

December 2, 2020

## Recovery gains more broad-based flavour...

November 2020 auto OEM volumes continued to reflect rural strength (motorcycles, tractors), with a pick-up in urban-facing pockets (UVs, scooters) aiding overall prints for the industry. Recovery in CV space (ex-buses) continued while a striking feature for the month was the robust export performance of most players.

In the **2-W** pack, market leader Hero MotoCorp's volumes rose 14.4% YoY to 5.91 lakh units (motorcycles up ~13% YoY, scooters up ~33%). Bajaj Auto posted exports-led 2-W growth of ~12% (domestic rise limited to ~7%, exports rise at ~18%), while Royal Enfield's product mix improvement (51% growth in >350 cc category) was a silver lining amid muted overall growth print of 5.6%.

**PV** performance was a mixed bag. Bellwether Maruti Suzuki's volumes rose modestly by 1.1% to 1.5 lakh units, dragged by 5% decline in the core mini & compact portfolio. UV-heavy players M&M and Tata Motors outperformed heavily, posting increase of ~24% and ~108% (domestic), respectively.

Among **CVs**, Ashok Leyland was the clear outperformer. Its total volumes rose 4.8%, backed by a strong ~23% jump in trucks and ~32% rise in LCV. Market leader Tata Motors' overall domestic volumes for trucks & ILCV segment were flattish YoY, with similar performance in SCV category. M&M's LCV volumes rose ~11% YoY, with VECV total volumes up ~3%. Buses category continued to struggle, down >65% for both major players.

Robust **tractor** performance was sustained during the month. M&M and Escorts recorded 56% and 33% growth YoY, respectively. Industry tailwinds in the form of positive rural sentiment and cash flows (record Kharif output, healthy Rabi sowing, continued government spends) helped the segment, with YTD volume increase in mid single-digit territory.

**Exhibit 1: Snapshot of OEM performance during November 2020**

	Nov-20	Nov-19	% chg	Oct-20	% chg	FY21TD	FY20TD	% chg
<b>2-W</b>								
Hero	5,91,091	5,16,775	14.4	8,06,848	(26.7)	37,75,890	46,50,363	(18.8)
Bajaj	3,84,993	3,43,446	12.1	4,70,290	(18.1)	22,19,677	28,09,226	(21.0)
TVS	3,11,519	2,49,350	24.9	3,82,121	(18.5)	17,83,414	22,83,504	(21.9)
Eicher	63,782	60,411	5.6	66,891	(4.6)	3,38,461	4,82,673	(29.9)
<b>PV</b>								
Maruti Suzuki	1,50,042	1,48,363	1.1	1,79,279	(16.3)	7,91,209	10,28,379	(23.1)
Tata Motors (domestic)	21,641	10,400	108.1	23,617	(8.4)	1,14,623	86,412	32.6
Mahindra & Mahindra	18,212	14,637	24.4	18,622	(2.2)	88,309	1,37,168	(35.6)
<b>CV</b>								
Ashok Leyland	10,659	10,175	4.8	9,989	6.7	43,895	88,581	(50.4)
M&HCV	5,114	5,966	(14.3)	4,588	11.5	18,648	54,629	(65.9)
LCV	5,545	4,209	31.7	5,401	2.7	25,247	33,952	(25.6)
Tata Motors (domestic)	26,218	27,657	(5.2)	26,052	0.6	1,13,638	2,17,130	(47.7)
Mahindra & Mahindra	19,029	17,384	9.5	20,598	(7.6)	1,02,523	1,42,085	(27.8)
M&HCV	475	684	(30.6)	538	(11.7)	1,805	8,465	(78.7)
LCV	18,554	16,700	11.1	20,060	(7.5)	1,00,718	1,33,620	(24.6)
Maruti Suzuki (LCV)	3,181	2,267	40.3	3,169	0.4	14,191	16,597	(14.5)
VECV	3,710	3,594	3.2	4,200	(11.7)	18,206	32,050	(43.2)
<b>3-W</b>								
Bajaj	37,247	59,777	(37.7)	41,748	(10.8)	2,11,041	4,77,970	(55.8)
Atul Auto	1,601	4,297	(62.7)	2,311	(30.7)	9,574	32,241	(70.3)
TVS Motors	11,190	17,232	(35.1)	12,603	(11.2)	68,786	1,15,357	(40.4)
Mahindra & Mahindra	3,854	6,593	(41.5)	3,118	23.6	8,001	44,414	(82.0)
<b>Tractors</b>								
Mahindra & Mahindra	32,726	21,032	55.6	46,558	(29.7)	2,38,187	2,24,634	6.0
Escorts	10,165	7,642	33.0	13,664	(25.6)	66,420	61,796	7.5

