

Automobile

Volume Update – November 2020

Summary

November20, OEMs across different segment showed improvement on YoY/MoM basis as retail sales picked up during festive season. OEMs like Maruti Suzuki (MSIL), Bajaj Auto (BJAUT), Hero MotoCorp (HMCL), Bajaj Auto (BJAUT), Royal Enfield (RE) and TVS Motors (TVSL) reported improvement on YoY and MoM basis. Tractor OEM's like M&M (FES) and Escorts sales improved as demand is driven fundamentally because of higher crop production, good crop prices, sufficient availability of water and easy availability of finance.

Outlook: In November20, wholesale continue to improve on YoY/MoM basis. This is driven by pent-up demand in retail market and bumper retail sales in *Dhanteras* and *Diwali*, preference for personal mobility during the pandemic, attractive vehicle financing schemes, easing of supply chains, labor availability, new launches and inventory filing at dealerships. Post festive season, the inventory level for 2 wheeler is on higher side with the dealer. We believe demand for 4W continues to remain robust till December whereas 2W demand expected to be subdued. CV demand expected to grow on the back of increase in road/construction activity.

Exhibit 1: Auto monthly volume

Company	Nov-20	Nov-19	YoY (%)	Oct-20	MoM (%)	FY21YTD	FY20YTD	YTD (%)
2W (D)								
Bajaj Auto	1,88,196	1,76,337	6.7	2,68,631	(29.9)	11,93,002	15,51,139	(23.1)
HMCL	5,75,957	5,05,994	13.8	7,91,137	(27.2)	36,78,348	45,34,499	(18.9)
HMSI	4,12,641	3,73,250	10.6	4,94,459	(16.5)	24,02,387	39,37,643	(39.0)
TVS	2,48,635	1,92,522	29.1	3,02,204	(17.7)	13,34,608	18,35,413	(27.3)
RE	59,084	58,292	1.4	62,858	(6.0)	3,18,287	4,53,052	(29.7)
PV (D)								
MSIL	1,44,219	1,43,686	0.4	1,72,862	(16.6)	7,54,564	9,97,024	(24.3)
Hyundai	48,800	44,600	9.4	56,605	(13.8)	2,67,930	3,39,044	(21.0)
Renault	10,181	10,882	(6.4)	11,005	(7.5)	50,838	56,792	(10.5)
MM (PV)	18,212	14,637	24.4	18,622	(2.2)	88,309	1,37,168	(35.6)
Toyota	8,503	8,312	2.3	12,373	(31.3)	45,440	84,358	(46.1)
CV (D)								
AL	10,659	10,175	4.8	9,989	6.7	43,906	88,578	(50.4)
VECV	3,710	3,594	3.2	4,200	(11.7)	18,206	32,050	(43.2)
Tractors (D)								
MM	31,619	20,414	54.9	45,588	(30.6)	2,31,411	2,17,064	6.6
Escorts	9,662	7,379	30.9	13,180	(26.7)	63,688	59,324	7.4

Source: Company

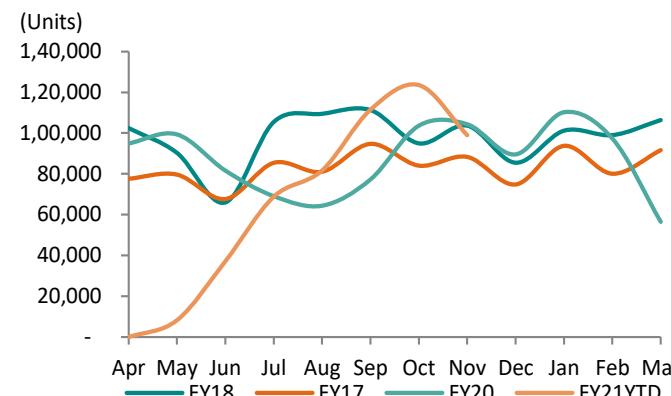
Maruti Suzuki

- MSIL mini segment declined 15% YoY/22% MoM to 22.3k. Compact sales decreased 2% YoY/ 19% MoM to 76.6k units. Mid-Size sales grew 29% YoY/ 32% MoM to 1.9k units. Wholesale growth for compact (hatchback/sedan) segment declined compare to UV segment which indicate festive demand is higher for UVs this would help in expanding MSIL realization in near term. Domestic sales decreased 2% YoY/17% MoM to 139k units. Total YTD sales declined 25% to 805k units.
- Strong festive season and demand for personal mobility are key reasons for higher sales. Attractive vehicle financing schemes, increased share of first time buyers and rural markets growth continue to outpace the urban markets are some of the key growth drivers for MSIL performance.

