

# Automobiles

## Auto Volumes Dec'17 – High growth, low base

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Saksham Kaushal  
sakshamkaushal@plindia.com  
+91-22-66322235

Poorvi Banka  
poorvibanka@plindia.com  
+91-22-6632 2426

*For December 2017, overall volumes for all automobile companies registered strong growth on the back of an extremely low base (as full impact of demonetisation came in December 2016) along with attractive year end consumer offers. While growth was visible across segments, CVs and 2Ws rebounded extremely sharply as these segments were most impacted by demonetization, with M&HCV volumes, in particular, reporting highest monthly volumes for FY18.*

- **Passenger vehicles (PV) – Maruti's (MSIL's) volume growth continues; M&M UVs decline:** MSIL reported overall volumes at 130,066 units (up 10% YoY) with domestic volumes registering a growth of 12% YoY; however, export volumes declined by ~6% YoY. Owing to the year-end impact, we expect waiting period for the *Dzire*, *Baleno* and *Brezza* to increase over the coming months. Hyundai posted a volume growth of 10% YoY at 62.9k units. Despite a low base, M&M's UV segment declined 9% YoY. Tata Motors' (TTMT's) PV segment continued its upward move reporting 31% YoY domestic volume growth, aided by new product launches (*Nexon*, *Tigor*).
- **Two-wheelers – Growth continues, Bajaj (BJAUT) growth muted:** Hero Motors (HMCL) reported 43% YoY volume growth at 472,731 units. Our channel checks suggest aggressive marketing/promotion activities undertaken by HMCL for its new scooter variants. RE reported volumes of 66,969 units up, ~17% YoY with demand driven by the 350cc segment, up 20% YoY, while the 500cc segment volumes were again down 20.4% YoY. TVS Motor's (TVS') overall two-wheeler sales recorded a growth of 39% YoY, with both motorcycles and scooters registering growth of ~64% and ~51%, respectively. By contrast, despite a low base, domestic motorcycle volumes for BJAUT continue to be sluggish with a meagre 6% growth YoY.
- **CVs – M&HCVs drive growth:** M&HCV volumes registered a strong growth, while positive momentum continued in LCVs. Ashok Leyland's (AL's) total volumes grew ~79% YoY led by 82% YoY growth in M&HCVs (highest monthly volumes ever) and supported by ~70% growth in LCV. TTMT's domestic CV volumes surged 62% YoY (M&HCV trucks up ~83% YoY), while Eicher Motors (VECV) recorded an overall 50% YoY growth. CVs are benefitting from increased infrastructure spending and an improvement in freight availability, along with post-GST demand surge.
- **Tractor volumes:** M&M's domestic tractor volumes at 16,671 units grew 32% YoY, while Escorts reported 3,476 units with a moderate growth of ~14% YoY. The variance in growth rates is more on account of the variance in inventory levels with the dealers. Demand is likely to show double-digit growth, going forward.
- **Our view:** We expect strong growth momentum to continue, with the PV segment slated for new launches over the next few months. For the M&HCV segment, the high base due to the pre-buying in Q4FY17 could restrict growth ahead in Q4FY18. We continue to prefer players with clear competitive advantages and waiting periods on key products. MSIL continues to remain our top pick.

**Exhibit 1: Snapshot: Auto Volumes Dec'17**

Company Sales	Dec-17	Dec-16	YoY gr. (%)	Nov-17	MoM gr. (%)	YtdFY18	YtdFY17	YTD (%) chg
Maruti Suzuki	130,066	117,908	10.3	154,600	(15.9)	1,317,801	1,154,164	14.2
M&M	57,488	50,511	13.8	61,324	(6.3)	630,666	581,919	8.4
Tata Motors	60,671	40,944	48.2	57,391	5.7	433,989	391,493	10.9
Ashok Leyland	19,253	10,731	79.4	14,460	33.1	116,141	97,445	19.2
VECV	6,087	4,048	50.4	4,916	23.8	42,831	41,263	3.8
Royal Enfield	66,968	57,398	16.7	70,126	(4.5)	593,450	488,262	21.5
Eicher Motors - Total	73,055	61,446	18.9	75,042	(2.6)	636,281	529,525	20.2
Hero MotoCorp	472,731	330,202	43.2	605,270	(21.9)	5,585,558	5,042,435	10.8
Bajaj Auto	292,547	225,529	29.7	326,458	(10.4)	2,961,413	2,878,323	2.9
TVS Motors	256,909	184,944	38.9	251,965	2.0	2,576,977	2,252,410	14.4
Atul Auto	2,890	2,556	13.1	3,555	(18.7)	31,120	30,410	2.3
Escorts	3,606	3,187	13.1	5,119	(29.6)	56,849	48,808	16.5

