



India Light Vehicle Sales Update

Flat Q1 Sales Lead to a Slightly Lower Outlook

Light Vehicle (LV) wholesales remained sluggish in March, slipping by 1% year-on-year (YoY) to 353k units. Passenger Vehicle (PV) demand suffered further, falling by 4% YoY to 273k units. In contrast, sales of Light Commercial Vehicles (LCVs) with a GVW of up to 6 tonnes rose by a healthy 13% YoY to 80k units.

Although PV retail sales in March declined by 10% YoY, the volume was 5% higher than in February. Yet, PV inventory levels stood at 40-45 days in March, according to the Federation of Automobile Dealers Association (FADA). Note that 30 days is seen as an acceptable inventory level.

On a seasonally adjusted annualized rate (SAAR) basis, LV sales fell to 3.67 mn units in March, compared to 3.77 mn units in February and 3.79 mn units in January. Indeed, the SAAR was down by 3% from a weak February and has contracted significantly since exceeding 4 mn units for five consecutive months between April and August 2018.

Cumulative LV volumes in the January-March period fell by 0.3% YoY to close the quarter just north of 1 mn units.

The downturn in the PV market is largely to blame for this nearly flat performance. The segment declined by 3% YoY to 794k units as consumers are taking a wait-and-see approach until the conclusion of the general elections in April/May.

A slowing economy, a weak rupee and tight credit conditions (despite a recent interest rate cut) are dampening sales, too.

On the positive side, demand for LCVs remained robust. In the year through to March, LCV sales surged by 12% YoY to 213k units.

Of note, weak retail demand prompted vehicle manufacturers to slash LV output by 3% YoY to 1.20 mn units in the year so far. PV production dropped by a significant 6% YoY, versus an 11% YoY upturn in LCV output.

As buyers will wait for political clarity before making big-ticket purchases, we anticipate LV sales – particularly in the PV segment – to remain under pressure in the second quarter. This leads us to forecast a 5% YoY contraction in the total market for the April-June period. A small rise of 1% is predicted in the third quarter, before a double-digit surge in the final quarter of 2019.

Not only will the festival season drive up LV volumes towards the end of the year, but we also expect pre-buying of BS IV-compliant vehicles prior to the implementation of BS VI emissions standards on 1 April 2020.

The inevitable outcome of the weaker-than-expected Q1 result was a slight reduction in India's forecasts. We lowered the PV outlook by an average of 2% a year, equating to a volume loss of around 100k units per annum.

On the other hand, the change to the LCV forecast applies only to 2019 – with an increase of 16k units – while the rest of the projections remain untouched.

Despite these adjustments, the Indian LV market is still predicted to breach the 4 mn-unit threshold for the first time in its history. Total sales are projected to reach 4.06 mn units this year, which translates to an increase of 2% YoY.

It is, however, important to remember that this would mark the slowest rate of sales growth since 2015.

| Market Top Lines | | | | | | |
|-------------------|----------------|------------|------------------|------------|-----------|--------|
| | Mar | Growth | YTD | Growth | 2019 | Growth |
| Sales | 402,651 | -1% | 1,133,690 | -1% | | |
| PV | 273,061 | -4% | 794,142 | -3% | 3,253,514 | 1% |
| LCV | 79,623 | 13% | 213,397 | 12% | 802,445 | 5% |
| M&H CV | 49,967 | -4% | 126,151 | -4% | | |
| Production | 441,398 | 0% | 1,333,096 | -3% | | |
| PV | 315,676 | -10% | 977,283 | -6% | 3,949,418 | 2% |
| LCV | 76,924 | 6% | 222,138 | 11% | 842,444 | 5% |
| M&H CV | 48,798 | -2% | 133,675 | -1% | | |

| Best Selling Models | | | | | | |
|-------------------------|--------|--------|-------|--------|--------|-------|
| | Mar | Growth | Share | YTD | Growth | Share |
| PV | | | | | | |
| Maruti-Suzuki Alto | 16,826 | -28% | 6.2% | 64,937 | 4% | 8.2% |
| Maruti-Suzuki Dzire | 19,935 | -10% | 7.3% | 54,923 | -16% | 6.9% |
| Suzuki Baleno | 17,264 | 6% | 6.3% | 51,925 | 4% | 6.5% |
| LCV | | | | | | |
| Tata Ace | 17,863 | 17% | 6.5% | 45,578 | 8% | 5.7% |
| Maruti-Suzuki Eeco | 9,893 | 37% | 3.6% | 26,619 | 37% | 3.4% |
| Mahindra Bolero Pickups | 9,524 | 54% | 3.5% | 25,825 | 52% | 3.3% |

