

# Auto Volume Report – December 2018



BP WEALTH

## Monthly Auto Update

4th Jan 2019

- ⇒ PV sales recorded a lower single digit growth of ~1% YoY
- ⇒ CV segment remained sluggish for the month primarily due to liquidity crisis in the NBFC industry and higher interest rates
- ⇒ Hyundai's new Santro constituted 17.1% of its total sales for December 2018
- ⇒ 2 wheelers sales remained mix bag for the month however the volumes grew by 3.5% YoY
- ⇒ Atul Auto outperformed its peers by recording a sales growth of 50% YoY in 3 wheeler segment

## Major Events and News in November

- ⇒ Barring equity alliance, Maruti and Toyota are to tap each others' proficiency to take on the dynamic auto market
- ⇒ Jawa Bikes' online booking has been concluded and the models are sold out until September 2019
- ⇒ Tata Motors tied up with self-drive rental firm Zoomcar to deploy 500 electric vehicles across 20 cities
- ⇒ Ashok Leyland signed a memorandum of understanding with Elbit Systems, Israel for defence mobility solutions
- ⇒ Escorts Ltd sold its RT Crane business to Japanese JV company Tadano
- ⇒ Maruti Suzuki recalled 5,900 Super Carry Vehicle, a light commercial vehicle to inspect defect in fuel filter
- ⇒ Despite muted auto sales, the auto component segment have zealous capital expenditure plans to bolster the transition from BS IV to BS VI pegging to spend over Rs.20,000 crore on capex from FY19-21
- ⇒ Maruti Suzuki has concluded producing of BS IV cars after December 2018
- ⇒ Battery firms namely Exide Industries Ltd and Amar Raja Batteries Ltd are in changeover phase from lead acid to lithium ion batteries

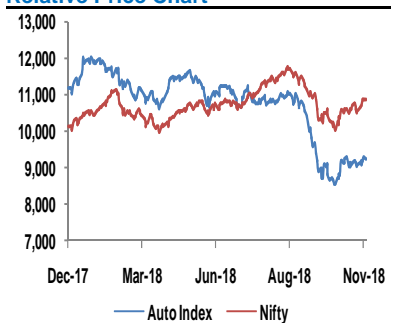
| Company       | Outlook  |
|---------------|----------|
| Ashok Leyland | Positive |
| Atul Auto     | Neutral  |
| Bajaj Auto    | Neutral  |
| Eicher Auto   | Negative |
| Escorts       | Positive |
| Hero Motocop  | Neutral  |
| M&M           | Positive |
| Maruti Suzuki | Neutral  |
| Tata Motors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

| Two Wheeler (units)        | Dec 18   | Dec 17   | YoY%  | Nov 18   | MoM%  |
|----------------------------|----------|----------|-------|----------|-------|
| Hero Motocorp              | 4,53,985 | 4,72,731 | -4    | 6,10,252 | -25.6 |
| TVS Motors                 | 2,58,709 | 2,47,591 | 4.5   | 3,07,142 | -15.8 |
| Bajaj Auto                 | 2,98,855 | 2,28,762 | 30.6  | 2,05,259 | 45.6  |
| Royal Enfield              | 62,766   | 66,968   | -6.3  | 70,646   | -10.9 |
| Three Wheeler (units)      | Dec 18   | Dec 17   | YoY%  | Nov 18   | MoM%  |
| Bajaj Auto                 | 47,344   | 63,785   | -25.8 | 29,559   | 60.2  |
| TVS Motor                  | 12,686   | 9,279    | 36.7  | 12,823   | -1.1  |
| M&M                        | 4,693    | 3,894    | 20.5  | 5,703    | -17.7 |
| Atul Auto                  | 4,332    | 2,890    | 49.9  | 4,003    | 8.2   |
| Passenger Vehicle (units)  | Dec 18   | Dec 17   | YoY%  | Nov 18   | MoM%  |
| Maruti                     | 1,28,338 | 1,30,066 | -1.3  | 1,53,539 | -16.4 |
| Hyundai                    | 42,093   | 40,158   | 4.8   | 43,709   | -3.7  |
| M&M                        | 15,091   | 15,543   | -2.91 | 16,188   | -6.8  |
| Honda                      | 13,139   | 12,642   | 3.9   | 13,006   | 1     |
| Tata Motors                | 14,260   | 14,180   | 1     | 16,982   | -16   |
| Toyota                     | 11,830   | 10,793   | 9.6   | 10,721   | 10.3  |
| Commercial Vehicle (units) | Dec 18   | Dec 17   | YoY%  | Nov 18   | MoM%  |
| Tata Motors                | 36,180   | 40,447   | -11   | 33,488   | 8     |
| Ashok Leyland              | 15,493   | 19,253   | -19.5 | 13,121   | 18.1  |
| Eicher Motor               | 6,236    | 6,087    | 2.4   | 4,720    | 32.1  |
| Tractor                    | Dec 18   | Dec 17   | YoY%  | Nov 18   | MoM%  |
| M&M                        | 17,404   | 18,488   | -5.9  | 25,949   | -32.9 |
| Escorts                    | 4,598    | 3,606    | 27.5  | 8,005    | -42.6 |

