

Auto Volume Report – August 2019



BP WEALTH

Monthly Auto Update

6th September, 2019

Key Highlights :

PV segment : Passenger vehicle segment has been continuously showing a disappointing performance from last few quarters. Companies such as Maruti Suzuki , Tata motors and M&M showed a major weakness in their yearly as well as sequentially sales . Moreover, new launches introduced by these entities were unable to pick up the retail sales . Although stimulus package offered by FM is expected to show some recovery in coming quarters.

2W segment : The 2 wheeler industry remained subdued due to weak demand sentiments and high inventory levels. Companies such as Hero motocorp ,TVS motor and Bajaj Auto reported a weak performance on yearly basis while sequentially ,they showed some signs of recovery .However, weak demand and high inventory level still reflects a cause of concern among the leading players.

3W segment : Bajaj Auto and Atul Auto showed a declining performance, while TVS motors and M&M managed to grow with good performance on yearly basis.

CV segment : CV sales fell sharply, led by weak MHCV sales. Tata Motors and VECV reported declining performance largely driven by economic slowdown, lower freight availability and revised axle load norms.

Tractor segment : On account of uneven monsoon and rural slowdown , M&M and Escorts reported poor performance in tractor sales.

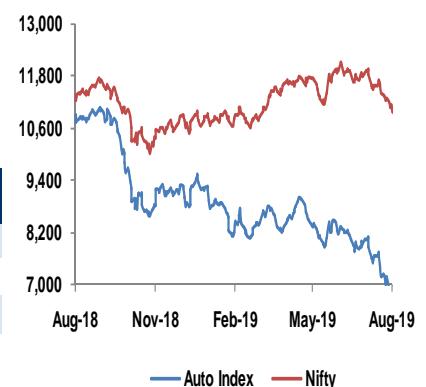
| Two Wheeler (units) | Aug-19 | Aug-18 | YoY % | Jul-19 | MoM % |
|----------------------------|----------|----------|-------|----------|-------|
| Hero Motocorp | 5,43,406 | 6,85,047 | -20.7 | 5,35,810 | 1.4 |
| TVS Motors | 2,75,851 | 3,30,076 | -16.4 | 2,65,679 | 3.8 |
| Bajaj Auto | 3,25,300 | 3,62,923 | -10.4 | 3,22,210 | 1.0 |
| Royal Enfield | 52,904 | 69,377 | -23.7 | 54,185 | -2.4 |
| Three Wheeler (units) | Aug-19 | Aug-18 | YoY % | Jul-19 | MoM % |
| Bajaj Auto | 64,726 | 74,169 | -12.7 | 59,320 | 9.1 |
| TVS Motor | 14,604 | 13,141 | 11.1 | 13,323 | 9.6 |
| M&M | 5,373 | 5,289 | 1.6 | 4,674 | 15.0 |
| Atul Auto | 3,681 | 4,430 | -16.9 | 3,272 | 12.5 |
| Passenger Vehicle (units) | Aug-19 | Aug-18 | YoY % | Jul-19 | MoM % |
| Maruti Suzuki | 95,506 | 1,45,895 | -34.5 | 98,274 | -2.8 |
| Hyundai | 38,205 | 45,801 | -16.6 | 39,010 | -2.1 |
| M&M | 13,507 | 19,758 | -31.6 | 16,831 | -19.7 |
| Honda | 8,291 | 17,020 | -51.3 | 10,250 | -19.1 |
| Tata Motors | 7,316 | 18,420 | -60.3 | 10,485 | -30.2 |
| Toyota | 10,701 | 14,100 | -24.1 | 10,423 | 2.7 |
| Commercial Vehicle (units) | Aug-19 | Aug-18 | YoY % | Jul-19 | MoM % |
| Tata Motors | 21,824 | 39,842 | -45.2 | 22,453 | -2.8 |
| Ashok Leyland | 9,231 | 17,386 | -46.9 | 11,105 | -16.9 |
| VECV | 3,538 | 6,069 | -41.7 | 4,048 | -12.6 |
| Tractor | Aug-19 | Aug-18 | YoY % | Jul-19 | MoM % |
| M&M | 14,817 | 17,785 | -16.7 | 19,992 | -25.9 |
| Escorts | 4,035 | 4,812 | -16.1 | 4,860 | -17.0 |