Source: Company, ICICI Direct Research

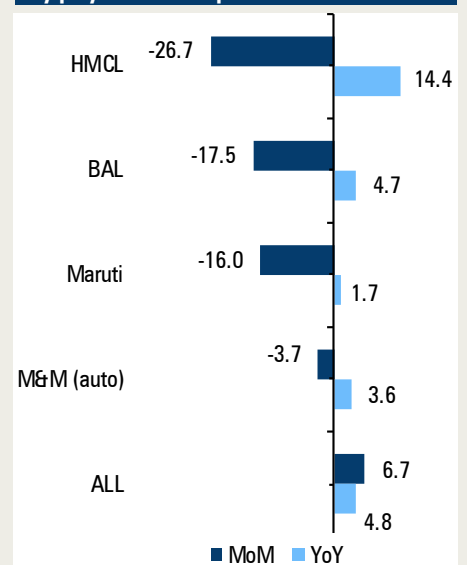
### Sector View

Neutral

### Volume performance for November 2020

- Healthy double-digit YoY growth in 2-W volumes continued for third consecutive month amid likely increase in urban offtake. PV performance was mixed although UVs did well. Truck revival picked up steam and tractor outperformance was sustained
- Vahan registrations for November 2020 totalled 18.06 lakh units, up strongly MoM in a relatively healthy festive performance
- We continue to expect tractors, motorcycles, PV and LCV segments to do well

### Key players' volume performance – Nov 2020



Source: Company, ICICI Direct Research

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## Story in charts

### Exhibit 2: Maruti Suzuki (MSIL)

Segment	Nov-20	Nov-19	%chg	Oct-20	%chg	FY21TD	FY20TD	%chg
Vans (Omni & Eeco)	11,183	10,162	10.0	13,309	(16.0)	58,748	81,253	(27.7)
Mini & Compact	98,969	1,04,319	(5.1)	1,23,529	(19.9)	5,29,820	6,81,771	(22.3)
Giaz	1,870	1,448	29.1	1,422	31.5	8,097	18,230	(55.6)
Total Passengers	1,12,022	1,15,929	(3.4)	1,38,260	(19.0)	5,96,665	7,81,254	(23.6)
UV (Ertiga, Brezza, etc)	23,753	23,204	2.4	25,396	(6.5)	1,26,455	1,60,522	(21.2)
Total Domestic	1,35,775	1,39,133	(2.4)	1,63,656	(17.0)	7,23,120	9,41,776	(23.2)
Sales to other OEM	5,263	2,286	130.2	6,037	(12.8)	17,416	16,590	5.0
LCV (Super Carry)	3,181	2,267	40.3	3,169	0.4	14,191	16,597	(14.5)
Exports	9,004	6,944	29.7	9,586	(6.1)	50,673	70,013	(27.6)
Total Sales	1,53,223	1,50,630	1.7	1,82,448	(16.0)	8,05,400	10,44,976	(22.9)

Source: Company, ICICI Direct Research

MSIL's total PV volumes rose 1.1% YoY to 1.5 lakh units. Surprisingly, mini & compact i.e. small car volumes de-grew 5.1% while UV growth was also limited to 2.4%. LCV super carry performance continued to be strong

### Exhibit 3: Hero MotoCorp (HMCL)

Segment	Nov-20	Nov-19	%chg	Oct-20	%chg	FY21TD	FY20TD	%chg
Motorcycles	5,41,437	4,79,434	12.9	7,32,498	(26.1)	34,80,990	43,07,141	(19.2)
Scooters	49,654	37,341	33.0	74,350	(33.2)	2,94,900	3,43,222	(14.1)
Total Sales	5,91,091	5,16,775	14.4	8,06,848	(26.7)	37,75,890	46,50,363	(18.8)
Export(inc. above)	15,134	10,781	40.4	15,711	(3.7)	97,542	1,15,864	(15.8)

