Equity Research

January 4, 2021

BSE Sensex: 47869

ICICI Securities Limited is the author and distributor of this report

Automobiles

Monthly wholesale volume analysis

INDIA

Automobiles (wholesale)

Wholesale dispatches rise amidst year end push

Two-wheeler (2W): Premium segment dispatches exceed entry level segment

- **Hero MotoCorp (Hero)** has reported sales of ~446k units, up 5% YoY. Scooters outperformed motorcycles as it grew ~52% vis-à-vis 3% (for the latter). Overall domestic sales grew 3% YoY while exports were up 74% YoY.
- **TVS Motors (TVSM)** has reported 17% YoY growth to ~272k units (down 16% MoM). Domestic sales grew 12% YoY to ~178k units while exports grew 28% at 94k units. On segmental level, 2W sales grew 20% to ~258k units and 3W sales shrunk 13% YoY to ~13.8k units largely due to lack of public mobility. On a sub-segment basis, motorcycles and scooters grew 27%/4% YoY to 119k and 78k units respectively, while mopeds clocked 30% YoY growth to 61k units.
- **Royal Enfield** has reported ~37% YoY growth to 69k units with new product launch (*Meteor*) likely to drive growth in H2FY21. Motorcycle sales in 350cc segment grew 33% YoY to ~63.6k units while >350cc segment grew 106% to ~5.4k units. Exports reported 82% growth to 3.5k units.

Passenger vehicles (PVs): UV space drives growth but more competition as well

- **Maruti Suzuki (Maruti)** has reported 20% YoY growth at ~160k units albeit on a lower base. However, the mini-vehicle segment clocked a marginal growth of 4% YoY at ~25k units while compact segment jumped 18% to ~77.6k units. UV segment despatches grew 8% YoY at ~25.7k units, while despatches to Toyota grew 180% to 3.8k units (likely due to *Brezza* variant – *Urban Cruiser* launch). The growth was led by commercial facing segments (Vans+LCV's contribution to domestic sales (ex-Toyota) has risen ~410bps YoY to 11.6%) which rose ~84%. Exports were up 31%.
- **Mahindra & Mahindra's (M&M)** volumes reported 3% YoY growth to ~16k units with UV segment growing 5% YoY to ~16k 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* is currently at 24 months waiting period.
- **Tata Motors** posted the highest volume growth amongst all PV OEMs with 88% YoY growth at 23.5k units, maintaining its position as the 3rd largest player as its key models like *Altroz* and *Nexon* continue to drive growth.
- **Hyundai** posted 25% YoY growth in domestic volumes at 47.4k units while exports grew 59% YoY to 19.4k units. The company is witnessing strong sales from the recently launched *i20,* second-generation *Creta*, and *Venue iMT* models.
- **Kia Motors** has reported 154% YoY growth to ~11.8k units. The recently launched compact SUV *Sonet* continues to drive sales momentum.
- **MG Motors'** *Hector*, launched in Jul'19, and the recently launched *Gloster* are growing steadily to reach sales of 4,010 units (up 33% YoY).
- **Toyota's** volumes were up 14% YoY to ~7.5k units. Launch of its Urban Cruiser Compact SUV (rebadged version of Maruti *Brezza* SUV) in Sep'20 aided sales.

Our view: Post the softening of wholesales in Nov'20 dispatches due to inventory buildup from lower than expected festive sales, OEMs planned a year end push of dispatches prior to sticker price increases in Jan'21. The onset of new CY21 is likely to be good test of consumer sentiment amidst a potential mid-single digit price increases across segments in wake of higher input costs. Urban demand could be key to growth.

Research Analysts:

Nishant Vass
nishant.vass@icicisecurities.com
+91 22 6637 7260

Pratit Vajani
pratit.vajani@icicisecurities.com
+91 22 6637 7161

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

- **Ashok Leyland**'s domestic CV volumes were 14% higher YoY to ~11.8k units as M&HCV witnessed 3% decline YoY to ~6k units. Domestic LCVs witnessed strong 31% YoY growth to ~5.3k units. New platform launches on the LCV side is potentially aiding market share expansion for Ashok Leyland. However, exports declined ~17% YoY to 932 units.
- **Eicher Motors'** CV segment volumes declined 3% YoY to 4.9k units.
- **Escorts'** tractor volumes rose sharply at 88% YoY growth to ~7.7k units. Domestic volumes improved by a similar 90% YoY at ~7.2k units while exports stood at 503 units. Volumes were supported by easing supply chain worries as well strong expectation of a healthy winter crop with increased cash flows for farmers on account of better crop price realisation.
- **Mahindra & Mahindra's (M&M)** CV segment volumes declined 13% YoY at ~13.9k units as LCVs <3.5T declined 12% while LCVs >3.5T and M&HCVs declined 36%. Volumes in 3W segment dropped by a sharp 47% to 2,865 units.

