

**CVs, PVs Outperform; Tractor Surprise While 2Ws Lag Behind due to Exports**

The domestic CV wholesale volumes registered positive momentum with 9% YoY growth in Jan'23, which was driven by the pick-up in infrastructure spending and replacement demand by fleet operators. Tractors demand continues to surprise positively with 29% YoY growth, primarily led by positive agri-sentiments. The domestic PV wholesale volumes grew 21% YoY and 30% MoM; we believe demand momentum to continue, especially for the SUV segment where multiple new launches from OEMs such as Maruti (Fronx, Jimny), M&M (Thar RWD, XUV400), and Tata Motors (Tiago EV), is expected in the next few months. For 2Ws, the domestic sales (excl. HMSI) showed an uptick and grew by 9%YoY while export volumes de-grew across all OEMs.

**PVs driven by double-digit growth:** The domestic PV industry volumes grew by 21% YoY and 30% MoM. Most OEMs reported a robust set of numbers: MSIL's SUV segment grew by 33%/7% on a YoY/MoM basis and the entry-level segment grew by 9%/47% on a YoY/MoM basis. This highlighted the impact of the shortage of electronic components in the production of some domestic models. M&M domestic sales went up 66% YoY (16% MoM) to 33k units, led by strong demand across its product portfolio. Tata Motors' domestic PV sales grew by 18% YoY and 20% MoM which included -4.1k of EV. Reported domestic volumes of Toyota/Kia/Hyundai went up by 75%/48%/14% YoY and 23%/89%/29% MoM led by demand for the UVs.

**CV growth momentum continues:** The domestic sales of Ashok Leyland/Eicher VECV grew by 27%/51% YoY whereas M&M volumes grew marginally by 3% YoY and Tata Motors remained flat. AL's domestic MHCV segment stood robust and witnessed an increased market share from 26% in Q2FY23 to 33% in Q3FY23.

**2Ws reports mixed nos:** 2W's domestic wholesales (excl. HMSI) grew by 9% both on a YoY and MoM basis on account of inventory refilling post de-stocking in Nov'22 and Dec'22 after the festive season in Oct'22. While the total 2W sales (Domestic + Exports) of Bajaj/Hero was down 23%/6% YoY, TVS/RE witnessed encouraging volume growth of 4%/27% YoY respectively. Exports continued to be a dampener on volumes for all the OEMs: Bajaj/TVS/Hero/RE witnessed lower exports by 46%/42%/67%/23% YoY.

**Positive Tractor volumes:** M&M and Escorts' domestic volumes grew by 30%/22% YoY. The growth trends are expected to continue during this quarter on the back of positive customer sentiments led by ample finance availability, better Rabi sowing, early festive season (in Mar'23 this year), and higher ASP for crop prices.

The budget's thrust on Infrastructure development with a total Capex outlay of Rs 10 Lc Cr (which stands 33% up from the last year) bodes well for the CV industry. The budget's Logistic focus on 100 critical transport infrastructure projects for last and first-mile connectivity for ports, coal, steel, fertilizer, and food grains sectors is positive for the auto sector. We expect PV volume growth in FY23 to beat FY18-19 peaks due to new vehicle launches, especially in the UV segment. The 2W ICE demand growth will be contingent on the pick-up in the rural economy and export demand. However, 2W EV to continue witnessing growth in the coming quarters gaining traction from urban and semi-urban consumers. **We maintain a positive outlook on the sector. For OEMs under our coverage, we prefer Eicher Motors, TVS in the 2W segment, Maruti Suzuki in the PV segment, and Ashok Leyland in the CV space.**

**2W/3W Segment**

- **Hero Motocorp** had total sales of ~3.57 Lc units in Jan'23. The company registered a volume decline of 6% YoY and 10% MoM. Exports were down by 67% YoY to 7,253 units in Jan'23.
- **Bajaj Auto's** total 2W sales for Jan'23 were down 25.5% YoY and 2.4% MoM to ~2.41 Lc units. 3W sales were at ~44.9K, up 12%/30% YoY/MoM basis.
- **TVS Motors** 2W total sales for Jan'23 were up 4% YoY and 16% MoM to ~2.65 Lc units and 3W /sales were down 18%/27% YoY/MoM respectively at ~10.4K units. The 2W sales include TVS iQube EV domestic sales of 12,169 units (1,529 units in Jan'22).
- **Eicher Motors (RE)** sold a total of ~74.7K units of RE, up 27% YoY and 9% MoM. Out of the total sales, exports stood declined by 23%/18% at 7,044 units on a YoY/MoM basis.