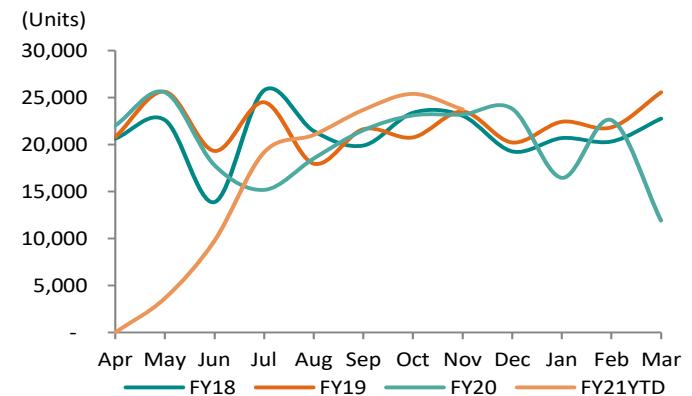
Exhibit 1: MSIL sales volume

Segment	Nov-20	Nov-19	YoY (%)	Oct-20	MoM (%)	FY21YTD	FY20YTD	YTD (%)
A2: Mini (Alto, WagonR)	22,339	26,306	(15.1)	28,462	(21.5)	1,27,467	1,54,953	(17.7)
A2: Compact (Swift, Ritz, Celerio, Dzire, Baleno, Ignis)	76,630	78,013	(1.8)	95,067	(19.4)	4,02,353	5,39,647	(25.4)
A3: Mid-Size (Ciaz)	1,870	1,448	29.1	1,422	31.5	8,097	18,310	(55.8)
Total PC	1,00,839	1,05,767	(4.7)	1,24,951	(19.3)	5,37,917	7,12,910	(24.5)
B: Uvs (Gypsy, Ertiga, S-Cross, Vitara Brezza)	23,753	23,204	2.4	25,396	(6.5)	1,26,455	1,66,933	(24.2)
C: Vans (Omni, Eeco)	11,183	10,162	10.0	13,309	(16.0)	58,748	85,946	(31.6)
LCV: Super Larry	3,181	2,267	40.3	3,169	0.4	14,028	16,947	(17.2)
Total domestic sales	1,38,956	1,41,400	(1.7)	1,66,825	(16.7)	7,37,148	9,82,736	(25.0)
Exports	9,004	6,944	29.7	9,586	(6.1)	50,673	71,387	(29.0)
Sales to other OEM	5,263	2,286	130.2	6,037	(12.8)	17,416	14,288	21.9
Total sales	1,53,223	1,50,630	1.7	1,82,448	(16.0)	8,05,237	10,68,411	(24.6)

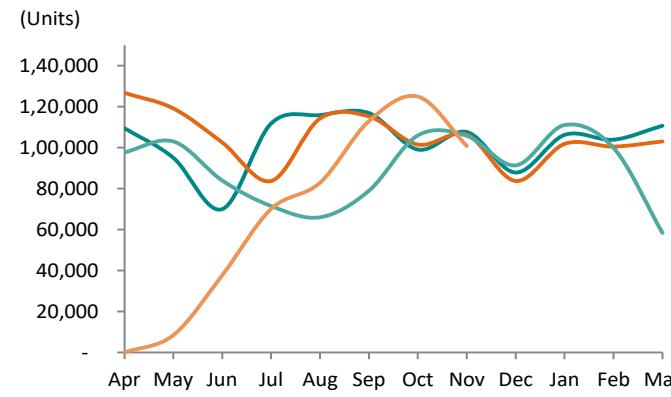
Source: Company

Exhibit 2: Mini + Compact sales trend


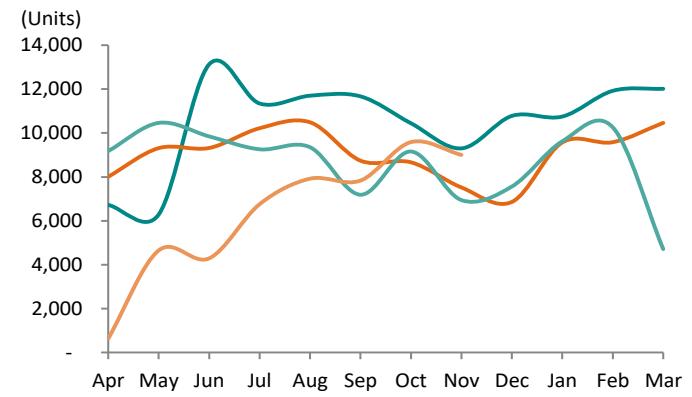
Source: Company

Exhibit 3: Domestic UVs sales trend


Source: Company

Exhibit 4: Domestic PC sales trend


Source: Company

Exhibit 5: Export sales trend


Source: Company

Mahindra & Mahindra (M&M)

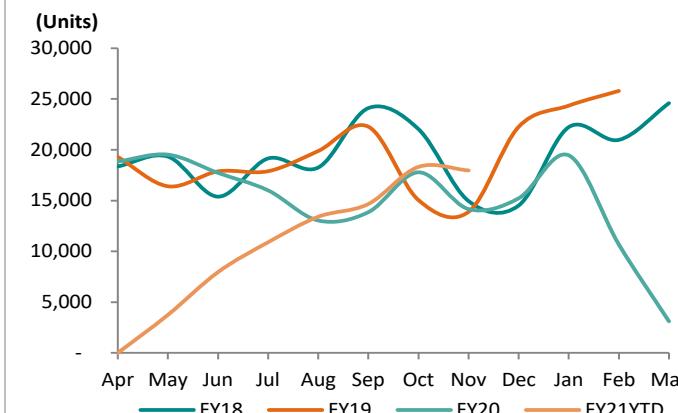
- M&M UV sales increased 27% YoY/-2% MoM to 17,971 units. YTD sales declined 34% to 87k units. CV sales increased 8% YoY/ -8% MoM to 19k units. YTD sales declined 29% to 103k units. Overall auto division domestic sales increased 6% YoY/-3% MoM to 41k units. YTD sales declined 39% to 199k units.
- Domestic FES sales increased 55% YoY/-31% MoM to 32.7K units. YTD sales up 6% to 237k units. As per management; company continue to witness unprecedented retail demand which is likely to be higher than wholesale numbers on back of expectations of a higher Kharif output and good cash flow in the market.