| Top Brands (Sales) | | | | | | |
|--------------------|----|---------------|---------|--------|---------|--------|
| | # | Brand | Mar | Growth | YTD | Growth |
| Passenger Vehicle | 1 | Maruti-Suzuki | 102,077 | -3% | 300,424 | 1% |
| | 2 | Hyundai | 44,350 | -8% | 133,263 | -3% |
| | 3 | Suzuki | 26,516 | -6% | 74,811 | -15% |
| | 4 | Mahindra | 24,818 | 5% | 69,349 | 6% |
| | 5 | Tata | 17,810 | -12% | 53,746 | -7% |
| | 6 | Honda | 17,202 | 27% | 48,990 | 22% |
| | 7 | Toyota | 12,818 | 2% | 35,799 | -3% |
| | 8 | Ford | 8,271 | -8% | 22,640 | -18% |
| | 9 | Renault | 7,127 | -7% | 19,193 | -12% |
| | 10 | Volkswagen | 2,751 | -26% | 8,171 | -21% |
| | 11 | Datsun | 1,894 | -52% | 5,525 | -49% |
| | 12 | Škoda | 1,401 | -6% | 3,900 | -2% |
| | 13 | Mercedes-Benz | 1,407 | -12% | 3,885 | -15% |
| | 14 | Jeep | 727 | -68% | 3,566 | -46% |
| | 15 | Nissan | 977 | 0% | 3,251 | 11% |
| | 16 | BMW | 1,118 | 46% | 2,822 | 26% |
| | 17 | Audi | 548 | -13% | 1,396 | -21% |
| | 18 | Force | 262 | -44% | 738 | -41% |
| | 19 | Volvo | 259 | 18% | 681 | 8% |
| | 20 | Land Rover | 220 | -17% | 605 | -19% |
| Commercial Vehicle | 1 | Mahindra | 24,665 | 18% | 69,458 | 21% |
| | 2 | Tata | 27,462 | 7% | 68,981 | 1% |
| | 3 | Maruti-Suzuki | 19,020 | 26% | 53,628 | 26% |
| | 4 | Ashok Leyland | 4,760 | 0% | 13,609 | 6% |
| | 5 | Force | 2,761 | -5% | 5,201 | -20% |
| | 6 | Isuzu | 478 | -17% | 1,201 | -18% |
| | 7 | Eicher | 397 | 11% | 1,043 | 5% |
| | 8 | Piaggio | 80 | -63% | 276 | -45% |
| 9 | | | | | | |
| 10 | | | | | | |

| Top Manufacturers (Production) | | | | | | |
|--------------------------------|----|------------------------|---------|--------|---------|--------|
| | # | Manufacturer | Mar | Growth | YTD | Growth |
| Passenger Vehicle | 1 | Maruti Suzuki India | 100,258 | -23% | 345,522 | -14% |
| | 2 | Hyundai Group | 68,996 | 9% | 174,724 | -1% |
| | 3 | Mahindra | 26,087 | 5% | 77,490 | 11% |
| | 4 | Ford Group | 21,386 | -1% | 66,953 | -9% |
| | 5 | Suzuki Group | 19,267 | -26% | 66,887 | 36% |
| | 6 | Honda Cars India | 16,997 | 97% | 50,144 | 39% |
| | 7 | Mitsubishi | 13,664 | -33% | 45,039 | -25% |
| | 8 | Tata Motors | 12,061 | -18% | 38,508 | -14% |
| | 9 | Toyota Kirloskar India | 11,805 | -8% | 36,332 | -3% |
| | 10 | Volkswagen Group | 8,122 | -15% | 24,231 | -7% |
| | 11 | Tata-Fiat | 6,942 | -20% | 21,187 | -20% |
| | 12 | General Motors Group | 6,264 | -11% | 20,093 | -6% |
| | 13 | Daimler Group | 1,180 | -16% | 3,296 | -18% |
| | 14 | Škoda Auto | 1,041 | -25% | 2,801 | -38% |
| | 15 | BMW Group | 1,029 | 45% | 2,600 | 34% |
| | 16 | Force Motors | 235 | -50% | 508 | -48% |
| | 17 | Volvo Group India | 171 | 33% | 433 | 40% |
| | 18 | Premier Auto | 159 | -9% | 429 | -19% |
| | 19 | Isuzu Motors Limited | 12 | -72% | 106 | -58% |
| | 20 | Hindustan Motors | 0 | -100% | 0 | -100% |
| Commercial Vehicle | 1 | Mahindra | 27,236 | 3% | 81,683 | 16% |
| | 2 | Tata Motors | 25,606 | 18% | 64,299 | 2% |
| | 3 | Maruti Suzuki India | 16,675 | 0% | 55,813 | 19% |
| | 4 | Ashok Leyland | 4,845 | 15% | 13,246 | 13% |
| | 5 | Force Motors | 1,609 | -35% | 3,697 | -38% |
| | 6 | Isuzu Motors Limited | 523 | -12% | 2,089 | 50% |
| | 7 | Eicher Motors | 338 | -6% | 972 | 1% |
| | 8 | Piaggio | 92 | -51% | 339 | -15% |

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