Source: Company Data

**Ashok Leyland (AL) – Robust growth YoY as well as MoM; surpasses expectations**

- AL's total sales at 19.3K units were up, a strong 79% YoY and 33% MoM with growth in both segments; however, on a somewhat low base (Dec'16 was impacted by demonetisation).
- M&HCV volumes for the month surged 82% YoY and 50% MoM to ~16K units. YTFY18 M&HCV volumes for the company are higher 16.6% YoY.
- LCVs too continued their growth momentum with 3303 units, higher a strong 70% YoY (down 13.5% MoM). LCVs have been recording strong growth for the past many months despite headwinds like pre-buying, GST, etc. YTFY18 growth rate for LCVs is healthy at ~28% YoY.

**Management commentary:** The management expects improvement in demand in the coming months on the back lower freight rates, lower turnaround time with GST and further restrictions on overloading through the e-way bill, etc.

**Our view:** Given the pre-buying in Q4FY17, the last quarter of the current fiscal may see muted growth. However, going ahead, GDP levers such as mining, construction and infrastructure picking up can boost volumes for AL. From a longer term perspective, we expect AL to report better performance in FY19/20, on the back of better freight availability and BSVI related pre-buying. We maintain '**Accumulate**' on the stock.

**Exhibit 2: Ashok Leyland: Dec'17 volume (units)**

Company Sales	Dec-17	Dec-16	YoY gr. (%)	Nov-17	MoM gr. (%)	YtdFY18	YtdFY17	YTD (%) chg
<b>Ashok Leyland</b>	<b>19,253</b>	<b>10,731</b>	<b>79.4</b>	<b>14,460</b>	<b>33.1</b>	<b>116,141</b>	<b>97,445</b>	<b>19.2</b>
M&HCV	15,950	8,782	81.6	10,641	49.9	87,009	74,653	16.6
LCV	3,303	1,949	69.5	3,819	-13.5	29,132	22,792	27.8

Source: Company Data

## Atul Auto (AAL): Inched up YoY

- AAL's volumes grew ~13% YoY (on a low base) but were down ~19% MoM in Dec'17.
- YTD FY18 sales for AAL are higher, a marginal 2.3% YoY at ~31K units.

**Management commentary:** The management expects to attain double-digit growth in FY18 supported by the low base November onwards.

**Our view:** Growth prospects are healthy for AAL over the long-term as the company continues to launch new products and enters more markets. It is also focusing on increasing its exports and expects them to contribute significantly to revenues in the next 3-5 years. While FY17 saw adverse impact on sales due to demonetisation and phase out of BS-III vehicles, FY18 is expected to be better on the lower base and a recovery in rural demand, which would help boost AAL's volumes. We maintain '**Accumulate**' on the stock.

**Exhibit 3: Atul Auto: Dec'17 volume (units)**

Company Sales	Dec-17	Dec-16	YoY gr. (%)	Nov-17	MoM gr. (%)	YtdFY18	YtdFY17	YTD (%) chg
Atul Auto	2,890	2,556	13.1	3,555	(18.7)	31,120	30,410	2.3

