

## CVs continue their good run; Tractors rise after a subdued FY22

**Sector performance** - April witnessed a strong performance for most of the auto majors, mainly in the Tractors, CVs and SUVs. April was not a strong month on sequential basis on a high base of seasonally strong March. Slight rise in Covid-19 cases particularly in North India also led to sequential drop. MSIL continued to suffer 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 tractor makers reported big jumps as the base month witnessed weak sales on the strong arrival of Covid-19 wave #2, bumper Rabi season and expectations of a good monsoon. The high base impact is seen in most of the companies as auto sales had seen a reduction in April 21. The ongoing marriage season in rural parts of North India yielded some positivity in 2W sales of some companies like Hero Motocorp. 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. Tractors segment after a weak FY 22 has seen a strong surge in numbers in April based on the built up for upcoming good monsoon. We saw a trend reversal for tractor sales in April which is a very heartening sign.

**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 31.6% in the entry level segment of Alto and Wagon-R. Sequentially the total growth was down by 11.6% while the entry level segment de-grew by 31.6%. The compact segment de-grew by 18.2% yoy and 28.1% mom. SUV segment bucked the trend however, by growing at 33.2% yoy and 35.8% mom. In the exports markets the company posted a 6.8% yoy as we are witnessing developing markets evolving. TaMo's PV segment saw a 66% yoy growth on continued success of its EV Nexon, Harrier and new launch of SUV 'Punch' last year. M&M's SUV segment jumped by a 22% yoy on the success of Thar, XUV 700, pick ups and Bolero Neo, while falling 19% mom. CV division posted growth of 23.4% yoy as smaller LCVs zoomed by 23.4%. M&M's tractor business in the domestic markets grew by a whopping 50.8% yoy and 40.2% mom due to strong Rabi harvest and built up for upcoming monsoon season. Due to same reason, even Escorts witnessed a similar trend. The M&HCV segment saw a 77% growth yoy for AL and 76% for TAMO. Sequentially they de-grew in the range of 40-45% for both on high base of March. 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 performance was mix bag. Bajaj reported a fall of 26% yoy for its domestic motorcycles while in exports motorcycles they declined by 14.9 yoy. TVS 2W segment reported growth of 23.6% yoy as its scooters and mopeds segments surged by 56.7% and 39.8% respectively. TVS' motorcycle segment grew by just 4.4% yoy while dropped by 13.4% 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 13.2% yoy domestically. Exports 3Ws dipped by 37% yoy on SL and Egypt concerns. Hero Motocorp reported a trend reversal this month as sales grew by 12.4% after declining for a long time. Sequentially their sales fell by 7%. The growth came on the ongoing marriage season in the North.

**Our view** - Stocks specifically, we like Bajaj Auto within the 2Ws as we believe the upcoming months to report good growth in domestic as well as exports on the back of recovery in the domestic markets, new launches and exports excellence. 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. With new launches coming up and their EV plus Hybrid plans now in place, we believe the upcoming quarters to be quite good for MSIL. We also 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 higher input costs, supply chain issues etc), shall provide good opportunities for investors to enter into them from medium to long term perspective.

	Apr-22	Mar-22	% mom	Apr-21	% yoy	YTD FY23	YTD FY22	% yoy
Hero Motocorp	4,18,622	4,50,154	-7.0%	3,72,285	12.4%	4,18,622	3,72,285	12.4%
Bajaj Auto	3,10,774	2,97,188	4.6%	3,88,016	-19.9%	3,10,774	3,88,016	-19.9%
TVS	2,95,308	3,07,954	-4.1%	2,38,983	23.6%	2,95,308	2,38,983	23.6%
Maruti	1,50,661	1,70,395	-11.6%	1,59,691	-5.7%	1,50,661	1,59,691	-5.7%
M&M	86,579	84,406	2.6%	63,960	35.4%	86,579	63,960	35.4%
Auto	45,640	54,643	-16.5%	36,437	25.3%	45,640	36,437	25.3%
Tractors	40,939	29,763	37.5%	27,523	48.7%	40,939	27,523	48.7%
Tata Motors	72,425	89,343	-18.9%	41,610	74.1%	72,425	41,610	74.1%
Ashok Leyland	11,847	20,123	-41.1%	8,340	42.1%	11,847	8,340	42.1%
Escorts	8,325	10,074	-17.4%	6,979	19.3%	8,325	6,979	19.3%



**Hero Motocorp**

	Apr-22	Mar-22	% mom	Apr-21	% yoy	YTD FY23	YTD FY22	% yoy
<b>Total sales</b>	<b>4,18,622</b>	<b>4,50,154</b>	<b>-7.0%</b>	<b>3,72,285</b>	<b>12.4%</b>	<b>4,18,622</b>	<b>3,72,285</b>	<b>12.4%</b>

