

Tractors remain upbeat, PVs robust, MHCVs recovering

The month of December saw good wholesale growth due to higher inventory, low base and improvement in the economy. Sequentially, there was a de-growth on festive November. The trend of robust demand for personal mobility is still driving the auto sales, especially the PVs. New launches such as M&M's Thar (20K bookings of its launch), Kia Sonet (~50k bookings in two months) and Nissan Maginte (15k bookings in 15 days) is keeping the PV sector afloat. The discounts which were quite low during festivals went down further in December, despite which the sales remained firm. Our interactions with dealers confirmed that retail demand is still going strong for the PVs. Good rainfall, higher rural growth and sentimentally less fear of Covid also were some of the major contributors. We had a notion that post Diwali, the auto sales trend would soften sans any festivity, however we did not see any such signs. As far as domestic 2Ws and tractors are concerned, we are still seeing a good wholesale growth. The trend of MHCV improvement which was seen since last couple of months is becoming more and more positive.

Speaking segment wise, as mentioned above, the PV sales posted good growth for companies like Tata Motors, which saw 84% yoy growth, while MSIL saw a 20% growth in December. For Tata Motors, models such as 'Altroz', Nexon and Tiago were the bestsellers. MSIL's compact hatchback segment, UVs and vans all posted a good growth. However, with supply side issues somewhat getting eased out, M&M posted 5% yoy growth in UVs along with some deliveries of the newly launched 'Thar' taking place. Within 2Ws, the market leader Hero posted strong 5.3% yoy growth led by rural strength and some successful model launches. TVS posted a fantastic domestic performance which was strongly led by 27% yoy growth in bikes, while mopeds grew by 30% yoy. Exports posted a heartening performance as they grew by 28% yoy as African countries bounced back strongly. 3W business in both exports as well as domestic markets de-grew on concerns of social distancing. Tractors outperformed the entire industry as both M&M and Escorts continued to post very healthy growth in December highlighting rural resilience. We continued to observe heartening signs in CVs after a long time. We saw 74% growth in MHCV segment of Ashok Leyland, while for Tata Motors it just declined by 5%. LCVs as usual were strong as they grew by 92% for Ashok Leyland, while for Tata Motors it grew by 8%. There was a sharp sequential drop in all the segments and by all the OEMs in December.

Based on the factors mentioned above, we expect a better rest of FY21 and a stronger FY 22 on a very low base of H1 and recovery. 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. We like Ashok Leyland within CVs as it has a diversified revenue base deriving from LCVs, defense, MHCVs and spares. Also the recovery and growth in its monthly numbers is thick and fast. Tata Motors is seeing a strong PV business, along with a revival in MHCVs.

	Dec-20	Nov-20	% mom	Dec-19	% yoy
Hero Motocorp	4,47,335	5,91,091	-24.3%	4,24,845	5.3%
TVS	2,72,084	3,22,709	-15.7%	2,31,571	17.5%
Maruti	1,60,226	1,53,223	4.6%	1,33,296	20.2%
M&M	57,604	75,457	-23.7%	57,221	0.7%
<i>Auto</i>	35,187	42,731	-17.7%	39,230	-10.3%
<i>Tractors</i>	22,417	32,726	-31.5%	17,991	24.6%
Tata Motors	56,414	49,650	13.6%	46,867	20.4%
Ashok Leyland	12,762	10,659	19.7%	7,025	81.7%
Escorts	7,733	10,165	-23.9%	4,114	88.0%



Hero Motocorp

	Dec-20	Nov-20	% mom	Dec-19	% yoy	YTD FY 21	YTD FY 20	% yoy
Total sales	4,47,335	5,91,091	-24.3%	4,24,845	5.3%	42,23,383	50,75,208	-16.8%

TVS Motors

	Dec-20	Nov-20	% mom	Dec-19	% yoy	YTD FY 21	YTD FY 20	% yoy
Motorcycles	1,19,051	1,33,531	-10.8%	93,697	27.1%	9,10,483	10,84,025	-16.0%
Scooters	77,705	1,06,196	-26.8%	74,716	4.0%	6,62,563	9,08,012	-27.0%
Mopeds	61,483	71,792	-14.4%	47,206	30.2%	4,60,473	5,07,202	-9.2%
Total 2W	2,58,239	3,11,519	-17.1%	2,15,619	19.8%	20,33,519	24,99,239	-18.6%
3W	13,845	11,190	23.7%	15,952	-13.2%	81,125	1,29,846	-37.5%
Total sales	2,72,084	3,22,709	-15.7%	2,31,571	17.5%	21,14,644	26,29,085	-19.6%
Exports out of the above	94,269	74,074	27.3%	73,512	28.2%	5,57,762	6,36,960	-12.4%
2W exports	81,327	63,730	27.6%	58,375	39.3%	4,71,807	5,15,317	-8.4%
3W exports	12,942	10,344	25.1%	15,137	-14.5%	85,955	1,21,643	-29.3%