Source: Company, ICICI Direct Research

HMCL continued to report healthy volume prints, with total volume growth of 14.4% YoY backed by 12.9% motorcycle increase and 33% rise in scooters

### Exhibit 4: Bajaj Auto (BAL)

Segment	Nov-20	Nov-19	%chg	Oct-20	%chg	FY21TD	FY20TD	%chg
Total 2-wheeler sales	3,84,993	3,43,446	12.1	4,70,290	(18.1)	22,19,677	28,09,226	(21.0)
Total 3-wheeler sales	37,247	59,777	(37.7)	41,748	(10.8)	2,11,041	4,77,970	(55.8)
Total Sales	4,22,240	4,03,223	4.7	5,12,038	(17.5)	24,30,718	32,87,196	(26.1)
Total Domestic Sales	1,98,933	2,07,775	(4.3)	2,81,160	(29.2)	12,44,942	18,12,784	(31.3)
Total Exports	2,23,307	1,95,448	14.3	2,30,878	(3.3)	11,85,776	14,74,412	(19.6)
Exports as % of sales	52.9	48.5		45.1		48.8	44.9	

Source: Company, ICICI Direct Research

Exports continued to dominate BAL's volume performance. They grew 14.3% (2-W exports up 18%, 3-W exports down ~7%) while domestic volumes fell 4.3% (2-W up ~7%, 3-W down 66%)

### Exhibit 5: TVS Motors

Segment	Nov-20	Nov-19	%chg	Oct-20	%chg	FY21TD	FY20TD	%chg
Motorcycles	1,33,531	1,05,963	26.0	1,73,263	(22.9)	NA	NA	NA
Scooters	1,06,196	84,169	26.2	1,27,138	(16.5)	NA	NA	NA
Mopeds	71,792	59,218	21.2	81,720	(12.1)	NA	NA	NA
Total 2-W Sales	3,11,519	2,49,350	24.9	3,82,121	(18.5)	17,83,414	22,83,504	(21.9)
3-Wheelers	11,190	17,232	(35.1)	12,603	(11.2)	68,786	1,15,357	(40.4)
Total Sales	3,22,709	2,66,582	21.1	3,94,724	(18.2)	18,52,200	23,98,861	(22.8)
Exports(incl. in above)	74,074	74,060	0.0	92,520	(19.9)	NA	NA	NA

Source: Company, ICICI Direct Research

TVS Motor outperformed 2-W and 3-W peers in November 2020, with all 2-W segments i.e. motorcycles, scooters and mopeds growing more than 20% YoY. 3-W decline was limited to 35%.

### Exhibit 6: Eicher Motors (Royal Enfield)

Segment	Nov-20	Nov-19	%chg	Oct-20	%chg	FY21TD	FY20TD	%chg
Upto 350 cc	57,418	56,204	2.2	60,467	(5.0)	3,07,203	4,25,246	(27.8)
> 350 cc	6,364	4,207	51.3	6,424	(0.9)	31,258	57,427	(45.6)
Total	63,782	60,411	5.6	66,891	(4.6)	3,38,461	4,82,673	(29.9)
Exports(incl. above)	4,698	2,119	121.7	4,033	16.5	20,174	29,621	(31.9)

Source: Company, ICICI Direct Research

Royal Enfield remained an underperformer vis-à-vis 2-W pack, with domestic volume growth at just 1.4%. An encouraging development was 121.7% growth in exports and improvement in product mix. VECV total volumes were up ~3% YoY

### Exhibit 7: Ashok Leyland (ALL)

Segment	Nov-20	Nov-19	%chg	Oct-20	%chg	FY21TD	FY20TD	%chg
M&HCV Passenger	584	2,290	(74.5)	567	3.0	2,193	14,201	(84.6)
M&HCV Goods	4,530	3,676	23.2	4,021	12.7	16,455	40,428	(59.3)
M&HCV Total	5,114	5,966	(14.3)	4,588	11.5	18,648	54,629	(65.9)
LCV	5,545	4,209	31.7	5,401	2.7	25,247	33,952	(25.6)
Total Sales	10,659	10,175	4.8	9,989	6.7	43,895	88,581	(50.4)
Exports	932	798	16.8	1,104	(15.6)	3,932	5,875	(33.1)

