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AUTO WHOLESALES UPDATE

FEBRUARY 2024

INSTITUTIONAL RESEARCH

PVs and 2Ws shine, while CVs and Tractors underperform

In February 2024, the automotive sector exhibited a nuanced performance across segments. Passenger vehicle (PV) and two-wheeler (2W) categories sustained positive growth trajectories, while commercial vehicle (CV) and tractor segments faced challenges. PV segment volumes experienced a notable improvement, registering a 17% YoY increase, predominantly driven by robust demand in SUVs (up 39% YoY) which is evident from their robust order backlogs, attractive new launches, and a rise in discounts. PV EVs also marked healthy growth compared to last year albeit on a lower base. Meanwhile, domestic 2W wholesale volumes witnessed a significant growth of over 20% YoY, attributable to a recovery in the rural segment, surpassing initial projections. However, the CV segment volumes remained stagnant YoY, with medium and heavy commercial vehicles (MHCVs) declining 6% YoY, while light commercial vehicles (LCVs) observing a modest increase of 5% YoY, indicating pockets of recovery in dealer stock and a much-anticipated liquidation of 2023-manufactured models. Tractor volumes, on the other hand, declined steeply by 16% YoY due to subdued sentiment in the agriculture sector. Overall, February 2024 dispatches exceeded expectations across all segments except tractors, with 2W volumes notably surpassing estimates by approximately 10%, primarily driven by higher-than-anticipated export volumes. Notably, manufacturers such as MSIL, TVS, and HMCL recorded their highest-ever export volumes during this period. However, it is important to note that the surge in exports may be attributed to an aggressive channel filling by original equipment manufacturers (OEMs) in response to the prolonged Red Sea crisis, leading to a one-off increase in volume. Looking ahead, the recovery in the domestic 2W segment is expected to persist, supported by robust demand and new premiumization-focused launches. Furthermore, the CV demand is anticipated to pick up post-elections, with continued government emphasis on infrastructure-related activities, while tractor demand is likely to remain challenging in the near term.

Passenger Vehicles

The domestic PV industry showcased robust performance, with wholesale volumes increasing 17% YoY, driven by sustained demand trends (SUVs) and channel-filling activities. Retail sales also demonstrated healthy growth in the high single digits during the month. Maruti Suzuki India Limited (MSIL) recorded a 9% YoY rise in domestic volumes, propelled by strong growth in the SUV segment, although offset partially by decline in the hatchback and sedan segments. Despite a slight decline in market share, Maruti Suzuki maintained a significant presence, with its wholesale market share standing at approximately 42.8%, reflecting a decrease of 120 bps YoY. Tata Motors reported a notable 19% YoY improvement in volumes, while Mahindra & Mahindra (M&M) witnessed a substantial 40% YoY growth in February 2024. Hyundai Motors and Toyota also reported growth figures of 7% and 52% YoY, respectively. M&M and Tata, both saw decent volumes, driven by their new launches doing well. M&M's volumes were mainly driven by its robust order book, while Tata Motors' volumes grew on the back of its new launches led by Nexon and Punch EV. Tata's EV volume showed strong growth as Punch EV has been received well. Notably, Maruti Suzuki's exports reached a record high of approximately 29,000 units, indicating robust international demand.

Two Wheelers

The domestic Two Wheeler (2W) wholesale segment demonstrated a strong performance, surpassing expectations with growth exceeding 20% YoY. This growth was led by price cuts in EV 2Ws, strong wedding season demand, consistently recovering semi-urban/rural growth in the domestic market, a favourable base, and a notable improvement in exports demand. Hero MotoCorp Limited (HMCL) reported a 19% YoY increase in volumes, while TVS Motors led the growth with a remarkable 33% YoY uptick, primarily attributed to robust 98% expansion in the export segment. Royal Enfield saw a 6% YoY improvement in volumes, driven by a 5% YoY increase in domestic volumes and a substantial 13% increase in export volumes. Bajaj Auto reported a significant 25% YoY increase in volumes led by robust demand for their newer models and an increased stocking in the western region ahead of the Gudi Padwa festival. Overall, 2W volumes surpassed estimates by 10%, mainly propelled by stronger-than-expected exports across companies. TVS emerged as the frontrunner, driven by aggressive channel filling in the international market, possibly in anticipation of geopolitical disruptions such as the worsening Red Sea crisis. Hero MotoCorp's volumes exceeded expectations, driven by a recovery in entry-level demand and strong export growth, supported by the launch of two new models. Bajaj Auto and Royal Enfield also outperformed estimates, with improved overseas performance and signs of export improvement, respectively, while maintaining stable domestic volumes. Continued robust demand is anticipated, driven by factors such as the marriage season and replacement demand primarily from the 125cc segment. Notably, TVS witnessed a substantial 12% increase in IQube sales from the previous year.

