

Outstanding bounce back with Wave#2 of pandemic waning...

The base month of June 20 was impacted by the pandemic as it was the fourth month of the pandemic and most of the dealerships had just started by May end. Tractor dealerships opened in the first few days of May as it was included under the ambit of essential goods. Other segments of the industry however faced the heat. By first week of June production facilities and dealerships started opening with some restrictions. Hence, in June-20 all segments of the auto industry reported strong sequential growth. However, the absolute numbers were still quite low. Therefore in June-21, on a low base of June 20, we have observed exponential yoy growth across the sectors and companies. When compared on a mom basis, we saw a strong recovery over May 21 as the base month was tainted with Pandemic Wave #2. As the wave subsided, there was a super strong bounce back in June as we again observed very robust growth. Post a very soft month of May, June rose much higher and stronger than expectations. Fear factor which played very strongly in the month of May, got diluted quickly and sales resumed their track. We witnessed 273% rise in sales for MSIL mom, as all of its segments grew in triple digit. This was a growth of 141% yoy. TAMO's PV segment expanded by 58.5% sequentially and 111% yoy. M&M's SUV segment grew by 109% yoy which were also backed by Thar deliveries. 3W business also gained momentum as they grew by 176% qoq and on double digit units yoy. CV division also reported strong growth of 22% yoy and 75% mom. M&M's tractor business in the domestic markets also zoomed up by 30.8% yoy despite high base as it indicated readiness for the monsoon. Even Escorts tractors rose by 12.5% yoy domestically during the same period. The CV segment saw a splendid growth of 145-170% yoy for both TAMO and AL. 2Ws sector in the domestic markets also reported growth in the 20-30% range for both Bajaj Auto and TVS. Hero however reported 3.8% growth yoy as while reporting 156% growth mom.

Based on the factors mentioned above, we expect a strong FY 22 on a very low base of H1 FY21. Given a very healthy triple digit growth in Q1 FY 22, we believe the impact of Wave #2 is mitigated. Therefore the stage is all set for a very strong FY 22 provided there is no Wave #3. We expect this strong run to continue in the rest of FY 22, especially in the first half. Stocks specifically, Hero Motocorp (2W market leader and king in the rural markets), Bajaj Auto(#1 in 2W exports markets) and Maruti Suzuki (PV market leader) will be the winners, as we believe that they being market leaders with widespread distribution network, will be the best placed to increase their market shares and gain from the current situation. We also believe that M&M with its thrust on rural markets through its leadership in tractors business and prudent capital allocation and a robust growth strategy is one of the best investment stories. We like Ashok Leyland within CVs as it has a diversified revenue base deriving from LCVs, defense, MHCVs and spares. Also the recovery and growth in its monthly numbers is thick and fast. Tata Motors is seeing a strong PV business, along with a revival in MHCVs. Every dip in these stocks in the short term (driven by pandemic, supply shortage etc), shall provide good opportunities for investors to enter into them from medium to long term perspective.

	Jun-21	May-21	% mom	Jun-20	% yoy	YTD FY22	YTD FY21	% yoy
Hero Motocorp	4,69,160	1,83,044	156.3%	4,51,983	3.8%	10,24,519	5,63,426	81.8%
Bajaj Auto	3,46,136	2,71,862	27.3%	2,78,097	24.5%	10,06,014	4,43,103	127.0%
TVS	2,51,886	1,66,889	50.9%	1,98,387	27.0%	5,85,664	2,57,293	127.6%
Maruti	1,47,368	46,565	216.5%	57,428	156.6%	3,53,614	76,599	361.6%
M&M	81,186	41,631	95.0%	55,902	45.2%	1,86,777	95,308	96.0%
Auto	32,964	17,447	88.9%	19,358	70.3%	86,848	29,651	192.9%
Tractors	48,222	24,184	99.4%	36,544	32.0%	99,929	65,657	52.2%
Tata Motors	46,210	26,582	73.8%	20,243	128.3%	1,14,531	24,883	360.3%
Ashok Leyland	6,448	3,199	101.6%	2,394	169.3%	17,987	3,814	371.6%
Escorts	12,533	6,423	95.1%	10,851	15.5%	25,935	18,150	42.9%



