

Auto Volume Report – August 2020



Monthly Auto Update

07th September, 2020

Gradual improving sentiments coupled with festive season to augur well

PV segment : Passenger vehicle segment saw an increase in sales on sequential basis on account of more preference opening up of plants and lockdown in specific states, various financing schemes for both dealers as well as customers and more preference towards personal mobility by customers due to safety precaution, Major OEM players saw an up move in performance on yearly basis, while sequentially it saw an uptick. However, the supply chain process remains a key concern to monitor in upcoming months.

2W segment : Two wheeler segment reported an improving performance on yearly basis, demand in urban markets has seen a decline while rural markets remained positive due to good monsoon and harvesting season. Major OEM players such as Hero motocorp, TVS motor and Bajaj Auto showed a good growth on overall basis. However, supply chain constraints and lower production still pertains due to ongoing pandemic while RE too declines on yearly as well as sequential basis. We believe that demand for major 2W OEM's to remain positive led by surplus retail demand and upcoming festive season.

3W segment : Overall 3W segment showed a weak performance, with a double digit degrowth due to lower demand for shared mobility and financing issues.

CV segment : CV industry continued to remain sluggish, major companies reported a subdued performance due to shutdown of production, poor freight availability, delaying infrastructure projects, high axle norms. Companies such as Ashok Leyland, Tata motors reported a de-growth in sales on a yearly basis. Further, increase in production capacity, improvement in infrastructure activities and announcement on scrappage policy are expected to bring some ray of hope for the overall industry.

Tractor segment : Tractor segment reporting a positive growth. However, disruptions and supply constraints for essential components still remains a cause of concern. Moreover, this segment had been trending well in the past few months (before disruptions) due to strong Rabi sowing and minimal BSVI disruption. This segment is expected to grow well on account of healthy Rabi output, strong Kharif sowing season, waiver loans, higher MSP and various other benefits.

Two Wheeler (units)	Aug-20	Aug-19	YoY	Jul-20	MoM
Hero Motocorp	5,84,456	5,43,406	7.6	5,14,509	13.6
TVS Motors	2,77,226	2,75,851	0.5	2,43,788	13.7
Bajaj Auto	1,78,220	1,73,024	3.0	1,52,474	16.9
Royal Enfield	50,144	52,904	-5.2	40,334	24.3
Three Wheeler (units)	Aug-20	Aug-19	YoY	Jul-20	MoM
Bajaj Auto	7,659	35,085	-78.2	6,502	17.8
TVS Motors	10,172	14,604	-30.3	8,956	13.6
M&M	307	5,373	-94.3	83	269.9
Atul Auto	1,311	3,681	-64.4	1,241	5.6

Passenger Vehicle (units)	Aug-20	Aug-19	YoY	Jul-20	MoM
Maruti Suzuki	1,14,412	95,506	19.8	99,075	15.5
Hyundai	38,200	39,010	-2.1	21,320	79.2
M&M	13,651	13,507	1.1	11,025	23.8
Honda	7,509	8,291	-9.4	5,383	39.5
Toyota	5,555	10,701	-48.1	5,386	3.1

Commercial Vehicle (units)	Aug-20	Aug-19	YoY	Jul-20	MoM
Ashok Leyland	6,325	9,231	-31.5	4,775	32.5
VECV	2,477	3,538	-30.0	2,184	13.4

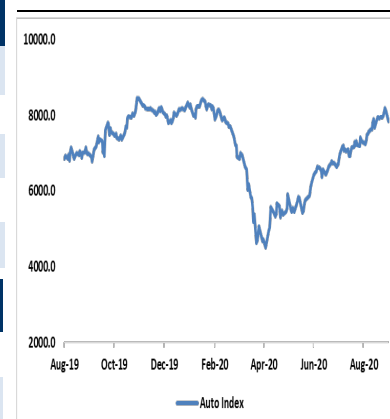
Tractor (units)	Aug-20	Aug-19	YoY	Jul-20	MoM
M&M	24,458	14,817	65.1	25,402	-3.7
Escorts	7,268	4,035	80.1	5,322	36.6

