


**AUTOMOBILES**

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**Apr'21 Sales: Sequential decline across segments; outlook cautious**

PV sales in April are estimated to have fallen ~11% MoM, albeit bettering our projections. Domestic 2W dispatches were sluggish amidst higher channel inventory. MHCV volumes also declined by ~50% in line with estimates. Tractor sales were in line with estimates for ESC while MM fell short. We expect Q1FY22 volumes to remain subdued owing to partial plant shutdowns announced by various OEMs coupled with rising Covid-19 infections. We remain negative on the sector, barring MSIL (TP: Rs 8,000, BUY) which is at attractive valuations.

**PV sales ahead of estimates:** Maruti's (MSIL) dispatches at 160k (-4% MoM) in April were ahead of estimates led by higher exports. Domestic sales dipped 8% MoM while exports grew by a strong 49% MoM. M&M's (MM) PV sales increased 10% MoM while TTMT saw a 15% MoM decline. Among other key OEMs, volumes for Hyundai, Kia and Toyota fell 7%, 16% and 36% respectively compared to March'21. The coming months could see moderate dispatches from OEMs due to partial plant shutdowns and lockdowns in major markets.

**Domestic 2W sales weak:** Hero's (HMCL) wholesale volumes dropped 36% MoM to 372k units due to temporary plant shutdowns. Domestic sales for Bajaj Auto (BJAUT) fell 32% MoM while exports grew 48%, leading to a total sales increase of 6% MoM to 388k units. TVS Motor's (TVSL) volumes fell 26% MoM to 239k units with domestic sales down by a sharper 35% and export sales down 10%. Royal Enfield (RE) reported below-estimated 2W sales of 53k units (-19% MoM).

**MHCV momentum halts:** After posting steady sequential growth over the last few months, MHCV volumes slipped in April. Ashok Leyland's (AL) CV sales dropped 52% MoM to 8k units owing to a steep 61% MoM decline in MHCVs and a 35% drop in LCVs. For TTMT, domestic CV sales plunged 61% MoM with MHCVs and LCVs down 57% and 63% respectively.

**Tractor volumes fall sequentially:** MM sold 28k tractors (-11% MoM) in Apr'21, lower than our expectations of 33k units. Competitor Escorts (ESC) met expectations, selling 7k units (-43% MoM). This follows healthy FY21 tractor sales for both MM/ESC at 17%/24% YoY. We have factored in a 6% CAGR in the segment over FY21-FY23 as the macro environment remains conducive but believe both stocks are pricing in most positives.



## Four-wheelers

### FIG 1 – ASHOK LEYLAND

Segment	Apr-21	Apr-20	YoY (%)	Mar-21	MoM (%)	YTD FY22	YTD FY21	YoY (%)
M&HCV	4,333	-	NA	11,101	(61.0)	4,333	-	NA
LCV	4,007	-	NA	6,130	(34.6)	4,007	-	NA
<b>Total domestic sales</b>	<b>8,340</b>	<b>-</b>	<b>NA</b>	<b>17,231</b>	<b>(51.6)</b>	<b>8,340</b>	<b>-</b>	<b>NA</b>

Source: Company, BOBCAPS Research

### FIG 2 – MARUTI SUZUKI

Segment	Apr-21	Apr-20	YoY (%)	Mar-21	MoM (%)	YTD FY22	YTD FY21	YoY (%)
Domestic sales	142,454	-	NA	155,417	(8.3)	142,454	-	NA
Exports	17,237	632	2627.4	11,597	48.6	17,237	632	2627.4
<b>Total sales</b>	<b>159,691</b>	<b>632</b>	<b>25167.6</b>	<b>167,014</b>	<b>(4.4)</b>	<b>159,691</b>	<b>632</b>	<b>25167.6</b>

