

## Green shoots emerge in PVs and tractors, rest are yet far away from any recovery

The month of January is generally strong on a sequential basis on a seasonally weak December. This January also continued with this trend. The additional growth was triggered by clearing up of the BS IV inventory just ahead of BS VI implementation. On yoy basis, we saw only the PVs and tractors in the domestic markets showing some growth. Most of the PV makers have already moved majority of their portfolio to BS VI. This has been a smooth transition and is getting digested well. On the 2W side, bunching up of this inventory disposal is expected to happen by February end and March. Hence, we are yet seeing decline in the total 2W sales. CV sales are still following their weak trend started more than a year ago. MSIL reported good ~2% growth on the back of swift BS VI transition, launch of S-Presso & XL6. The much awaited Brezza petrol and many more upcoming launches will continue the momentum in volume growth of MSIL. On the tractors side, we are seeing some green shoots in the sector with abundant rains, expected strong Rabi output and rise in MSPs of important food-grains. On the exports side of 2W, we are seeing robust demand from Africa, South and SE Asia, while domestic 2Ws are yet to come out of the woods. We believe that with improvement in rural income, 2W segment may start seeing growth in coming 1-2 quarters. With GOI's recent announcement on infra push, we believe that in times to come, we will see a recovery in CV demand as well. On CVs, there was a 0-6% recovery on mom basis which indicates a recovery in the sector and is heartening.

Among two wheelers, we prefer both Bajaj Auto and Hero MotoCorp. Hero is a proxy to the economy and rural growth, and an expected good Rabi crop output will drive sales in rural India (55% of volumes). Bajaj Auto which is now finding good traction in exports markets is another favorite. On the PVs, we still like MSIL as it is a market leader in PV segment and has a wide array of models in all the segments. Its strength in the rural markets is also its positive. We also like M&M, as robust Rabi crop output and increased MSPs will trigger UVs as well as FES growth. Within the CV space we like Ashok Leyland which is away from any global headwinds. Any news on scrappage policy may lead to a sudden spur in CV stocks.

	Jan-20	Dec-19	% mom	Jan-18	% yoy
<b>Hero Motocorp</b>	5,01,622	4,24,845	18.1%	5,82,660	-13.9%
<b>Bajaj Auto</b>	3,94,473	3,36,055	17.4%	4,07,150	-3.1%
<b>TVS</b>	2,34,920	2,31,571	1.4%	2,82,630	-16.9%
<b>Maruti</b>	1,54,123	1,33,296	15.6%	1,51,721	1.6%
<b>M&amp;M</b>	75,662	57,220	32.2%	77,934	-2.9%
<i>Auto</i>	52,546	39,230	33.9%	55,722	-5.7%
<i>Tractors</i>	23,116	17,990	28.5%	22,212	4.1%
<b>Tata Motors</b>	47,754	46,903	1.8%	58,001	-17.7%
<b>Ashok Leyland</b>	11,850	11,168	6.1%	19,741	-40.0%
<b>Escorts</b>	6,063	4,114	47.4%	5,991	1.2%

## Hero MotoCorp

- Hero MotoCorp (Hero)'s sales in January went down by 13.9% yoy to 501,622 units
- Sequentially also, there has been a rise of 18.1% on a weak December base. Good Rabi output may bring revival in the rural markets.

	Jan-20	Dec-19	% mom	Jan-19	% yoy	YTD FY20	YTD FY19	% yoy
<b>Total sales</b>	5,01,622	4,24,845	18.1%	5,82,660	-13.9%	56,57,868	66,20,657	-14.5%

## Bajaj Auto

- Bajaj Auto's total sales came down by 3.1% yoy, while rising up by 17.4% mom, to 394,473 units, Domestic motorcycle sales have de-grown by 22% yoy and have gone up by 27.1% mom.
- Exports 2W business grew by 18.7% yoy, driven by Africa, SE Asia and LatAm.
- Total three wheeler sales went up by 9.6% yoy. In the domestic markets they increased by 24.8% yoy on low base of last year. Exports markets sales de-grew by 5.4% yoy as regulatory changes in its biggest market Egypt and issues in Sri Lanka led to this fall. However, the company has started sales to Egypt, which is a good sign. Sequentially, there was a 20.8% growth in domestic sales and 21.8% rise in exports.

