

## Tractors bucked the trend in February

The truncated month of February is generally weak on a sequential basis, however, this year even yoy numbers were very weak considering overall weakness in the sector. We only witnessed a superb performance by the tractors. This growth came on the back of revival of tractors cycle driven by strong monsoons last year and resulting robust Rabi crop output. On the PV side, OEMs such as MSIL have already moved majority of their portfolio to BS VI. This has been a smooth transition and is getting digested well. Hence, for MSIL, the sales decline is almost flattish. MSIL's launches of S-Presso & XL6 have led to better numbers within the PV pack. The much awaited Brezza and Ignis petrol and many more upcoming launches will continue the momentum in volume growth of MSIL. On the 2W side, inventory disposal is expected to happen by March, just before the BS VI implementation. Hence, we are yet seeing decline in the total 2W sales. 2W exports are strong, leading to companies like Bajaj Auto and TVS to post better than expected numbers. We are seeing robust demand from Africa, South and SE Asia, while domestic 2Ws are yet to come out of the woods Revival in the countries like Bangladesh, Sri Lanka and Nepal would add to the export zeal. Tractors robustness may be considered as a lead indicator for 2W sales growth, which may follow soon. CV sales are still following their weak trend started more than a year ago. 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.

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 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, plus the current petrolization theme is playing very well for the company. We also like M&M, as robust Rabi crop output and increased MSPs is leading to a strong FES growth, which will in turn lead to a strong UV 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 spurt in CV stocks.

	Feb-20	Jan-20	% mom	Feb-19	% yoy
<b>Hero Motocorp</b>	4,98,242	5,01,622	-0.7%	5,58,884	-10.9%
<b>Bajaj Auto</b>	3,54,913	3,94,473	-10.0%	3,93,089	-9.7%
<b>TVS</b>	2,53,261	2,34,920	7.8%	2,99,353	-15.4%
<b>Maruti</b>	1,47,110	1,54,123	-4.6%	1,48,682	-1.1%
<b>M&amp;M</b>	55,037	75,662	-27.3%	74,983	-26.6%
<i>Auto</i>	32,476	52,546	-38.2%	56,005	-42.0%
<i>Tractors</i>	22,561	23,116	-2.4%	18,978	18.9%
<b>Tata Motors</b>	40,516	47,754	-15.2%	59,992	-32.5%
<b>Ashok Leyland</b>	11,475	11,850	-3.2%	13,291	-13.7%
<b>Escorts</b>	8,601	6,063	41.9%	7,240	18.8%

## Hero MotoCorp

- Hero MotoCorp (Hero)'s sales in February went down by 10.9% yoy to 498,242 units
- Sequentially also, there has been a fall of 0.7%. Good Rabi output may bring revival in the rural markets in the medium term.

	Feb-20	Jan-20	% mom	Feb-19	% yoy	YTD FY20	YTD FY19	% yoy
<b>Total sales</b>	4,98,242	5,01,622	-0.7%	5,58,884	-10.9%	56,57,868	66,20,657	-14.5%

## Bajaj Auto

- Bajaj Auto's total sales came down by 9.7% yoy, and 10.7% mom, to 354,913 units. Domestic motorcycle sales have de-grown by 21.3% yoy and 6.9% mom.
- Exports 2W business grew by 15.5% yoy, driven by Africa, SE Asia and LatAm.
- Total three wheeler sales went down by 31.4% yoy. In the domestic markets they decreased by 37.8% yoy on low base of last year. Exports markets sales de-grew by 23.7% yoy on weakness in Bangladesh, Nepal and SL. However, the company has started sales to Egypt, which is a good sign. Sequentially, there was a 12.5% fall in domestic sales and 7.7% fall in exports.

