

Automobile

Volume Update – September 2021

Summary

In Sept 21, Overall Indian Auto industry struggled to recover due from sluggishness. Passenger Vehicle (PV) segment reported volume drop primarily owing to semiconductor shortages although demand remains stable. Domestic 2W market continues to exhibit weakness as the 2W industry struggling to recover post Covid lockdown. Tractor segment reported a drop in volumes due to higher base effect and unevenly distribution of rain at the same time CV segment reported volume recovery primarily due to lower base and higher Infra spending and increased freight movement across India.

Outlook: We believe Auto industry is set to report double-digit volume growth in FY22, on account of low base, all time low interest rates and increasing demand for personal mobility. Vaccination has picked up strong momentum in last one month. This is expected to bring in incremental normalcy in the urban areas and likely to help urban Auto market to recover. While unevenly, distribution of rain might influence rural market in the near term. Risk of 3rd COVID wave, semiconductor shortages and regional lockdowns could impact business prospects in the near term. We expect overall Auto market to remain soft during Q3FY22. We remain positive on PV and CV market while 2W market remains under caution.

Auto monthly volume

Company	Sept-21	Sept-20	YoY (%)	Aug-21	MoM (%)	FY22YTD	FY21YTD	YTD (%)
2W (D)								
Bajaj Auto	1,73,945	2,19,500	(20.8)	1,57,971	10.1	8,30,700	7,36,175	12.8
HMCL	5,05,462	6,97,293	(27.5)	4,31,137	17.2	23,06,496	23,18,245	(0.5)
TVS	2,44,897	2,42,041	1.2	1,80,767	35.5	9,43,829	8,37,910	12.6
RE	27,233	55,910	(51.3)	39,070	(30.3)	2,08,042	1,96,345	6.0
PV (D)								
MSIL	68,815	1,52,608	(54.9)	1,10,080	(37.5)	6,28,228	4,37,483	43.6
Hyundai	33,087	50,313	(34.2)	46,866	(29.4)	2,42,494	1,62,525	49.2
MM (PV)	13,134	14,857	(11.6)	15,973	(17.8)	93,355	51,475	81.4
Toyota	9,284	8,116	14.4	12,772	(27.3)	54,291	24,562	121.0
CV (D)								
AL	9,533	8,344	14.2	9,360	1.8	45,530	23,259	95.8
VECV	6,070	3,506	73.1	4,793	26.6	20,940	10,296	103.4
Tractors (D)								
MM	39,053	42,361	(7.8)	19,997	95.3	1,80,667	1,54,904	16.6
Escorts	7,975	11,453	(30.4)	4,920	62.1	43,450	40,846	6.4

Source: Company

Maruti Suzuki: Semi-Conductor constrain impacts production

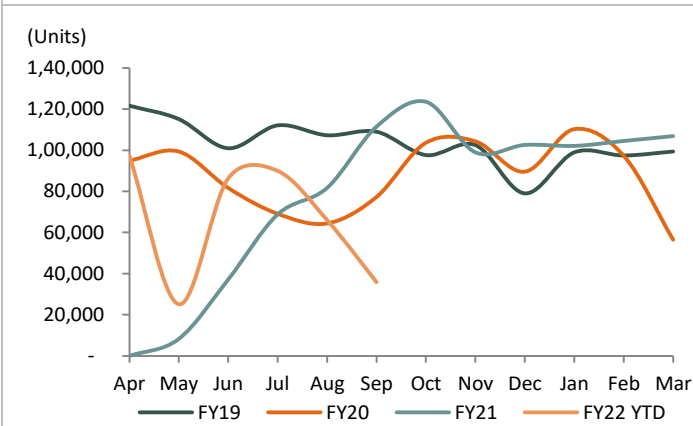
- MSIL mini segment de-grew by 45.2% YoY/27.0% MoM to 14.9k. Compact sales decreased by 75.2% YoY/ 54.2% MoM to 20.8k units. Mid-Size sales de-grew by 36.0% YoY/ 54.3% MoM to 981 units. Domestic sales decreased by 55.7% YoY/37.2% MoM to 66.4k units. Total domestic YTD sales grew by 40.4% to 605.8k units.
- According to the Management, the sales were impacted due to electronic components shortage. It expects the semi-conductor shortage likely to remain for a year.

Exhibit 1: MSIL sales volume

Segment	Sept-21	Sept-20	YoY (%)	Aug-21	MoM (%)	FY22YTD	FY21YTD	YTD (%)
A2: Mini (Alto, WagonR)	14,936	27,246	(45.2)	20,461	(27.0)	1,02,322	76,666	33.5
A2: Compact (Swift, Ritz, Celerio, Dzire, Baleno, Ignis)	20,891	84,213	(75.2)	45,577	(54.2)	2,98,246	2,30,656	29.3
A3: Mid-Size (Ciaz)	981	1,534	(36.0)	2,146	(54.3)	7,095	4,805	47.7
Total PC	36,808	1,12,993	(67.4)	68,184	(46.0)	4,07,663	3,12,127	30.6
B: Uvs (Gypsy, Ertiga, S-Cross, Vitara Brezza)	18,459	23,699	(22.1)	24,337	(24.2)	1,35,079	77,306	74.7
C: Vans (Omni, Eeco)	7,844	11,220	(30.1)	10,666	(26.5)	50,350	34,256	47.0
LCV: Super Larry	3,304	2,128	55.3	2,588	27.7	12,716	7,678	65.6
Total domestic sales	66,415	1,50,040	(55.7)	1,05,775	(37.2)	6,05,808	4,31,367	40.4
Exports	17,565	7,834	124.2	20,619	(14.8)	1,04,927	32,083	227.0
Sales to other OEM	2,400	2,568	(6.5)	4,305	(44.3)	22,420	6,116	266.6
Total sales	86,380	1,60,442	(46.2)	1,30,699	(33.9)	7,33,155	4,69,566	56.1