Source: Company Data

## Bajaj Auto (BJAUT) – Three-Wheelers and exports continue their surge

- BJAUT's overall reported volumes for Dec'17 were higher ~30% YoY (down ~10% MoM). Domestic volumes grew ~25% YoY (down ~17% MoM), while exports rose a good 35% YoY (lower 2% MoM).
- Total motorcycle volumes were up 12.5% YoY but lower ~13% MoM at 228.8K units for the month, while three-wheeler volumes advanced, a robust 187% YoY (higher 2% MoM) at ~64K units, attaining their highest ever monthly sales for the segment. Of this, domestic three-wheelers grew ~180% YoY (supported by a low base) and exports surged a sharp 197% YoY to ~27K units. Owing to the sluggishness witnessed in BJAUT's motorcycle segment over the past few months, YTD FY18 motorcycle volumes for the company are flat YoY.
- Exports continue to ramp-up, albeit on a low base. Motorcycle exports rose ~20% YoY, whereas three-wheeler exports saw an exceptionally robust 197% YoY growth. Overall YTD FY18 exports are up ~14% YoY. Any appreciation in the global crude prices would further give a boost to BJAUT's exports as most of its export markets are oil dependent economies.

**Management commentary:** On the back of improved sentiment in key export markets, BJAUT expects FY18 exports to reach ~1.7mn units, against 1.41mn units in FY17 (~21% YoY growth). The management has commented that *CT-100* and *Platina* have also been seeing strong growth. Further, the company is seeing strong traction in the three-wheeler segment, particularly domestic three-wheelers as new permits have been opened up. However, the current run-rate for three-wheelers is expected to continue only for FY18. Overall, the management expects a strong 20% growth over H2FY18.

**Our view:** BJAUT's domestic portfolio continues to be under stress with new launches/brands (*V*, *Avenger*, *Dominar*) failing to make a mark (apart from *Pulsar*, company has been unable to create a brand in the motorcycle segment) and with no major new launches planned for the current fiscal, we believe market share gains in the overall two-wheeler space to be unlikely, going forward. Further, concerns still remain on key export markets as currency movements have led to demand destruction, with demand expected to remain stressed from a near-to-medium term perspective. We rate BJAUT a '**Reduce**'.

**Exhibit 4: Bajaj Auto: Dec '17 volume (units)**

Company Sales	Dec-17	Dec-16	YoY gr. (%)	Nov-17	MoM gr. (%)	YtdFY18	YtdFY17	YTD (%) chg
<b>Bajaj Auto</b>	<b>292,547</b>	<b>225,529</b>	<b>29.7</b>	<b>326,458</b>	<b>(10.4)</b>	<b>2,961,413</b>	<b>2,878,323</b>	<b>2.9</b>
Motorcycles	228,762	203,312	12.5	263,970	(13.3)	2,512,945	2,518,915	(0.2)
Three-wheelers	63,785	22,217	187.1	62,488	2.1	448,468	359,408	24.8
of which								
Domestic	149,509	119,725	24.9	179,835	(16.9)	1,724,398	1,791,041	(3.7)
Exports	143,038	105,804	35.2	146,623	(2.4)	1,237,015	1,087,282	13.8

Source: Company Data

**Eicher Motors (VECV): RE uptick continues; VECV growth aided by low base**

- RE reported decent sales growth of 17% YoY (down 4.5% MoM), attaining ~67K units in Dec'17.
- The 'Upto 350cc' segment recorded a 20% YoY growth, while the 'Above 350cc' segment again witnessed a 20.4% YoY decline in Dec'17 (YTD decline in the segment at ~21%). Exports in the month surged 48% YoY (lower ~32% MoM).
- VECV volumes for Dec'17 grew a strong 50.4% YoY (up ~24% MoM) to 6,087 units with growth across segments (assisted by the demonetisation impacted low base) barring domestic passenger M&HCVs. While goods M&HCVs saw robust 56% YoY growth, passenger M&HCVs were lower ~12% YoY. Exports were higher a strong 30% YoY (YTD exports down ~2% YoY).
- YTD FY18 RE sales are up 21.5% YoY, while YTD FY18 VECV sales are higher ~4% YoY.

**Management commentary:** RE models continue to have a waiting period of 6-8 weeks. VECV is expected to perform better ahead with further recovery expected ahead in the CV industry.