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 | -5 | -28 | -50 |
| Atul Auto | -11 | -33 | -46 |
| Bajaj Auto | 13 | -6 | 3 |
| Eicher Motors | -2 | -20 | -43 |
| Escorts | 9 | -19 | -43 |
| Hero Motocorp | 14 | -5 | -19 |
| M&M | -6 | -22 | -47 |
| Maruti Suzuki | 10 | -11 | -34 |
| Tata Motors | -15 | -35 | -56 |
| TVS Motors | 5 | -24 | -36 |

Price Chart



Research Team

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Auto Volume Report– August 2019

Ashok Leyland

| Segment | Volume (In Numbers) | | | | |
|--------------------|---------------------|---------------|--------------|---------------|--------------|
| | Aug-19 | Aug-18 | YoY % | Jul-19 | MoM % |
| MHCV | 5,349 | 13,158 | -59.3 | 6,722 | -20.4 |
| LCV | 3,882 | 4,228 | -8.2 | 4,383 | -11.4 |
| Total Sales | 9,231 | 17,386 | -46.9 | 11,105 | -16.9 |

Source: Companies, BP Equities Research

Ashok Leyland's overall volumes declined 46.9% YoY to 9,231 units, while its M&HCV segment declined 59.3% YoY to 13,158 units. LCV volumes declined by 8.2% to 3,882 units. The demand environment remains weak on a consecutive basis with a high inventory level. The management stated that they expect flattish volume for remaining quarters. .



Atul Auto

| Segment | Volume (In Numbers) | | | | |
|-------------|---------------------|--------|-------|--------|-------|
| | Aug-19 | Aug-18 | YoY % | Jul-19 | MoM % |
| Total Sales | 3,681 | 4,430 | -16.9 | 3,272 | 12.5 |

Source: Companies, BP Equities Research

Atul Auto recorded a decline of 16.9% YoY having sold 3,681 units as against 4,430 units in corresponding month last year. On sequential basis, company reported a growth of 12.5%.



Bajaj Auto

| Segment | Volume (In Numbers) | | | | |
|--|---------------------|-----------------|--------------|-----------------|------------|
| | Aug-19 | Aug-18 | YoY % | Jul-19 | MoM % |
| Motorcycle | 3,25,300 | 3,62,923 | -10.4 | 3,22,210 | 1.0 |
| Three wheelers | 64,726 | 74,169 | -12.7 | 59,320 | 9.1 |
| Total two and three wheelers (excl exports) | 3,90,026 | 4,37,092 | -10.8 | 3,81,530 | 2.2 |
| Exports | 1,81,917 | 1,81,461 | 0.3 | 1,76,060 | 3.3 |

Source: Companies, BP Equities Research

Bajaj Auto's motorcycle volumes saw a declining growth of 10.4% YoY to 325,300 units against 3,62,923 units on yearly basis. 3W segment declined by 12.7% YoY to 64,726 units. Exports remained flat with an increase of 0.3% YoY to 181,917 units while on Monthly basis, company saw an increase in volumes of 3.3%. In motorcycle segment, company launched Pulsar Neon 125 with a drum and disk break versions which are gaining good attention among the consumers.



Eicher Motors

| Segment | Volume (In Numbers) | | | | |
|---------------|---------------------|--------|-------|--------|-------|
| | Aug-19 | Aug-18 | YoY % | Jul-19 | MoM % |
| Royal Enfield | 52,904 | 69,377 | -23.7 | 54,185 | -2.4 |
| VECV | 3,538 | 6,069 | -41.7 | 4,048 | -12.6 |

Source: Companies, BP Equities Research

Royal Enfield saw a degrowth of sales by 23.7% YoY to 52,904 units and 2.4% on MoM basis while VECV volumes declined by 41.7% YoY to 3,538 units and 13% 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) | | | | |
|-----------------|---------------------|--------|-------|--------|-------|
| | Aug-19 | Aug-18 | YoY % | Jul-19 | MoM % |
| Overall volumes | 4,035 | 4,812 | -16.1 | 4,860 | -17.0 |

Source: Companies, BP Equities Research

Escorts overall tractor volumes declined 16.1% YoY to 4,035 units while it declined by 17% 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 infrastructure projects.



