

PVs and CVs continue their strong run

Sector performance - June witnessed strong performances from all the auto majors in the PV and CV segments sequentially as well as on a yoy basis. However, tractors declined on a high base of last year. CV sector continued to shine as its underlying drivers are very much in place. PVs have a strong order book but supply concern still prevails. Interestingly, the chip shortage is resolving at a good pace now and is expected to get resolved by the festive season. New launches coupled with existing demand are expected to act positively on the PV sector. The marriage season in rural parts of North India yielded some positivity in 2W sales. Sentimentally too we see 2W demand moving up. Low base of last year is also helping. Tractors segment after a weak FY 22 has seen a strong surge in numbers in June on a sequential basis. However, we saw yoy decline in tractor sales as there was a ban on exports of various food grains like wheat, sugar etc in May and the base of June was too high.

Company wise performance - Among the PV OEMs, MSIL posted yoy fall of 0.4% in the domestic markets which was driven by a 17% drop in the entry level segment of Alto and Wagon-R, while the UV segment fell by 33.1%. However, the compact hatchbacks, vans and exports arrested the decline as a result the total domestic sales remained flattish. Exports growth was seen at 40% as we are witnessing developing markets evolving for the entry level car segment and also for Maruti's export product - Jimny.

TaMo's PV segment saw a 4.3% mom growth on continued success of its EV Nexon, Harrier and their new launch of SUV 'Punch' last year, while the yoy growth was at 87%.

M&M's SUV segment jumped by 60% yoy on the success of Thar, XUV 700, pick-ups and Bolero Neo and the newly launched Scorpio N. It also indicates easing of the chip shortage. CV division posted growth of 61% yoy as smaller LCVs zoomed by 60%. M&M's tractor business in the domestic markets de-grew by 15% yoy on high base while increased 16.6% mom. Even Escorts Kubota witnessed a similar trend as its sales expanded by 20.8% mom while declined by 20% yoy. Going forward, as monsoon revives we foresee a good sequential growth for tractors in the ensuing months.

The M&HCV segment saw a strong yoy as well as sequential growth for both the companies. The macro indicators like construction, mining, real estate and farming sectors are very well in place. 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 sluggish in the domestic markets as far as motorcycles are concerned. Bajaj reported a de-growth of 19.6% yoy for its domestic motorcycles while in exports, motorcycles they grew by 23.2 yoy. TVS 2W segment reported growth of 13.9% out of which motorcycles declined by 0.5%, while scooters expanded by 95%. For Bajaj, its 3W segment moved up by 114% yoy domestically. Exports 3Ws dipped by 39% mom on SL and Egypt concerns. Hero Motocorp reported 3.3% growth yoy in June.

Our view - We remain positive on the entire automobile sector. Our choice is in the following order - CVs, PVs and 2Ws. Stocks specifically, within the 2Ws, we like Bajaj Auto 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 revival, especially in Africa and Latin America. We even like Hero on its domestic strength and then TVS for its volume excellence and margin revival. 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, huge order book 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 CVs 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.

	Jun-22	May-22	% mom	Jun-21	% yoy	YTD FY23	YTD FY22	% yoy
Hero Motocorp	4,84,867	4,86,704	-0.4%	4,69,160	3.3%	13,90,193	10,24,519	35.7%
Bajaj Auto	3,47,004	2,75,868	25.8%	3,46,136	0.3%	9,33,646	10,06,014	-7.2%
TVS	3,08,501	3,02,982	1.8%	2,51,886	22.5%	9,06,791	6,57,758	37.9%
Maruti	1,55,857	1,61,413	-3.4%	1,47,378	5.8%	4,67,931	3,96,981	17.9%
M&M	95,944	89,448	7.3%	81,186	18.2%	2,47,023	1,86,777	32.3%
Auto	54,096	53,726	0.7%	32,964	64.1%	1,28,514	86,848	48.0%
Tractors	41,848	35,722	17.1%	48,222	-13.2%	1,18,509	99,929	18.6%
Tata Motors	82,462	76,159	8.3%	46,210	78.5%	2,31,046	1,14,531	101.7%
Ashok Leyland	14,531	13,273	9.5%	6,448	125.4%	39,651	17,987	120.4%
Escorts Kubota	10,051	8,421	19.4%	12,533	-19.8%	26,797	25,935	3.3%