Commercial Vehicles

The Commercial Vehicle (CV) segment witnessed an overall flattish volume on a YoY basis, with mixed performance across sub-segments. The Medium and Heavy Commercial Vehicle (MHCV) segment experienced a higher impact, characterized by a slowdown preceding the general elections and delayed demand attributed to elevated interest rates. Conversely, Light Commercial Vehicle (LCV) volumes showed signs of gradual recovery, reflecting a slight improvement in CV retail on a sequential basis. Despite anticipated headwinds, CV volumes exceeded estimates, primarily driven by better-than-expected LCV sales. Tata Motors outperformed its peers, leveraging higher discounts compared to Ashok Leyland in key markets. The MHCV bus segment continued to demonstrate resilience, buoyed by increasing demand for public mobility and replacement needs.

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Auto Wholesales Update (February 2024)

Underlying demand drivers for MHCV, including infrastructure spending and healthy fleet operators' profitability, remain intact and are expected to sustain demand in FY25, notwithstanding a short-term demand hiccup due to the general elections. Tata Motors reported a 4% YoY decline in domestic CV volumes, led by a 21% YoY downturn in the MHCV trucks segment and a 4% YoY decline in the SCV cargo segment, partially offset by a substantial 29% YoY increase in the bus segment and a 14% YoY uptick in ILMCV segment. Ashok Leyland witnessed a 6% YoY decline in volumes, while VECV reported a modest 2.5% YoY improvement.

Tractors

In February 2024, the domestic tractor industry faced a notable high-teen decline YoY, primarily attributed to the tapering of agriculture activities, particularly in southern and western markets. Weakness in kharif output and lower rabi sowing contributed to the subdued performance. However, optimism arises from improved rabi sowing and a forecast of normal monsoon conditions for the upcoming year, which are expected to bolster demand recovery in the ensuing months. Mahindra & Mahindra (M&M) and Escorts Kubota, key players in the sector, experienced significant declines in total tractor volumes, with M&M witnessing a 16% YoY downturn and Escorts reporting a 17% YoY decrease. The overall muted tractor volumes on a YoY basis were largely influenced by seasonality effects and a higher base. Despite this, OEMs anticipate positive signs of demand growth aided by favourable government incentives.

Overall Wholesales

Company Name	Feb-24	Feb-23	YoY	Jan-24	MoM	Comments
Maruti Suzuki	1,97,471	1,72,321	**14.6%**	1,99,364	**-0.9%**	Entry level segment recovery prolonged
Tata Motors	86,406	79,705	**8.4%**	86,125	**0.3%**	HCVs outperformed industry, driven by increasing discounting and improved supply.
Mahindra and Mahindra	72,923	58,801	**24.0%**	73,944	**-1.4%**	Strong UV Orderbook, resulting in strong volumes
Eicher Motors*	85,154	80,539	**5.7%**	83,253	**2.3%**	
Bajaj Auto	3,46,662	2,80,226	**23.7%**	3,56,010	**-2.6%**	3W business continues to do well
TVS Motors	3,68,424	2,76,150	**33.4%**	3,39,513	**8.5%**	iQube EV sales stood at ~18k units.
Hero Motocorp	4,68,410	3,94,460	**18.7%**	4,33,598	**8.0%**	Growth led by channel filling of new CY24 models
Ashok Leyland	17,464	18,571	**-6.0%**	15,939	**9.6%**	
Escorts Kubota	7,361	8,377	**-12.1%**	6,553	**12.3%**	
Atul Auto	2,300	2,125	**8.2%**	2,313	**-0.6%**	