Hero MotoCorp

| Segment | Volume (In Numbers) | | | | |
|--------------|---------------------|----------|-------|----------|-------|
| | Aug-19 | Aug-18 | YoY % | Jul-19 | MoM % |
| Two wheelers | 5,43,406 | 6,85,047 | -20.7 | 5,35,810 | 1.4 |

Source: Companies, BP Equities Research

Hero MotoCorp saw a declining performance of 20.7% YoY and an increase of 1.4% MoM to 543,406 units. According to the company, last month it has set a new benchmark in customer service in the two-wheeler industry, by commencing delivery of new motorcycles and scooters to customers at their doorstep. The company plans to expand this facility to 25 cities over the next few months in a phased manner. During August, Hero MotoCorp announced special benefits for its customers in the flood affected areas of Kerala, North Karnataka and South Maharashtra. Recently company announced festive season offers in selective scooter portfolio. These offers are available in few cities with a benefit of low down payment and cashback offers.



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Mahindra and Mahindra

| Segment | Volume (In Numbers) | | | | |
|---------------------------------|---------------------|---------------|--------------|---------------|--------------|
| | Aug-19 | Aug-18 | YoY % | Jul-19 | MoM % |
| Passenger vehicle | 13,507 | 19,758 | -31.6 | 16,831 | -19.7 |
| Three wheelers Alfa | 5,373 | 5,289 | 1.6 | 4,674 | 15.0 |
| LVC<3.5T | 13,855 | 18,584 | -25.4 | 14,874 | -6.9 |
| Truck and bus LVC> 3.5 and MHCV | 829 | 1,742 | -52.4 | 1,095 | -24.3 |
| Total auto - domestic | 33,564 | 45,373 | -26.0 | 37,474 | -10.4 |
| Exports - M&M | 2,521 | 2,951 | -14.6 | 2,668 | -5.5 |
| Total automotive | 36,085 | 48,324 | -25.3 | 40,142 | -10.1 |
| Tractors - domestic | 13,871 | 16,375 | -15.3 | 19,174 | -27.7 |
| Tractors - exports | 946 | 1,410 | -32.9 | 818 | 15.6 |
| Total tractors | 14,817 | 17,785 | -16.7 | 19,992 | -25.9 |

Source: Companies, BP Equities Research

Mahindra and Mahindra (M&M) reported a 25.3% fall in total sales to 36,085 units in August on yearly basis against 48,324 units in the corresponding month last year. In the domestic market, sales were down 26 per cent to 33,564 units compared to 45,373 units in August 2018. Exports declined 15 % YoY to 2,521 units, against 2,951 units. In the passenger vehicle segment, which includes utility vehicles, cars and vans, the company sold 13,507 units as compared to 19,758 vehicles in the same month of 2018, a drop of 31.6%. In the tractor segment, sales of overall volumes stood at 14,684 units with a decline of 17% YoY. The management stated that they are optimistic and hopeful of a good festive season in coming quarters.

Mahindra
Rise.

Maruti Suzuki

| Segment | Volume (In Numbers) | | | | |
|--|---------------------|-----------------|--------------|-----------------|-------------|
| | Aug-19 | Aug-18 | YoY % | Jul-19 | MoM % |
| Mini- Alto, old WagonR | 10,123 | 35,895 | -71.8 | 11,577 | -12.6 |
| Compact- Swift, Ritz, Celerio, Baleno, Dzire | 56,607 | 71,364 | -20.7 | 59,308 | -4.6 |
| Mid Size- Ciaz | 1,596 | 7,002 | -77.2 | 2,397 | -33.4 |
| Total passenger cars | 68,326 | 1,14,261 | -40.2 | 73,282 | -6.8 |
| UVs-Vitara Brezza, Gypsy, Ertiga, S Cross | 18,522 | 17,971 | 3.1 | 15,178 | 22.0 |
| Vans- Omni, Eco | 8,658 | 13,663 | -36.6 | 9,814 | -11.8 |
| Total domestic sales | 95,506 | 1,45,895 | -34.5 | 98,274 | -2.8 |
| LCV | 1,555 | 1,805 | -13.9 | 1,732 | -10.2 |
| Exports | 9,352 | 10,489 | -10.8 | 9,258 | 1.0 |
| Total sales | 1,06,413 | 1,58,189 | -32.7 | 1,09,264 | -2.6 |

Source: Companies, BP Equities Research

Maruti Suzuki reported a disappointing performance with a decline in overall passenger cars by 40.2% YoY to 68,326 units against 1,14,261 units. The demand environment remains consistently weak mainly due to weak sentiments and lack of liquidity in the system. There was a drastic fall of 71.8%YoY and 77%YoY in Mini and Mid size segment respectively. However, in UV Space (Vitara brezza, Gypsy, Ertiga and Scross) showed moderate growth of 3.1% to 18,522 units and 22% on monthly basis. On LCV front, volumes declined by 13.9% YoY and 10.2% MoM basis to 1,555 units. Exports volumes remained flattish on monthly basis while it declined by 10.8% on yearly basis. The company sold 2,333 units in domestic OEM segment. They recently launched a new model XL6 in its MPV space.

