

## March witnesses sequential growth; PVs and CVs excel in FY22; while 2Ws and tractors disappoint

**Sector performance** – March witnessed a strong move on sequential basis on a truncated February, coupled with seasonal trend and the softening of the pandemic. MSIL suffered opportunity losses due to supply constraints and their higher scale of operations. TaMo grew well on its CV business along with AL. On a yoy basis all the 2Ws and tractor makers reported big losses as the base month witnessed a strong business just before the second wave emergence. Also the higher acquisition cost and increased fuel prices are leading to continuous slippage in 2W demand, especially in the price sensitive lower end segment where Hero is the market leader and is therefore reporting the highest losses in volumes. In FY 22, post the much more intense Wave #2 of the pandemic in April and May, the rural markets were still badly impacted and took more time to recover than expected. On the PV front, though the supply side concerns are reducing, most of the OEMs have still not achieved the pre-pandemic levels of production and industry experts believe that it will take at least 2-3 quarters more for the complete recovery. Higher end 2Ws along with PVs are also facing the brunt of semi-conductor chip shortage issue. M&HCVs which have all their underlying parameters in place are posting good numbers. Even on month on month basis all the CV segments have posted a strong performance. Tractors segment is in slow lane, which we believe may observe some pick up in April to June period. During the full year FY 22, we saw two wheelers posting weak domestic performance, while PVs (despite supply shortage) and CVs excelling.

**Company wise performance** - Among the PV OEMs, MSIL posted de-growth of 7.9% yoy in the domestic markets which was driven by a steep fall of 37.8% in the entry level segment of Alto and Wagon-R. Sequentially the total growth was flat while the entry level segment de-grew by 21%. The compact segment remained flat yoy and grew by 5.8% mom. In the exports markets the company posted a robust growth of ~129% yoy as we are witnessing developing markets evolving. In FY22, MSIL reported total sales growth of 13.4%. TaMo's PV segment saw a 43% yoy growth on continued success of its EV Nexon, Harrier and new launch of SUV 'Punch' in October. M&M's SUV segment jumped by a whopping 65% yoy on the success of Thar, XUV 700, pick ups and Bolero Neo, while remaining flat mom. CV division posted growth of 15.9% yoy as smaller LCVs zoomed by 16.4%. M&M's tractor business in the domestic markets de-grew 5.7% yoy and 48.7% mom due to unseasonal rains in some regions of the country and delay in Khariff harvest. Due to same reason, even Escorts witnessed a similar trend. However, we expect a recovery in these numbers in coming months following a strong Rabi season and expectations of a bumper harvest in the ensuing months. The M&HCV segment saw a 26% growth yoy for AL and 33% for TAMO. Sequentially they grew by 42% for TAMO and 49% for AL. This is due to rapid growth in the macro indicators like construction, mining, real estate and farming sectors. Also freight availability has been increasing and infrastructure activities are on an up-move given the capex kicker provided by GoI during the union budget.

In 2W segment, the weak performance continued. Bajaj reported a fall of 41% yoy for its domestic motorcycles while in exports motorcycles remained flat yoy. TVS 2W segment reported de-growth of 4.7% yoy as its scooters and mopeds segments dipped by 9.3% and 17% respectively. TVS's motorcycle segment grew by just 2.1% yoy and 11.8% qoq as its new bike Rider is finding a good demand. TVS reported best numbers among the 3 2W OEMs. For Bajaj, its 3W segment moved up by 14.6% yoy domestically. Exports 3Ws dipped by 4.4% yoy on SL and Egypt concerns. Hero Motocorp as well reported a disappointing performance in March yet again with sales declining massively by 22% yoy while growing strongly by 25.6% mom. For the fiscal, Hero, Bajaj and TVS reported total sales of -14.6%/8.4%/8.8% respectively. Hero being dominantly domestic player faced the music to the maximum.

