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AUTOMOBILES

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Jul'20 Auto Sales: Low channel inventory aids wholesale volumes

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Auto sales improved MoM in July but remained weaker than the year-ago period. Dealer inventory continues to be below-par for most auto OEMs – we thus expect wholesale volumes to trend ahead of retail in the near term as OEMs continue to top up their inventory. Domestic PV industry sales were flattish YoY and 2Ws slumped 4-26% YoY for the month. MHCV volumes continued to be the worst affected, declining 75% YoY for AL. Tractor sales remained resilient and grew at 27%/10 YoY for MM/ESC.

PV sales flattish: Domestic sales for Maruti (MSIL) were up 1% YoY to 101.3k units in July while exports fell 27% YoY. The company's mini/UV segments outperformed other categories, rising 49%/27% YoY. PV sales for M&M (MM) and Hyundai Motors declined 35% and 2% YoY respectively, while Tata Motors (TTMT) reported a 43% rise for July.

2Ws decline 4-26% YoY: Hero's (HMCL) wholesale volumes slipped 4% YoY to 515k in July, with motorcycle sales clocking a 2% decline while scooters dropped 22% YoY. 2W sales for Bajaj Auto (BJAUT) declined 26% YoY to 239k, while TVS Motor (TVSL) saw an 8% YoY drop to 244k units with mopeds (+13% YoY) outperforming other segments. 3W sales for TVSL and BJAUT remained weak, falling 35% and 71% respectively. Royal Enfield reported total 2W sales of 40k units (–26% YoY), with exports and the >350cc segment posting sharper declines of 52% and 57% respectively.

CV sales slump continues: Ashok Leyland's (AL) CV sales plunged 56% YoY to 4.8k units. MHCVs were the worst hit, plunging 75% YoY while LCVs were down 27%. Total sales for VECV dropped 46% to 2.2k units in July.

Tractor sales resilient: MM sold 25.4k tractors (+27% YoY) in July. As per the company, the tractor segment faced supply-side challenges during the month due to micro-lockdowns in certain states and Covid-related impact on specific suppliers. Competitor Escorts (ESC) sold 5.3k units (+9% YoY). The company indicated that it faced supply chain challenges which led to just 50% capacity utilisation of plants, resulting in unfulfilled demand.

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 thus aid tractor demand in coming months.

Four-wheelers

FIG 1 – ASHOK LEYLAND

Segment	Jul-20	Jul-19	YoY (%)	Jun-20	MoM (%)	YTD FY21	YTD FY20	YoY (%)
M&HCV	1,705	6,722	(74.6)	755	125.8	1,705	6,722	(74.6)
LCV	3,070	4,205	(27.0)	1,639	87.3	3,070	4,205	(27.0)
Total domestic sales	**4,775**	**10,927**	**(56.3)**	**2,394**	**99.5**	**4,775**	**10,927**	**(56.3)**

Source: Company, BOBCAPS Research

FIG 2 – MARUTI SUZUKI

Segment	Jul-20	Jul-19	YoY (%)	Jun-20	MoM (%)	YTD FY21	YTD FY20	YoY (%)
Domestic sales	101,307	100,006	1.3	53,139	90.6	168,334	474,487	(64.5)
Exports	6,757	9,258	(27.0)	4,289	57.5	16,329	37,371	(56.3)
Total sales	**108,064**	**109,264**	**(1.1)**	**57,428**	**88.2**	**184,663**	**511,858**	**(63.9)**

