

## Autos steer ahead even in a truncated month

In the truncated month of February, we have seen a superb growth in all pockets of the Automobile industry, especially on the 4W side. The Tractors and trucks grew the highest in Feb considering the stellar recovery every month. Good wholesale growth was observed as inventory levels got back to normal, supply issues are close to zero (except for semi conductors) as the pandemic lost its strength and core demand came to foray. Though there has been a surge in Covid-19 cases in some of the states, the overall trend has been subdued as compared to the first six months of FY 21. The social distancing theme is still playing on well on the intrinsic demand, while the pent-up demand is fading off. Sequentially, there was a fall in most of the segments as it had 3 less working days. The overall PV industry is growing at very good pace on the back of several launches from M&M, Kia, Nissan etc. Despite minimal discount, 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.

Speaking segment wise, as mentioned above, the PV sales posted good growth for companies like Tata Motors, which saw more than double yoy growth, while MSIL saw a 10% growth in the domestic markets. SUVs, compact sedans and LCVs were the best performing segments for MSIL. However, this growth is better than industry expectations. Tata Motors, models such as 'Altroz', Nexon and Tiago were the bestsellers. However, with supply side issues still persisting, M&M posted 11.4% yoy fall in its overall sales driven by CVs and 3Ws. There was a robust 44% growth in UVs along with some deliveries of the newly launched 'Thar' taking place. Within 2Ws, the market leader Hero posted 1.5% yoy growth on a higher base. However, we have seen a 2.5x growth in scooters sales yoy with opening up of the urban economy. Bajaj Auto's exports motorcycles grew by 12.4% yoy on sharp growth in its key markets, while in domestic motorcycles remained flattish at 1.4%. 3W segment in domestic markets fell by 27.4% yoy on social distancing issues. TVS posted a fantastic domestic performance except 3Ws, which was strongly led by 57.5% yoy growth in scooters, while bikes grew by 15.8%. Exports posted a heartening performance as they grew by 22.8% yoy as African and LatAm countries bounced back strongly. 3W business in both exports as well as domestic markets de-grew on concerns of social distancing. The upbeat trend in Tractors remained intact as they outperformed the entire industry as both M&M and Escorts continued to post very healthy growth in the range of 24-33% yoy highlighting rural resilience. The month on month trend of CV growth continued and now they have started to post yoy growth as well. We saw 6% growth in MHCV segment of Ashok Leyland, while for Tata Motors it grew by 4% as industrial and construction activity is picking up. LCVs as usual were strong as they grew by 44% for Ashok Leyland, while for Tata Motors it grew by 14%. M&M's LCVs fell this time on supply side issues. However, the bus segment for Tata Motors bounced back strongly at 24% yoy after a long time as schools and colleges are slowly reopening.

Based on the factors mentioned above, we expect a stronger March and a much stronger FY 22 on a very low base of H1 and a sharp economic 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 and prudent capital allocation and a robust growth strategy is one of the best investment stories. We like Ashok Leyland within CVs as it has a diversified revenue base coming from LCVs, Defence, 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.

	Feb-21	Jan-21	% mom	Feb-20	% yoy
Hero Motocorp	5,05,467	4,85,889	4.0%	4,98,242	1.5%
Bajaj Auto	3,75,017	4,25,199	-11.8%	3,54,913	5.7%
TVS	2,97,747	3,07,149	-3.1%	2,53,261	17.6%
Maruti	1,64,469	1,60,752	2.3%	1,47,101	11.8%
M&M	56,923	73,927	-23.0%	55,037	3.4%
Auto	28,777	39,149	-26.5%	32,476	-11.4%
Tractors	28,146	34,778	-19.1%	22,561	24.8%
Tata Motors	61,191	59,887	2.2%	45,339	35.0%
Ashok Leyland	13,703	13,126	4.4%	11,475	19.4%
Escorts	11,230	9,021	24.5%	8,601	30.6%



**Hero Motocorp**

	Feb-21	Jan-21	% mom	Feb-20	% yoy	YTD FY 21	YTD FY 20	% yoy
Total sales	5,05,467	4,85,889	4.0%	4,98,242	1.5%	52,14,739	61,56,110	-15.3%

