

## Slowdown continues, sequential growth heartening

March saw a moderated performance yoy, though sequentially sales were strong particularly for 4Ws. This strength partially was due to seasonality on a truncated February. However, the overall growth was sluggish. Segmentally speaking, CVs in March, particularly M&HCVs posted declines, though the declines were reduced as compared to the months of November and December. Still, the sector is plagued by axle norms implementation, lingering issues of financial crunch, high base and postponement of buying ahead of the upcoming elections. On the PV front, sentimental negativity, lack of new launches, high interest rates and credit crunch resulted into weak yoy growth, while sequentially the growth was robust. In the 2W segment, higher insurance costs, higher inventory levels at dealers' ends, weak monsoons, postponement of festive season to April and high base led to weak sales, particularly for Hero Motocorp. However, on the other hand, Bajaj Auto 2Ws sales were better as they improved on doling out higher discounts and top end segment of Pulsars is having good demand. Tractor demand was impacted by weaker than expected Rabi sowing.

Going forward, we expect the broader segment to move up in coming months. PV demand is expected to move up on upcoming launches, while 2Ws are expected to witness a moderate growth in line with weak scooter demand, higher inventory levels, weak sentiments and competition. However, among two wheelers, we would prefer Hero Motocorp as it's a proxy to the economy and rural growth, and upcoming marriage season will drive sales in rural India (50% of volumes). Bajaj Auto faces headwinds of lower profitability on the back of its focus on mass segment and weak 3W sales, although it is posting strong volumes. MHCVs reported a reduced drop in sales in March, but we expect a good recovery hereon. With 2019 being an election year, GOI's emphasis on pushing the infra plans in the country may sustain CV demand, particularly the tippers. BS VI pre-buying shall initiate in Q1 of FY 20, which will further elongate the CV cycle. Possible implementation of scrappage policy may further escalate CV demand in long run. Within the CV space we like Ashok Leyland which is away from any global headwinds. We remain neutral on 2Ws, while in PVs, we like MSIL and M&M.

	Mar-19	Feb-18	% mom	Mar-18	% yoy
Hero Motocorp	5,81,279	6,17,215	-5.8%	7,30,473	-20.4%
Bajaj Auto	3,93,351	3,93,089	0.1%	3,34,348	17.6%
TVS	3,25,345	2,99,353	8.7%	3,26,667	-0.4%
Maruti	1,58,076	1,48,682	6.3%	1,60,598	-1.6%
M&M	82,640	74,983	10.2%	90,553	-8.7%
<i>Auto</i>	62,952	56,005	12.4%	62,076	1.4%
<i>Tractors</i>	19,688	18,978	3.7%	28,477	-30.9%
Tata Motors	74,679	60,151	24.2%	76,153	-1.9%
Ashok Leyland	21,535	17,352	24.1%	22,453	-4.1%
Escorts	11,905	7,240	64.4%	11,790	1.0%



## Hero Motocorp: Disappointing numbers

- Hero MotoCorp (Hero)'s sales in March went down by 20% yoy at 581,279 units on higher dealer level inventory stemming from lower retail demand, weaker sentiments, increase in insurance prices few months back, stifling competition and lack of any significant launches. Exports were negatively impacted due to country specific issues in SL, Bangladesh and Middle East.
- Sequentially too the sales were down by 5.8%. This is a further negative as peers posted sequential growths.

	Mar-19	Feb-19	% mom	Mar-18	% yoy	FY 19	FY 18	% yoy
Total sales	5,81,279	6,17,215	-5.8%	7,30,473	-20.4%	78,31,944	75,82,857	3.3%

## Bajaj Auto: Strong domestic 2W and 3W exports drive the volumes

- Bajaj Auto's total sales came in 17.6% up yoy and flattish mom to 393,351 units. Domestic motorcycle sales have grown by 38.5% yoy and 18.1% mom. New launch of Platina 110 and low base has also boosted the sales.
- Exports 2W business however de-grew by 6.9% yoy on high base and issues in some of the exports countries like Sri Lanka, Bangladesh, Nepal etc.
- Total three wheeler sales went up by 8.4% yoy. In the domestic markets they decreased by 12.6% yoy as there was a dearth of permits opening in this month. Exports markets sales grew by a robust 55.8% yoy. Sequentially, 3Ws sales grew by 7.2% as domestic sales grew by 10.8% on higher demand for cargo and diesel 3Ws. Exports 3W grew by 3.1% mom.