Source: Company, BOBCAPS Research

### FIG 3 – MAHINDRA & MAHINDRA

Segment	Apr-21	Apr-20	YoY (%)	Mar-21	MoM (%)	YTD FY22	YTD FY21	YoY (%)
Passenger vehicles	18,285	-	NA	16,700	9.5	18,285	-	NA
- Utility vehicles	18,186	-	NA	16,643	9.3	18,186	-	NA
- Cars + Vans	99	-	NA	57	73.7	99	-	NA
Commercial vehicles	14,104	-	NA	17,116	(17.6)	14,104	-	NA
3-wheelers	2,043	-	NA	4,461	(54.2)	2,043	-	NA
<b>Total domestic sales</b>	<b>34,432</b>	<b>-</b>	<b>NA</b>	<b>38,277</b>	<b>(10.0)</b>	<b>34,432</b>	<b>-</b>	<b>NA</b>
Exports	2,005	733	173.5	2,126	(5.7)	2,005	733	173.5
<b>Total auto sales</b>	<b>36,437</b>	<b>733</b>	<b>4870.9</b>	<b>40,403</b>	<b>(9.8)</b>	<b>36,437</b>	<b>733</b>	<b>4870.9</b>
Tractor domestic	26,130	4,716	454.1	29,817	(12.4)	26,130	4,716	454.1
Tractor exports	1,393	56	2387.5	1,153	20.8	1,393	56	2387.5
<b>Total tractor sales</b>	<b>27,523</b>	<b>4,772</b>	<b>476.8</b>	<b>30,970</b>	<b>(11.1)</b>	<b>27,523</b>	<b>4,772</b>	<b>476.8</b>

Source: Company, BOBCAPS Research

### FIG 4 – ESCORTS

Segment	Apr-21	Apr-20	YoY (%)	Mar-21	MoM (%)	YTD FY22	YTD FY21	YoY (%)
Tractors	6,979	705	889.9	12,337	(43.4)	6,979	705	889.9
<b>Total sales</b>	<b>6,979</b>	<b>705</b>	<b>889.9</b>	<b>12,337</b>	<b>(43.4)</b>	<b>6,979</b>	<b>705</b>	<b>889.9</b>

Source: Company, BOBCAPS Research

## Two-wheelers

### FIG 5 – HERO MOTOCORP

Segment	Apr-21	Apr-20	YoY (%)	Mar-21	MoM (%)	YTD FY22	YTD FY21	YoY (%)
2-wheelers	372,285	-	NA	576,957	(35.5)	372,285	-	NA
<b>Total sales</b>	372,285	-	NA	576,957	(35.5)	372,285	-	NA

Source: Company, BOBCAPS Research

### FIG 6 – ROYAL ENFIELD

Segment	Apr-21	Apr-20	YoY (%)	Mar-21	MoM (%)	YTD FY22	YTD FY21	YoY (%)
Up to 350cc	46,561	-	NA	58,471	(20.4)	46,561	-	NA
Exceeding 350cc	6,737	-	NA	7,587	(11.2)	6,737	-	NA
Exports	4,509	91	4,854.9	5,885	(23.4)	4,509	91	4,854.9
<b>Total sales</b>	53,298	-	NA	66,058	(19.3)	53,298	-	NA

Source: Company, BOBCAPS Research

### FIG 7 – TVS MOTOR

Segment	Apr-21	Apr-20	YoY (%)	Mar-21	MoM (%)	YTD FY22	YTD FY21	YoY (%)
Total 2-wheeler sales	226,193	8,134	2680.8	307,437	(26.4)	226,193	8,134	2680.8
Total 3-wheeler sales	12,790	1,506	749.3	15,246	(16.1)	12,790	1,506	749.3
<b>Total sales</b>	238,983	9,640	2379.1	322,683	(25.9)	238,983	9,640	2379.1

Source: Company, BOBCAPS Research

### FIG 8 – BAJAJ AUTO

Segment	Apr-21	Apr-20	YoY (%)	Mar-21	MoM (%)	YTD FY22	YTD FY21	YoY (%)
Motorcycles	348,173	32,009	987.7	330,133	5.5	348,173	32,009	987.7
3-wheelers	39,843	5,869	578.9	39,315	1.3	39,843	5,869	578.9
<b>Total sales</b>	388,016	37,878	924.4	369,448	5.0	388,016	37,878	924.4
Exports of above	253,545	37,878	569.4	170,897	48.4	253,545	37,878	569.4

Source: Company, BOBCAPS Research

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