**PV & CV Segment**

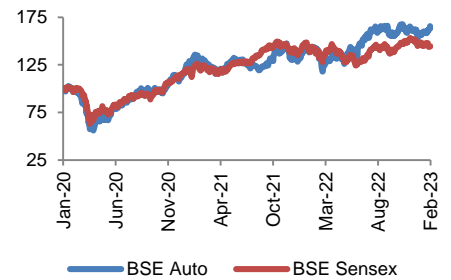
- **Maruti Suzuki** posted total sales of 1.72 Lc units, up 12% YoY and 24% MoM in Jan'23.
- **Mahindra's** Auto division grew by 37.5% YoY and 13.5% MoM to ~64.3K units. Its PV & LCV segments witnessed a growth of 66% and 3% YoY respectively. The 3W segment saw 129%YoY growth to ~6.5K units.
- **Tata Motors** reported total sales of ~81K units, registering a growth of 6.5% YoY and 9% MoM. The domestic CV sales were flat on a YoY basis and declined 4% MoM to ~31.7k units; however domestic PV sales were up 18% YoY and 20% MoM to ~48K units.
- **Ashok Leyland** reported total sales of ~17.2 K units, posting a growth of 23% YoY (but -5% MoM). The domestic MHCV segment posted growth of 34%YoY but degrew 11% MoM and the LCV segment witnessed a growth of 18% YoY (7% MoM).
- **Eicher Motors(VECV)** reported total sales of 7,181 up 32% YoY and remained flat on an MoM basis.

**TractorSegment**

- **M&M** total tractor sales grew by 27% YoY to ~29K units (up 24% MoM).
- **Escorts Kubota Limited** sold ~6.649 units in tractors in Jan'23, up 17% YoY and 19% MoM. The ECE segment saw the sale of 452 units (up 21% YoY and 7% MoM).

**Total Sales Summary (Jan'23)**

Company	Jan-23	Jan-22	YoY (%)
Ashok Leyland	17,200	13,939	23%
Bajaj Auto	2,85,995	3,63,443	-21%
Eicher Motors (RE)	74,746	58,838	27%
Escorts	6,649	5,707	17%
Hero MotoCorp	3,56,690	3,80,476	-6%
M&M	93,261	69,486	34%
Maruti Suzuki	1,72,535	1,54,379	12%
Tata Motors	81,069	76,210	6%
TVS Motors	2,75,115	2,66,788	3%

**Relative performance**


Source: Capitaline, Axis Securities

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**Exhibit 1: Auto Sales Monthly Update**

