

Auto Volume Report – December 2019



BP WEALTH

Monthly Auto Update

7th January, 2020

Key Highlights :

PV segment : Passenger vehicle sales were better than our expectations (-4.9% YoY vs -6.2% YoY) in this month due to year end clearance discounts and prebuying, inventory has come down to normal levels which would further aid to the transition from BS-IV to BS-VI. After a sharp decline in previous month in December, major Auto players namely Maruti Suzuki, M&M reported a growth in volumes led by strong retail demand, heavy discounts, new launches and ongoing marriage season. However, Hyundai, Honda and Toyota saw a degrowth on yearly basis. While, Tata Motors domestic sales fell on account of lower inventory on hand on yearly basis but sequentially it improved. Few players are expecting a growth in sales in next few months due to lower prices which will help to clear out existing BS 4 inventory before year end.

2W segment : Two wheeler segment reported a subdued performance (-12.3% YoY vs est.-10.3%YoY) on yearly basis Demand in urban markets has seen a decline while rural markets remained flat despite good monsoon and harvesting season Major OEM players such as Hero motocorp ,TVS motor and Bajaj Auto showed a weakening performance on yearly as well as sequential basis while RE too saw a decline in sales led by decline in 350cc segment ,while exports saw a degrowth for the first time in last six months. We believe that major 2W OEM's are likely to be impacted by BS-VI transition and can recover towards the end of Q1FY21.

3W segment : Overall 3W segment showed an increase (21.5%YoY vs est.18.2% YoY) on yearly basis. Few players in this segment namely M&M, TVS motors and Bajaj Auto showed healthy performance while Atul auto degrew by 5.4% on yearly basis .

CV segment : CV industry continued to remain sluggish with a decline of (-17.7% YoY vs est-15.4% YoY) , major companies reported a subdued performance due to poor freight availability, extended rains, delaying infrastructure projects, high axle norms. Companies such as Ashok Leyland, Tata motors reported a degrowth in sales on yearly basis. while sequentially it showed some signs of uptick in sales led by prebuying during the month. Further, improvement in infrastructure activities and announcement of scrappage policy will help to boost its demand in coming months

Tractor segment : Overall tractor segment showed a marginal growth on yearly basis majorly due to pickup in harvesting season. M&M showed some signs of recovery on yearly basis while escorts continued to show weakness on yearly as well as monthly basis. However, tractor demand would improve gradually led by better rabi crops ,government support on irrigation and agricultural sector.

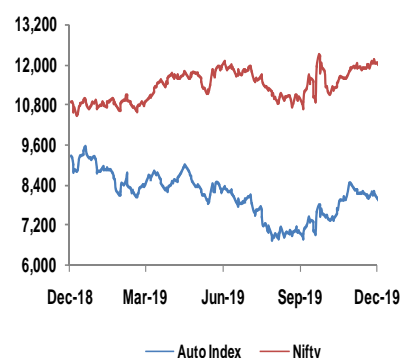
Two Wheeler (units)	Dec-19	Dec-18	YoY %	Nov-19	MoM %
Hero Motocorp	4,24,845	4,53,985	-6.4	5,16,775	-17.8
TVS Motors	2,15,619	2,58,709	-16.7	2,49,350	-13.5
Bajaj Auto	1,24,125	1,57,252	-21.1	1,76,337	-29.6
Royal Enfield	50,416	58,278	-13.5	60,411	-16.5
Three Wheeler (units)	Dec-19	Dec-18	YoY %	Nov-19	MoM %
Bajaj Auto	29,035	47,344	-38.7	31,438	-7.6
TVS Motors	15,952	12,686	25.7	17,232	-7.4
M&M	5,372	4,693	14.5	6,593	-18.5
Atul Auto	4,100	4,332	-5.4	4,297	-4.6
Passenger Vehicle (units)	Dec-19	Dec-18	YoY %	Nov-19	MoM %
Maruti Suzuki	1,24,144	1,19,804	3.6	1,41,419	-12.2
Hyundai	37,953	42,093	-9.8	44,600	-14.9
M&M	15,691	15,091	4.0	14,637	7.2
Honda	8,412	13,139	-36.0	6,459	30.2
Tata Motors	12,785	14,260	-10.3	10,400	22.9
Toyota	6,544	11,836	-44.7	8,312	-21.3
Commercial Vehicle (units)	Dec-19	Dec-18	YoY %	Nov-19	MoM %
Tata Motors	31,469	36,180	-13.0	27,657	13.8
Ashok Leyland	11,168	15,493	-27.9	10,175	9.8
VECV	5,042	6,236	-19.1	3,594	40.3
Tractor (units)	Dec-19	Dec-18	YoY %	Nov-19	MoM %
M&M	17,990	17,404	3.4	21,032	-14.5
Escorts	4,114	4,598	-10.5	7,642	-46.2