*includes VECV sales

Source : BSE, Company Websites

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Auto Wholesales Update (February 2024)

Domestic Wholesales

PVs

Company	Feb-24	Feb-23	YoY	Jan-24	MoM	Comments
Maruti Suzuki	1,60,271	1,47,467	8.7%	1,66,802	-3.9%	
Tata Motors	51,267	42,862	19.6%	53,633	-4.4%	The company is seeing its multi-powertrain strategy working well for Tiago and Altroz.
Mahindra & Mahindra	42,401	30,358	39.7%	43,068	-1.5%	

2Ws

Company	Feb-24	Feb-23	YoY	Jan-24	MoM	Comments
Bajaj Auto	1,70,527	1,20,335	41.7%	1,93,350	-11.8%	
TVS	2,67,502	2,21,402	20.8%	2,68,233	-0.3%	
Hero Motocorp	4,45,257	3,82,317	16.5%	4,20,934	5.8%	
Eicher Motors	67,922	64,436	5.4%	70,556	-3.7%	

CVs

Company	Feb-24	Feb-23	YoY	Jan-24	MoM	Comments
Mahindra & Mahindra	28,983	26,193	10.7%	29,130	-0.5%	
Ashok Leyland	16,451	17,568	-6.4%	14,899	10.4%	
VECV	9,219	8,995	2.5%	7,066	30.5%	
Tata Motors	33,567	35,144	-4.5%	30,643	9.5%	

Tractors

Company	Feb-24	Feb-23	YoY	Jan-24	MoM	Comments
Mahindra & Mahindra	20,121	24,619	-18.3%	22,972	-12.4%	Better Rabi sowing expected next year on better monsoon
Escorts Kubota	6,921	7,811	-11.4%	6,185	11.9%	

Export Wholesales

PVs

Company	Feb-24	Feb-23	YoY	Jan-24	MoM	Comments
Maruti Suzuki	28,927	17,201	68.2%	23,921	20.9%	
Tata Motors	54	278	-80.6%	400	-86.5%	
Mahindra & Mahindra	540	900	-40.0%	798	-32.3%	

2Ws

Company	Feb-24	Feb-23	YoY	Jan-24	MoM	Comments
Bajaj Auto	1,24,157	1,15,021	7.9%	1,14,898	8.1%	
TVS	90,308	45,624	97.9%	61,704	46.4%	
Hero MotoCorp	23,153	12,143	90.7%	12,664	82.8%	
Eicher Motors	8,013	7,108	12.7%	5,631	42.3%	

CVs

Company	Feb-24	Feb-23	YoY	Jan-24	MoM	Comments
Mahindra & Mahindra	999	1,350	-26.0%	948	5.4%	
Ashok Leyland	1,013	1,003	1.0%	1,040	-2.6%	
VECV	316	301	5.0%	355	-11.0%	
Tata Motors	1,518	1,421	6.8%	1,449	4.8%	

Tractors

Company (Exports)	Feb-24	Feb-23	YoY	Jan-24	MoM	Comments
Mahindra & Mahindra	1,551	1,172	32.3%	976	58.9%	
Escorts Kubota	440	566	-22.3%	368	19.6%	

Source : BSE, Company Websites

Auto Wholesales Update (February 2024)

Segment-wise Sales

Company Sales	Feb-24	Feb-23	YoY (%)	Jan-24	MoM (%)	YTD FY24	YTD FY23	YoY (%)
Maruti Suzuki	1,97,371	1,72,321	**14.5%**	1,99,364	**-1.0%**	19,48,027	17,96,093	**8.5%**
Mini	14,782	21,875	-32.4%	15,849	-6.7%	1,30,265	2,21,329	-41.1%
Compact	71,627	79,898	-10.4%	76,533	-6.4%	7,58,172	7,91,197	-4.2%
Utility	61,234	33,550	82.5%	62,038	-1.3%	5,83,859	3,29,075	77.4%
PV Domestic	1,60,271	1,47,467	8.7%	1,66,082	-3.5%	16,06,443	14,74,107	9.0%
Overall Domestic	1,68,544	1,55,114	8.7%	1,75,443	-3.9%	16,90,952	15,66,879	7.9%
Exports	28,927	17,207	68.1%	23,921	20.9%	2,57,175	2,29,214	12.2%