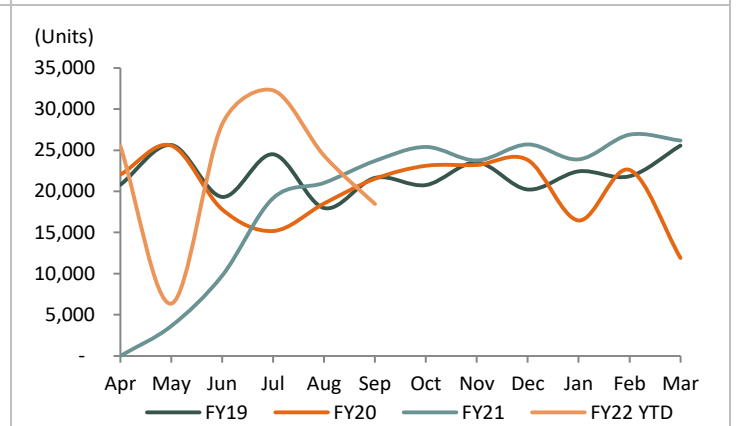
Source: Company

Exhibit 2: Mini + Compact sales trend



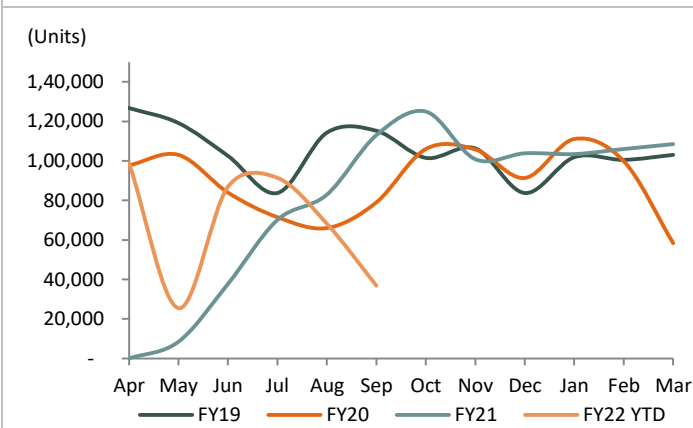
Source: Company

Exhibit 3: Domestic UVs sales trend



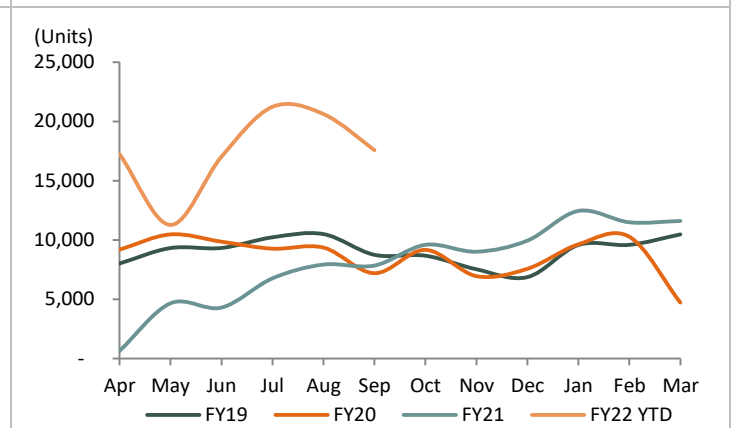
Source: Company

Exhibit 4: Domestic PC sales trend



Source: Company

Exhibit 5: Export sales trend



Source: Company

Mahindra & Mahindra (M&M): Tractor Disappoints

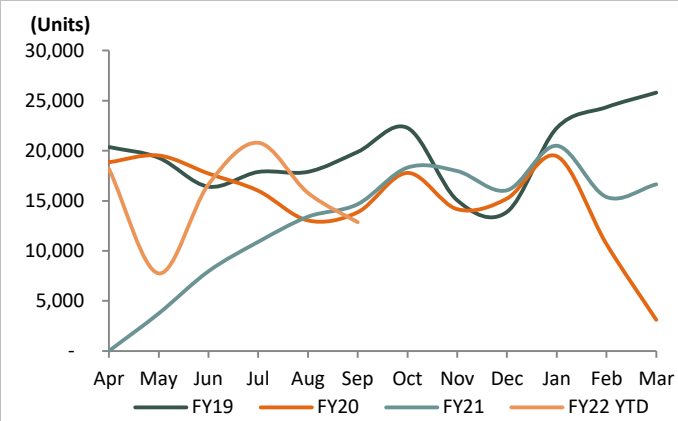
- M&M UV sales decreased by 12.3% YoY/ 18.5% MoM to 12.8k units. YTD sales increased by 81.6% to 92.0K units. CV sales decreased by 50.1% YoY/ +7.1% MoM to 9.4k units. YTD sales increased by 10.6% to 70.0k units. Overall auto division domestic sales decreased by 25.7% YoY/ 6.6% MoM to 25.5k units. YTD sales increased by 50.4% to 174.1k units. The company is impacted due to global semiconductors shortage. However, the company has good order books of its Thar, XUV 300, Bolero Neo and Bolero Pick-up. The company has revealed that its most-awaited XUV700 getting good response from customers.
- Domestic FES sales decreased by 7.8% YoY/ +95.3% MoM to 39.0K units. YTD sales were up 16.6% to 180.6k units. The company has seen overall acreage of Kharif crops closer to last year sown area, despite erratic monsoon in few markets.

