

Slowdown intensifies in a month prior to elections...

April saw a very weak performance in the overall auto industry. Segmentally speaking, CVs in March, particularly M&HCVs posted declines, though Ashok Leyland was an exception posting slight growth which we believe is just an aberration. Tata Motors posted 18% fall in the same period. Still, the sector is plagued by axle norms implementation, lingering issues of financial crunch, high base and postponement of buying ahead of elections. On the PV front, sentimental negativity, lack of new launches, high interest rates and credit crunch resulted into weak yoy growth. In the 2W segment, higher insurance costs, higher inventory levels at dealers' ends, negative consumer sentiments 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 weak rural demand and weak rainfall.

Going forward, we expect the broader segment to move up in coming months post the dust surrounding elections settle down. 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, implementation of stricter safety norms and competition. However, among two wheelers, we prefer both Bajaj Auto and Hero Motocorp. The latter is a proxy to the economy and rural growth, and upcoming marriage season will drive sales in rural India (50% of volumes). Bajaj Auto though doling out higher discounts in the mass segment, has been posting positive volumes every month. Any change in product mix tilting towards Platina from CT 100 may support margins. On MHCVs we expect a good recovery in the second half as BS VI pre buying gathers steam and the new/stable government focuses once again on infra spending. 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 like Hero Motocorp and Bajaj Auto within 2Ws, while in PVs, we like MSIL.

	Apr-19	Mar-19	% mom	Apr-18	% yoy
Hero Motocorp	574,366	581,279	-1.2%	694,022	-17.2%
Bajaj Auto	423,315	393,351	7.6%	415,168	2.0%
TVS	318,987	325,345	-2.0%	304,795	4.7%
Maruti	142,881	158,076	-9.6%	172,986	-17.4%
M&M	72,273	82,640	-12.5%	79,022	-8.5%
<i>Auto</i>	43,721	62,952	-30.5%	48,097	-9.1%
<i>Tractors</i>	28,552	19,688	45.0%	30,925	-7.7%
Tata Motors	43,979	74,679	-41.1%	56,521	-22.2%
Ashok Leyland	13,626	21,535	-36.7%	12,677	7.5%
Escorts	5,264	11,905	-55.8%	6,186	-14.9%



Hero Motocorp: Deep into red territory

- Hero MotoCorp (Hero)'s sales in April went down by 17.2% yoy at 574,366 units on higher dealer level inventory stemming from lower retail demand, weaker sentiments, increase in insurance prices few months back and stifling competition.
- Sequentially too the sales were down by 1.2% on a seasonally good March..

	Apr-19	Mar-19	% mom	Apr-18	% yoy	YTD FY20	YTD FY19	% yoy
Total sales	574,366	581,279	-1.2%	694,022	-17.2%	574,366	694,022	-17.2%

Bajaj Auto: Decent 2W sales

- Bajaj Auto's total sales came in 2% up yoy and 7.6% mom to 423,315 units. Domestic motorcycle sales have grown by 2.6% yoy and declined by 6.5% mom. The company through its focus on the mass segment is aiding it to win market share in that segment.
- Exports 2W business grew by 7.7% yoy as Africa and Asia seem to grow at a good pace.
- Total three wheeler sales went down by 13% yoy. In the domestic markets they decreased by 8.7% yoy as there was a dearth of permits opening in this month. Exports markets sales de-grew by a 16.3% yoy. Sequentially, 3Ws sales fell by 18.3%. Exports sales grew by 42.5%.

	Apr-19	Mar-19	% mom	Apr-18	% yoy	YTD FY20	YTD FY19	% yoy
Motorcycles								
Domestic	205,875	220,213	-6.5%	200,742	2.6%	205,875	200,742	2.6%
Exports	160,393	103,325	55.2%	148,875	7.7%	160,393	148,875	7.7%
Total	366,268	323,538	13.2%	349,617	4.8%	366,268	349,617	4.8%
3W							-	
Domestic	26,229	38,972	-32.7%	28,722	-8.7%	26,229	28,722	-8.7%
Exports	30,818	30,841	-0.1%	36,829	-16.3%	30,818	36,829	-16.3%
Total	57,047	69,813	-18.3%	65,551	-13.0%	57,047	65,551	-13.0%
Domestic	232,104	259,185	-10.4%	229,464	1.2%	232,104	229,464	1.2%
Exports	191,211	134,166	42.5%	185,704	3.0%	191,211	185,704	3.0%
Total	423,315	393,351	7.6%	415,168	2.0%	423,315	415,168	2.0%



TVS Motor: Sales growth moderates

- TVS reported moderate sales numbers in the month at 4.7% yoy. This was 2% drop mom.
- Motorcycle sales grew by 8.6% yoy and 1.4% mom.
- Scooters sales went up by 9.1% yoy and went down by 1.2% mom. Mopeds went down by 9.6% as demand in South India is weak.
- 3W sales increased by 15.2% 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 22.1% yoy on sharp recovery is seen in Nigeria, Egypt and other African countries.
- Exports sales in TVS witnessed a positive growth. Exports grew by 12.6% yoy and fell by 9% mom to 69,565 units.