  Tractor dispatches clocked 25% YoY growth to ~18k units as domestic sales were up 23% to ~17k units. Higher *rabi* acreage, investments in rural development schemes and demand offtake post mid-Jan'21 would be key monitorables in the upcoming *rabi* season.
- **Tata Motors'** domestic CV segment volumes declined 4% YoY to ~33k units. M&HCV sales grew ~19% YoY to ~13k units. LCV volumes were down ~16% YoY to ~16.8k units. Overall export volumes grew sharply, up 14% YoY at ~3k units.

Table 1: Volume summary for Dec'20

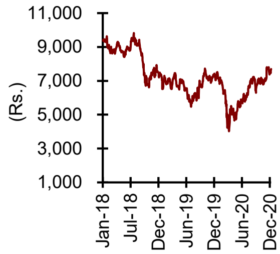
	Dec-19	Nov-20	Dec-20	YoY	MoM	YTDFY21	YTDFY20	YoY
HERO MOTOCORP								
Total	**4,24,845**	**5,91,091**	**4,47,335**	**5**	**(24)**	**42,23,225**	**50,75,208**	**(17)**
TVS MOTORS								
Motorcycles	93,697	1,33,531	1,19,051	27	(11)	9,02,656	10,84,025	(17)
Scooters	74,716	1,06,196	77,705	4	(27)	6,62,329	9,01,012	(26)
Mopeds	47,206	71,792	61,483	30	(14)	4,68,504	5,14,292	(9)
2-Wheelers	**2,15,619**	**3,11,519**	**2,58,239**	**20**	**(17)**	**20,41,623**	**24,99,329**	**(18)**
Domestic	1,57,244	2,47,789	1,76,512	12	(29)	15,61,312	19,83,962	(21)
Exports	58,375	63,730	81,327	39	28	4,79,921	5,15,317	(7)
3-Wheelers	**15,952**	**11,190**	**13,815**	**(13)**	**23**	**82,601**	**1,31,633**	**(37)**
Domestic	815	846	873	7	3	5,310	9,666	(45)
Exports	15,137	10,344	12,942	(15)	25	77,291	1,21,643	(36)
Total TVS Motors	**2,31,571**	**3,22,709**	**2,72,084**	**17**	**(16)**	**21,24,264**	**26,30,962**	**(19)**
Domestic	1,58,059	2,48,635	1,77,815	12	(28)	15,67,052	19,93,628	(21)
Exports	73,512	74,074	94,269	28	27	5,57,212	6,36,960	(13)
EICHER MOTORS								
LCV/MCV Trucks	3,048	2,447	3,370	11	38	15,577	22,675	(31)
LCV/MCV Bus	1,091	225	267	(76)	19	1,614	7,426	(78)
HCVs	771	889	1,050	36	18	4,533	7,637	(41)
Total Eicher	**4,910**	**3,561**	**4,687**	**(5)**	**32**	**21,724**	**37,738**	**(42)**
Volvo Trucks	132	149	205	55	38	603	781	(23)
Total HCVs (VECV)	**903**	**1,038**	**1,255**	**39**	**21**	**5,136**	**8,418**	**(39)**
Total CVs (VECV)	**5,042**	**3,710**	**4,892**	**(3)**	**32**	**23,098**	**38,519**	**(40)**
Royal Enfield (RE)	**50,416**	**63,782**	**68,995**	**37**	**8**	**4,07,456**	**5,32,969**	**(24)**
of which, RE exports	1,927	4,698	3,503	82	(25)	23,586	31,428	(25)
Total RE + VECV	**55,458**	**67,492**	**73,887**	**33**	**9**	**4,30,554**	**5,71,488**	**(25)**
MARUTI SUZUKI								
Mini	23,883	22,339	24,927	4	12	1,52,394	1,78,404	(15)
Compact	65,673	76,630	77,641	18	1	4,79,994	5,92,923	(19)
Super Compact				-	-	-	-	-
Mid-Size	1,786	1,870	1,270	(29)	(32)	9,367	20,016	(53)
Passenger Cars	**91,342**	**1,00,839**	**1,03,838**	**14**	**3**	**6,41,755**	**7,91,343**	**(19)**
Utility Vehicles	23,808	23,753	25,701	8	8	1,52,156	1,84,360	(17)
Vans	7,634	11,183	11,215	47	0	69,963	88,887	(21)
Utility Vehicles + Vans	**31,442**	**34,936**	**36,916**	**17**	**6**	**2,22,119**	**2,73,247**	**(19)**
Domestic PV Sales	**1,22,784**	**1,35,775**	**1,40,754**	**15**	**4**	**8,63,874**	**10,64,590**	**(19)**
Light Commercial Vehicles	1,591	3,181	5,726	260	80	19,917	18,188	10
Sales to OEM	1,360	5,263	3,808	180	(28)	21,224	17,950	18
Total Domestic Sales	**1,25,735**	**1,44,219**	**1,50,288**	**20**	**4**	**9,05,015**	**11,00,728**	**(18)**
Exports	7,561	9,004	9,938	31	10	60,611	77,574	(22)
Total Maruti Suzuki	**1,33,296**	**1,53,223**	**1,60,226**	**20**	**5**	**9,65,626**	**11,78,302**	**(18)**
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	15,225	17,971	16,050	5	(11)	1,03,009	1,46,164	(30)
Cars & Vans	466	241	132	(72)	(45)	1,482	6,695	(78)
Passenger Vehicles	**15,691**	**18,212**	**16,182**	**3**	**(11)**	**1,04,491**	**1,52,859**	**(32)**
LCV < 3.5 T	15,179	18,554	13,389	(12)	(28)	1,14,107	1,48,799	(23)
LCV > 3.5T	361	145	157	(56)	9	968	5,118	(81)
M&HCV	478	330	384	(20)	16	1,378	4,186	(67)
Commercial Vehicles	**16,018**	**19,029**	**13,930**	**(13)**	**(27)**	**1,16,453**	**1,58,103**	**(26)**
Three-Wheelers	**5,372**	**3,854**	**2,865**	**(47)**	**(26)**	**10,866**	**49,786**	**(78)**
Total Domestic Sales	**37,081**	**41,095**	**32,977**	**(11)**	**(20)**	**2,31,810**	**3,60,748**	**(36)**
Exports	**2,149**	**1,636**	**2,210**	**3**	**35**	**12,142**	**22,872**	**(47)**
Total Auto Sales	**39,230**	**42,731**	**35,187**	**(10)**	**(18)**	**2,43,952**	**3,83,620**	**(36)**
Tractors Domestic	17,213	31,619	21,173	23	(33)	2,53,284	2,34,277	8
Tractors - Exports	777	1,107	1,244	60	12	7,320	8,348	(12)
Total Tractor Sales	**17,990**	**32,726**	**22,417**	**25**	**(32)**	**2,60,604**	**2,42,625**	**7**
Total Auto + Tractors	**57,220**	**75,457**	**57,604**	**1**	**(24)**	**5,04,556**	**6,26,245**	**(19)**
ESCORTS AGRI MACHINERY								
Domestic	3,806	9,662	7,230	90	(25)	70,918	63,130	12
Exports	308	503	503	63	-	3,235	2,780	16
Total	**4,114**	**10,165**	**7,733**	**88**	**(24)**	**74,153**	**65,910**	**13**
ASHOK LEYLAND								
M&HCV	7,025	5,114	6,884	(2)	35	25,181	60,945	(59)
LCV (Dost)	4,143	5,545	5,878	42	6	34,334	37,875	(9)
Total	**11,168**	**10,659**	**12,762**	**14**	**20**	**59,515**	**98,820**	**(40)**

