Equity Research

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Automobiles

Monthly wholesale volume analysis

INDIA

ICICI Securities

Automobiles (wholesale)

Wholesale dispatches rise amidst modest retail trends

Two-wheeler (2W): Wholesales clock double-digit growth

- **Hero MotoCorp (Hero)** has reported sales of ~591k units, up 14% YoY. Domestic scooters outperformed motorcycles as it grew ~33% vis-à-vis 13% (for the latter). Overall domestic sales grew 14% YoY while exports were up 40% YoY.
- **TVS Motors (TVSM)** has reported 21% YoY growth to ~323k units (down 18% MoM). Domestic sales grew 29% YoY to ~249k units while exports remained flat YoY at ~74k units (driven by ~35% drop in 3W exports). On segmental level, 2W sales grew by a similar 25% to ~311k units and 3W sales shrunk 11% YoY to ~11.2k units largely due to lack of public mobility. On a sub-segment basis, motorcycles and scooters both grew 26% YoY to 133k and 106k units respectively while mopeds clocked 21% YoY growth to 72k units.
- **Bajaj Auto (BAL)** has reported 5% YoY growth to ~422k units during the month. Domestic sales declined 4% to ~199k units while exports grew 14% YoY to ~223k units. On a segmental level, motorcycles grew 12% YoY to ~385k units due to higher demand for *Pulsar* with domestic sales growth of 7% YoY at 188k units. 3Ws declined 38% YoY to ~37k units with domestic sales down 66% at 10.7k units.
- **Royal Enfield** has reported ~6% YoY improvement to 63.8k units, with new product launch (*Meteor*) likely to drive growth in H2FY21. Motorcycle sales in 350cc segment grew 2% YoY to ~57k units while >350cc segment grew 51% to ~6.4k units. Exports reported 122% growth to 4.7k units.
- **HMSI** reported 9% YoY growth with domestic sales up 11% at 412k units while exports down 11% at 20.5k units.

Passenger vehicles (PVs): Entry-level segment witnesses sharp reduction

- **Maruti Suzuki (Maruti)** has reported a marginal 2% YoY growth at ~153k units. However, the mini-vehicle segment slumped 15% YoY to ~22.3k units while compact segment declined 2% YoY to ~77k units. UV segment despatches grew only 2% YoY at ~24k units, while despatches to Toyota grew 130% to 5.2k units (likely due to *Brezza* variant – *Urban Cruiser* launch). Exports were up 30% to 9k units.
- **Mahindra & Mahindra's (M&M)** volumes reported 24% YoY growth to ~18.2k units with UV segment growing 27% YoY to ~18k units. UV segment growth is below market possibly due to better competitive performance in urban markets from OEMs like Hyundai and Kia. M&M's new *Thar* has already crossed >20,000 bookings.
- **Tata Motors** posted the highest volume growth amongst all PV OEMs with 108% YoY growth at 21.6k units, maintaining its position as the 3rd largest player as its key models like *Altroz* and *Nexon* continue to witness growth.
- **Hyundai** posted 9% YoY growth in volumes at 48.8k units while exports declined 35% YoY to 10.4k units. Company is witnessing strong sales from the recently launched second-generation *Creta*, *Venue iMT* and *Aura* models.

Our view: Softening of Nov'20 dispatches appears to be a sign of lower than expected festive sales (Oct, Nov'20 combined) as the second phase of festive season (Diwali period) was below OEM expectations. Rising incentive schemes across segments post festive season, lack of price increase even in wake of higher input costs correlate with the fragility of the consumer sentiment. We believe channel inventory clearance remains key priority for Dec'20; thus, expect incentives to increase further by end of 3Q.