Hero Motocorp

	Jun-21	May-21	% mom	Jun-20	% yoy	YTD FY22	YTD FY21	% yoy
Total sales	4,69,160	1,83,044	156.3%	4,51,983	3.8%	10,24,519	5,63,426	81.8%

Bajaj Auto

	Jun-21	May-21	% mom	Jun-20	% yoy	YTD FY22	YTD FY21	% yoy
Motorcycles								
Domestic	1,55,640	60,342	157.9%	1,46,695	6.1%	3,42,552	1,85,981	84.2%
Exports	1,54,938	1,80,212	-14.0%	1,08,427	42.9%	5,56,753	2,13,948	160.2%
Total	3,10,578	2,40,554	29.1%	2,55,122	21.7%	8,99,305	3,99,929	124.9%
3W								
Domestic	6,196	488	1169.7%	4,494	37.9%	14,585	5,282	176.1%
Exports	29,362	30,820	-4.7%	18,481	58.9%	92,124	37,892	143.1%
Total	35,558	31,308	13.6%	22,975	54.8%	1,06,709	43,174	147.2%
Domestic	1,61,836	60,830	166.0%	1,51,189	7.0%	3,57,137	1,91,263	86.7%
Exports	1,84,300	2,11,032	-12.7%	1,26,908	45.2%	6,48,877	2,51,840	157.7%
Total	3,46,136	2,71,862	27.3%	2,78,097	24.5%	10,06,014	4,43,103	127.0%

TVS Motors

	Jun-21	May-21	% mom	Jun-20	% yoy	YTD FY22	YTD FY21	% yoy
Motorcycles	1,46,874	1,25,188	17.3%	84,401	74.0%	3,97,250	1,11,173	257.3%
Scooters	54,595	19,627	178.2%	65,666	-16.9%	93,849	81,786	14.7%
Mopeds	36,623	9,601	281.4%	41,009	-10.7%	55,825	54,335	2.7%
Total 2W	2,38,092	1,54,416	54.2%	1,91,076	24.6%	5,46,924	2,47,294	121.2%
3W	13,794	12,473	10.6%	7,311	88.7%	38,740	9,999	287.4%
Total sales	2,51,886	1,66,889	50.9%	1,98,387	27.0%	5,85,664	2,57,293	127.6%
Exports out of the above	1,06,246	1,14,674	-7.3%	53,123	100.0%	3,35,594	70,830	373.8%
2W exports	92,679	1,02,332	-9.4%	46,259	100.3%	2,97,343	61,410	384.2%
3W exports	13,567	12,342	9.9%	6,864	97.7%	38,251	9,420	
3W domestic	227	131	73.3%	447	-49.2%	489	579	

Maruti Suzuki

	Jun-21	May-21	% mom	Jun-20	% yoy	YTD FY22	YTD FY21	% yoy
Mini(Alto, Old WagonR, S-Presso)	17,439	4,760	266.4%	10,458	66.8%	47,240	12,453	279.3%
Compact(New WagonR, Swift,Celerio, Baleno, Dzire, Ignis)	68,849	20,343	238.4%	26,696	157.9%	1,61,510	32,958	390.0%
Mid size (Ciaz)	602	349	72.5%	553	8.9%	2,518	745	238.0%
Total passenger cars	86,890	25,452	241.4%	37,707	130.4%	2,11,268	46,156	357.7%
Utility Vehicles(Gypsy, Ertiga, XL6, S-Cross, Vitarra Brezza)	28,172	6,365	342.6%	9,764	188.5%	60,011	13,400	347.8%
Vans(Omni, Eeco)	9,218	1,096	741.1%	3,803	142.4%	21,783	5,420	301.9%
LCV (Super Carry)	1,916	868	120.7%	1,026	86.7%	4,056	1,189	241.1%
Total domestic sales	1,26,196	33,781	273.6%	52,300	141.3%	2,97,118	66,165	349.1%
Sales to other OEM :A:Compact	4,152	1,522	172.8%	839	394.9%	10,977	862	1173.4%
Exports	17,020	11,262	51.1%	4,289	296.8%	45,519	9,572	375.5%
Total sales	1,47,368	46,565	216.5%	57,428	156.6%	3,53,614	76,599	361.6%



