



The Automotive Industry started the festive period with a soft node as Navratri & Dussehra seen a muted demand, however, by the end of the month, the industry has reported some pick up post Dussehra. There were multiple headwinds which led to a slowdown in the demand starting with a bouncer of increase in the insurance prices, rising fuel prices, an increase in the vehicle prices by most of the OEMs & rising interest rate scenario. All this led to subdued consumer sentiments. **Based on our recent dealers check, we believe the retail sales remain subdued across all the automotive segments (except CV) and they were flushed with inventories.** The higher growth, which OEMs report is the wholesale numbers. Generally, it is observed that 65% of the sales comes post *Dussehra* and a marginal pickup in the sales is observed. Moreover, the fuel prices corrected a little. Hence, the dealers are very optimistic about the upcoming *Diwali* and *Dhanteras*. **Overall, the month of October on the retail levels remain mixed and we expect the similar situation to continue in the month of November & December as there is generally a slack period post *Diwali* and no major new launches expected.**

It was a challenging month for the passenger vehicle industry as it reported a meagre growth of just 2% YoY. The PV industry has remained almost flat since the past four months. For the month of October, the sales were soft as the festival season of 2018 doesn't seem to be showing any excitement and we expect the industry to remain flat for the coming two more months. *Tata Motors (which remain our top pick)* was the only outperformer from the past many quarters led by its successful new launches and refreshers in the recent past.

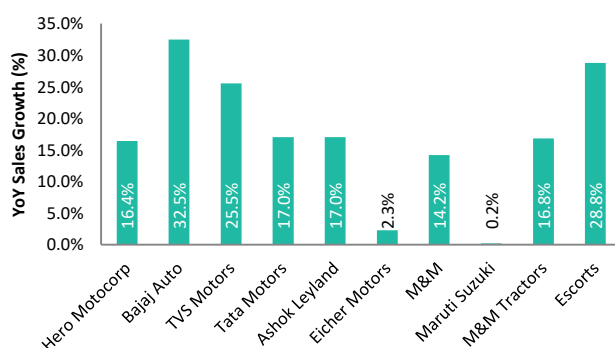
The Two-wheeler industry started off with a soft node and our recent dealers check suggests that the retail sales remained subdued in the initial few weeks of October, however some marginal pickup was observed in the last few days of the month. Initially, the sales were soft majorly led by higher insurance costs and the confusion around it and the dealers remains optimistic about the upcoming *Diwali* festival. The YoY sales growth for all the 2-wheeler manufacturers led by *Bajaj Auto (one of our top pick)* looks good (except *Eicher*). However, we still believe that the dealers are flushed with higher inventories in October in anticipation of good festivals. In case, the festival season doesn't turn around, then we might see continued softness in the coming months too.

On the three-wheeler industry, this is the second consecutive month where we have observed some exhaustion in the domestic market demand, after posting very high double digit growth in the past several quarters. Although the overall growth was supported by higher exports. However, we believe there is a lot of juice left, as there are talks of releasing more permits and eventually to get rid-off the permit-raj, which will boost the 3W demand.

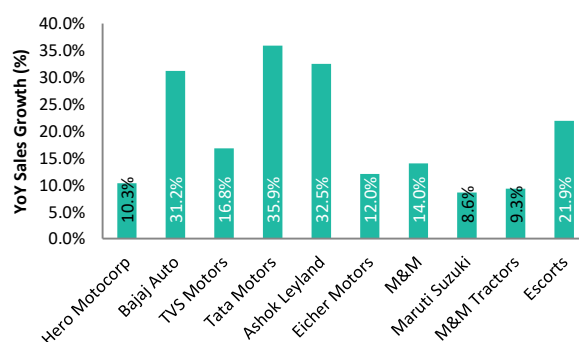
The Commercial Vehicle continues to report robust growth numbers, but, we have seen a little slowdown in it too majorly led by liquidity constraints and rising interest rates. Based on dealers check, we understood that the NBFCs are micro-analysing and lends it to high rated borrowers. This situation to continue this quarter and expect the pent-up demand to shoot up in the 4th quarter as the fundamental drivers of demand still remain intact. The sales growth in the month of October still holds in the double digit led by strong economic activities. The MHCV was the most impacted in October. The slow procurement of buses by STUs and the permits for private hiring has impacted sales of buses. The growth in the I&LCV was driven by e-commerce industry and improvement in the rural consumption. The SCVs are in continuous demand for the last mile connectivity needs in all the regions. Overall, we don't see any weakness in the commercial vehicle industry and the growth to continue and will see the highest growth in 2HFY20 led by pre-buying before the implementation of BS6.

The stars for the month of October 2018 remains Bajaj Auto in the two & three-wheeler space as all its segments (2W + 3W) & geographies (Domestic + Exports) performed well. Tata Motors continued to remain the top performer in the passenger vehicle segment and is gaining market share, driven by the new launches. M&M – CVs reported the highest growth during the month led by its LCV sub-segment. On the other side, Eicher Motors continued to remain the laggard for the past few months, majorly impacted due to on-going strike in one of its plants & softness in the demand. Since the last three months, Maruti's sales remain depressed and thus things look gloomy for the rest of the year in achieving its target of double digit for FY19E. M&M was too not behind in reporting a flat PV growth.

