Auto Volumes – September 2021

September 3, 2021

Mixed bag in August 2021 wholesale prints…

August 2021 auto wholesale dispatches were a mixed bag. The performance was varied among segments, with the CV space being the clear outlier for the month (healthy sequential MoM volume growth) while PV players posted soft numbers, hampered by semiconductor supply shortages. We continue to examine trends on an MoM basis on account of the Covid-impacted base.

Among **2-Ws**, bellwether Hero MotoCorp (HMCL) recorded flat volumes for the month at 4.54 lakh units. However, its scooter division did well and posted ~10% volume increase (motorcycles down 0.8%). Bajaj Auto (BAL) posted 2.3% overall growth to 3.38 lakh units. Eicher Motors' Royal Enfield volumes rose 4.1% to 45,860 units, with >350 cc sales growing 12.4%.

PV bellwether MSIL's volumes declined 19.8% to 1.28 lakh units, impacted by chip shortages. Its UV volumes fell 24.6% and mini & compact volumes came off by 26.6%. M&M's UV volumes fell 24.1% to 15,786 units while Tata Motors' (TML) PV volumes declined the least, at 6.8% to 28,214 units.

CV revival continued apace. Market leader TML reported a sharp 25% growth to 29,781 units, led largely by I&LCV and SCV segments with M&HCV truck volumes up ~8%. In contrast, Ashok Leyland's (ALL) overall growth was lower at 8.2% (9,360 units) but it came on the back of 22% jump in M&HCV trucks. LCV volumes at M&M fell 51.7% to 8,329 units. VECV volumes increased 12.2% to 4,793 units.

In the **tractor** space. M&M, Escorts posted 12.7% YoY, 21.7% YoY decline to 21,360 units, 5,693 units, respectively *(Note – tractor volumes are compared YoY due to seasonality impact on MoM basis).*

Exhibit 1: Snapshot of OEM performance during August 2021

	Aug-21	Aug-20	% chg	Jul-21	% chg	FY22TD	FY21TD	% chg
2-W								
Hero	4,53,879	5,84,456	(22.3)	4,54,398	(0.1)	19,32,784	16,62,233	16.3
Bajaj	3,38,310	3,21,058	5.4	3,30,569	2.3	15,68,184	9,59,543	63.4
TVS	2,74,313	2,77,226	(1.1)	2,62,728	4.4	11,55,742	7,76,442	48.9
Eicher	45,860	50,144	(8.5)	44,038	4.1	2,13,538	1,47,747	44.5
PV								
Maruti Suzuki	1,28,111	1,22,332	4.7	1,59,694	(19.8)	6,37,363	3,03,574	110.0
Tata Motors	28,214	18,616	51.6	30,271	(6.8)	1,22,926	48,210	155.0
M&M	15,973	13,651	17.0	21,046	(24.1)	80,221	36,618	119.1
CV								
Ashok Leyland	9,360	6,325	48.0	8,650	8.2	35,997	14,915	141.3
M&HCV	4,632	2,589	78.9	3,822	21.2	17,504	5,316	229.3
LCV	4,728	3,736	26.6	4,828	(2.1)	18,493	9,599	92.7
Tata Motors	29,781	17,889	66.5	23,848	24.9	1,03,774	40,889	153.8
M&M	8,841	15,299	(42.2)	17,666	(50.0)	60,541	43,989	37.6
M&HCV	512	202	153.5	428	19.6	1,808	461	292.2
LCV	8,329	15,097	(44.8)	17,238	(51.7)	58,733	43,528	34.9
Maruti Suzuki (LCV)	2,588	2,292	12.9	2,768	(6.5)	9,412	5,713	64.7
VECV	4,793	2,477	93.5	4,271	12.2	14,870	6,790	119.0
3-W								
Bajaj	34,960	35,141	(0.5)	38,547	(9.3)	1,80,216	95,591	88.5
Atul Auto	1,411	1,311	7.6	1,305	8.1	4,455	4,029	10.6
TVS Motors	16,381	10,172	61.0	12,790	28.1	71,565	30,633	133.6
M&M	2,591	307	744.0	2,148	20.6	7,804	442	1,665.6
Tractors								
M&M	21,360	24,458	(12.7)	27,229	(21.6)	1,48,518	1,15,517	28.6
Escorts	5,693	7,268	(21.7)	6,564	(13.3)	38,192	30,740	24.2

Source: Company, ICICI Direct Research

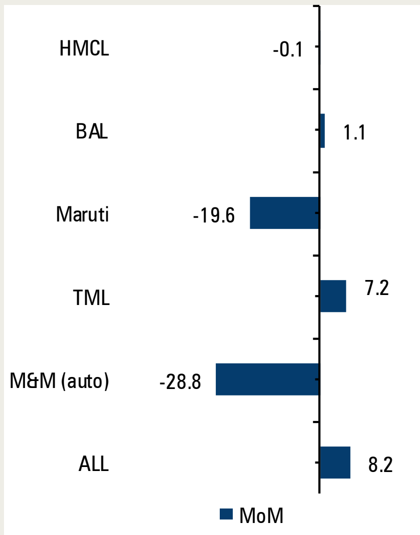
Sector View

Neutral

Volume performance for August 2021

- CV space performed well, largely on a broad-based level with PV and tractor performance lagging
- Vahan registrations for August 2021 totalled ~13.9 lakh units, down ~11% MoM
- Going forward, sustained ramp up post waning of Covid-19 second wave and pace of vaccination would hold key to automotive rebound

