

Monthly Sales (Domestic & Export in no of units)			
Company	Dec 2017	Dec 2016	YOY (%)
Passenger Vehicles			
Maruti Suzuki	1,30,066	1,17,908	10.3
Hyundai	62,899	57,164	10.0
Mahindra & Mahindra*	15,543	16,799	(7.5)
Honda Cars India *	12,642	10,071	25.5
Tata Motors*	14,180	10,827	31.0
Commercial Vehicles			
Bajaj Auto Ltd	63,785	22,217	187.1
Tata Motors *	40,447	24,998	61.8
Mahindra & Mahindra*	17,542	14,154	23.9
Ashok Leyland	19,253	10,731	79.4
Two Wheelers			
Hero Motor Corp	4,72,731	3,30,202	43.2
Bajaj Auto	2,28,762	2,03,312	12.5
TVS Motors	2,47,630	1,79,551	37.9
Royal Enfield (Eicher)	66,968	57,398	16.7
Suzuki Motor Cycle	39,786	26,495	50.2
Three Wheelers			
TVS Motors	9,279	5,393	72.1
Mahindra & Mahindra*	3,894	3,458	12.6
Atul Auto	2,890	2,556	13.1

Source: Company Reports: Note : * Marked represents only Domestic Sales. M&M numbers do not include Tractor Sales.

Outlook:

The month of December generally is one of the best when it comes to retail sales. It was expected that deep discounts offered and lower interest rates should boost the Auto numbers for the month. The auto finance rates have been consistently coming down over the past two years, and stands at the lowest over the last 10 years. There is also the low base effect that would play a positive as last December numbers had the demonetization impact in the auto numbers reported.

The passenger vehicles segment was one of the key factors for the positive growth for the month with sales giving indications of growth across the domestic as well as the exports market. Maruti, the leading player in the PV segment reported 10.3% increase in sales which are lower as compared to the November numbers, on the expected lines that it is takes time for the demand to pick up after the festive season. In totality it was a mixed bag for the passenger vehicle sales for the month.

Two wheelers also had a decent month to report with the show stealing by TVS Motors led by the buoyancy in demand. Going forward the volumes for the two wheelers is expected to benefit due to the rural recovery, but barring in mind that the it is going to be a competitive segment due to changes in the preferences of the customers.

For the tractors sales, Escorts reported total sales (includes domestic and exports) growth of 13%, with a 10% drop in the exports. Overall going forward, the demand for tractors are expected to be on an uptrend led by the improving farming sentiment, backed by the good monsoons and higher rural spends by the government.

The global trend of Electric vehicles or shared mobility would be the some of the key indicators to be watched for in the New Year 2018. This would further be boosted by the positive momentum in the urban and rural retail sales. The growth is expected to continue as the demand could spill over to the month of January as many have the mind-set to wait rather than own a dated model. Overall, the trend looks to be positive for the Auto Sector as a whole.

Company	Reco Price	Target Price	Comments
Alicon Castalloys Ltd	288	750	Manufacturer of aluminium castings for automotive & non-automotive
Harita Seating Systems Ltd	266	1150	Manufacturer of seating solutions for driver and cabin seating
The Hi-Tech Gears Ltd	298	600	Manufacturer of gears and transmission components
Munjal Showa Ltd	191	300	Manufacturer of shock absorbers and struts

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