Source: Companies, BP Equities Research. * 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	Positive
Tata Motors	Neutral
TVS Motors	Neutral

Stock Price Performance %	1M	3M	1 Yr
Ashok Leyland	3	23	-20
Atul Auto	1	11	-13
Bajaj Auto	-0.4	16	13
Eicher Motors	-1	26	-2
Escorts	-1	3	-10
Hero Motocorp	0.3	-9	-21
M&M	0.1	-4	-33
Maruti Suzuki	59	18	1
Tata Motors	-6	42	15
TVS Motors	2	14	-15

Price Chart



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Auto Volume Report– December 2019

Ashok Leyland

Segment	Volume (In Numbers)				
	Dec-19	Dec-18	YoY %	Nov-19	MoM %
MHCV	7,025	11,295	-37.8	5,966	17.8
LCV	4,143	4,198	-1.3	4,209	-1.6
Total Sales	11,168	15,493	-27.9	10,175	9.8



Source: Companies, BP Equities Research

Ashok Leyland's overall volumes declined by 27.9% YoY to 11,168 units, while its M&HCV segment declined 37.8% YoY while sequentially it grew by 17.8% to 7025 units. LCV volumes declined by 1.3% YoY and by 1.6% MoM to 4,143 units respectively. Last month, company went under a strategic partnership with Citicorp finance for two years which would provide customized financial solutions to customers across India.

Atul Auto

Segment	Volume (In Numbers)				
	Dec-19	Dec-18	YoY %	Nov-19	MoM %
Overall Volumes	4,100	4,332	-5.4	4,297	-4.6



Source: Companies, BP Equities Research

Atul Auto recorded a degrowth of 5.4% YoY to 4,100 units as against 4,332 units in corresponding month last year. On sequential basis, company saw a decline of 4.6%.

Bajaj Auto

Segment	Volume (In Numbers)				
	Dec-19	Dec-18	YoY %	Nov-19	MoM %
Motorcycle	1,24,125	1,57,252	-21.1	1,76,337	-29.6
Three wheelers	29,035	23,099	25.7	31,438	-7.6
Total two and three wheelers (excl exports)	1,53,160	1,80,351	-15.1	2,07,775	-26.3
Exports	1,82,892	1,65,848	10.3	1,95,448	-6.4
Total sales	3,36,052	3,46,199	-2.9	4,03,223	-16.7



Source: Companies, BP Equities Research

Bajaj Auto reported a total sales of 3,36,052 units, down by 3% compared to corresponding month last year. On geographical basis, domestic sales of motorcycles saw a degrowth of 21.1 % YoY to 1,24,125 units, however, three wheeler volumes rose by 25.7% YoY while it saw a decline of 7.6% to 29,035 units. In terms of exports, it rose by 10% to 1,82,892 units .while sequentially it declined by 6.4% respectively. The management is confident about pre-buying of sales in next two months while they are confident on the bounce back of sales in last quarter.

Auto Volume Report– December 2019

Eicher Motors

Segment	Volume (In Numbers)				
	Dec-19	Dec-18	YoY %	Nov-19	MoM %
Royal Enfield	50,416	58,278	-13.5	60,411	-16.5
VECV	5,042	6,236	-19.1	3,594	40.3

Source: Companies, BP Equities Research

Royal Enfield saw a degrowth by 13.5% YoY and 16.5% MoM to 50,416 units. While VECV's volumes declined by 19% YoY to 5,042 units compared to corresponding previous year, while sequentially it grew by 40.3%. However, company is now focusing on expanding its presence in its addressable market size by improving product quality, expanding dealer network and retail outlets.



