

Month of strong sequential recovery

January being a seasonally strong month was expected to post strong sequential growths. On yoy basis, most of the companies reported single digit growths. Earlier the festive season was lackluster as interest rates were high, fuel costs and liquidity crunch led to a very jittery performance from the auto makers. Segmentally speaking, CVs in January, particularly M&HCVs posted recovery. In January 2018, regulations were implemented on trucks wherein the cabins were mandatorily supposed to build in ACs. Due to this, January sales were a bit muted last year. On low base on last year, Ashok Leyland reported growth, while Tata Motors reported a lower single digit fall. However, we see a strong mom recovery in sales as January sales were stronger on mom basis. On the PV front, sentimental negativity, lack of new launches, high interest rates and credit crunch resulted into weak yoy growth. In the 2W segment, higher insurance costs, higher inventory levels at dealers' ends, weak monsoons and high base led to weak sales, particularly for Hero Motocorp. However, on the other hand, Bajaj Auto 2Ws sales improved as they are doling out higher discounts and top end segment of Pulsars is having good demand. Exports business is doing great on success in Africa, SE Asia and Latam. TVS however, with falling scooter demand and weak moped sales, reported a thin sales growth.

Going forward, we expect the broader segment to move up in coming months. PV demand is expected to move up on upcoming launches, while 2Ws are expected to witness a moderate growth in line with weak scooter demand, higher inventory levels, weak sentiments and competition. However, among two wheelers, we would prefer Hero Motocorp as it's a proxy to the economy and rural growth. Bajaj Auto faces headwinds of lower profitability on the back of its focus on mass segment and weak 3W sales. CVs may have reported big falls in December, however, January has reported better sales growth. With 2019 being an election year, GOI's emphasis on pushing the infra plans in the country may sustain CV demand. BS VI pre-buying shall initiate in Q1 of FY 20, which will further elongate the CV cycle. Possible implementation of scrappage policy may further escalate CV demand in long run. Within the CV space we like Ashok Leyland which is away from any global headwinds.

	Jan-19	Dec-18	% mom	Jan-18	% yoy
Hero Motocorp	5,82,756	4,53,985	28.4%	6,41,501	-9.2%
Bajaj Auto	4,07,150	3,46,199	17.6%	3,53,147	15.3%
TVS	2,82,630	2,71,395	4.1%	2,71,801	4.0%
Maruti	1,51,721	1,28,338	18.2%	1,51,351	0.2%
M&M	77,934	58,243	33.8%	74,128	5.1%
<i>Auto</i>	55,722	39,755	40.2%	52,063	7.0%
<i>Tractors</i>	22,212	18,488	20.1%	22,065	0.7%
Tata Motors	58,185	54,439	6.9%	64,341	-9.6%
Ashok Leyland	18,533	15,493	19.6%	16,484	12.4%
Escorts	5,991	4,598	30.3%	5,316	12.7%



Hero MotoCorp: Fall continues, sequential growth heartening..

- Hero MotoCorp (Hero)'s sales in January went down by 9.2% yoy at 582,756 units on weaker sentiments, increase in insurance prices a quarter back, stifling competition and inventory pile up. Subdued rural growth led by weak Rabi sowing too led to soft numbers. Newly launched Destiny scooter and Extreme 200R bike to take care of future sales growth.
- Sequentially the sales were up by 28.4% on weak December. YTD the sales are up by 6.6%.

	Jan-19	Dec-18	% mom	Jan-18	% yoy	YTD FY19	YTD FY18	% yoy
Total sales	5,82,756	4,53,985	28.4%	6,41,501	-9.2%	66,33,000	62,22,787	6.6%

Bajaj Auto: All is well except domestic 3Ws..

