AUTOMOBILES

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Sep'20 Auto Sales: Upward trajectory continues

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Auto sales continued their upward trajectory, improving MoM in September. Easing of lockdowns, a gradual increase in production capacities and filling of channel inventory were key reasons for growth. MSIL's domestic PV sales surged 32% YoY while 2W players saw volumes rise supported by healthy exports. MHCV volumes continued to be the worst affected, declining 23%/26% YoY for AL/TTMT. Tractor sales remained resilient owing to healthy rural sentiment, growing at 17%/9% YoY for MM/ESC.

PV sales rise: Domestic sales for Maruti (MSIL) increased 32% YoY to 152.6k units in Sep'20 while exports rose 9% YoY, albeit on a soft base. The company's mini/compact segments outperformed other categories, rising 36%/48% YoY. For H1FY21, MSIL posted a drop of 37% YoY. PV sales for M&M (MM) and Hyundai Motors were up 4% YoY each, while Tata Motors (TTMT) reported a 160% jump for Sep'20. We believe the latter could be attributed to channel filling ahead of the festive season and expanding OEM production capacities.

2W sales healthy: Hero's (HMCL) wholesale volumes rose 17% YoY to 715k in Sep'20, with motorcycle sales clocking a 18% growth while scooter sales increased by 2% YoY. 2W sales for Bajaj Auto (BJAUT) rose 20% YoY to 404.9k, while TVS Motor (TVSL) saw a 4% YoY increase to 313k units wherein mopeds (+20% YoY) outperformed other segments. 3W sales for TVSL and BJAUT remained weak, falling 4% and 44% YoY respectively. Royal Enfield reported total 2W sales of 60k units (+1 YoY) and its core <350cc segment grew at 4% YoY.

CV slump continues: Ashok Leyland's (AL) CV sales fell 5% YoY to 8.3k units. MHCVs were the worst hit, slumping 23% YoY while LCVs were up 17%. In H1FY21, AL's sale volumes have plunged 66% YoY, led by a steep 80% drop in MHCVs. CV sales for TTMT were down 11% YoY, MHCVs were down 26% while LCVs grew by 5% YoY. Sales for VECV dropped 7% to 3.5k units.

Tractors resilient: MM sold 43.4k tractors (+17% YoY) in Sep'20 while competitor Escorts (ESC) sold 11.9k units (+9% YoY). For H1FY21, tractor sales for MM/ESC were up 1%/4% YoY. Positive rural sentiment led by timely and widespread monsoons, higher kharif crop sowing and adequate retail finance are a few factors that bode well for the agriculture sector and should aid tractor demand in the coming festive months.

Four-wheelers

FIG 1 – ASHOK LEYLAND

Segment	Sep-20	Sep-19	YoY (%)	Aug-20	MoM (%)	YTD FY21	YTD FY20	YoY (%)
M&HCV	3,642	4,744	(23.2)	2,589	40.7	8,957	43,534	(79.4)
LCV	4,702	4,036	16.5	3,736	25.9	14,301	25,012	(42.8)
Total domestic sales	**8,344**	**8,780**	**(5.0)**	**6,325**	**31.9**	**23,258**	**68,546**	**(66.1)**

Source: Company, BOBCAPS Research

FIG 2 – MARUTI SUZUKI

Segment	Sep-20	Sep-19	YoY (%)	Aug-20	MoM (%)	YTD FY21	YTD FY20	YoY (%)
Domestic sales	152,608	115,452	32.2	116,704	30.8	437,646	687,000	(36.3)
Exports	7,834	7,188	9.0	7,920	(1.1)	32,083	53,911	(40.5)
Total sales	**160,442**	**122,640**	**30.8**	**124,624**	**28.7**	**469,729**	**740,911**	**(36.6)**

Source: Company, BOBCAPS Research

FIG 3 – MAHINDRA & MAHINDRA

Segment	Sep-20	Sep-19	YoY (%)	Aug-20	MoM (%)	YTD FY21	YTD FY20	YoY (%)
Passenger vehicles	14,857	14,333	3.7	13,651	8.8	51,475	104,071	(50.5)
- Utility vehicles	14,663	13,858	5.8	13,407	9.4	50,671	98,993	(48.8)
- Cars + Vans	194	475	(59.2)	244	(20.5)	804	5,078	(84.2)
Commercial vehicles	18,907	18,872	0.2	15,299	23.6	62,896	101,119	(37.8)
3-wheelers	587	7,487	(92.2)	307	91.2	1,029	30,670	(96.6)
Total domestic sales	**34,351**	**40,692**	**(15.6)**	**29,257**	**17.4**	**115,400**	**235,860**	**(51.1)**
Exports	1,569	2,651	(40.8)	1,169	34.2	6,275	15,399	(59.3)
Total auto sales	**35,920**	**43,343**	**(17.1)**	**30,426**	**18.1**	**121,675**	**251,259**	**(51.6)**
Tractor domestic	42,361	36,046	17.5	23,503	80.2	154,904	152,004	1.9
Tractor exports	1,025	965	6.2	955	7.3	3,999	6,166	(35.1)
Total tractor sales	**43,386**	**37,011**	**17.2**	**24,458**	**77.4**	**158,903**	**158,170**	**0.5**