**Our view:** RE enjoys a near monopoly in the niche 'cruiser' bike segment. Its 'Classic 350' continues to enjoy high waiting period of over two months, while its other models also have a waiting period of ~1 month. Given the high waiting periods, with capacity constraints being addressed by its ongoing expansion and production commencing at the Vallam Vadagal plant, we expect the monthly run-rate to increase going forward. We maintain '**Accumulate**' on the stock.

**Exhibit 5: VECV: Dec'17 volume (units)**

Company Sales	Dec-17	Dec-16	YoY gr. (%)	Nov-17	MoM gr. (%)	YtdFY18	YtdFY17	YTD (%) chg
<b>Volvo Eicher CVs</b>	<b>6,087</b>	<b>4,048</b>	<b>50.4</b>	<b>4,916</b>	<b>23.8</b>	<b>42,831</b>	<b>41,263</b>	<b>3.8</b>
Domestic	5,177	3,348	54.6	4,251	21.8	36,810	35,110	4.8
Goods 3.5T-12T	3,197	1,792	78.4	2,501	27.8	21,252	18,407	15.5
Goods above 12T	1,396	894	56.2	1,214	15.0	8,283	8,204	1.0
Passenger	584	662	-11.8	536	9.0	7,275	8,499	-14.4
Exports	910	700	30.0	665	36.8	6,021	6,153	-2.1

Source: Company Data

**Exhibit 6: Royal Enfield: Dec'17 volume (units)**

Company Sales	Dec-17	Dec-16	YoY gr. (%)	Nov-17	MoM gr. (%)	YtdFY18	YtdFY17	YTD (%) chg
<b>Royal Enfield</b>	<b>66,968</b>	<b>57,398</b>	<b>16.7</b>	<b>70,126</b>	<b>(4.5)</b>	<b>593,450</b>	<b>488,262</b>	<b>21.5</b>
Motorcycles upto 350cc	63,269	52,753	19.9	65,751	(3.8)	555,427	439,917	26.3
Motorcycles above 350cc	3,699	4,645	(20.4)	4,375	(15.5)	38,023	48,345	(21.4)
<i>of which</i>								
Domestic	65,367	56,316	16.1	67,776	(3.6)	579,462	477,688	21.3
Exports	1,601	1,082	48.0	2,350	(31.9)	13,988	10,574	32.3

Source: Company Data

**Hero Motocorp (HMCL): Moderate growth despite low base**

- HMCL reported a ~43% YoY (-22% MoM) growth in volumes in Dec'17 at 472.7K units (below expectations).
- YTD FY18 sales for HMCL are higher ~11% YoY.

**Management commentary:** The management is focused on increasing market share in the Scooter segment as well as the 200cc motorcycle segment, going ahead and expects the rest of the fiscal to see strong growth. The company is now focused on its premium scooter and motorcycle launches over the last quarter of this fiscal.

**Our view:** The benefits of the rural recovery are likely to be further visible for HMCL, while improved performance from models like 'Glamour' is also expected as supplier constraints get resolved ahead. With sustained recovery in rural demand, entry in the premium segments and increase in overall market share, the medium-term outlook for HMCL looks promising. We rate it an 'Accumulate'.

**Exhibit 7: Hero Motocorp: Dec'17 volume (units)**

Company Sales	Dec-17	Dec-16	YoY gr. (%)	Nov-17	MoM gr. (%)	YtdFY18	YtdFY17	YTD (%) chg
<b>Hero MotoCorp</b>	<b>472,731</b>	<b>330,202</b>	<b>43.2</b>	<b>605,270</b>	<b>(21.9)</b>	<b>5,585,558</b>	<b>5,042,435</b>	<b>10.8</b>

Source: Company Data

**M&M – Tractors see strong growth; Auto division growth lower than expected**

- Overall December volumes for M&M stood at 57,488 units, higher ~14% YoY, down 6% MoM. Auto division volumes grew 7.5% YoY to 39.2K units (below expectations given the low base), while tractor volumes, at 18.3K units, were higher ~30% YoY (in-line with expectations).
- In the farm equipment segment, domestic tractor volumes grew 32% YoY (down 21% MoM), while exports saw a rise of 13% YoY (lower ~5% MoM) to 1,617 units. In comparison, Escorts recorded a growth of 13% YoY (lower ~30% MoM) at 3.6K units in Dec'17. YTD tractor growth for M&M is at 16% YoY.
- Automotive volumes at 39.2K units, recorded a growth of 7.5% YoY on a low base (inched up 1.6% MoM). The LCV <3.5t segment was up ~20% YoY (M&M has the highest market share in the segment), while the M&HCVs segment surged ~151% YoY this month. The UV segment saw a 9% YoY decline.