October 2018 YoY Sales Growth



YTD FY19 YoY Sales Growth



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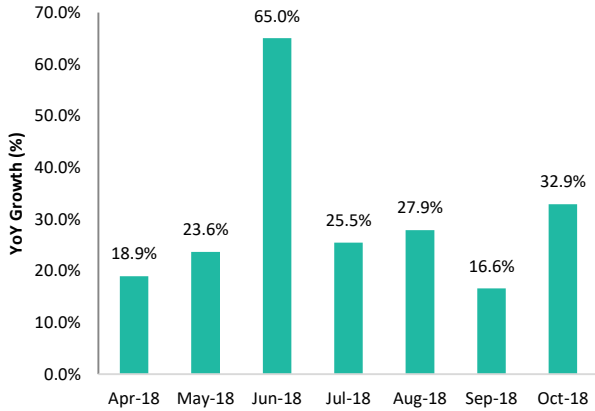
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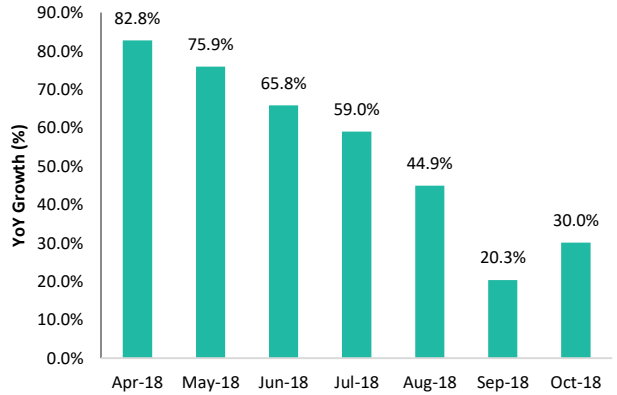
Bajaj Auto's High Growth Trajectory Continues

Bajaj Auto	Oct-18	Oct-17	YoY (%)	Sep-18	MoM (%)	YTD FY19	YTD FY18	YoY (%)
2Ws	4,32,985	3,25,778	32.9%	4,30,939	0.5%	25,89,491	20,20,213	28.2%
3Ws	73,714	56,686	30.0%	71,070	3.7%	4,83,293	3,22,195	50.0%
Domestic	3,19,942	2,47,210	29.4%	3,11,503	2.7%	18,13,252	13,95,054	30.0%
Exports	1,86,757	1,35,254	38.1%	1,90,506	-2.0%	12,59,532	9,47,354	33.0%
Total Sales	5,06,699	3,82,464	32.5%	5,02,009	0.9%	30,72,784	23,42,408	31.2%