Exhibit 6: M&M sales volume

Segment	Sept-21	Sept-20	YoY (%)	Aug-21	MoM (%)	FY22YTD	FY21YTD	YTD (%)
Passenger Vehicles	13,134	14,857	(11.6)	15,973	(17.8)	93,355	51,475	81.4
Utility Vehicles	12,863	14,663	(12.3)	15,786	(18.5)	92,016	50,671	81.6
Cars + Vans	271	194	39.7	187	44.9	1,339	804	66.5
Commercial Vehicles	9,468	18,977	(50.1)	8,841	7.1	70,009	63,313	10.6
LCV < 3.5T	8,784	18,576	(52.7)	8,329	5.5	67,517	62,104	8.7
LCV > 3.5T+M&HCV	684	331	106.6	512	33.6	2,492	792	214.6
3W	2,981	587	407.8	2,591	15.1	10,785	1,029	948.1
Total Domestic	25,583	34,421	(25.7)	27,405	(6.6)	1,74,149	1,15,817	50.4
Export	2,529	1,569	61.2	3,180	(20.5)	14,379	6,275	129.1
Total Auto Sales	28,112	35,990	(21.9)	30,585	(8.1)	1,88,528	1,22,092	54.4
Farm Equipment Segment (FES)								
Domestic	39,053	42,361	(7.8)	19,997	95.3	1,80,667	1,54,904	16.6
Exports	1,278	1,025	24.7	1,363	(6.2)	8,182	3,999	104.6
Total FES	40,331	43,386	(7.0)	21,360	88.8	1,88,849	1,58,903	18.8

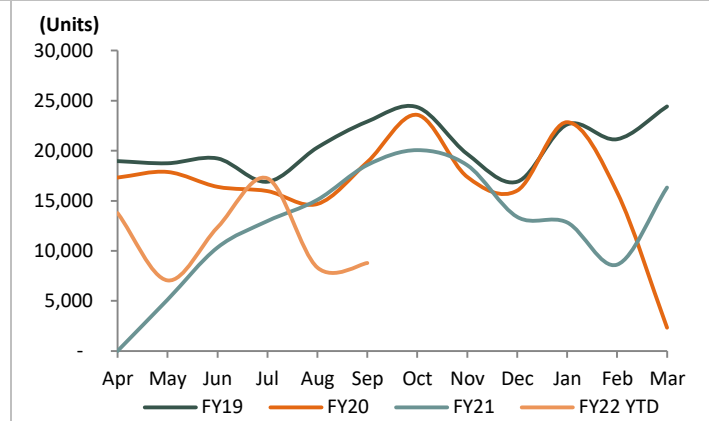
Source: Company

Exhibit 7: Domestic UV sales trend



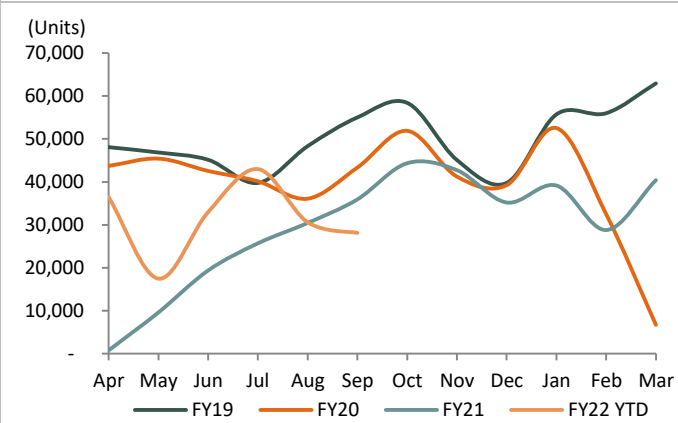
Source: Company

Exhibit 8: Domestic CV sales trend



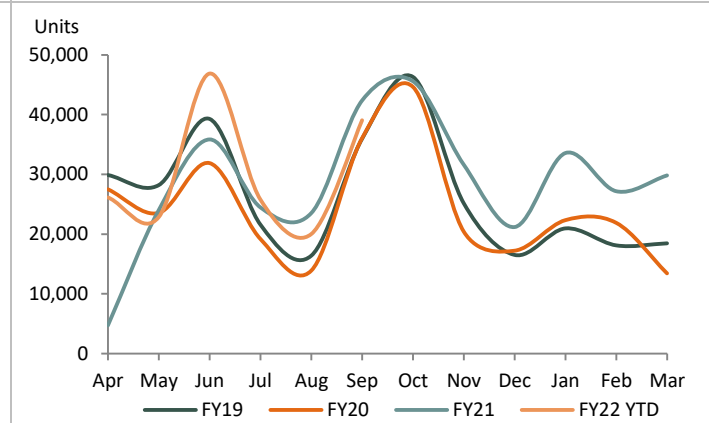
Source: Company

Exhibit 9: Total auto sales trend



Source: Company

Exhibit 10: Domestic tractor sales trend



Source: Company

Escorts Ltd: Uneven Monsoon affected sales

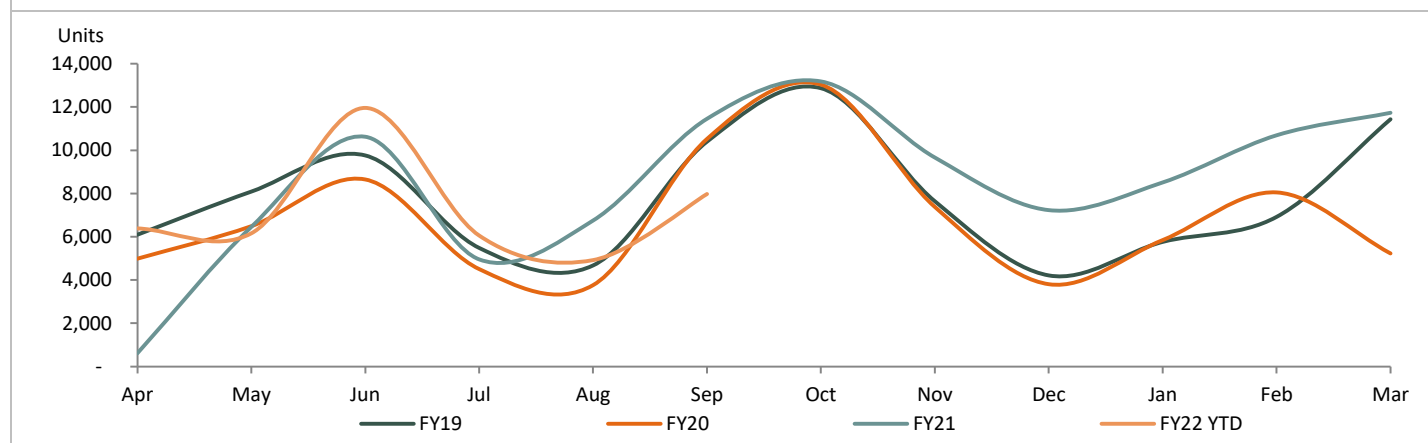
- Escorts domestic sales decreased by 30.4% YoY/ +62.1% MoM to 7.9K units. The Company expects a strong farmer sentiment aided by favorable macroeconomic factors, reasonably good water level of reservoirs, good pace of Kharif sowing and continued support by the Government in Agri sector to drive Tractor demand. The Company believes there has been a rainfall deficit in some parts of the country.