**Management commentary:** As for the automotive division, the management has said that going forward into the year-end period of lower sales, new refreshes & new variants that have been launched will carve out niche. The management was particularly buoyed with the strong growth in their M&HCV segment. For tractors, the company expects positive demand to continue on the back of healthy reservoir levels and good progress on rabi sowing.

**Our view:** On the back of a second consecutive year of good monsoon, healthy farm produce and MSPs looking up, M&M's tractor division is expected to continue delivering good performance. M&M's automotive division continues to remain weak; with its UV volumes impacted by the industry shift towards crossover & smaller SUVs and increased competition from various new launches by competitors. While the automotive division outlook remains subdued, better pick-up sales and an early-mover advantage in e-vehicles vis-s-vis domestic competitors provides better longer-term outlook. We maintain '**Accumulate**' on the stock, given the valuation comfort.

#### Exhibit 8: M&M: Dec'17 volume (units)

Company Sales	Dec-17	Dec-16	YoY gr. (%)	Nov-17	MoM gr. (%)	YtdFY18	YtdFY17	YTD (%) chg
<b>M&amp;M</b>	<b>57,488</b>	<b>50,511</b>	<b>13.8</b>	<b>61,324</b>	<b>(6.3)</b>	<b>630,666</b>	<b>581,919</b>	<b>8.4</b>
<b>Automotive division</b>	<b>39,200</b>	<b>36,464</b>	<b>7.5</b>	<b>38,570</b>	<b>1.6</b>	<b>383,918</b>	<b>369,180</b>	<b>4.0</b>
UVs	14,514	15,957	(9.0)	14,958	(3.0)	166,110	159,968	3.8
PCs	1,029	842	22.2	1,072	(4.0)	10,765	10,599	1.6
LCVs <3.5T	15,749	13,147	19.8	14,262	10.4	137,987	118,442	16.5
LCVs >3.5T	600	531	13.0	500	20.0	5,142	5,415	(5.0)
M&HCVs	1,193	476	150.6	792	50.6	6,230	3,910	59.3
Three-wheelers	3,894	3,458	12.6	4,455	(12.6)	38,141	40,762	(6.4)
Exports	2,221	2,053	8.2	2,531	(12.2)	19,543	30,084	(35.0)
<b>Farm Equipment</b>	<b>18,288</b>	<b>14,047</b>	<b>30.2</b>	<b>22,754</b>	<b>(19.6)</b>	<b>246,748</b>	<b>212,739</b>	<b>16.0</b>
Domestic	16,671	12,619	32.1	21,046	(20.8)	235,049	201,826	16.5
Exports	1,617	1,428	13.2	1,708	(5.3)	11,699	10,913	7.2

Source: Company Data

#### Maruti Suzuki (MSIL) – YoY growth again led by UVs and Compact segment

- MSIL's overall volume for Dec'17 was at 130K units, up ~10% YoY, in-line with our estimates. Domestic volumes grew nearly 12% YoY, while exports declined ~6% YoY.
- Major growth drivers were again the Compact and the UV segment. Compact segment (consisting of *Baleno*, *Swift*, *Ignis* and now the new *Dzire*), grew ~16% YoY, with the new *Dzire* continuing to do extremely well and Gujarat plant ramp-up aiding *Baleno* volumes. UV segment (*Vitara Brezza*, *S-Cross facelift*, *Ertiga*) was higher 20% YoY during the month, with the new *S-Cross facelift* receiving extremely good response.
- The Mini segment at ~32K units inched up 2% YoY this month, while the Mid-size segment (*Ciaz*) plunged ~36% YoY in the month owing to the GST impact on hybrid/diesel *Ciaz*.
- Overall YTD FY18 growth for MSIL is at ~14% YoY.

