

Monthly Auto Volumes

Industry Automobiles

COVID-19 impacted March 2020 auto volumes

Company	YoY Growth
ASHOKLEY	-90%
BAJAJ-AUTO	-38%
EICHERMOT	-41%
ESCORTS	-54%
HEROMOTOCO	-42%
M&M	-75%
MARUTI	-47%
TATAMOTORS	-83%
TVSMOTOR	-56%

The automobile industry has seen severe slump in demand due to the novel corona virus. The COVID-19 has resulted in interrupted supply chains, halted production and lock-down, leading to no retails. Production as well as sales of the OEMs is closed from March 23, 2020 to April 14, 2020. The commercial vehicle industry has seen the worst decline in volumes by 88% YoY, while passenger vehicle, 2Ws, 3Ws and tractor segment reported decline in volumes by 54%, 44%, 54% and 40% YoY. As per OEMs the situation will continue to be the same in 1QFY21 as well based on the uncertainty regarding the COVID-19. However, there could be improvement in demand from 2QFY21 onwards assuming the normalcy in the production and supply chain. Going ahead rural demand may boost the volumes in the 2HFY21.

Commercial Vehicle Industry:

The commercial vehicle industry saw a decline in sales volumes by 88% YoY in March 2020 impacted by the outbreak of COVID-19 across the various countries, lowering the demand sentiment. Commercial vehicle volumes declined by 77% MoM. ASHOKLEY, M&M, TATAMOTORS and VECV volumes declined by 90%, 90%, 90% and 83% respectively.

Passenger Vehicle Industry:

The passenger vehicle industry reported decline in sales volumes by 54% YoY in March 2020. On MoM basis, volumes declined by 46%. The price rise due to BS-VI norms was impacting demand which was further fueled by outbreak of COVID-19. MARUTI, M&M and TATAMOTORS reported a decline of 47%, 88% and 68% YoY respectively.

2Ws and 3Ws:

The 2W segment had declined by 44% YoY in March 2020. On MoM basis the segment reported de-growth of 35% led by COVID-19. BAJAJ-AUTO, EICHERMOT, HEROMOTOCO & TVSMOTOR reported decline of 35%, 41%, 42% and 57% YoY respectively. 3W reported de-growth of 54% YoY. ATULAUTO, BAJAJ-AUTO, M&M and TVSMOTOR reported a decline of 76%, 55%, 90% and 26% YoY.

Tractors:

Tractor segment reported de-growth of 40% YoY in March 2020. On MoM, the segment de-grew by 39%. ESCORTS and M&M both reported sales de-growth of 54% and 75% YoY. The rural demand is expected to grow in the near term based on increased labor availability as most of the factory workers have gone to their native places.

Top Picks:

We continue to like BAJAJ-AUTO, ESCORTS and EICHERMOT from our coverage universe.

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ASHOKLEY	Mar-20	Mar-19	YoY Gr %	Feb-20	MoM Gr %
MHCV	1831	16034	-89%	7368	-75%
LCV	348	5501	-94%	4107	-92%
Total	2179	21535	-90%	11475	-81%

ASHOKLEY overall sales in March 2020 de-grew by 90% YoY to 2179 units led by COVID-19 impact across the world. The overall M&HCV sales de-grew by 89% YoY to 1831 units. MHCV trucks sales declined by 93% YoY to 918 units led by 93% decline in MHCV trucks due to COVID-19 lockdown across the country. MHCV bus also decline by 62% to 913 units. LCV volumes also de-grew by 94% to 348 units. The company may decide to do a Capex of Rs 500-600 crore for a completely new expansion in LCV. Coronavirus impact has been big on the company's manufacturing part. Management is expecting that the effect of coronavirus will finish in 1-2 quarter. Now its manufacturing part is improving as China especially Wuhan is (manufacturing – supply chain hub) is opening up. Dealers stock of BS - IV vehicles was very low, it's hardly around 600 vehicles left with them.

BAJAJ-AUTO	Mar-20	Mar-19	YoY Gr %	Feb-20	MoM Gr %
Domestic	116541	259185	-55%	168747	-31%
Exports	126034	134166	-6%	186166	-32%
Total	242575	393351	-38%	354913	-32%

BAJAJ-AUTO overall sales de-grew by 38% YoY in March 2020 to 242575 units. The domestic 2Ws sales de-grew by 55% YoY. However, the 2Ws exports sales increased by 9% YoY. Domestic market as well as international market was impacted by COVID-19. Domestic 3Ws sales de-grew by 53% YoY while 3Ws export declined by 56% YoY. The company saw rise in retail sales in first half of March 2020 on month on month basis. Footfall began to drop post holi celebration because of COVID – 19 control measures. Local bodies in several states have ordered closure of auto dealerships. Imposition of section 144 could impact sales. Major impact is seen in metros as compared to tier II and tier III cities.