Exhibit 6: M&M sales volume

Segment	Nov-20	Nov-19	YoY (%)	Oct-20	MoM (%)	FY21YTD	FY20YTD	YTD (%)
Passenger Vehicles	18,212	14,637	24.4	18,622	(2.2)	88,309	1,37,168	(35.6)
Utility Vehicles	17,971	14,161	26.9	18,317	(1.9)	86,959	1,30,939	(33.6)
Cars + Vans	241	476	(49.4)	305	(21.0)	1,350	6,229	(78.3)
Commercial Vehicles	19,029	17,695	7.5	20,598	(7.6)	1,02,940	1,45,793	(29.4)
LCV < 3.5T	18,554	16,700	11.1	20,060	(7.5)	1,00,718	1,33,620	(24.6)
LCV > 3.5T+M&HCV	475	684	(30.6)	538	(11.7)	1,805	8,465	(78.7)
3W	3,854	6,593	(41.5)	3,118	23.6	8,001	44,414	(82.0)
Total Domestic	41,095	38,925	5.6	42,338	(2.9)	1,99,250	3,27,375	(39.1)
Export	1,636	2,621	(37.6)	2,021	(19.0)	9,932	20,723	(52.1)
Total Sales	42,731	41,546	2.9	44,359	(3.7)	2,09,182	3,48,098	(39.9)
Farm Equipment Segment (FES)								
Domestic	31,619	20,414	54.9	45,588	(30.6)	2,31,411	2,17,064	6.6
Exports	1,107	617	79.4	970	14.1	6,067	7,570	(19.9)
Total FES	32,726	21,031	55.6	46,558	(29.7)	2,37,478	2,24,634	5.7

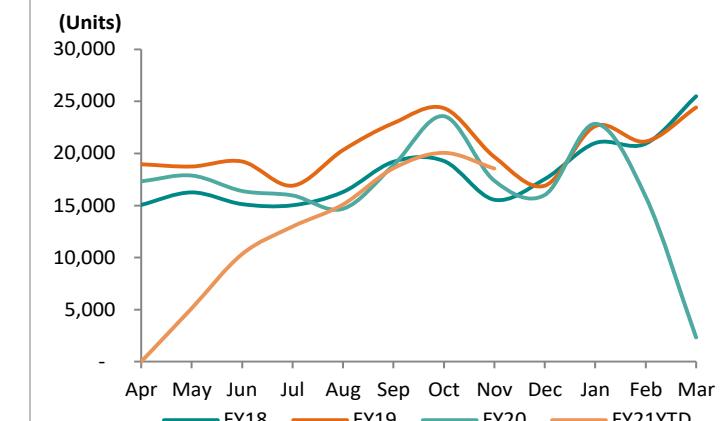
Source: Company

Exhibit 7: Domestic UV sales trend



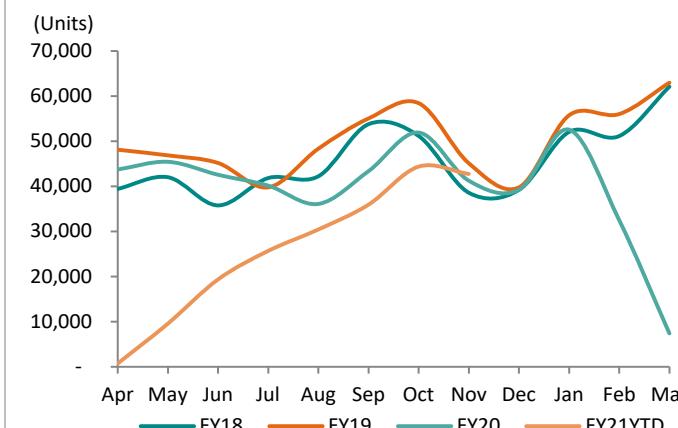
Source: Company

Exhibit 8: Domestic CV sales trend



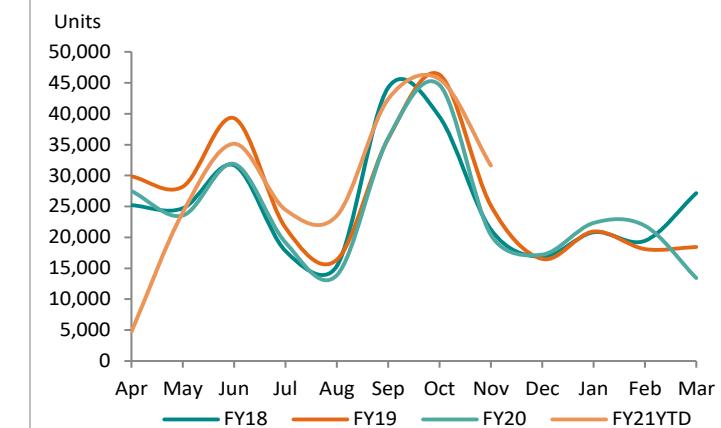
Source: Company

Exhibit 9: Total auto sales trend



Source: Company

Exhibit 10: Domestic tractor sales trend



Source: Company

Escorts Ltd.

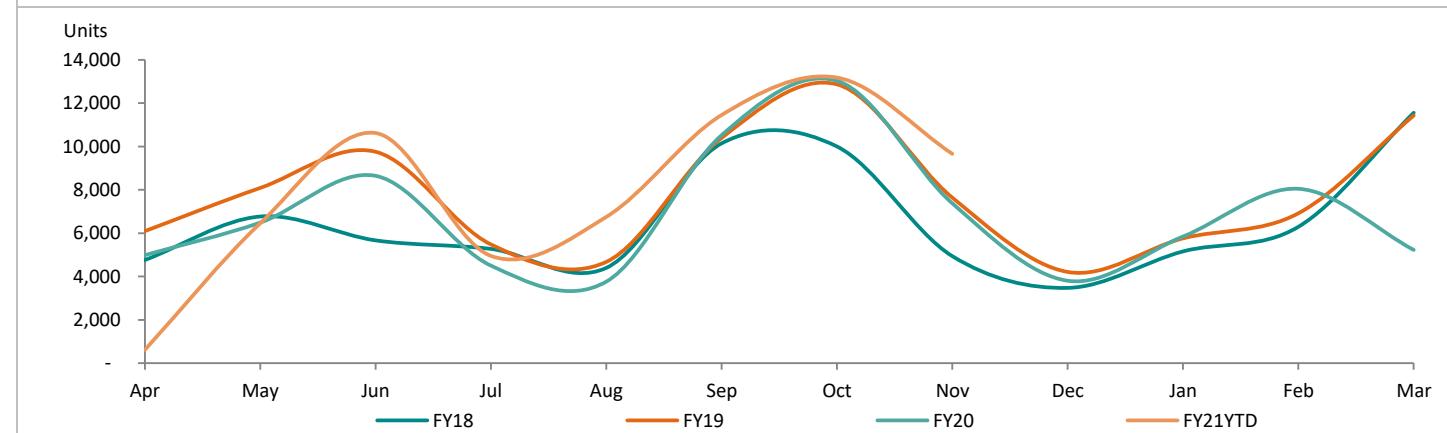
- Escorts domestic sales increased 31% YoY/-27% MoM to 9,662 units. Escorts sales improved as demand is driven fundamentally because of higher crop production, good crop prices, sufficient availability of water and easy availability of finance. Export sales increased 91% YoY/4% MoM to 503 units. Total YTD sales increased 8% to 66,420 units. Overall we expect single digit growth of 8% for the tractor industry for FY21.