	Jan-20	Dec-19	% mom	Jan-19	% yoy	YTD FY20	YTD FY19	% yoy
<b>Motorcycles</b>								
Domestic	1,57,796	1,24,125	27.1%	2,03,358	-22.4%	18,33,060	21,34,584	-14.1%
Exports	1,74,546	1,60,677	8.6%	1,47,102	18.7%	15,93,310	14,50,766	9.8%
<b>Total</b>	<b>3,32,342</b>	<b>2,84,802</b>	<b>16.7%</b>	<b>3,50,460</b>	<b>-5.2%</b>	<b>34,26,370</b>	<b>35,85,350</b>	<b>-4.4%</b>
<b>3W</b>								
Domestic	35,076	29,038	20.8%	28,103	24.8%	3,25,579	3,25,298	0.1%
Exports	27,055	22,215	21.8%	28,587	-5.4%	2,65,595	3,22,415	-17.6%
<b>Total</b>	<b>62,131</b>	<b>51,253</b>	<b>21.2%</b>	<b>56,690</b>	<b>9.6%</b>	<b>5,91,174</b>	<b>6,47,713</b>	<b>-8.7%</b>
Domestic	1,92,872	1,53,163	25.9%	2,31,461	-16.7%	21,58,639	24,59,882	-12.2%
Exports	2,01,601	1,82,892	10.2%	1,75,689	14.7%	18,58,905	17,73,181	4.8%
<b>Total</b>	<b>3,94,473</b>	<b>3,36,055</b>	<b>17.4%</b>	<b>4,07,150</b>	<b>-3.1%</b>	<b>40,17,544</b>	<b>42,33,063</b>	<b>-5.1%</b>

## TVS Motor

- TVS reported negative sales numbers in the month at 16.9% yoy. This was 1.4% growth mom to 234,920 units.
- Motorcycle sales de-grew by 15.2% yoy and grew by 0.7% mom.
- Scooters sales went down by 15.1% yoy and 3.1% mom. Mopeds went down by 26.2% yoy on weak consumer demand.
- 3W sales increased by 8.4% yoy on strong exports performance from markets like some of the African markets other than Egypt and SE Asia. Domestic markets de-grew 14.9% yoy, while 3W exports grew by 11% yoy.
- Exports sales in TVS witnessed a robust 34.4% yoy growth as 3W exports went up by 11%, while 2W exports grew by 41.4%.

	Jan-20	Dec-19	% mom	Jan-19	% yoy	YTD FY20	YTD FY19	% yoy
Motorcycles	94,367	93,697	0.7%	1,11,253	-15.2%	11,78,392	12,95,660	-9.1%
Scooters	72,383	74,716	-3.1%	85,299	-15.1%	9,80,395	11,15,703	-12.1%
Mopeds	53,689	47,206	13.7%	72,725	-26.2%	5,60,891	7,49,454	-25.2%
Total 2W	2,20,439	2,15,619	2.2%	2,69,277	-18.1%	27,19,678	31,60,817	-14.0%
3W	14,481	15,952	-9.2%	13,353	8.4%	1,44,327	1,28,248	12.5%
<b>Total sales</b>	<b>2,34,920</b>	<b>2,31,571</b>	<b>1.4%</b>	<b>2,82,630</b>	<b>-16.9%</b>	<b>28,64,005</b>	<b>32,89,065</b>	<b>-12.9%</b>
<b>Exports out of the above</b>	<b>70,784</b>	<b>73,512</b>	<b>-3.7%</b>	<b>52,650</b>	<b>34.4%</b>	<b>7,07,744</b>	<b>6,18,763</b>	<b>14.4%</b>
2W exports	57,432	58,375	-1.6%	40,623	41.4%	5,72,749	5,03,149	13.8%
3W exports	13,352	15,137	-11.8%	12,027	11.0%	1,34,995	1,15,614	16.8%
Domestic 3W	1,129	815	38.5%	1,326	-14.9%	9,332	12,634	-26.1%

## Maruti Suzuki

- Maruti Suzuki India Ltd (MSIL)'s sales in the month came in at 154,123 units which was a growth of 1.6% yoy, while on mom basis the sales grew strongly at 15.6%.
- The petrol/small car segment this month saw a growth of 10.8% yoy and 8.4% mom, as the company is pushing out its BS VI inventory.
- The super compact segment comprising of Swift, Dzire, Celerio, Baleno, Ignis etc grew by 11.6% yoy and by 28.4% mom as BS IV vehicles are in demand on good discounting and their pre-buying. Also MSIL has converted almost its entire fleet into BS VI now.
- Ciaz segment sales were reported 71.5% and 53.2% down yoy and mom.
- The UV segment fall was at 26.6% yoy and 30.9% mom.
- The LCV Super Carry sold 2,406 units as compared to 2,710 units yoy. Sequentially they rose by 51.2%.
- Exports were flattish yoy at 9,624 units, while they were up by robust 27.3% mom