EICHERMOT	Mar-20	Mar-19	YoY Gr %	Feb-20	MoM Gr %
Royal Enfield	35814	60831	-41%	63536	-44%
VECV	1499	8676	-83%	4586	-67%
Total	37313	69507	-46%	68122	-45%

EICHERMOT Royal Enfield posted sales volume de-growth of 41% YoY in March 2020 led by prevailing impact of COVID-19. Models with capacity up to 350cc have de-grown by 45% YoY while models with capacity above 350cc have de-grown by 9% YoY. However, Exports volumes also grew strongly by 33% YoY. With regards to BS IV stock, the Company successfully cleared all its inventory of BS IV motorcycles across channels and dealerships by March 20th, 2020. VECV volumes de-grew by 83% YoY during the month. The Eicher trucks and buses domestic volumes de-grew by 80% YoY while export volumes declined by 95% YoY. However, volvo truck sales have also declined by 82% YoY. VECV's entire range of BS VI vehicles is available for sale now. Initial drop (in first half of march 2020) in CV industry can't be attributed to coronavirus, it was because of dealers and financiers were being conservative. Most of the orders that the company received earlier was later cancelled due to COVID-19. Registrations of vehicles sold are still pending, that is a big problem. BS VI price increase for light & medium duty trucks (in range of 12-16%) will be relatively more as compared from heavy duty trucks (in range of 7-8%).

ESCORTS	Mar-20	Mar-19	YoY Gr %	Feb-20	MoM Gr %
Domestic	5228	11431	-54%	8049	-35%
Exports	216	474	-54%	552	-61%
Total	5444	11905	-54%	8601	-37%

ESCORTS have reported a decline in sales by 54% YoY to 5444 units in March 2020 impacted by nationwide lockdown on account of COVID -19. On MoM basis, the company saw a decline of 37% on overall volumes. The domestic tractor volumes de-grew by 54% YoY to 5228 units and the exports volumes also de-grew by 54% YoY to 216 units. H2FY21 is expected to grow led by festive season demand and Rabi sowing, going ahead.

AUTOMOBILES

HEROMOTOCO	Mar-20	Mar-19	YoY Gr %	Feb-20	MoM Gr %
Domestic	316685	553302	-43%	480196	-34%
Exports	17962	27977	-36%	18046	0%
Total	334647	581279	-42%	498242	-33%

HEROMOTOCO sales volume growth declined by 42% YoY 3,34,647 units in March 2020 led by COVID-19. Motorcycles and scooters sales declined by 43% & 37% to 3,05,883 units & 28764 units respectively. The company's domestic & exports sales was down by 43% & 36% to 3,16,685 units & 17,962 units respectively. The unsold stock totals about 1,50,000 units. HEROMOTOCO holds about Rs 600 crore worth of BS-IV inventory, and these vehicles will either be sold overseas where more stringent emission norms are yet to be put in place or used for its parts business by the company. The company expects the two-wheeler industry demand to improve only by the festive season - that too supported by government stimulus and pent-up demand. Management assured that the company will continue its effort on new product development but will prioritize apex, given the environment.

M&M	Mar-20	Mar-19	YoY Gr %	Feb-20	MoM Gr %
Automotive	7401	62952	-88%	32476	-77%
Farm Equipment	13613	19688	-31%	22561	-40%
Total	21014	82640	-75%	55037	-62%

M&M overall volume declined by 88% YoY to 7401 units, impacted by COVID – 19 in March 2020. The domestic volumes de-grew by 90% YoY. The PV segment has declined by 88% YoY. CV segment de-grew by 90% YoY. However, the 3W segment de-grew by 94% YoY. Exports de-grew by 68% YoY due to lower demand sentiment across key international markets. The performance in March has been muted on account of the impact of the current lockdown due to Covid-19 and the disruption in its BS VI ramp-up plan. BS VI ramp up was planned between February and March but was affected due to the challenges of parts supply from global and local suppliers. It has been able to clear its BS IV inventory, but for fewer than 100 vehicles. The farm equipment segment posted decline in sales by 31% YoY in March 2020. It was disrupted as business was hugely impacted by the lockdown just before the start of festive days in large parts of the country. The domestic tractor volumes declined by 27% YoY while the tractor exports also de-grew by 84% YoY. In compliance with the regulations, the anticipated retail surge and billing totally stopped in all states.