**Our view** – Stocks specifically, we would recommend to stay away from 2Ws, while on the PV side, we believe MSIL is facing the supply side brunt more than others and is losing out on market share. However its focus on CNG is yielding good results though it is delaying its EV plans. 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 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 very healthy revival in MHCVs and improvement in JLR business. Every dip in these stocks in the short term (driven by pandemic, supply chain issues etc), shall provide good opportunities for investors to enter into them from medium to long term perspective.

	Mar-22	Feb-22	% mom	Mar-21	% yoy	FY 22	FY 21	% yoy
Hero Motocorp	4,50,154	3,58,524	25.6%	5,76,957	-22.0%	49,44,150	57,91,539	-14.6%
Bajaj Auto	2,97,188	3,16,020	-6.0%	3,69,448	-19.6%	43,08,433	39,72,914	8.4%
TVS	3,07,954	2,81,714	9.3%	3,22,643	-4.6%	33,09,578	30,42,223	8.8%
Maruti	1,70,395	1,64,056	3.9%	1,67,014	2.0%	16,52,653	14,57,861	13.4%
M&M	84,406	74,892	12.7%	71,373	18.3%	8,20,299	7,06,779	16.1%
Auto	54,643	54,455	0.3%	40,403	35.2%	4,65,601	3,52,281	32.2%
Tractors	29,763	20,437	45.6%	30,970	-3.9%	3,54,698	3,54,498	0.1%
Tata Motors	89,343	77,533	15.2%	70,116	27.4%	7,26,482	4,99,699	45.4%
Ashok Leyland	20,123	14,657	37.3%	17,231	16.8%	1,28,326	1,00,715	27.4%
Escorts	10,074	6,114	64.8%	12,337	-18.3%	94,228	1,06,741	-11.7%



## Hero Motocorp

	Mar-22	Feb-22	% mom	Mar-21	% yoy	FY 22	FY 21	% yoy
Total sales	4,50,154	3,58,524	25.6%	5,76,957	-22.0%	49,44,150	57,91,539	-14.6%

## Bajaj Auto

	Mar-22	Feb-22	% mom	Mar-21	% yoy	FY 22	FY 21	% yoy
<b>Motorcycles</b>								
Domestic	1,07,081	96,523	10.9%	1,81,393	-41.0%	16,41,084	18,09,375	-9.3%
Exports	1,49,243	1,82,814	-18.4%	1,48,740	0.3%	21,95,772	17,96,518	22.2%
<b>Total</b>	<b>2,56,324</b>	<b>2,79,337</b>	<b>-8.2%</b>	<b>3,30,133</b>	<b>-22.4%</b>	<b>38,36,856</b>	<b>36,05,893</b>	<b>6.4%</b>
<b>3W</b>								
Domestic	19,671	16,224	21.2%	17,158	14.6%	1,60,723	1,09,292	47.1%
Exports	21,193	20,459	3.6%	22,157	-4.4%	3,10,854	2,57,729	20.6%
<b>Total</b>	<b>40,864</b>	<b>36,683</b>	<b>11.4%</b>	<b>39,315</b>	<b>3.9%</b>	<b>4,71,577</b>	<b>3,67,021</b>	<b>28.5%</b>
Domestic	1,26,752	1,12,747	12.4%	1,98,551	-36.2%	18,01,807	19,18,667	-6.1%
Exports	1,70,436	2,03,273	-16.2%	1,70,897	-0.3%	25,06,626	20,54,247	22.0%
<b>Total</b>	<b>2,97,188</b>	<b>3,16,020</b>	<b>-6.0%</b>	<b>3,69,448</b>	<b>-19.6%</b>	<b>43,08,433</b>	<b>39,72,914</b>	<b>8.4%</b>