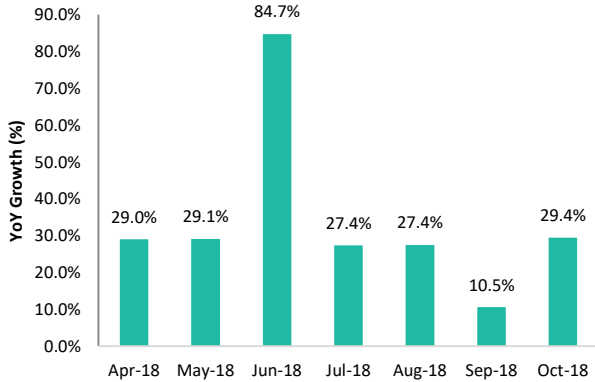
Bajaj Auto 2W Sales Trend



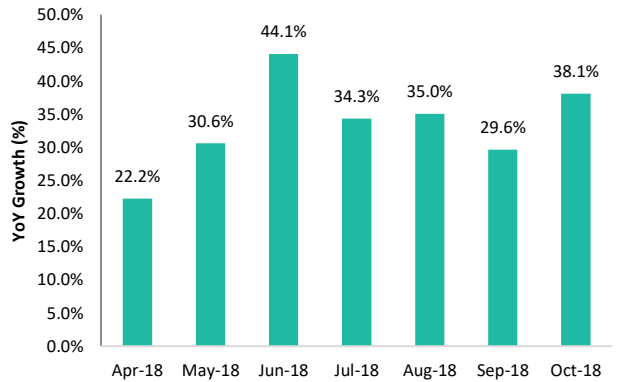
Bajaj Auto 3W Sales Trend



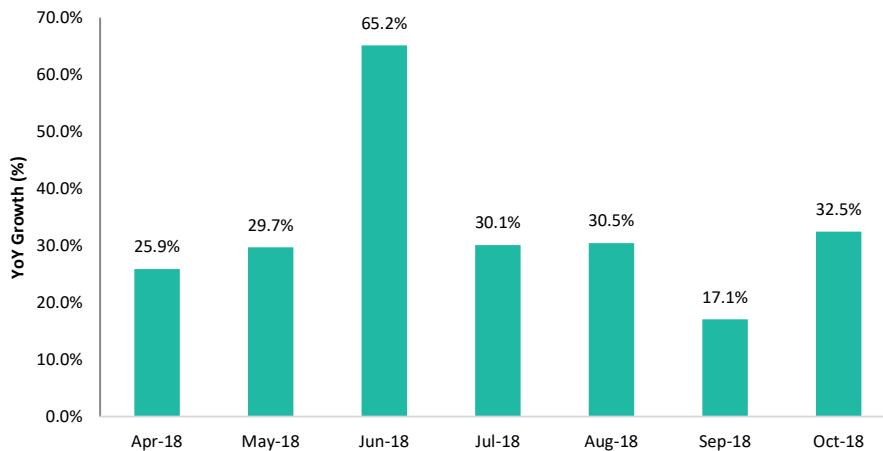
Bajaj Auto Domestic Sales Trend



Bajaj Auto Export Sales Trend



Bajaj Auto's Total Sales Trend



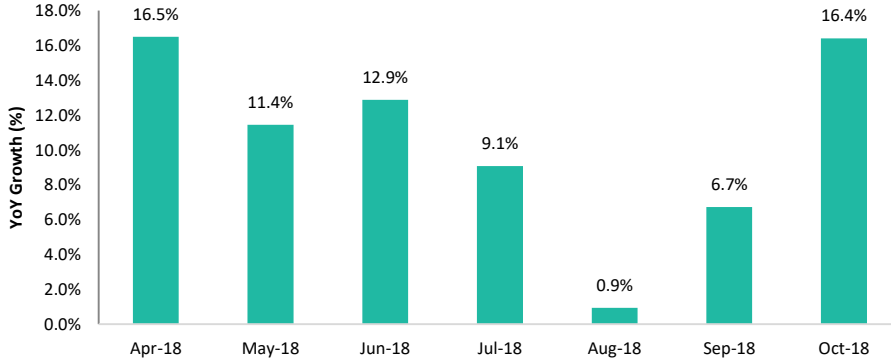
*Source: Company, NSPL Research



Hero MotoCorp Reported Good Numbers

Hero MotoCorp	Oct-18	Oct-17	YoY (%)	Sep-18	MoM (%)	YTDFY19	YTDFY18	YoY (%)
Total Sales	7,34,668	6,31,105	16.4%	7,69,138	-4.5%	49,73,664	45,07,685	10.3%

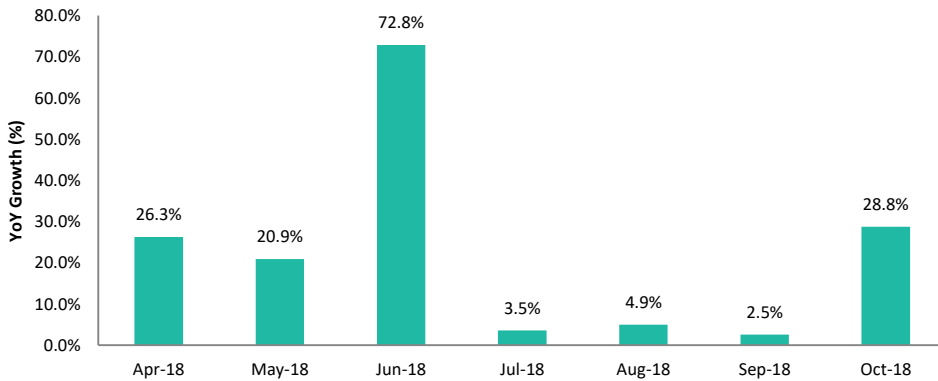
Hero MotoCorp's 2W Sales Trend



Escorts Report Numbers Better than its Peers

Escorts	Oct-18	Oct-17	YoY (%)	Sep-18	MoM (%)	YTDFY19	YTDFY18	YoY (%)
Domestic	12,867	10,001	28.7%	10,396	23.8%	44,492	37,016	20.2%
Exports	273	204	33.8%	221	23.5%	1,041	903	15.3%
Total Sales	13,140	10,205	28.8%	10,617	23.8%	45,533	37,919	20.1%

Escorts Total Sales Trend



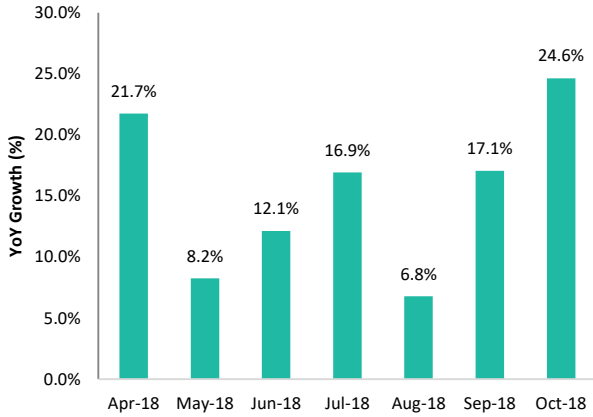
*Source: Company, NSPL Research



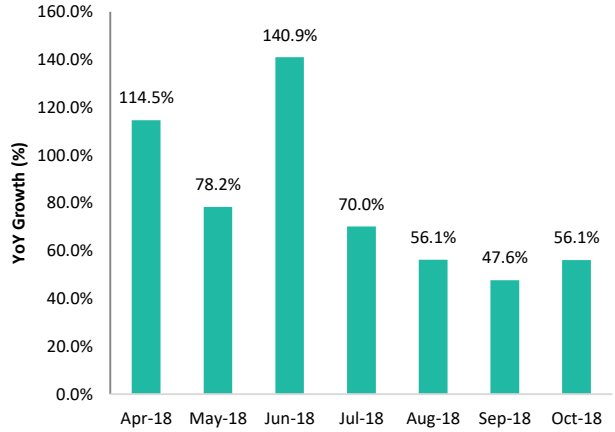
TVS Motors back in its Mojo

TVS Motors	Oct-18	Oct-17	YoY (%)	Sep-18	MoM (%)	YTD FY19	YTD FY18	YoY (%)
2Ws	3,84,307	3,08,364	24.6%	4,10,696	-6.4%	23,25,689	20,16,771	15.3%
3Ws	14,120	9,047	56.1%	13,282	6.3%	89,386	51,332	74.1%
Total Sales	3,98,427	3,17,411	25.5%	4,23,978	-6.0%	24,15,075	20,68,103	16.8%