Exhibit 11: Escorts sales volume

Segment	Sept-21	Sept-20	YoY (%)	Aug-21	MoM (%)	FY22YTD	FY21YTD	YTD (%)
Domestic	7,975	11,453	(30.4)	4,920	62.1	43,450	40,846	6.4
Export	841	398	111.3	773	8.8	3,558	1,745	103.9
Total	8,816	11,851	(25.6)	5,693	54.9	47,008	42,591	10.4

Source: Company

Exhibit 12: Domestic tractor sales trend



Source: Company

Hero MotoCorp: Weak Demand

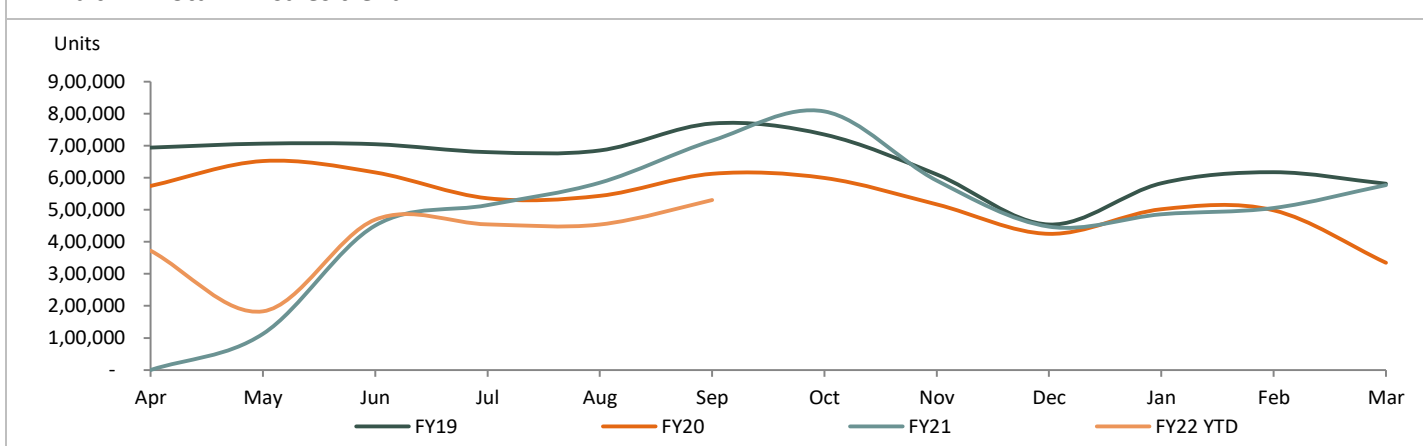
- HMCL domestic sales declined by 27.5% YoY/ +17.2% MoM to 505.4k units. Exports sales increased by 35.1% YoY/ 9.4% MoM to 24.8k units. Total sales declined by 25.9% YoY to 530.3K units. Total YTD sales increased by 3.3% YoY to ~2.5 mn units.
- HMCL has higher Inventory in dealer level. We expect HMCL will take longer time to revive as commuter segment is still struggling with covid impact. The festive season demand would be the key moniterable.

Exhibit 13: HMCL sales volume

Segment	Sept-21	Sept-20	YoY (%)	Aug-21	MoM (%)	FY22YTD	FY21YTD	YTD (%)
Motorcycles	4,89,417	6,60,948	(26.0)	4,20,609	16.4	22,93,093	22,14,045	3.6
Scooters	40,929	54,770	(25.3)	33,270	23.0	1,69,389	1,70,898	(0.9)
Total	5,30,346	7,15,718	(25.9)	4,53,879	16.8	24,62,482	23,84,943	3.3
Domestic	5,05,462	6,97,293	(27.5)	4,31,137	17.2	23,06,496	23,18,245	(0.5)
Exports	24,884	18,425	35.1	22,742	9.4	1,56,616	66,698	134.8

Source: Company

Exhibit 14: Total 2W sales trend



Source: Company

Bajaj Auto: Exports sustaining the momentum.

- BJAUT domestic motorcycle sales declined by 20.8% YoY to 173.9k units whereas export motorcycle sales improved by 0.9% YoY/3.7% MoM to 187.0k units. Domestic 3W increased by 99.4% YoY/ 25.8% MoM to 18.4k units. Total sales decreased by 8.9% YoY/+7.7% MoM to 402.0K units. Total YTD sales increased by 43.7% to 2.1 mn units.
- BJAUT reported decent 2W sales on the back of good export numbers. As economy opens and vaccinated population increases, we expect 3W demand to improve on the back of higher demand of shared mobility.

Exhibit 15: BJAUT sales volume

Segment	Sept-21	Sept-20	YoY (%)	Aug-21	MoM (%)	FY22YTD	FY21YTD	YTD (%)
Domestic	1,73,945	2,19,500	(20.8)	1,57,971	10.1	8,30,700	7,36,175	12.8
Exports	1,87,091	1,85,351	0.9	1,80,339	3.7	10,98,520	6,28,219	74.9
Total 2w	3,61,036	4,04,851	(10.8)	3,38,310	6.7	19,29,220	13,64,394	41.4
Domestic	18,403	9,231	99.4	14,624	25.8	58,653	28,674	104.6
Exports	22,582	27,224	(17.1)	20,336	11.0	1,62,548	1,03,372	57.2
Total 3w	40,985	36,455	12.4	34,960	17.2	2,21,201	1,32,046	67.5
Domestic	1,92,348	2,28,731	(15.9)	1,72,595	11.4	8,89,353	7,64,849	16.3
Exports	2,09,673	2,12,575	(1.4)	2,00,675	4.5	12,61,068	7,31,591	72.4
Total Sales	4,02,021	4,41,306	(8.9)	3,73,270	7.7	21,50,421	14,96,440	43.7