Key players' volume performance – Aug 2021



Source: Company, ICICI Direct Research

Monthly Report

ICICI Securities – Retail Equity Research

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Story in Charts

Exhibit 2: Maruti Suzuki

Segment	Aug-21	Aug-20	% chg	Jul-21	% chg	FY22TD	FY21TD	% chg
Vans	10,666	9,115	17.0	10,057	6.1	42,506	23,036	84.5
Mini & Compact	66,038	81,665	(19.1)	89,953	(26.6)	3,64,741	1,95,863	86.2
Ciaz	2,146	1,223	75.5	1,450	48.0	6,114	3,271	86.9
Total Passengers	78,850	92,003	(14.3)	1,01,460	(22.3)	4,13,361	2,22,170	86.1
UV	24,337	21,030	15.7	32,272	(24.6)	1,16,620	53,607	117.5
Total Domestic	1,03,187	1,13,033	(8.7)	1,33,732	(22.8)	5,29,981	2,75,777	92.2
Sales to other OEM	4,305	1,379	212.2	4,738	(9.1)	20,020	3,548	464.3
LCV	2,588	2,292	12.9	2,768	(6.5)	9,412	5,713	64.7
Exports	20,619	7,920	160.3	21,224	(2.9)	87,362	24,249	260.3
Total Sales	1,30,699	1,24,624	4.9	1,62,462	(19.6)	6,46,775	3,09,287	109.1

Source: Company, ICICI Direct Research

MSIL's total volumes disappointed with 19.6% MoM decline to 1.30 lakh units, hampered to an extent by semiconductor shortages. The decline was steep for core mini & compact cars as well as UVs

Exhibit 3: Hero MotoCorp (HMCL)

	Aug-21	Aug-20	% chg	Jul-21	% chg	FY22TD	FY21TD	% chg
Motorcycles	4,20,609	5,44,658	(22.8)	4,24,126	(0.8)	18,04,324	15,46,107	16.7
Scooters	33,270	39,798	(16.4)	30,272	9.9	1,28,460	1,16,126	10.6
Total Sales	4,53,879	5,84,456	(22.3)	4,54,398	(0.1)	19,32,784	16,62,233	16.3
Exports as % of total	5.0	2.7		5.5		6.8	2.9	

Source: Company, ICICI Direct Research

HMCL's total volumes were flat sequentially at 4.54 lakh units but among segments scooter volumes grew ~10%

Exhibit 4: Bajaj Auto (BAL)

Segment	Aug-21	Aug-20	% chg	Jul-21	% chg	FY22TD	FY21TD	% chg
2-W	3,38,310	3,21,058	5.4	3,30,569	2.3	15,68,184	9,59,543	63.4
3-W	34,960	35,141	(0.5)	38,547	(9.3)	1,80,216	95,591	88.5
Total Sales	3,73,270	3,56,199	4.8	3,69,116	1.1	17,48,400	10,55,134	65.7
Domestic	1,72,595	1,85,879	(7.1)	1,67,273	3.2	6,97,005	5,36,118	30.0
Exports	2,00,675	1,70,320	17.8	2,01,843	(0.6)	10,51,395	5,19,016	102.6
Exports % of total	53.8	47.8		54.7		60.1	49.2	

Source: Company, ICICI Direct Research

Bajaj Auto reported 1.1% MoM increase backed by 3.2% growth in domestic volumes. The 3-W declined 9.3%.

Exhibit 5: Eicher Motors (Royal Enfield)

Segment	Aug-21	Aug-20	% chg	Jul-21	% chg	FY22TD	FY21TD	% chg
Upto 350 cc	38,572	46,357	(16.8)	37,556	2.7	1,82,681	1,35,174	35.1
> 350 cc	7,288	3,787	92.4	6,482	12.4	30,857	12,573	145.4
Total	45,860	50,144	(8.5)	44,038	4.1	2,13,538	1,47,747	44.5

Source: Company, ICICI Direct Research

Eicher Motors' total Royal Enfield volumes were up 4.1% MoM, driven by 12.4% rise in > 350 cc category. VECV volumes at 4,793 units were up by 12.2% MoM