Exhibit 11: Escorts sales volume

Segment	Nov-20	Nov-19	YoY (%)	Oct-20	MoM (%)	FY21YTD	FY20YTD	YTD (%)
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

Exhibit 12: Domestic tractor sales trend



Source: Company

Hero MotoCorp

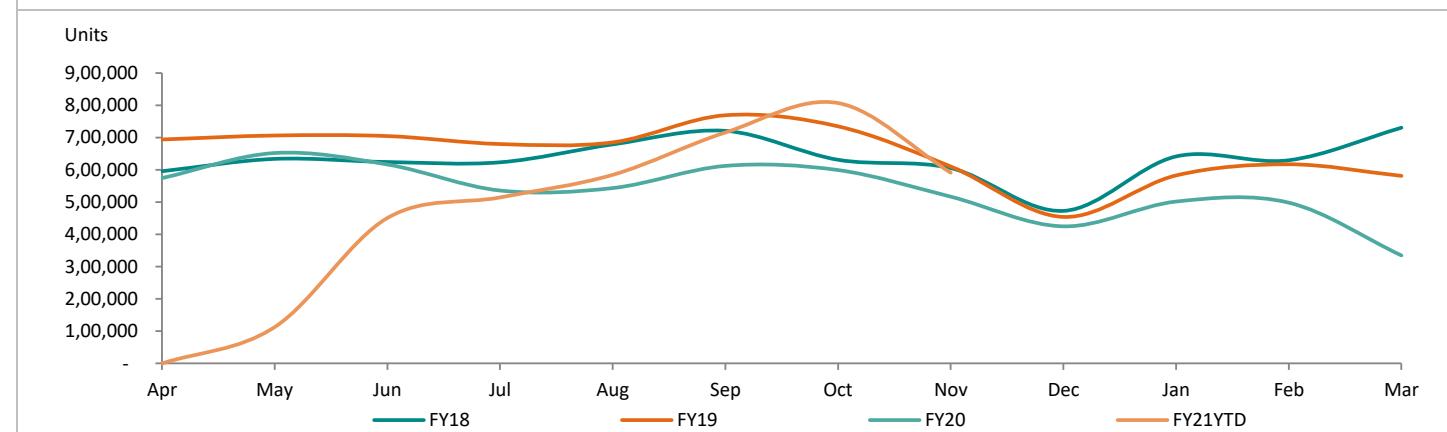
- HMCL domestic sales increased 14% YoY/-27% MoM to 576k units. Exports sales increased 40% YoY/-4% MoM to 15.1k units. Total sales increased 14% YoY/-27% QoQ to 591K units. Total YTD sales declined 27% to ~3.8mn units.
- We believe HMCL's inventory is on higher side at the dealer level post festive season. Our channel check suggests the negative demand sentiment in rural market particularly in the state of Punjab and Haryana due to the wide scale protest of farmers over the farm bills.

Exhibit 13: HMCL sales volume

Segment	Nov-20	Nov-19	YoY (%)	Oct-20	MoM (%)	FY21YTD	FY20YTD	YTD (%)
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	5,91,091	5,16,775	14.4	8,06,848	(26.7)	37,75,890	51,67,138	(26.9)
Domestic	5,75,957	5,05,994	13.8	7,91,137	(27.2)	36,78,348	45,34,499	(18.9)
Exports	15,134	10,781	40.4	15,711	(3.7)	97,542	1,15,864	(15.8)

Source: Company

Exhibit 14: Total 2w sales trend



Source: Company

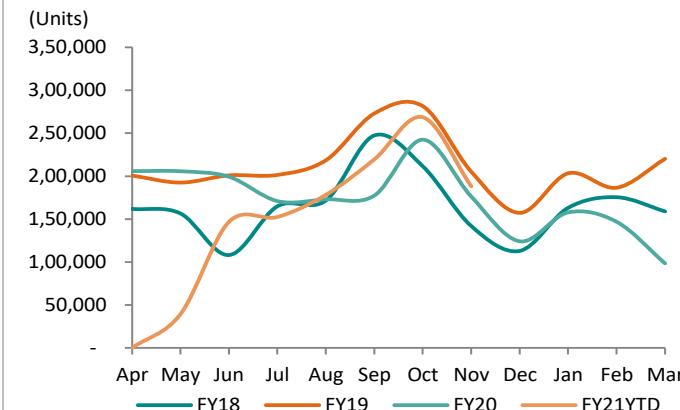
Bajaj Auto

- BJAUT domestic motorcycle sales increased 7% YoY/-30% MoM to 188k units whereas export motorcycle sales increased 18% YoY/-2% MoM to 197k units. Domestic 3W continue to struggle and declined 66% YoY/14% MoM to 10.7k units. Total sales increased 5% YoY/-18% MoM to 422k units. YTD sales declined 26% to 2.4mn units.
- BJAUT is getting very good traction in Pulsar 125cc and its premium products like KTM. Current inventory level at dealer level is higher post festive sales.