Source: Company

Exhibit 16: Domestic motorcycle sales trend

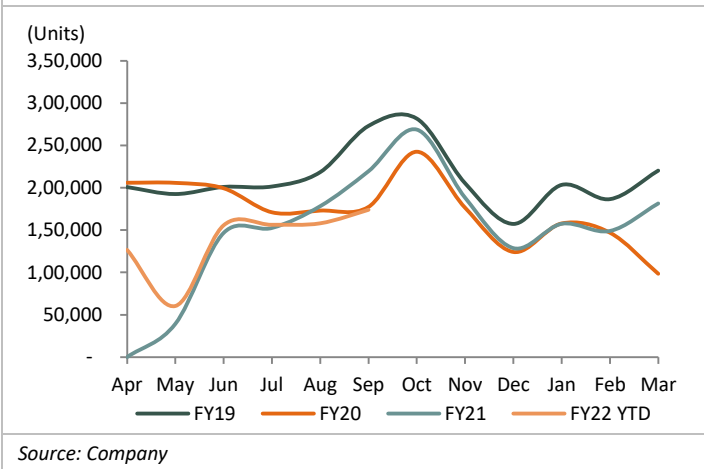


Exhibit 17: Export motorcycle sales trend

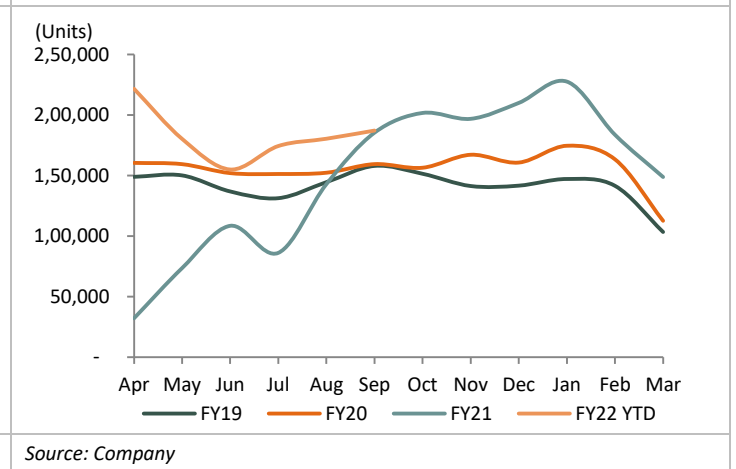


Exhibit 18: Total exports sales trend

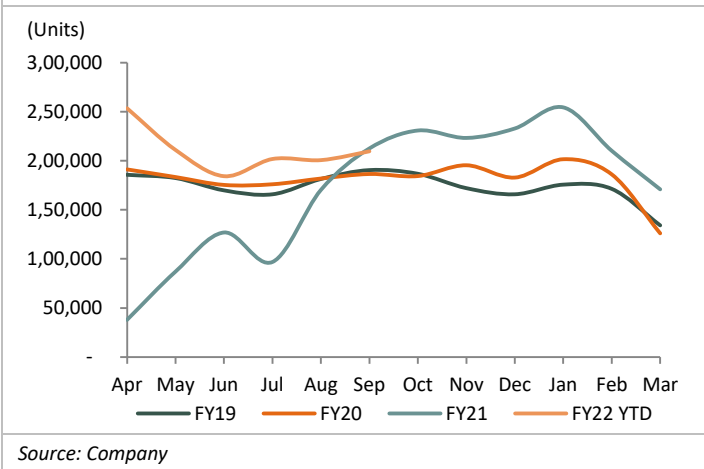
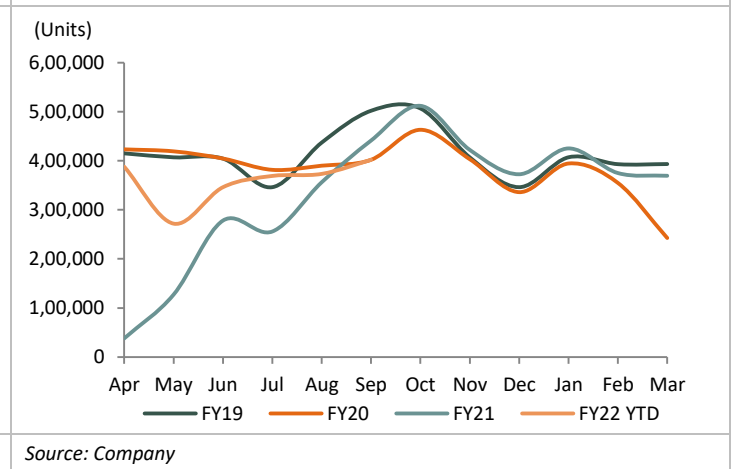


Exhibit 19: Total sales trend



TVS Motors: Recovery in Scooters Demand

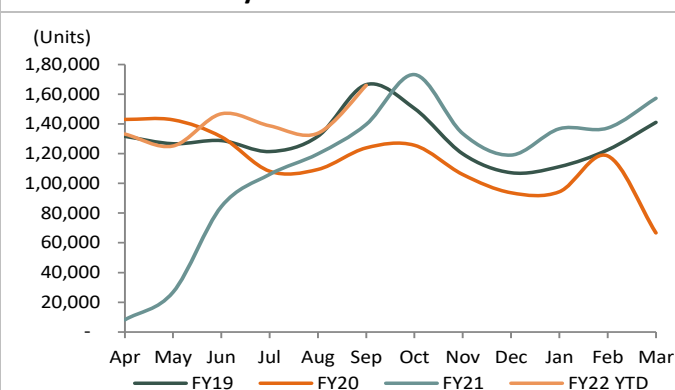
- Overall motorcycle sales increased by 18.9% YoY/ 24.1% MoM to 166.0k units. Scooter sales increased by 19.6% MoM to 104.0k units. 3W domestic sales increased by 5.6% YoY/ -10.6% MoM to 14.6K units. Total sales increased 6.1% YoY/19.4% MoM to 347.1K units. Overall YTD sales increased by 40.2% to 1.58mn units.
- We anticipate with the opening of work places, schools and colleges demand for 2W to normalize. TVSL is well placed with its robust motorcycle and scooters portfolio to meet the demand for personal mobility.

