

Auto Volume Report – July 2019



BP WEALTH

Monthly Auto Update

6th August, 2019

- ⇒ Total CV industry volumes has seen a severe contraction due to increased axle load norm, slowdown in execution of infrastructure projects, poor liquidity conditions.
- ⇒ The channel inventory continues to remain high despite production cuts by OEMs as the retail demand fails to pick up.
- ⇒ The volumes of 2-W industry remained weak, amid sluggish demand sentiment & higher dealer inventory.

Major Events and News in July

- ⇒ Ashok Leyland temporarily shuts Pantnagar plant.
- ⇒ Kochi to get Rs 140-crore MSME Technology Centre.
- ⇒ Toyota to build new SUV, rather than car at Alabama plant
- ⇒ Tata Power to install 500 EV charging stations across 5 cities in next one year.
- ⇒ Hyundai Kona launched at Rs 25.30 lakh.
- ⇒ Fiat bets on electric '500' as it moves on from Renault .
- ⇒ 100 charging points for e-vehicles in offing in Noida.

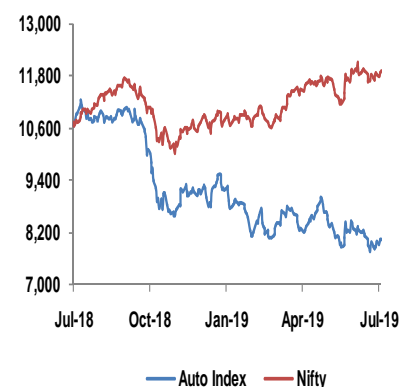
Two Wheeler (units)	Jul-19	Jul-18	YoY %	Jun-19	MoM %
Hero Motocorp	535,810	679,862	-21.2	616,526	-13.1
TVS Motors	265,679	315,247	-15.7	283,461	-6.3
Bajaj Auto	322,210	332,680	-3.1	351,291	-8.3
Royal Enfield	49,182	72,588	-32.2	55,082	-10.7
Three Wheeler (units)	Jul-19	Jul-18	YoY %	Jun-19	MoM %
Bajaj Auto	59,320	67,663	-12.3	53,333	11.2
TVS Motor	13,786	13,323	3.5	13,641	1.1
M&M	4,674	5,540	-15.6	4,251	10.0
Atul Auto	3,272	3,855	-15.1	3,704	-11.7
Passenger Vehicle (units)	Jul-19	Jul-18	YoY %	Jun-19	MoM %
Maruti Suzuki	98,274	152,427	-35.5	111,014	-11.5
Hyundai	39,010	43,481	-10.3	42,007	-7.1
M&M	16,831	19,781	-14.9	18,826	-10.6
Honda	10,250	19,970	-48.7	10,314	-0.6
Tata Motors	10,485	17,079	-38.6	13,351	-21.5
Toyota	10,423	13,677	-23.8	10,603	-1.7
Commercial Vehicle (units)	Jul-19	Jul-18	YoY %	Jun-19	MoM %
Tata Motors	22,453	34,817	-35.5	35,722	-37.1
Ashok Leyland	10,927	15,199	-28.1	12,810	-14.7
VECV	4,048	5,964	-32.1	4,569	-11.4
Tractor	Jul-19	Jul-18	YoY %	Jun-19	MoM %
M&M	19,992	22,679	-11.8	33,094	-39.6
Escorts	4,860	5,610	-13.4	8,960	-45.8

Source: Companies, BP Equities Research. *Bajaj Auto, Hero Moto and Ashok Leyland sales include exports volumes

Company	Outlook
Ashok Leyland	Positive
Atul Auto	Neutral
Bajaj Auto	Positive
Eicher Auto	Negative
Escorts	Neutral
Hero Motocorp	Positive
M&M	Neutral
Maruti Suzuki	Neutral
Tata Motors	Neutral
TVS Motors	Neutral