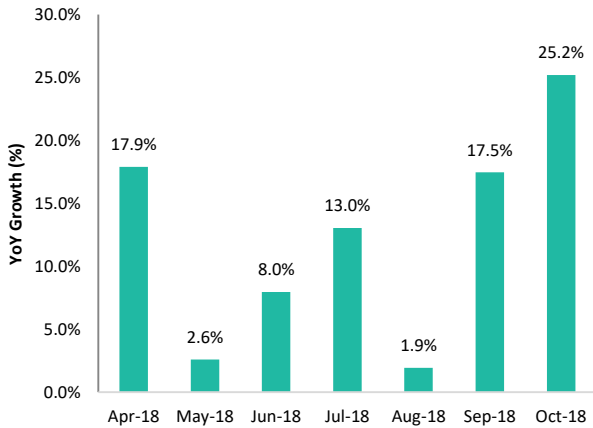
TVS Motors 2W Sales Trend



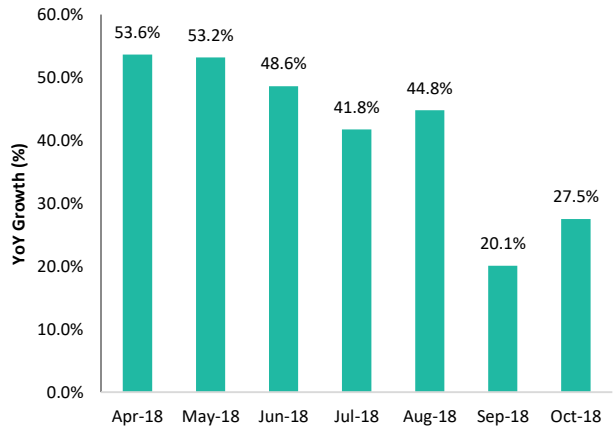
TVS Motors 3W Sales Trend



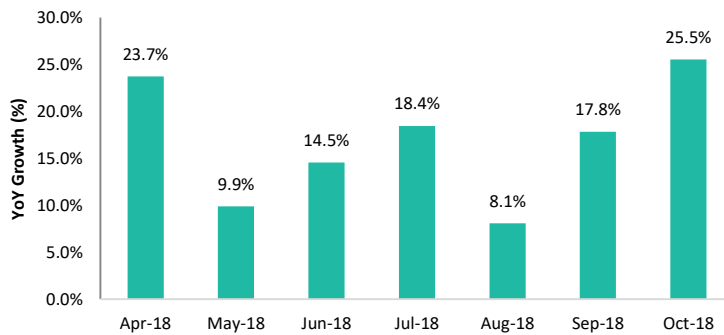
TVS Motors Domestic Sales Trend



TVS Motors Exports Sales Trend



TVS Motors Total Sales Trend



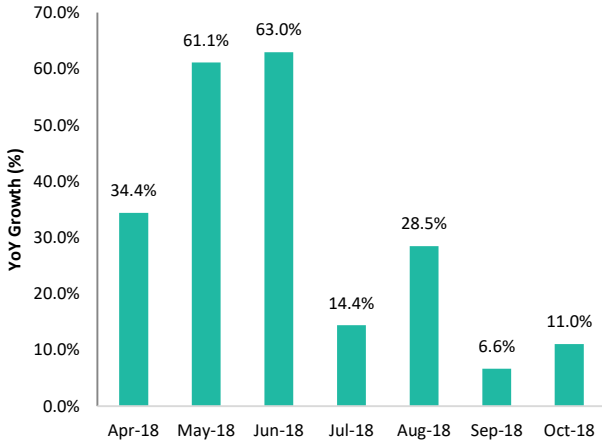
*Source: Company, NSPL Research



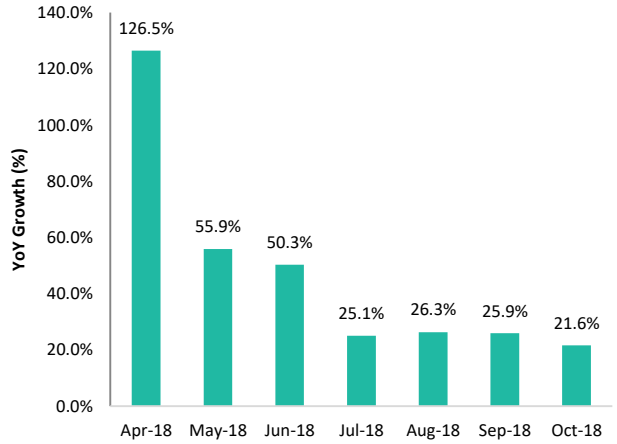
Tata Motors Continues to Gain Market Share across CVs and PVs

