

**A month of subdued performance from most of the OEMs**

November 2018 witnessed softness in most of the auto counters. In line with this, PVs and CVS posted serious moderation in growth. November 2018 was also plagued by high fuel prices and growing interest rates. This has actually hurt consumer sentiments as the festive season ended on a low note. Liquidity crunch was felt at the financiers' ends. Coming to the 2Ws, Hero posted flattish sales reflecting the retail demand and sentiments. On the other hand, Bajaj Auto grew on domestic MC demand and exports outperformance. Entry level MCs were driven by higher Platina sales on price cuts taken by the company. Several new launches by the company in Q4 of last year have led the motorcycle growth in the domestic markets. Exports were also drivers as most of the foreign countries are attracting good demand. Serious recovery in Nigeria, in both 2W and 3W businesses is one of the main reasons for its exports recovery. 3Ws were impacted by lack of permits and high base of last years when a whole host of permits were issued. TVS reported stellar set of numbers as all its segments outperformed the industry. MSIL reported a flattish growth in-line with the growth in past few months, due to the reasons stated above. M&M reported a flattish growth in the UV business, while the CV business reported robust numbers on LCV success. FES segment witnessed a de-growth as sales tapered off considering high base and liquidity crunch. ALL and TaMo both reported weak MHCV growth on lackluster festive season and overall weak sentiments.

Going forward, we expect PV demand to remain muted, while 2Ws to witness a slight slowdown from December onwards on high base, however 2W growth will be better than PVs, particularly Bajaj and TVS. In this scenario, we would like to stay with fundamentally strong names where demand is strong despite domestic headwinds. Within 2Ws, we like Bajaj Auto and Hero Motocorp as the former is posting strong growth and the latter will benefit from rural strength. In short term, CVs may feel some pressure, however 2019 being an election year, GOI's emphasis on pushing the infra plans in the country may sustain CV demand. BS VI pre-buying shall initiate in Q1 of FY 20, which will further elongate the CV cycle. Possible implementation of scrappage policy may further escalate CV demand in long run.

	Nov-18	Oct-18	% mom	Nov-17	% yoy
Hero Motocorp	6,10,252	7,34,668	-16.9%	6,05,270	0.8%
Bajaj Auto	4,06,930	5,06,699	-19.7%	3,26,458	24.7%
TVS	3,19,965	3,98,427	-19.7%	2,51,965	27.0%
Maruti	1,53,539	1,46,766	4.6%	1,54,600	-0.7%
M&M	68,095	1,05,792	-35.6%	64,519	5.5%
<i>Auto</i>	45,101	58,416	-22.8%	38,570	16.9%
<i>Tractors</i>	22,994	47,376	-51.5%	25,949	-11.4%
Tata Motors	55,074	62,264	-11.5%	57,391	-4.0%
Ashok Leyland	13,121	15,149	-13.4%	14,457	-9.2%
Escorts	8,005	13,140	-39.1%	5,119	56.4%

### Hero MotoCorp: Subdued sales despite festival..

- Hero MotoCorp (Hero)'s sales in December went up by 0.8% yoy at 610,252 units as wholesale demand is now tracing retail demand which has weakened. Subdued festive season owing to weak consumer sentiments, high interest rates, rising fuel costs led to such numbers. Competition from Bajaj Auto and pricing war in the entry level segment led to such numbers.
- Sequentially the sales were down by 16.9%. YTD the sales are up by 9.5%.
- Going forward, new launches may support the growth, however, weak consumer sentiments and seasonally weak December may lead to a bit weak numbers by the end of the calendar year.

	Nov-18	Oct-18	% mom	Nov-17	% yoy	YTD FY18	YTD FY17	% yoy
<b>Total sales</b>	6,10,252	7,34,668	-16.9%	6,05,270	0.8%	55,96,259	51,08,555	9.5%

### Bajaj Auto: Super domestic bike and exports sales, 3Ws fall on lack of permits

- Bajaj Auto's total sales came in 24.7% higher and 19.7% lower, yoy and mom respectively to 406,930 units. Domestic motorcycle sales have grown by 44.6% higher yoy and 27.1% lower mom respectively. Success of its bikes like the Pulsars at the higher end and Platina at the lower end are leading to this performance. Also the price cuts taken at the lower end of bikes has led to strong sales.
- Exports 2W business grew by 15.6% yoy as we believe that along with the new geographies such as Phillipines, Vietnam, Cambodia, Turkey and Iran; Latam, SE Asia, Bangladesh, Nepal and Africa are panning out well for the company offsetting the woes in Sri Lanka. Nigeria has been performing very strongly over the past few months as Boxer demand is getting very strong. However, the growth rate has fallen significantly from October numbers. Exports will be key monitorables for Bajaj Auto.
- Total three wheeler sales went down by 3.4% yoy. In the domestic markets they decreased by 22% yoy as there has been a reduction in opening of new permits while in the exports markets sales grew by a robust 25% yoy on success in countries like Egypt and other African markets. Sequentially, 3Ws sales fell by 18%.