	Apr-19	Mar-19	% mom	Apr-18	% yoy	YTD FY20	YTD FY19	% yoy
Motorcycles	143,063	141,086	1.4%	131,704	8.6%	143,063	131,704	8.6%
Scooters	97,323	98,477	-1.2%	89,245	9.1%	97,323	89,245	9.1%
Mopeds	65,497	71,338	-8.2%	72,469	-9.6%	65,497	72,469	-9.6%
Total 2W	305,883	310,901	-1.6%	293,418	4.2%	305,883	293,418	4.2%
3W	13,104	14,444	-9.3%	11,377	15.2%	13,104	11,377	15.2%
Total sales	318,987	325,345	-2.0%	304,795	4.7%	318,987	304,795	4.7%
Exports out of the above	69,565	76,405	-9.0%	61,798	12.6%	69,565	61,798	12.6%
2W exports	57,377	63,191	-9.2%	51,814	10.7%	57,377	51,814	10.7%
3W exports	12,188	13,214	-7.8%	9,984	22.1%	12,188	9,984	22.1%
Domestic 3W	916	1,230	-25.5%	1,393	-34.2%	916	1,393	-34.2%



Maruti Suzuki: : Heavy slowdown in the PV industry

- Maruti Suzuki India Ltd (MSIL)'s sales in the month of April came in at 142,881 units which was a de-growth of 17.4% yoy, while on mom basis the growth was negative 9.6% showing the continuity of weak sales.
- The petrol/small car segment this month saw a de-growth of 39.8% yoy and a 35% 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 de-grew by 13.9% yoy and 12.6% mom. The yoy growth has come on the back of inclusion of the newly launched Wagon R.
- Ciaz segment sales de-grew by 45.5% and 24% yoy and mom respectively.
- The UV segment grew by 5.9% yoy and plummeted by 13.8% mom.
- The LCV Super Carry sold 2,319 units in April as compared to 1,544 units yoy.
- Exports witnessed 14.6% yoy and 12.3% fall mom.

	Apr-19	Mar-19	% mom	Apr-18	% yoy	YTD FY20	YTD FY19	% yoy
Mini(Alto, Wagon R)	22,766	16,826	35.3%	37,794	-39.8%	22,766	37,794	-39.8%
Compact(Swift, Ritz, Celerio, Baleno, Dzire, Ignis)	72,146	82,532	-12.6%	83,834	-13.9%	72,146	83,834	-13.9%
Mid size (SX4, Ciaz)	2,789	3,672	-24.0%	5,116	-45.5%	2,789	5,116	-45.5%
Total passenger cars	97,701	103,030	-5.2%	126,744	-22.9%	97,701	126,744	-22.9%
Utility Vehicles(Gypsy, Ertiga, Vitarra, S-Cross, Brezza)	22,035	25,563	-13.8%	20,804	5.9%	22,035	20,804	5.9%
Vans(Omni, Eeco)	11,649	16,438	-29.1%	15,886	-26.7%	11,649	15,886	-26.7%
LCV (Super Carry)	2,319	2,582	-10.2%	1,544	50.2%	2,319	1,544	50.2%
Total domestic sales	133,704	147,613	-9.4%	164,978	-19.0%	133,704	164,978	-19.0%
Exports	9,177	10,463	-12.3%	8,008	14.6%	9,177	8,008	14.6%
Total sales	142,881	158,076	-9.6%	172,986	-17.4%	142,881	172,986	-17.4%



Mahindra & Mahindra: Dark clouds loom over..

- Total auto sales in the month slipped by 9.1% yoy to 43,721 units which was a 30.5% de-growth mom..
- UV segment was down by 7.5% yoy and 26.9% mom. The weakness in the PV industry impacted the new launches as well.
- CV sales in the month fell by 8.7% yoy, out of which LCV >3.5 T went down by 0.2% yoy, while the LCV <3.5 T de-grew by 6.9% yoy. MHCV segment dipped by 47.6% yoy and by 48.3% mom as financial crunch is still prevalent.
- 3W sales have grown by 0.3% yoy and 37.8% mom..
- Exports posted fall of 26.5% yoy as well.
- FES segment de-grew by 7.7% yoy, out of which the domestic sales were down by 8% yoy on weak rural sentiments. Exports were up by 1.5% and fell by 14.9%, yoy and mom respectively.