**Bajaj Auto**

	Feb-21	Jan-21	% mom	Feb-20	% yoy	YTD FY 21	YTD FY 20	% yoy
<b>Motorcycles</b>								
Domestic	1,48,934	1,57,404	-5.4%	1,46,876	1.4%	16,27,982	19,79,936	-17.8%
Exports	1,83,629	2,27,532	-19.3%	1,63,346	12.4%	16,47,778	17,56,656	-6.2%
Total	3,32,563	3,84,936	-13.6%	3,10,222	7.2%	32,75,760	37,36,592	-12.3%
<b>3W</b>								
Domestic	15,877	13,353	18.9%	21,871	-27.4%	92,134	3,47,630	-73.5%
Exports	26,577	26,910	-1.2%	22,820	16.5%	2,35,572	2,88,415	-18.3%
Total	42,454	40,263	5.4%	44,691	-5.0%	3,27,706	6,36,045	-48.5%
Domestic	1,64,811	1,70,757	-3.5%	1,68,747	-2.3%	17,20,116	23,27,566	-26.1%
Exports	2,10,206	2,54,442	-17.4%	1,86,166	12.9%	18,83,350	20,45,071	-7.9%
Total	3,75,017	4,25,199	-11.8%	3,54,913	5.7%	36,03,466	43,72,637	-17.6%

**TVS Motors**

	Feb-21	Jan-21	% mom	Feb-20	% yoy	YTD FY 21	YTD FY 20	% yoy
Motorcycles	1,37,259	1,36,790	0.3%	1,18,514	15.8%	11,84,532	12,96,906	-8.7%
Scooters	95,525	98,319	-2.8%	60,633	57.5%	8,56,407	10,41,028	-17.7%
Mopeds	51,797	59,487	-12.9%	56,744	-8.7%	5,71,757	6,17,635	-7.4%
Total 2W	2,84,581	2,94,596	-3.4%	2,35,891	20.6%	26,12,696	29,55,569	-11.6%
3W	13,166	12,553	4.9%	17,370	-24.2%	1,06,844	1,61,697	-33.9%
Total sales	2,97,747	3,07,149	-3.1%	2,53,261	17.6%	27,19,540	31,17,266	-12.8%
Exports out of the above	1,01,789	1,00,926	0.9%	82,877	22.8%	7,60,477	7,90,621	-3.8%
2W exports	89,436	89,380	0.1%	66,207	35.1%	6,50,623	6,38,956	1.8%

**Maruti Suzuki**

	Feb-21	Jan-21	% mom	Feb-20	% yoy	YTD FY 21	YTD FY 20	% yoy
Mini(Alto, Old WagonR, S-Presso)	23,959	25,153	-4.7%	27,490	-12.8%	2,01,506	2,31,788	-13.1%
Compact(New WagonR, Swift,Celerio, Baleno, Dzire, Ignis)	80,517	76,935	4.7%	69,828	15.3%	6,37,446	7,47,091	-14.7%
Mid size (SX4, Ciaz)	1,510	1,347	12.1%	2,544	-40.6%	12,224	23,395	-47.7%
Total passenger cars	1,05,986	1,03,435	2.5%	99,862	6.1%	8,51,176	10,02,274	-15.1%
Utility Vehicles(Gypsy, Ertiga, XL6, S-Cross, Vitarra Brezza)	26,884	23,887	12.5%	22,604	18.9%	2,02,927	2,23,394	-9.2%
Vans(Omni, Eeco)	11,891	11,680	1.8%	11,227	5.9%	93,534	1,12,438	-16.8%
LCV (Super Carry)	2,722	3,602	-24.4%	448	507.6%	26,241	21,042	24.7%
Total domestic sales	1,47,483	1,42,604	3.4%	1,34,141	9.9%	11,73,878	13,59,148	-13.6%
Sales to other OEM :A:Compact	5,500	5,703	-3.6%	2,699	103.8%	32,427	22,898	41.6%
Exports	11,486	12,445	-7.7%	10,261	11.9%	84,542	97,459	-13.3%
Total sales	1,64,469	1,60,752	2.3%	1,47,101	11.8%	12,90,847	14,79,505	-12.8%