Tata Motors	Oct-18	Oct-17	YoY (%)	Sep-18	MoM (%)	YTDFY19	YTDFY18	YoY (%)
PVs - Domestic	18,290	16,475	11.0%	18,429	-0.8%	1,25,155	97,892	27.9%
CVs - Domestic	39,420	32,411	21.6%	46,169	-14.6%	2,71,907	1,93,780	40.3%
Domestic	57,710	48,886	18.1%	64,598	-10.7%	3,97,062	2,91,672	36.1%
Exports	4,554	4,311	5.6%	5,250	-13.3%	32,208	24,253	32.8%
Total Sales	62,264	53,197	17.0%	69,848	-10.9%	4,29,270	3,15,925	35.9%

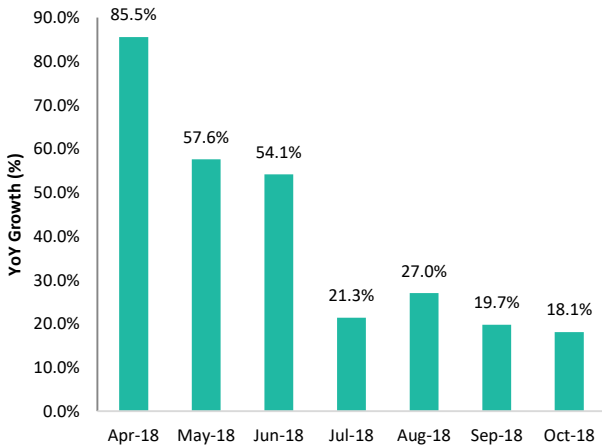
Tata Motors PV Sales Trend



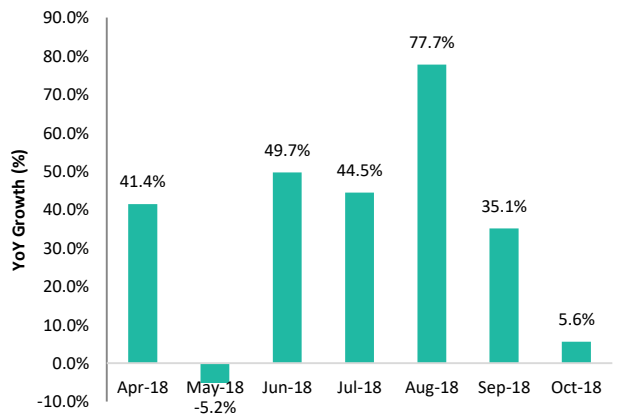
Tata Motors CV Sales Trend



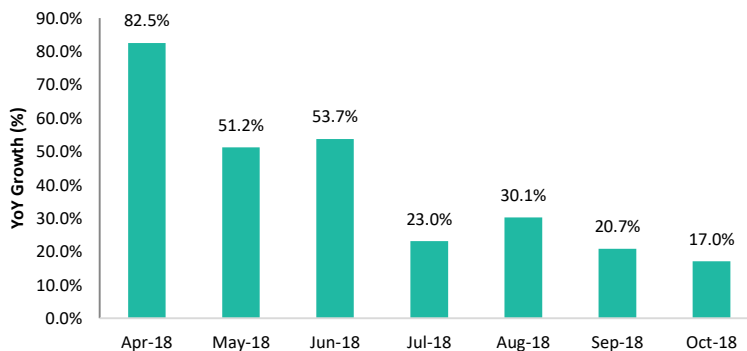
Tata Motors Domestic Sales Trend



Tata Motors Export Sales Trend



Tata Motors Total Sales Trend



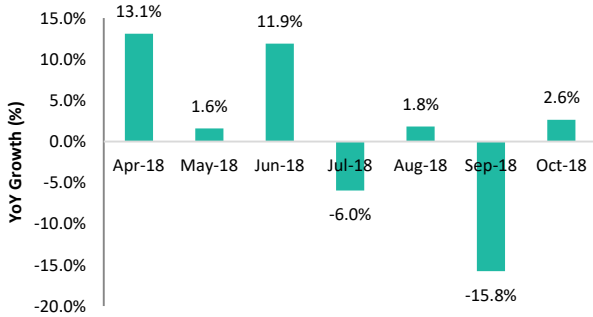
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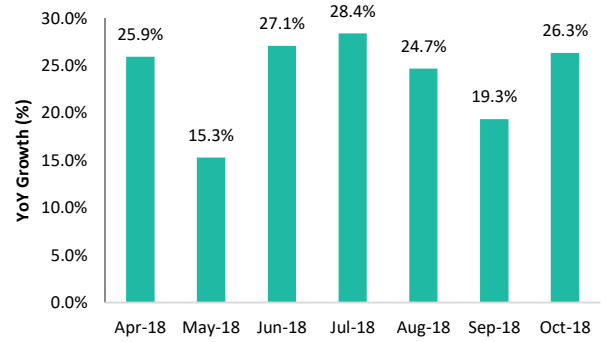
Mahindra & Mahindra – PVs remained silent, Sales uplifted by CVs,

