

Industry Automobiles

Company	YoY Growth
ASHOKLEY	-89%
BAJAJ-AUTO	-70%
EICHERMOT	-69%
ESCORTS	-3%
HEROMOTOCO	-83%
M&M	-52%
MARUTI	-86%
TVSMOTOR	-81%

Resumption of production leads to improvement in sales

The automobile industry has seen major fall in demand due to the spread of novel coronavirus. Post government announcement for easing the lockdown for manufacturing activities from last week of April, auto OEMs started their plants and resumed production in May 2020. The PV industry saw a decline of 46%. The CV industry fell by 90% and 2W & 3W industries fell by 78% & 79% respectively. However, the tractor industry saw minimal decline of only 2% based on improved rural sentiments. As per OEMs the situation will continue to be the same in 2QFY21 as well based on the uncertainty regarding the COVID-19. However, there could be improvement in demand from 2HFY21 onwards assuming the normalcy in the production and supply chain.

Commercial Vehicle Industry

The commercial vehicle industry saw a decline in sales volumes by 90% YoY in May 2020 to 7276 units impacted by COVID-19 led lockdown across the nation, lowering the demand sentiment. ASHOKLEY, M&M and VECV volumes declined by 89%, 71% and 86% respectively.

Passenger Vehicle Industry

The passenger vehicle industry reported decline in sales volumes by 46% YoY in May 2020. The price rise due to BS-VI norms was impacting demand which was further fueled by outbreak of COVID-19. MARUTI and M&M reported a decline of 98% and 81% YoY respectively.

2Ws and 3Ws

The 2W segment had declined by 78% YoY in May 2020. BAJAJ-AUTO, EICHERMOT, HEROMOTOCO & TVSMOTOR reported decline of 69%, 69%, 83% and 81% YoY respectively. 3W reported de-growth of 77% YoY. ATULAUTO, BAJAJ-AUTO, M&M and TVSMOTOR reported a decline of 88%, 74%, 99% and 79% YoY.

Tractors

Tractor segment reported de-growth of 2% YoY in May 2020. ESCORTS and M&M both reported sales de-growth of 3% and 1% YoY on account of action of government of exempting agri activities as essential services. 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	May-20	May-19	YoY Gr %	Apr-20	MoM Gr %
MHCV	266	8946	-97%	0	-
LCV	1154	4226	-73%	0	-
Total	1420	13172	-89%	0	-

ASHOKLEY reported overall volumes of 1420 units in May 2020, a volume de-growth of 89% YoY on account of COVID-19 led lockdown in the country. The company had overall nil sales in April 2020. In May 2020, M&HCV Trucks reported 266 units with decline of 96% YoY and LCV segment reported volumes of 1154 units and had a decline of 73% YoY in the month. In June 2020, the company launched its range of Modular Trucks, AVTR, with i-Gen6 BS-VI technology. M&HCV bus segment reported nil sales and had zero sales for consecutively two months. In Bus segment, existing buses will be used with centre seat remaining vacant. Going ahead, design of buses may be required to change considering social distancing due to COVID-19.

BAJAJ-AUTO	May-20	May-19	YoY Gr %	Apr-20	MoM Gr %
Domestic	40074	235824	-83%	0	-
Exports	87054	183411	-53%	37878	-
Total	127128	419235	-70%	37878	-

BAJAJ-AUTO overall sales de-grew by 70% YoY in May 2020 to 127128 units impacted by COVID-19 nationwide lock down. Overall domestic volumes declined by 83% to 40074 units and overall exports volumes declined by 53% to 87054 units. Motorcycle segment reported overall decline in volumes by 69% to 112798 units. The motorcycle's domestic and export sales declined by 81% & 54% to 39286 units and 73512 units respectively for the month. Motorcycle demand is coming back in rural, agri and semi urban areas. Commercial vehicles segment posted decline of 74% to 14330 units majorly led by low domestic volumes. The Commercial Vehicle's domestic and export sales declined by 97% & 44% to 788 units and 13542 units respectively. According to management, company will be having negative growth in 1HFY21, though 2HFY21 is expected to give small positive growth to the company.

EICHERMOT	May-20	May-19	YoY Gr %	Apr-20	MoM Gr %
Royal Enfield	19113	62371	-69%	91	-
VECV	684	2160	-68%	85	-
Total	19797	64531	-69%	176	-

EICHERMOT Royal Enfield posted overall sales of 19113 units, 69% YoY degrowth on account of nationwide lockdown for the month of May 2020 as against 62371 units in May 2019. 350cc segment reported decline in volumes by 69% to 17543 units and above 350 cc segment reported decline of 76% to 1570 units. The company had export volumes of 686 units with decline of 68% YoY. Commercial vehicle industry is going through a tough phase now. Industry sales have been only around 2,000 units which is lower by 90% of normal levels. Its dealers are not getting fresh financing from banks if they already have taken moratorium. Similarly, customers are also facing same issue.