Auto segment	Apr-19	Mar-19	% mom	Apr-18	% yoy	YTD FY20	YTD FY19	% yoy
Utility Vehicles	18,848	25,801	-26.9%	20,371	-7.5%	18,848	20,371	-7.5%
Cars+Vans	1,118	1,845	-39.4%	1,556	-28.1%	1,118	1,556	-28.1%
Total PV	19,966	27,646	-27.8%	21,927	-8.9%	19,966	21,927	-8.9%
LCV(<3.5 T)	16,284	22,471	-27.5%	17,495	-6.9%	16,284	17,495	-6.9%
LCV (>3.5T)	563	1,035	-45.6%	564	-0.2%	563	564	-0.2%
MHCV	474	917	-48.3%	904	-47.6%	474	904	-47.6%
Total CV	17,321	24,423	-29.1%	18,963	-8.7%	17,321	18,963	-8.7%
3 wheelers	4,316	6,943	-37.8%	4,327	-0.3%	4,316	4,327	-0.3%
Total domestic sales	41,603	59,012	-29.5%	45,217	-8.0%	41,603	45,217	-8.0%
Total exports	2,118	3,940	-46.2%	2,880	-26.5%	2,118	2,880	-26.5%
Total sales	43,721	62,952	-30.5%	48,097	-9.1%	43,721	48,097	-9.1%

FES	Apr-19	Mar-19	% mom	Apr-18	% yoy	YTD FY20	YTD FY19	% yoy
Domestic	27,495	18,446	49.1%	29,884	-8.0%	27,495	29,884	-8.0%
Exports	1,057	1,242	-14.9%	1,041	1.5%	1,057	1,041	1.5%
Total FES	28,552	19,688	45.0%	30,925	-7.7%	28,552	30,925	-7.7%



Ashok Leyland: Revival seen in April

- Ashok Leyland (ALL) posted a 7.5% yoy growth in the month to 13,626 units as CV sales witnessed a recovery as liquidity crunch seemed to ease a bit.
- MHCV sales were up by 4.2% yoy to 9,346 units. Sequential de-growth has been 41.7%.
- LCV sales posted a growth of 15.4% yoy in the month as the newly launched Dost+ along with Boss and Guru are performing very well despite financing crunch. Sequentially, LCV sales went up by 22.2%.

	Apr-19	Mar-19	% mom	Apr-18	% yoy	YTD FY20	YTD FY19	% yoy
MHCV	9,346	16,034	-41.7%	8,968	4.2%	9,346	8,968	4.2%
LCV	4,280	5,501	-22.2%	3,709	15.4%	4,280	3,709	15.4%
Total	13,626	21,535	-36.7%	12,677	7.5%	13,626	12,677	7.5%

Tata Motors: : Both the segments declined thick and fast!

- Tata Motors (TAMO)'s total sales in the month were down at 22.2% yoy to 43,979 units. PV as well as CV sales were quite subdued in the month as overall sentiments remained weak.
- CV sales moved down by 17.6% yoy while falling by 41% mom. Within the CVs, MHCVs de-grew by 33%, ILCVs grew by 10%, SCV Cargo & pick-ups witnessed a drop of 4% and buses grew by 33% yoy. Tipper demand tapered down to 1% yoy on slow down in infra spending before elections.
- Considering the weakness in the industry, PV sales de-grew by 26% yoy.
- Exports growth was weak at 53% yoy.

Segment(models)	Apr-19	Mar-19	% mom	Apr-18	% yoy	YTD FY20	YTD FY19	% yoy
Total CVs	29,883	50,917	-41.3%	36,276	-17.6%	29,883	36,276	-17.6%
Total PVs	12,694	17,810	-28.7%	17,235	-26.3%	12,694	17,235	-26.3%
Exports	1,402	5,952	-76.4%	3,010	-53.4%	1,402	3,010	-53.4%
Total sales	43,979	74,679	-41.1%	56,521	-22.2%	43,979	56,521	-22.2%



Escorts: Tractor sales slide steeply

- Domestic sales have de-grown by 18.2% yoy in April as rural sentiments were weak.
- Exports reported erratic growth at 202 yoy growth on low base.
- Total sales de-grew by 14.9% yoy to 5,264 units.

	Apr-19	Mar-19	% mom	Apr-18	% yoy	YTD FY20	YTD FY19	% yoy
Domestic	4,986	11,431	-56.4%	6,094	-18.2%	4,986	6,094	-18.2%
Exports	278	474	-41.4%	92	202.2%	278	92	202.2%
Total	5,264	11,905	-55.8%	6,186	-14.9%	5,264	6,186	-14.9%

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