

## Positive start to the festivity!

The month of October saw the festivities making a grand appearance for the autos. And this performance was on a higher base of last year as well when both Dashera and Diwali fell in the single month of October. This year Diwali is in November, which highlights this performance wherein only Dashera led it. There was also a credible expansion in production which was led by return of labour, fewer lockdowns and smooth logistics. Therefore higher production made it easier for OEMs to cater to the increasing demand. Hence, whatever was produced was dispatched to the dealers. On the demand side, there is still some pent up demand related with the Covid led lockdown left, and necessity for personal mobility is driving the 2W and PV sales. Festivals and some new launches added spice to it in this month. Good rainfall, higher rural growth and sentimentally less fear of Covid also were some of the major contributors. According to various managements of OEMs, the retail demand has surpassed pre-COVID levels and is expected to move up further positively hereon with Diwali. However, post Diwali, the auto sales trend should be monitored closely as those will be the testing times sans any festivity. Unless and until there are any lockdowns in occurrence of second wave of the pandemic, we expect normal growth to prevail in the industry.

Speaking segment wise, the PV sales, backed by the personal mobility theme posted strong sales performance as the market leader MSIL posted a hefty 19% yoy growth, out of which the hatchback segment posted 26.6% growth. The UVs and vans posted 10% and 33% growths respectively. Similar story is for 2W, wherein the market leader Hero posted a stupendous 35% yoy growth led by the festive cheer, revival on the supply side, good sales within its entry & executive segments and launch of Maestro Edge 125 Stealth scooter, and Glamour Blaze. Bajaj Auto's 10.5% yoy growth was driven by motorcycles business in domestic as well as exports. 3Ws are facing the heat due to being one of the victims of social distancing theme surfaced during the pandemic. Exports grew by 25.2%, while domestic grew by just 0.9% led by 10.8% motorcycle growth, which was pulled down by 65% de-growth in 3Ws in the country. TVS also followed Bajaj wherein their domestic performance was strong led by 38% yoy growth in bikes, while scooters faltered due to soft growth in urban markets led by the pandemic. TVS also posted a strong growth in exports at 33.4%. M&M has been still witnessing some supply side constraints due to which its UV sales witnessed a modest 3% growth. Its total sales were however pulled down by negativity in CV and 3W sales. Tractors sales faltered this month as both M&M and Escorts posted flattish to slight decline in growth based on seasonality.

Based on the factors mentioned above, we expect a better H2 FY21 and a stronger FY 22. However, we will remain watchful for the post festive months. On stocks, Hero Motocorp (market leader and king in the rural markets), Bajaj Auto (#1 in 2W exports markets) and Maruti Suzuki (PV market leader) will be the winners, as we believe that they being market leaders with widespread distribution network, will be best placed to increase their market shares and gain from the current situation. We also believe that M&M with its thrust on rural markets through its leadership in tractors business is one of the best investment stories. On the CVs business, we believe this sector (particularly the M&HCVs) to be the last to revive as it is plagued by several issues such as weak macros, driver unavailability, tepid industry output, lack of clarity on scrappage norms and price hikes due to BS 6. However, within CVs, only LCVs are bucking the trend, with demand for essential goods and e-com businesses gaining traction during lockdown. We saw Ashok Leyland too witnessing a similar trend in October, as MHCVs decline was at 10.6%, while LCVs grew by >14%. The most heartening point for Leyland was that the MHCV decline has come down significantly at just 10.6% which was at 60-70% couple of months ago. This shows that revival is setting-in in the CV sector. 3Ws passenger segment will show a delayed recovery due to preference for personal mobility over shared, while cargo segment will show a faster revival.