 **MARUTI SUZUKI**
Count on us

Auto Volume Report– August 2019

Tata Motors

| Segment | Volume (In Numbers) | | | | |
|---------------|---------------------|---------------|--------------|---------------|--------------|
| | Aug-19 | Aug-18 | YoY % | Jul-19 | MoM % |
| MHCV domestic | 5,340 | 12,715 | -58.0 | 5,465 | -2.3 |
| LCV domestic | 16,484 | 27,127 | -39.2 | 16,988 | -3.0 |
| PV domestic | 7,316 | 18,420 | -60.3 | 10,485 | -30.2 |
| Domestic | 29,140 | 58,262 | -50.0 | 32,938 | -11.5 |
| Exports | 3,203 | 5,478 | -41.5 | 3,374 | -5.1 |
| Total | 32,343 | 63,740 | -49.3 | 36,312 | -10.9 |

Source: Companies, BP Equities Research

Tata motors reported a subdued performance of its total sales by 49.3% YoY to 32,343 units. Its domestic MHCV and LCV volumes declined by 58% YoY and 39%YoY respectively majorly due to poor freight availability, lower freight rates and general slowdown in economy. Its domestic PV volumes declined by 60.3% YoY to 7,316 units .Company's focus on improving retail sales has enabled to destock their inventory vehicles by over 3000. On PAN India basis,72 new outlets were added and more than 3500 sales executives were added. The management is quite optimistic with an ongoing festive season and recent announced financial package by finance minister which will enable to drive positive sentiments across all its variants through their special offers and new editions.



TVS Motors

| Segment | Volume (In Numbers) | | | | |
|----------------------|---------------------|-----------------|--------------|-----------------|------------|
| | Aug-19 | Aug-18 | YoY % | Jul-19 | MoM % |
| Motorcycles | 1,09,393 | 1,31,743 | -17.0 | 1,08,210 | 1.1 |
| Mopeds | 57,186 | 71,657 | -20.2 | 52,270 | 9.4 |
| Scooters | 1,09,272 | 1,26,676 | -13.7 | 1,05,199 | 3.9 |
| Total Two-wheelers | 2,75,851 | 3,30,076 | -16.4 | 2,65,679 | 3.8 |
| Three-wheelers | 14,604 | 13,141 | 11.1 | 13,323 | 9.6 |
| Overall Sales | 2,90,455 | 3,43,217 | -15.4 | 2,79,002 | 4.1 |
| Exports | 69,702 | 66,028 | 5.6 | 69,994 | -0.4 |