Stock Price Performance %	1M	3M	1 Yr
Ashok Leyland	-27	-29	-46
Atul Auto	-16	-31	-43
Bajaj Auto	-8	-14	-3
Eicher Motors	-15	-18	-38
Escorts	-13	-29	-47
Hero Motocorp	-3	-5	-25
M&M	-14	-15	-40
Maruti Suzuki	-9	-14	-37
Tata Motors	-22	-40	-52
TVS Motors	-10	-21	-27

Price Chart



Research Team

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Ashok Leyland

Segment	Volume (In Numbers)				
	Jul-19	Jul-18	YoY %	Jun-19	MoM %
MHCV	6,722	10,996	-38.9	8,427	-20.2
LCV	4,205	4,203	0.0	4,383	-4.1
Total Sales	10,927	15,199	-28.1	12,810	-14.7



Source: Companies, BP Equities Research

Ashok Leyland's overall volumes declined 28.1% YoY to 10,927 units, while its M&HCV segment declined 38.9% YoY to 6,722 units. LCV volumes remained flat at 4,205 units. According to management, the demand environment remains challenging & thus expect flattish volume for remaining quarters. The implementation of BS VI norms is likely to increase vehicle cost within the range of 13%-20%.

Atul Auto

Segment	Volume (In Numbers)				
	Jul-19	Jul-18	YoY %	Jun-19	MoM %
Total Sales	3,272	3,855	-15.1	3,704	-11.7



Source: Companies, BP Equities Research

Atul Auto recorded a decline of 15.1% YoY having sold 3,272 units as against 3,855 units in corresponding month last year. Moreover, the company recorded a declining growth of 11.7% growth on MoM basis.

Bajaj Auto

Segment	Volume (In Numbers)				
	Jul-19	Jul-18	YoY %	Jun-19	MoM %
Motorcycle	322,210	332,680	-3.1	351,291	-8.3
Three wheelers	59,320	67,663	-12.3	53,333	11.2
Total two and three wheelers (excl exports)	381,530	400,343	-4.7	404,624	-5.7
Exports	176,060	162,832	8.1	175,399	0.4



Source: Companies, BP Equities Research

Bajaj Auto's motorcycle volumes de-grew by 48.6% YoY to 170,978 units against 332,680 units on yearly basis. 3W segment declined by 49% YoY to 34,492 units. However company has shown healthy exports growth by 8.1% YoY to 176,060 units while volumes remained flattish on MoM basis. The management stated that they does not see any green shoots in demand environment & expects volumes to decline in coming months. Further, the proposal of hike in the registration fees would be negative for the industry.

Eicher Motors

Segment	Volume (In Numbers)				
	Jul-19	Jul-18	YoY %	Jun-19	MoM %
Royal Enfield	49,182	72,588	-32.2	55,082	-10.7
VECV	4,048	5,964	-32.1	4,569	-11.4

Source: Companies, BP Equities Research

Royal Enfield saw a degrowth of sales by 32 % YoY to 49,182 units and 10.7% on MoM basis while VECV volumes declined by 32% YoY to 4,048 units and 11% on MoM basis majorly due to slowing economic growth, tightening liquidity and regulation driven price increases, that have led to poor consumer sentiment.



Escorts

Segment	Volume (In Numbers)				
	Jul-19	Jul-18	YoY %	Jun-19	MoM %
Overall volumes	4,860	5,610	-13.4	8,960	-45.8

Source: Companies, BP Equities Research

Escorts overall tractor volumes declined 13.4% YoY to 4,860 units while it declined by 45.8% MoM which is mainly due to weak rural sentiment. The management stated that, industry sentiment remains negative primarily on the back of delayed onset & uneven monsoon, lesser sowing & slow-down in commercial activity.



Hero MotoCorp

Segment	Volume (In Numbers)				
	Jul-19	Jul-18	YoY %	Jun-19	MoM %
Two wheelers	535,810	679,862	-21.2	616,526	-13.1

Source: Companies, BP Equities Research

Hero MotoCorp saw a declining performance of 21% YoY and 13% MoM to 535,810 units and 616,526 units respectively. However management has stated multiple factors for the further outlook including the progress of monsoon and festive season off-take, as well as improvement in the liquidity situation due to inventory correction. Weaker demand has impacted two wheeler industry to larger extent in past 6 months. Moreover, Company has laid down certain strategies such as new launches in entry and deluxe segment, build premium portfolio in 125cc scooter segment to attract market share, scale up export segment and introduce emerging segment (EV's).