	Mar-19	Feb-19	% mom	Mar-18	% yoy	FY 19	FY 18	% yoy
<b>Motorcycles</b>								
Domestic	2,20,213	1,86,523	18.1%	1,58,987	38.5%	25,41,320	19,74,577	28.7%
Exports	1,03,325	1,41,462	-27.0%	1,10,952	-6.9%	16,95,553	13,94,757	21.6%
<b>Total</b>	<b>3,23,538</b>	<b>3,27,985</b>	<b>-1.4%</b>	<b>2,69,939</b>	<b>19.9%</b>	<b>42,36,873</b>	<b>33,69,334</b>	<b>25.7%</b>
<b>3W</b>								
Domestic	38,972	35,183	10.8%	44,613	-12.6%	3,99,453	3,69,637	8.1%
Exports	30,841	29,921	3.1%	19,796	55.8%	3,83,177	2,67,820	43.1%
<b>Total</b>	<b>69,813</b>	<b>65,104</b>	<b>7.2%</b>	<b>64,409</b>	<b>8.4%</b>	<b>7,82,630</b>	<b>6,37,457</b>	<b>22.8%</b>
Domestic	2,59,185	2,21,706	16.9%	2,03,600	27.3%	29,40,773	23,44,214	25.4%
Exports	1,34,166	1,71,383	-21.7%	1,30,748	2.6%	20,78,730	16,62,577	25.0%
<b>Total</b>	<b>3,93,351</b>	<b>3,93,089</b>	<b>0.1%</b>	<b>3,34,348</b>	<b>17.6%</b>	<b>50,19,503</b>	<b>40,06,791</b>	<b>25.3%</b>



## TVS Motor: Sales growth soften as scooters demand fall

- TVS reported weak sales numbers in the month at 0.4% yoy fall. This was 8.7% up mom.
- Motorcycle sales grew by 5% yoy and 15.1% mom.
- With overall fall in scooter demand, Scooters sales dropped by 2.5% yoy and grew 13.3% mom. Mopeds went down by 11.3% as demand in South India is weak.
- 3W sales increased by a robust 32.6% yoy on low base and excellent exports performance from markets like Egypt and other African markets. Domestic markets de-grew by 34% yoy as there is a slowdown in new permits opening, while 3W exports grew by 46.4% yoy on sharp recovery is seen in Nigeria, Egypt and other African countries.
- Exports sales in TVS witnessed a positive growth. Exports grew by a robust at 28.1% yoy and 14.6% mom to 76,405 units.

	Mar-19	Feb-19	% mom	Mar-18	% yoy	FY 19	FY 18	% yoy
Motorcycles	1,41,086	1,22,551	15.1%	1,34,420	5.0%	15,59,297	13,55,576	15.0%
Scooters	98,477	86,935	13.3%	1,00,972	-2.5%	13,01,115	11,34,918	14.6%
Mopeds	71,338	76,125	-6.3%	80,381	-11.3%	8,96,917	8,77,202	2.2%
<b>Total 2W</b>	<b>3,10,901</b>	<b>2,85,611</b>	<b>8.9%</b>	<b>3,15,773</b>	<b>-1.5%</b>	<b>37,57,329</b>	<b>33,67,696</b>	<b>11.6%</b>
3W	14,444	13,742	5.1%	10,894	32.6%	1,56,434	98,684	58.5%
<b>Total sales</b>	<b>3,25,345</b>	<b>2,99,353</b>	<b>8.7%</b>	<b>3,26,667</b>	<b>-0.4%</b>	<b>39,13,763</b>	<b>34,66,380</b>	<b>12.9%</b>
Exports out of the above	76,405	66,570	14.8%	59,628	28.1%	7,61,738	5,74,215	32.7%
2W exports	63,191	54,029	17.0%	50,599	24.9%	6,20,369	4,92,270	26.0%
3W exports	13,214	12,541	5.4%	9,029	46.4%	1,41,369	82,255	71.9%
Domestic 3W	1,230	1,201	2.4%	1,865	-34.0%	15,065	16,429	-8.3%



## Maruti Suzuki: : Not yet out of the woods

- Maruti Suzuki India Ltd (MSIL)'s sales in the month of March came in at 158,076 units which was a de-growth of 1.6% yoy, while on mom basis the growth was 6.3% showing the continuity of sluggish sales. FY 19 growth was at 4.7%.
- The petrol/small car segment this month saw a de-growth of 55.1% yoy and 32% mom, as from February, the phasing out old Wagon R sales are included in this segment.
- The super compact segment comprising of Swift, Dzire, Celerio, Baleno, Ignis etc grew by 19.8% yoy, while growing at 13.6% mom. This growth has come on the back of inclusion of the newly launched Wagon R.
- Ciaz segment sales de-grew by 15% and grew by 19.1% yoy and mom respectively.
- The UV segment grew by 12.3% yoy and 17.1% mom.
- The LCV Super Carry sold a robust 2,582 units in March as compared to 1,412 units yoy.
- Exports witnessed 12.9 6% yoy fall and a flattish growth mom.