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	Positive
Escorts	Neutral
Hero Motocorp	Neutral
M&M	Negative
Maruti Suzuki	Positive
Tata Motors	Neutral
TVS Motors	Positive

Stock Price Performance	1M	3M	1 Yr
Ashok Leyland	41	43	6
Atul Auto	14	4	-16
Bajaj Auto	-4	3	3
Eicher Motors	6	24	34
Escorts	8	27	138
Hero Motocorp	10	26	14
M&M	6	38	5
Maruti Suzuki	10	22	13
Tata Motors	44	55	28
TVS Motors	13	20	24

Price Chart



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Ashok Leyland

Segment	Volume (In Numbers)				
	Aug-20	Aug-19	YoY	Jul-20	MoM
MHCV	2,589	5,349	-51.6	1,705	51.8
LCV	3,736	3,882	-3.8	3,070	21.7
Total Sales	6,325	9,231	-31.5	4,775	32.5

Source: Companies, BP Equities Research

Ashok Leyland overall volume MHCV sales improved by 51.8% sequentially but were lower 51.6% to 2,589 units on YoY basis. LCVs grew by 21.7% sequentially while it declined by 3.8% on YoY basis mainly on account of weak demand. However, the launch of Pheonix model in LCV segment is expected to improve gradually. Overall, the demand environment continues to remain challenging further affected by Covid-19, excess capacity and slower ramp up of supply chain.



Atul Auto

Segment	Volume (In Numbers)				
	Aug-20	Aug-19	YoY	Jul-20	MoM
Total Sales	1,311	3,681	-64.4	1,241	5.6

Source: Companies, BP Equities Research

Atul Auto decline by 64.4% to 1,311 units as against 3,684 units in corresponding month last year. However, on sequential basis rose to 5.6% respectively.



Bajaj Auto

Segment	Volume (In Numbers)				
	Aug-20	Aug-19	YoY	Jul-20	MoM
Motorcycle	1,78,220	1,73,024	3.0	1,52,474	16.9
Three wheelers	7,659	35,085	-78.2	6,502	17.8
Total two and three wheelers (excl exports)	1,85,879	2,08,109	-10.7	1,58,976	16.9
Exports	1,70,320	1,81,917	-6.4	96,856	75.8
Total sales	3,56,199	3,90,026	-8.7	2,55,832	39.2

Source: Companies, BP Equities Research

Bajaj Auto reported a total sales of 3,56,199 units down by 8.7% compared to corresponding month last year. On segmental basis, domestic sales of motorcycles saw a growth of 3% YoY to 1,78,220 units, while its three wheeler volumes fell by 78.2% YoY and rose by 17.8% MoM to 7,659 units respectively. In terms of exports, it saw a downfall of 6% YoY with an uptick of 75.8% MoM to 1,70,320 units. According to management, some of its key export oriented countries (like Nigeria) could face growth challenges while increase in production will led to increase in volumes respectively



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Eicher Motors

Segment	Volume (In Numbers)				
	Aug-20	Aug-19	YoY	Jul-20	MoM
Royal Enfield	50,144	52,904	-5.2	40,334	24.3
VECV	2,477	3,538	-30.0	2,184	13.4

Source: Companies, BP Equities Research

Royal Enfield reported a subdued performance with a decline of 5.2%YoY to 50,144 units while on monthly basis it rose by 24% MoM. While VECV's volumes fell by 30% to 2,477 units compared to corresponding previous year. For RE, company continues to focus on greater accessibility (expanding its network) in both domestic & exports markets. Furthermore, ramp-up in production and healthy order book is expected to provide significant headroom. For VECV, the weak demand conditions is expected to dampen the growth. However, we expect a recovery post FY21.