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

| Stock Price Performance % | 1M  | 3M  | 1 Yr |
|---------------------------|-----|-----|------|
| Ashok Leyland             | -13 | -18 | -20  |
| Atul Auto                 | 10  | 9   | -21  |
| Bajaj Auto                | -1  | -1  | -18  |
| Eicher Motors             | -13 | -13 | -30  |
| Escorts                   | 2   | 16  | -7   |
| Hero Motocop              | -1  | 3   | -20  |
| M&M                       | -5  | -9  | -5   |
| Maruti Suzuki             | 7   | -1  | -24  |
| Tata Motors               | -5  | -27 | -62  |
| TVS Motors                | -2  | -1  | -30  |

## Relative Price Chart



Research Team  
+91 22 6159 6408

## Ashok Leyland

| Segment     | Volume (In Numbers) |        |       |        |      |
|-------------|---------------------|--------|-------|--------|------|
|             | Dec 18              | Dec 17 | YoY%  | Nov 18 | MoM% |
| MHCV        | 11,295              | 15,950 | -29.2 | 8,718  | 29.6 |
| LCV         | 4,198               | 3,303  | 27.1  | 4,403  | -4.7 |
| Total Sales | 15,493              | 19,253 | -19.5 | 13,121 | 18.1 |

Source: Companies, BP Equities Research

Ashok Leyland saw a massive 29.2% decline in its MHCV segment on YoY basis and 29.6% MoM. The company sold 11,295 units in December 2018 against 15,950 units in the corresponding month last year. The revised axle norm has impacted the company's product mix. Other factors like increasing cost of ownership, selective financing by NBFCs, high base, increased competitive intensity and aggressive marketing by Tata Motors had led to subdued volumes. However, the company recorded a 27.1% growth in the LCV segment having sold 4,198 units in December 2018 against 3,303 units in same period last year. In order to revamp its product mix, the company is now likely to engage in the business of developing, manufacturing and selling of light commercial vehicles up to 7.5 tonnes gross vehicle weight, power train for LCVs, and spare parts in India and other countries.



## Atul Auto

| Segment     | Volume (In Numbers) |        |      |        |      |
|-------------|---------------------|--------|------|--------|------|
|             | Dec 18              | Dec 17 | YoY% | Nov 18 | MoM% |
| Total Sales | 4,332               | 2,890  | 49.9 | 4,003  | 8.2  |

Source: Companies, BP Equities Research

The three-wheeler maker Atul Auto Ltd's December 2018 sales rose by ~50% to 4,332 units from 2,890 units in December 2017. The company looks forward to expanding its network which primarily will enable the company to attain deeper penetration in the domestic market, explore overseas market, introduce e-vehicles and develop various applications thereby upgrading their existing product portfolio.