	Dec-19	Nov-20	Dec-20	YoY	MoM	YTDFY21	YTDFY20	YoY
TATA MOTORS								
M&HCV	10,945	5,699	12,996	19	128	38,438	88,863	(57)
LCV	20,151	20,519	16,889	(16)	(18)	1,04,369	1,57,826	(34)
Utility	6,188	14,280	10,787	74	(24)	53,899	47,232	14
Cars	6,597	7,361	12,758	93	73	79,737	51,965	53
Total Domestic Sales	**43,881**	**47,859**	**53,430**	**22**	**12**	**2,76,443**	**3,45,886**	**(20)**
Exports	2,613	1,764	2,984	14	69	11,967	23,990	(50)
Total Tata Motors	**46,494**	**49,623**	**56,414**	**21**	**14**	**2,88,410**	**3,69,876**	**(22)**
TOYOTA KIRLOSKAR								
Domestic	6,544	8,508	7,487	14	(12)	52,932	92,203	(43)
Total	**7,801**	**8,508**	**7,487**	**(4)**	**(12)**	**52,932**	**1,00,561**	**(47)**
KIA MOTORS								
Total	**10,986**	**24,166**	**11,818**	**8**	**(51)**	**1,24,391**	**57,722**	**116**
MG MOTORS								
Total	**3,021**	**4,163**	**4,010**	**33**	**(4)**	**22,138**	**15,930**	**39**

