



## India Light Vehicle Sales Update

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### Indian LV Market Makes a Sluggish Start to 2019

Light Vehicle (LV) wholesales remained weak in February, inching up by just 1% year-on-year (YoY) to 323k units. Passenger Vehicle (PV) sales fell by 2% YoY to 257k units, while demand for Light Commercial Vehicles (LCVs) with a GVW of up to 6 tons surged by 12% YoY to 67k units.

Consumers and businesses are taking a wait-and-see approach ahead of the general elections in April/May 2019. A slowing economy, a weak rupee, and tight credit conditions (even after a recent interest rate cut) are dampening sales, too.

PV retail sales in particular have remained sluggish. As a result, PV dealer inventory doubled to 50-60 days in February, from 30-35 days in January, according to the Federation of Automobile Dealers Association (FADA). Note that 30 days is seen as an acceptable inventory level.

Discounting in the PV sector also continued between January and March, as OEMs and dealers aimed to liquidate stock before the end of the financial year.

On a seasonally adjusted annualized rate (SAAR) basis, LV sales fell to 3.77 mn units in February, compared to 3.79 mn units in January and 3.95 mn units in December.

LV sales between January and February were flat at 665k units. PV sales decelerated by 3% YoY to 521k units, offsetting an 11% YoY rise, on sales of 134k units in the LCV segment.

The selling rate averaged 3.78 mn units in the first two months of this year.

In addition, preliminary data for March indicates the top PV makers sold about 248k units, down by 1% YoY.

Sales are, however, expected to improve in the second half of 2019, once political stability returns after the end of the general elections.

LV output in February dropped by 4% YoY to 387k units. PV production fell by a sharp 8% YoY to 316k units, as market leader Suzuki Group cut output by 11% YoY.

We also forecast weak PV volumes for the group in March, with an estimated 19% YoY decline to 127k units, as it implements another round of inventory correction to compensate for consistently weak retail demand since August 2018.

By the end of February, India's total LV output had slipped by 1% YoY to 807k units, divided between 662k PVs (-4% YoY) and 145k LCVs (+13% YoY).

For the market as a whole, we believe that PV production is unlikely to improve before mid-year, which will continue to weigh on overall LV volumes through to the first half of 2019.

The ongoing slowdown in the Indian market through the first half of 2019, as well as upcoming challenges, such as stricter safety and emissions regulations, were already factored into our forecast.

For this reason, we did not make any significant changes to our outlook.

As such, LV sales in 2019 are forecast to exceed 4 mn units for the first time in the market's history and reach 4.12 mn units (+3% YoY).



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India's long-term growth story is similarly unchanged. Our outlook for the market remains positive, with sales estimated to expand at a CAGR of 6% over the next seven years, to exceed 6.18 mn units by 2026.

The fast growth of the middle class, intensifying competition among automakers and the rising affordability of new vehicles should continue to help boost sales through to the end of the forecast horizon.

Market Top Lines						
	Feb	Growth	YTD	Growth	2019	Growth
<b>Sales</b>	<b>361,757</b>	<b>0%</b>	<b>731,080</b>	<b>0%</b>		
PV	256,752	-2%	521,160	-3%	3,329,074	4%
LCV	66,743	12%	133,774	11%	786,662	3%
M&H CV	38,262	-7%	76,146	-4%		
<b>Production</b>	<b>429,367</b>	<b>0%</b>	<b>891,582</b>	<b>-1%</b>		
PV	316,063	-8%	661,530	-4%	4,085,685	5%
LCV	71,156	15%	145,214	13%	823,378	3%
M&H CV	42,148	-5%	84,838	0%		

Best Selling Models						
	Feb	Growth	Share	YTD	Growth	Share
<b>PV</b>						
Maruti-Suzuki Alto	24,751	25%	9.6%	48,111	24%	9.2%
Maruti-Suzuki Swift	18,224	5%	7.1%	37,019	17%	7.1%
Maruti-Suzuki Dzire	15,915	-24%	6.2%	34,988	-20%	6.7%
<b>LCV</b>						
Tata Ace	14,266	12%	5.6%	27,715	3%	5.3%
Maruti-Suzuki Eeco	7,663	26%	3.0%	16,726	37%	3.2%
Mahindra Bolero Pickups	7,811	51%	3.0%	16,301	51%	3.1%