**Management commentary:** MSIL's new plant in Gujarat (currently producing only *Baleno*) is expected to ramp-up to reach full utilization at 250K units by FY19. The new *Dzire*, launched in May 2017, enjoys a waiting period of 6-8 weeks. Response for the new *S-Cross* facelift has been extremely positive. The company is also focusing on further strengthening its retail network.

**Our view:** With new launches enjoying high waiting periods and driving growth, we expect MSIL to continue its strong growth trajectory. Near-term capacity constraints will also be resolved soon with production ramping up at the Gujarat plant. Over the long term, given the healthy product portfolio, sustained performance from existing models and good acceptance of recent launches driving market share gains, MSIL is expected to continue to be in a sweet spot in the domestic PV industry. We rate MSIL a **'BUY'**.

#### Exhibit 9: Maruti Suzuki: Dec'17 volume (units)

Company Sales	Dec-17	Dec-16	YoY gr. (%)	Nov-17	MoM gr. (%)	YtdFY18	YtdFY17	YTD (%) chg
<b>Maruti Suzuki</b>	<b>130,066</b>	<b>117,908</b>	<b>10.3</b>	<b>154,600</b>	<b>(15.9)</b>	<b>1,317,801</b>	<b>1,154,164</b>	<b>14.2</b>
Mini	32,146	31,527	2.0	38,204	(15.9)	322,567	312,001	3.4
Compact	53,336	45,854	16.3	65,447	(18.5)	546,509	447,203	22.2
Mid-Size	2,382	3,711	(35.8)	4,009	(40.6)	44,633	47,114	-5.3
UVs	19,276	16,072	19.9	23,072	(16.5)	189,978	143,254	32.6
Vans	11,420	9,224	23.8	13,565	(15.8)	116,773	112,007	4.3
LCV	726	26	2692.3	1,003	(27.6)	5,958	294	
Export	10,780	11,494	(6.2)	9,300	15.9	91,383	92,291	(1.0)

Source: Company Data

#### Tata Motors (TTMT)– Base impact; Growth across segments

- TTMT's India sales jumped 48% YoY in Dec'17 (up ~6% MoM) at 60.7K units.
- Domestic CVs surged ~62% YoY (higher 15% MoM), with M&HCV trucks growing ~83% YoY to 15.8K units, on the back of increased infrastructure led demand and strict overloading restrictions (supported by low base). The I&LCV segment too was higher 78% YoY in the month at ~5K units. The pick-up segment was up 43% YoY to 4,529 units.
- PVs too saw a good 31% YoY growth (lower 17% MoM). Company has stated that *Tiago*, *Tigor* as well as *Hexa* continue to do well. The UV segment for the company recorded a strong 406% YoY growth on the back of the success of the newly launched SUV, *Nexon*.
- Exports rose ~18% YoY (higher 23% MoM) in Dec'17, attaining the highest monthly exports in the year till now.
- Overall YTD FY18 sales for TTMT were up ~11% YoY.

**Management commentary:** TTMT has said that domestic volumes grew in the month on the back of positive consumer demand across segments and good acceptance of the new products introduced. In the passenger vehicles segment, the company has recorded its highest December sales since 2012. PV Retails too have been the highest in the past six years. For the CV segment, the management has credited the positive response to its SCR technology for the surge in its M&HCV volumes.

**Our view:** While the company expects to soon turnaround its India business, we remain cautious on the same given the market share loss in the domestic CV segment over the past few years. However, on the JLR front, ramp-up of recently launched models like *Range Rover Velar* and the *Discovery* and other new launches can provide additional volume traction for JLR over FY18-19, along with product mix improvement. Given attractive valuations, we maintain **'Accumulate'** on the stock.