Source: Company, ICICI Direct Research

Pure play CV maker Ashok Leyland led the way for the segment, with total volume growth of 4.8% comprising 14.3% M&HCV decline and 31.7% LCV growth. Within M&HCV, trucks rose 23% while bus volumes fell 75%

**Exhibit 8: Tata Motors (TML)**

Segment	Nov-20	Nov-19	% chg	Oct-20	% chg	FY21TD	FY20TD	% chg
Domestic CV	26,218	27,657	(5.2)	26,052	0.6	1,13,638	2,17,130	(47.7)
Domestic PV	21,641	10,400	108.1	23,617	(8.4)	1,14,623	86,412	32.6
Total Domestic	47,859	38,057	25.8	49,669	(3.6)	2,28,261	3,03,542	(24.8)
Exports CV	1,764	2,931	(39.8)	2,420	(27.1)	8,779	20,419	(57.0)
Exports PV	27	136	(80.1)	43	(37.2)	168	1,093	(84.6)
Total Exports	1,791	3,067	(41.6)	2,463	(27.3)	8,947	21,512	(58.4)
Total Sales	49,650	41,124	20.7	52,132	(4.8)	2,37,208	3,25,054	(27.0)

Source: Company, ICICI Direct Research

Tata Motors' domestic CV decline at 5.2% was largely due to >70% fall in buses, with other segments reporting flattish performance. PV segment continued to do well amid excellent response to BS-VI refreshed range and the Altroz

**Exhibit 9: Mahindra & Mahindra (M&M)**

Segment	Nov-20	Nov-19	% chg	Oct-20	% chg	FY21TD	FY20TD	% chg
Uvs	17,971	14,161	26.9	18,317	(1.9)	86,959	1,30,939	(33.6)
Cars and Vans	241	476	(49.4)	305	(21.0)	1,350	6,229	(78.3)
4-Wheeler pickups	18,554	16,700	11.1	20,060	(7.5)	1,00,718	1,33,620	(24.6)
M & HCV	475	684	(30.6)	538	(11.7)	1,805	8,465	(78.7)
Total 4wheeler Sales	37,241	32,021	16.3	39,220	(5.0)	1,90,832	2,79,253	(31.7)
3-Wheeler	3,854	6,593	(41.5)	3,118	23.6	8,001	44,414	(82.0)
Total Domestic Auto Sales	41,095	38,614	6.4	42,338	(2.9)	1,98,833	3,23,667	(38.6)
Exports	1,636	2,621	(37.6)	2,021	(19.0)	9,932	20,723	(52.1)
Total Auto Sales	42,731	41,235	3.6	44,359	(3.7)	2,08,765	3,44,390	(39.4)
Tractors - Domestic	31,619	20,414	54.9	45,588	(30.6)	2,32,111	2,17,064	6.9
- Exports	1,107	618	79.1	970	14.1	6,076	7,570	(19.7)
Total Tractors	32,726	21,032	55.6	46,558	(29.7)	2,38,187	2,24,634	6.0

Source: Company, ICICI Direct Research

M&M was among the best performers across segments in November 2020. UV volumes rose 27% YoY, buoyed by commencement of Thar deliveries. <3.5T LCV i.e. Bolero pickups also did well, with volumes growing 11%. Tractor volumes rose strongly by 55.6% to 32,726 units

**Exhibit 10: Escorts**

Segment	Nov-20	Nov-19	% chg	Oct-20	% chg	FY21TD	FY20TD	% chg
Domestic	9,662	7,379	30.9	13,180	(26.7)	63,688	59,324	7.4
Export	503	263	91.3	484	3.9	2,732	2,472	10.5
Total	10,165	7,642	33.0	13,664	(25.6)	66,420	61,796	7.5

Source: Company, ICICI Direct Research

Escorts' tractor volumes rose 33% YoY to 10,165 units. On YTD basis, the company has outperformed market leader M&M (up 7.5% vs. 6% for M&M)

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