**Bajaj Auto**

	Apr-22	Mar-22	% mom	Apr-21	% yoy	YTD FY23	YTD FY22	% yoy
<b>Motorcycles</b>								
Domestic	93,233	1,07,081	-12.9%	1,26,570	-26.3%	93,233	1,26,570	-26.3%
Exports	1,88,478	1,49,243	26.3%	2,21,603	-14.9%	1,88,478	2,21,603	-14.9%
<b>Total</b>	<b>2,81,711</b>	<b>2,56,324</b>	<b>9.9%</b>	<b>3,48,173</b>	<b>-19.1%</b>	<b>2,81,711</b>	<b>3,48,173</b>	<b>-19.1%</b>
<b>3W</b>								
Domestic	8,944	19,671	-54.5%	7,901	13.2%	8,944	7,901	13.2%
Exports	20,119	21,193	-5.1%	31,942	-37.0%	20,119	31,942	-37.0%
<b>Total</b>	<b>29,063</b>	<b>40,864</b>	<b>-28.9%</b>	<b>39,843</b>	<b>-27.1%</b>	<b>29,063</b>	<b>39,843</b>	<b>-27.1%</b>
Domestic	1,02,177	1,26,752	-19.4%	1,34,471	-24.0%	1,02,177	1,34,471	-24.0%
Exports	2,08,597	1,70,436	22.4%	2,53,545	-17.7%	2,08,597	2,53,545	-17.7%
<b>Total</b>	<b>3,10,774</b>	<b>2,97,188</b>	<b>4.6%</b>	<b>3,88,016</b>	<b>-19.9%</b>	<b>3,10,774</b>	<b>3,88,016</b>	<b>-19.9%</b>

**TVS Motors**

	Apr-22	Mar-22	% mom	Apr-21	% yoy	YTD FY23	YTD FY22	% yoy
Motorcycles	1,39,027	1,60,522	-13.4%	1,33,227	4.4%	1,39,027	1,33,227	4.4%
Scooters	1,02,209	94,747	7.9%	65,213	56.7%	1,02,209	65,213	56.7%
Mopeds	38,786	37,649	3.0%	27,753	39.8%	38,786	27,753	39.8%
<b>Total 2W</b>	<b>2,80,022</b>	<b>2,92,918</b>	<b>-4.4%</b>	<b>2,26,193</b>	<b>23.8%</b>	<b>2,80,022</b>	<b>2,26,193</b>	<b>23.8%</b>
3W	15,286	15,036	1.7%	12,790	19.5%	15,286	12,790	19.5%
<b>Total sales</b>	<b>2,95,308</b>	<b>3,07,954</b>	<b>-4.1%</b>	<b>2,38,983</b>	<b>23.6%</b>	<b>2,95,308</b>	<b>2,38,983</b>	<b>23.6%</b>
Exports out of the above	1,13,427	1,09,724	3.4%	1,07,185	5.8%	1,13,427	1,07,185	5.8%
2W exports	99,489	95,962	3.7%	94,807	4.9%	99,489	94,807	4.9%

**Maruti Suzuki**

	Apr-22	Mar-22	% mom	Apr-21	% yoy	YTD FY23	YTD FY22	% yoy
Mini(Alto, Old WagonR, S-Presso)	17,137	15,491	10.6%	25,041	-31.6%	17,137	25,041	-31.6%
Compact(New WagonR, Swift,Celerio, Baleno, Dzire, Ignis)	59,184	82,314	-28.1%	72,318	-18.2%	59,184	72,318	-18.2%
Mid size (Ciaz)	579	1,834	-68.4%	1,567	-63.1%	579	1,567	-63.1%
<b>Total passenger cars</b>	<b>76,900</b>	<b>99,639</b>	<b>-22.8%</b>	<b>98,926</b>	<b>-22.3%</b>	<b>76,900</b>	<b>98,926</b>	<b>-22.3%</b>
Utility Vehicles(Gypsy, Ertiga, XL6, S-Cross, Vitarra Brezza)	33,941	25,001	35.8%	25,484	33.2%	33,941	25,484	33.2%
Vans(Omni, Eeco)	11,154	9,221	21.0%	11,469	-2.7%	11,154	11,469	-2.7%
LCV (Super Carry)	4,266	3,797	12.4%	1,272	235.4%	4,266	1,272	235.4%
<b>Total domestic sales</b>	<b>1,26,261</b>	<b>1,37,658</b>	<b>-8.3%</b>	<b>1,37,151</b>	<b>-7.9%</b>	<b>1,26,261</b>	<b>1,37,151</b>	<b>-7.9%</b>
Sales to other OEM :A:Compact	5,987	6,241	-4.1%	5,303	12.9%	5,987	5,303	12.9%
Exports	18,413	26,496	-30.5%	17,237	6.8%	18,413	17,237	6.8%
<b>Total sales</b>	<b>1,50,661</b>	<b>1,70,395</b>	<b>-11.6%</b>	<b>1,59,691</b>	<b>-5.7%</b>	<b>1,50,661</b>	<b>1,59,691</b>	<b>-5.7%</b>



