AUTOMOBILES

01 July 2021

June'21 dispatches reflecting opening up of economy

- **Most OEMs reported a sharp jump MOM. Tractors and PVs report normalcy in their dispatches led by lower dealer inventories**
- **Domestic 2W inventory continue to be high in excess of 45 days. For BJAUT & TVS, exports continue to provide additional boost.**
- **CVs/3Ws continue to be most adversely impacted with higher fuel cost and lower economic activities**

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Opening up of economy, Lower inventory boost PV dispatches: Maruti's total (MSIL) dispatches at 147k (+157% MoM) in June were bolstered as plants restarted production and produced more in order to regain lost sales in May'21 (due to Covid-19 lockdowns). Domestic sales grew 269% MoM while exports were up 216% MoM. M&M's (MM) PV sales rose 113% MoM and management is confident of a demand rebound as the booking run-rate remains healthy despite extended waiting periods across models. Sales for TTMT grew 59% MoM while Hyundai posted a 90% rise.

Domestic 2W inventory remain high; Exports outperform: Hero's (HMCL) wholesale volumes grew by 156% MoM at 469k led by strong rebound in sales due to easing of Covid-19 related lockdowns across key markets. Bajaj Auto's (BJAUT) total volumes grew 27% MoM with 2Ws growing ahead at 29% while 3Ws were up 14%. TVS Motor's (TVSL) overall sales grew 51% MoM to 256k units, with 2Ws growing ahead at 54% MoM while 3Ws were up 10%. Royal Enfield (RE) reported 2W sales of 43k units (+58% MoM).

CV dispatches revive as economy starts opening up: With economy gradually opening up, CV dispatches for Tata Motors doubled MoM as MHCV/LCV volumes grew 89%/120%. For AL, total CV dispatches also doubled MoM with MHCVs/LCVs up 42%/196% led by good traction of Dost and Bada Dost.

Tractor sales remain upbeat: With Covid-19 weathering down in rural areas and seasonal purchases, tractor sales reported a strong growth in June. MM sold 48k tractors (+100% MoM) during the month and expects the tractor industry to record mid-single-digit growth for FY22. Escorts (ESC) sold 12.5k tractors, clocking 95% MoM growth. Per the company, ground activities have picked up in recent days as peak buying season begins, and the demand situation is likely to normalise soon. We have factored in a 6% CAGR in tractor industry sales over FY21-FY23 as the macro environment remains conducive.

Four-wheelers

Fig 1 – Ashok Leyland

Segment	Jun-21	Jun-20	YoY (%)	May-21	MoM (%)	YTD FY22	YTD FY21	YoY (%)
M&HCV	2,764	755	266.1	1,953	41.5	9,050	1,021	786.4
LCV	3,684	1,639	124.8	1,246	195.7	8,937	2,793	220.0
Total domestic sales	**6,448**	**2,394**	**169.3**	**3,199**	**101.6**	**17,987**	**3,814**	**371.6**

Source: Company, BOBCAPS Research

Fig 2 – Maruti Suzuki

Segment	Jun-21	Jun-20	YoY (%)	May-21	MoM (%)	YTD FY22	YTD FY21	YoY (%)
Domestic sales	130,348	53,139	145.3	35,293	269.3	308,095	67,027	359.7
Exports	17,020	4,289	296.8	11,262	51.1	45,519	9,572	375.5
Total sales	**147,368**	**57,428**	**156.6**	**46,555**	**216.5**	**353,614**	**76,599**	**361.6**

Source: Company, BOBCAPS Research

Fig 3 – Mahindra & Mahindra

Segment	Jun-21	Jun-20	YoY (%)	May-21	MoM (%)	YTD FY22	YTD FY21	YoY (%)
Passenger vehicles	16,913	8,075	109.4	8,004	111.3	43,202	11,942	261.8
- Utility vehicles	16,636	7,958	109.0	7,748	114.7	42,570	11,703	263.8
- Cars + Vans	277	117	136.8	256	8.2	632	239	164.4
Commercial vehicles	12,694	10,417	21.9	7,236	75.4	34,034	15,587	118.3
3-wheelers	750	13	5669.2	272	175.7	3,065	52	5794.2
Total domestic sales	**30,357**	**18,505**	**64.0**	**15,512**	**95.7**	**80,301**	**27,581**	**191.1**
Exports	2,607	853	205.6	1,935	34.7	6,547	2,070	216.3
Total auto sales	**32,964**	**19,358**	**70.3**	**17,447**	**88.9**	**86,848**	**29,651**	**192.9**
Tractor domestic	46,875	35,844	30.8	22,843	105.2	95,848	64,577	48.4
Tractor exports	1,347	700	92.4	1,341	0.4	4,081	1,080	277.9
Total tractor sales	**48,222**	**36,544**	**32.0**	**24,184**	**99.4**	**99,929**	**65,657**	**52.2**

Source: Company, BOBCAPS Research

Fig 4 – Escorts

Segment	Jun-21	Jun-20	YoY (%)	May-21	MoM (%)	YTD FY22	YTD FY21	YoY (%)
Tractors	12,533	10,851	15.5	6,423	95.1	25,077	18,150	38.2
Total sales	**12,533**	**10,851**	**15.5**	**6,423**	**95.1**	**25,077**	**18,150**	**38.2**

Source: Company, BOBCAPS Research

Two-wheelers

Fig 5 – Hero MotoCorp

Segment	Jun-21	Jun-20	YoY (%)	May-21	MoM (%)	YTD FY22	YTD FY21	YoY (%)
2-wheelers	469,160	450,744	4.1	183,044	156.3	1,024,489	563,426	81.8
Total sales	**469,160**	**450,744**	**4.1**	**183,044**	**156.3**	**1,024,489**	**563,426**	**81.8**

Source: Company, BOBCAPS Research

Fig 6 – Royal Enfield

Segment	Jun-21	Jun-20	YoY (%)	May-21	MoM (%)	YTD FY22	YTD FY21	YoY (%)
Up to 350cc	37,258	34,890	6.8	22,734	63.9	106,553	52,433	103.2
Exceeding 350cc	5,790	3,175	82.4	4,560	27.0	17,087	4,745	260.1
Exports	7,233	1,555	365.1	7,221	0.2	18,963	2,330	713.9
Total sales	**43,048**	**38,065**	**13.1**	**27,294**	**57.7**	**123,640**	**57,178**	**116.2**

Source: Company, BOBCAPS Research

Fig 7 – TVS Motor

Segment	Jun-21	Jun-20	YoY (%)	May-21	MoM (%)	YTD FY22	YTD FY21	YoY (%)
Total 2-wheeler sales	154,416	56,218	174.7	226,193	(31.7)	154,416	56,218	174.7
Total 3-wheeler sales	12,473	2,688	364.0	12,790	(2.5)	12,473	2,688	364.0
Total sales	**166,889**	**58,906**	**183.3**	**238,983**	**(30.2)**	**166,889**	**58,906**	**183.3**

Source: Company, BOBCAPS Research

Fig 8 – Bajaj Auto

Segment	Jun-21	Jun-20	YoY (%)	May-21	MoM (%)	YTD FY22	YTD FY21	YoY (%)
Motorcycles	310,578	255,122	21.7	240,554	29.1	899,305	399,929	124.9
3-wheelers	35,558	22,975	54.8	31,308	13.6	106,709	43,174	147.2
Total sales	**346,136**	**278,097**	**24.5**	**271,862**	**27.3**	**1,006,014**	**443,103**	**127.0**
Exports of above	184,300	126,908	45.2	211,032	(12.7)	648,877	251,840	157.7

Source: Company, BOBCAPS Research

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