



AUTO WHOLESALES UPDATE

SEPTEMBER 2023

INSTITUTIONAL RESEARCH

Historic highs buoyed by festive demand

Passenger Vehicles

The monthly domestic PV wholesales registered a 2.4% YoY increase to reach a record high of 363,733 units compared to 355,353 units in September 2022. The previous peak in domestic PV sales was 360,897 units in August this year. The uptick is attributed to the onset of the festival season, improved chip availability which lead to higher production, and a significant demand for SUVs (sports utility vehicles). The strong numbers in September can also be attributed to the car manufacturers ensuring that their dealer network across India is well stocked with popular models to cater to the peak festive demand that begins with Navratri and ends with Diwali on 12 November 2023. The entry-level segment witnessed a weak response for yet another month, as most OEMs saw a de-growth in volumes. During the first half of FY24, the overall PV wholesale figure breached the 2 million mark, registering a 6.5% YoY increase, and looks well set to clock over 4 million units this fiscal.

- ⇒ Among listed OEMs, Maruti Suzuki's sales grew 2% YoY over a high base owing to its SUV and MPV portfolio of models, particularly the premium Nexa models. Its 8-strong SUV portfolio reported a growth of 82% YoY and now accounts for 39% (22% in September 2022) of its total PV sales. Maruti Suzuki currently leads the SUV segment in India, with the Grand Vitara and Brezza as front runners. Besides clocking its best monthly sales in September, the company also has seen a 5% rise in exports.
- ⇒ While the overall PV sales declined marginally for a second straight month for Tata Motors, the sales of electric vehicles recorded an impressive growth of 57% in the segment with its models such as Nexon EV, Tiago EV, and Tigor EV. The company remains optimistic about the demand for its forthcoming new launches (new CNG (twin-cylinder format) offerings in the form of the Tiago CNG, Tigor CNG, and Punch CNG). It has proactively reduced the supplies of previous models to increase production capabilities for newer models.
- ⇒ Mahindra and Mahindra, the SUV major, has notched the highest-ever monthly sales for the third month in a row and is also among the OEMs riding the surging wave of demand for UVs with its 8-strong SUV portfolio. Some of this demand can also be attributed to channel filling. The company has also ramped up production to complete the substantial pending order book for most of its models and has plans to increase its capacity to 49,000 units per month.

Two Wheelers

Two-wheeler sales have seen a mid-single digit annual volume growth due to favourable monsoon, increased disposable income, and other positive economic factors. The entry-level 2W demand has also begun to grow, with demand for bikes rising again owing to many new launches at attractive price points and better financing options. However, the long-term trend is still a shifting preference for >125cc vehicles. We expect to see the same growth momentum going forward due to the peak festival season. Exports have started to grow as conditions in key international markets improve and demand picks up, except for Eicher Motors whose newer models are yet to be received well by foreign markets.

- ⇒ Among the major players, Hero Motocorp's total sales, including exports, advanced 3.2% YoY on a revival in bike demand which grew 3% after a de-growth last month, and a revival in demand in international markets which rose 36% YoY. The growth can be attributed to the company's resilience in adapting to market dynamics and bringing new products in line with consumer preferences, thus allowing it to hold on to its strong market share.
- ⇒ Eicher Motors, the maker of the Royal Enfield motorcycle, registered a 4% YoY decline in its sales. However, the broad trend continued as vehicles >350cc performed better, with the segment registering a 4% YoY growth. The international business of the company declined by a substantial 49% due to a weak response to its newer models in foreign markets.
- ⇒ TVS Motors' overall sales rose 7%, with most segments showing a healthy growth except a slight de-growth in the volumes of iCube. The company has also revived its export business, which has grown 11% in the month.
- ⇒ Bajaj Auto's domestic 2W sales have picked up pace on a monthly basis in September but registered a decline annually due to high base. 3W & CV segments have shown robust growth of 60% in the domestic market. The export demand for the company's vehicles has also improved from the lows of the previous months.
- ⇒ The sales of electric two-wheelers saw a decline of 1.5% YoY this month owing to a few brands experiencing supply chain disruptions, component shortages, and the impact of the ongoing semiconductor crisis. While the overall sales figures have dipped marginally, certain players in the industry have defied the odds and broken their previous sales records. The sales for this month stood at a staggering 57,824 units compared to the previous month's figure of 56,961 units. This is a beacon of light for the industry, given that the trend is upward. TVS, Bajaj, Ampere, Hero, and Revolt emerged as frontrunners and clear winners during September, registering a significant spike in sales. Their success can be attributed to a combination of factors including strategic marketing, a strong age-old trust among the elderly population, and a strong dealer network.