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Mahindra and Mahindra

Segment	Volume (In Numbers)				
	Jul-19	Jul-18	YoY %	Jun-19	MoM %
Passenger vehicle	16,831	19,781	-14.9	18,826	-10.6
Three wheelers Alfa	4,674	5,540	-15.6	4,251	10.0
LVC<3.5T	14,874	17,785	-16.4%	14,863	0.1
Truck and bus LVC> 3.5 and MHCV	1,095	1,499	-27.0	1,531	-28.5
Total auto - domestic	38,569	44,605	-13.5	40,566	-4.9
Exports - M&M	2,668	2,594	2.9	3,076	-13.3
Total automotive	41,237	47,199	-12.6	43,642	-5.5
Tractors - domestic	19,174	21,574	-11.1	31,879	-39.9
Tractors - exports	818	1,105	-26.0	1,215	-32.7
Total tractors	19,992	22,679	-11.8	33,094	-39.6

Source: Companies, BP Equities Research

Mahindra and Mahindra volumes decreased by 12.6% YoY to 41,237 units against 47,199 units. Its three wheeler segment declined by 15.6% to 4,674 units while PV volumes decline by 14.9% YoY to 4,674 units also it declined by 10% MoM. LCV segment fell by 16% YoY to 14,874 units. The company's tractor sales continued to remain weak & the company reported sixth consecutive month of YoY decline in its volumes which declined 11.8% YoY to 19,992 units of which domestic & export volumes declined 11.1% YoY & 26% YoY respectively. Good monsoon, government initiatives to increase rural incomes through farm & nonfarm sources and an overall improvement in liquidity is expected to improve tractor demand in coming quarters.

Mahindra
Rise.

Maruti Suzuki

Segment	Volume (In Numbers)				
	Jul-19	Jul-18	YoY %	Jun-19	MoM %
Mini- Alto, old WagonR	11,577	37,710	-69.3	18,733	-38.2
Compact- Swift, Ritz, Celerio, Baleno, Dzire	59,308	74,373	-20.3	62,897	-5.7
Mid Size- Ciaz	2,397	48	4893.8	2,322	3.2
Total passenger cars	73,282	112,131	-34.6	83,952	-12.7
UVs-Vitara Brezza, Gypsy, Ertiga, S Cross	15,178	24,505	-38.1	17,797	-14.7
Vans- Omni, Eco	9,814	15,791	-37.9	9,265	5.9
Total domestic sales	98,274	152,427	-35.5	111,014	-11.5
LCV	1,732	1,723	0.5	2,017	-14.1
Exports	9,258	10,219	-9.4	9,847	-6.0
Total sales	109,264	164,369	-33.5	122,878	-11.1

Source: Companies, BP Equities Research

Maruti Suzuki reported a subdued performance with a decline of 33% YoY to 109,264 units. Domestic sales were declined by 35% YoY to 98,274 units. The demand environment remains weak mainly due to weak sentiments and lack of liquidity in the system. The volumes of its UVs & Vans segment declined by 38% to 15,178 units. The volumes of its Mid-Size – Ciaz stood at 2,397 units. The volumes dispatched to other OEMs (which will be further sold by Toyota as Glanza) stood at 1,732 units. The management is optimistic about the revival in volumes on the back up-coming refresh and new launches, lower channel inventory & improving liquidity situation.