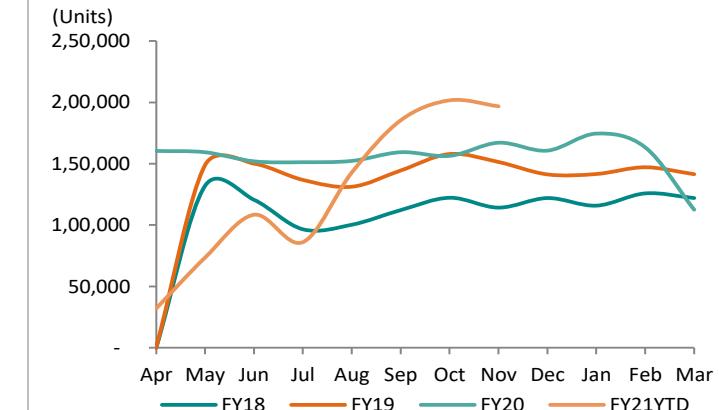
Exhibit 15: BJAUT sales volume

Segment	Nov-20	Nov-19	YoY (%)	Oct-20	MoM (%)	FY21YTD	FY20YTD	YTD (%)
Domestic	1,88,196	1,76,337	6.7	2,68,631	(29.9)	11,93,002	15,51,139	(23.1)
Exports	1,96,797	1,67,109	17.8	2,01,659	(2.4)	10,26,675	12,58,087	(18.4)
Total 2w	3,84,993	3,43,446	12.1	4,70,290	(18.1)	22,19,677	28,09,226	(21.0)
Domestic	10,737	31,438	(65.8)	12,529	(14.3)	51,940	2,61,645	(80.1)
Exports	26,510	28,339	(6.5)	29,219	(9.3)	1,59,101	2,16,325	(26.5)
Total 3w	37,247	59,777	(37.7)	41,748	(10.8)	2,11,041	4,77,970	(55.8)
Domestic	1,98,933	2,07,775	(4.3)	2,81,160	(29.2)	12,44,942	18,12,784	(31.3)
Exports	2,23,307	1,95,448	14.3	2,30,878	(3.3)	11,85,776	14,74,412	(19.6)
Total Sales	4,22,240	4,03,223	4.7	5,12,038	(17.5)	24,30,718	32,87,196	(26.1)

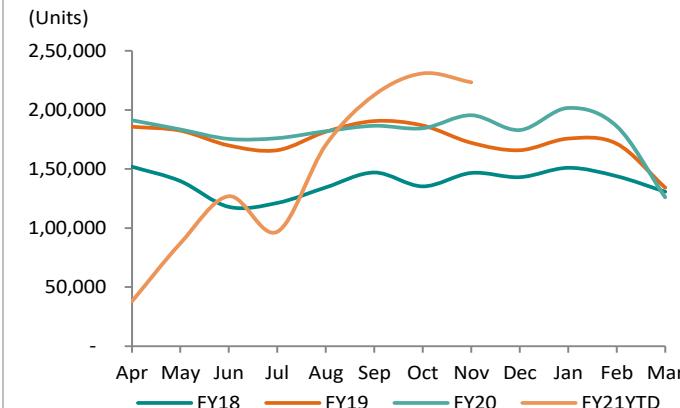
Source: Company

Exhibit 16: Domestic motorcycle sales trend


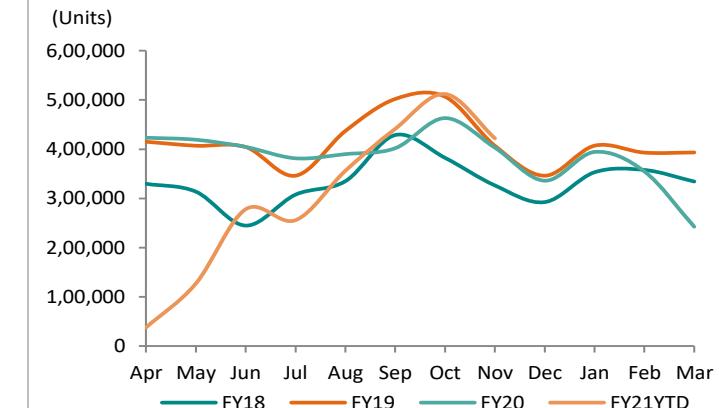
Source: Company

Exhibit 17: Export motorcycle sales trend


Source: Company

Exhibit 18: Total exports sales trend


Source: Company

Exhibit 19: Total sales trend


Source: Company

TVS Motors

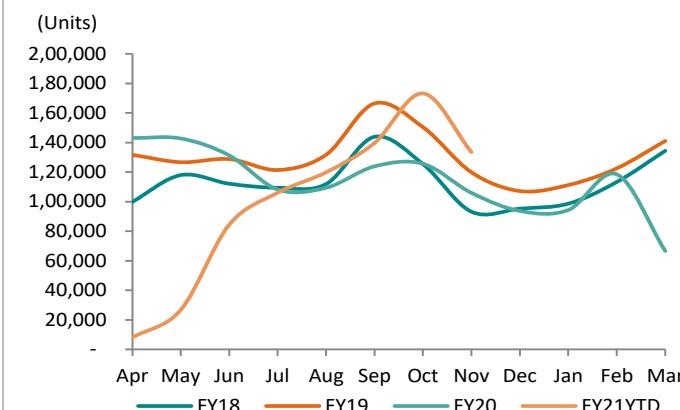
- Overall motorcycle sales increased 26% YoY/-23% MoM to 133k units. Scooter sales increased 26% YoY/-17% MoM to 106k units as urban market started picking up during festive season and due to better contribution of Ntorq and Jupiter. 3W domestic sales declined 35% YoY/11% MoM to 11,190 units. Total sales increased 21% YoY/-18% MoM to 323K units. Overall YTD sales declined 23% to 1.85mn units.

