

Monthly Auto Volumes

Industry Automobiles

Demand concern continues to plague the overall industry

Company	YoY Growth
ASHOKLEY	7%
BAJAJ-AUTO	2%
EICHERMOT	-17%
ESCORTS	-15%
HEROMOTOCO	-17%
M&M	-9%
MARUTI	-17%
TATAMOTORS	-22%
TVSMOTOR	5%

The automobile industry continued to remain in a slow lane in April 2019 as well. Subdued consumer sentiments due to the general elections, weaker festive and wedding season demand, lower crop sowing, and increase in vehicle prices due to new safety regulations impacted the sales during the month. The passenger vehicle segment posted a decline in sales largely due to increase in cost of ownership. Commercial vehicle industry slowdown continued primarily due to lower infrastructural activities and purchase deferral because of general election coupled with muted demand across western and southern markets. On two-wheeler side, the demand impacted due to new safety regulations (CBS/ABS) which led to further increase in vehicle prices along with weak festival and wedding season demand. The inventory level continues to remain high at around 50-55 days. Three-wheeler sales were impacted due to base effect and increased penetration in Maharashtra. The tractor industry also declined during the month due to lower Rabi sowing and scanty rainfall in western and southern region leading to slowdown in demand. ASHOKLEY, BAJAJ-AUTO and TVSMOTORS have posted 7%, 2% and 5% YoY growth respectively while EICHERMOT, ESCORTS, HEROMOTOCO, M&M, MARUTI and TATAMOTORS recorded -17%, -15%, -17%, -9%, -17%, and -22% YoY decline in sales respectively.

Commercial Vehicle Industry:

The commercial vehicle industry saw a decline in sales by 13% YoY in April 2019. The postponement of demand due to general elections and weak sentiments among transporters has impacted CV sales. The MHCV segment continues to be sluggish due to implementation of revised axle load norms despite improved freight activity. The slowdown in economy coupled with purchase deferrals during election season have contributed to subdued demand for MHCV cargo truck. The demands for tippers have also tapered due to slowdown in construction activities. The demand for LCV segment improved led by new product launches in CNG version resulting in improved sentiments in this segment. ASHOKLEY sales grew by 7%YoY, VECV sales remained flat while M&M and TATAMOTORS sales declined by -9% and -24% YoY respectively.

Passenger Vehicle Industry:

The passenger vehicle industry saw a decline in sales of 19% YoY in April 2019. There have been weak demand sentiments due to political uncertainties led by general elections and weak festive and wedding season demand in key northern & central markets. The OEMs have taken production cut in order to maintain the inventory level at dealerships. MARUTI, M&M and TATAMOTORS sales declined by -19%, -9% and -27% YoY respectively.

2Ws and 3Ws:

The two-wheeler OEMs de-grew by 7% YoY in April 2019. The overall market sentiment has not improved despite of Navratri across various states and Gudiparwa in Maharashtra. However, some markets in North had responded better due to festivals. Implementation of CBS/ABS norms from April remained one of the major reasons for slowdown in demand. The inventory level continues to remain high by around 50-55 days. BAJAJ-AUTO and TVSMOTOR posted a growth of 5% and 4% YoY respectively while EICHERMOT and HEROMOTOCO both posted a decline in sales by -17% YoY respectively. On the 3W side, TVSMOTOR sales increased by 15%YoY while BAJAJ-AUTO sales declined by -13% YoY and M&M sales remained flat.

Tractors:

Tractor industry volumes de-grew by 9% YoY in April 2019. The demand continues to remain slow due to lower crop sowing and weak demand across western and southern market due to less rainfall. Going forward, government's focus on rural development, good monsoon forecast will positively impact demand for tractors. ESCORTS and M&M have posted a decline in sales by -8% and -15% YoY respectively.

Top Picks :-

We continue to like; ASHOKLEY and BAJAJ-AUTO from our coverage universe.

Research Analyst

NAVEEN KUMAR DUBEY

Naveen.dubey@narnolia.com

+91-22-62701235

Swati Singh

Swati.singh@narnolia.com

The views expressed above accurately reflect the personal views of the authors about the subject companies and its(their) securities. The authors have not and will not receive any compensation for providing a specific recommendation or view. Narnolia Financial Advisors Ltd. does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

ASHOKLEY	Apr-19	Apr-18	YoY Gr	Mar-19	MoM
MHCV	9346	8968	4%	16034	-42%
LCV	4280	3709	15%	5501	-22%
Total	13626	12677	7%	21535	-37%

ASHOKLEY overall sales for the month of April 2019 grew by 7% YoY to 13626 units. The overall M&HCV sales grew by 4% YoY to 9346 units. The MHCV trucks sales increased by 2% YoY while MHCV buses grew by 17% due to various orders received from the state governments. The company currently bagged orders for 1290 Buses from Gujarat State Roadways Transport Corporation which increases the order book upto 3000 buses. Light commercial vehicles volume rose by 15% YoY to 4280 units during the month. The company is planning to make new launches in the LCV segment in next 1 year. It has also received orders from Bangladesh for exports.