Escorts

Segment	Volume (In Numbers)				
	Dec-19	Dec-18	YoY %	Nov-19	MoM %
Overall volumes	4,114	4,598	-10.5	7,642	-46.2

Source: Companies, BP Equities Research

Escorts tractor volumes saw a down turn in volumes by 10.5% YoY to 4,114 units while sequentially too it declined by 46.6% MoM. Followed by the demand weakness in tractors and construction equipment, company is focusing on its railway equipment business. Going ahead, we believe its geographical mix, strong marketing and distribution strategy and its key markets of North and Central Zone would aid its volume growth.



Hero MotoCorp

Segment	Volume (In Numbers)				
	Dec-19	Dec-18	YoY %	Nov-19	MoM %
Two wheelers	4,24,845	4,53,985	-6.4	5,16,775	-17.8

Source: Companies, BP Equities Research

Hero MotoCorp reported a degrowth by 6.4% YoY, while sequentially it declined by 17.8% MoM to 4,24,845 units. Company has already unveiled the Xtreme 1.R Concept and a Rally-Kit for the XPulse 200 at the EICMA in Milan and launched the XPulse 200 in Colombia, where the motorcycle has received very positive feedback from customers since launch. It also commenced retail sales of India's first BS-VI compliant motorcycle – the Splendor iSmart with an initiative of bringing innovative and technologically advanced products for customers.



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Mahindra and Mahindra

Segment	Volume (In Numbers)				
	Dec-19	Dec-18	YoY %	Nov-19	MoM %
Passenger vehicle	15,691	15,091	4.0	14,637	7.2
Three wheelers Alfa	5,372	4,693	14.5	6,593	-18.5
LCV<3.5T	15,179	15,537	-2.3	16,700	-9.1
Truck and bus LCV> 3.5 and MHCV	839	1,369	-38.7	684	22.7
Total auto - domestic	37,081	36,690	1.1	38,614	-4.0
Exports - M&M	2,149	3,065	-29.9	2,621	-18.0
Total automotive	39,230	39,755	-1.3	41,235	-4.9
Tractors - domestic	17,213	16,510	4.3	20,414	-15.7
Tractors - exports	777	894	-13.1	618	25.7
Total tractors	17,990	17,404	3.4	21,032	-14.5

Source: Companies, BP Equities Research

In the automotive, domestic market, M&M saw a marginal down turn by a 1.3% YoY to 39,230 units against 39,755 units in the corresponding month last year. Exports declined by 30% YoY to 2,149 units, against 3,065 units. In the passenger vehicle segment, the company sold 15,691 units as compared to 15,091 units vehicles in the same month of 2018. Meanwhile tractor segment, sales of overall volumes stood at 17,990 units with an upmove of 3.4% YoY while on monthly basis while it decline by 14.5%. A gradual recovery has been witnessed in tractor and in auto segment on yearly basis which gives some rays of hopes for growth. However, still the excess cargo carrying capacity (16 to 18.5 tonnes), weak consumer demand remains an issue. Going ahead, with the Government support on agriculture segment, rural sector and a healthy reservoir levels due to the above normal monsoon, a good Rabi output is expected in the coming months which will help in recovery in volumes.

Maruti Suzuki

Segment	Volume (In Numbers)				
	Dec-19	Dec-18	YoY %	Nov-19	MoM %
Mini- Alto, old WagonR	23,883	27,661	-13.7	26,306	-9.2
Compact- Swift, Ritz, Celerio, Baleno, Dzire	65,673	51,334	27.9	78,013	-15.8
Mid Size- Ciaz	1,786	4,734	-62.3	1,448	23.3
Total passenger cars	92,702	83,729	10.7	1,08,053	-14.2
UVs-Vitara Brezza, Gypsy, Ertiga, S Cross	23,808	20,225	17.7	23,204	2.6
Vans- Omni, Eco	7,634	15,850	-51.8	10,162	-24.9
Total domestic sales	1,24,144	1,19,804	3.6	1,41,419	-12.2
LCV	1,591	1,675	-5.0	2,267	-29.8
Exports	7,561	6,859	10.2	6,944	8.9
Total sales	1,33,296	1,28,338	3.9	1,50,630	-11.5

Source: Companies, BP Equities Research

Maruti Suzuki reported an overall recovery of 3.9% YoY to 1,33,296 units against 1,28,338 units in total sales volume while sequentially it saw decline of 11.3%.. Company's PV segment grew by 10.7% YoY while sequentially it decline to 92,702 units (including sales to other OEM). On LCV front, volumes decline by 5% YoY to 1,591 units. Exports showed a growth of 10.2% YoY to 7,561 units and 8.9% MoM. Gradually company is been witnessing a marginal recovering with a better performance driven by its new models. On the other hand, company has already roll out 8 out of 15 models as per the required BS VI transition which shows its readiness over its competitors.