## TVS Motors

	Mar-22	Feb-22	% mom	Mar-21	% yoy	FY 22	FY 21	% yoy
Motorcycles	1,60,522	1,43,523	11.8%	1,57,254	2.1%	17,31,459	13,33,999	29.8%
Scooters	94,747	86,616	9.4%	1,04,513	-9.3%	9,22,578	9,60,706	-4.0%
Mopeds	37,649	37,486	0.4%	45,630	-17.5%	4,83,666	6,25,428	-22.7%
<b>Total 2W</b>	<b>2,92,918</b>	<b>2,67,625</b>	<b>9.5%</b>	<b>3,07,397</b>	<b>-4.7%</b>	<b>31,37,703</b>	<b>29,20,133</b>	<b>7.5%</b>
3W	15,036	14,089	6.7%	15,246	-1.4%	1,71,875	1,22,090	40.8%
<b>Total sales</b>	<b>3,07,954</b>	<b>2,81,714</b>	<b>9.3%</b>	<b>3,22,643</b>	<b>-4.6%</b>	<b>33,09,578</b>	<b>30,42,223</b>	<b>8.8%</b>
Exports out of the above	1,09,724	1,07,574	2.0%	1,19,382	-8.1%	12,53,191	8,69,729	44.1%
2W exports	95,962	94,427	1.6%	1,05,242	-8.8%	10,90,139	7,55,905	44.2%

## Maruti Suzuki

	Mar-22	Feb-22	% mom	Mar-21	% yoy	FY 22	FY 21	% yoy
Mini(Alto, Old WagonR, S-Presso)	15,491	19,691	-21.3%	24,653	-37.2%	2,11,762	2,26,159	-6.4%
Compact(New WagonR, Swift, Celerio, Baleno, Dzire, Ignis)	82,314	77,795	5.8%	82,201	0.1%	7,04,881	7,19,647	-2.1%
Mid size (Ciaz)	1,834	1,912	-4.1%	1,628	12.7%	15,869	13,852	14.6%
<b>Total passenger cars</b>	<b>99,639</b>	<b>99,398</b>	<b>0.2%</b>	<b>1,08,482</b>	<b>-8.2%</b>	<b>9,32,512</b>	<b>9,59,658</b>	<b>-2.8%</b>
Utility Vehicles(Gypsy, Ertiga, XL6, S-Cross, Vitarra Brezza)	25,001	25,360	-1.4%	26,174	-4.5%	2,90,701	2,29,101	26.9%
Vans(Omni, Eeco)	9,221	9,190	0.3%	11,547	-20.1%	1,08,345	1,05,081	3.1%
LCV (Super Carry)	3,797	3,659	3.8%	3,315	14.5%	33,812	29,556	14.4%
<b>Total domestic sales</b>	<b>1,37,658</b>	<b>1,37,607</b>	<b>0.0%</b>	<b>1,49,518</b>	<b>-7.9%</b>	<b>13,65,370</b>	<b>13,23,396</b>	<b>3.2%</b>
Sales to other OEM :A:Compact	6,241	2,428	157.0%	5,899	5.8%	48,907	38,326	27.6%
Exports	26,496	24,021	10.3%	11,597	128.5%	2,38,376	96,139	147.9%
<b>Total sales</b>	<b>1,70,395</b>	<b>1,64,056</b>	<b>3.9%</b>	<b>1,67,014</b>	<b>2.0%</b>	<b>16,52,653</b>	<b>14,57,861</b>	<b>13.4%</b>