	Nov-18	Oct-18	% mom	Nov-17	% yoy	YTD FY18	YTD FY17	% yoy
<b>Motorcycles</b>								
Domestic	2,05,259	2,81,582	-27.1%	1,41,948	44.6%	17,73,974	13,64,060	30.1%
Exports	1,41,285	1,51,403	-6.7%	1,22,022	15.8%	11,62,061	9,20,123	26.3%
<b>Total</b>	<b>3,46,544</b>	<b>4,32,985</b>	<b>-20.0%</b>	<b>263970</b>	<b>31.3%</b>	<b>29,36,035</b>	<b>22,84,183</b>	<b>28.5%</b>
<b>3W</b>								
Domestic	29,559	38,360	-22.9%	37,887	-22.0%	2,74,096	2,10,829	30.0%
Exports	30,827	35,354	-12.8%	24,601	25.3%	2,69,583	1,73,854	55.1%
<b>Total</b>	<b>60,386</b>	<b>73,714</b>	<b>-18.1%</b>	<b>62,488</b>	<b>-3.4%</b>	<b>5,43,679</b>	<b>3,84,683</b>	<b>41.3%</b>
Domestic	2,34,818	3,19,942	-26.6%	1,79,835	30.6%	20,48,070	15,74,889	30.0%
Exports	1,72,112	1,86,757	-7.8%	1,46,623	17.4%	14,31,644	10,93,977	30.9%
<b>Total</b>	<b>4,06,930</b>	<b>5,06,699</b>	<b>-19.7%</b>	<b>3,26,458</b>	<b>24.7%</b>	<b>34,79,714</b>	<b>26,68,866</b>	<b>30.4%</b>

## TVS Motor: Surprisingly strong set of numbers

- Despite the industry facing headwinds, TVS reported superb sales numbers in the month at 27% yoy. This was 20% down mom.
- Motorcycle sales grew by 28.6% up yoy and 20.3% down mom. The yoy growth was triggered by the success of the newly launched Apache version, Star City and Victor.
- Scooters sales grew by 42.6% yoy on success of recent launch of Ntorq 125 cc, Scooty and Jupiter sales. The new launch of Jupiter Grande is finding great demand. Mopeds went up by a soft 5.3% yoy post a weak run off late.
- 3W sales increased by a robust 48.4% yoy. Domestic markets de-grew by 23.7% yoy as there is a slowdown in new permits opening, while 3W exports grew by 65% yoy on sharp recovery is seen in Nigeria, Egypt and other African countries.
- Exports sales in TVS witnessed a very positive growth. Exports grew by a robust 23.9% yoy and 0.9% mom to 58,476 units despite weakness in SL, driven by a 16.7% yoy growth in 2Ws and 3.5% yoy growth in 3W.

	Nov-18	Oct-18	% mom	Nov-17	% yoy	YTD FY18	YTD FY17	% yoy
Motorcycles	1,19,883	1,50,429	-20.3%	93,202	28.6%	10,77,218	9,13,938	17.9%
Scooters	1,11,763	1,51,040	-26.0%	78,397	42.6%	9,38,924	7,71,212	21.7%
Mopeds	75,496	82,838	-8.9%	71,724	5.3%	6,16,689	5,75,214	7.2%
Total 2W	3,07,142	3,84,307	-20.1%	2,43,323	26.2%	26,32,831	22,60,364	16.5%
3W	12,823	14,120	-9.2%	8,642	48.4%	1,02,209	59,974	70.4%
<b>Total sales</b>	<b>3,19,965</b>	<b>3,98,427</b>	<b>-19.7%</b>	<b>2,51,965</b>	<b>27.0%</b>	<b>27,35,040</b>	<b>23,20,338</b>	<b>17.9%</b>
Exports out of the above	58,476	57,926	0.9%	47,207	23.9%	5,05,851	3,65,403	38.4%
2W exports	46,889	45,319	3.5%	40,185	16.7%	4,13,723	3,14,917	31.4%
3W exports	11,587	12,607	-8.1%	7,022	65.0%	92,128	50,486	82.5%
Domestic 3W	1,236	1,513	-18.3%	1,620	-23.7%	10,081	9,488	6.3%