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- **Kia Motors** has reported 50% YoY growth to ~21k units, (short of highest monthly sales volumes at ~23.8k units in Sep'20). The recently launched compact SUV *Sonet* has already received strong response with 11.5k units sold in Nov'20 making Kia the fourth largest carmaker in India.
- **MG Motors'** *Hector*, launched in Jul'19, and the recently launched *Gloster*, are growing steadily to reach highest ever sales of 4,163 units (up 29% YoY).
- **Toyota's** volumes were up 2% YoY to ~8.5k units. Launch of its Urban Cruiser Compact SUV (rebadged version of Maruti *Brezza* SUV) in Sep'20 has boosted sales for Toyota.
- **Honda's** volumes grew 55% YoY to ~10k units; lack of attractive compact SUV offerings have seems to have hampered growth rebound.

CVs: M&HCVs witness slow improvement even as LCV's continue to grow well; rural demand continues to supports tractor sales

- **Ashok Leyland**'s domestic CV volumes were marginally higher at 4% YoY to ~9.7k units due to continued weakness in M&HCV segment with 17% YoY decline to ~4.4k units. Domestic LCVs witnessed strong 31% YoY growth to ~5.3k units. Exports declined ~17% YoY to 932 units.
- **Eicher Motors'** CV segment volumes grew 3% YoY to 3.7k units.
- **Escorts'** tractor volumes rose 33% to ~10.2k units. Domestic volumes improved by a similar 31% YoY at ~9.6k units while exports stood at 503 units. Volumes were supported by better monsoon, *kharif* sowing, and better crop price realisations.
- **Mahindra & Mahindra's (M&M)** CV segment volumes grew 9% YoY at ~19k units as LCVs < 3.5T grew 11% while LCVs > 3.5T and M&HCVs declined 31%. Volumes in 3W segment dropped by a sharp 42% to 3,854 units.

  Tractor dispatches clocked growth of 56% YoY to ~33k units as domestic sales were up 55% to ~31.6k units. With strong monsoon, higher *kharif* acreage, and continued government support including higher MSP, continued revival of agrarian demand will be key monitorables in upcoming *kharif* season.
- **Tata Motors'** domestic CV segment volumes declined 5% YoY to ~26.2k units. M&HCV sales fell ~36% YoY to ~5.7k units. LCV volumes were up ~9% YoY to ~20.5k units. Overall export volumes were sharply lower by 40% YoY at ~1.7k units.