	Jan-20	Dec-19	% mom	Jan-19	% yoy	YTD FY20	YTD FY19	% yoy
Mini(Alto, Old WagonR, S-Presso)	25,885	23,883	8.4%	23,360	10.8%	2,04,289	3,27,413	-37.6%
Compact(New WagonR, Swift,Celerio, Baleno, Dzire, Ignis)	84,340	65,673	28.4%	75,571	11.6%	6,77,263	7,16,654	-5.5%
Mid size (SX4, Ciaz)	835	1,786	-53.2%	2,934	-71.5%	20,851	39,413	-47.1%
<b>Total passenger cars</b>	<b>1,11,060</b>	<b>91,342</b>	<b>21.6%</b>	<b>1,01,865</b>	<b>9.0%</b>	<b>9,02,403</b>	<b>10,83,480</b>	<b>-16.7%</b>
Utility Vehicles(Gypsy, Ertiga, XL6, S-Cross, Vitarra Brezza)	16,460	23,808	-30.9%	22,430	-26.6%	2,00,790	2,16,800	-7.4%
Vans(Omni, Eeco)	12,324	7,634	61.4%	15,145	-18.6%	1,01,211	1,47,603	-31.4%
LCV (Super Carry)	2,406	1,591	51.2%	2,710	-11.2%	20,594	19,104	7.8%
<b>Total domestic sales</b>	<b>1,42,250</b>	<b>1,24,375</b>	<b>14.4%</b>	<b>1,42,150</b>	<b>0.1%</b>	<b>12,24,998</b>	<b>14,66,987</b>	<b>-16.5%</b>
Sales to other OEM :A:Compact	2,249	1,360	65.4%	-	N/A	20,199	-	N/A
Exports	9,624	7,561	27.3%	9,571	0.6%	87,198	88,704	-1.7%
<b>Total sales</b>	<b>1,54,123</b>	<b>1,33,296</b>	<b>15.6%</b>	<b>1,51,721</b>	<b>1.6%</b>	<b>13,32,395</b>	<b>15,55,691</b>	<b>-14.4%</b>

## Mahindra &amp; Mahindra

- Total domestic auto sales in the month slipped by 3.3% yoy to 50,785 units which was 37% growth mom.
- UV segment was down 12.6% yoy and up by 27.8% mom, which was a heartening sign post months of declines.
- CV sales in the month grew by 1% yoy, on financial crunch and new axle norms impacting the sector. MHCV declined by 44.5%, while LCV (>3.5T) fell by 26.5%.
- 3W sales have however grown by 35.5% yoy and 51.5% mom.
- Exports posted de-growth of 45.3% yoy and a 18.1% drop mom.
- FES segment grew by 4.1% yoy, out of which the domestic sales rose by 6.6%, while. exports were down by 37.7% yoy and were up 33.9% mom.

Auto segment	Jan-20	Dec-19	% mom	Jan-19	% yoy	YTD FY20	YTD FY19	% yoy
Utility Vehicles	19,455	15,225	27.8%	22,263	-12.6%	1,65,619	1,85,212	-10.6%
Cars+Vans	342	466	-26.6%	1,609	-78.7%	7,037	15,734	-55.3%
<b>Total PV</b>	<b>19,797</b>	<b>15,691</b>	<b>26.2%</b>	<b>23,872</b>	<b>-17.1%</b>	<b>1,72,656</b>	<b>2,00,946</b>	<b>-14.1%</b>
LCV(<3.5 T)	21,835	15,179	43.9%	21,035	3.8%	1,70,634	1,87,234	-8.9%
LCV (>3.5T)	545	361	51.0%	741	-26.5%	5,663	6,555	-13.6%
MHCV	471	478	-1.5%	849	-44.5%	4,657	9,235	-49.6%
<b>Total CV</b>	<b>22,851</b>	<b>16,018</b>	<b>42.7%</b>	<b>22,625</b>	<b>1.0%</b>	<b>1,80,954</b>	<b>2,03,024</b>	<b>-10.9%</b>
3 wheelers	8,137	5,372	51.5%	6,003	35.5%	57,923	54,104	7.1%
<b>Total domestic sales</b>	<b>50,785</b>	<b>37,081</b>	<b>37.0%</b>	<b>52,500</b>	<b>-3.3%</b>	<b>4,11,533</b>	<b>4,58,074</b>	<b>-10.2%</b>
Total exports	1,761	2,149	-18.1%	3,222	-45.3%	24,633	31,565	-22.0%
<b>Total sales</b>	<b>52,546</b>	<b>39,230</b>	<b>33.9%</b>	<b>55,722</b>	<b>-5.7%</b>	<b>4,36,166</b>	<b>4,89,639</b>	<b>-10.9%</b>
<b>FES</b>	<b>Jan-20</b>	<b>Dec-19</b>	<b>% mom</b>	<b>Jan-19</b>	<b>% yoy</b>	<b>YTD FY20</b>	<b>YTD FY19</b>	<b>% yoy</b>
Domestic	22,329	17,213	29.7%	20,948	6.6%	2,56,606	2,80,191	-8.4%
Exports	787	777	1.3%	1,264	-37.7%	9,135	11,579	-21.1%
<b>Total FES</b>	<b>23,116</b>	<b>17,990</b>	<b>28.5%</b>	<b>22,212</b>	<b>4.1%</b>	<b>2,65,741</b>	<b>2,91,770</b>	<b>-8.9%</b>