Exhibit 20: TVSL sales volume

Segment	Nov-20	Nov-19	YoY (%)	Oct-20	MoM (%)	FY21YTD	FY20YTD	YTD (%)
Motorcycle	1,33,531	1,05,963	26.0	1,73,263	(22.9)	7,91,739	9,90,325	(20.1)
Scooters	1,06,196	84,169	26.2	1,27,138	(16.5)	5,86,130	8,33,221	(29.7)
Mopeds	71,792	59,218	21.2	81,720	(12.1)	4,05,098	4,59,958	(11.9)
2w (Total)	3,11,519	2,49,350	24.9	3,82,121	(18.5)	17,82,967	22,83,504	(21.9)
3w	11,190	17,232	(35.1)	12,603	(11.2)	66,792	1,15,357	(42.1)
Sales volume (2w+3w)	3,22,709	2,66,582	21.1	3,94,724	(18.2)	18,49,759	23,98,861	(22.9)

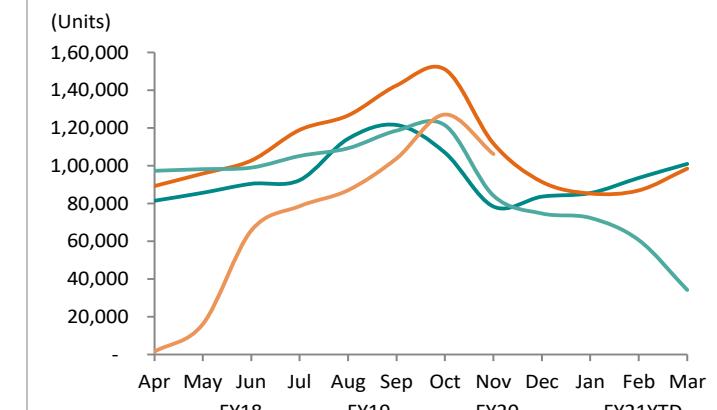
Source: Company

Exhibit 21: Motorcycle sales trend

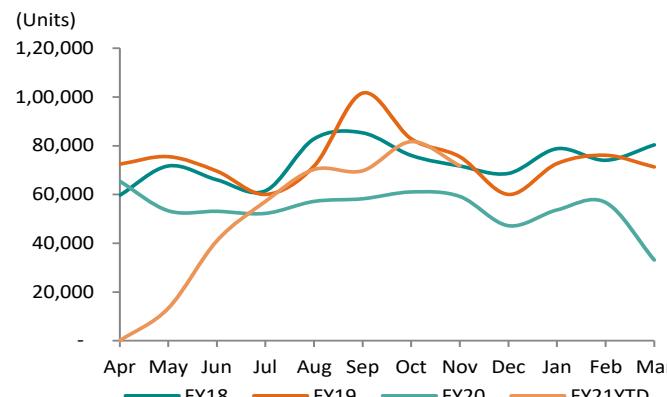


Source: Company

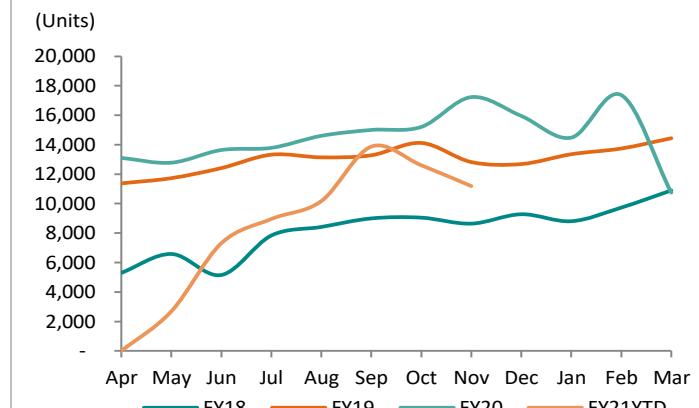
Exhibit 22: Scooter sales trend



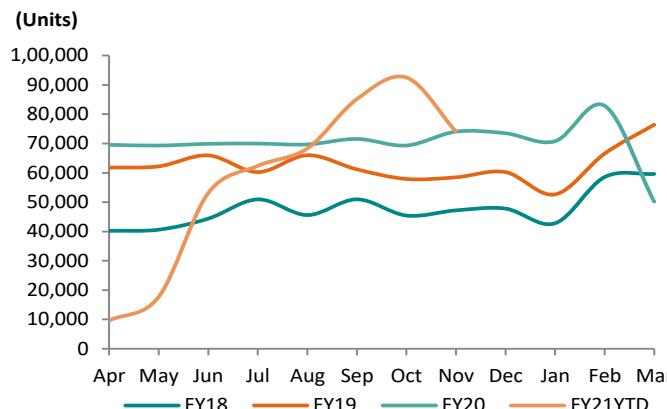
Source: Company

Exhibit 23: Moped sales trend


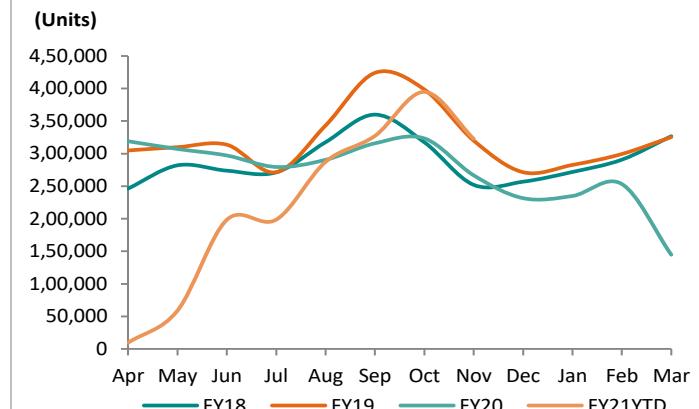
Source: Company

Exhibit 24: 3W sales trend


Source: Company

Exhibit 25: Export sales trend


Source: Company

Exhibit 26: Total sales trend


Source: Company

Eicher Motors

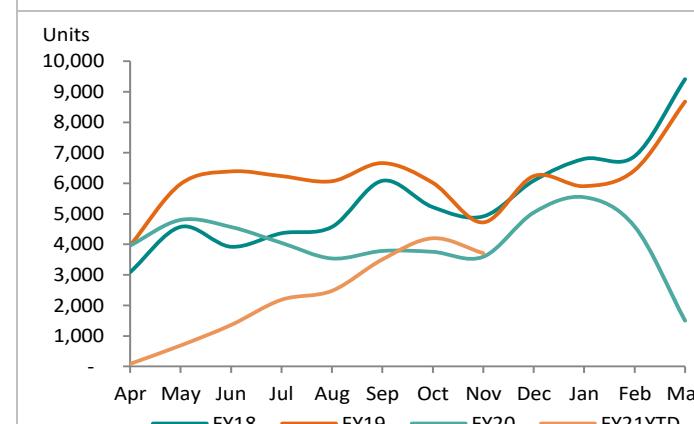
