

Sequential growth seen across the board, except tractors

Sector performance - May witnessed a strong performance for almost all the auto majors sequentially in the domestic markets except tractors. On a yoy basis, May was unusually high on a very low base as the base month had witnessed a very severe Wave #2 of the Covid-19 pandemic. Therefore, it does not make sense to compare any numbers on yoy basis. MSIL reported good numbers as the chip shortage issue is gradually resolving. TaMo grew well on its CV business along with AL. The ongoing marriage season in rural parts of North India yielded some positivity in 2W sales. 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. High end 2Ws along with PVs are also facing the brunt of semi-conductor chip shortage issue. CVs which have all their underlying parameters in place are posting good numbers. Especially in May LCV segment surpassed MHCV performance by a good extent. Tractors segment after a weak FY 22 has seen a strong surge in numbers in May on a yoy basis. However, we saw a slight sequential decline in tractor sales as there was a ban on exports of various food grains like wheat, sugar etc in the latter half of the month.

Company wise performance - Among the PV OEMs, MSIL posted mom growth of 1.4% in the domestic markets which was driven by a 14.8% growth in the entry level segment of Alto and Wagon-R, while the UV segment pulled it back by declining at 17.4%. In the exports markets the company posted a 47.7% mom growth 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 4.2% mom growth on continued success of its EV Nexon, Harrier and their new launch of SUV 'Punch' last year. M&M's SUV segment jumped by 20% mom on the success of Thar, XUV 700, pick ups and Bolero Neo. CV division posted growth of 21.5% mom as smaller LCVs zoomed by 23%. M&M's tractor business in the domestic markets grew by a whopping 50% yoy while fell by 13.3% mom. The sequential fall was on the back of ban on exports of various food grains like wheat in May. Due to same reason, even Escorts witnessed a similar trend. The M&HCV segment saw a small sequential growth for both the companies as April saw a high base. However, 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 positive in the domestic markets. Bajaj reported a growth of 3% mom for its domestic motorcycles while in exports, motorcycles they declined by 18.6 yoy. TVS 2W segment reported growth of 2.5% as its scooters and mopeds segments dropped by 1.5% and 2.5% mom respectively. TVS' motorcycle segment grew by 6.9% yoy. For Bajaj, its 3W segment moved up by 81% mom domestically. Exports 3Ws dipped by 50% mom on SL and Egypt concerns. Marriage season in certain pockets of the country, festivals in some states and sentimental positivity led to this growth. Hero Motocorp is yet to report its numbers.

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.

	May-22	Apr-22	% mom	May-21	% yoy	YTD FY 23	YTD FY 22	% yoy
Bajaj Auto	2,75,868	3,10,774	-11.2%	2,71,862	1.5%	5,86,642	6,59,878	-11.1%
TVS	3,02,982	2,95,308	2.6%	1,66,889	81.5%	5,98,290	4,05,872	47.4%
Maruti	1,61,413	1,50,661	7.1%	46,555	246.7%	3,12,074	2,06,246	51.3%
M&M	89,448	86,579	3.3%	41,631	114.9%	1,76,027	1,05,591	66.7%
Auto	53,726	45,640	17.7%	17,447	207.9%	99,366	53,884	84.4%
Tractors	35,722	40,939	-12.7%	24,184	47.7%	76,661	51,707	48.3%
Tata Motors	76,159	72,425	5.2%	26,582	186.5%	1,48,584	68,321	117.5%
Ashok Leyland	13,273	11,847	12.0%	3,199	314.9%	25,120	11,539	117.7%
Escorts	8,421	8,325	1.2%	6,423	31.1%	16,746	13,402	25.0%



Bajaj Auto								
	May-22	Apr-22	% mom	May-21	% yoy	YTD FY 23	YTD FY 22	% yoy
Motorcycles								
Domestic	96,102	93,233	3.1%	60,342	59.3%	1,89,335	1,86,912	1.3%
Exports	1,53,397	1,88,478	-18.6%	1,80,212	-14.9%	3,41,875	4,01,815	-14.9%
Total	2,49,499	2,81,711	-11.4%	2,40,554	3.7%	5,31,210	5,88,727	-9.8%
3W								
Domestic	16,206	8,944	81.2%	488	3220.9%	25,150	8,389	199.8%
Exports	10,163	20,119	-49.5%	30,820	-67.0%	30,282	62,762	-51.8%
Total	26,369	29,063	-9.3%	31,308	-15.8%	55,432	71,151	-22.1%
Domestic	1,12,308	1,02,177	9.9%	60,830	84.6%	2,14,485	1,95,301	9.8%
Exports	1,63,560	2,08,597	-21.6%	2,11,032	-22.5%	3,72,157	4,64,577	-19.9%
Total	2,75,868	3,10,774	-11.2%	2,71,862	1.5%	5,86,642	6,59,878	-11.1%

TVS Motors								
	May-22	Apr-22	% mom	May-21	% yoy	YTD FY 23	YTD FY 22	% yoy
Motorcycles	1,48,560	1,39,027	6.9%	1,25,188	18.7%	2,87,587	2,58,415	11.3%
Scooters	1,00,665	1,02,209	-1.5%	19,627	412.9%	2,02,874	84,840	139.1%
Mopeds	37,833	38,786	-2.5%	9,601	294.1%	76,619	37,354	105.1%
Total 2W	2,87,058	2,80,022	2.5%	1,54,416	85.9%	5,67,080	3,80,609	49.0%
3W	15,924	15,286	4.2%	12,473	27.7%	31,210	25,263	23.5%
Total sales	3,02,982	2,95,308	2.6%	1,66,889	81.5%	5,98,290	4,05,872	47.4%
Exports out of the above	1,10,245	1,13,427	-2.8%	1,14,674	-3.9%	2,23,672	2,21,859	0.8%
2W exports	95,576	99,489	-3.9%	1,02,332	-6.6%	1,95,065	1,97,139	-1.1%