## Maruti Suzuki: Muted sales growth continues..

- Maruti Suzuki India Ltd (MSIL)'s sales in the month of November came in at 153,359 units which was a 0.7% fall yoy on a high base post GST, weak consumer sentiments, increasing competition, rising fuel costs and increasing interest rates. October witnessed pre-festive buying, however November traced the retail sales which are tepid.
- The petrol/small car segment this month saw a 21.6% fall as petrol prices skyrocketed in this month and competition in the segment intensified.
- The super compact segment comprising of Swift, Dzire, Celerio, Baleno, Ignis etc grew by 10.8% yoy.  
Ciaz segment sales showed sales dropped by 4.3% and 1.3% yoy and mom growths respectively post strong sales last month.
- The UV segment grew by 1.9% yoy and grew 13.2% mom as we see a demand dip for high end SUVs.
- The LCV Super Carry sold 2,128 units in November as compared to 1,003 units yoy.
- Exports witnessed 19.1% yoy fall and a 13.2% mom fall.

	Nov-18	Oct-18	% mom	Nov-17	% yoy	YTD FY18	YTD FY17	% yoy
Mini(Alto, Wagon R)	29954	32835	-8.8%	38,204	-21.6%	2,76,404	2,90,421	-4.8%
Compact(Swift, Ritz, Celerio, Baleno, Dzire, Ignis)	72533	64789	12.0%	65,447	10.8%	5,89,737	4,93,173	19.6%
Mid size (SX4, Ciaz)	3838	3892	-1.4%	4,009	-4.3%	31,745	42,251	-24.9%
<b>Total passenger cars</b>	<b>1,06,325</b>	<b>1,01,516</b>	<b>4.7%</b>	<b>1,07,660</b>	<b>-1.2%</b>	<b>8,97,886</b>	<b>8,25,845</b>	<b>8.7%</b>
Utility Vehicles(Gypsy, Ertiga, Viterra, S-Cross, Brezza)	23512	20764	13.2%	23,072	1.9%	1,74,145	1,70,702	2.0%
Vans(Omni, Eeco)	14053	13668	2.8%	13,565	3.6%	1,16,608	1,05,353	10.7%
LCV (Super Carry)	2128	2152	-1.1%	1,003	112.2%	14,719	5,232	181.3%
<b>Total domestic sales</b>	<b>1,46,018</b>	<b>1,38,100</b>	<b>5.7%</b>	<b>1,45,300</b>	<b>0.5%</b>	<b>12,03,358</b>	<b>11,07,132</b>	<b>8.7%</b>
Exports	7521	8666	-13.2%	9,300	-19.1%	72,274	80,603	-10.3%
<b>Total sales</b>	<b>1,53,539</b>	<b>1,46,766</b>	<b>4.6%</b>	<b>1,54,600</b>	<b>-0.7%</b>	<b>12,75,632</b>	<b>11,87,735</b>	<b>7.4%</b>

**Mahindra & Mahindra: LCVs and tractors drive growth, UVs still weak despite Marazzo launch**

- Total auto sales in the month grew by just 16.9% yoy to 45,101 units which was a fall of 26.6% mom.
- UV segment was up by 0.6 % yoy and down by 38% mom. Despite Marazo launch the yoy sales growth failed to put up a good show.
- CV sales in the month grew by 26.5% yoy, out of which LCV >3.5 T went up by 1.2% yoy, while the LCV <3.5 T grew by 30% yoy. MHCV segment grew dipped by 19.6% yoy on high base and expected slowdown in CVs on the back of liquidity crunch and higher interest rates.
- 3W sales have grown by 28% yoy despite industry weakness.
- Exports posted growth of 39.7% yoy as well.
- FES segment grew by 11.4% yoy, out of which the domestic sales were down by 15.5% yoy on weak monsoons. Exports were up by 118% and 67% yoy and mom respectively on low base.

Auto segment	Nov-18	Oct-18	% mom	Nov-17	% yoy	YTD FY18	YTD FY17	% yoy
Utility Vehicles	15,049	24,302	-38.1%	14,958	0.6%	1,49,058	1,51,596	-1.7%
Cars+Vans	1139	1805	-36.9%	1,072	6.3%	12,925	9,736	32.8%
<b>Total PV</b>	<b>16,188</b>	<b>26,107</b>	<b>-38.0%</b>	<b>16,030</b>	<b>1.0%</b>	<b>1,61,983</b>	<b>1,61,332</b>	<b>0.4%</b>
LCV(<3.5 T)	18530	24390	-24.0%	14,262	29.9%	1,50,662	1,22,238	23.3%
LCV (>3.5T)	506	600	-15.7%	500	1.2%	5,269	4,542	16.0%
MHCV	637	720	-11.5%	792	-19.6%	7,562	5,037	50.1%
<b>Total CV</b>	<b>19,673</b>	<b>25,710</b>	<b>-23.5%</b>	<b>15,554</b>	<b>26.5%</b>	<b>1,63,493</b>	<b>1,31,817</b>	<b>24.0%</b>
3 wheelers	5703	6500	-12.3%	4,455	28.0%	43,408	34,247	26.7%
<b>Total domestic sales</b>	<b>41,564</b>	<b>58,317</b>	<b>-28.7%</b>	<b>36,039</b>	<b>15.3%</b>	<b>3,68,884</b>	<b>3,27,396</b>	<b>12.7%</b>
Total exports	3537	3109	13.8%	2,531	39.7%	25,278	17,291	46.2%
<b>Total sales</b>	<b>45,101</b>	<b>61,426</b>	<b>-26.6%</b>	<b>38,570</b>	<b>16.9%</b>	<b>3,94,162</b>	<b>3,44,687</b>	<b>14.4%</b>