Escorts

Segment	Volume (In Numbers)				
	Aug-20	Aug-19	YoY	Jul-20	MoM
Total sales	7,268	4,035	80.1	5,322	36.6

Source: Companies, BP Equities Research

Escorts tractor volumes increased by 80.1% YoY while sequentially there was a growth of 36.6% to 7,268 units. Company faced some supply chain challenges for fuel injection components especially with a few suppliers of proprietary items which led them to could operate at about 50% of capacity, resulting in unfulfilled demand. However, Positive growth trajectory is expected to continue in upcoming months as well, backed by strong rural sentiment and inventory build-up with dealers.



Hero MotoCorp

Segment	Volume (In Numbers)				
	Aug-20	Aug-19	YoY	Jul-20	MoM
Total sales	5,84,456	5,43,406	7.6	5,14,509	13.6

Source: Companies, BP Equities Research

Company sold 5,84,456 units with a growth of 7.6% YoY coupled with a sequential uptick of 13.6% MoM. According to management, the robust volumes have been driven by strong retail sales due to the positive market demand. While there is cautious optimism on the demand trajectory going forward, sales continue to be impacted by the micro-lockdowns in several parts of the country. However, company has made significant progress in ramping-up the production across all of its eight manufacturing facilities - six in India and two at global locations respectively.



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Mahindra and Mahindra

Segment	Volume (In Numbers)				
	Aug-20	Aug-19	YoY	Jul-20	MoM
Passenger vehicle	13,651	13,507	1.1	11,025	23.8
Three wheelers Alfa	307	5,373	-94.3	83	269.9
LCV<3.5T	15,097	13,855	9.0	12,978	16.3
Truck and bus LCV> 3.5 and MHCV	202	829	-75.6	125	61.6
Total auto - domestic	29,257	33,564	-12.8	24,211	20.8
Exports - M&M	1,169	2,521	-53.6	1,467	-20.3
Total automotive	30,426	36,085	-15.7	25,678	18.5
Tractors - domestic	23,503	13,871	69.4	24,463	-3.9
Tractors - exports	955	946	1.0	939	1.7
Total tractors	24,458	14,817	65.1	25,402	-3.7

Source: Companies, BP Equities Research

Company's domestic sales remained subdued with 12.8% to 29,257 units sold against 33,564 units in the same period last year. The company saw a decline in export by 53.6%YoY basis, 20.3% MoM to 1,169 units. Its tractor units rose by 65.1% to 24,458 units while sequentially it decline by 3.7%.In automotive segment, company witnessed a growth in both SUVs and Pickups while supply chain challenges still pertains. In tractor segment, strong demand momentum continued led by positive sentiments due to good cash flows to farmers, higher Kharif sowing and a timely and normal monsoon.

Mahindra
Rise.

Maruti Suzuki

Segment	Volume (In Numbers)				
	Aug-20	Aug-19	YoY	Jul-20	MoM
Mini- Alto, old WagonR	19,709	10,123	94.7	17,258	14.2
Compact- Swift, Ritz, Celerio, Baleno, Dzire	61,956	54,274	14.2	51,529	20.2
Mid Size- Ciaz	1,223	1,596	-23.4	1,303	-6.1
Total passenger cars	82,888	65,993	25.6	70,090	18.3
UVs-Vitara Brezza, Gypsy, Ertiga, S-Cross	21,030	18,522	13.5	19,177	9.7
Vans- Omni, Eco	9,115	8,658	5.3	8,501	7.2
Total domestic sales	1,14,412	95,506	19.8	99,075	15.5
LCV	2,292	1,555	47.4	2,232	2.7
Exports	7,920	9,352	-15.3	6,757	17.2
Total sales	1,24,624	1,06,413	17.1	1,08,064	15.3

Source: Companies, BP Equities Research

Maruti Suzuki reported an incremental performance with an uptick of 17.1% YoY to 1,24,624 units against 1,06,413 units in total sales volume while sequentially it rose by 15.3% respectively. Production levels have been increased due to the commencement of second shift in Gujarat plant which will help to increase its volumes for upcoming months. Company remains committed to the health, safety and well-being of all members across the value chain. Going ahead, volume performance is likely to be positive, backed by improving retails and channel filling by dealers.