	Mar-19	Feb-19	% mom	Mar-18	% yoy	FY 19	FY 18	% yoy
Mini(Alto, Wagon R)	16826	24751	-32.0%	37,511	-55.1%	3,68,990	4,27,183	-13.6%
Compact(Swift, Ritz, Celerio, Baleno, Dzire, Ignis)	82532	72678	13.6%	68,885	19.8%	8,71,864	7,48,475	16.5%
Mid size (SX4, Ciaz)	3672	3084	19.1%	4,321	-15.0%	46,169	58,913	-21.6%
<b>Total passenger cars</b>	<b>1,03,030</b>	<b>1,00,513</b>	<b>2.5%</b>	<b>1,10,717</b>	<b>-6.9%</b>	<b>12,87,023</b>	<b>12,34,571</b>	<b>4.2%</b>
Utility Vehicles(Gypsy, Ertiga, Vitarra, S-Cross, Brezza)	25563	21834	17.1%	22,764	12.3%	2,64,197	2,53,759	4.1%
Vans(Omni, Eeco)	16438	14565	12.9%	13,689	20.1%	1,78,606	1,55,137	15.1%
LCV (Super Carry)	2582	2188	18.0%	1,412	82.9%	23,874	10,033	138.0%
<b>Total domestic sales</b>	<b>1,47,613</b>	<b>1,39,100</b>	<b>6.1%</b>	<b>1,48,582</b>	<b>-0.7%</b>	<b>17,53,700</b>	<b>16,53,500</b>	<b>6.1%</b>
Exports	10463	9582	9.2%	12,016	-12.9%	1,08,749	1,26,074	-13.7%
<b>Total sales</b>	<b>1,58,076</b>	<b>1,48,682</b>	<b>6.3%</b>	<b>1,60,598</b>	<b>-1.6%</b>	<b>18,62,449</b>	<b>17,79,574</b>	<b>4.7%</b>



## Mahindra & Mahindra: FES growth impacted by weaker than expected Rabi sowing

- Total auto sales in the month grew by 1.4% yoy to 62,952 units which was a 12.4% growth mom. FY 19 growth was 10.8%.
- UV segment was up by 4.9% yoy and 6% mom. Successful launches of Marazzo and Alturas G4 led to this growth.
- CV sales in the month fell by 4.2% yoy, out of which LCV >3.5 T went down by 2.8% yoy, while the LCV <3.5 T grew by 2.5% yoy. MHCV segment dipped by 33.4% yoy and rose by 33.7% mom.
- 3W sales have grown by 5.2% yoy despite industry weakness..
- Exports posted growth of 15.1% yoy as well.
- FES segment de-grew by 30.9% yoy, out of which the domestic sales were down by 32.1% yoy on weak monsoons and Rabi sowing. Exports were down by 6.1% and grew by 42.3%, yoy and mom respectively. FY 19 growth was at 3.4%.

Auto segment	Mar-19	Feb-19	% mom	Mar-18	% yoy	FY19	FY18	% yoy
Utility Vehicles	25801	24349	6.0%	24,593	4.9%	2,35,362	2,33,915	0.6%
Cars+Vans	1845	1760	4.8%	1,962	-6.0%	19,339	15,590	24.0%
<b>Total PV</b>	<b>27646</b>	<b>26109</b>	<b>5.9%</b>	<b>26,555</b>	<b>4.1%</b>	<b>2,54,701</b>	<b>2,49,505</b>	<b>2.1%</b>
LCV(<3.5 T)	22471	19647	14.4%	23,053	-2.5%	2,29,352	1,99,574	14.9%
LCV (>3.5T)	1035	821	26.1%	1,065	-2.8%	8,411	7,744	8.6%
MHCV	917	686	33.7%	1,377	-33.4%	10,838	9,484	14.3%
<b>Total CV</b>	<b>24,423</b>	<b>21,154</b>	<b>15.5%</b>	<b>25,495</b>	<b>-4.2%</b>	<b>2,48,601</b>	<b>2,16,802</b>	<b>14.7%</b>
3 wheelers	6943	5652	22.8%	6,602	5.2%	66,699	54,625	22.1%
<b>Total domestic sales</b>	<b>59,012</b>	<b>52,915</b>	<b>11.5%</b>	<b>58,652</b>	<b>0.6%</b>	<b>5,70,001</b>	<b>5,20,932</b>	<b>9.4%</b>
Total exports	3940	3090	27.5%	3,424	15.1%	38,595	28,221	36.8%
<b>Total sales</b>	<b>62,952</b>	<b>56,005</b>	<b>12.4%</b>	<b>62,076</b>	<b>1.4%</b>	<b>6,08,596</b>	<b>5,49,153</b>	<b>10.8%</b>

