

Industry Automobiles

Company	YoY Growth
ASHOKLEY	-85%
BAJAJ-AUTO	-31%
EICHERMOT	-35%
ESCORTS	21%
HEROMOTOCO	-27%
M&M	-26%
MARUTI	-54%
TVSMOTOR	-33%

Auto industry expected to improve 2HFY21

The automobile industry has seen gradual recovery in demand in the month of June post COVID-19 led lockdown in the country as government is easing the lockdown in phases. Going ahead demand sentiment would improve backed by government efforts for improving economy, decent monsoon, good rabi crops and improved liquidity in the market. The tractor industry made a comeback with strong growth of 10% YoY led by improved rural sentiments. However, PV & CV industry both saw decline of 58% YoY. 2W & 3W industries fell by 32% & 58% YoY respectively. The performance of 2W industry improved considerably as people are now giving more preference to personal vehicles instead of shared mobility and 2W vehicles is more affordable for them. OEM's are expecting improvement in demand from 2HFY21 onwards considering stable production and supply chain.

Commercial Vehicle Industry:

The commercial vehicle industry saw a decline in sales volumes by 58% YoY in June 2020 to 14169 units impacted by COVID-19, lowering the demand sentiment. ASHOKLEY, M&M and VECV volumes declined by 81%, 36% and 70% YoY respectively.

Passenger Vehicle Industry:

The passenger vehicle industry reported decline in sales volumes by 58% YoY in June 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 54% and 55% YoY respectively.

2Ws and 3Ws:

The 2W segment had declined by 32% YoY to 935007 units in June 2020. BAJAJ-AUTO, EICHERMOT, HEROMOTOCO & TVSMOTOR reported decline of 34%, 39%, 31% and 35% YoY respectively. The performance of 2W segment improved considerably as people are now giving more preference to personal vehicles instead of shared mobility and 2W vehicles is more affordable for them. 3W reported de-growth of 58% YoY. ATULAUTO, BAJAJ-AUTO, M&M and TVSMOTOR reported a decline of 72%, 58%, 100% and 43% YoY.

Tractors:

Tractor segment reported growth of 13% YoY in June 2020 led by positive uptick in domestic tractor industry. ESCORTS and M&M both reported sales growth of 21% and 10% YoY on account of action of government of exempting agri activities as essential services. The rural demand is expected to grow going ahead considering the pent up demand in the system.

Top Picks:

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

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ASHOKLEY	Jun-20	Jun-19	YoY Gr %	May-20	MoM Gr %
MHCV	755	8427	-91%	266	184%
LCV	1639	4383	-63%	1154	42%
Total	2394	12810	-81%	1420	69%

ASHOKLEY reported overall volumes of 2394 units in June 2020, a volume de-growth of 81% YoY on account of COVID-19 led lockdown in the country. June was much better sequentially, as on MoM basis, the company reported sales growth of 69% YoY. In June 2020, M&HCV Trucks reported 632 units with decline of 90% YoY and M&HCV BUS segment had sales volume of 123 units with decline of 94% YoY. Management is expecting to see some movement by next quarter in the segment due to pent up demand and 3QFY20 will be much better for M&HCV segment. LCV segment reported volumes of 1639 units and had a decline of 63% YoY in the month. LCV segment is showing good confidence of customers. Phoenix is expected to be launched soon. The company's domestic sales were 2132 units and exports were 262 units with de-growth of 82% and 64% YoY respectively.

BAJAJ-AUTO	Jun-20	Jun-19	YoY Gr %	May-20	MoM Gr %
Domestic	151189	229225	-34%	40074	277%
Exports	126908	175399	-28%	87054	46%
Total	278097	404624	-31%	127128	119%

BAJAJ-AUTO overall sales de-grew by 31% YoY in June 2020 to 278097 units impacted by COVID-19. Overall domestic volumes declined by 34% YoY to 151189 units and overall exports volumes declined by 28% YoY to 126908 units. Motorcycle segment reported overall decline in volumes by 27% YoY to 255122 units. The motorcycle's domestic and export sales declined by 26% & 29% YoY to 146695 units and 108427 units respectively for the month. Motorcycle demand is coming back in rural, agri and semi urban areas. Commercial vehicles segment posted decline of 57% YoY to 22975 units majorly led by low domestic volumes. The Commercial Vehicle's domestic and export sales declined by 85% & 21% YoY to 4494 units and 18481 units respectively.

EICHERMOT	Jun-20	Jun-19	YoY Gr %	May-20	MoM Gr %
Royal Enfield	38065	58339	-35%	19113	99%
VECV	1555	3257	-52%	684	127%
Total	39620	61596	-36%	19797	100%

EICHERMOT Royal Enfield posted overall sales of 38065 units with degrowth 35% YoY. 350cc segment reported decline in volumes by 32% YoY to 34890 units and above 350 cc segment reported decline of 52% YoY to 3175 units. The company had export volumes of 1555 units with decline of 52% YoY. In VECV, the company reported overall sales of 1358 units with 70% decline on YoY basis. Domestic trucks & buses reported decline of 75% YoY with 1016 units however Trucks & Buses exports performed much better with decline of 17% YoY only to 305 units. Volvo trucks reported decline of 45% YoY to 37 units.