Hero Motocorp

	Jun-22	May-22	% mom	Jun-21	% yoy	YTD FY23	YTD FY22	% yoy
Total sales	4,84,867	4,86,704	-0.4%	4,69,160	3.3%	13,90,193	10,24,519	35.7%

Bajaj Auto

	Jun-22	May-22	% mom	Jun-21	% yoy	YTD FY23	YTD FY22	% yoy
Motorcycles								
Domestic	1,25,083	96,102	30.2%	1,55,640	-19.6%	3,14,418	3,42,552	-8.2%
Exports	1,90,865	1,53,397	24.4%	1,54,938	23.2%	5,32,740	5,56,753	-4.3%
Total	3,15,948	2,49,499	26.6%	3,10,578	1.7%	8,47,158	8,99,305	-5.8%
3W								
Domestic	13,268	16,206	-18.1%	6,196	114.1%	38,418	14,585	163.4%
Exports	17,788	10,163	75.0%	29,362	-39.4%	48,070	92,124	-47.8%
Total	31,056	26,369	17.8%	35,558	-12.7%	86,488	1,06,709	-18.9%
Domestic	1,38,351	1,12,308	23.2%	1,61,836	-14.5%	3,52,836	3,57,137	-1.2%
Exports	2,08,653	1,63,560	27.6%	1,84,300	13.2%	5,80,810	6,48,877	-10.5%
Total	3,47,004	2,75,868	25.8%	3,46,136	0.3%	9,33,646	10,06,014	-7.2%

TVS Motors

	Jun-22	May-22	% mom	Jun-21	% yoy	YTD FY23	YTD FY22	% yoy
Motorcycles	1,46,075	1,48,560	-1.7%	1,46,874	-0.5%	4,33,662	4,05,289	7.0%
Scooters	1,05,211	1,00,665	4.5%	53,956	95.0%	3,08,085	1,39,435	121.0%
Mopeds	42,429	37,833	12.1%	37,262	13.9%	1,19,048	73,977	60.9%
Total 2W	2,93,715	2,87,058	2.3%	2,38,092	23.4%	8,60,795	6,18,701	39.1%
3W	14,786	15,924	-7.1%	13,794	7.2%	45,996	39,057	17.8%
Total sales	3,08,501	3,02,982	1.8%	2,51,886	22.5%	9,06,791	6,57,758	37.9%
Exports out of the above	1,14,449	1,10,245	3.8%	1,06,246	7.7%	3,38,121	3,28,105	3.1%
2W exports	1,00,625	95,576	5.3%	92,679	8.6%	2,95,690	2,89,818	2.0%

Maruti Suzuki

	Jun-22	May-22	% mom	Jun-21	% yoy	YTD FY23	YTD FY22	% yoy
Mini(Alto, Old WagonR, S-Presso)	14,442	17,408	-17.0%	17,439	-17.2%	48,987	47,240	3.7%
Compact(New WagonR, Swift,Celerio, Baleno, Dzire, Ignis)	77,746	67,947	14.4%	68,849	12.9%	2,04,877	2,04,877	0.0%
Mid size (Ciaz)	1,507	586	157.2%	602	150.3%	2,672	2,518	6.1%
Total passenger cars	93,695	85,941	9.0%	86,890	7.8%	2,56,536	2,54,635	0.7%
Utility Vehicles(Gypsy, Ertiga, XL6, S-Cross, Viterra Brezza)	18,860	28,051	-32.8%	28,172	-33.1%	80,852	60,011	34.7%
Vans(Omni, Eeco)	10,130	10,482	-3.4%	9,218	9.9%	31,766	21,783	45.8%
LCV (Super Carry)	3,025	3,526	-14.2%	1,916	57.9%	10,817	4,056	166.7%
Total domestic sales	1,25,710	1,28,000	-1.8%	1,26,196	-0.4%	3,79,971	3,40,485	11.6%
Sales to other OEM :A:Compact	6,314	6,222	1.5%	4,162	51.7%	18,523	10,977	68.7%
Exports	23,833	27,191	-12.3%	17,020	40.0%	69,437	45,519	52.5%
Total sales	1,55,857	1,61,413	-3.4%	1,47,378	5.8%	4,67,931	3,96,981	17.9%