Top Brands (Sales)						
	#	Brand	Feb	Growth	YTD	Growth
Passenger Vehicle	1	Maruti-Suzuki	97,844	2%	198,347	4%
	2	Hyundai	43,110	-3%	88,913	-1%
	3	Suzuki	24,503	-14%	48,295	-20%
	4	Mahindra	23,260	15%	44,531	7%
	5	Tata	18,110	2%	35,936	-5%
	6	Honda	13,527	16%	31,788	20%
	7	Toyota	11,760	-1%	22,981	-5%
	8	Ford	6,669	-26%	14,369	-22%
	9	Renault	6,241	-15%	12,066	-15%
	10	Volkswagen	2,617	-19%	5,420	-18%
	11	Datsun	1,985	-47%	3,631	-48%
	12	Jeep	1,447	-30%	2,839	-34%
	13	Škoda	1,267	4%	2,499	0%
	14	Mercedes-Benz	1,245	-17%	2,478	-16%
	15	Nissan	774	-22%	2,274	16%
	16	BMW	785	2%	1,561	6%
	17	Audi	444	-17%	848	-25%
	18	Volvo	293	45%	579	41%
	19	Force	241	-47%	476	-40%
	20	Land Rover	180	-27%	385	-21%
Commercial Vehicle	1	Mahindra	21,794	21%	44,793	23%
	2	Tata	21,284	2%	41,519	-3%
	3	Maruti-Suzuki	16,753	22%	34,608	27%
	4	Ashok Leyland	4,340	7%	8,849	9%
	5	Force	1,696	-14%	2,440	-32%
	6	Isuzu	464	4%	723	-19%
	7	Eicher	324	-7%	646	3%
	8	Piaggio	88	-49%	196	-33%
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Top Manufacturers (Production)						
	#	Manufacturer	Feb	Growth	YTD	Growth
Passenger Vehicle	1	Maruti Suzuki India	111,068	-12%	245,264	-11%
	2	Hyundai Group	59,218	2%	105,728	-6%
	3	Mahindra	23,594	11%	51,403	14%
	4	Suzuki Group	19,583	-7%	47,620	105%
	5	Ford Group	22,598	-16%	45,567	-12%
	6	Honda Cars India	15,586	8%	33,147	21%
	7	Mitsubishi	15,612	-24%	31,375	-21%
	8	Tata Motors	12,759	-5%	26,447	-13%
	9	Toyota Kirloskar India	11,535	0%	24,527	0%
	10	Volkswagen Group	8,228	-7%	16,109	-3%
	11	Tata-Fiat	6,639	-23%	14,245	-20%
	12	General Motors Group	6,593	-6%	13,829	-4%
	13	Daimler Group	1,064	-19%	2,116	-18%
	14	Škoda Auto	730	-49%	1,760	-44%
	15	BMW Group	754	17%	1,481	20%
	16	Volvo Group India	139	53%	275	53%
	17	Force Motors	159	-33%	273	-45%
	18	Premier Auto	141	-19%	270	-24%
	19	Isuzu Motors Limited	63	-39%	94	-56%
	20	Hindustan Motors	0	-100%	0	-100%
Commercial Vehicle	1	Mahindra	25,597	32%	54,447	24%
	2	Maruti Suzuki India	18,307	20%	39,138	30%
	3	Tata Motors	20,003	-5%	38,693	-6%
	4	Ashok Leyland	4,901	29%	8,401	12%
	5	Force Motors	1,182	-33%	2,088	-40%
	6	Isuzu Motors Limited	762	78%	1,566	95%
	7	Eicher Motors	312	-9%	634	5%
	8	Piaggio	92	10%	247	17%

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