Maruti Suzuki

	Dec-20	Nov-20	% mom	Dec-19	% yoy	YTD FY 21	YTD FY 20	% yoy
Mini(Alto, Old WagonR, S-Presso)	24,927	22,339	11.6%	23,883	4.4%	1,52,394	1,78,404	-14.6%
Compact(New WagonR, Swift,Celerio, Baleno, Dzire, Ignis)	77,641	76,630	1.3%	65,673	18.2%	4,79,994	5,92,923	-19.0%
Mid size (SX4, Ciaz)	1,270	1,870	-32.1%	1,786	-28.9%	9,367	20,016	-53.2%
Total passenger cars	1,03,838	1,00,839	3.0%	91,342	13.7%	6,41,755	7,91,343	-18.9%
Utility Vehicles(Gypsy, Ertiga, XL6, S-Cross, Vitara Brezza)	25,701	23,753	8.2%	23,808	8.0%	1,52,156	1,84,330	-17.5%
Vans(Omni, Eeco)	11,215	11,183	0.3%	7,634	46.9%	69,963	88,887	-21.3%
LCV (Super Carry)	5,726	3,181	80.0%	1,591	259.9%	19,917	18,188	9.5%
Total domestic sales	1,46,480	1,38,956	5.4%	1,24,375	17.8%	8,83,791	10,82,748	-18.4%
Sales to other OEM :A:Compact	3,808	5,263	-27.6%	1,360	180.0%	21,224	17,950	18.2%
Exports	9,938	9,004	10.4%	7,561	31.4%	60,611	77,574	-21.9%
Total sales	1,60,226	1,53,223	4.6%	1,33,296	20.2%	9,65,626	11,78,272	-18.0%

Mahindra & Mahindra

Auto segment	Dec-20	Nov-20	% mom	Dec-19	% yoy	YTD FY 21	YTD FY 20	% yoy
Utility Vehicles	16,050	17,971	-10.7%	15,225	5.4%	1,03,009	1,46,164	-29.5%
Cars+Vans	132	241	-45.2%	466	-71.7%	1,482	6,695	-77.9%
Total PV	16,182	18,212	-11.1%	15,691	3.1%	1,04,491	1,52,859	-31.6%
LCV(<3.5 T)	13,389	18,554	-27.8%	15,179	-11.8%	1,14,107	1,48,799	-23.3%
LCV (>3.5T)+ MHCV	541	475	13.9%	839	-35.5%	2,364	9,304	-74.6%
Total CV	13,930	19,029	-26.8%	16,018	-13.0%	1,16,471	1,58,103	-26.3%
3 wheelers	2,865	3,854	-25.7%	5,372	-46.7%	10,866	49,786	-78.2%
Total domestic sales	32,977	41,095	-19.8%	37,081	-11.1%	2,31,828	3,60,748	-35.7%
Total exports	2,210	1,636	35.1%	2,149	2.8%	12,142	22,872	-46.9%
Total sales	35,187	42,731	-17.7%	39,230	-10.3%	2,43,970	3,83,620	-36.4%

FES	Dec-20	Nov-20	% mom	Dec-19	% yoy	YTD FY 21	YTD FY 20	% yoy
Domestic	21,173	31,619	-33.0%	17,213	23.0%	2,53,284	2,34,277	8.1%
Exports	1,244	1,107	12.4%	778	59.9%	7,320	8,348	-12.3%
Total FES	22,417	32,726	-31.5%	17,991	24.6%	2,60,604	2,42,625	7.4%


Ashok Leyland

	Dec-20	Nov-20	% mom	Dec-19	% yoy	YTD FY21	YTD FY 20	% yoy
MHCV	6,884	5,114	34.6%	3,958	73.9%	25,532	61,654	-58.6%
LCV	5,878	5,545	6.0%	3,067	91.7%	31,125	38,095	-18.3%
Total	12,762	10,659	19.7%	7,025	81.7%	56,657	99,749	-43.2%

Tata Motors

Segment(models)	Dec-20	Nov-20	% mom	Dec-19	% yoy	YTD FY 21	YTD FY 20	% yoy
Total CVs	29,885	26,218	14.0%	31,469	-5.0%	1,43,523	2,48,599	-42.3%
Total PVs	23,545	21,641	8.8%	12,785	84.2%	1,38,168	99,197	39.3%
Exports	2,984	1,791	66.6%	2,613	14.2%	11,833	23,961	-50.6%
Total sales	56,414	49,650	13.6%	46,867	20.4%	2,93,524	3,71,757	-21.0%

Escorts

	Dec-20	Nov-20	% mom	Dec-19	% yoy	YTD FY 21	YTD FY 20	% yoy
Domestic	7,230	9,662	-25.2%	3,806	90.0%	70,918	63,130	12.3%
Exports	503	503	0.0%	308	63.3%	3,235	2,780	16.4%
Total	7,733	10,165	-23.9%	4,114	88.0%	74,153	65,910	12.5%

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