	Feb-20	Jan-20	% mom	Feb-19	% yoy	YTD FY20	YTD FY19	% yoy
<b>Motorcycles</b>								
Domestic	1,46,876	1,57,796	-6.9%	1,86,523	-21.3%	19,79,936	23,21,107	-14.7%
Exports	1,63,346	1,74,546	-6.4%	1,41,462	15.5%	17,56,656	15,92,228	10.3%
<b>Total</b>	<b>3,10,222</b>	<b>3,32,342</b>	<b>-6.7%</b>	<b>3,27,985</b>	<b>-5.4%</b>	<b>37,36,592</b>	<b>39,13,335</b>	<b>-4.5%</b>
<b>3W</b>								
Domestic	21,871	35,076	-37.6%	35,183	-37.8%	3,47,630	3,60,481	-3.6%
Exports	22,820	27,055	-15.7%	29,921	-23.7%	2,88,415	3,52,336	-18.1%
<b>Total</b>	<b>44,691</b>	<b>62,131</b>	<b>-28.1%</b>	<b>65,104</b>	<b>-31.4%</b>	<b>6,36,045</b>	<b>7,12,817</b>	<b>-10.8%</b>
Domestic	1,68,747	1,92,872	-12.5%	2,21,706	-23.9%	23,27,566	26,81,588	-13.2%
Exports	1,86,166	2,01,601	-7.7%	1,71,383	8.6%	20,45,071	19,44,564	5.2%
<b>Total</b>	<b>3,54,913</b>	<b>3,94,473</b>	<b>-10.0%</b>	<b>3,93,089</b>	<b>-9.7%</b>	<b>43,72,637</b>	<b>46,26,152</b>	<b>-5.5%</b>

## TVS Motor

- TVS reported negative sales numbers in the month at 15.4% yoy. This was 7.8% growth mom to 253,261 units.
- Motorcycle sales de-grew by 3.3% yoy and grew by 25.6% mom.
- Scooters sales went down by 30.3% yoy and 16.2% mom. Mopeds went down by 25.5% yoy on weak consumer demand.
- 3W sales increased by 26.4% yoy on strong exports performance from markets like some of the African markets other than Egypt and SE Asia. Domestic markets de-grew 41.7% yoy, while 3W exports grew by 32.9% yoy.
- Exports sales in TVS witnessed a robust 24.5% yoy growth as 3W exports went up by 32.9%, while 2W exports grew by 22.5%.

	Feb-20	Jan-20	% mom	Feb-19	% yoy	YTD FY20	YTD FY19	% yoy
Motorcycles	1,18,514	94,367	25.6%	1,22,551	-3.3%	12,96,906	11,53,843	12.4%
Scooters	60,633	72,383	-16.2%	86,935	-30.3%	10,41,028	9,43,705	10.3%
Mopeds	56,744	53,689	5.7%	76,125	-25.5%	6,17,635	5,52,138	11.9%
Total 2W	2,35,891	2,20,439	7.0%	2,85,611	-17.4%	29,55,569	26,49,686	11.5%
3W	17,370	14,481	20.0%	13,742	26.4%	1,61,697	1,48,593	8.8%
<b>Total sales</b>	<b>2,53,261</b>	<b>2,34,920</b>	<b>7.8%</b>	<b>2,99,353</b>	<b>-15.4%</b>	<b>31,17,266</b>	<b>27,98,279</b>	<b>11.4%</b>
Exports out of the above	82,877	70,784	17.1%	66,570	24.5%	7,90,621	7,21,056	9.6%
2W exports	66,207	57,432	15.3%	54,029	22.5%	6,38,956	5,81,579	9.9%
3W exports	16,670	13,352	24.9%	12,541	32.9%	1,51,665	1,39,477	8.7%
Domestic 3W	700	1,129	-38.0%	1,201	-41.7%	10,032	9,116	10.0%

## Maruti Suzuki

- Maruti Suzuki India Ltd (MSIL)'s sales in the month came in at 147,110 units which was a de-growth of 1.1% yoy, while on mom basis the sales de-grew 4.6%.
- The petrol/small car segment this month saw a growth of 11.1% yoy and 6.2% mom, as the company is pushing out its BS VI inventory.
- The super compact segment comprising of Swift, Dzire, Celerio, Baleno, Ignis etc de-grew by 3.9% yoy and by 17.2% mom
- Ciaz segment sales were reported 17.5% down yoy.
- The UV segment grew at 3.5% yoy and 37.3% mom.
- The LCV Super Carry sold 448 units as compared to 2,188 units yoy. Sequentially they fell by 81.4%.
- Exports were 7.1% up yoy at 10,261 units, while they were up by 7.1% mom