FES	Nov-18	Oct-18	% mom	Nov-17	% yoy	YTD FY18	YTD FY17	% yoy
Domestic	21,271	47,500	-55.2%	25,159	-15.5%	2,19,745	2,42,733	-9.5%
Exports	1723	1028	67.6%	790	118.1%	10,190	9,421	8.2%
<b>Total FES</b>	<b>22,994</b>	<b>48,528</b>	<b>-52.6%</b>	<b>25,949</b>	<b>-11.4%</b>	<b>2,29,935</b>	<b>2,52,154</b>	<b>-8.8%</b>

### Ashok Leyland: LCVs arrest a steep fall

- Ashok Leyland (ALL) posted a weak 9.2% yoy fall in the month to 13,121 units as CVs were impacted by liquidity crunch and higher interest rates in the month and a lackluster festive season. YTD growth is at 26.3%.
- MHCV sales were down by 18% yoy to 8,718 units as MHCV sales were slightly affected by liquidity issues and high base.
- LCV sales posted a growth of 15.3% yoy in the month as the newly launched Dost+ along with Boss and Guru are performing very well despite financing crunch. Sequentially, LCV growth was down by 17.7%.

	Nov-18	Oct-18	% mom	Nov-17	% yoy	YTD FY18	YTD FY17	% yoy
MHCV	8,718	9,797	-11.0%	10,638	-18.0%	87,549	71,059	23.2%
LCV	4,403	5,352	-17.7%	3,819	15.3%	34,808	25,829	34.8%
<b>Total</b>	<b>13,121</b>	<b>15,149</b>	<b>-13.4%</b>	<b>14,457</b>	<b>-9.2%</b>	<b>1,22,357</b>	<b>96,888</b>	<b>26.3%</b>

### Tata Motors: Weakness seen across the board.

- Tata Motors (TAMO)'s total sales in the month were down at 4% yoy to 55,074 units. PV as well as CV sales were a bit subdued.
- CV sales moved down by 5.2% yoy while declining by 15% mom. Within the CVs, MHCVs de-grew by 24%, ILCVs grew by 2%, SCV Cargo & pick-ups went up by 8% and buses went down by 3% yoy.
- PV segment saw growth of 1% yoy as slowdown was quite evident in the sector.
- Exports growth was weak at 6.6%.

Segment(models)	Nov-18	Oct-18	% mom	Nov-17	% yoy	YTD FY18	YTD FY17	% yoy
Total CVs	33,488	39,420	-15.0%	35,307	-5.2%	3,05,395	2,29,106	33.3%
Total PVs	16,982	18,290	-7.2%	17,157	-1.0%	1,42,137	1,15,049	23.5%
Exports	4,604	4,554	1.1%	4,927	-6.6%	36,812	29,180	26.2%
<b>Total sales</b>	<b>55,074</b>	<b>62,264</b>	<b>-11.5%</b>	<b>57,391</b>	<b>-4.0%</b>	<b>4,84,344</b>	<b>3,73,335</b>	<b>29.7%</b>

### Escorts: A stupendous show..

- Domestic sales have grown by 54.6% yoy in November despite a weakness in the industry. Sales declined by 40% mom.
- Exports reported 105% yoy growth.
- Total sales grew by 56.4% yoy to 8,005 units.

	Nov-18	Oct-18	% mom	Nov-17	% yoy	YTD FY18	YTD FY17	% yoy
Domestic	7641	12867	-40.6%	4,941	54.6%	65,000	51,958	25.1%
Exports	364	273	33.3%	178	104.5%	1,678	1,285	30.6%
<b>Total</b>	<b>8005</b>	<b>13140</b>	<b>-39.1%</b>	<b>5,119</b>	<b>56.4%</b>	<b>66,678</b>	<b>53,243</b>	<b>25.2%</b>

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