## Mahindra &amp; Mahindra

Auto segment	Mar-22	Feb-22	% mom	Mar-21	% yoy	FY 22	FY 21	% yoy
Utility Vehicles	27,380	27,551	-0.6%	16,643	64.5%	2,23,682	1,55,530	43.8%
Cars+Vans	223	112	99.1%	57	291.2%	2,213	1,686	31.3%
<b>Total PV</b>	<b>27,603</b>	<b>27,663</b>	<b>-0.2%</b>	<b>16,700</b>	<b>65.3%</b>	<b>2,25,895</b>	<b>1,57,216</b>	<b>43.7%</b>
LCV(<3.5 T)	19,008	19,479	-2.4%	16,324	16.4%	1,70,682	1,51,889	12.4%
LCV (>3.5T)+ MHCV	829	687	20.7%	792	4.7%	6,435	4,270	50.7%
<b>Total CV</b>	<b>19,837</b>	<b>20,166</b>	<b>-1.6%</b>	<b>17,116</b>	<b>15.9%</b>	<b>1,77,117</b>	<b>1,56,159</b>	<b>13.4%</b>
3 wheelers	4,043	3,812	6.1%	4,461	-9.4%	30,079	20,525	46.5%
<b>Total domestic sales</b>	<b>51,483</b>	<b>51,641</b>	<b>-0.3%</b>	<b>38,277</b>	<b>34.5%</b>	<b>4,33,091</b>	<b>3,33,900</b>	<b>29.7%</b>
Total exports	3,160	2,814	12.3%	2,126	48.6%	32,510	18,381	76.9%
<b>Total sales</b>	<b>54,643</b>	<b>54,455</b>	<b>0.3%</b>	<b>40,403</b>	<b>35.2%</b>	<b>4,65,601</b>	<b>3,52,281</b>	<b>32.2%</b>

  

FES	Mar-22	Feb-22	% mom	Mar-21	% yoy	FY 22	FY 21	% yoy
Domestic	28,112	18,910	48.7%	29,817	-5.7%	3,37,052	3,43,833	-2.0%
Exports	1,651	1,527	8.1%	1,153	43.2%	17,646	10,665	65.5%
<b>Total FES</b>	<b>29,763</b>	<b>20,437</b>	<b>45.6%</b>	<b>30,970</b>	<b>-3.9%</b>	<b>3,54,698</b>	<b>3,54,498</b>	<b>0.1%</b>

## Ashok Leyland

	Mar-22	Feb-22	% mom	Mar-21	% yoy	YTD FY22	YTD FY21	% yoy
MHCV	13,990	9,363	49.4%	11,101	26.0%	73,885	51,807	42.6%
LCV	6,133	5,294	15.8%	6,130	0.0%	54,441	48,908	11.3%
<b>Total</b>	<b>20,123</b>	<b>14,657</b>	<b>37.3%</b>	<b>17,231</b>	<b>16.8%</b>	<b>1,28,326</b>	<b>1,00,715</b>	<b>27.4%</b>

## Tata Motors

	Mar-22	Feb-22	% mom	Mar-21	% yoy	FY22	FY 21	% yoy
M&HCV	14,499	10,233	41.7%	10,883	33%	88,041	60,107	46%
I & LCV	7,555	5,599	34.9%	6,792	11%	53,854	39,629	36%
Passenger Carriers	2,703	1,759	53.7%	1,880	44%	14,620	8,872	65%
SCV cargo and pick up	19,668	16,303	20.6%	17,253	14%	1,65,667	1,38,469	20%
<b>Total CV</b>	<b>44,425</b>	<b>33,894</b>	<b>31.1%</b>	<b>36,808</b>	<b>21%</b>	<b>3,22,182</b>	<b>2,42,037</b>	<b>33%</b>
<b>Total PV</b>	<b>42,293</b>	<b>39,981</b>	<b>5.8%</b>	<b>29,654</b>	<b>43%</b>	<b>3,70,372</b>	<b>2,22,025</b>	<b>67%</b>
Exports	2,625	3,658	-28.2%	3,654	-28%	34,790	20,283	72%
<b>Total sales</b>	<b>89,343</b>	<b>77,533</b>	<b>15.2%</b>	<b>70,116</b>	<b>27%</b>	<b>7,26,482</b>	<b>4,99,699</b>	<b>45%</b>

## Escorts

	Mar-22	Feb-22	% mom	Mar-21	% yoy	FY 22	FY 21	% yoy
Domestic	9,483	5,686	66.8%	11,730	-19.2%	87,043	1,01,848	-14.5%
Exports	591	428	38.1%	607	-2.6%	7,185	4,893	46.8%
<b>Total</b>	<b>10,074</b>	<b>6,114</b>	<b>64.8%</b>	<b>12,337</b>	<b>-18.3%</b>	<b>94,228</b>	<b>1,06,741</b>	<b>-11.7%</b>



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