 **MARUTI SUZUKI**
Count on us

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Tata Motors

Segment	Volume (In Numbers)				
	Jul-19	Jul-18	YoY %	Jun-19	MoM %
MHCV domestic	5,465	10,233	-46.6	9,358	-41.6
LCV domestic	16,988	24,584	-30.9	26,364	-35.6
PV domestic	10,485	17,079	-38.6	13,351	-21.5
Domestic	32,938	51,896	-36.5	49,073	-32.9
Exports	3,374	4,971	-32.1	2,702	24.9
Total	36,312	56,867	-36.1	51,775	-29.9

Source: Companies, BP Equities Research

Tata motors overall volumes were weak with a decline of 36.1% YoY to 36,312 units. Its domestic MHCV and LCV volumes declined by 46.6% YoY and 30.9%YoY respectively as the focus was on system stock reduction. The slowing economy, excess capacity due to increased axle load norm, slowdown in execution of infrastructure projects, poor liquidity conditions and others have led to severe contraction in total industry volumes across segment. Its domestic PV volumes declined by 38.6% YoY to 10,485 units .Moreover, company focused on retail sales thereby helping dealer to reduce its inventory. The company also increased its retail sales by increasing their sales point (48 new sales point, of which 30 were added in last month) thereby supporting sales.



TVS Motors

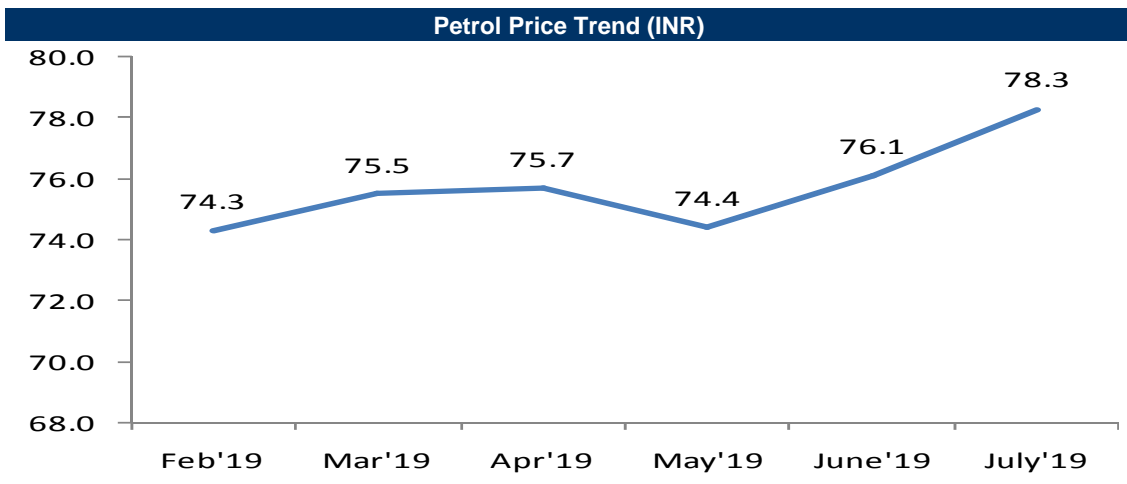
Segment	Volume (In Numbers)				
	Jul-19	Jul-18	YoY %	Jun-19	MoM %
Motorcycles	108,210	128,825	-16.0	131,331	-17.6
Mopeds	52,270	67,426	-22.5	53,123	-1.6
Scooters	105,199	118,996	-11.6	99,007	6.3
Total Two-wheelers	265,679	315,247	-15.7	283,461	-6.
Three-wheelers	13,786	13,323	3.5	13,641	1.1
Overall Sales	279,465	328,570	-14.9	297,102	-5.9
Exports	69,994	72,242	-3.1	69,900	0.1