Source: Company, BOBCAPS Research

FIG 4 – ESCORTS

Segment	Sep-20	Sep-19	YoY (%)	Aug-20	MoM (%)	YTD FY21	YTD FY20	YoY (%)
Tractors	11,851	10,855	9.2	7,268	63.1	42,591	40,801	4.4
Total sales	**11,851**	**10,855**	**9.2**	**7,268**	**63.1**	**42,591**	**40,801**	**4.4**

Source: Company, BOBCAPS Research

FIG 5 – TATA MOTORS

Segment	Sep-20	Sep-19	YoY (%)	Aug-20	MoM (%)	YTD FY21	YTD FY20	YoY (%)
M&HCV	5,384	7,241	(25.6)	3,466	55.3	11,292	64,784	(82.6)
LCV	17,861	17,038	4.8	13,371	33.6	38,064	98,751	(61.5)
PV	21,199	8,097	161.8	18,583	14.1	69,365	62,843	10.4
Total domestic sales	**44,444**	**32,376**	**37.3**	**35,420**	**25.5**	**118,721**	**226,378**	**(47.6)**
Exports	1,665	3,800	(56.2)	1,052	58.3	3,919	16,044	(75.6)
Total sales	**46,109**	**36,176**	**27.5**	**36,472**	**26.4**	**122,640**	**242,422**	**(49.4)**

Source: Company, BOBCAPS Research

Two-wheelers

FIG 6 – HERO MOTOCORP

Segment	Sep-20	Sep-19	YoY (%)	Aug-20	MoM (%)	YTD FY21	YTD FY20	YoY (%)
2-wheelers	715,718	612,204	16.9	584,456	22.5	2,378,109	3,534,340	(32.7)
Total sales	**715,718**	**612,204**	**16.9**	**584,456**	**22.5**	**2,378,109**	**3,534,340**	**(32.7)**

Source: Company, BOBCAPS Research

FIG 7 – ROYAL ENFIELD

Segment	Sep-20	Sep-19	YoY (%)	Aug-20	MoM (%)	YTD FY21	YTD FY20	YoY (%)
Up to 350cc	54,144	52,017	4.1	46,357	16.8	189,318	304,785	(37.9)
Exceeding 350cc	5,897	7,483	(21.2)	3,787	55.7	18,379	45,393	(59.5)
Exports	4,131	4,642	(11.0)	2,573	60.6	11,443	22,956	(50.2)
Total sales	**60,041**	**59,500**	**0.9**	**50,144**	**19.7**	**207,697**	**350,178**	**(40.7)**

Source: Company, BOBCAPS Research

FIG 8 – TVS MOTOR

Segment	Sep-20	Sep-19	YoY (%)	Aug-20	MoM (%)	YTD FY21	YTD FY20	YoY (%)
Total 2-wheeler sales	313,332	300,909	4.1	277,226	13.0	1,090,404	1,726,109	(36.8)
Total 3-wheeler sales	14,360	15,003	(4.3)	10,172	41.2	44,993	82,918	(45.7)
Total sales	**327,692**	**315,912**	**3.7**	**287,398**	**14.0**	**1,135,397**	**1,809,027**	**(37.2)**

Source: Company, BOBCAPS Research

FIG 9 – BAJAJ AUTO

Segment	Sep-20	Sep-19	YoY (%)	Aug-20	MoM (%)	YTD FY21	YTD FY20	YoY (%)
Motorcycles	404,851	336,730	20.2	321,058	26.1	1,364,394	2,066,867	(34.0)
3-wheelers	36,455	65,305	(44.2)	35,141	3.7	132,046	353,898	(62.7)
Total sales	**441,306**	**402,035**	**9.8**	**356,199**	**23.9**	**1,496,440**	**2,420,765**	**(38.2)**
Exports of above	212,575	186,534	14.0	170,320	24.8	731,591	1,094,532	(33.2)

Source: Company, BOBCAPS Research

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