Company Sales	Feb-24	Feb-23	YoY (%)	Jan-24	MoM (%)	YTD FY24	YTD FY23	YoY (%)
Tata Motors	**86,406**	**79,705**	**8.4%**	**86,125**	**0.3%**	**8,74,782**	**8,61,590**	**1.5%**
Overall Domestic	84,834	78,006	8.8%	84,276	0.7%	8,58,093	8,42,606	1.8%
HCV	10,091	12,850	-21.5%	8,906	13.3%	1,03,791	98,264	5.6%
ILMCV	5,083	4,444	14.4%	4,743	7.2%	52,041	56,277	-7.5%
Bus	4,692	3,632	29.2%	3,872	21.2%	37,635	30,654	22.8%
SCV & Pickup	13,701	14,218	-3.6%	13,122	4.4%	1,43,881	1,62,815	-11.6%
CV Domestic	33,567	35,144	-4.5%	30,643	9.5%	3,37,348	3,48,010	-3.1%
CV Exports	1,518	1,421	6.8%	1,449	4.8%	16,235	18,706	-13.2%
PV Domestic	51,267	42,862	19.6%	53,633	-4.4%	5,21,265	4,94,596	5.4%
EV (Dom + Exp)	6,923	5,318	30.2%	6,979	-0.8%	67,095	43,534	54.1%

Company Sales	Feb-24	Feb-23	YoY (%)	Jan-24	MoM (%)	YTD FY24	YTD FY23	YoY (%)
Mahindra & Mahindra	**72,923**	**58,801**	**24.0%**	**60,188**	**21.2%**	**11,08,888**	**10,04,896**	**10.3%**
Cars/PVs	42,401	30,358	39.7%	35,174	20.5%	4,19,246	3,23,256	29.7%
LCV< 2T	4,146	2,515	64.9%	2,849	45.5%	40,081	37,034	8.2%
LCV 2T-3.5T	15,779	17,241	-8.5%	12,668	24.6%	1,85,924	1,80,693	2.9%
LCV> 3.5T +MHCV	2,900	1,087	166.8%	2,371	22.3%	15,875	8,567	85.3%
3W	6,158	5,350	15.1%	5,307	16.0%	72,310	52,823	36.9%
Domestic CV	28,983	26,193	10.7%	23,195	25.0%	3,14,190	2,79,117	12.6%
Exports PV	540	900	-40.0%	1,178	-54.2%	9,531	12,361	-22.9%
Exports CV	999	1,350	-26.0%	641	55.9%	13,559	17,631	-23.1%
Tractors (Domestic)	20,121	24,619	-18.3%	22,972	-12.4%	3,40,250	3,55,909	-4.4%
Tractors (Exports)	1,551	1,172	32.3%	976	58.9%	12,112	16,622	-27.1%

Company Sales	Feb-24	Feb-23	YoY (%)	Jan-24	MoM (%)	YTD FY24	YTD FY23	YoY (%)
Eicher Motors								
Royal Enfield	**75,935**	**71,544**	**6.1%**	**76,187**	**-0.3%**	**8,37,181**	**7,62,660**	**9.8%**
VECV	**9,219**	**8,995**	**2.5%**	**8,706**	**5.9%**	**79,848**	**79,946**	**-0.1%**
LMD	3,274	3,212	1.9%	3,211	2.0%	32,253	33,313	-3.2%
HD	1,861	1,881	-1.1%	1,652	12.7%	16,705	16,022	4.3%
Buses	1,795	1,706	5.2%	1,640	9.5%	12,954	12,229	5.9%
Domestic	1,795	1,706	5.2%	1,640	9.5%	12,954	12,229	5.9%
Exports	316	301	5.0%	355	-11.0%	2,944	4,519	-34.9%