	Oct-20	Sep-20	% mom	Oct-19	% yoy
<b>Hero Motocorp</b>	<b>806,848</b>	<b>715,718</b>	<b>12.7%</b>	<b>599,248</b>	<b>34.6%</b>
<b>Bajaj Auto</b>	<b>512,038</b>	<b>441,306</b>	<b>16.0%</b>	<b>463,208</b>	<b>10.5%</b>
<b>TVS</b>	<b>394,724</b>	<b>327,692</b>	<b>20.5%</b>	<b>323,368</b>	<b>22.1%</b>
<b>Maruti</b>	<b>182,448</b>	<b>160,442</b>	<b>13.7%</b>	<b>153,435</b>	<b>18.9%</b>
<b>M&amp;M</b>	<b>89,792</b>	<b>79,484</b>	<b>13.0%</b>	<b>98,454</b>	<b>-8.8%</b>
<i>Auto</i>	44,359	36,098	22.9%	51,896	-14.5%
<i>Tractors</i>	45,433	43,386	4.7%	46,558	-2.4%
<b>Ashok Leyland</b>	<b>9,989</b>	<b>8,344</b>	<b>19.7%</b>	<b>9,862</b>	<b>1.3%</b>
<b>Escorts</b>	<b>13,664</b>	<b>11,851</b>	<b>15.3%</b>	<b>13,353</b>	<b>2.3%</b>



## Hero Motocorp

	Oct-20	Sep-20	% mom	Oct-19	% yoy	YTD FY 21	YTD FY 20	% yoy
Total sales	806,848	715,718	12.7%	599,248	34.6%	3,184,957	4,133,588	-22.9%

## Bajaj Auto

	Oct-20	Sep-20	% mom	Oct-19	% yoy	YTD FY 21	YTD FY 20	% yoy
<b>Motorcycles</b>								
Domestic	268,631	219,500	22.4%	242,516	10.8%	736,175	1,132,286	-35.0%
Exports	201,659	185,351	8.8%	156,397	28.9%	628,219	934,581	-32.8%
Total	470,290	404,851	16.2%	398,913	17.9%	1,364,394	2,066,867	-34.0%
<b>3W</b>								
Domestic	12,529	9,231	35.7%	36,260	-65.4%	28,674	193,947	-85.2%
Exports	29,219	27,224	7.3%	28,035	4.2%	103,372	159,951	-35.4%
Total	41,748	36,455	14.5%	64,295	-35.1%	132,046	353,898	-62.7%
Domestic	281,160	228,731	22.9%	278,776	0.9%	764,849	1,326,233	-42.3%
Exports	230,878	212,575	8.6%	184,432	25.2%	731,591	1,094,532	-33.2%
Total	512,038	441,306	16.0%	463,208	10.5%	1,496,440	2,420,765	-38.2%

## TVS Motors

	Oct-20	Sep-20	% mom	Oct-19	% yoy	YTD FY 21	YTD FY 20	% yoy
Motorcycles	173,263	139,698	24.0%	125,660	37.9%	657,901	884,365	-25.6%
Scooters	127,138	103,877	22.4%	121,437	4.7%	478,662	749,127	-36.1%
Mopeds	81,720	69,757	17.1%	61,064	33.8%	327,198	400,778	-18.4%
Total 2W	382,121	313,332	22.0%	308,161	24.0%	1,463,761	2,034,270	-28.0%
3W	12,603	14,360	-12.2%	15,207	-17.1%	56,090	96,662	-42.0%
Total sales	394,724	327,692	20.5%	323,368	22.1%	1,519,851	2,130,932	-28.7%
Exports out of the above	92,520	85,163	8.6%	69,339	33.4%	389,419	489,388	-20.4%
2W exports	80,741	71,570	12.8%	55,477	45.5%	326,750	398,814	-18.1%
3W exports	11,779	13,593	-13.3%	13,862	-15.0%	62,669	90,574	-30.8%

## Maruti Suzuki

	Oct-20	Sep-20	% mom	Oct-19	% yoy	YTD FY 21	YTD FY 20	% yoy
Mini(Alto, Old WagonR, S-Presso)	28,462	27,246	4.5%	28,537	-0.3%	105,128	128,215	-18.0%
Compact(New WagonR, Swift,Celerio, Baleno, Dzire, Ignis)	95,067	84,213	12.9%	75,094	26.6%	325,723	449,237	-27.5%
Mid size (SX4, Ciaz)	1,422	1,534	-7.3%	2,371	-40.0%	6,227	16,782	-62.9%
Total passenger cars	124,951	112,993	10.6%	106,002	17.9%	437,078	594,234	-26.4%
Utility Vehicles(Gypsy, Ertiga, XL6, S-Cross, Vitarra Brezza)	25,396	23,699	7.2%	23,108	9.9%	102,702	137,318	-25.2%
Vans(Omni, Eeco)	13,309	11,220	18.6%	10,011	32.9%	47,565	71,091	-33.1%
LCV (Super Carry)	3,169	2,128	48.9%	2,429	30.5%	11,010	14,330	-23.2%
Total domestic sales	166,825	150,040	11.2%	141,550	17.9%	598,355	816,973	-26.8%
Sales to other OEM :A:Compact	6,037	2,568	135.1%	2,727	121.4%	12,153	14,304	-15.0%
Exports	9,586	7,834	22.4%	9,158	4.7%	41,669	63,069	-33.9%
Total sales	182,448	160,442	13.7%	153,435	18.9%	652,177	894,346	-27.1%