ESCORTS	Jun-20	Jun-19	YoY Gr %	May-20	MoM Gr %
Domestic	10623	8648	23%	6454	65%
Exports	228	312	-27%	140	63%
Total	10851	8960	21%	6594	65%

ESCORTS have reported a strong growth in sales volumes by 21% YoY to 10851 units in June 2020 on account of opening up of economy gradually post COVID-19 led lockdown and specially agricultural sector. The company had domestic volume growth of 23% YoY to 10623 units and exports remained impacted, showed de-growth of 27% YoY to 228 units. According to management, tractor market will grow more June onwards as there is a lot of pent up demand in the system.

HEROMOTOCO	Jun-20	Jun-19	YoY Gr %	May-20	MoM Gr %
2W	450744	616526	-27%	3834	11656%
Total	494727	660143	-25%	47786	935%

HEROMOTOCO sales also took strong recovery and reported volume decline of only 23% YoY 450744 units in June 2020. The company's volume grew by 300% sequentially as against 112682 units in May 2020. The company will be launching the Xtreme 160R in the coming weeks and other product launches are also on track. Semi-urban and rural are showing good demand prospects led by good monsoon and better crops. Both are expected to perform slightly better than urban.

M&M	Jun-20	Jun-19	YoY Gr %	May-20	MoM Gr %
Automotive	19538	42547	-54%	9560	104%
Farm Equipment	36544	33094	10%	24341	50%
Total	56082	75641	-26%	33901	65%

M&M overall volume has declined by 26% YoY to 55902 units in June 2020. The domestic sales volumes posted YoY decline of 57% and 36% in PV and CV to 8075 units and 10417 units respectively. The company is looking for its growth in rural, goods mobility and improving dealer and supplier's financial health. XUV300, Bolero have received very good feedback and is going to be the volume drivers going ahead. Exports also declined by 72% YoY to 853 units. However, farm equipment segment reported positive growth of 10% to 36544 units. The company had domestic volume growth of 12% YoY to 35844 units and exports remained impacted, showed de-growth of 42% YoY to 700 units. It has introduced its new Sarpanch Plus range of tractors in Maharashtra, with the launch of the 575 Sarpanch Plus model.

MARUTI	Jun-20	Jun-19	YoY Gr %	May-20	MoM Gr %
Domestic	53139	114861	-54%	13865	283%
Exports	4289	9847	-56%	4651	-8%
Total	57428	124708	-54%	18516	210%

MARUTI's overall volumes have declined by 54% YoY to 57428 units in June 2020 due to COVID-19. Its domestic volumes declined by 54% to 53139 units in June 2020 as against 114861 units in May 2019. The mini and compact segment de-grew by 44% & 58% YoY respectively. The mid-size segment declined by 76% YoY. The utility segment and vans declined by 45% and 58% YoY respectively. The LCV super carry volumes also declined by 49% and have touched over 1026 units. Sales to other OEM have de-grown by 54% to 839 units. The company's total exports also, de-grew by 56% YoY to 4289 units.

TVSMOTOR	Jun-20	Jun-19	YoY Gr %	May-20	MoM Gr %
Overall 2W	144817	226279	-36%	56218	158%
Overall 3W	447	923	-52%	2688	-83%
Total	145264	227202	-36%	58906	147%

TVSMOTOR has posted the overall decline in volume growth by 33% YoY to 198387 units in June 2020 due to COVID -19. The overall 2Ws and overall 3Ws sales declined by 33% and 46% to 191076 units and 7311 units in the month. Domestic 2W declined by 36% to 144817 units and the 2Ws exports reported sales of 46259 units, showing decline of 19% YoY. 3Ws exports had sales of 6864 units, showing de-growth of 46% YoY.

OEMs June 2020 volume update:

Company	Jun-20	Jun-19	May-20	YoY %	MoM %	FY20YTD	FY19YTD	Change%
ASHOKLEY	3,149	21,237	1,420	-85%	122%	4,569	48,035	-90%
BAJAJ-AUTO	278,097	404,624	127,128	-31%	119%	405,225	842,550	-52%
EICHERMOT	38,065	58,339	19,113	-35%	99%	57,178	133,961	-57%
ESCORTS	10,851	8,960	6,594	21%	65%	17,445	12,091	44%
HEROMOTOCO	450,744	616,526	112,682	-27%	300%	563,426	1,226,448	-54%
M&M	55,902	75,641	33,901	-26%	65%	89,803	142,398	-37%
MARUTI	57,428	124,708	18,539	-54%	210%	75,967	277,522	-73%
TVSMOTOR	198,387	297,102	58,906	-33%	237%	257,293	626,043	-59%

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