ESCORTS	May-20	May-19	YoY Gr %	Apr-20	MoM Gr %
Domestic	6454	6488	-1%	613	-
Exports	140	339	-59%	92	52%
Total	6594	6827	-3%	705	-

ESCORTS have reported a decline in sales volumes by 3% YoY to 6594 units in May 2020 on account of COVID -19 nationwide lockdown resulting in closure of dealerships in most areas and for most parts of the month. The nationwide lockdown in March announced right before the peak season in FY20 adversely impacted its sales and market share. The domestic tractor volumes de-grew by 1% YoY to 6454 units and the exports volumes also de-grew by 59% YoY to 140 units. The company's 90% dealerships are open as of now. Tractor market is expected to grow June onwards as there is a lot of pent up demand in the system.

HEROMOTOCO	May-20	May-19	YoY Gr %	Apr-20	MoM Gr %
Domestic	108848	637319	-83%	0	-
Exports	3834	14709	-74%	0	-
Total	112682	652028	-83%	0	-

HEROMOTOCO sales volume growth declined by 83% YoY 1,12,682 units in May 2020 led by COVID-19. Motorcycles and scooters sales declined by 83% & 85% to 1,06,038 units & 6,644 units respectively. The company's domestic & exports sales were down by 83% & 74% to 1,08,848 units & 3,834 units respectively. 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. The company has just started its new manufacturing facility in Andhra Pradesh. With this new facility, the company has six manufacturing facilities with a total annual production capacity of 11.6 million units.

M&M	May-20	May-19	YoY Gr %	Apr-20	MoM Gr %
Automotive	9560	45421	-79%	733	-
Farm Equipment	24341	24704	-1%	4772	-
Total	33901	70125	-52%	5505	-

M&M overall volume has declined by % YoY to 52 units impacted by COVID – 19 lockdown in the country in May 2020. The domestic sales volumes posted volume decline of 81%, 71% and 99% in PV, CV and 3W to 3867, 5170 and 39 units respectively. Exports also declined by 80% to 484 units. However, farm equipment segment reported positive growth of 2% to 24017 units led by improved rural sentiments. The company is seeing the maximum demand in small commercial vehicles in the backdrop of the coronavirus pandemic. Its rural, semi-urban and up-country customers are showing much higher momentum in terms of intention to buy at present, with good interest in its iconic models the Bolero and Scorpio.

MARUTI	May-20	May-19	YoY Gr %	Apr-20	MoM Gr %
Domestic	13865	123320	-89%	0	-
Exports	4651	9089	-49%	632	-
Total	18516	132409	-86%	632	-

MARUTI's overall volumes have declined by 86% YoY to 18539 units in May 2020 due to COVID-19. The sales of the month got impacted due to COVID-19 led nationwide lockdown. The company's domestic volumes declined by 89% to 13865 units in May 2020 as against 123320 units in May 2019. The company had nil domestic sales for the month for April 2020. Sales to other OEMs were only 23 units for the month. The company's exports were 4651 units as against 9089 units on YoY basis. The recent customer enquiries suggest that the demand may shift towards smaller cars. Considering the pandemic COVID-19, people may prefer personal cars over shared mobility. The company sold 800000 BS-VI vehicles in FY20.

TVSMOTOR	May-20	May-19	YoY Gr %	Apr-20	MoM Gr %
Overall 2W	56218	294326	-81%	8134	-
Overall 3W	2688	12780	-79%	1506	78%
Total	58906	307106	-81%	9640	-

TVSMOTOR has posted the overall decline in volume growth by 81% YoY to 58906 units in May 2020 due to COVID -19. The overall 2Ws and overall 3Ws sales declined by 81% and 79% to 56218 units and 2688 units in the month. Domestic 2W declined by 83% to 41067 units. However, the 2Ws exports reported sales of 15151 units, showing decline of 74% YoY. 3Ws exports had sales of 1506 units, showing de-growth of 88% YoY. The company don't see challenges in its supply chain and they are getting good demand and accordingly, production is being undertaken. The company is expecting premium segment to perform best in all other segments in this period of COVID-19. The company is getting encouraging response from rural market now only before lifting of lockdown and it is receiving good number of enquiries and therefore, the company is hoping that normalcy would come soon.

OEMs May 2020 volume update:

Company	May-20	May-19	Apr-20	YoY %	FY20YTD	FY19YTD	Change%
ASHOKLEY	1,420	13,172	-	-89%	1,420	26,798	-95%
BAJAJ-AUTO	1,27,128	4,19,235	37,878	-70%	1,65,006	8,42,550	-80%
EICHERMOT	19,113	62,371	91	-69%	19,204	1,33,961	-86%
ESCORTS	6,594	6,827	705	-3%	7,299	12,091	-40%
HEROMOTOCO	1,12,682	6,52,028	-	-83%	1,12,682	12,26,448	-91%
M&M	33,901	70,125	5,505	-52%	39,406	1,42,398	-72%
MARUTI	18,539	1,34,641	632	-86%	19,171	2,77,522	-93%
TVSMOTOR	58,906	3,07,106	9,640	-81%	68,546	6,26,043	-89%

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