## Mahindra &amp; Mahindra

Auto segment	Oct-20	Sep-20	% mom	Oct-19	% yoy	YTD FY 21	YTD FY 20	% yoy
Utility Vehicles	18,317	14,663	24.9%	17,785	3.0%	68,988	16,778	311.2%
Cars+Vans	305	194	57.2%	675	-54.8%	1,109	5,753	-80.7%
<b>Total PV</b>	<b>18,622</b>	<b>14,857</b>	<b>25.3%</b>	<b>18,460</b>	<b>0.9%</b>	<b>70,097</b>	<b>22,531</b>	<b>211.1%</b>
LCV(<3.5 T)	20,060	18,754	7.0%	22,725	-11.7%	82,164	116,920	-29.7%
LCV (>3.5T + MHCV)	538	331	62.5%	857	-37.2%	1,330	7,781	-82.9%
<b>Total CV</b>	<b>20,598</b>	<b>19,085</b>	<b>7.9%</b>	<b>23,582</b>	<b>-12.7%</b>	<b>83,494</b>	<b>124,701</b>	<b>-33.0%</b>
3 wheelers	3,118	587	431.2%	7,151	-56.4%	4,147	37,821	-89.0%
<b>Total domestic sales</b>	<b>42,338</b>	<b>34,529</b>	<b>22.6%</b>	<b>49,193</b>	<b>-13.9%</b>	<b>157,738</b>	<b>185,053</b>	<b>-14.8%</b>
Total exports	2,021	1,569	28.8%	2,703	-25.2%	8,296	18,102	-54.2%
<b>Total sales</b>	<b>44,359</b>	<b>36,098</b>	<b>22.9%</b>	<b>51,896</b>	<b>-14.5%</b>	<b>166,034</b>	<b>203,155</b>	<b>-18.3%</b>

  

FES	Oct-20	Sep-20	% mom	Oct-19	% yoy	YTD FY 21	YTD FY 20	% yoy
Domestic	44,646	42,361	5.4%	45,588	-2.1%	200,492	196,650	2.0%
Exports	787	1,025	-23.2%	970	-18.9%	4,969	6,953	-28.5%
<b>Total FES</b>	<b>45,433</b>	<b>43,386</b>	<b>4.7%</b>	<b>46,558</b>	<b>-2.4%</b>	<b>205,461</b>	<b>203,603</b>	<b>0.9%</b>

## Ashok Leyland

	Oct-20	Sep-20	% mom	Oct-19	% yoy	YTD FY21	YTD FY 20	% yoy
MHCV	4,588	3,642	26.0%	5,131	-10.6%	13,534	48,663	-72.2%
LCV	5,401	4,702	14.9%	4,731	14.2%	19,702	29,743	-33.8%
<b>Total</b>	<b>9,989</b>	<b>8,344</b>	<b>19.7%</b>	<b>9,862</b>	<b>1.3%</b>	<b>33,236</b>	<b>78,406</b>	<b>-57.6%</b>

## Escorts

	Oct-20	Sep-20	% mom	Oct-19	% yoy	YTD FY 21	YTD FY 20	% yoy
Domestic	13,180	11,453	15.1%	13,034	1.1%	54,026	51,945	4.0%
Exports	484	398	21.6%	319	51.7%	2,229	2,209	0.9%
<b>Total</b>	<b>13,664</b>	<b>11,851</b>	<b>15.3%</b>	<b>13,353</b>	<b>2.3%</b>	<b>56,255</b>	<b>54,154</b>	<b>3.9%</b>

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