BAJAJ-AUTO	Apr-19	Apr-18	YoY Gr	Mar-19	MoM
Domestic	232104	229464	1%	259185	-10%
Exports	191211	185704	3%	134166	43%
Total	423315	415168	2%	393351	8%

BAJAJ-AUTO recorded an overall volume growth of 2% YoY in April 2019. The domestic 2Ws sales grew by 3% YoY. Platina sales grew by 77% YoY during the month and it is expected to grow by 20% in May. The domestic retails were up 20% in April but it continues to remain under pressure in states like Maharashtra irrespective of Gudiparwa festival. However sales are likely to improve from May and June month. The 2Ws exports sales increased by 8% YoY due to increase in Nigeria sales by 50% YoY. Domestic 3Ws sales de-grew by 9% YoY due to higher base effect and increased penetration in states like Maharashtra. 3Ws export also declined by 16% YoY due to slowdown in Egypt market. Going forward, 3-wheelers will continue to do well and the management expects 10-12% growth in exports markets in FY20.

EICHERMOT	Apr-19	Apr-18	YoY Gr	Mar-19	MoM
Royal Enfield	62879	76187	-17%	60831	3%
VECV	3961	3959	0%	8676	-54%
Total	66840	80146	-17%	69507	-4%

EICHERMOT Royal Enfield posted 17% YoY decline in domestic volumes in April 2019. Models with capacity up to 350cc have de-grown by 21% YoY while models with capacity above 350cc have grown by 21% YoY primarily due to good 650 twins demand. The company's manufacturing facilities at Oragadam and Vallam Vadagal underwent scheduled maintenance activity between April 22nd 2019 and April 30th, 2019 and both have resumed normal operations from May 1st, 2019. Exports volumes have grown robustly by 140% YoY. The company is seeing higher potential in developing markets like South East Asia, LatAm. VECV volumes grew marginally during the month. Domestic volumes grew by 10% YoY while export volumes declined by 60%YoY.

ESCORTS	Apr-19	Apr-18	YoY Gr	Mar-19	MoM
Domestic	4986	6094	-18%	11431	-56%
Exports	278	92	202%	474	-41%
Total	5264	6186	-15%	11905	-56%

ESCORTS have reported a decline in growth by 15% YoY in April 2019. The domestic tractor volume de-grew by 18% YoY to 4986 units due to low crop sowing. The exports volume showed a robust growth of 202% YoY to 278 units. Europe remained a good exports market for the company and it expects to grow further in South East Asia, Mexico, Brazil. The company further plans to make new launches in FY20. The overall tractor industry is expected to post single digit growth in FY20.

HEROMOTOCO	Apr-19	Apr-18	YoY Gr	Mar-19	MoM
2W	574,366	694022	-17%	581279	-1%
Total	574366	694022	-17%	581279	-1%

HEROMOTOCO volume growth declined by 17% YoY to 574366 units in April 2019. The overall market sentiment in April has not improved despite of Navratri festival and Gudiparwa in Maharashtra. Some markets in North responded better due to festivals. The demand continues to remain challenging due to the general elections, weak wedding season demand and inventory corrections. The inventory level remains at around 45-50 days. Going ahead, the North, East and Central market have better demand outlook, markets in West like Maharashtra have shown some recovery while markets in South continue to remain low. In order to provide impetus to the market, the company had launched new products in scooters and premium segment. Further, 1HFY20 will continue to remain challenging whereas recovery in rural demand from 2HFY20 on the back of good monsoon expectation will drive the growth ahead.

M&M	Apr-19	Apr-18	YoY Gr	Mar-19	MoM
Automotive	43721	48097	-9%	62952	-31%
Farm Equipment	28552	30925	-8%	19688	45%
Total	72273	79022	-9%	82640	-13%

M&M domestic volumes declined by 8% YoY in April 2019 to 41603 units. The passenger vehicle segment de-grew by 9% YoY due to subdued demand scenario. Commercial vehicle segment also de-grew by 9% YoY on the back of weak demand sentiments across key markets. The 3W segment grew marginally while exports de-grew by 26% YoY. The company believes that following the elections the auto industry will see a revival in consumer demand supported by a normal monsoon which will improve sales in FY20. The farm equipment segment posted decline in growth by 8% YoY. The domestic tractor volumes de-grew by 8% YoY due to lower than expected Rabi sowing and slowdown of demand in southern and western markets. The tractor exports grew by 2% YoY. Going forward, the company expects that the prediction of a normal southwest monsoon will bring positive sentiment and boost tractor demand.