Table 1: Volume summary for Nov'20

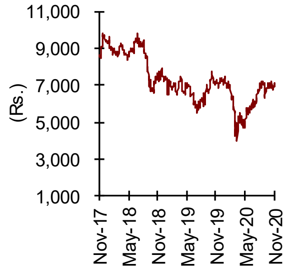
	Nov-19	Oct-20	Nov-20	YoY	MoM	YTDFY21	YTDFY20	YoY
HERO MOTOCORP								
Total	**5,16,775**	**8,06,848**	**5,91,091**	**14**	**(27)**	**37,75,890**	**46,50,363**	**(19)**
BAJAJ AUTO								
Domestic	1,76,337	2,68,631	1,88,196	7	(30)	11,93,002	15,51,139	(23)
Exports	1,67,109	2,01,659	1,96,797	18	(2)	10,26,675	12,58,087	(18)
Motorcycles	**3,43,446**	**4,70,290**	**3,84,993**	**12**	**(18)**	**22,19,677**	**28,09,226**	**(21)**
Domestic	31,438	12,529	10,737	(66)	(14)	51,940	2,61,645	(80)
Exports	28,339	29,219	26,510	(6)	(9)	1,59,101	2,16,325	(26)
3 Wheelers	**59,777**	**41,748**	**37,247**	**(38)**	**(11)**	**2,11,041**	**4,77,970**	**(56)**
Total Bajaj Auto	**4,03,223**	**5,12,038**	**4,22,240**	**5**	**(18)**	**24,30,718**	**32,87,196**	**(26)**
Domestic	2,07,775	2,81,160	1,98,933	(4)	(29)	12,44,942	18,12,784	(31)
Exports	1,95,448	2,30,878	2,23,307	14	(3)	11,85,776	14,74,412	(20)
TVS MOTORS								
Motorcycles	1,05,963	1,73,263	1,33,531	26	(23)	7,83,605	9,90,328	(21)
Scooters	84,169	1,27,138	1,06,196	26	(16)	5,84,624	8,26,296	(29)
Mopeds	59,218	81,720	71,792	21	(12)	4,07,021	4,67,086	(13)
2-Wheelers	**2,49,350**	**3,82,121**	**3,11,519**	**25**	**(18)**	**17,83,384**	**22,83,710**	**(22)**
Domestic	1,91,222	3,01,380	2,47,789	30	(18)	13,84,800	18,26,718	(24)
Exports	58,128	80,741	63,730	10	(21)	3,98,594	4,56,942	(13)
3-Wheelers	**17,232**	**12,603**	**11,190**	**(35)**	**(11)**	**68,786**	**1,15,681**	**(41)**
Domestic	1,300	824	846	(35)	3	4,437	8,851	(50)
Exports	15,932	11,779	10,344	(35)	(12)	64,349	1,06,506	(40)
Total TVS Motors	**2,66,582**	**3,94,724**	**3,22,709**	**21**	**(18)**	**18,52,180**	**23,99,391**	**(23)**
Domestic	1,92,522	3,02,204	2,48,635	29	(18)	13,89,237	18,35,569	(24)
Exports	74,060	92,520	74,074	0	(20)	4,62,943	5,63,448	(18)
EICHER MOTORS								
LCV/MCV Trucks	2,220	3,105	2,447	10	(21)	12,207	19,627	(38)
LCV/MCV Bus	464	230	225	(52)	(2)	1,347	6,335	(79)
HCVs	766	795	889	16	12	3,483	6,866	(49)
Total Eicher	**3,450**	**4,130**	**3,561**	**3**	**(14)**	**17,037**	**32,828**	**(48)**
Volvo Trucks	144	70	149	3	113	398	649	(39)
Total HCVs (VECV)	**910**	**865**	**1,038**	**14**	**20**	**3,881**	**7,515**	**(48)**
Total CVs (VECV)	**3,594**	**4,200**	**3,710**	**3**	**(12)**	**18,206**	**33,477**	**(46)**
Royal Enfield (RE)	**60,411**	**66,891**	**63,782**	**6**	**(5)**	**3,38,461**	**4,82,553**	**(30)**
of which, RE exports	2,119	4,033	4,698	122	16	20,083	29,501	(32)
Total RE + VECV	**64,005**	**71,091**	**67,492**	**5**	**(5)**	**3,56,667**	**5,16,030**	**(31)**
MARUTI SUZUKI								
Mini	26,306	28,462	22,339	(15)	(22)	1,27,467	1,54,521	(18)
Compact	78,013	95,067	76,630	(2)	(19)	4,02,353	5,27,250	(24)
Super Compact				-	-	-	-	-
Mid-Size	1,448	1,422	1,870	29	32	8,097	18,230	(56)
Passenger Cars	**1,05,767**	**1,24,951**	**1,00,839**	**(5)**	**(19)**	**5,37,917**	**7,00,001**	**(23)**
Utility Vehicles	23,204	25,396	23,753	2	(6)	1,26,455	1,60,552	(21)
Vans	10,162	13,309	11,183	10	(16)	58,748	81,253	(28)
Utility Vehicles + Vans	**33,366**	**38,705**	**34,936**	**5**	**(10)**	**1,85,203**	**2,41,805**	**(23)**
Domestic PV Sales	**1,39,133**	**1,63,656**	**1,35,775**	**(2)**	**(17)**	**7,23,120**	**9,41,806**	**(23)**
Light Commercial Vehicles	2,267	3,169	3,181	40	0	14,191	16,597	(14)
Sales to OEM	2,286	6,037	5,263	130	(13)	17,416	16,590	5
Total Domestic Sales	**1,43,686**	**1,72,862**	**1,44,219**	**0**	**(17)**	**7,54,727**	**9,74,993**	**(23)**
Exports	6,944	9,586	9,004	30	(6)	50,673	70,013	(28)
Total Maruti Suzuki	**1,50,630**	**1,82,448**	**1,53,223**	**2**	**(16)**	**8,05,400**	**10,45,006**	**(23)**
HYUNDAI MOTOR INDIA								
Domestic	44,600	56,606	48,800	9	(14)	2,67,931	3,39,044	(21)
Exports	15,900	12,230	10,400	(35)	(15)	54,818	1,32,800	(59)
Total Hyundai Motor India	**60,500**	**68,836**	**59,200**	**(2)**	**(14)**	**3,22,749**	**4,65,939**	**(31)**
MAHINDRA & MAHINDRA								
Utility Vehicles	14,161	18,317	17,971	27	(2)	86,959	1,30,939	(34)
Cars & Vans	476	305	241	(49)	(21)	1,350	6,229	(78)
Passenger Vehicles	**14,637**	**18,622**	**18,212**	**24**	**(2)**	**88,309**	**1,37,168**	**(36)**
LCV < 3.5 T	16,700	20,060	18,554	11	(8)	1,00,718	1,33,620	(25)
LCV > 3.5T	373	290	145	(61)	(50)	810	4,757	(83)
M&HCV	311	248	330	6	33	995	3,708	(73)
Commercial Vehicles	**17,384**	**20,598**	**19,029**	**9**	**(8)**	**1,02,523**	**1,42,085**	**(28)**
Three-Wheelers	**6,593**	**3,118**	**3,854**	**(42)**	**24**	**8,001**	**44,414**	**(82)**
Total Domestic Sales	**38,614**	**42,338**	**41,095**	**6**	**(3)**	**1,98,833**	**3,23,667**	**(39)**
Exports	**2,621**	**2,021**	**1,636**	**(38)**	**(19)**	**9,932**	**20,723**	**(52)**
Total Auto Sales	**41,235**	**44,359**	**42,731**	**4**	**(4)**	**2,08,765**	**3,44,390**	**(39)**
Tractors Domestic	20,414	45,588	31,619	55	(31)	2,32,111	2,17,064	7
Tractors - Exports	618	970	1,107	79	14	6,076	7,571	(20)
Total Tractor Sales	**21,032**	**46,558**	**32,726**	**56**	**(30)**	**2,38,187**	**2,24,635**	**6**
Total Auto + Tractors	**62,267**	**90,917**	**75,457**	**21**	**(17)**	**4,46,952**	**5,69,025**	**(21)**