Mahindra & Mahindra	Oct-18	Oct-17	YoY (%)	Sep-18	MoM (%)	YTD FY19	YTD FY18	YoY (%)
PVs	24,066	23,453	2.6%	21,411	12.4%	1,45,795	1,45,302	0.3%
CVs	24,353	19,281	26.3%	22,917	6.3%	1,43,820	1,16,263	23.7%
3Ws	6,931	6,126	13.1%	6,940	-0.1%	37,705	29,792	26.6%
Domestic	55,350	48,860	13.3%	51,268	8.0%	3,27,320	2,91,357	12.3%
Exports	3,066	2,300	33.3%	3,754	-18.3%	21,742	14,760	47.3%
Total Automotive Sales	58,416	51,160	14.2%	55,022	6.2%	3,49,062	3,06,117	14.0%
Tractors	47,376	40,562	16.8%	37,581	26.1%	2,26,205	2,06,941	9.3%
Total Sales	1,05,792	91,722	15.3%	92,603	14.2%	5,75,267	5,13,058	12.1%

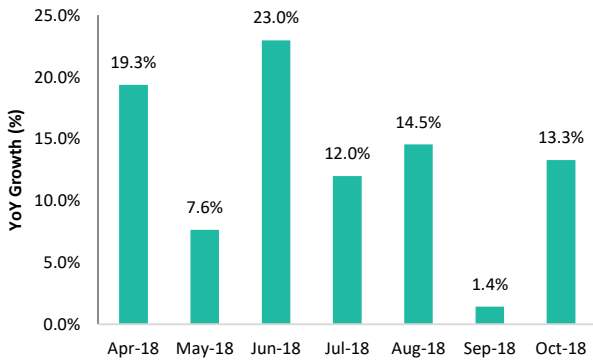
M&M PV Sales Trend



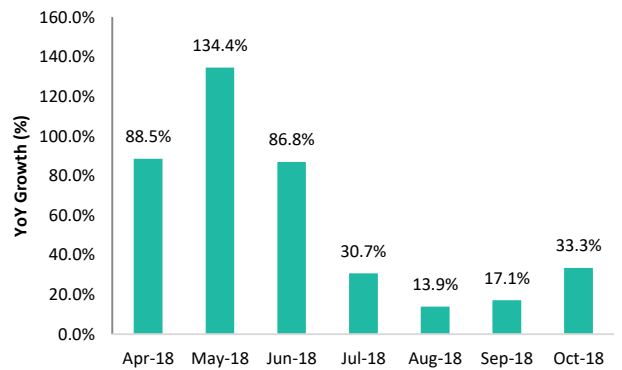
M&M CV Sales Trend



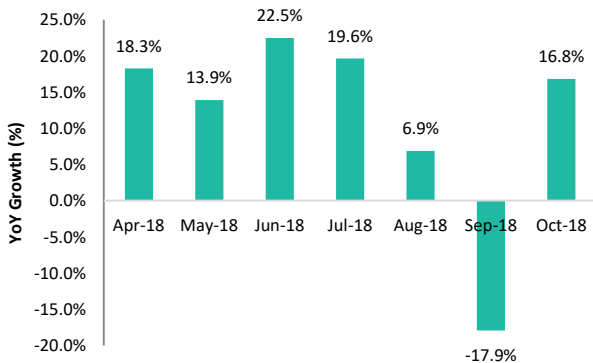
M&M Domestic Sales Trend



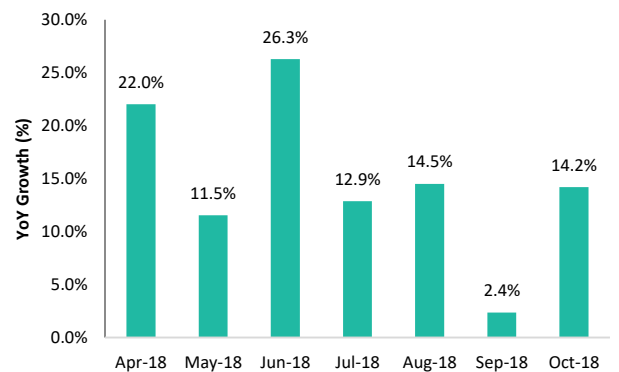
M&M Export Sales Trend



M&M Tractors Sales Trend



M&M Total Sales Trend



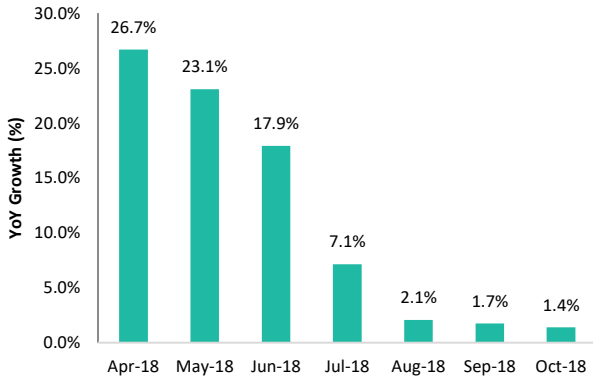
*Source: Company, NSPL Research



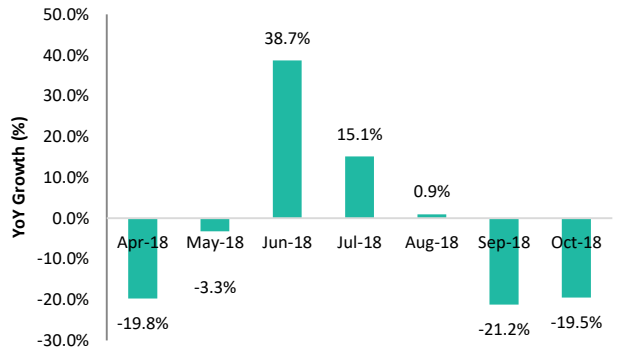