## Mahindra &amp; Mahindra

Auto segment	Feb-21	Jan-21	% mom	Feb-20	% yoy	YTD FY 21	YTD FY 20	% yoy
Utility Vehicles	15,380	20,498	-25.0%	10,675	44.1%	1,38,887	1,76,294	-21.2%
Cars+Vans	11	136	-91.9%	263	-95.8%	1,629	7,300	-77.7%
<b>Total PV</b>	<b>15,391</b>	<b>20,634</b>	<b>-25.4%</b>	<b>10,938</b>	<b>40.7%</b>	<b>1,40,516</b>	<b>1,83,594</b>	<b>-23.5%</b>
LCV(<3.5 T)	8,621	12,837	-32.8%	14,991	-42.5%	1,35,565	1,85,625	-27.0%
LCV (>3.5T)+ MHCV	581	551	5.4%	865	-32.8%	3,478	11,185	-68.9%
<b>Total CV</b>	<b>9,202</b>	<b>13,388</b>	<b>-31.3%</b>	<b>15,856</b>	<b>-42.0%</b>	<b>1,39,043</b>	<b>1,96,810</b>	<b>-29.4%</b>
3 wheelers	2,357	2,841	-17.0%	3,843	-38.7%	16,064	61,766	-74.0%
<b>Total domestic sales</b>	<b>26,950</b>	<b>36,863</b>	<b>-26.9%</b>	<b>30,637</b>	<b>-12.0%</b>	<b>2,95,623</b>	<b>4,42,170</b>	<b>-33.1%</b>
Total exports	1,827	2,286	-20.1%	1,839	-0.7%	16,255	26,472	-38.6%
<b>Total sales</b>	<b>28,777</b>	<b>39,149</b>	<b>-26.5%</b>	<b>32,476</b>	<b>-11.4%</b>	<b>3,11,878</b>	<b>4,68,642</b>	<b>-33.5%</b>

  

FES	Feb-21	Jan-21	% mom	Feb-20	% yoy	YTD FY 21	YTD FY 20	% yoy
Domestic	27,170	33,562	-19.0%	21,877	24.2%	3,14,016	2,78,483	12.8%
Exports	976	1,216	-19.7%	684	42.7%	9,512	9,819	-3.1%
<b>Total FES</b>	<b>28,146</b>	<b>34,778</b>	<b>-19.1%</b>	<b>22,561</b>	<b>24.8%</b>	<b>3,23,528</b>	<b>2,88,302</b>	<b>12.2%</b>

## Ashok Leyland

	Feb-21	Jan-21	% mom	Feb-20	% yoy	YTD FY21	YTD FY 20	% yoy
MHCV	7,802	7,374	5.8%	7,368	5.9%	40,706	76,776	-47.0%
LCV	5,901	5,752	2.6%	4,107	43.7%	42,778	46,298	-7.6%
<b>Total</b>	<b>13,703</b>	<b>13,126</b>	<b>4.4%</b>	<b>11,475</b>	<b>19.4%</b>	<b>83,484</b>	<b>1,23,074</b>	<b>-32.2%</b>

## Tata Motors

Segment(models)	Feb-21	Jan-21	% mom	Feb-20	% yoy	YTD FY 21	YTD FY 20	% yoy
Total CVs	31,248	30,764	1.6%	30,764	1.6%	2,05,535	3,10,855	-33.9%
Total PVs	27,225	26,978	0.9%	12,430	119.0%	1,92,371	1,31,197	46.6%
Exports	2,718	2,145	26.7%	2,145	26.7%	16,696	30,774	-45.7%
<b>Total sales</b>	<b>61,191</b>	<b>59,887</b>	<b>2.2%</b>	<b>45,339</b>	<b>35.0%</b>	<b>4,14,602</b>	<b>4,72,826</b>	<b>-12.3%</b>

## Escorts

	Feb-21	Jan-21	% mom	Feb-20	% yoy	YTD FY 21	YTD FY 20	% yoy
Domestic	10,690	8,510	25.6%	8,049	32.8%	90,118	77,024	17.0%
Exports	540	511	5.7%	552	-2.2%	4,286	3,550	20.7%
<b>Total</b>	<b>11,230</b>	<b>9,021</b>	<b>24.5%</b>	<b>8,601</b>	<b>30.6%</b>	<b>94,404</b>	<b>80,574</b>	<b>17.2%</b>

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