## Bajaj Auto

| Segment                      | Volume (In Numbers) |          |       |          |      |
|------------------------------|---------------------|----------|-------|----------|------|
|                              | Dec 18              | Dec 17   | YoY%  | Nov 18   | MoM% |
| Motorcycle                   | 2,98,855            | 2,28,762 | 30.6  | 2,05,259 | 45.6 |
| Three wheelers               | 47,344              | 63,785   | -25.8 | 29,559   | 60.2 |
| Total two and three wheelers | 3,46,199            | 2,92,547 | 18.3  | 2,34,818 | 47.4 |
| Exports of above             | 1,65,848            | 1,43,038 | 15.9  | 1,72,112 | -3.6 |

Source: Companies, BP Equities Research

Bajaj Auto recorded impressive YoY and MoM sales volume but the quarter comparisons were disappointing. In the motorcycle segment the company saw an uptick of 30.6% YoY and 45.6% MoM. The company's commercial vehicle segment rose by 60.2% MoM compared to November 2018 and de-grew by 25.8% YoY due to the base effect. The company's favorable product and geography mix, newly launched models, attractive discounts and offers have helped Bajaj Auto in gaining market share. Peaking demand in Africa during September-October period and company's counter intuitive strategy of focusing on exports has helped it to post a positive export growth of 26.9% QoQ and 15.9% YoY.



## Eicher Motor

| Segment     | Volume (In Numbers) |        |      |        |       |
|-------------|---------------------|--------|------|--------|-------|
|             | Dec 18              | Dec 17 | YoY% | Nov 18 | MoM%  |
| Up to 350CC | 4,488               | 3,699  | 21.3 | 4,720  | -4.9  |
| Above 350CC | 58,278              | 63,269 | -7.9 | 65,744 | -11.4 |

Source: Companies, BP Equities Research

The segment up to 350CC rose 21.3% YoY as compared to sales in December 2017, while it de-grew by 4.9% MoM. The segment above 350CC de-grew by almost 8% YoY and 11.4% MoM. The decline in RE sales was primarily due to increased cost of ownership, surge in insurance prices and competitive intensity showcased by Jawa. The launch of 650CC twin bike helped the company in reporting better numbers for segment above 350CC.



## Escort

| Segment         | Volume (In Numbers) |        |      |        |       |
|-----------------|---------------------|--------|------|--------|-------|
|                 | Dec 18              | Dec 17 | YoY% | Nov 18 | MoM%  |
| Overall volumes | 4,598               | 3,606  | 27.5 | 8,005  | -42.6 |

Source: Companies, BP Equities Research

Escorts Ltd recorded a total sales in its agri-machinery segment of 4,598 units compared to 3,606 units in the year-ago period constituting 27.5% YoY growth. The recent joint venture with Kubota is likely to assist the company in manufacturing of high end value oriented utility tractors. The JV would help to add more capacity at lower capital expenditure, curtail business risk in times of low demand and increase exports from 2,000 units in FY18 to ~8,000-10,000 units by FY22 through Kubota's global distribution network. The JV is also likely to tap Southern parts of India, where the company has relatively low market share by focusing on manufacturing of 30-50HP segments.



## Hero MotoCorp

| Segment      | Volume (In Numbers) |          |      |          |       |
|--------------|---------------------|----------|------|----------|-------|
|              | Dec 18              | Dec 17   | YoY% | Nov 18   | MoM%  |
| Two wheelers | 4,53,985            | 4,72,731 | -4.0 | 6,10,252 | -25.6 |

Source: Companies, BP Equities Research

The company sold 4,53,985 units in December 2018 compared to 4,72,731 in December 2017 registering a de-growth of 4%. The company has been lacking the right products in the premium motorcycle and scooter segment and inventory channel as high as 6-7 weeks have been the reason for declined sales. With the launch of Destini 125CC and Extreme 200 CC along with the concept of shop-in-shop the company now focuses on specific customer needs especially in the motorcycle segment. The company has been focusing on features over pricing as their sustainable business strategy and aims to offer a range of premium motorcycle products over the next 3-5 years.