- Bajaj Auto's total sales came in 15.3% and 17.6% higher yoy and mom respectively to 407,150 units. Domestic motorcycle sales have grown by 24.7% and 29.3% higher yoy and mom respectively. Success of its bikes like the Pulsars at the higher end and Platina at the lower end are leading to this performance. Also the price cuts taken at the lower end of bikes has led to strong sales and market share rise. New launch of Platina 110 has also boosted the sales as the company has sold ~25k units in the launch month.
- Exports 2W business grew by 16.9% yoy as we believe that along with the new geographies such as Phillipines, Vietnam, Cambodia, Turkey and Iran; Latam, SE Asia, Bangladesh, Nepal and Africa are panning out well for the company offsetting the woes in Sri Lanka.
- Total three wheeler sales went down by 11.7% yoy. In the domestic markets they decreased by 28.1% yoy on absence of permits unlike January 2018. Exports markets sales grew by 13.8% yoy. Sequentially, 3Ws sales grew by 19.7% as domestic sales grew on higher demand for cargo and diesel 3Ws. Exports 3W grew by 17.9% mom.

	Jan-19	Dec-18	% mom	Jan-18	% yoy	YTD FY19	YTD FY18	% yoy
Motorcycles								
Domestic	2,03,358	1,57,252	29.3%	1,63,111	24.7%	21,34,584	16,40,101	30.1%
Exports	1,47,102	1,41,603	3.9%	1,25,825	16.9%	14,50,766	11,61,780	24.9%
Total	3,50,460	2,98,855	17.3%	2,88,936	21.3%	35,85,350	28,01,881	28.0%
3W								
Domestic	28,103	23,099	21.7%	39,082	-28.1%	3,25,298	2,86,490	13.5%
Exports	28,587	24,245	17.9%	25,129	13.8%	3,22,415	2,26,189	42.5%
Total	56,690	47,344	19.7%	64,211	-11.7%	6,47,713	5,12,679	26.3%
Domestic	2,31,461	1,80,351	28.3%	2,02,193	14.5%	24,59,882	19,26,591	27.7%
Exports	1,75,689	1,65,848	5.9%	1,50,954	16.4%	17,73,181	13,87,969	27.8%
Total	4,07,150	3,46,199	17.6%	3,53,147	15.3%	42,33,063	33,14,560	27.7%



TVS Motor: Sales growth soften as scooters demand fall

- TVS reported below than expected sales numbers in the month at 4% yoy. This was 4.1% up mom.
- Motorcycle sales grew by 12.8% yoy and 3.8% mom.
- With overall fall in scooter demand, Scooters sales dropped by 0.3% yoy and 6.8% mom. Mopeds went down by 7.7% yoy.
- 3W sales increased by a robust 51.6% yoy on low base and excellent exports performance from markets like Egypt and other African markets. Domestic markets de-grew by 33.9% yoy as there is a slowdown in new permits opening, while 3W exports grew by 76.9% yoy on sharp recovery is seen in Nigeria, Egypt and other African countries.
- Exports sales in TVS witnessed a very positive growth. Exports grew by a robust 23% yoy and fell by 12.6% mom to 52,650 units.

	Jan-19	Dec-18	% mom	Jan-18	% yoy	YTD FY19	YTD FY18	% yoy
Motorcycles	1,11,253	1,07,189	3.8%	98,649	12.8%	12,95,660	11,07,868	17.0%
Scooters	85,299	91,480	-6.8%	85,521	-0.3%	11,15,703	9,40,373	18.6%
Mopeds	72,725	60,040	21.1%	78,825	-7.7%	7,49,454	7,22,748	3.7%
Total 2W	2,69,277	2,58,709	4.1%	2,62,995	2.4%	31,60,817	27,70,989	14.1%
3W	13,353	12,686	5.3%	8,806	51.6%	1,28,248	78,059	64.3%
Total sales	2,82,630	2,71,395	4.1%	2,71,801	4.0%	32,89,065	28,49,048	15.4%
Exports out of the above	52,650	60,262	-12.6%	42,802	23.0%	6,18,763	4,56,023	35.7%
2W exports	40,623	48,803	-16.8%	36,003	12.8%	5,03,149	3,90,772	28.8%
3W exports	12,027	11,459	5.0%	6,799	76.9%	1,15,614	65,251	77.2%
Domestic 3W	1,326	1,227	8.1%	2,007	-33.9%	12,634	12,808	-1.4%