FES	Mar-19	Feb-19	% mom	Mar-18	% yoy	YTD FY18	YTD FY17	% yoy
Domestic	18446	18105	1.9%	27,155	-32.1%	3,16,742	3,04,019	4.2%
Exports	1242	873	42.3%	1,322	-6.1%	13,694	15,604	-12.2%
<b>Total FES</b>	<b>19688</b>	<b>18978</b>	<b>3.7%</b>	<b>28,477</b>	<b>-30.9%</b>	<b>3,30,436</b>	<b>3,19,623</b>	<b>3.4%</b>



## Ashok Leyland: Sales decline trimmed, sequential growth heartening

- Ashok Leyland (ALL) posted a 4.1% yoy de-growth in the month to 21,535 units as CV sales witnessed a recovery as liquidity crunch seemed to ease a bit. FY 19 growth has been at 12.9%.
- MHCV sales were down by just 6% yoy to 16,034 units. Sequential growth of 27% indicates significant recovery in the sector.
- LCV sales posted a growth of 1.9% yoy in the month as the newly launched Dost+ along with Boss and Guru are performing very well despite financing crunch. Sequentially, LCV went sales went up by 16.3%.

	Mar-19	Feb-19	% mom	Mar-18	% yoy	YTD FY19	YTD FY18	% yoy
MHCV	16034	12621	27.0%	17,057	-6.0%	1,42,858	1,31,432	8.7%
LCV	5501	4731	16.3%	5,396	1.9%	54,508	43,441	25.5%
<b>Total</b>	<b>21535</b>	<b>17352</b>	<b>24.1%</b>	<b>22,453</b>	<b>-4.1%</b>	<b>1,97,366</b>	<b>1,74,873</b>	<b>12.9%</b>

## Tata Motors: : CV de-growth reduces as the smaller segments outperform

- Tata Motors (TAMO)'s total sales in the month were down at 1.9% yoy to 74,679 units. PV as well as CV sales were a bit subdued, however CV sales de-growth has reduced further as compared to February, which shows revival in CV sales, particularly MHCVs.
- CV sales moved up by 3.5% yoy while rising 30.2% mom. Within the CVs, MHCVs de-grew by 12% as compared to 18% in January, ILCVs grew by 23%, SCV Cargo & pick-ups went up by 24% and buses grew by 4% yoy. Tipper demand grew by 12% yoy on escalated infra spending.
- Considering the weakness in the industry, PV sales de-grew by 12.1% yoy.
- Exports growth was weak at 11.3% yoy.

Segment(models)	Mar-19	Feb-19	% mom	Mar-18	% yoy	FY19	FY18	% yoy
Total CVs	50917	39111	30.2%	49,174	3.5%	4,68,692	3,99,335	17.4%
Total PVs	17810	18110	-1.7%	20,266	-12.1%	2,10,143	1,87,321	12.2%
Exports	5952	2930	103.1%	6,713	-11.3%	52,963	51,605	2.6%
<b>Total sales</b>	<b>74,679</b>	<b>60,151</b>	<b>24.2%</b>	<b>76,153</b>	<b>-1.9%</b>	<b>7,31,798</b>	<b>6,38,261</b>	<b>14.7%</b>



## Escorts: Flattish growth

- Domestic sales have de-grown by 1.1% yoy in March as Rabi sowing has been weak and there has been postponement of festive season to April.
- Exports reported 103% yoy growth on low base.
- Total sales grew by 1% yoy to 11,905 units.

	Mar-19	Feb-19	% mom	Mar-18	% yoy	FY19	FY18	% yoy
Domestic	11431	6918	65.2%	11,557	-1.1%	93,323	78,446	19.0%
Exports	474	322	47.2%	233	103.4%	3,089	1,971	56.7%
<b>Total</b>	<b>11905</b>	<b>7240</b>	<b>64.4%</b>	<b>11,790</b>	<b>1.0%</b>	<b>96,412</b>	<b>80,417</b>	<b>19.9%</b>

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