## Mahindra and Mahindra

| Segment                         | Volume (In Numbers) |        |       |        |       |
|---------------------------------|---------------------|--------|-------|--------|-------|
|                                 | Dec 18              | Dec 17 | YoY%  | Nov 18 | MoM%  |
| Passenger vehicle               | 15,091              | 15,543 | -2.9  | 24,066 | -37.3 |
| Three wheelers Alfa             | 4,693               | 3,894  | 20.5  | 6,931  | -32.3 |
| LVC<3.5T                        | 15,537              | 15,749 | -1.3  | 23,157 | -32.9 |
| Total Vehicles M&M              | 50,412              | 50729  | -0.6  | 54,154 | -6.9  |
| Truck and bus LVC> 3.5 and MHCV | 1,369               | 1,793  | -23.7 | 1,780  | -23.1 |
| Total auto - domestic           | 36,690              | 36,979 | -0.8  | 42,201 | -13.1 |
| Exports - M&M                   | 3,065               | 2,221  | 38.0  | 3,066  | 0.0   |
| Total automotive                | 39,755              | 54,743 | -27.4 | 58,416 | -31.9 |
| Tractors - domestic             | 16,510              | 16,671 | -1.0  | 46,312 | -64.4 |
| Tractors - exports              | 894                 | 1,617  | -44.7 | 1,064  | -16.0 |
| Total tractors                  | 17,404              | 18,288 | -4.8  | 47,976 | -63.7 |

Source: Companies, BP Equities Research

The company's total sales in the automotive business remained flat with 36,690 units sold in December 2018 against 36,979 units in the same period last year constituting a decline of 0.8%. It de-grew by 13.1% compared to November 2018 due to tight liquidity, shallow buying sentiments, stiff competition and inventory clean up. However with the launch of new XUV 300 the company intends to sell 8,000 units a month that shall enable the company to capture 20% market share. The company saw a staggering growth of 38% in export YoY basis. The company recorded a negative growth for their tractor sales by 5.9% and 32.9% on YoY and MoM basis respectively mainly due to lower rabi crop sowing than expectations hence the demand for farm equipment has been muted and exports were hit harder with a declining 45.3% YoY basis. The mentioned de-growth in tractors was the first massive decline considering its remarkable growth rate in last 2 years.

**Mahindra**  
Rise.

## Maruti Suzuki

| Segment                                      | Volume (In Numbers) |          |       |          |       |
|--|---------------------|----------|-------|----------|-------|
|  | Dec 18              | Dec 17   | YoY%  | Nov 18   | MoM%  |
| Mini- Alto                                   | 27,661              | 32,146   | -14.0 | 29,954   | -7.7  |
| Compact- Swift, Ritz, Celerio, Baleno, Dzire | 51,334              | 53,336   | -3.8  | 72,533   | -29.2 |
| Mid Size- Ciaz                               | 4,734               | 2,382    | 98.7  | 3,838    | 23.3  |
| Total passenger cars                         | 83,729              | 87,864   | -4.7  | 1,06,325 | -21.3 |
| UVs-Vitara Brezza, Gypsy, Ertiga, S Cross    | 20,225              | 19,276   | 4.9   | 23,512   | -14.0 |
| Vans- Omni, Eco                              | 15,850              | 11,420   | 38.8  | 14,053   | 12.8  |
| Total domestic sales                         | 1,19,804            | 1,18,560 | 1.0   | 1,43,890 | -16.7 |
| Export                                       | 1,675               | 726      | 130.7 | 2,128    | -21.3 |
| LCV  | 6,859               | 10,780   | -36.4 | 7,521    | -8.8  |
| Total sales                                  | 1,28,338            | 1,30,066 | -1.3  | 153,539  | -16.4 |



Source: Companies, BP Equities Research

MSIL's sales fell for the second straight month and declined the most since August dropping by 1.3% in December 2018 against same period last year essentially due to tepid sentiments, higher interest rates, increase in insurance costs, GST and also the depleting demand in diesel variants. The biggest decline in sales was seen in the entry-level segment that includes Alto and Wagon R which recorded a negative growth of 14% selling 27,661 units in December 2018 compared to 32,146 units last year in the same period. The company de-grew by 16.4% in terms of sale compared to November 2018 despite offering attractive benefits worth Rs. 35,000 to 45,000 depending on variants. MSIL's entry segment de-grew by 14% against November 2018 sales while on contrary its competitor, Hyundai's entry level segment car the new Santro bolstered the company in its monthly sales. The decline was also followed in the compact segment by 3.8% YoY. However the UV segment saw a rise of 4.9%, vans by 38.8% while sedan saw a stellar uptick of 98.7% against same period last year. The company's new product pipeline soon to be commissioned, new generation models of Alto, Wagon R and Ertiga and gasoline models of Vitara Brezza and S-cross and the electric version of Wagon R along with plans proposed to increase its sale outlet to nearly 3500 by FY22 will allow the company to maintain its market share over the medium term.

