



# AUTO WHOLESALERS UPDATE NOVEMBER 2023

INSTITUTIONAL RESEARCH

## Robust revival in 2W ; PV growth flat on weak small car segment

Automobile wholesales in November were a mixed bag - the passenger vehicle segment grew in the low single digit, except for Tata Motors which posted a marginal decline in sales. The two-wheeler segment made a comeback in a big way. As expected, the second half of the festive season augured well for the 2W and SUV space which registered double-digit growth. The demand has improved in almost all regions which is expected to continue specifically in the northern belt, as it is further supported by the wedding season. However, we expect price hikes related to regulatory changes and rising commodity prices to be the key monitorable for the industry in the short-term.

## Passenger Vehicles

The dispatches from PV OEMs in November displayed flattish growth despite the festive period owing to sustained weakness in the entry-level portfolio. However, at 335,354 units, the industry witnessed its highest-ever November volume, gaining 3.95% YoY over 322,600 units clocked during November 2022, which was a record back then. The magnificent performance of the industry in 2023 can be gauged from the fact that the highest-ever volume for that particular month has been achieved in all months of the year. The utility portfolios of all OEMs showed healthy growth driven by the solidifying premiumization trend. The OEMs had offered 25-30% higher discounts for lower-end models but uneven monsoons deteriorated semi-urban and rural markets even further. We expect discounts to increase in December but will be more towards entry-level models and not on the premium ones. The EV car demand was stagnant, with Tata Motors' EV portfolio growing by 7% YoY. PV exports saw a revival as foreign markets started looking up due to inflation around the globe cooling further. Going forward, we expect the small car portfolio to see a revival following the onset of the wedding season in December and anticipate some pre-buying from dealers due to the scheduled price hikes post-January. Key drivers: i) Repo rate hikes have led to some increase in the cost of ownership ii) Multiple product launches done by OEMs, especially in the UV segment iii) Evolving regulatory standards may mandate an increase in vehicle prices, even as they may support replacement demand iv) Semiconductor supplies have stabilized, aiding improved inventory holding.

### Maruti Suzuki

Maruti's domestic PV volume rose 1.33% YoY to 134,158 units in November. During the month, the company had seven models - Swift, WagonR, Baleno, Brezza, Dzire, Ertiga, and Eeco - among the 10 best-selling cars in India. The better availability of semiconductors leading to higher production coupled with the festive season in the first fortnight of November resulted in these numbers. However, growth was still subdued due to weak demand in small cars. Maruti's market share in November 2023 stood at 69.2% in the hatchback segment, 53% in the sedan segment, 55% in the multi-purpose vehicle (MPV) segment, 95% in the van segment and 20.2% in the SUV segment. Cumulatively, the carmaker had a share of 65% in the non-SUV segment.

Along with several other OEMs, Maruti has announced an increase in prices from January 2024 to pass on the hike in steel prices. Steel prices have been hardening in the past three months, with HRC steel rising ~55% from USD 707 per tonne to USD 1,096 per tonne.

### Mahindra & Mahindra

Mahindra continued to see robust demand for its SUV portfolio, registering a 32% YoY growth to 39,981 units. The waiting period for key SUVs - XUV 700 and Scorpio N reduced by 3-5 weeks. The company has seen more response to its utility vehicle lineup as compared to its cars and vans.

### Tata Motors

Tata Motors reported lackluster sales of PVs in November. In the domestic market, sales were marginally higher at 46,068 units last month as compared to 46,037 units in November 2022. The company's EV lineup which includes the likes of Nexon EV, Tiago EV, and Tigor EV, has seen improved demand by 7% YoY. Last month, the Harrier.ev was also on test as it gears up to take on the mid-size electric SUV segment.

## Two Wheelers

Indian two-wheeler makers overshadowed their four-wheeler counterparts in November, driven by a festive season-led pick-up in rural demand which supported sales growth in the entry-level segment (<110 cc). Dealers reported a significant increase in footfalls and bookings, aided by attractive discounts and offers. However, the sustenance of demand exhibited during the festive season remains to be seen. The numbers in the current month are not 100% comparable to November 2022 as they include half of the festive season sales which was not the case last year. Hence, we expect growth moderating to high-single digits in the coming months despite the upcoming wedding season and other small festivals. Key drivers: i) Improving 2W financing penetration aiding retail even as interest rates are at high levels ii) Semiconductor chip shortage has eased iii) <125cc performance indicates improvement in rural demand. However, weak exports and impact of uneven monsoon precipitation on farm cash flows still remain key monitorable going forward.