Maruti Suzuki: Sequential growth gives hopes

- Maruti Suzuki India Ltd (MSIL)'s sales in the month of January came in at 151,721 units which was a flattish growth yoy, while on mom basis the growth was 18.2% showing that demand is coming back to normalcy.
- The petrol/small car segment this month saw a growth of 0.3% yoy and 20.8% mom.
- The super compact segment comprising of Swift, Dzire, Celerio, Baleno, Ignis etc de-grew by 3.5% yoy, while grew by 27.6% mom.
- Ciaz segment sales de-grew by 42% and 38% yoy and mom growths respectively post its variant launch.
- The UV segment grew by 8.4% yoy and 10.9% mom.
- The LCV Super Carry sold a robust 2,710 units in January as compared to 1,411 units yoy.
- Exports witnessed 11% yoy fall and a growth of 39.5% mom.

	Jan-19	Dec-18	% mom	Jan-18	% yoy	YTD FY19	YTD FY18	% yoy
Mini(Alto, Wagon R)	33408	27661	20.8%	33,316	0.3%	3,37,473	3,55,883	-5.2%
Compact(Swift, Ritz, Celerio, Baleno, Dzire, Ignis)	65523	51334	27.6%	67,868	-3.5%	7,06,594	6,14,377	15.0%
Mid size (SX4, Ciaz)	2934	4734	-38.0%	5,062	-42.0%	39,413	49,695	-20.7%
Total passenger cars	1,01,865	83,729	21.7%	1,06,246	-4.1%	10,83,480	10,19,955	6.2%
Utility Vehicles(Gypsy, Ertiga, Vitarra, S-Cross, Brezza)	22430	20225	10.9%	20,693	8.4%	2,16,800	2,10,671	2.9%
Vans(Omni, Eeco)	15145	15850	-4.4%	12,250	23.6%	1,47,603	1,29,023	14.4%
LCV (Super Carry)	2710	1675	61.8%	1,411	92.1%	19,104	7,369	159.2%
Total domestic sales	1,42,150	1,21,479	17.0%	1,40,600	1.1%	14,66,987	13,67,018	7.3%
Exports	9571	6859	39.5%	10,751	-11.0%	88,704	1,02,134	-13.1%
Total sales	1,51,721	1,28,338	18.2%	1,51,351	0.2%	15,55,691	14,69,152	5.9%



Mahindra & Mahindra: Moderate sales

- Total auto sales in the month grew by 7% yoy to 55,722 units which was a 40.2% growth mom.
- UV segment was up by 0.1% yoy and up by a hefty 60.3% mom on low base. Despite Marazzo and the big ticket Alturas 4 launch the yoy sales growth failed to put up a good show.
- CV sales in the month grew by 7.7% yoy, out of which LCV >3.5 T went up by 15.1% yoy, while the LCV <3.5 T grew by 8.9% yoy. MHCV segment dipped by 19.1% yoy on high base while grew by 3% mom.
- 3W sales have grown by 26.5% yoy despite industry weakness.
- Exports posted growth of 22.5% yoy as well.
- FES segment grew by 0.7% yoy, out of which the domestic sales were up by 0.6% yoy on weak monsoons and Rabi sowing. Exports were up by 22.5% and 5.1% yoy and mom respectively.

Auto segment	Jan-19	Dec-18	% mom	Jan-18	% yoy	YTD FY19	YTD FY18	% yoy
Utility Vehicles	22263	13891	60.3%	22,235	0.1%	1,85,212	1,88,345	-1.7%
Cars+Vans	1609	1200	34.1%	1,451	10.9%	15,734	12,216	28.8%
Total PV	23872	15091	58.2%	23686	0.8%	2,00,946	2,00,561	0.2%
LCV(<3.5 T)	21035	15537	35.4%	19,309	8.9%	1,87,234	1,57,296	19.0%
LCV (>3.5T)	741	545	36.0%	644	15.1%	6,555	5,786	13.3%
MHCV	849	824	3.0%	1,049	-19.1%	9,235	7,279	26.9%
Total CV	22,625	16,906	33.8%	21,002	7.7%	2,03,024	1,70,361	19.2%
3 wheelers	6003	4693	27.9%	4,744	26.5%	54,104	42,885	26.2%
Total domestic sales	52,500	36,690	43.1%	49,432	6.2%	4,58,074	4,13,807	10.7%
Total exports	3222	3065	5.1%	2,631	22.5%	31,565	22,143	42.6%
Total sales	55,722	39,755	40.2%	52,063	7.0%	4,89,639	4,35,950	12.3%