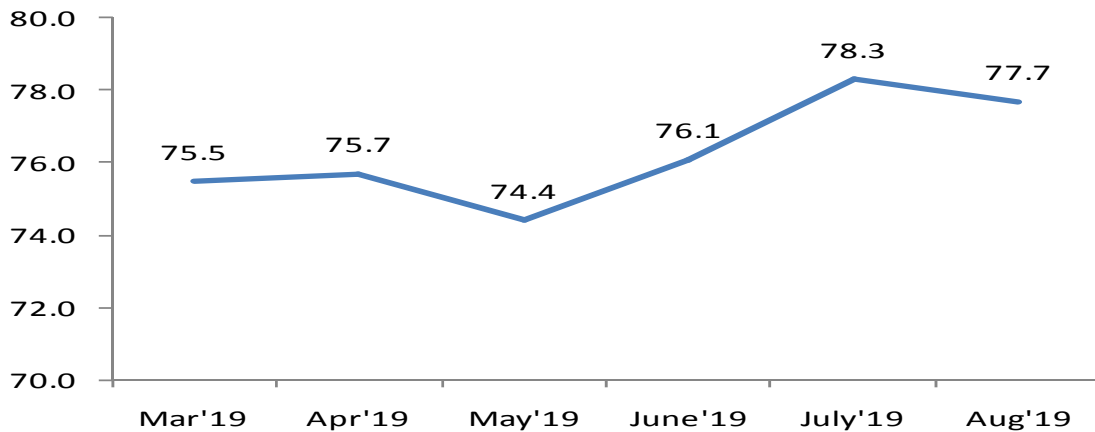
Source: Companies, BP Equities Research

TVS Motors sold 2,90,455 units a decline of 11.6% YoY and an increase of 4.1% MoM. Its 3W segment sales grew by 11.1% YoY and 9.6% MoM to 14,604 units. While,2W volume decreased by 16.4% YoY ,there was an increase in 3.8% MoM to 2,75,851 units, motorcycle sales declined by 17% YoY to 1,09,393 units. Company's moped sales fell significantly by 20.2% YoY and increased by 9.4% MoM to 57,186 units, exports volume grew by 5.6% YoY while monthly volume remained flattish by 0.4 % MoM to 69,702 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.



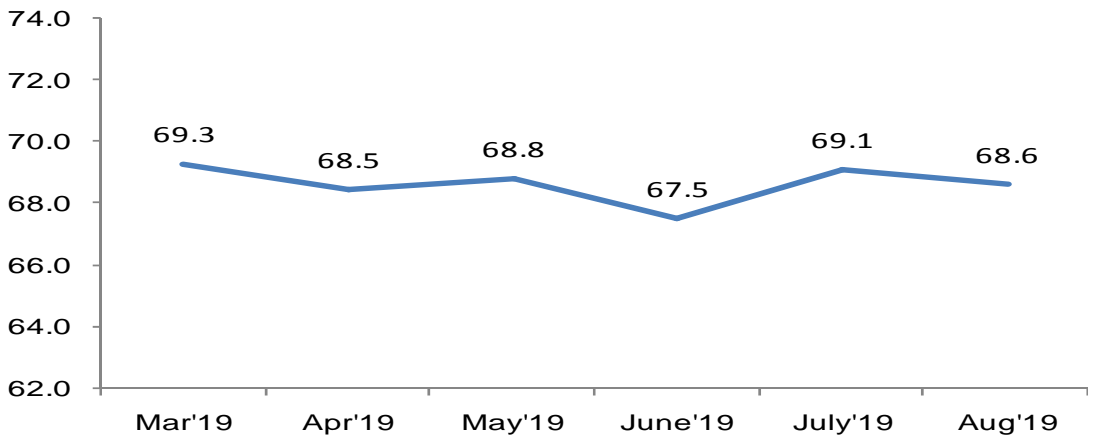
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Petrol Price Trend (INR)



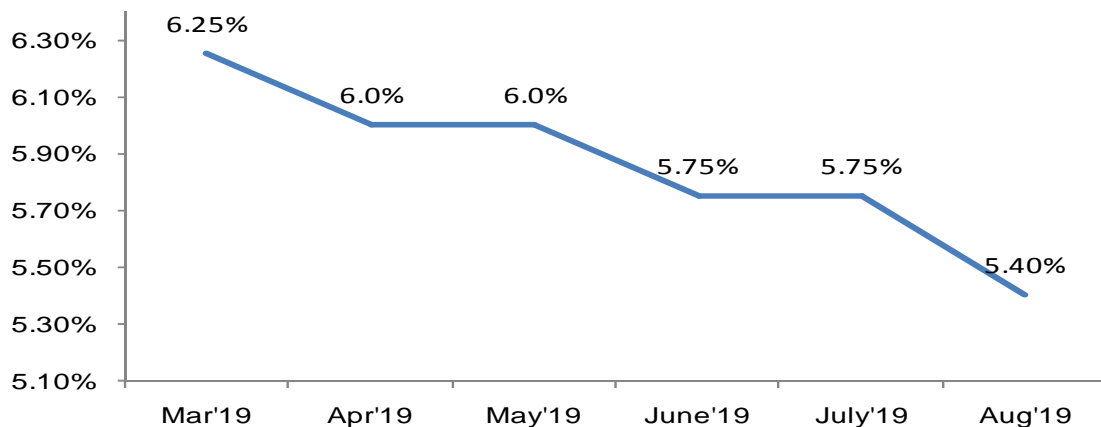
Source: IOCL *The trend shows monthly average price

Diesel Price Trend (INR)



Source: IOCL *The trend shows monthly average price

Interest Rate Trend



Source: RBI

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