Mahindra & Mahindra

Auto segment	Jun-22	May-22	% mom	Jun-21	% yoy	YTD FY23	YTD FY22	% yoy
Utility Vehicles	26,620	26,632	0.0%	16,636	60.0%	75,420	42,570	77.2%
Cars+Vans	260	272	-4.4%	277	-6.1%	890	632	40.8%
Total PV	26,880	26,904	-0.1%	16,913	58.9%	76,310	43,202	76.6%
LCV(<3.5 T)	19,815	20,517	-3.4%	12,347	60.5%	33,166	33,166	0.0%
LCV (>3.5T)+ MHCV	616	632	-2.5%	347	77.5%	868	868	0.0%
Total CV	20,431	21,149	-3.4%	12,694	61.0%	34,034	34,034	0.0%
3 wheelers	4,008	3,645	10.0%	750	434.4%	10,662	3,065	247.9%
Total domestic sales	51,319	51,698	-0.7%	30,357	69.1%	1,21,006	80,301	50.7%
Total exports	2,777	2,028	36.9%	2,607	6.5%	7,508	6,547	14.7%
Total sales	54,096	53,726	0.7%	32,964	64.1%	1,28,514	86,848	48.0%

FES	Jun-22	May-22	% mom	Jun-21	% yoy	YTD FY23	YTD FY22	% yoy
Domestic	39,825	34,153	16.6%	46,875	-15.0%	1,13,383	95,848	18.3%
Exports	2,023	1,569	28.9%	1,347	50.2%	5,126	4,081	25.6%
Total FES	41,848	35,722	17.1%	48,222	-13.2%	1,18,509	99,929	18.6%

Ashok Leyland

	Jun-22	May-22	% mom	Jun-21	% yoy	YTD FY23	YTD FY22	% yoy
MHCV	9,354	7,945	17.7%	2,764	238.4%	24,987	9,050	176.1%
LCV	5,177	5,328	-2.8%	3,684	40.5%	14,664	8,937	64.1%
Total	14,531	13,273	9.5%	6,448	125.4%	39,651	17,987	120.4%

Tata Motors

	Jun-22	May-22	% mom	Jun-21	% yoy	YTD FY23	YTD FY22	% yoy
M&HCV	9,191	8,409	9.3%	5,243	75%	26,089	12,768	104%
I & LCV	4,718	4,474	5.5%	2,785	69%	13,735	5,762	138%
Passenger Carriers	3,868	3,632	6.5%	943	310%	9,637	2,184	341%
SCV cargo and pick up	16,632	14,899	11.6%	10,623	57%	46,242	22,686	104%
Total CV	34,409	31,414	9.5%	19,594	76%	95,703	43,400	121%
Total PV	45,197	43,341	4.3%	24,110	87%	1,30,125	64,386	102%
Exports	2,856	1,404	103.4%	2,506	14%	5,218	6,745	-23%
Total sales	82,462	76,159	8.3%	46,210	78%	2,31,046	1,14,531	102%

Escorts

	Jun-22	May-22	% mom	Jun-21	% yoy	YTD FY23	YTD FY22	% yoy
Domestic	9,265	7,667	20.8%	11,956	-22.5%	24,608	24,500	0.4%
Exports	786	754	4.2%	577	36.2%	2,189	1,435	52.5%
Total	10,051	8,421	19.4%	12,533	-19.8%	26,797	25,935	3.3%



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