 **MARUTI SUZUKI**
Count on us

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TVS Motors

Segment	Volume (In Numbers)				
	Aug-20	Aug-19	YoY	Jul-20	MoM
Motorcycles	1,19,878	1,09,393	9.6	1,06,062	13.0
Mopeds	70,304	57,186	22.9	59,123	18.9
Scooters	87,044	1,09,272	-20.3	78,603	10.7
Total Two-wheelers	2,77,226	2,75,851	0.5	2,43,788	13.7
Three-wheelers	10,172	14,604	-30.3	8,956	13.6
Overall Sales	2,87,398	2,90,455	-1.1	2,52,744	13.7
Exports (incl three wheelers)	68,347	69,702	-1.9	62,389	9.5

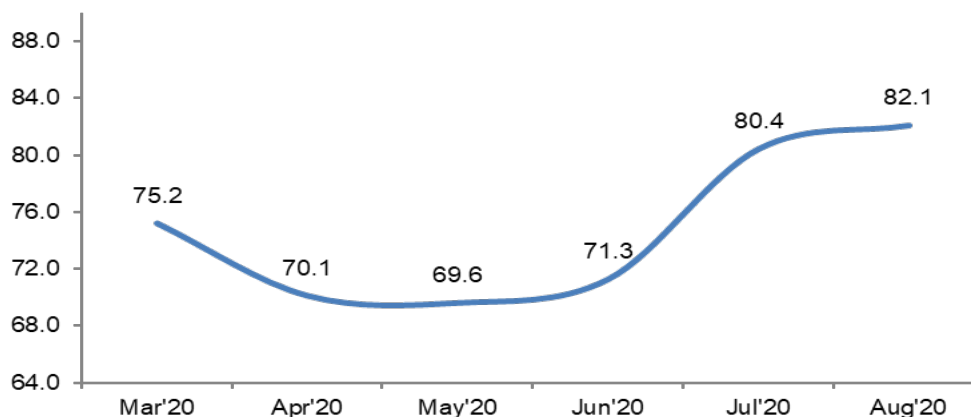


Source: Companies, BP Equities Research

TVS Motor's volume declined 1% YoY to 287,398 units. On 2W front, company witnessed a marginal uptick on YoY basis while it rose to 13.7% on MoM basis. The 3W segment fell by 30% YoY while it saw an uptick of 13.6% on sequential basis. In terms of exports, company saw a marginal decline while sequentially it rose to 9.5% MoM to 68,347 units. However, company is witnessing positive uptake in demand and is also working on further ramp up of operations with major supply challenges.

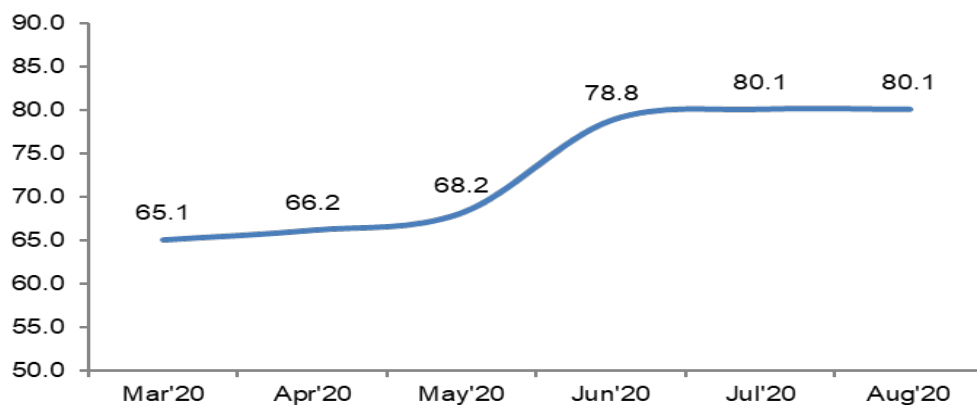
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Petrol Price Trend (INR)



Source: Petrodieselprices.com

Diesel Price Trend (INR)



Source: Petrodieselprices.com

Interest Rate Trend



Source: RBI



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