## Tata Motors

| Segment       | Volume (In Numbers) |        |       |        |       |
|---------------|---------------------|--------|-------|--------|-------|
|               | Dec 18              | Dec 17 | YoY%  | Nov 18 | MoM%  |
| MHCV domestic | 11,506              | 15,828 | -27.3 | 9,793  | 17.5  |
| LCV domestic  | 24,674              | 24,619 | 0.2   | 23,695 | 4.1   |
| Cars domestic | 14,260              | 14,180 | 0.6   | 16,982 | -16.0 |
| Domestic      | 50,440              | 54,627 | -7.7  | 50,470 | -0.1  |
| Exports       | 3,999               | 6,293  | -36.5 | 4,604  | -13.1 |
| Total         | 54,439              | 60,920 | -10.6 | 55,074 | -1.2  |



Source: Companies, BP Equities Research

In its MHCV segment, Tata Motors de-grew by 27.3% YoY while rose by 17.5% MoM as compared to November 2018. The YoY decline was largely due increased axle load, shrinking cargo sales due to tepid sentiments. The tipper segment showcased a 14% YoY strong growth backed by various road construction, housing and irrigation projects and government spending on infrastructure projects. The LCV segment rose by 4.1% MoM and 0.2% YoY due to increased rural consumption, demand from e-commerce industry and initiatives like Swachh Bharat. The passenger vehicle segment saw marginal increase of 0.6% YoY as compared to December 2017 while MoM sales de-grew by 16% compared to November 2018. However the company expects to pick sales volume with the launch of its new SUV Tata Harrier in January 2019.

## TVS Motors

| Segment            | Volume (In Numbers) |          |       |          |       |
|--------------------|---------------------|----------|-------|----------|-------|
|                    | Dec 18              | Dec 17   | YoY%  | Nov 18   | MoM%  |
| Motorcycles        | 1,07,189            | 95,246   | 12.5  | 1,19,883 | -10.6 |
| Mopeds             | 60,040              | 68,707   | -12.6 | 75,496   | -20.5 |
| Scooters           | 91,480              | 83,638   | 9.4   | 1,11,763 | -18.1 |
| Total Two-wheelers | 2,58,709            | 2,47,591 | 4.5   | 3,07,142 | -15.8 |
| Three-wheelers     | 12,686              | 9,279    | 36.7  | 12,823   | -1.1  |
| Overall Sales      | 2,71,395            | 2,56,870 | 5.7   | 3,19,965 | -15.2 |
| Exports of above   | 48,803              | 47,818   | 2.1   | 58,476   | -16.5 |