## Ashok Leyland

- Ashok Leyland (ALL) posted a decline of 40% in the month to 11,850 units as the long prevailing sectoral negatives did have a continued impact on the company. Sequentially the growth was 6.1%.
- MHCV sales were down by 47.2% yoy to 7,754 units. Sequential growth has been 10.4%.
- LCV sales posted 18.8% decline 4,096 units. This was a mom drop of 1.1%.

	Jan-20	Dec-19	% mom	Jan-19	% yoy	YTD FY20	YTD FY19	% yoy
MHCV	7,754	7,025	10.4%	14,694	-47.2%	69,408	1,13,533	-38.9%
LCV	4,096	4,143	-1.1%	5,047	-18.8%	42,191	44,053	-4.2%
<b>Total</b>	<b>11,850</b>	<b>11,168</b>	<b>6.1%</b>	<b>19,741</b>	<b>-40.0%</b>	<b>1,11,599</b>	<b>1,57,586</b>	<b>-29.2%</b>

## Tata Motors

- Tata Motors (TAMO)'s total sales in the month were down at 17.7% yoy to 47,754 units. PV as well as CV sales were quite subdued in the month as overall sentiments remained weak. Sequentially the sales were up by 1.8%.
- CV sales moved down by 15.5% yoy on NBFC crisis and payload capacity expansion under Axle norms. Within the CVs, MHCVs de-grew by 41%, LCVS dropped by 23%, SCV and pick-ups inched up by 2% and buses fell by 3% yoy. Sequentially CV sales were flattish.
- Considering the weakness in the industry, competition and lack of strong product portfolio, PV sales de-grew by 22.1% yoy. On mom basis, they grew by 8.7%.
- Exports de-growth was deep at 18.6% yoy and 5.2% yoy.

Segment(models)	Jan-20	Dec-19	% mom	Jan-19	% yoy	YTD FY20	YTD FY19	% yoy
Total CVs	31,348	31,469	-0.4%	37,089	-15.5%	2,79,857	3,78,664	-26.1%
Total PVs	13,894	12,785	8.7%	17,826	-22.1%	1,13,091	1,74,223	-35.1%
Exports	2,512	2,649	-5.2%	3,086	-18.6%	26,337	44,081	-40.3%
<b>Total sales</b>	<b>47,754</b>	<b>46,903</b>	<b>1.8%</b>	<b>58,001</b>	<b>-17.7%</b>	<b>4,19,285</b>	<b>5,96,968</b>	<b>-29.8%</b>

## Escorts

- Domestic sales have grown by just 1.4% yoy in January. Sequentially, domestic sales zoomed up by 53.6%
- Exports reported de-growth of 4.6% yoy.
- Total sales grew by 1.2% yoy to 6,063 units. Sequential growth was at 47.4%.

	Jan-20	Dec-19	% mom	Jan-19	% yoy	YTD FY20	YTD FY19	% yoy
Domestic	5,845	3,806	53.6%	5,762	1.4%	68,975	74,974	-8.0%
Exports	218	308	-29.2%	229	-4.8%	2,998	2,293	30.7%
<b>Total</b>	<b>6,063</b>	<b>4,114</b>	<b>47.4%</b>	<b>5,991</b>	<b>1.2%</b>	<b>71,973</b>	<b>77,267</b>	<b>-6.9%</b>

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