Source: Company, BOBCAPS Research

FIG 3 – MAHINDRA & MAHINDRA

Segment	Jul-20	Jul-19	YoY (%)	Jun-20	MoM (%)	YTD FY21	YTD FY20	YoY (%)
Passenger vehicles	11,025	16,831	(34.5)	8,075	36.5	22,967	76,231	(69.9)
- Utility vehicles	10,898	16,003	(31.9)	7,958	36.9	22,601	72,098	(68.7)
- Cars + Vans	127	828	(84.7)	117	8.5	366	4,133	(91.1)
Commercial vehicles	13,103	15,969	(17.9)	10,417	25.8	28,690	67,563	(57.5)
3-wheelers	83	4,674	(98.2)	13	538.5	135	17,810	(99.2)
Total domestic sales	**24,211**	**37,474**	**(35.4)**	**18,505**	**30.8**	**51,792**	**161,604**	**(68.0)**
Exports	1,467	2,668	(45.0)	853	72.0	3,537	10,227	(65.4)
Total auto sales	**25,678**	**40,142**	**(36.0)**	**19,358**	**32.6**	**55,329**	**171,831**	**(67.8)**
Tractor domestic	24,463	19,174	27.6	35,844	(31.8)	89,040	102,087	(12.8)
Tractor exports	939	818	14.8	700	34.1	2,019	4,255	(52.5)
Total tractor sales	**25,402**	**19,992**	**27.1**	**36,544**	**(30.5)**	**91,059**	**106,342**	**(14.4)**

Source: Company, BOBCAPS Research

FIG 4 – ESCORTS

Segment	Jul-20	Jul-19	YoY (%)	Jun-20	MoM (%)	YTD FY21	YTD FY20	YoY (%)
Tractors	5,322	4,860	9.5	10,851	(51.0)	23,472	25,911	(9.4)
Total sales	**5,322**	**4,860**	**9.5**	**10,851**	**(51.0)**	**23,472**	**25,911**	**(9.4)**

Source: Company, BOBCAPS Research

Two-wheelers

FIG 5 – HERO MOTOCORP

Segment	Jul-20	Jul-19	YoY (%)	Jun-20	MoM (%)	YTD FY21	YTD FY20	YoY (%)
2-wheelers	514,509	535,810	(4.0)	450,744	14.1	1,077,935	2,378,730	(54.7)
Total sales	**514,509**	**535,810**	**(4.0)**	**450,744**	**14.1**	**1,077,935**	**2,378,730**	**(54.7)**

Source: Company, BOBCAPS Research

FIG 6 – ROYAL ENFIELD

Segment	Jul-20	Jul-19	YoY (%)	Jun-20	MoM (%)	YTD FY21	YTD FY20	YoY (%)
Up to 350cc	36,384	45,041	(19.2)	34,890	4.3	88,817	208,074	(57.3)
Exceeding 350cc	3,950	9,144	(56.8)	3,175	24.4	8,695	29,700	(70.7)
Exports	2,409	5,003	(51.8)	1,555	54.9	4,739	14,162	(66.5)
Total sales	**40,334**	**54,185**	**(25.6)**	**38,065**	**6.0**	**97,512**	**237,774**	**(59.0)**

Source: Company, BOBCAPS Research

FIG 7 – TVS MOTORS

Segment	Jul-20	Jul-19	YoY (%)	Jun-20	MoM (%)	YTD FY21	YTD FY20	YoY (%)
Total 2-wheeler sales	243,788	265,679	(8.2)	191,706	27.2	499,846	1,149,349	(56.5)
Total 3-wheeler sales	8,956	13,786	(35.0)	7,311	22.5	20,461	53,311	(61.6)
Total sales	**252,744**	**279,465**	**(9.6)**	**199,017**	**27.0**	**520,307**	**1,202,660**	**(56.7)**

Source: Company, BOBCAPS Research

FIG 8 – BAJAJ AUTO

Segment	Jul-20	Jul-19	YoY (%)	Jun-20	MoM (%)	YTD FY21	YTD FY20	YoY (%)
Motorcycles	238,556	322,210	(26.0)	255,122	(6.5)	638,485	1,404,837	(54.6)
3-wheelers	17,276	59,320	(70.9)	22,975	(24.8)	60,450	223,867	(73.0)
Total sales	**255,832**	**381,530**	**(32.9)**	**278,097**	**(8.0)**	**698,935**	**1,628,704**	**(57.1)**
Exports of above	96,856	176,060	(45.0)	126,908	(23.7)	348,696	726,081	(52.0)

Source: Company, BOBCAPS Research

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