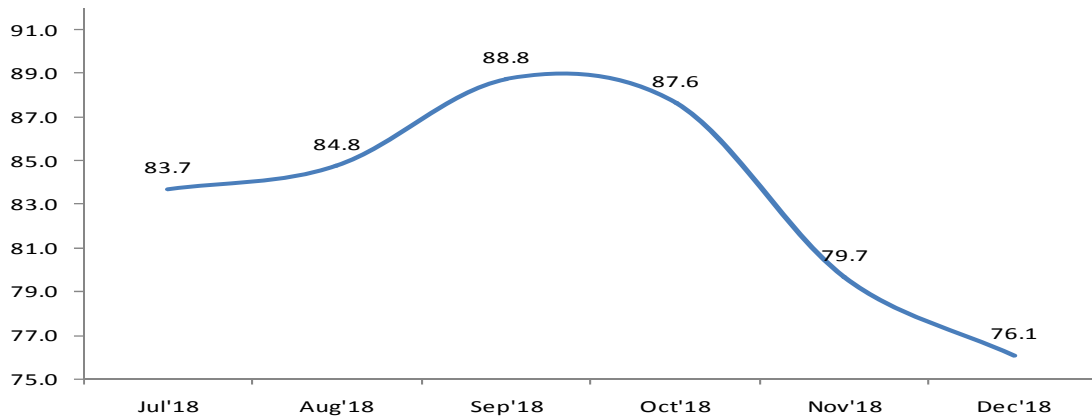


Source: Companies, BP Equities Research

TVS Motors recorded the best YoY sales volume growth of 4.5% compared to its peers. The motorcycle segment grew by 12.5% and scooters by 9.4% while mopeds de-grew by 12.6%. However the MoM sales has been disappointing. The three wheeler segment rose 36.7% having sold 12,686 units compared to 9,279 units sold in the same period last year. Exports increased by 2.1% as compared to December 2017.

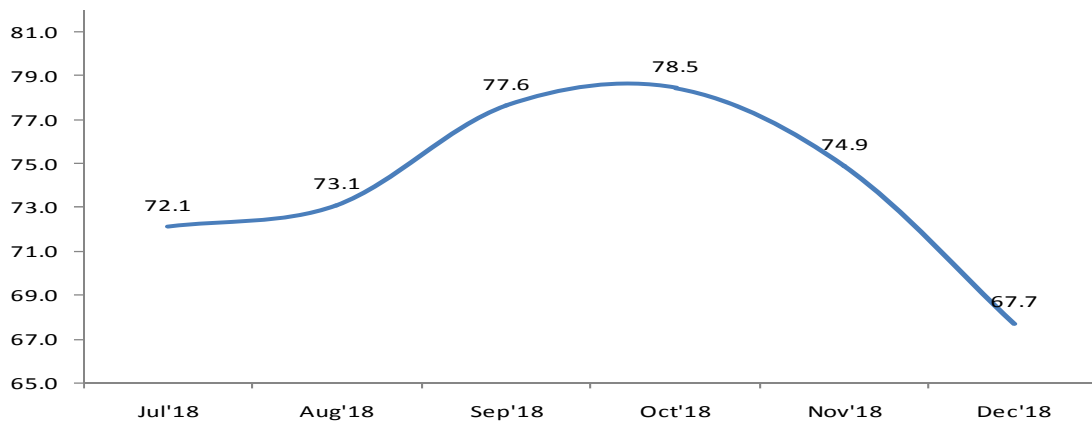
# Auto Volume Report– Dec 2018

## Petrol Price Trend (Rs)



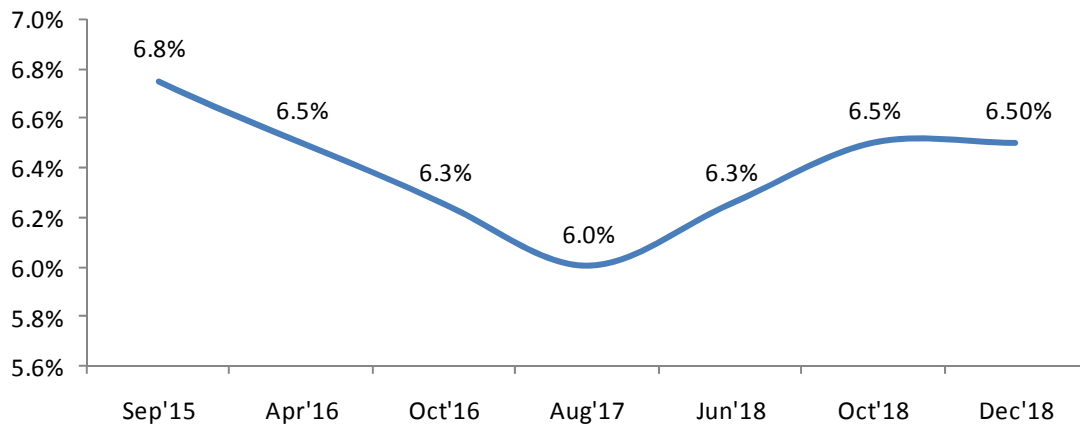
Source: IOCL \*The trend shows monthly average price

## Diesel Price Trend (Rs)



Source: IOCL \*The trend shows monthly average price

## Interest Rate Trend (Rs)



Source: RBI