Exhibit 6: TVS Motor

Segment	Aug-21	Aug-20	% chg	Jul-21	% chg	FY22TD	FY21TD	% chg
Motorcycles	1,33,789	1,19,878	11.6	1,38,772	(3.6)	6,77,850	3,37,113	101.1
Scooters	87,059	87,044	0.0	74,351	17.1	3,00,845	2,47,433	21.6
Mopeds	53,465	70,304	(24.0)	49,605	7.8	1,77,047	1,91,896	(7.7)
Total 2-W Sales	2,74,313	2,77,226	(1.1)	2,62,728	4.4	11,55,742	7,76,442	48.9
3-Wheelers	16,381	10,172	61.0	16,127	1.6	71,565	30,633	133.6
Total Sales	2,90,694	2,87,398	1.1	2,78,855	4.2	12,27,307	8,07,075	52.1
Exports	1,09,927	68,347	60.8	1,03,133	6.6	5,41,165	2,11,206	156.2

Source: Company, ICICI Direct Research

The company continued to post healthy outperformance in 2-W, with scooters and mopeds leading the way in August. Exports grew 6.6%, with 3-W volumes up 1.6%

Exhibit 7: Ashok Leyland

Segment	Aug-21	Aug-20	% chg	Jul-21	% chg	FY22TD	FY21TD	% chg
M&HCV Passenger	335	313	7.0	291	15.1	1,713	681	151.5
M&HCV Goods	4,297	2,276	88.8	3,531	21.7	15,791	4,635	240.7
M&HCV Total	4,632	2,589	78.9	3,822	21.2	17,504	5,316	229.3
LCV	4,728	3,736	26.6	4,828	(2.1)	18,493	9,599	92.7
Total Sales	9,360	6,325	48.0	8,650	8.2	35,997	14,915	141.3
Exports	960	501	91.6	521	84.3	2,918	1,399	108.6

Source: Company, ICICI Direct Research

Total volumes at Ashok Leyland rose 8.2% MoM with the core M&HCV volumes growing 21.2% on the back of 21.7% rise in truck volumes

Exhibit 8: Tata Motors

Segment	Aug-21	Aug-20	% chg	Jul-21	% chg	FY22TD	FY21TD	% chg
Total CV	29,781	17,889	66.5	23,848	24.9	1,03,774	40,889	153.8
Total PV	28,214	18,616	51.6	30,271	(6.8)	1,22,926	48,210	155.0
Total sales	57,995	36,505	58.9	54,119	7.2	2,26,700	89,099	154.4
Total domestic	54,190	35,420	53.0	51,981	4.2	2,13,957	86,249	148.1
Total exports	3,805	1,085	250.7	2,138	78.0	12,743	2,850	347.1

Source: Company, ICICI Direct Research

For Tata Motors, total volume growth of 7.2% comprised 25% rise in CV sales and ~7% decline in PV. Within CV, I&LCV and SCV segments contributed the most to the sequential uptick

Exhibit 9: Mahindra & Mahindra

Segment	Aug-21	Aug-20	% chg	Jul-21	% chg	FY22TD	FY21TD	% chg
Uvs	15,786	13,407	17.7	20,797	(24.1)	79,153	36,008	119.8
Cars and Vans	187	244	(23.4)	249	(24.9)	1,068	610	75.1
4-Wheeler pickups	8,329	15,097	(44.8)	17,238	(51.7)	58,733	43,528	34.9
M & HCV	512	202	153.5	428	19.6	1,808	461	292.2
Total 4-W	24,814	28,950	(14.3)	38,712	(35.9)	1,15,948	80,607	43.8
3-W	2,591	307	744.0	2,148	20.6	7,804	442	1,665.6
Total domestic Auto	27,405	29,257	(6.3)	40,860	(32.9)	1,21,161	81,049	49.5
Exports	3,180	1,169	172.0	2,123	49.8	11,850	4,706	151.8
Total Auto Sales	30,585	30,426	0.5	42,983	(28.8)	1,29,831	85,755	51.4
Tractors - Domestic	19,997	23,503	(14.9)	25,769	(22.4)	1,41,614	1,12,543	25.8
- Exports	1,363	955	42.7	1,460	(6.6)	6,904	2,974	132.1
Total Tractors	21,360	24,458	(12.7)	27,229	(21.6)	1,48,518	1,15,517	28.6

Source: Company, ICICI Direct Research

M&M's automotive volumes fell 29% amid 24% UV de-growth and steep 52% drop off in LCV portfolio. Tractor division posted 12.7% YoY decline to ~21,360 units for the month

Exhibit 10: Escorts

Segment	Aug-21	Aug-20	% chg	Jul-21	% chg	FY22TD	FY21TD	% chg
Tractors - domestic	4,920	6,750	(27.1)	6,055	(18.7)	35,475	29,393	20.7
Tractors - exports	773	518	49.2	509	51.9	2,717	1,347	101.7
Total tractors	5,693	7,268	(21.7)	6,564	(13.3)	38,192	30,740	24.2
Construction equipment	307	196	56.6	367	(16.3)	1,280	686	86.6

Source: Company, ICICI Direct Research

Escorts' tractor volumes fell 13.3% YoY to 5,693 units

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