

# Automobile Sector

Institutional Equity Research

Monthly Quick View - Jan' 21 | 11 Feb 2021

## Decent YoY & MoM Volume Growth Led by Inventory Re-Stocking

As per the Society of Indian Automobile Manufacturers (SIAM), domestic auto sales volume (excluding CVs) grew by 5% YoY and 24% MoM to 17,32,817 units in Jan'21. Though retail sales volume is expected to have been lower due to post festival effect, inventory restocking resulted in higher wholesale volume. Overall inventory level remains close to normal level or marginally lower, for most segments in Jan'21. Festival season witnessed decent traction with decent off-take and booking for new models (particularly for PVs). While positive traction continued in Jan'21, sales momentum needs to be seen over the next 2-3 months to judge the underlying industry trend over near-to-medium-term. From long-term perspective, sector remains structurally strong due to low penetration and improving affordability.

**PV Segment:** Overall PV volume grew by 11% YoY (up 9% MoM) due to 37% YoY growth in UV sales on back of higher sales of Kia's SUVs with incremental volume from Kia Sonet, while MPV volume declined by 6% YoY (up 4% MoM). PC sales fell by 1% YoY (up 4% MoM) in Jan'21.

**Scooter & Motorcycle Segment:** Scooter and motorcycle sales grew by 9% YoY and 5% YoY, respectively. Overall domestic 2W volume rose by 7% YoY (up 27% MoM). Motorcycle and moped sales grew by 5% YoY (down 23% MoM) and 12% YoY (down 2% MoM), respectively. Further, 2W production was 1% higher than the sales during the month.

**3W Segment:** Domestic 3Ws sales decreased by 57% YoY (up 19% MoM) to 26,335 units. 3W passenger carriers' volume fell by 66% YoY, while 3W goods carriers' sales fell by 10% YoY in Jan'21.

**CV Segment:** The SIAM has stopped reporting monthly CV volume performance since past 10 months due to unavailability of monthly CV volume data of select OEMs. Therefore, it reports only volume performance at the end of each quarter.

**Exports:** Overall exports grew by 20% YoY (flat on MoM basis) to 4,63,109 units. PV exports grew by 1% YoY (down 35% MoM), while 3W exports declined by 6% YoY (up 5% MoM). Motorcycle exports grew by 31% YoY (up 6% MoM) in Jan'21.

**Inventory:** In PV segment, inventory decreased at the company level, as production was 3% lower than the sales volume. In 2W segment, the inventory increased at the company level, as the production was 1% higher than the sales volume.

**Our View:** We believe that monthly industry volume was supported by retail traction as well as inventory restocking, while positive sentiment, decent rural sales continue to drive decent retail sales despite the ongoing pandemic. While the rural markets have already witnessed healthy volume up-tick, the urban markets have also started witnessing improvement now. Expecting healthy volume traction to continue in FY22E, we continue to remain positive on automobile sector. We expect strong bounce back for M&HCV going forward.

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**Exhibit 1: Auto Sales - Domestic**

Domestic	Jan'21	Jan'20	YoY (%)	Dec'20	MoM (%)	YTD 21	YTD 20	YoY (%)
Passenger Cars	1,53,244	1,55,046	(1)	1,46,864	4	11,81,345	14,46,280	(18)
Utility Vehicles	1,11,494	81,231	37	94,787	18	7,88,601	8,06,881	(2)
Vans	11,816	12,563	(6)	11,347	4	84,482	1,13,599	(26)
<b>Passenger Vehicles</b>	<b>2,76,554</b>	<b>2,48,840</b>	<b>11</b>	<b>2,52,998</b>	<b>9</b>	<b>20,54,428</b>	<b>23,66,760</b>	<b>(13)</b>
Passenger Carrier	17,124	50,625	(66)	13,329	28	93,959	4,70,894	(80)
Goods Carrier	9,211	10,278	(10)	8,797	5	62,977	97,263	(35)
<b>Three Wheelers</b>	<b>26,335</b>	<b>60,903</b>	<b>(57)</b>	<b>22,126</b>	<b>19</b>	<b>1,56,936</b>	<b>5,68,157</b>	<b>(72)</b>
Scooters	4,54,315	4,16,567	9	3,23,696	40	35,57,427	48,80,446	(27)
Motorcycles	9,16,365	8,71,886	5	7,44,237	23	81,15,517	98,26,125	(17)
Mopeds	59,007	52,525	12	59,923	(2)	5,21,114	5,48,202	(5)
Electric Two Wheelers	241	27	793	61	295	1,658	27	6,041
<b>Two wheelers</b>	<b>14,29,928</b>	<b>13,41,005</b>	<b>7</b>	<b>11,27,917</b>	<b>27</b>	<b>1,21,95,716</b>	<b>1,52,54,800</b>	<b>(20)</b>
Quadricycle	0	64	NA	0	NA	(27)	1,018	NA
<b>Grand Total</b>	<b>17,32,817</b>	<b>16,50,812</b>	<b>5</b>	<b>14,03,041</b>	<b>24</b>	<b>1,44,07,053</b>	<b>1,81,90,735</b>	<b>(21)</b>

Source: SIAM; Note: NA - Not Applicable

**Exhibit 2: Auto Sales - Export**

Export	Jan'21	Jan'20	YoY (%)	Dec'20	MoM (%)	YTD 21	YTD 20	YoY (%)
Passenger Cars	24,991	23,433	7	36,154	(31)	2,15,603	4,28,108	(50)
Utility Vehicles	12,064	13,266	(9)	20,632	(42)	1,11,748	1,46,588	(24)
Vans	132	66	100	264	(50)	1,009	2,340	(57)
<b>Passenger Vehicles</b>	<b>37,187</b>	<b>36,765</b>	<b>1</b>	<b>57,050</b>	<b>(35)</b>	<b>3,28,360</b>	<b>5,77,036</b>	<b>(43)</b>
Passenger Carrier	39,918	42,752	(7)	38,273	4	3,07,983	4,27,657	(28)
Goods Carrier	741	345	115	340	118	4,010	5,669	(29)
<b>Three Wheelers</b>	<b>40,659</b>	<b>43,097</b>	<b>(6)</b>	<b>38,613</b>	<b>5</b>	<b>3,11,993</b>	<b>4,33,326</b>	<b>(28)</b>
Scooters	25,595	29,844	(14)	26,767	(4)	1,75,202	3,16,122	(45)
Motorcycles	3,58,816	2,73,479	31	3,39,194	6	23,74,685	26,60,595	(11)
Mopeds	480	1,164	(59)	1,560	(69)	7,019	12,601	(44)
<b>Two wheelers</b>	<b>3,84,891</b>	<b>3,04,487</b>	<b>26</b>	<b>3,67,521</b>	<b>5</b>	<b>25,56,906</b>	<b>29,89,318</b>	<b>(14)</b>
Quadricycle	372	197	89	618	(40)	2,629	4,631	(43)
<b>Grand Total</b>	<b>4,63,109</b>	<b>3,84,546</b>	<b>20</b>	<b>4,63,802</b>	<b>(0)</b>	<b>31,99,888</b>	<b>40,04,311</b>	<b>(20)</b>

Source: SIAM

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