Mahindra & Mahindra

Auto segment	Jun-21	May-21	% mom	Jun-20	% yoy	YTD FY22	YTD FY21	% yoy
Utility Vehicles	16,636	7,748	114.7%	7,958	109.0%	42,570	11,703	263.8%
Cars+Vans	277	256	8.2%	117	136.8%	632	239	164.4%
Total PV	16,913	8,004	111.3%	8,075	109.4%	43,202	11,942	261.8%
LCV(<3.5 T)	12,347	7,048	75.2%	10,332	19.5%	33,166	15,453	114.6%
LCV (>3.5T)+ MHCV	347	188	84.6%	85	308.2%	868	134	547.8%
Total CV	12,694	7,236	75.4%	10,417	21.9%	34,034	15,587	118.3%
3 wheelers	750	272	175.7%	13	5669.2%	3,065	52	5794.2%
Total domestic sales	30,357	15,512	95.7%	18,505	64.0%	80,301	27,581	191.1%
Total exports	2,607	1,935	34.7%	853	205.6%	6,547	2,070	216.3%
Total sales	32,964	17,447	88.9%	19,358	70.3%	86,848	29,651	192.9%

FES	Jun-21	May-21	% mom	Jun-20	% yoy	YTD FY22	YTD FY21	% yoy
Domestic	46,875	22,843	105.2%	35,844	30.8%	95,848	64,577	48.4%
Exports	1,347	1,341	0.4%	700	92.4%	4,081	1,080	277.9%
Total FES	48,222	24,184	99.4%	36,544	32.0%	99,929	65,657	52.2%

Ashok Leyland

	Jun-21	May-21	% mom	Jun-20	% yoy	YTD FY22	YTD FY21	% yoy
MHCV	2,764	1,953	41.5%	755	266.1%	9,050	1,021	786.4%
LCV	3,684	1,246	195.7%	1,639	124.8%	8,937	2,793	220.0%
Total	6,448	3,199	101.6%	2,394	169.3%	17,987	3,814	371.6%

Tata Motors

	Jun-21	May-21	% mom	Jun-20	% yoy	YTD FY22	YTD FY21	% yoy
M&HCV	5,243	2,583	103.0%	1693	210%	12,768	2,080	514%
I & LCV	2,785	964	188.9%	870	220%	5,762	925	523%
Passenger Carriers	943	691	36.5%	299	215%	2,184	325	572%
SCV cargo and pick up	10,623	5,133	107.0%	5,106	108%	22,686	5,904	284%
Total CV	19,594	9,371	109.1%	7,968	146%	43,400	9,234	370%
Total PV	24,110	15,181	58.8%	11,419	111%	64,386	14,571	342%
Exports	2,506	2,030	23.4%	856	193%	6,745	1,078	526%
Total sales	46,210	26,582	73.8%	20,243	128%	1,14,531	24,883	360%

Escorts

	Jun-21	May-21	% mom	Jun-20	% yoy	YTD FY22	YTD FY21	% yoy
Domestic	11,956	6,158	94.2%	10,623	12.5%	24,500	17,690	38.5%
Exports	577	265	117.7%	228	153.1%	1,435	460	212.0%
Total	12,533	6,423	95.1%	10,851	15.5%	25,935	18,150	42.9%



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