**Mahindra & Mahindra**

Auto segment	Apr-22	Mar-22	% mom	Apr-21	% yoy	YTD FY23	YTD FY22	% yoy
Utility Vehicles	22,168	27,380	-19.0%	18,186	21.9%	22,168	18,186	21.9%
Cars+Vans	358	223	60.5%	99	261.6%	358	99	261.6%
<b>Total PV</b>	<b>22,526</b>	<b>27,603</b>	<b>-18.4%</b>	<b>18,285</b>	<b>23.2%</b>	<b>22,526</b>	<b>18,285</b>	<b>23.2%</b>
LCV(<3.5 T)	16,697	19,008	-12.2%	13,771	21.2%	16,697	13,771	21.2%
LCV (>3.5T)+ MHCV	705	829	-15.0%	333	111.7%	705	333	111.7%
<b>Total CV</b>	<b>17,402</b>	<b>19,837</b>	<b>-12.3%</b>	<b>14,104</b>	<b>23.4%</b>	<b>17,402</b>	<b>14,104</b>	<b>23.4%</b>
3 wheelers	3,009	4,043	-25.6%	2,043	47.3%	3,009	2,043	47.3%
<b>Total domestic sales</b>	<b>42,937</b>	<b>51,483</b>	<b>-16.6%</b>	<b>34,432</b>	<b>24.7%</b>	<b>42,937</b>	<b>34,432</b>	<b>24.7%</b>
Total exports	2,703	3,160	-14.5%	2,005	34.8%	2,703	2,005	34.8%
<b>Total sales</b>	<b>45,640</b>	<b>54,643</b>	<b>-16.5%</b>	<b>36,437</b>	<b>25.3%</b>	<b>45,640</b>	<b>36,437</b>	<b>25.3%</b>

  

FES	Apr-22	Mar-22	% mom	Apr-21	% yoy	YTD FY23	YTD FY22	% yoy
Domestic	39,405	28,112	40.2%	26,130	50.8%	39,405	26,130	50.8%
Exports	1,534	1,651	-7.1%	1,393	10.1%	1,534	1,393	10.1%
<b>Total FES</b>	<b>40,939</b>	<b>29,763</b>	<b>37.5%</b>	<b>27,523</b>	<b>48.7%</b>	<b>40,939</b>	<b>27,523</b>	<b>48.7%</b>

**Ashok Leyland**

	Apr-22	Mar-22	% mom	Apr-21	% yoy	YTD FY23	YTD FY22	% yoy
MHCV	7,688	13,990	-45.0%	4,333	77.4%	7,688	4,333	77.4%
LCV	4,159	6,133	-32.2%	4,007	3.8%	4,159	4,007	3.8%
<b>Total</b>	<b>11,847</b>	<b>20,123</b>	<b>-41.1%</b>	<b>8,340</b>	<b>42.1%</b>	<b>11,847</b>	<b>8,340</b>	<b>42.1%</b>

**Tata Motors**

	Apr-22	Mar-22	% mom	Apr-21	% yoy	YTD FY23	YTD FY22	% yoy
M&HCV	8489	14499	-41.5%	4813	76%	8489	4813	76%
I & LCV	4543	7555	-39.9%	2013	126%	4543	2013	126%
Passenger Carriers	2137	2703	-20.9%	550	289%	2137	550	289%
SCV cargo and pick up	14711	19668	-25.2%	6,930	112%	14711	6,930	112%
<b>Total CV</b>	<b>29,880</b>	<b>44,425</b>	<b>-32.7%</b>	<b>14,306</b>	<b>109%</b>	<b>29,880</b>	<b>14,306</b>	<b>109%</b>
<b>Total PV</b>	<b>41587</b>	<b>42293</b>	<b>-1.7%</b>	<b>25,095</b>	<b>66%</b>	<b>41587</b>	<b>25,095</b>	<b>66%</b>
Exports	958	2625	-63.5%	2,209	-57%	958	2,209	-57%
<b>Total sales</b>	<b>72,425</b>	<b>89,343</b>	<b>-18.9%</b>	<b>41,610</b>	<b>74%</b>	<b>72,425</b>	<b>41,610</b>	<b>74%</b>

**Escorts**

	Apr-22	Mar-22	% mom	Apr-21	% yoy	YTD FY23	YTD FY22	% yoy
Domestic	7,676	9,483	-19.1%	6,386	20.2%	7,676	6,386	20.2%
Exports	649	591	9.8%	593	9.4%	649	593	9.4%
<b>Total</b>	<b>8,325</b>	<b>10,074</b>	<b>-17.4%</b>	<b>6,979</b>	<b>19.3%</b>	<b>8,325</b>	<b>6,979</b>	<b>19.3%</b>

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