Exhibit 20: TVSL sales volume

Segment	Sept-21	Sept-20	YoY (%)	Aug-21	MoM (%)	FY22YTD	FY21YTD	YTD (%)
Motorcycle	1,66,046	1,39,698	18.9	1,33,789	24.1	8,43,896	4,84,945	74.0
Scooters	1,04,091	1,03,877	0.2	87,059	19.6	4,04,936	3,51,310	15.3
Mopeds	62,374	69,757	(10.6)	53,465	16.7	2,52,211	2,51,586	0.2
2w (Total)	3,32,511	3,13,332	6.1	2,74,313	21.2	15,01,043	10,87,841	38.0
3w	14,645	13,872	5.6	16,381	(10.6)	86,210	44,505	93.7
Sales volume (2w+3w)	3,47,156	3,27,204	6.1	2,90,694	19.4	15,87,253	11,32,346	40.2

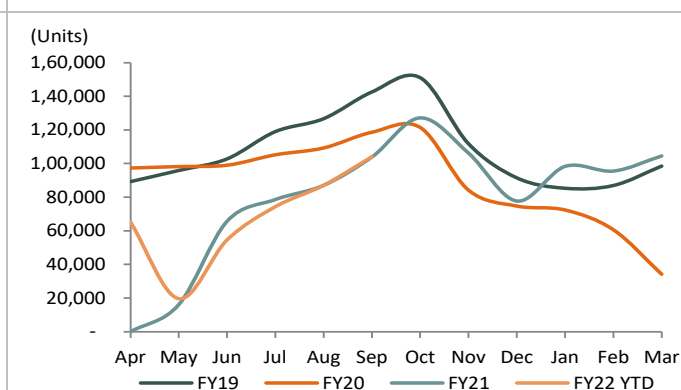
Source: Company

Exhibit 21: Motorcycle sales trend



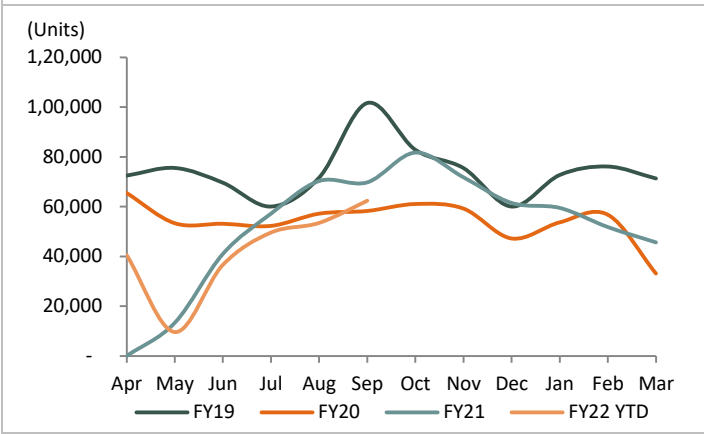
Source: Company

Exhibit 22: Scooter sales trend



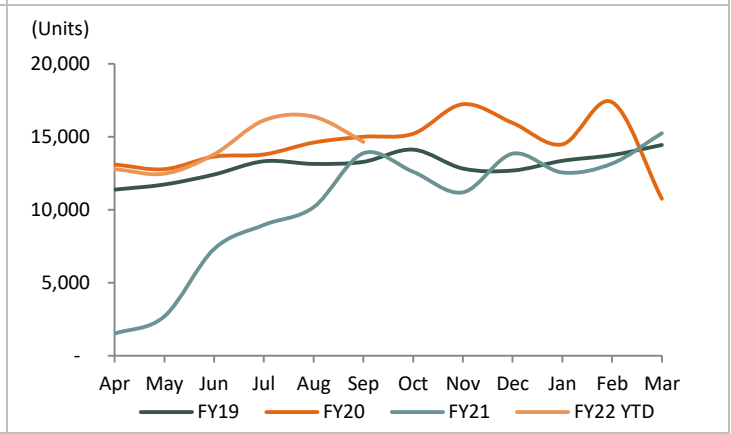
Source: Company

Exhibit 23: Moped sales trend



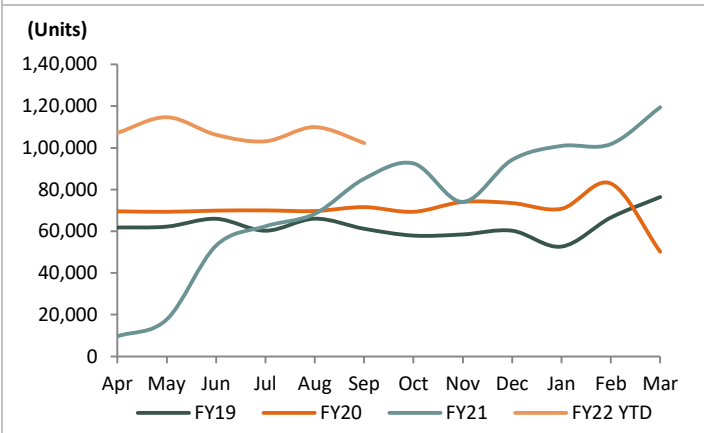
Source: Company

Exhibit 24: 3W sales trend



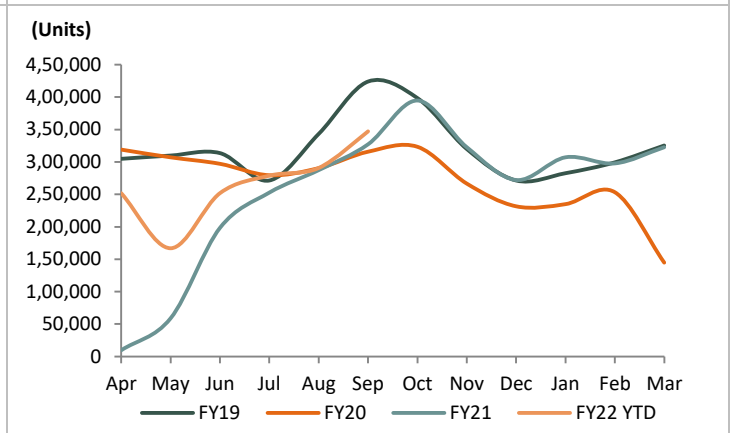
Source: Company

Exhibit 25: Export sales trend



Source: Company

Exhibit 26: Total sales trend



Source: Company

Eicher Motors: Semi-Conductor constrains impacting RE productions

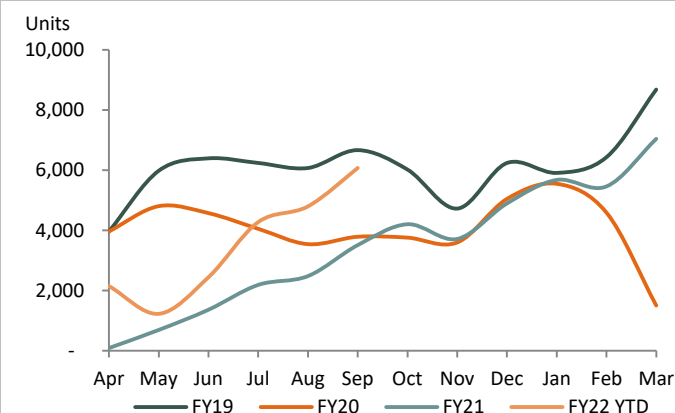