	Feb-20	Jan-20	% mom	Feb-19	% yoy	YTD FY20	YTD FY19	% yoy
Mini(Alto, Old WagonR, S-Presso)	27,499	25,885	6.2%	24,751	11.1%	2,31,788	3,52,164	-34.2%
Compact (New WagonR, Swift,Celerio, Baleno, Dzire, Ignis)	69,828	84,340	-17.2%	72,678	-3.9%	7,47,091	7,89,332	-5.4%
Mid size (SX4, Ciaz)	2,544	835	204.7%	3,084	-17.5%	23,395	42,497	-44.9%
<b>Total passenger cars</b>	<b>99,871</b>	<b>1,11,060</b>	<b>-10.1%</b>	<b>1,00,513</b>	<b>-0.6%</b>	<b>10,02,274</b>	<b>11,83,993</b>	<b>-15.3%</b>
Utility Vehicles (Gypsy, Ertiga, XL6, S-Cross, Vitarra Brezza)	22,604	16,460	37.3%	21,834	3.5%	2,23,394	2,38,634	-6.4%
Vans (Omni, Eeco)	11,227	12,324	-8.9%	14,565	-22.9%	1,12,438	1,62,168	-30.7%
LCV (Super Carry)	448	2,406	-81.4%	2,188	-79.5%	21,042	21,292	-1.2%
<b>Total domestic sales</b>	<b>1,34,150</b>	<b>1,42,250</b>	<b>-5.7%</b>	<b>1,39,100</b>	<b>-3.6%</b>	<b>13,59,148</b>	<b>16,06,087</b>	<b>-15.4%</b>
Sales to other OEM :A: Compact	2,699	2,249	20.0%	-	N/A	22,898	-	N/A
Exports	10,261	9,624	6.6%	9,582	7.1%	97,459	98,286	-0.8%
<b>Total sales</b>	<b>1,47,110</b>	<b>1,54,123</b>	<b>-4.6%</b>	<b>1,48,682</b>	<b>-1.1%</b>	<b>14,79,505</b>	<b>17,04,373</b>	<b>-13.2%</b>

## Mahindra &amp; Mahindra

- Total domestic auto sales in the month slipped by 42.1% yoy to 30,637 units which was 39.5% de-growth mom.
- UV segment was down 56.2% yoy and 45.1% mom, which was a sign of worry..
- CV sales in the month de-grew by 25% yoy, on continuing weakness in the sector and weak macros. MHCV declined by 36.4%, while LCV (>3.5T) fell by 47.7%.
- 3W sales have dropped by 32% yoy and 53% mom.
- Exports posted de-growth of 40.5% yoy and grew 4.4% mom.
- FES segment grew by a robust 18.9% yoy, out of which the domestic sales rose by 20.8%, while. exports were down by 21.6% yoy and 13.1% mom.

Auto segment	Feb-20	Jan-20	% mom	Feb-19	% yoy	YTD FY20	YTD FY19	% yoy
Utility Vehicles	10,675	19,455	-45.1%	24,349	-56.2%	1,76,294	2,09,561	-15.9%
Cars+Vans	263	342	-23.1%	1,760	-85.1%	7,300	17,494	-58.3%
<b>Total PV</b>	<b>10,938</b>	<b>19,797</b>	<b>-44.7%</b>	<b>26,109</b>	<b>-58.1%</b>	<b>1,83,594</b>	<b>2,27,055</b>	<b>-19.1%</b>
LCV(<3.5 T)	14,991	21,835	-31.3%	19,647	-23.7%	1,85,625	2,06,881	-10.3%
LCV (>3.5T)	429	545	-21.3%	821	-47.7%	6,092	7,376	-17.4%
MHCV	436	471	-7.4%	686	-36.4%	5,093	9,921	-48.7%
<b>Total CV</b>	<b>15,856</b>	<b>22,851</b>	<b>-30.6%</b>	<b>21,154</b>	<b>-25.0%</b>	<b>1,96,810</b>	<b>2,24,178</b>	<b>-12.2%</b>
3 wheelers	3,843	8,137	-52.8%	5,652	-32.0%	61,766	59,756	3.4%
<b>Total domestic sales</b>	<b>30,637</b>	<b>50,785</b>	<b>-39.7%</b>	<b>52,915</b>	<b>-42.1%</b>	<b>4,42,170</b>	<b>5,10,989</b>	<b>-13.5%</b>
Total exports	1,839	1,761	4.4%	3,090	-40.5%	26,472	34,655	-23.6%
<b>Total sales</b>	<b>32,476</b>	<b>52,546</b>	<b>-38.2%</b>	<b>56,005</b>	<b>-42.0%</b>	<b>4,68,642</b>	<b>5,45,644</b>	<b>-14.1%</b>
<b>FES</b>	<b>Feb-20</b>	<b>Jan-20</b>	<b>% mom</b>	<b>Feb-19</b>	<b>% yoy</b>	<b>YTD FY20</b>	<b>YTD FY19</b>	<b>% yoy</b>
<b>Domestic</b>	21,877	22,329	-2.0%	18,105	20.8%	2,78,483	2,98,296	-6.6%
<b>Exports</b>	684	787	-13.1%	873	-21.6%	9,819	12,452	-21.1%
<b>Total FES</b>	<b>22,561</b>	<b>23,116</b>	<b>-2.4%</b>	<b>18,978</b>	<b>18.9%</b>	<b>2,88,302</b>	<b>3,10,748</b>	<b>-7.2%</b>