Mahindra
Rise.

 **MARUTI SUZUKI**
Count on us

Auto Volume Report– December 2019

Tata Motors

Segment	Volume (In Numbers)				
	Dec-19	Dec-18	YoY %	Nov-19	MoM %
MHCV domestic	6,957	11,506	-39.5	6,050	15.0
LCV domestic	24,512	24,674	-0.7	21,607	13.4
PV domestic	12,785	14,260	-10.3	10,400	22.9
Domestic	44,254	50,440	-12.3	38,057	16.3
Exports	2,649	3,999	-33.8	2,931	-9.6
Total sales	46,903	54,439	-13.8	40,988	14.4

TATA MOTORS

Source: Companies, BP Equities Research

Tata motors reported a subdued performance ,its total sales declined by 13.8% YoY to 46,903 units. On commercial front, Its domestic MHCV and LCV volumes declined by 39.5% YoY and 1% YoY respectively led by higher axle norms and weak demand in CV space. The management stated that their retail sales in Commercial segment was higher with correction in inventory while enquiries continued to increase gradually. On passenger vehicle front, there was a declining performance by 10% YoY to 12,785 units. However, its marketing strategy and attractive discount schemes has resulted in higher retail sales and reduction in lower dealer stocks. During the month, company unveiled its first premium hatchback "Altroz and Nexon EV which has received positive response.

TVS Motors

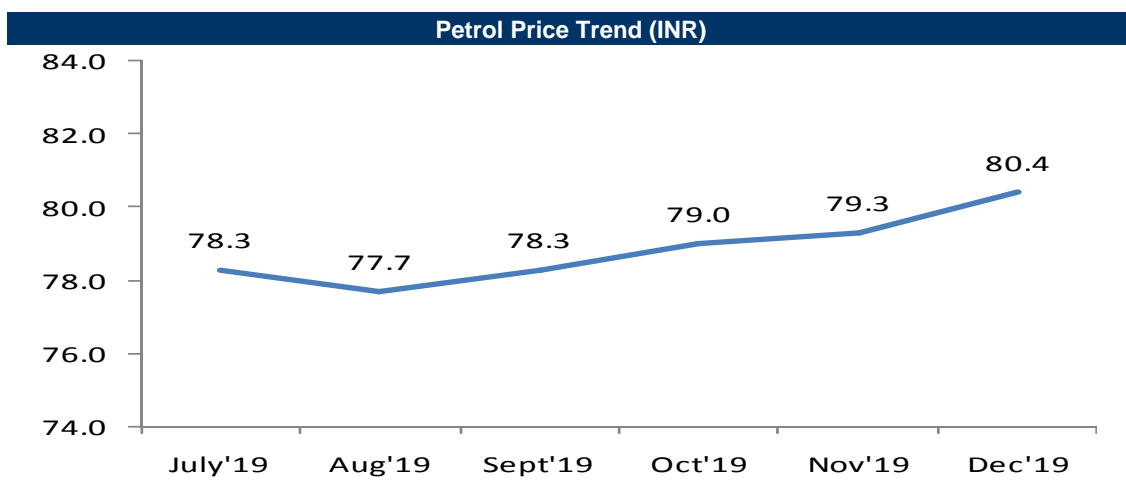
Segment	Volume (In Numbers)				
	Dec-19	Dec-18	YoY %	Nov-19	MoM %
Motorcycles	93,697	1,07,189	-12.6	1,05,963	-11.6
Mopeds	47,206	60,040	-21.4	59,218	-20.3
Scooters	74,716	91,480	-18.3	84,169	-11.2
Total Two-wheelers	2,15,619	2,58,709	-16.7	2,49,350	-13.5
Three-wheelers	15,952	12,686	25.7	17,232	-7.4
Overall Sales	2,31,571	2,71,395	-14.7	2,66,582	-13.1
Exports (incl three wheelers)	73,512	60,262	22.0	74,060	-0.7