FES	Jan-19	Dec-18	% mom	Jan-18	% yoy	YTD FY18	YTD FY17	% yoy
Domestic	20,948	16,855	24.3%	20,822	0.6%	2,80,191	2,57,422	8.8%
Exports	1264	1633	-22.6%	1,243	1.7%	11,579	13,066	-11.4%
Total FES	22,212	18,488	20.1%	22,065	0.7%	2,91,770	2,70,488	7.9%



Ashok Leyland: CV sales recover after a weak Q3.

- Ashok Leyland (ALL) posted a 12.4 yoy growth in the month to 18,533 units as CV sales witnessed a recovery as liquidity crunch seemed to ease a bit and a weak January 2018 post certain regulations regarding compulsory AC cabins were implemented. YTD growth is at 22.8%.
- MHCV sales were up by 12.7% yoy to 13,663 units as MHCV, which we believe is encouraging.
- LCV sales posted a growth of 11.8% yoy in the month as the newly launched Dost+ along with Boss and Guru are performing very well despite financing crunch. Sequentially, LCV growth was 16%.

	Jan-19	Dec-18	% mom	Jan-18	% yoy	YTD FY19	YTD FY18	% yoy
MHCV	13663	11295	21.0%	12,127	12.7%	1,04,080	87,345	19.2%
LCV	4870	4198	16.0%	4,357	11.8%	43,112	32,521	32.6%
Total	18533	15493	19.6%	16,484	12.4%	1,47,192	1,19,866	22.8%

Tata Motors: : CV de-growth reduces

- Tata Motors (TAMO)'s total sales in the month were down at 9.6% yoy to 58,185 units. PV as well as CV sales were a bit subdued, however CV sales de-growth has reduced as compared to Q3, which shows revival in CV sales, particularly MHCVs.
- CV sales moved down by 5.8% yoy while rising 2.5% mom. Within the CVs, MHCVs de-grew by just 9% as compared to 27% in December, ILCVs grew by 10%, SCV Cargo & pick-ups went down by 7% and buses went down by 8% yoy.
- PV segment saw a drop of 11% yoy and 25% mom growth as slowdown was quite evident in the sector.
- Exports growth was weak at 33.3%.

Segment(models)	Jan-19	Dec-18	% mom	Jan-18	% yoy	YTD FY19	YTD FY18	% yoy
Total CVs	37,089	36,180	2.5%	39,386	-5.8%	3,78,664	3,08,939	22.6%
Total PVs	17,826	14,260	25.0%	20,055	-11.1%	1,74,223	1,49,284	16.7%
Exports	3,270	3,999	-18.2%	4,900	-33.3%	44,081	40,124	9.9%
Total sales	58,185	54,439	6.9%	64,341	-9.6%	5,96,968	4,98,347	19.8%



Escorts: Strong show continues..

- Domestic sales have grown by 11.7% yoy in January despite a weakness in the industry. Sales grew by 36.8% mom.
- Exports reported 46.8% yoy growth.
- Total sales grew by 12.7% yoy to 5,991 units

	Jan-19	Dec-18	% mom	Jan-18	% yoy	YTD FY19	YTD FY18	% yoy
Domestic	5,762	4,212	36.8%	5,160	11.7%	74,974	60,594	23.7%
Exports	229	386	-40.7%	156	46.8%	2,293	1,571	46.0%
Total	5,991	4,598	30.3%	5,316	12.7%	77,267	62,165	24.3%

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