- Royal Enfield domestic sales decreased by 44.2% YoY/ 26.9% MoM to 33.5K units. Total sales decreased by 37.7% YoY/ 21.8% MoM to 39.5K units whereas export sales increased by 52.4% YoY/ -7.3% MoM to 6.2k units. Overall YTD sales increased by 22.9% to 268.0K units. Shortage of semiconductor chips is primarily responsible for volume drop.

Exhibit 27: EIM sales volume

Segment	Sept-21	Sept-20	YoY (%)	Aug-21	MoM (%)	FY22YTD	FY21YTD	YTD (%)
Domestic	27,233	55,910	(51.3)	39,070	(30.3)	2,08,042	1,96,345	6.0
Export	6,296	4,131	52.4	6,790	(7.3)	39,025	11,443	241.0
Total RE	33,529	60,041	(44.2)	45,860	(26.9)	2,47,067	2,07,788	18.9
VECV	6,070	3,506	73.1	4,793	(21.8)	20,940	10,296	103.4

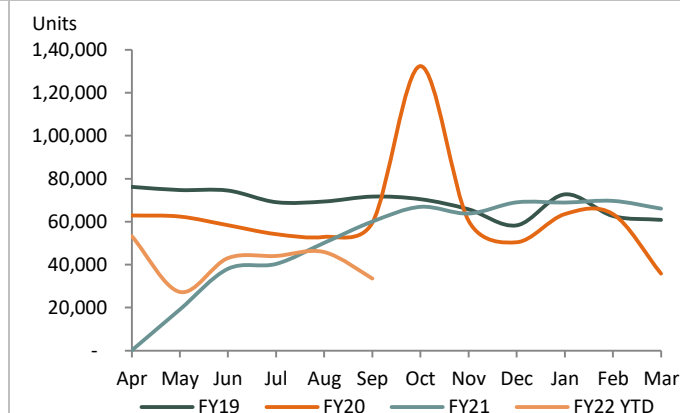
Source: Company

Exhibit 28: VECV sales trend



Source: Company

Exhibit 29: Royal Enfield domestic sales trend



Source: Company

Ashok Leyland: Volume rebound as Economy opens

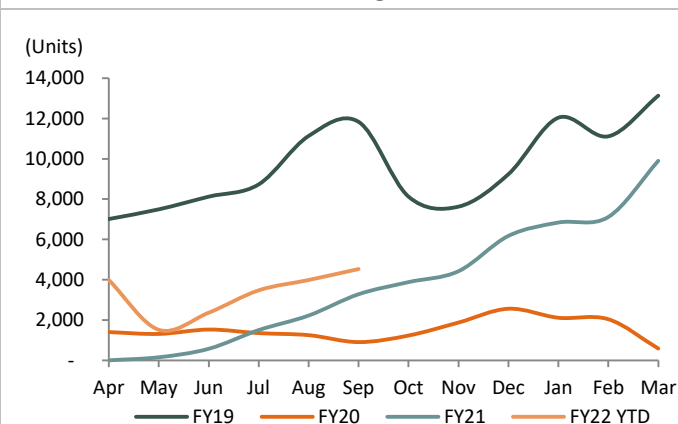
- Domestic sales increased by 38.1% YoY/13.6% MoM to 9.0K units whereas M&HCV Goods segment increased by 35.6% YoY/ 12.9% MoM to 4.3K units. Domestic LCV segment increased by 38.1% YoY/13.6% MoM to 4.5K units. Total sales increased by 38.9% YoY/9.8% MoM to 9.8K units. YTD sales increased by 95.8% to 45.5k units.
- Ashok Leyland has been focusing on LCV and Export market to garner incremental growth. With pickup in the construction activities and strong Govt. Infra push, the demand for tippers and trucks is expected to go up.