Dismal Performance from Eicher Motors

Eicher Motors	Oct-18	Oct-17	YoY (%)	Sep-18	MoM (%)	YTD FY19	YTD FY18	YoY (%)
Eicher upto 350 cc	67,484	65,209	3.5%	67,582	-0.1%	4,72,184	4,26,407	10.7%
Eicher 350 cc+	2,967	4,283	-30.7%	4,080	-27.3%	33,730	29,950	12.6%
Total Motorcycles	70,451	69,492	1.4%	71,662	-1.7%	5,05,914	4,56,357	10.9%
Buses	549	682	-19.5%	698	-21.3%	7,199	7,243	-0.6%
CVs	5,431	4,546	19.5%	5,965	-9.0%	33,700	24,552	37.3%
Total Sales	76,431	74,720	2.3%	78,325	-2.4%	5,46,813	4,88,152	12.0%

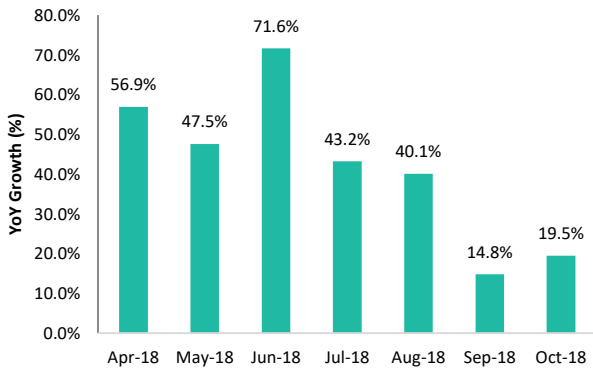
Royal Enfield Sales Trend



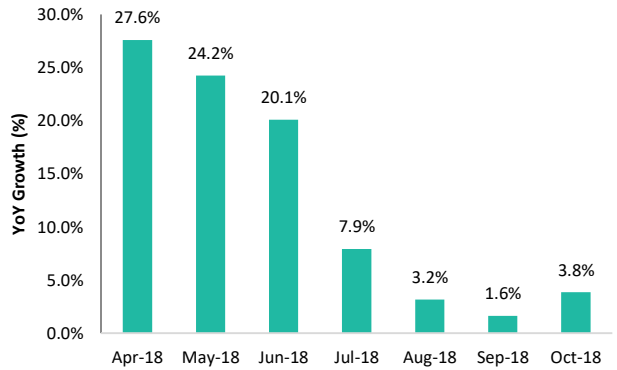
Eicher Motors PV Sales Trend



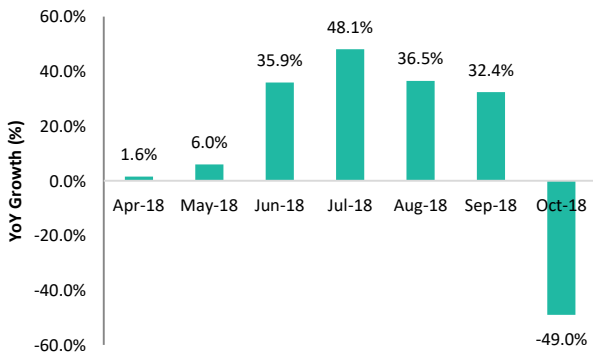
Eicher Motors CV Sales Trend



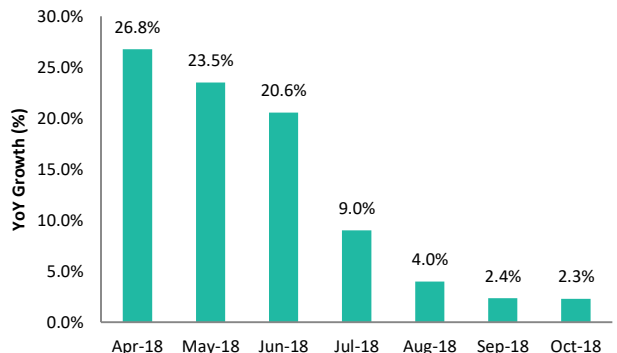
Eicher Motors Domestic Sales Trend



Eicher Motors Export Sales Trend



Eicher Motors Total Sales Trend



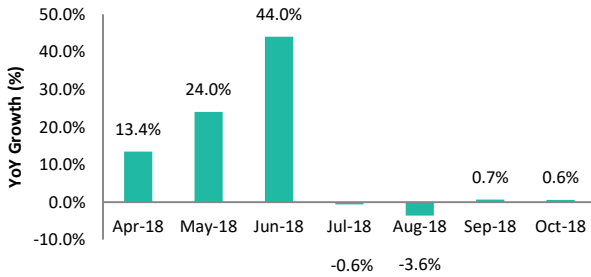
*Source: Company, NSPL Research



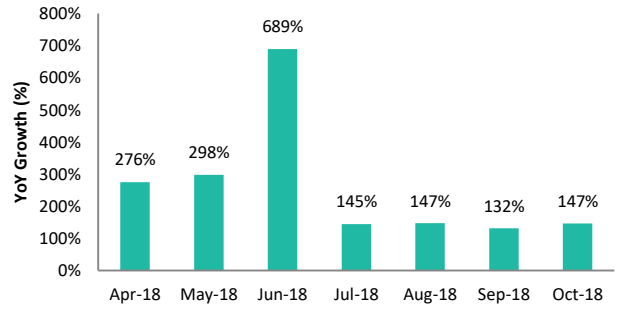
Maruti Suzuki Continues its Bumpy Ride..!