MARUTI	Apr-19	Apr-18	YoY Gr	Mar-19	MoM
Domestic	133704	164978	-19%	147613	-9%
Exports	9177	8008	15%	10463	-12%
Total	142881	172986	-17%	158076	-10%

MARUTI overall sales declined by 17% YoY in April 2019. Volume growth continued to remain subdued due to general elections, weak wedding season and Navratri festival demand in North India. The mini segment and compact segment declined by 40% and 14% YoY respectively. The utility vehicle segment grew by 6% YoY with good demand for Ertiga model. The mid-size segment and vans de-grew by 45% and 27% YoY respectively. The LCV super carry volumes have touched over 2319 units with a growth of 50% YoY. The company is further planning to phase out the diesel version of LCV as the cost will be too high due to BS VI implementation and it will only produce petrol and CNG version of LCV. Exports have grown by 15% YoY and the company is further planning to tap in African markets. However, the management expects to see pickup in sales in the second half of FY20.

TATAMOTORS	Apr-19	Apr-18	YoY Gr	Mar-19	MoM
Domestic	42577	53511	-20%	68727	-38%
Exports	1402	3010	-53%	5952	-76%
Total	43979	56521	-22%	74679	-41%

TATAMOTORS overall sales in April have declined by 22% YoY to 43979 units. Domestic PV segment witnessed a sales de-growth of 26% YoY due to weak consumer sentiments. On the CV front, the M&HCV segment saw a decline of 33% YoY to 9403 units. The slowing economy coupled with purchase deferrals during election season have also contributed to subdued demand for MHCVC cargo truck. The tipper segment has tapered down due to slowdown in execution of construction activities and dropping the utilization rates amongst fleet owners. LCV segment also posted a growth of 10% YoY to 3546 units. The new products introduced in the fast growing 15-16 Ton segment and CNG products have been well accepted by the customers. The exports declined by 53% YoY with 1402 units. Several factors like high stocks in Bangladesh because of the contraction in retails due of elections, security concerns in Sri Lanka and slump in Middle East have affected the overall industry volumes in these markets.

TVSMOTOR	Apr-19	Apr-18	YoY Gr	Mar-19	MoM
Domestic	249372	242997	3%	248940	0%
Exports	69565	61798	13%	76405	-9%
Total	318937	304795	5%	325345	-2%

TVSMOTOR has posted a growth 5% YoY in April 2019. Overall two-wheeler segment has registered a growth of 4% YoY in sales. The scooter segment and motorcycles segment both grew by 9% YoY respectively. Domestic two-wheeler volumes grew by 3% YoY with good demand for Jupiter Grande, Ntorq and Radeon model. Export two wheeler volumes have shown a growth of 11% YoY due to expansion in geographical markets. Overall three wheelers segment have also shown a volume growth of 15% YoY. Domestic three-wheeler segment grew by 34% YoY while export three-wheeler volumes grew by 22% YoY. With the improvement in liquidity conditions and retail finance, the company expects better growth and the exports outlook for the company looks good due to stable foreign exchange situation and stable exports market conditions.

OEMs April volume update:

Company	Apr-19	Apr-18	Mar-19	YoY %	MoM %	FY19	FY18	Change%
ASHOKLEY	13,626	12,677	21,535	7%	-37%	197,369	174,830	13%
BAJAJ-AUTO	423,315	415,168	393,351	2%	8%	5,019,503	4,006,771	25%
EICHERMOT	62,879	76,187	60,831	-17%	3%	826,098	820,493	1%
ESCORTS	5,264	6,186	11,905	-15%	-56%	96,412	80,417	20%
HEROMOTOCO	574,366	694,022	581,279	-17%	-1%	7,819,151	7,582,857	3%
M&M	72,273	79,022	82,640	-9%	-13%	939,081	866,288	8%
MARUTI	142,881	172,986	158,076	-17%	-10%	1,862,449	1,779,574	5%
TATAMOTORS	43,979	56,521	74,679	-22%	-41%	733,711	639,058	15%
TVSMOTOR	318,937	304,795	325,345	5%	-2%	3,913,763	3,466,110	13%

Narnolia Financial Advisors Ltd. is a SEBI registered Research Analyst having SEBI Registration No. INH300006500. The Company/Analyst (s) does/do not have any holding in the stocks discussed but these stocks may have been recommended to clients in the past. Clients of Narnolia Financial Advisors Ltd. may be holding aforesaid stocks.