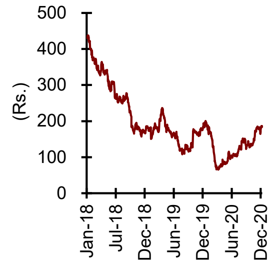
Source: Company data, I-Sec research

Price charts

Maruti Suzuki

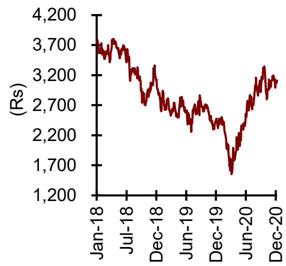


Tata Motors

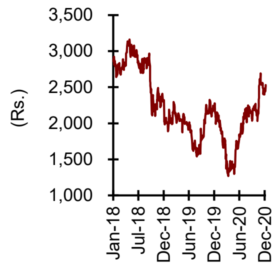


Ashok Leyland

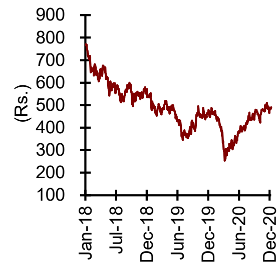
Hero MotoCorp



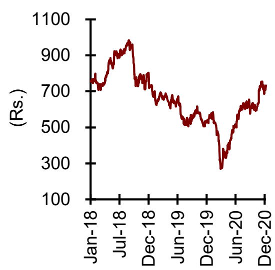
Eicher Motors



TVS Motors



M&M



Source: Bloomberg

"In case of industry/sector reports or a report containing multiple stocks, the rating/recommendation for a particular stock may be based on the last released stock specific report for that company.

This report may be distributed in Singapore by ICICI Securities, Inc. (Singapore branch). Any recipients of this report in Singapore should contact ICICI Securities, Inc. (Singapore branch) in respect of any matters arising from, or in connection with, this report. The contact details of ICICI Securities, Inc. (Singapore branch) are as follows: Address: 10 Collyer Quay, #40-92 Ocean Financial Tower, Singapore - 049315, Tel: +65 6232 2451 and email: navneet_babbar@icicisecuritiesinc.com, Rishi_agrawal@icicisecuritiesinc.com.

"In case of eligible investors based in Japan, charges for brokerage services on execution of transactions do not in substance constitute charge for research reports and no charges are levied for providing research reports to such investors."

New I-Sec investment ratings (all ratings based on absolute return; All ratings and target price refers to 12-month performance horizon, unless mentioned otherwise)
BUY: >15% return; ADD: 5% to 15% return; HOLD: Negative 5% to Positive 5% return; REDUCE: Negative 5% to Negative 15% return; SELL: < negative 15% return

ANALYST CERTIFICATION
I/We, *Nishant Vass, MBA (Finance); Pratit Vajani, MBA (Finance); authors* and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. Analysts are not registered as research analysts by FINRA and are not associated persons of the ICICI Securities Inc. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report.

Terms & conditions and other disclosures:
ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products. ICICI Securities is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager and Research Analyst. ICICI Securities is registered with Insurance Regulatory Development Authority of India Limited (IRDAI) as a composite corporate agent and with PFRDA as a Point of Presence. ICICI Securities Limited Research Analyst SEBI Registration Number – INH000000990. ICICI Securities Limited SEBI Registration is INZ000183631 for stock broker. ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on www.icicibank.com.

ICICI Securities is one of the leading merchant bankers/ underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities generally prohibits its analysts, persons reporting to analysts and their relatives from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

Recommendation in reports based on technical and derivative analysis centre on studying charts of a stock's price movement, outstanding positions, trading volume etc as opposed to focusing on a company's fundamentals and, as such, may not match with the recommendation in fundamental reports. Investors may visit icicidirect.com to view the Fundamental and Technical Research Reports.

Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

ICICI Securities Limited has two independent equity research groups: Institutional Research and Retail Research. This report has been prepared by the Institutional Research. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the Retail Research.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities. While we would endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

ICICI Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

ICICI Securities or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict of interest at the time of publication of this report.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities are engaged in various financial service businesses, they might have financial interests or beneficial ownership in various companies including the subject company/companies mentioned in this report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Neither the Research Analysts nor ICICI Securities have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on ICICI Securities by any Regulatory Authority impacting Equity Research Analysis activities.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject ICICI Securities and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

This report has not been prepared by ICICI Securities, Inc. However, ICICI Securities, Inc. has reviewed the report and, in so far as it includes current or historical information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.