## Ashok Leyland

- Ashok Leyland (ALL) posted a decline of 13.7% in the month to 11,475 units as the long prevailing sectoral negatives did have a continued impact on the company. Sequentially the de-growth was 3.2%.
- MHCV sales were down by 36.2% yoy to 7,754 units. Sequential fall was 5%.
- LCV sales posted more than double units at 4,107.. This was flattish mom.

	Feb-20	Jan-20	% mom	Feb-19	% yoy	YTD FY20	YTD FY19	% yoy
MHCV	7,368	7,754	-5.0%	11,536	-36.1%	76,776	1,26,824	-39.5%
LCV	4,107	4,096	0.3%	1,755	134.0%	46,298	49,007	-5.5%
<b>Total</b>	<b>11,475</b>	<b>11,850</b>	<b>-3.2%</b>	<b>13,291</b>	<b>-13.7%</b>	<b>1,23,074</b>	<b>1,75,831</b>	<b>-30.0%</b>

## Tata Motors

- Tata Motors (TAMO)'s total sales in the month were down at 32.5% yoy to 40,516 units. PV as well as CV sales were quite subdued in the month as overall sentiments remained weak. Sequentially the sales were down by 15.2%.
- CV sales moved down by 32.9% yoy on NBFC crisis and payload capacity expansion under Axle norms. Within the CVs, MHCVs de-grew by 46%, LCVS dropped by 33%, SCV and pick-ups dipped by 30% and buses fell by 21% yoy. Sequentially CV sales were down by 10.4%.
- Considering the weakness in the industry, competition and lack of strong product portfolio, PV sales de-grew by 31.4% yoy. On mom basis, they declined by 10.5%.
- Exports de-growth was 9.3% yoy while remaining flat mom.

Segment(models)	Feb-20	Jan-20	% mom	Feb-19	% yoy	YTD FY20	YTD FY19	% yoy
Total CVs	28,086	31,348	-10.4%	41,882	-32.9%	3,07,943	4,17,775	-26.3%
Total PVs	12,430	13,894	-10.5%	18,110	-31.4%	1,25,521	1,92,333	-34.7%
Exports	2,514	2,512	0.1%	2,771	-9.3%	28,851	28,851	0.0%
<b>Total sales</b>	<b>40,516</b>	<b>47,754</b>	<b>-15.2%</b>	<b>59,992</b>	<b>-32.5%</b>	<b>4,33,464</b>	<b>4,59,801</b>	<b>-5.7%</b>

## Escorts

- Tractor industry seems to have revived. Domestic sales have grown by 16.3% yoy in February. Sequentially, domestic sales zoomed up by 37.7%
- Exports reported growth of 71.4% yoy and 153% mom.
- Total sales grew by 18.8% yoy to 8,601 units. Sequential growth was at 41.9%.

	Feb-20	Jan-20	% mom	Feb-19	% yoy	YTD FY20	YTD FY19	% yoy
Domestic	8,049	5,845	37.7%	6,918	16.3%	77,024	81,892	-5.9%
Exports	552	218	153.2%	322	71.4%	3,550	2,615	35.8%
<b>Total</b>	<b>8,601</b>	<b>6,063</b>	<b>41.9%</b>	<b>7,240</b>	<b>18.8%</b>	<b>80,574</b>	<b>84,507</b>	<b>-4.7%</b>

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