- Royal Enfield domestic sales increased 6% YoY/-5% MoM to 63.7K units whereas export sales increased 122% YoY/17% MoM to 4.7k units. Overall YTD sales declined 30% to 338K units.

Exhibit 27: EIM sales volume

Segment	Nov-20	Nov-19	YoY (%)	Oct-20	MoM (%)	FY21YTD	FY20YTD	YTD (%)
RE	63,782	60,411	5.6	66,891	(4.6)	3,38,461	4,82,673	(29.9)
Exports out of the above	4,698	2,119	121.7	4,033	16.5	20,174	29,621	(31.9)
VECV	3,710	3,594	3.2	4,200	(11.7)	18,206	32,050	(43.2)

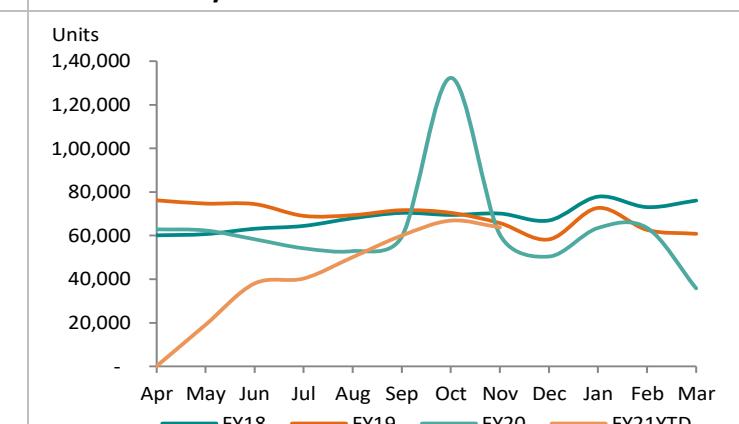
Source: Company

Exhibit 28: VECV sales trend



Source: Company

Exhibit 29: Royal Enfield domestic sales trend



Source: Company

Ashok Leyland

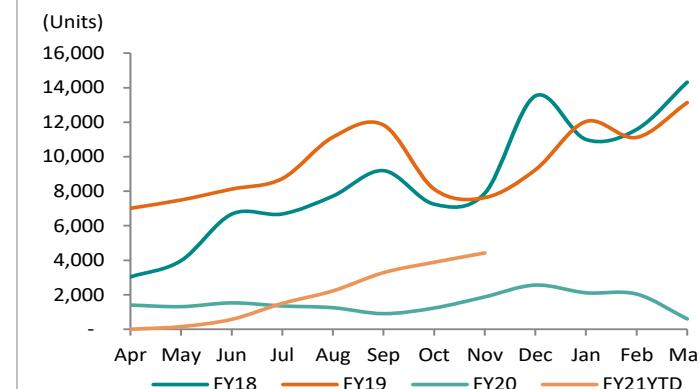
- Domestic sales increased 3.7% YoY/9.5% MoM to 9,727 units whereas M&HCV Goods segment increased 23% YoY/+13% MoM to 4,238 units. Domestic LCV segment increased 31% YoY/6% MoM to 5,305 units. Total sales increased 5% YoY/7% MoM to 10,659 units. YTD sales declined 50% to 43.9k units.
- M&HCV demand expected to grow on the back of increase in construction activity. We expect tipper sales to grow as momentum built up in Infrastructure/Construction sector. In LCV, AL's Bada Dost is getting good traction as demand from ecommerce activity has soared up during and post lockdown.