# Auto Wholesales Update (November 2023)

## TVS Motors

Domestic 2W sales of the company displayed healthy growth of 33.6% YoY to 3,52,103 units. It was, however, a MoM degrowth when compared to 4,20,614 units sold in October 2023 which had marked the company's highest ever monthly sales. Festive sales were robust, majorly supported by Jupiter and Raider models, offset by supply constraints in some models. A lot of customers downgraded from Apache 160cc to Raider 125cc due to the higher price of Apache and good features of Raider. Exports fell 9.5% YoY to 65,086 units as key markets continued to struggle. Going forward, the outlook looks healthy due to further improvement in supplies for Raider. The demand for iQube remained healthy with 16.7k units dispatched in November. The company is expected to start dispatching iQube/X models as well.

## Hero Motocorp

Hero Motocorp's total sales, including exports, advanced 26.5% YoY on the back of the recent product launches in the premium segment and ongoing festive season. Demand for bikes surged 26% YoY after a couple of months of subdued growth. Demand growth in international markets was also healthy at 29% 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

Royal Enfield recorded robust 13% YoY growth in its November sales amid robust domestic performance. Exports also registered a slight improvement of 2.2% YoY to 5,114 units but the monthly growth of 47% indicates a strong demand revival in key markets on easing of inflation. In November, the company introduced its much-awaited facelift of Himalayan 411, which comes at a starting ex-showroom introductory price of Rs 2,69,000.

## Bajaj Auto

The company saw tremendous growth in domestic demand driven by its focus on enhancing its premium segment with the Triumph 400 and offers on the popular Pulsar 150cc and N150cc models. The overall market share increased by 1% in November. Sequentially, growth is seen in exports but Nigeria and Bangladesh which are key markets for Bajaj are still under pressure. Bajaj aims to reach exports of 1.5 lakh per month. The electric 3W and ICE 3W portfolios received strong demand. The >125cc or top half of portfolio grew at ~27% and industry growth was ~9%. The >125cc market share increased 5% (2/3 of the overall 2W sales).

## Commercial Vehicles

Considering that the commercial vehicle market delivered consistent growth across the fiscal year, there are indications of a slowdown. With 66,507 units sold overall in November, wholesale sales were up 2% YoY but down 18% from the prior month despite a delayed festive season. FY23 saw a significant growth of 34% in unit terms and around 48% in terms of tonnage carrying capacity. We anticipate that in FY24, the industry will moderate. Furthermore, the sensitive supply-demand equilibrium in the CV business benefits from such a correction. It is important to remember that the passenger segment driven by higher demand for interstate public buses has been the source of most of the growth. The goods/carry segment has been flat annually. Going forward, we expect the demand growth to look flattish mostly due to a high base effect. Key drivers: i) Improvement in economic activity to support demand ii) Projects in the transportation sector are gaining momentum thanks to the government's strong support iii) Freight availability remains healthy supported by the growth in industries such as mining, coal, and infra, coupled with the last mile segment. iv) Rules like the scrappage policy and the quest for greener cars are driving up the demand for replacements.

## Mahindra & Mahindra

In October, M&M clocked its highest-ever CV volumes at 25,715 vehicles, a growth of 22.6% YoY on replacement demand and a rise in freight requirements. Within categories such as LCV <2T and LCV 2T-3.5T, it posted a growth of 5% YoY and 29% YoY, respectively. Additionally, 3-wheelers, including electric variants, showed substantial growth to 9,402 units in October, marking an impressive 85% increase.

## Tata Motors

With 26,579 CVs dispatched, Tata Motors saw a 3% YoY decline, putting them in the red. The HCV truck and passenger carrier segments witnessed flat growth, while passenger carrier sales shot up 4% YoY. However, the company's better selling segment, the SCV cargo and pickup, saw a 9% YoY decline in sales which negatively impacted the overall results.

## Ashok Leyland

Ashok Leyland saw its domestic sales drop 5% YoY to 22,211 units last month due to its M&HCV Trucks wholesales declining 13% YoY. However, the total number of LCVs sold in domestic and overseas markets grew 9% to 5,553 units owing to fleet replacement demand.

## VECV

Domestic sales of VECV, that recently launched the new Non-Stop series of HD Trucks, rose 4.5% YoY to 4,686 units in November, while exports were at 303, up 58.4% YoY.

# Auto Wholesales Update (November 2023)

## Tractors

As anticipated, tractor sales picked up in November and posted a single-digit growth YoY owing to the high demand pull during the latter half of the festive season. The growth was supported by strong Kharif harvests and favourable terms of trade for farmers. Going forward, rural spending by the government and progress in Rabi sowing are key monitorables.

### Mahindra & Mahindra

Mahindra sold 31,069 units in November 2023 as against 29,180 units in November 2022 in the domestic market, reflecting a 6.5% rise while exports remained under pressure and dipped further by 25%.

### Escorts Kubota

Escorts reported a 6.7% increase in its domestic volumes to 7,855 units owing to overall positive festive demand barring a few states where demand was marginally impacted due to scanty and/or unseasonal rainfall. Exports suffered a decline of 33% YoY to 403 units in November 2023.