Company Sales	Feb-24	Feb-23	YoY (%)	Jan-24	MoM (%)	YTD FY24	YTD FY23	YoY (%)
Escorts Kubota	**6,921**	**7,811**	**-11.4%**	**6,185**	**11.9%**	**82,625**	**85,665**	**-3.5%**
Exports	440	566	-22.3%	368	19.6%	5,086	7,320	-30.5%
Construction Equipment	611	470	30.0%	525	16.4%	5,886	4,014	46.6%

Auto Wholesales Update (February 2024)

Company Sales	Feb-24	Feb-23	YoY (%)	Jan-24	MoM (%)	YTD FY24	YTD FY23	YoY (%)
Hero Motocorp	**4,68,410**	**3,94,460**	**18.7%**	**4,33,598**	**8.0%**	**51,31,040**	**48,09,204**	**6.7%**
Motorcycles	4,36,929	3,71,854	17.5%	4,02,056	8.7%	47,33,948	44,73,261	5.8%
Scooters	31,481	22,606	39.3%	31,542	-0.2%	3,97,092	3,35,943	18.2%
Domestic	4,45,257	3,82,317	16.5%	4,20,934	5.8%	49,61,275	46,53,063	6.6%
Exports	23,153	12,143	90.7%	12,664	82.8%	1,69,765	1,56,141	8.7%

Company Sales	Feb-24	Feb-23	YoY (%)	Jan-24	MoM (%)	YTD FY24	YTD FY23	YoY (%)
Ashok Leyland	**17,464**	**18,571**	**-6.0%**	**15,939**	**9.6%**	**1,71,855**	**1,68,279**	**2.1%**
M&HCV Trucks	8,492	10,312	-17.6%	7,581	12.0%	86,340	89,081	-3.1%
Buses	2,252	1,455	54.8%	1,874	20.2%	15,342	9,282	65.3%
LCV	5,707	5,801	-1.6%	5,444	4.8%	59,833	59,668	0.3%
Domestic	16,451	17,568	-6.4%	14,899	10.4%	1,61,515	1,58,031	2.2%
Exports	1,013	1,003	1.0%	1,040	-2.6%	10,340	10,248	0.9%

Company Sales	Feb-24	Feb-23	YoY (%)	Jan-24	MoM (%)	YTD FY24	YTD FY23	YoY (%)
Bajaj Auto	**3,46,662**	**2,80,226**	**23.7%**	**3,56,010**	**-2.6%**	**39,85,029**	**36,34,350**	**9.6%**
Two Wheelers	2,94,684	2,35,356	25.2%	3,08,248	-4.4%	34,14,038	31,93,897	6.9%
Three Wheelers	51,978	44,870	15.8%	47,762	8.8%	5,74,991	4,40,453	30.5%
Exports	1,24,157	1,15,021	7.9%	1,14,898	8.1%	13,46,997	15,42,241	-12.7%

Company Sales	Feb-24	Feb-23	YoY (%)	Jan-24	MoM (%)	YTD FY24	YTD FY23	YoY (%)
TVS	**3,68,424**	**2,76,150**	**33.4%**	**3,39,513**	**8.5%**	**38,36,402**	**33,64,916**	**14.0%**
Motorcycles	1,84,023	1,26,243	45.8%	1,55,611	18.3%	18,18,732	15,92,006	14.2%
Scooters	1,32,152	1,04,825	26.1%	1,32,290	-0.1%	14,54,763	12,05,108	20.7%
Mopeds	41,635	35,958	15.8%	42,036	-1.0%	4,26,883	4,08,281	4.6%
Three Wheelers	10,614	9,124	16.3%	9,576	10.8%	1,36,024	1,59,521	-14.7%
Domestic	2,67,502	2,21,402	20.8%	2,68,233	-0.3%	29,13,155	23,70,553	22.9%
Exports	90,308	45,624	97.9%	61,704	46.4%	9,12,633	9,85,239	-7.4%

Source : BSE, Company Websites

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