Exhibit 30: AL Sales Volumes

Segment	Nov-20	Nov-19	YoY (%)	Oct-20	MoM (%)	FY21YTD	FY20YTD	YTD (%)
M&HCV Goods	4,238	3,447	22.9	3,762	12.7	15,429	39,015	(60.5)
MH&CV Passenger	184	1,874	(90.2)	119	54.6	598	10,845	(94.5)
LCV	5,305	4,056	30.8	5,004	6.0	23,947	32,846	(27.1)
Domestic	9,727	9,377	3.7	8,885	9.5	39,974	82,706	(51.7)
Exports	932	798	16.8	1,104	(15.6)	3,932	5,875	(33.1)
Total Sales	10,659	10,175	4.8	9,989	6.7	43,906	88,581	(50.4)

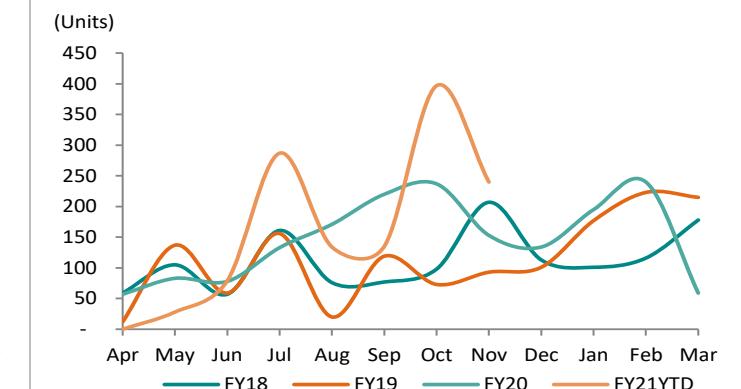
Source: Company

Exhibit 31: M&HCV goods sales trend



Source: Company

Exhibit 32: LCV sales trend



Source: Company

Exhibit 33: Stock Performance in the sector (in %)

OEM's	1M	3M	6M	1YR	3YR	5YR
Ashok Leyland Ltd	13.5	37.0	101.9	22.5	-18.2	5.5
Bajaj Auto Ltd	13.0	13.7	18.4	1.1	3.0	33.2
Eicher Motors Ltd	21.7	14.3	45.3	19.3	-13.3	55.2
Hero MotoCorp Ltd	6.9	6.7	36.5	29.6	-12.8	19.9
Maruti Suzuki India Ltd	11.9	9.4	37.6	8.4	-9.0	68.2
TVS Motor Co Ltd	7.0	14.4	40.1	9.4	-31.4	75.5
S&P BSE AUTO	17.9	15.2	42.1	17.2	-16.0	13.2
GNA Axles Ltd	17.2	19.5	39.6	7.8	-27.9	28.8
Jamna Auto Industries Ltd	19.7	24.4	99.3	26.1	-17.8	120.9
Lumax Auto Technologies Ltd	8.0	9.1	37.9	8.7	-16.6	49.1
Minda Industries Ltd	21.4	19.0	37.5	10.6	-2.7	577.2
MM Forgings Ltd	38.6	60.4	142.2	20.9	-8.0	61.1
Subros Ltd	8.1	18.2	77.5	31.8	19.0	209.3

Source: Company; IDBI Capital Research

Exhibit 34: Valuation Snapshot

Companies	CMP (Rs)	TP (Rs)	Reco	Mkt Cap (Rs mn)	Revenue (Rs mn) FY22E	Ebitda (Rs mn) FY22E	EPS (Rs) FY23E	BVPS (Rs) FY22E	PER (x)	P/B (x)	EV/EBITDA (x)	RoE(%)	RoCE(%)							
					FY23E	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E	
OEM's																				
ASHOK LEYLAND	95	86	HOLD	2,79,609	1,78,948	2,22,595	17,000	26,868	2.0	4.3	25	29	47.4	22.1	3.7	3.3	17.1	10.3	15.7	17.4
BAJAJ AUTO	3,294	2,890	HOLD	9,53,131	2,95,539	3,39,574	49,314	58,951	163.4	192.5	839	941	20.2	17.1	3.9	3.5	19.2	15.8	21.6	21.6
EICHER MOTORS	2,549	2,460	HOLD	6,96,495	91,515	1,14,371	18,762	23,420	72.0	92.8	461	538	35.4	27.5	5.5	4.7	36.0	28.8	18.6	13.2
HERO MOTOCORP	3,139	2,540	REDUCE	6,27,140	2,97,695	3,46,561	39,131	46,825	139.5	169.1	842	927	22.5	18.6	3.7	3.4	15.6	12.8	19.1	21.5
MARUTI SUZUKI INDIA	7,740	7,525	ACCUMULATE	23,38,145	7,36,366	9,01,998	81,648	1,01,009	212.4	250.9	1840	2003	36.4	30.9	4.2	3.9	27.3	21.4	13.1	10.1
TVS Motor Co	498	420	REDUCE	2,36,522	1,71,605	2,03,646	14,876	19,580	13.9	20.9	92	109	35.9	23.8	5.4	4.6	15.6	11.2	20.8	21.4
Auto Anc.																				
GNA Axles	266	295	BUY	5,715	8,583	9,313	1,330	1,444	28.5	32.7	256	285	9.3	8.1	1.0	0.9	4.5	3.8	12.1	15.8
Jamna Auto Industries	56	58	BUY	22,115	10,330	12,912	1,229	1,666	1.8	2.5	15	17	31.1	22.0	3.7	3.3	17.9	12.9	15.9	18.7
Lumax Auto Tech.	105	78	SELL	7,146	11,065	12,396	830	930	5.5	6.5	74	80	19.0	16.2	1.4	1.3	8.3	7.2	8.4	6.9
Minda Industries	388	350	HOLD	1,05,549	66,414	77,927	7,173	9,975	7.8	14.6	85	97	50.0	26.7	4.6	4.0	15.7	11.0	15.9	13.9
MM Forgings	425	390	ACCUMULATE	10,248	7,464	8,450	1,493	1,732	29.2	39.1	226	259	14.6	10.8	1.9	1.6	7.6	6.1	16.1	13.3
Subros	303	233	REDUCE	19,744	17,453	20,943	1,798	2,241	9.4	13.7	126	139	32.3	22.1	2.4	2.2	10.2	7.6	10.3	11.9

Source: Company; IDBI Capital Research



Notes

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Key to Ratings Stocks:

BUY: Absolute return of 15% and above; **ACCUMULATE:** 5% to 15%; **HOLD:** Upto ±5%; **REDUCE:** -5% to -15%; **SELL:** -15% and below.

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