The stocks recommended are based on our analysis which is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed.

Disclosures: Narnolia Financial Advisors Ltd. (NFAL) (FormerlyMicrosec Capital Ltd.) is a SEBI Registered Research Analyst having registration no. INH300006500. NFALis engaged in the business of providing Stock Broking, Depository Participant, Merchant Banking, Portfolio Management & distribution of various financial products. Details of associate entities of NFAL is available on the website at www.narnolia.com

No penalties have been levied on NFAL by any Regulatory/Statutory authority. NFAL, it's associates, Research Analyst or their relative may have financial interest in the subject company. NFAL and/or its associates and/or Research Analyst may have beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report. NFAL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of NFAL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report. Research Analyst may have served as director/officer, etc. in the subject company in the last 12 month period. NFAL and/or its associates may have received compensation from the subject company in the past 12 months. In the last 12 months period ending on the last day of the month immediately preceding the date of publication of this research report, NFAL or any of its associates may have: a) managed or co-managed public offering of securities from subject company of this research report, b) received compensation for investment banking or merchant banking or brokerage services from subject company of this research report, c) received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company of this research report. d) Subject Company may have been a client of NFAL or its associates during 12 months preceding the date of distribution of the research report. NFAL and it's associates have not received any compensation or other benefits from the Subject Company or third party in connection with the research report. NFAL and / or its affiliates may do and seek to do business including Investment Banking with companies covered in the research reports. As a result, the recipients of this report should be aware that NFAL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific Merchant Banking, Investment Banking or Brokerage service transactions. Research Analyst's views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of NFAL or its associates maintains arm's length distance with Research Team as all the activities are segregated from NFAL research activity and therefore it can have an independent view with regards to subject company for which Research Team have expressed their views.

Analyst Certification The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Disclosure of Interest Statement-

Analyst's ownership of the stocks mentioned in the Report	NIL
---	-----

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com.

Correspondence Office Address: Arch Waterfront, 5th Floor, Block GP, Saltlake, Sector 5, Kolkata 700 091; Tel No.: 033-40541700; www.narnolia.com.

Registered Office Address: Marble Arch, Office 201, 2nd Floor, 236B, AIC Bose Road, Kolkata 700 020; Tel No.: 033-4050 1500; www.narnolia.com

Compliance Officer: Manish Kr Agarwal, Email Id: mkagarwal@narnolia.com, Contact No.:033-40541700.

Registration details of Company: Narnolia Financial Advisors Ltd. (NFAL): SEBI Stock Broker Registration: INZ000166737 (NSE/BSE/MSEI); NSDL/CDSL: IN-DP-380-2018; Research Analyst: INH300006500, Merchant Banking: (Registration No.: INM000010791), PMS: (Registration No.: INP000002304), AMFI Registered Mutual Fund distributor: ARN 3087

Registration Details of Group entities: G. Raj & Company Consultants Ltd (G RAJ)-BSE Broker INZ260010731; NSDL DP: IN-DP-NSDL-371-2014 || Narnolia Commerze Limited (Formerly Microsec Commerze Ltd.)-MCX/NCDEX Commodities Broker: INZ000051636 || NarnoliaVelox Advisory Ltd.- SEBI Registered PMS: INP000005109 || Eastwind Capital Advisors Pvt Ltd. (EASTWIND)-SEBI Registered Investment Adviser: INA300005439 || Narnolia Insurance Brokers Limited (Formerly Microsec Insurance Brokers Ltd.)-IRDA Licensed Direct Insurance Broker (Life & Non-Life) Certificate No. 134, License No. DB046/02 || Narnolia Securities Ltd. (NSL)-AMFI Registered Mutual Fund distributor: ARN 20558, PFRDA NPS POP: 27092018 || Narnolia Capital Advisors Pvt. Ltd. - RBI Registered NBFC:B.05.02568.

Disclaimer:

This report has been prepared by Narnolia Financial Advisors Ltd. (NFAL)and is meant for sole use by the recipient and not for public circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of NFAL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances.The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors.Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult his/her/its own advisors to determine the merits and risks of such an investment. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. NFAL will not treat recipients as customers by virtue of their receiving this report. Neither the Company, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits or lost opportunities that may arise from or in connection with the use of the information/report. The person accessing this information specifically agrees to exempt NFAL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold NFAL or any of its affiliates or employees responsible for any such misuse and further agrees to hold NFAL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject NFAL & its group companies to registration or licensing requirements within such jurisdictions.