	Nov-19	Oct-20	Nov-20	YoY	MoM	YTDFY21	YTDFY20	YoY
HMSI								
Domestic	**3,73,250**	**4,94,459**	**4,12,641**	**11**	**-17**	**24,02,396**	**35,41,240**	**(32)**
Exports	23,116	32,721	20,565	-11	-37	3,25,758	3,80,062	(14)
Total	**3,96,366**	**5,27,180**	**4,33,206**	**9**	**(18)**	**25,21,141**	**37,68,851**	**(33)**
YAMAHA INDIA								
Total	**39,406**	**60,176**	**53,208**	**35**	**-12**	**328,082**	**408,873**	**(20)**
ESCORTS AGRI MACHINERY								
Domestic	7,379	13,180	9,662	31	(27)	63,688	59,324	7
Exports	263	484	503	91	4	2,732	2,472	11
Total	**7,642**	**13,664**	**10,165**	**33**	**(26)**	**66,420**	**61,796**	**7**
ASHOK LEYLAND								
M&HCV	5,966	4,588	5,114	(14)	11	18,297	53,920	(66)
LCV (Dost)	4,209	5,401	5,545	32	3	28,456	33,732	(16)
Total	**10,175**	**9,989**	**10,659**	**5**	**7**	**46,753**	**87,652**	**(47)**
TATA MOTORS								
M&HCV	8,876	5,033	5,699	(36)	13	25,442	77,918	(67)
LCV	18,781	21,019	20,519	9	(2)	87,480	1,37,675	(36)
Utility	4,378	8,939	14,280	226	60	43,111	41,044	5
Cars	6,022	14,678	7,361	22	(50)	66,980	45,368	48
Total Domestic Sales	**38,057**	**49,669**	**47,859**	**26**	**(4)**	**2,23,013**	**3,02,005**	**(26)**
Exports	2,931	2,420	1,764	(40)	(27)	8,983	21,377	(58)
Total Tata Motors	**40,988**	**52,089**	**49,623**	**21**	**(5)**	**2,31,996**	**3,23,382**	**(28)**
HONDA CARS INDIA								
Domestic	6,459	10,836	9,990	55	(8)	45,690	77,339	(41)
Exports	105	84		(100)	(100)	2,643	2,981	(11)
Total	**6,564**	**10,920**	**9,990**	**52**	**(9)**	**48,333**	**80,320**	**(40)**
TOYOTA KIRLOSKAR								
Domestic	8,312	12,373	8,500	2	(31)	45,437	85,659	(47)
Exports	937			(100)	-	-	7,101	(100)
Total	**9,249**	**12,373**	**8,500**	**(8)**	**(31)**	**45,437**	**92,760**	**(51)**
KIA MOTORS								
Total	**17,839**	**24,834**	**21,022**	**18**	**(15)**	**1,09,429**	**46,736**	**134**
MG MOTORS								
Total	**3,239**	**3,750**	**4,163**	**29**	**11**	**18,128**	**12,909**	**40**