Maruti Suzuki								
	May-22	Apr-22	% mom	May-21	% yoy	YTD FY 23	YTD FY 22	% yoy
Mini(Alto, Old WagonR, S-Presso)	17,408	17,137	1.6%	4,760	265.7%	34,545	29,801	15.9%
Compact(New WagonR, Swift,Celerio, Baleno, Dzire, Ignis)	67,947	59,184	14.8%	20,343	234.0%	1,27,131	92,661	37.2%
Mid size (Ciaz)	586	579	1.2%	349	67.9%	1,165	1,916	-39.2%
Total passenger cars	85,941	76,900	11.8%	25,452	237.7%	1,62,841	1,24,378	30.9%
Utility Vehicles(Gypsy, Ertiga, XL6, S-Cross, Vitarra Brezza)	28,051	33,941	-17.4%	6,355	341.4%	61,992	31,839	94.7%
Vans(Omni, Eeco)	10,482	11,154	-6.0%	1,096	856.4%	21,636	12,565	72.2%
LCV (Super Carry)	3,526	4,266	-17.3%	868	306.2%	7,792	2,140	264.1%
Total domestic sales	1,28,000	1,26,261	1.4%	33,771	279.0%	2,54,261	1,70,922	48.8%
Sales to other OEM :A:Compact	6,222	5,987	3.9%	1,522	308.8%	12,209	6,825	78.9%
Exports	27,191	18,413	47.7%	11,262	141.4%	45,604	28,499	60.0%
Total sales	1,61,413	1,50,661	7.1%	46,555	246.7%	3,12,074	2,06,246	51.3%



Mahindra & Mahindra

Auto segment	May-22	Apr-22	% mom	May-21	% yoy	YTD FY 23	YTD FY 22	% yoy
Utility Vehicles	26,632	22,168	20.1%	7,748	243.7%	48,800	25,934	88.2%
Cars+Vans	272	358	-24.0%	256	6.3%	630	355	77.5%
Total PV	26,904	22,526	19.4%	8,004	236.1%	49,430	26,289	88.0%
LCV(<3.5 T)	20,517	16,697	22.9%	7,048	191.1%	37,214	20,819	78.8%
LCV (>3.5T)+ MHCV	632	705	-10.4%	188	236.2%	1,337	521	156.6%
Total CV	21,149	17,402	21.5%	7,236	192.3%	38,551	21,340	80.7%
3 wheelers	3,645	3,009	21.1%	272	1240.1%	6,654	2,315	187.4%
Total domestic sales	51,698	42,937	20.4%	15,512	233.3%	94,635	49,944	89.5%
Total exports	2,028	2,703	-25.0%	1,935	4.8%	4,731	3,940	20.1%
Total sales	53,726	45,640	17.7%	17,447	207.9%	99,366	53,884	84.4%

FES	May-22	Apr-22	% mom	May-21	% yoy	YTD FY 23	YTD FY 22	% yoy
Domestic	34,153	39,405	-13.3%	22,843	49.5%	73,558	48,973	50.2%
Exports	1,569	1,534	2.3%	1,341	17.0%	3,103	2,734	13.5%
Total FES	35,722	40,939	-12.7%	24,184	47.7%	76,661	51,707	48.3%

Ashok Leyland

	May-22	Apr-22	% mom	May-21	% yoy	YTD FY 23	YTD FY 22	% yoy
MHCV	7,945	7,688	3.3%	1,953	306.8%	15,633	6,286	148.7%
LCV	5,328	4,159	28.1%	1,246	327.6%	9,487	5,253	80.6%
Total	13,273	11,847	12.0%	3,199	314.9%	25,120	11,539	117.7%

Tata Motors

	May-22	Apr-22	% mom	May-21	% yoy	YTD FY 23	YTD FY 22	% yoy
M&HCV	8,409	8,489	-0.9%	2,583	226%	16,898	7,525	125%
I & LCV	4,474	4,543	-1.5%	964	364%	9,017	2,977	203%
Passenger Carriers	3,632	2,137	70.0%	691	426%	5,769	1,241	365%
SCV cargo and pick up	14,899	14,711	1.3%	5,133	190%	29,610	12,063	145%
Total CV	31,414	29,880	5.1%	9,371	235%	61,294	23,806	157%
Total PV	43,341	41,587	4.2%	15,181	185%	84,928	40,276	111%
Exports	1,404	958	46.6%	2,030	-31%	2,362	4,239	-44%
Total sales	76,159	72,425	5.2%	26,582	187%	1,48,584	68,321	117%

Escorts

	May-22	Apr-22	% mom	May-21	% yoy	YTD FY 23	YTD FY 22	% yoy
Domestic	7,667	7,676	-0.1%	6,158	24.5%	15,343	12,544	22.3%
Exports	754	649	16.2%	265	184.5%	1,403	858	63.5%
Total	8,421	8,325	1.2%	6,423	31.1%	16,746	13,402	25.0%



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