Maruti Suzuki	Oct-18	Oct-17	YoY (%)	Sep-18	MoM (%)	YTD FY19	YTD FY18	YoY (%)
PVs	1,35,948	1,35,128	0.6%	1,51,512	-10.3%	10,44,749	9,57,603	9.1%
LCVs	2,152	872	146.8%	2,038	5.6%	12,591	4,229	197.7%
Domestic	1,38,100	1,36,000	1.5%	1,53,550	-10.1%	10,57,340	9,61,832	9.9%
Exports	8,666	10,446	-17.0%	8,740	-0.8%	64,753	71,303	-9.2%
Total Sales	1,46,766	1,46,446	0.2%	1,61,790	-9.3%	11,22,093	10,33,135	8.6%

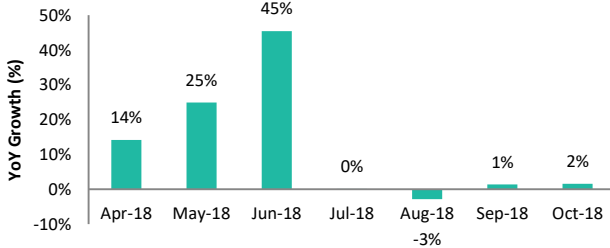
Maruti Passenger Vehicle Sales Trend



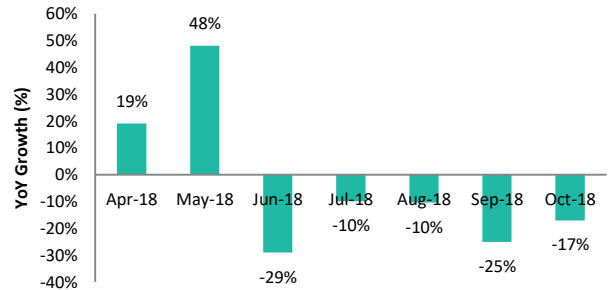
Maruti LCV Sales Trend



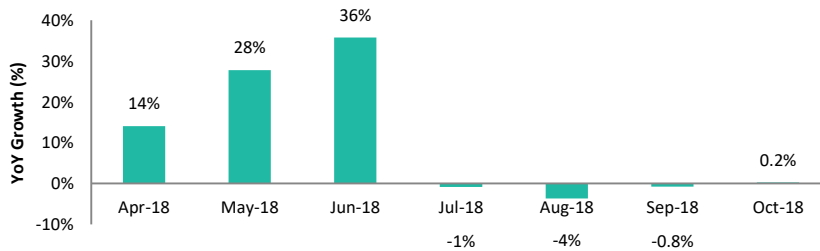
Maruti Domestic Sales Trend



Maruti Export Sales Trend



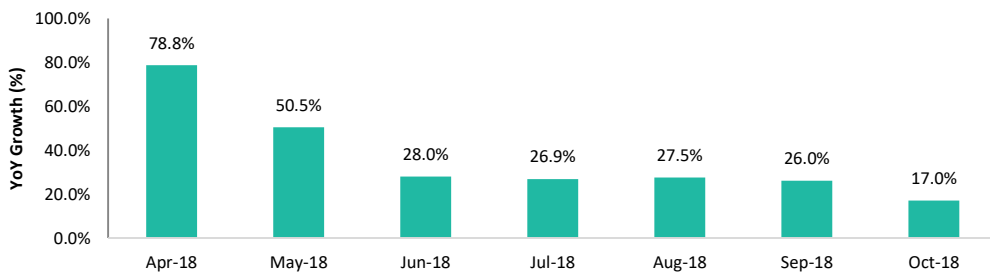
Maruti Total Sales Trend



Ashok Leyland's Impressive Performance Continues

Ashok Leyland	Oct-18	Oct-17	YoY (%)	Sep-18	MoM (%)	YTD FY19	YTD FY18	YoY (%)
Total Sales	15,149	12,944	17.0%	19,373	-21.8%	1,09,234	82,431	32.5%

Ashok Leyland Sales Trend



*Source: Company, NSPL Research

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Details of Disciplinary History of NSPL	No disciplinary action is / was running / initiated against NSPL
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Whether Research analyst or NSPL or its relatives'/associates' is holding the securities of the subject company	NO
Research analyst or NSPL or its relatives'/associates' actual/beneficial ownership of 1% or more in securities of the subject company, at the end of the month immediately preceding the date of publication of the document	NO
Research analyst or NSPL or its relatives'/associates' any other material conflict of interest at the time of publication of the document	NO
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Has research analyst or NSPL or its associates managed or co-managed public offering of securities for the subject company in the past 12 months	NO
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Has research analyst or NSPL engaged in market making activity for the subject company	NO
Other disclosures	NO

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