Source: Companies, BP Equities Research

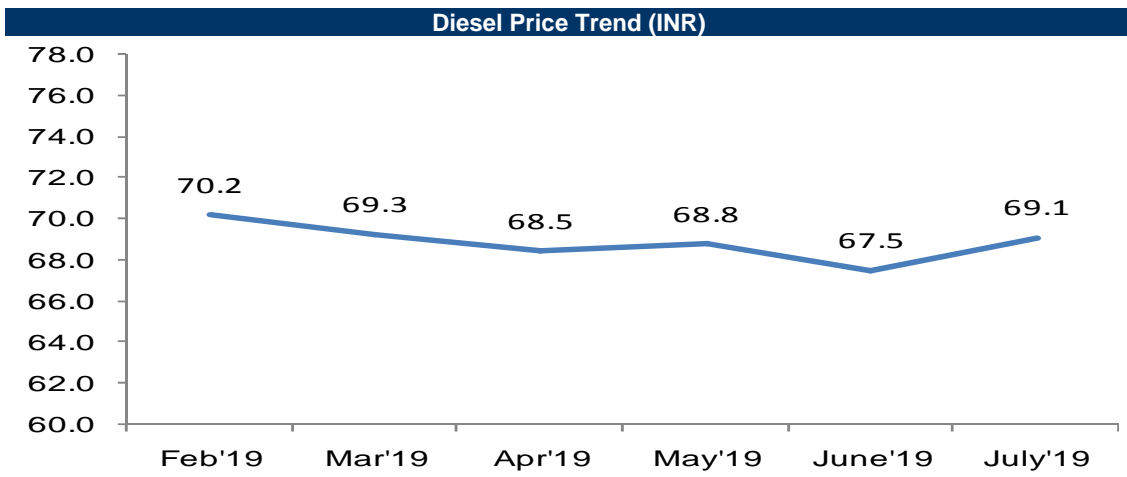
TVS Motors sold 2,79,102 units a decline of 14.9% YoY and 5.9% MoM. Its 3W segment sales grew by 3.5% YoY and 1.1% MoM to 13,786 units. While,2W volume decreased 15.7% YoY and 6.3% MoM to 265,679 units, motorcycle sales declined by 16% YoY and 17% MoM to 1,08,210 units. Company's moped sales fell significantly by 22% YoY and declined by 1.6% MoM to 52,270 units, exports volume fell by 3.1% YoY and 1% MoM to 69,994 units. Management aims to increase its market share in domestic 2W industry with the success of new launches such as Apache, Jupiter, Ntroq and new Radeon.



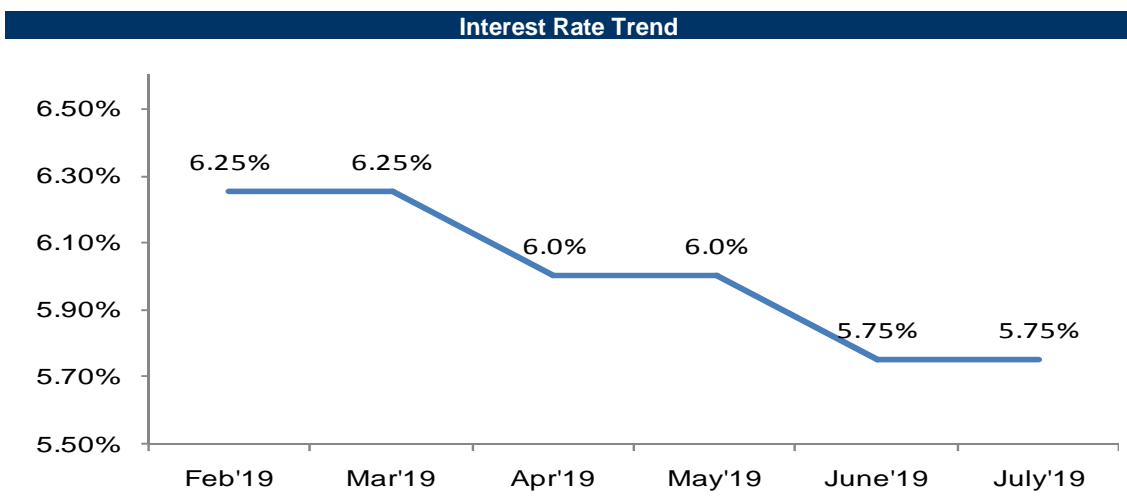
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Source: IOCL *The trend shows monthly average price



Source: IOCL *The trend shows monthly average price



Source: RBI



Disclaimer Appendix

Analyst (s) holding in the Stock : Nil

Analyst (s) Certification:

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