

# Automobile Sector

Institutional Equity Research

Monthly Quick View - Nov' 20 | 14 Dec 2020

## Higher YoY Volume on Festive Sales; MoM Volume Declines

As per the Society of Indian Automobile Manufacturers (SIAM), domestic auto sales volume (excluding CVs) grew by 11% YoY (down 20% MoM) to 19,09,372 units in Nov'20. Though retail sales volume is expected to have been higher due to Diwali festival, inventory destocking resulted in lower wholesale volume. Overall inventory level across segments fell by 1-2 weeks, which is close to the normal level. Just concluded festival season witnessed decent traction with decent off-take and booking for new models (particularly for 2Ws and PVs). However, post-festive sales need to be seen over the next 2-3 months to judge the industry trend over near-to-medium-term. From long-term perspective, sector remains structurally strong due to low penetration and improving affordability.

**PV Segment:** Overall PV volume grew by 13% YoY (down 8% MoM) due to 11% YoY and 8% YoY growth in PC and van sales, respectively. UV volume grew by 17% YoY due to higher sales of Kia's SUVs supported by incremental volume from Kia Sonet, while MPV volume increased by 8% YoY (down 16% MoM).

**Scooter & Motorcycle Segment:** Scooter and motorcycle sales grew by 9% YoY and 15% YoY, respectively. Overall domestic 2W volume rose by 13% YoY (down 22% QoQ). Motorcycle and moped sales grew by 15% YoY (down 26% MoM) and 23% YoY (down 12% MoM), respectively. Further, 2W production was 2% lower than sales during the month.

**3W Segment:** Domestic 3Ws sales decreased by 58% YoY (down 34% MoM) to 23,626 units. 3W passenger carriers volume fell by 70% YoY, while 3W goods carriers sales grew by 1% YoY.

**CV Segment:** The SIAM has stopped reporting monthly CV volume performance since past 8 months due to unavailability of monthly CV volume data of select OEMs. Therefore, it reports only volume performance at the end of each quarter.

**Exports:** Overall exports grew by 13% YoY (up 1% MoM) to 4,59,295 units. PV and 3W exports fell by 29% YoY (up 2% MoM) and 22% YoY (down 13% MoM), respectively. Motorcycle exports grew by 23% YoY (up 1% MoM) in Nov'20.

**Inventory:** In PV segment, inventory decreased at the company level, as production was 3% lower than sales volume. In 2W segment, the inventory decreased at the company level, as production was 2% lower than sales volume.

**Our View:** We believe that monthly industry volume was lower due to inventory destocking, while positive sentiment, decent traction during just-concluded festival season resulted in decent retail sales despite ongoing pandemic. While the rural markets have already witnessed healthy volume up-tick in past few months, the urban markets have also started witnessing improvement now. Expecting healthy volume traction to continue in FY22E, we continue to remain positive on automobile sector.

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**Exhibit 1: Auto Sales - Domestic**

Domestic	Nov'20	Nov'19	YoY (%)	Oct'20	MoM (%)	YTD 21	YTD 20	YoY (%)
<b>Passenger Vehicles</b>	<b>2,85,367</b>	<b>2,53,139</b>	<b>13</b>	<b>3,10,294</b>	<b>(8)</b>	<b>14,76,027</b>	<b>18,58,180</b>	<b>(21)</b>
Passenger Cars	1,70,418	1,54,223	11	1,82,692	(7)	8,59,477	11,36,005	(24)
Utility Vehicles	1,03,525	88,361	17	1,13,990	(9)	5,55,746	6,29,841	(12)
Vans	11,424	10,555	8	13,612	(16)	60,804	92,334	(34)
<b>Three Wheelers</b>	<b>23,626</b>	<b>55,778</b>	<b>(58)</b>	<b>35,916</b>	<b>(34)</b>	<b>1,08,475</b>	<b>4,53,459</b>	<b>(76)</b>
Passenger Carrier	13,962	46,240	(70)	9,729	44	63,506	3,75,696	(83)
Goods Carrier	9,664	9,538	1	26,187	(63)	44,969	77,763	(42)
<b>Two wheelers</b>	<b>16,00,379</b>	<b>14,10,939</b>	<b>13</b>	<b>20,53,814</b>	<b>(22)</b>	<b>96,37,871</b>	<b>1,28,63,757</b>	<b>(25)</b>
Scooters	5,02,561	4,59,851	9	5,90,507	(15)	27,79,416	41,57,329	(33)
Motorcycles	10,26,705	8,93,538	15	13,82,749	(26)	64,54,915	82,56,420	(22)
Mopeds	70,750	57,550	23	80,268	(12)	4,02,184	4,50,008	(11)
Electric Two Wheelers	363	0	NA	290	25	1,356	0	NA
<b>Quadricycle</b>	<b>0</b>	<b>18</b>	<b>NA</b>	<b>0</b>	<b>NA</b>	<b>(27)</b>	<b>921</b>	<b>(103)</b>
<b>Grand Total</b>	<b>19,09,372</b>	<b>17,19,874</b>	<b>11</b>	<b>24,00,024</b>	<b>(20)</b>	<b>1,12,22,346</b>	<b>1,51,76,317</b>	<b>(26)</b>

Source: SIAM; Note: NA - Not Applicable

**Exhibit 2: Auto Sales - Export**

Export	Nov'20	Nov'19	YoY (%)	Oct'20	MoM (%)	YTD 21	YTD 20	YoY (%)
<b>Passenger Vehicles</b>	<b>41,177</b>	<b>58,262</b>	<b>(29)</b>	<b>40,528</b>	<b>2</b>	<b>2,36,862</b>	<b>4,73,653</b>	<b>(50)</b>
Passenger Cars	27,448	39,365	(30)	29,276	(6)	1,57,253	3,63,913	(57)
Utility Vehicles	13,543	18,757	(28)	11,126	22	79,045	1,08,079	(27)
Vans	186	140	33	126	48	564	1,661	(66)
<b>Three Wheelers</b>	<b>37,279</b>	<b>47,827</b>	<b>(22)</b>	<b>42,670</b>	<b>(13)</b>	<b>2,32,721</b>	<b>3,49,285</b>	<b>(33)</b>
Passenger Carrier	36,893	47,372	(22)	41,909	(12)	2,29,792	3,44,709	(33)
Goods Carrier	386	455	(15)	761	(49)	2,929	4,576	(36)
<b>Two wheelers</b>	<b>3,80,611</b>	<b>2,99,147</b>	<b>27</b>	<b>3,71,013</b>	<b>3</b>	<b>18,57,702</b>	<b>23,87,527</b>	<b>(22)</b>
Scooters	45,418	26,391	72	37,280	22	1,49,070	2,60,872	(43)
Motorcycles	3,34,151	2,71,088	23	3,32,281	1	17,03,653	21,16,755	(20)
Mopeds	1,042	1,668	(38)	1,452	(28)	4,979	9,900	(50)
<b>Quadricycle</b>	<b>228</b>	<b>240</b>	<b>(5)</b>	<b>426</b>	<b>(46)</b>	<b>1,639</b>	<b>4,074</b>	<b>(60)</b>
<b>Grand Total</b>	<b>4,59,295</b>	<b>4,05,476</b>	<b>13</b>	<b>4,54,637</b>	<b>1</b>	<b>23,28,924</b>	<b>32,14,539</b>	<b>(28)</b>

Source: SIAM

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