new record high level on both domestic and international markets.

In international market, gold rose above \$2,000 an ounce for the first time in more than a year.

**UPI transactions: Fee of up to 1.1% on merchant transactions above Rs 2,000 on payment apps like GPay and Paytm**

The National Payments Corporation of India (NPCI) notified recently that an interchange fee of 0.5% to 1.1% will be applicable on transactions over Rs 2000 made through Prepaid Payment Instruments (PPIs).

The NPCI clarified that it has implemented fees on UPI transactions on only PPI merchant transactions, and not on regular bank-to-bank UPI transactions.

This fee on digital wallet transactions made on the UPI will come into effect from 1 April this year and will depend on the type of service provided.



**India and China to account for half of global economic growth in 2023, says IMF chief**

The IMF chief said that the world economy is expected to grow at less than 3 per cent this year, with India and China likely to account for half of global growth in 2023.

The period of slower economic activity will be prolonged, with the next five years witnessing less than 3 per cent growth.

She said that some momentum comes from emerging economies - Asia especially is a bright spot, India and China are anticipated to contribute 50% of the world's growth.

**FY23 bank credit growth highest since FY12, up 15 %**

As per RBI data, bank credit increased by 15 % year-on-year (YoY) in 2022-23 (FY23), compared to 9.6 % YoY in 2021-22 (FY22). FY23 credit growth is highest since 2011-12, when it was 19.3 per cent.

While bank loans increased by 15% in FY23, deposits only increased by 9.6% compared to an 8.9% YoY growth in FY22.

The credit growth is driven by a rebound in economic activity and is supported by an improvement in deposit growth.



**India could become top aviation market globally by decade-end: Civil Aviation Secretary Bansal**

Civil Aviation Secretary Rajiv Bansal said that India could emerge as the top aviation market globally by the turn of the decade, surpassing the United States and China on most parameters.

India's domestic passenger traffic has expanded at a CAGR of around 14.5% during the past six years, while the country's foreign passenger traffic has grown at a CAGR of about 6.5%.

India is currently the world's third-largest civil aviation market and has big ambitions to expand air connectivity, which is still beyond the reach of a significant chunk of the population.



**GLOBAL NEWS THIS MONTH**



**Global financial stability at risk from banking turmoil: IMF chief**

International Monetary Fund (IMF) chief Kristalina Georgieva has warned that the global economy faces risks to its financial stability because of the turbulence in the banking sector.

She said the world economy would expand by just 3% in this year as rising borrowing costs, combined with the war in Ukraine and scarring from the Covid-19 pandemic, would suffocate growth.

The IMF chief said it was clear that risks to financial stability had increased after the recent collapse of Silicon Valley Bank and the Swiss-government brokered rescue of Credit Suisse by UBS.

**Fed increases rates by 25 bps to fight inflation despite banking sector crisis**

The Fed raised interest rates by a quarter of a percentage point, but indicated it was on the verge of pausing further increases in borrowing costs amid recent financial markets spurred by the collapse of two U.S. banks.

The Fed increased its funds target rate to a range of 4.75-5 percent, a level last seen prior to the 2007-08 global financial crisis.

The Fed, while announcing the rate hike, said the recent developments in the banking sector are likely to result in tighter credit conditions for households and businesses and to weigh on economic activity, hiring, and inflation.



**OPEC+ announces surprise cuts in oil production**

Saudi Arabia and other OPEC+ members have announced voluntary cuts to their oil production of about 1.16mn barrels per day, calling it a precautionary measure aimed at market stability.

The production cut was unexpected because leaders of the group, known collectively as OPEC+, said in recent days that they did not intend to make changes in their policies.

Oil prices notched their biggest gain in nearly a year after OPEC+ announced it was slashing output. The voluntary cuts will begin in May and run until the end of 2023.

**UK inflation jumps unexpectedly to 10.4% in February**

British inflation unexpectedly accelerated in February, deepening a cost-of-living crisis and pressuring the Bank of England to hike interest rates despite global markets turmoil.

After slowing for three straight months, the UK Consumer Prices Index (CPI) climbed to 10.4 % in February.

Economists and BoE had forecasted a decline from January to 9.9%. Some experts had predicted the BoE will hold off from raising rates further due to markets volatility, but the latest inflation data complicates the picture.





# THANK YOU

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