Exhibit 30: AL Sales Volumes

Segment	Sept-21	Sept-20	YoY (%)	Aug-21	MoM (%)	FY22YTD	FY21YTD	YTD (%)
M&HCV Goods	4,341	3,202	35.6	3,845	12.9	19,053	7,429	156.5
MH&CV Passenger	188	78	141.0	141	33.3	795	296	168.6
LCV	4,529	3,280	38.1	3,986	13.6	22,018	13,638	61.4
Domestic	9,058	6,560	38.1	7,972	13.6	41,866	21,363	96.0
Exports	746	497	50.1	960	(22.3)	3,664	1,896	93.2
Total Sales	9,804	7,057	38.9	8,932	9.8	45,530	23,259	95.8

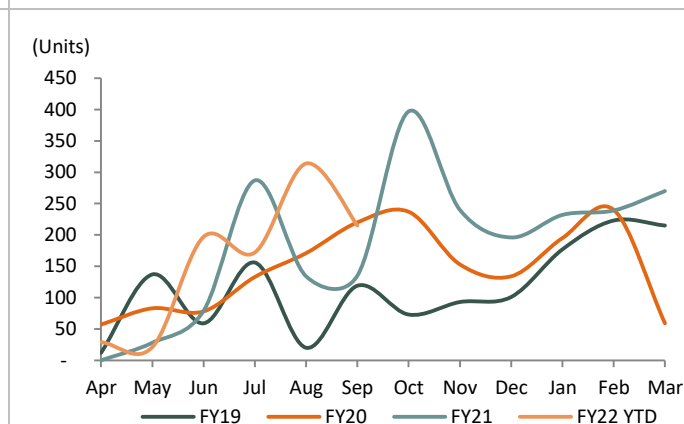
Source: Company

Exhibit 31: M&HCV domestic goods sales trend



Source: Company

Exhibit 32: LCV domestic sales trend



Source: Company

Exhibit 33: Stock Performance in the sector (in %)

	Performance (%)						Relative to Index (%)					
	1M	3M	6M	1YR	3YR	5YR	1M	3M	6M	1YR	3YR	5YR
Ashok Leyland Ltd	7%	7%	11%	72%	28%	79%	4%	-4%	-7%	19%	-42%	-25%
Bajaj Auto Ltd	3%	-5%	6%	34%	67%	57%	0%	-16%	-11%	-20%	-3%	-47%
Eicher Motors Ltd	3%	5%	6%	27%	34%	15%	0%	-7%	-12%	-27%	-36%	-89%
Hero MotoCorp Ltd	4%	-1%	-2%	-7%	15%	-3%	1%	-13%	-20%	-60%	-55%	-106%
Maruti Suzuki India Ltd	6%	-5%	4%	6%	7%	37%	3%	-16%	-14%	-48%	-63%	-66%
TVS Motor Co Ltd	6%	-8%	-4%	18%	14%	59%	4%	-19%	-22%	-35%	-56%	-45%
GNA Axles Ltd	31%	108%	161%	325%	198%	327%	29%	96%	143%	271%	128%	223%
Jamna Auto Industries Ltd	3%	8%	32%	105%	29%	131%	0%	-4%	14%	51%	-41%	27%
Lumax Auto Technologies Ltd	-2%	-9%	-14%	41%	-7%	76%	-5%	-21%	-32%	-12%	-77%	-28%
MM Forgings Ltd	7%	6%	3%	31%	21%	167%	5%	-5%	-15%	-23%	-49%	63%
Subros Ltd	2%	13%	34%	118%	123%	659%	-1%	1%	16%	65%	53%	555%
BSE Auto Index	6%	-1%	5%	32%	19%	7%	3%	-12%	-13%	-21%	-51%	-96%
NIFTY 50	3%	12%	18%	54%	70%	104%	0%	0%	0%	0%	0%	0%

Source: Bloomberg

Exhibit 34: Valuation Snapshot

Companies	CMP	TP	Mkt Cap	Revenue (Rs mn)		Ebitda (Rs mn)		EPS (Rs)		BVPS (Rs)		PER (x)		P/B (x)		EV/EBITDA (x)		RoE(%)	RoCE(%)	
	(Rs)	(Rs) Reco		(Rs mn)	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E	FY23E	FY23E
OEM's																				
ASHOK LEYLAND	131	130	HOLD	3,83,527	1,90,538	2,46,119	14,995	25,417	1.3	4.0	25	27	100.2	32.8	5.3	4.8	27.1	15.3	15.4	15.8
BAJAJ AUTO	3,855	4,071	HOLD	11,15,539	3,58,178	3,99,971	63,650	72,066	200.0	226.1	931	999	19.3	17.0	4.1	3.9	17.1	14.8	23.4	24.9
EICHER MOTORS	2,773	2,524	HOLD	7,58,206	1,09,618	1,29,051	25,667	31,369	74.2	93.3	467	527	37.4	29.7	5.9	5.3	26.8	21.3	18.8	18.5
HERO MOTOCORP	2,847	3,387	BUY	5,68,884	3,85,975	4,30,385	52,268	59,474	198.0	227.6	831	938	14.4	12.5	3.4	3.0	10.6	9.0	25.7	29.5
MARUTI SUZUKI INDIA	7,159	8,585	BUY	21,62,712	9,21,691	10,24,861	75,466	1,14,751	199.9	286.2	1837	2031	35.8	25.0	3.9	3.5	27.9	17.8	14.8	13.3
TVS Motor Co	565	659	BUY	2,68,472	2,07,140	2,34,686	18,668	24,878	19.1	28.0	102	123	29.5	20.1	5.5	4.6	14.9	10.7	24.9	28.7
Auto Anc.																				
GNA Axles	951	570	HOLD	20,419	10,199	10,607	1,571	1,687	36.8	40.4	272	308	25.9	23.6	3.5	3.1	13.6	12.2	13.9	15.5
Jamna Auto Industries	90	85	HOLD	35,842	14,018	16,121	1,906	2,354	2.7	3.4	16	18	33.3	26.4	5.5	4.9	18.9	15.0	19.6	26.5
Lumax Auto Tech.	137	178	HOLD	9,351	13,190	14,590	1,266	1,576	11.2	14.6	88	101	12.2	9.4	1.6	1.4	7.2	5.3	15.4	14.9
MM Forgings	782	780	HOLD	18,866	9,625	11,322	1,704	2,151	25.1	43.3	226	259	31.1	18.1	3.5	3.0	11.6	8.9	17.8	18.3
Sona BLW Precisions Forging	562	460	HOLD	3,27,751	22,995	32,310	6,401	9,022	6.3	9.1	34	43	89.3	61.6	16.6	13.1	51.6	36.6	23.8	28.1
Subros	332	307	HOLD	21,632	21,401	24,763	2,076	2,476	11.7	15.4	132	146	28.3	21.6	2.5	2.3	9.7	7.5	11.0	14.7

Source: Company; IDBI Capital Research



Notes

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Key to Ratings Stocks:

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