Overall Wholesales						
Company Name	Nov-23	Nov-22	YoY	Oct-23	MoM	Comments
Maruti Suzuki	1,99,217	1,67,520	18.9%	1,81,343	9.9%	Mini/entry (-41.6% YoY), Compact (+9.5% YoY)
Tata Motors	82,954	78,335	5.9%	84,381	-1.7%	EV sales (+28% YoY)
Mahindra and Mahindra	80,679	61,114	32.0%	75,604	6.7%	Fourth consecutive month of highest sales ever
Eicher Motors*	91,921	88,273	4.1%	85,778	7.2%	
Bajaj Auto	4,71,188	3,95,238	19.2%	3,92,558	20.0%	>125cc is growing 2-2.5x of the <125cc segment
TVS Motors	4,34,714	3,60,288	20.7%	4,02,553	8.0%	EV market share increased from 19% to 22% in 2 months
Hero Motocorp	5,74,930	4,54,582	26.5%	5,36,499	7.2%	New launches in ICE and EV segments
Ashok Leyland	16,864	14,863	13.5%	19,202	-12.2%	Tamil Nadu STU order for 1,666 buses
Escorts Kubota	13,205	14,492	-8.9%	10,861	21.6%	
Atul Auto	3,060	2,352	30.1%	2,262	35.3%	MoM growth 35.3%

\*includes VECV sales

Source : BSE, Company Websites



# Auto Wholesales Update (November 2023)

## Domestic Wholesales

### PVs

Company	Nov-23	Nov-22	YoY	Oct-23	MoM	Comments
Maruti Suzuki	1,34,158	1,32,395	1.3%	1,68,047	-20.2%	65% market in non-SUV segment
Tata Motors	46,068	46,037	0.1%	48,337	-4.7%	New CNG Nexon and Altroz kept sales afloat
Mahindra & Mahindra	39,981	30,392	31.6%	43,708	-8.5%	

### 2Ws

Company	Nov-23	Nov-22	YoY	Oct-23	MoM	Comments
Bajaj Auto	2,18,597	1,23,657	76.8%	2,78,486	-21.5%	>125cc or top half grew at ~27% and industry growth was ~9%
TVS	2,87,017	1,91,730	49.7%	3,44,957	-16.8%	
Hero Motocorp	4,76,286	3,79,839	25.4%	5,59,766	-14.9%	
Eicher Motors	75,137	65,760	14.3%	80,958	-7.2%	

### CVs

Company	Nov-23	Nov-22	YoY	Oct-23	MoM	Comments
Mahindra & Mahindra	28,779	24,789	16.1%	25,715	11.9%	Robust growth in LCV> 2T segment of 54% YoY
Ashok Leyland	13,031	13,654	-4.6%	15,759	-17.3%	
VECV	4,686	4,483	4.5%	7,077	-33.8%	Strong LCV growth on fleet replacement demand
Tata Motors	26,579	27,430	-3.1%	32,488	-18.2%	

### Tractors

Company (Domestic)	Nov-23	Nov-22	YoY	Oct-23	MoM	Comments
Mahindra & Mahindra	31,069	29,180	6.5%	49,336	-37.0%	Expected to hike prices in Dec'23 by Rs.11-12k/ vehicle
Escorts Kubota	7,855	7,359	6.7%	12,642	-37.9%	

## Export Wholesales

### PVs

Company	Nov-23	Nov-22	YoY	Oct-23	MoM	Comments
Maruti Suzuki	22,950	19,738	16.3%	21,951	4.6%	
Tata Motors	75	388	-80.7%	300	-75.0%	
Mahindra & Mahindra	783	1,346	-41.8%	556	40.8%	

### 2Ws

Company	Nov-23	Nov-22	YoY	Oct-23	MoM	Comments
Bajaj Auto	1,30,451	1,38,630	-5.9%	1,29,658	0.6%	Aim is to reach 1.5 lakh export per month
TVS	65,086	71,912	-9.5%	75,653	-14.0%	
Hero Motocorp	14,764	15,164	-2.6%	15,164	-2.6%	
Eicher Motors	5,114	5,006	2.2%	3,477	47.1%	Revival in key markets on easing inflation

### CVs

Company	Nov-23	Nov-22	YoY	Oct-23	MoM	Comments
Mahindra & Mahindra	1,033	1,776	-41.8%	1,298	-20.4%	Healthy growth in E3W of 26% YoY
Ashok Leyland	1,022	907	12.7%	1,105	-7.5%	
VECV	303	237	27.8%	201	50.7%	
Tata Motors	1,450	1,623	-10.7%	1,829	-20.7%	

### Tractors

Company (Exports)	Nov-23	Nov-22	YoY	Oct-23	MoM	Comments
Mahindra & Mahindra	1,005	1,348	-25.4%	1,124	-10.6%	
Escorts Kubota	403	601	-32.9%	563	-28.4%	

Source : BSE, Company Websites



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