#### Exhibit 10: Tata Motors: Dec'17 volume (units)

Company Sales	Dec-17	Dec-16	YoY gr. (%)	Nov-17	MoM gr. (%)	YtdFY18	YtdFY17	YTD (%) chg
<b>Tata Motors</b>	<b>60,671</b>	<b>40,944</b>	<b>48.2</b>	<b>57,391</b>	<b>5.7</b>	<b>433,989</b>	<b>391,493</b>	<b>10.9</b>
Domestic	54,627	35,825	52.5	52,464	4.1	398,765	342,946	16.3
CVs	40,447	24,998	61.8	35,307	14.6	269,536	230,407	17.0
PVs	14,180	10,827	31.0	17,157	(17.4)	129,229	112,539	14.8
Exports	6,044	5,119	18.1	4,927	22.7	35,224	48,547	(27.4)

Source: Company Data

#### TVS Motor (TVS) – Growth across segments on a low base

- TVS Motors Dec'17 volumes rose 39% YoY on a low demonetisation affected base (up 2% MoM) to ~257K units, with growth across segments and geographies.
- Scooters registered 50.5% YoY growth (up ~7% MoM), to 83.6K units. Motorcycles sales for the month advanced a strong 64% YoY (up 2% MoM) to 95.3K units. Mopeds to increase ~4% YoY in Dec'17.
- Three-wheeler volumes reported a robust 72% YoY growth (higher ~7% MoM), on the back of issuance of new permits in domestic markets.
- Exports continued to rise, up 56% YoY to 47,818 units.
- Overall YTD FY18 growth for TVS is at ~14% YoY.

**Management commentary:** The management expects to outgrow the market and gain market share in the current fiscal. It expects strong rural recovery by Q4FY18 boosting its moped and entry level motorcycle volumes. With new products also coming in H2FY18, the management has strongly suggested market share gains, improved product mix and strong volume growth, going ahead.

**Our view:** Benefits of last year's launches in the Motorcycle and Moped space, coupled with an aggressive marketing strategy, are now visible in TVS' volumes with market share gains in the premium segment (<200cc segment, up 600bps YoY) and the scooter segment (up 270bps YoY) for H1FY18. We rate it an **"Accumulate"**.

#### Exhibit 11: TVS Motors: Dec'17 volume (units)

Company Sales	Dec-17	Dec-16	YoY gr. (%)	Nov-17	MoM gr. (%)	YtdFY18	YtdFY17	YTD (%) chg
<b>TVS Motor</b>	<b>256,909</b>	<b>184,944</b>	<b>38.9</b>	<b>251,965</b>	<b>2.0</b>	<b>2,576,977</b>	<b>2,252,410</b>	<b>14.4</b>
Motorcycles	95,281	58,211	63.7	93,202	2.2	1,009,219	862,245	17.0
Scooters	83,640	55,557	50.5	78,397	6.7	854,852	647,109	32.1
Mopeds	68,709	65,783	4.4	71,724	(4.2)	643,653	689,237	(6.6)
<b>Total Two-wheelers</b>	<b>247,630</b>	<b>179,551</b>	<b>37.9</b>	<b>243,323</b>	<b>1.8</b>	<b>2,507,724</b>	<b>2,198,591</b>	<b>14.1</b>
Three-wheelers	9,279	5,393	72.1	8,642	7.4	69,253	53,819	28.7

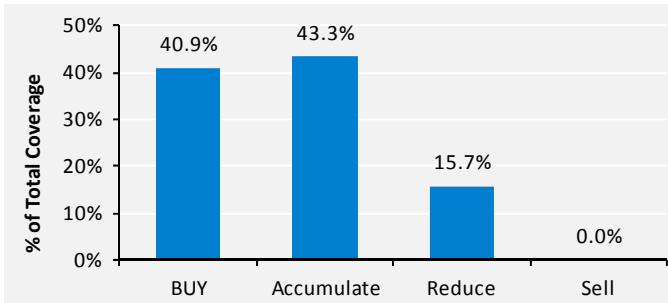
Source: Company Data



**Prabhudas Lilladher Pvt. Ltd.**

3rd Floor, Sadhana House, 570, P. B. Marg, Worli, Mumbai-400 018, India

Tel: (91 22) 6632 2222 Fax: (91 22) 6632 2209

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