Auto Wholesales Update (September 2023)

Commercial Vehicles

Commercial vehicle sales have registered a growth of 12% YoY this month as freight demand is expected to accelerate in the coming months despite high freight rates. The M&HCV segment has shown robust growth due to replacement demand, the need for cleaner vehicles, as well as growth in infra and other core sectors. The slowdown in the LCV segment has come to an end as volumes have seen healthy traction due to end-user industries experiencing strong capital inflow to improve logistics and last-mile connectivity. The bus segment has grown in high double digits as demand from STUs, educational institutes, and private fleet operators remains high. Exports have been mixed, with the bus segment performing well, but overall volumes remain muted. As we advance, we expect CV volumes to show healthy growth fuelled by the continuing infrastructure push by the government and sustained growth in the e-commerce sector. The rural demand and adequate rains will be key drivers for the segment going ahead.

- ⇒ Among individual manufacturers, Mahindra and Mahindra's wholesales have grown 16% owing to the rise in freight requirements. Their LCV >3.5T and MHCV segment grew a robust 42%, and other lighter CVs grew in low double digits. Mahindra's Electric 3W CVs have also shown strong growth as last-mile connectivity needs remain high.
- ⇒ Tata Motors' overall CV sales grew 12% YoY. Its MHCV segment growth was 45% owing to government infrastructure push and growth in core sectors. Their buses have also shown a healthy growth of 46% due to orders from STUs and the CESL Grand Challenge. The rural demand for SCV and pickup segment is still under pressure due to an underwhelming monsoon.
- ⇒ Ashok Leyland also showed robust growth of 79% in its bus segment on multiple orders from STUs and high demand for its electric buses arm (Switch Mobility). MHCV and LCV segments both grew in low single digits on higher demand.
- ⇒ VECV has reported a 12% YoY growth in sales and reported healthy demand across all segments. Their bus segment grew a robust 48% owing to replacement demand and return-to-office initiatives.

Tractors

Tractor wholesales have shown a double-digit annual decline as delayed and uneven monsoon impacted sentiment. However, we expect the demand to pick up in the coming months as better rains in September augur well for a healthy Rabi sowing season (mid-November), raising demand for tractors. The favourable terms of trade for farmers, stable crop prices, and easing of input costs are likely to be the key drivers of demand for tractors going forward.

- ⇒ Among the listed OEMs, Mahindra & Mahindra has reported a decline of 11% in their domestic volumes, with exports falling even further due to inflation-ridden markets. Escorts Kubota also posted a 11% YoY drop in domestic sales, with exports also underperforming.

Overall Wholesales						
Company Name	Sep-23	Sep-22	YoY	Aug-23	MoM	Comments
Maruti Suzuki	1,81,343	1,76,306	2.9%	1,89,082	-4.1%	Mini/Entry segment volumes slumped 65%
Tata Motors	84,381	82,754	2.0%	78,010	8.2%	Robust EV sales grew by 57%
Mahindra and Mahindra	75,604	64,486	17.2%	70,350	7.5%	
Eicher Motors*	85,778	88,728	-3.3%	84,059	2.0%	
Bajaj Auto	3,92,558	3,94,747	-0.6%	3,41,648	14.9%	Strong domestic 3W & CV sales grew 60%
TVS Motors	4,02,553	3,79,011	6.2%	3,45,848	16.4%	iCube sales at 20k, down 13% MoM
Hero Motocorp	5,36,499	5,19,980	3.2%	4,88,717	9.8%	Price hike of 1% overall from October 3
Ashok Leyland	19,202	17,549	9.4%	15,576	23.3%	Bus segment grew 79%
Escorts Kubota	10,861	12,232	-11.2%	5,593	94.2%	
Atul Auto	2,262	2,254	0.4%	2,610	-13.3%	