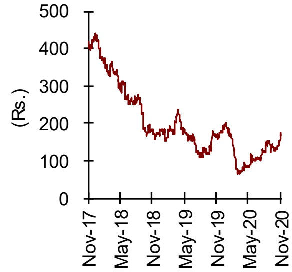
Source: Company data, I-Sec research

Price charts

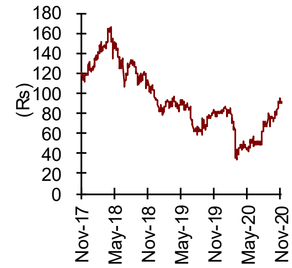
Maruti Suzuki



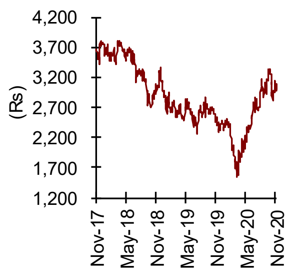
Tata Motors



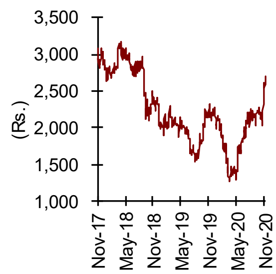
Ashok Leyland



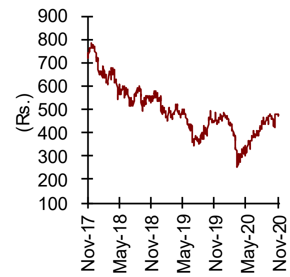
Hero MotoCorp



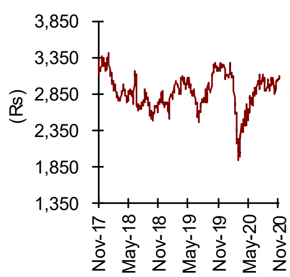
Eicher Motors



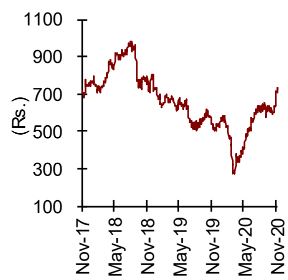
TVS Motors



Bajaj Auto



M&M



Source: Bloomberg

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