MARUTI	Mar-20	Mar-19	YoY Gr %	Feb-20	MoM Gr %
Domestic	79080	147613	-46%	136849	-42%
Exports	4712	10463	-55%	10261	-54%
Total	83792	158076	-47%	147110	-43%

MARUTI's overall sales have declined by 47% YoY in March 2020 due to COVID-19. The sales of the month got impacted due to the suspension of operations with effect from March 22nd 2020, in line with national policy. The mini and compact segment declined by 5% and 51% YoY respectively. The mid-size segment decreased by 49% YoY. The utility segment and vans declined by 53% and 64% YoY respectively. The LCV super carry volumes de-grew by 71% YoY to 736 units. Exports have declined by 55% YoY led by headwinds due to across key international markets. For the last 2 weeks of the month, the company focused more on digital marketing and delivery of cars from service centers directly to customers. The company expands its commercial network portfolio with Tour range includes Tour H1, Tour H2, Tour S, Tour V and Tour M. It also introduced BS-VI S-CNG variant of multi-purpose van Eeco. Also, Maruti Suzuki Dzire launched in a new premium avatar. The company didn't face any issues in supply from China. The prospective buyers of the 7 days shutdown period (from 22 March to 31st March 2020) will shift to April 2020 and it would then meet the demand by increasing production capacity. Till 20th March 2020, the company didn't see any reluctance in car buying and it was expecting fairly good sales level before shutdown was announced.

TATAMOTORS	Mar-20	Mar-19	YoY Gr %	Feb-20	MoM Gr %
Domestic	11012	68727	-84%	38002	-71%
Exports	1912	5952	-68%	2632	-27%
Total	12924	74679	-83%	40634	-68%

TATAMOTORS overall sales in March have declined by 83% YoY to 12924 units. Domestic PV segment witnessed a sales de-growth of 68% YoY. The overall CV segment has declined by 87% YoY. Retail was 16% higher than offtake for the entire year. Domestic CV sales in March 2020 was 5,336 units, deeply impacted by the COVID-19 lockdown as well as the planned transition to BSVI. CV exports were down by 68% to 1787 units. Retail sales was significantly ahead of wholesales (>300%). Almost all BS IV vehicles in the ecosystem have been retailed, however, some await registration which was halted due to the lockdown. This will be cleared in the window provided. Its focus is to secure the extensive business continuity plan including ensuring full support to all our customers in need, particularly those who are transporting the essential goods during this challenging period.

TVSMOTOR	Mar-20	Mar-19	YoY Gr %	Feb-20	MoM Gr %
Domestic	94542	248918	-62%	170384	-45%
Exports	50197	76405	-34%	82877	-39%
Total	144739	325323	-56%	253261	-43%

TVSMOTOR has posted the overall decline in volume growth by 56% YoY in March 2020 due to COVID -19. Overall two-wheeler segment has registered a decline in sales by 57% YoY. The scooter and motorcycles segment de-grew by 65% and 53% YoY respectively. Domestic two-wheeler volumes de-grew by 62% YoY led by subdued demand while export two wheeler volumes have de-grown by 37% YoY. Overall three wheelers segment have also shown a volume de-growth of 26% YoY. Domestic three-wheeler segment grew by 64% YoY while export three-wheeler volumes de-grew by 22% YoY. Initially, the Company has not been much impacted by China disruption because it has limited supply from China. According to management, it will focus on BS VI sales once the lockdown is lifted.

OEMs March 2020 volume update:

Company	Mar-20	Mar-19	Feb-20	YoY %	MoM %	FY20YTD	FY19YTD	Change%
ASHOKLEY	2,179	21,535	11,475	-90%	-81%	125,250	197,370	-37%
BAJAJ-AUTO	242,575	393,351	354,913	-38%	-32%	4,615,212	5,019,503	-8%
EICHERMOT	35,814	60,831	63,536	-41%	-44%	695,839	826,098	-16%
ESCORTS	5,444	11,905	8,601	-54%	-37%	86,018	96,412	-11%
HEROMOTOCO	334,647	581,279	498,242	-42%	-33%	6,409,719	7,819,055	-18%
M&M	21,014	82,640	55,037	-75%	-62%	777,958	939,081	-17%
MARUTI	83,792	158,076	147,110	-47%	-43%	1,563,297	1,862,449	-16%
TATAMOTORS	12,924	74,679	40,634	-83%	-68%	473,377	732,215	-35%
TVSMOTOR	144,739	325,323	253,261	-56%	-43%	3,263,418	3,913,741	-17%

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