TVS

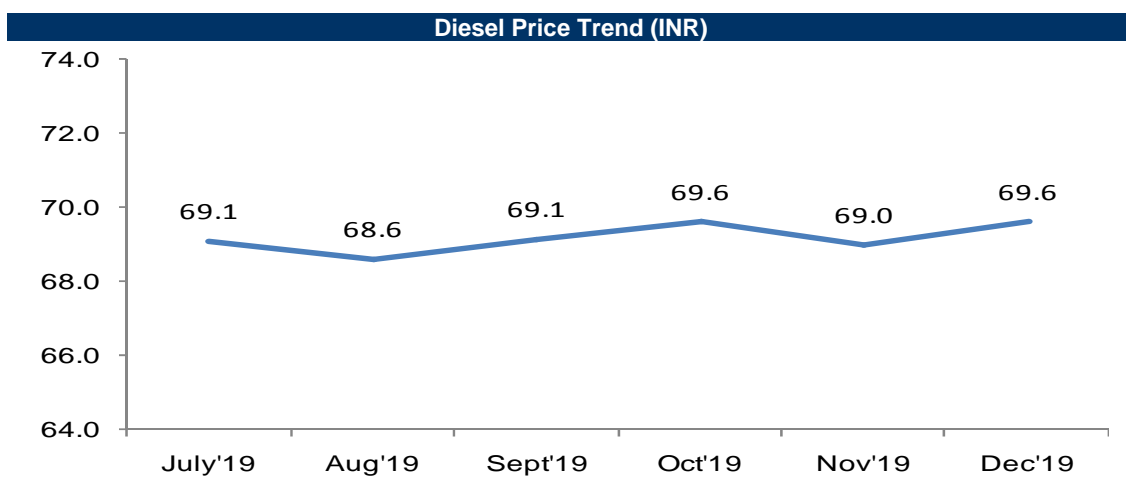
Source: Companies, BP Equities Research

TVS Motors sold 2,31,571 units a decline of 14.7% YoY and 13.1% MoM respectively. Company saw a degrowth in motorcycle and scooter segment yearly as well as sequentially while its 3W segment sales saw a positive growth on yearly basis by 25.7% YoY to 15,952 units. While 2W volume decreased by 16.7% YoY to 2,15,619 units, motorcycle sales declined by 12.6% YoY to 93,697 units. Company's moped sales continued to decline by 21.4 % YoY and by 20.3% MoM to 47,206 units while exports volume saw a growth of 22% YoY while it remained flat on sequential basis to 73,512 units.

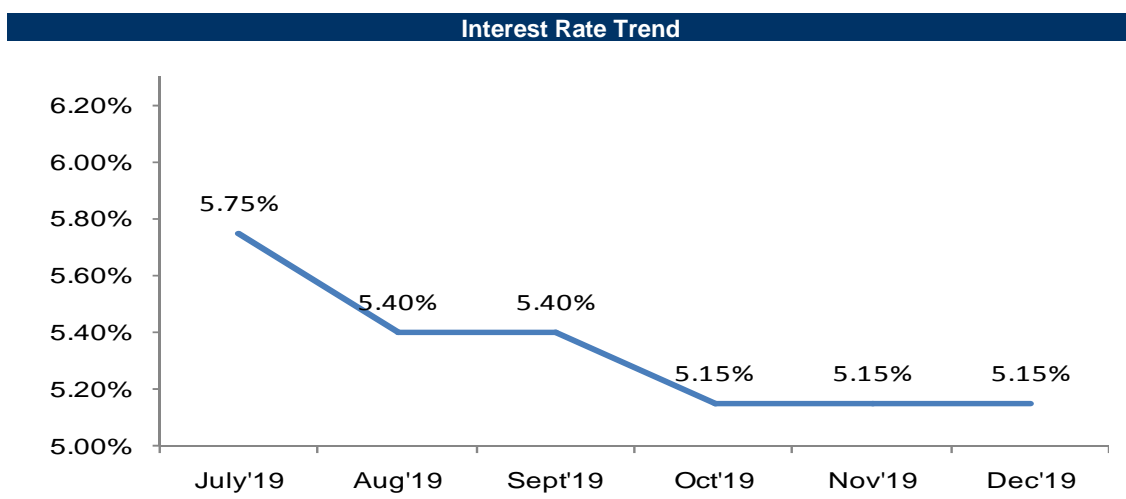
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Source: IOCL *The trend shows monthly average price



Source: IOCL *The trend shows monthly average price



Source: RBI



Auto Volume Report– December 2019

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