*includes VECV sales

Source : BSE, Company Websites



Auto Wholesales Update (September 2023)

Domestic Wholesales

PVs

Company	Sep-23	Sep-22	YoY	Aug-23	MoM	Comments
Maruti Suzuki	1,50,812	1,48,380	1.6%	1,56,114	-3.4%	Mini/Entry segment volumes slumped 65%
Tata Motors	44,809	47,654	-6.0%	45,933	-2.4%	Entry level segment slumped 11% YoY
Mahindra & Mahindra	41,267	34,508	19.6%	37,270	10.7%	Highest-ever monthly sales for a third straight month

2Ws

Company	Sep-23	Sep-22	YoY	Aug-23	MoM	Comments
Bajaj Auto	2,02,510	2,22,912	-9.2%	1,60,820	25.9%	
TVS	3,00,493	2,83,878	5.9%	2,56,619	17.1%	Revival in bike demand (+10%)
Hero Motocorp	5,19,789	5,07,690	2.4%	4,72,947	9.9%	6.4% growth in scooter sales, 3% in bikes
Eicher Motors	74,261	73,646	0.8%	69,393	7.0%	

CVs

Company	Sep-23	Sep-22	YoY	Aug-23	MoM	Comments
Mahindra & Mahindra	23,997	21,666	10.8%	23,613	1.6%	Healthy growth across all segments
Ashok Leyland	18,193	16,499	10.3%	14,545	25.1%	Robust 119% YoY growth in bus segment
VECV	6,715	5,992	12.1%	5,907	13.7%	Healthy growth across all segments
Tata Motors	37,214	32,979	12.8%	30,748	21.0%	45% YoY growth in MHCV segment

Tractors

Company	Sep-23	Sep-22	YoY	Aug-23	MoM	Comments
Mahindra & Mahindra	42,034	47,100	-10.8%	20,647	103.6%	Positive outlook on expectation of strong rabi sowing
Escorts Kubota	10,114	11,384	-11.2%	5,198	94.6%	

Export Wholesales

PVs

Company	Sep-23	Sep-22	YoY	Aug-23	MoM	Comments
Maruti Suzuki	22,511	21,403	5.2%	24,614	-8.5%	
Tata Motors	508	210	141.9%	420	21.0%	
Mahindra & Mahindra	1,426	1,637	-12.9%	1,529	-6.7%	

2Ws

Company	Sep-23	Sep-22	YoY	Aug-23	MoM	Comments
Bajaj Auto	1,25,202	1,25,443	-0.2%	1,24,211	0.8%	
TVS	86,462	77,851	11.1%	75,491	14.5%	Retails and dispatch improved in IB markets
Hero Motocorp	16,710	12,290	36.0%	15,770	6.0%	Continued growth in exports demand
Eicher Motors	4,319	8,451	-48.9%	8,190	-47.3%	Poor reception of new models in foreign markets

CVs

Company	Sep-23	Sep-22	YoY	Aug-23	MoM	Comments
Mahindra & Mahindra	993	901	10.2%	894	11.1%	
Ashok Leyland	1,009	1,050	-3.9%	1,031	-2.1%	
VECV	250	506	-50.6%	332	-24.7%	
Tata Motors	1,850	1,911	-3.2%	1,329	39.2%	

Tractors

Company	Sep-23	Sep-22	YoY	Aug-23	MoM	Comments
Mahindra & Mahindra	1,176	1,613	-27.1%	1,029	14.3%	Key markets remain inflation ridden
Escorts Kubota	747	848	-11.9%	395	89.1%	

Source : BSE, Company Websites



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