Auto Sales Monthly Update (Summary)							
Company	Jan'23	FYFYTD (Numbers)			FYFYTD (Numbers)		View/Remarks
	Sales (Units)	YoY (%)	MoM (%)	FY23	FY22	YoY (%)	
<b><u>Maruti Suzuki</u></b>							
Passenger Car	1,00,286	9.3%	46.6%	9,23,271	7,33,475	25.9%	
Utility Vehicle	35,353	32.8%	7.1%	2,95,525	2,40,340	23.0%	
Vans	11,709	11.2%	10.7%	1,07,844	89,934	19.9%	
Sales to Other OEMs	3,775	-5.2%	-6.0%	54,499	40,238	35.4%	
LCV	4,019	13.6%	163.5%	30,626	26,356	16.2%	
<b>Total Domestic Sales</b>	<b>1,55,142</b>	<b>13.7%</b>	<b>32.0%</b>	<b>14,11,765</b>	<b>11,30,343</b>	<b>24.9%</b>	
Total Exports	17,393	-3.0%	-20.2%	2,12,007	1,87,859	12.9%	
<b>Total Sales</b>	<b>1,72,535</b>	<b>11.8%</b>	<b>23.8%</b>	<b>16,23,772</b>	<b>13,18,202</b>	<b>23.2%</b>	
<b><u>Tata Motors (Ex JLR)</u></b>							
Domestic PV Sales	47,987	17.7%	19.8%	4,51,734	2,88,098	56.8%	
Domestic CV Sales	31,694	0.0%	-3.8%	3,12,866	2,43,734	28.4%	
<b>Total Domestic Sales</b>	<b>79,681</b>	<b>9.9%</b>	<b>9.2%</b>	<b>7,64,600</b>	<b>5,31,832</b>	<b>43.8%</b>	Total domestic sales were ~79.7k in Jan'23 vs. ~72.5k units in Jan'22 (~73k in Dec'22).
PV Exports	302	83.0%	-17.0%	1,470	567	159.3%	
CV Exports	1,086	-70.8%	9.1%	17,285	28,672	-39.7%	
<b>Total Sales</b>	<b>81,069</b>	<b>6.4%</b>	<b>9.0%</b>	<b>7,83,355</b>	<b>5,61,071</b>	<b>39.6%</b>	
<b><u>Mahindra &amp; Mahindra</u></b>							
Passenger Vehicles	33,040	65.5%	16.2%	2,92,898	1,70,629	71.7%	Total domestic sales were ~61.3 k units in Jan'23 vs. 44k units in Jan'22 (~53.5k units in Dec'22).
Light Commercial Vehicles	21,724	2.9%	8.2%	2,05,461	1,37,114	49.8%	
3 Wheelers	6,562	128.8%	29.9%	47,473	22,224	113.6%	Total Export sales were 3,009 units in Jan'23 vs 2,861 units in Jan'22 (3,100 units in Dec'22).
<b>Total Domestic Sales</b>	<b>61,326</b>	<b>39.6%</b>	<b>14.5%</b>	<b>5,45,832</b>	<b>3,29,967</b>	<b>65.4%</b>	
Total exports	3,009	5.2%	-2.9%	27,742	26,532	4.6%	
<b>Total Vehicle Sales</b>	<b>64,335</b>	<b>37.5%</b>	<b>13.5%</b>	<b>5,73,574</b>	<b>3,56,499</b>	<b>60.9%</b>	
Tractors Domestic	27,626	30.5%	27.7%	3,31,290	2,90,030	14.2%	Domestic FES sales were 27.6K units in Jan'23 vs. 21.1K units in Jan'22 (21.6K units in Dec'22).
Tractor Exports	1,300	-14.5%	-18.9%	15,450	14,468	6.8%	Export sales were 1,300 units in Jan'23 vs. 1,520 units in Jan'22 (1,603 units in Dec'22).
<b>Total tractors</b>	<b>28,926</b>	<b>27.5%</b>	<b>24.5%</b>	<b>3,46,740</b>	<b>3,04,498</b>	<b>13.9%</b>	
<b><u>Escorts</u></b>							
Tractors Domestic	6,235	22.2%	25.2%	78,420	71,874	9.1%	Domestic tractor sales in Jan'23 were at ~6.2k units vs. ~5.1k units sold in Jan'22 (Dec'22 were at ~5k).
Tractors Exports	414	-31.5%	-30.3%	6,754	6,166	9.5%	
<b>Total tractors</b>	<b>6,649</b>	<b>16.5%</b>	<b>19.3%</b>	<b>85,174</b>	<b>78,040</b>	<b>9.1%</b>	
ECEs	452	20.5%	6.9%	3,544	3,206	10.5%	Export tractor sales in Jan'23 were at 414 units vs. 604 units in Jan'22 (Dec'22 were at 594 units).

**Auto Sales Monthly Update (Summary)**

Company	Jan'23			FY YTD (Numbers)			View/Remarks
	Sales (Units)	YoY (%)	MoM (%)	FY23	FY22	YoY (%)	
<b><u>Ashok Leyland</u></b>							
Domestic MHCV	10,108	33.7%	-11.3%	86,596	44,076	96.5%	
Domestic LCV	6,090	18.3%	6.6%	53,867	41,399	30.1%	
<b>Total Domestic Sales</b>	<b>16,198</b>	<b>27.5%</b>	<b>-5.3%</b>	<b>1,40,463</b>	<b>85,475</b>	<b>64.3%</b>	Domestic sales were ~16.2 k units in Jan'23 vs. ~12.8k units in Jan'22 (~17.1k units in Dec'22).
Exports MHCV	942	-14.5%	9.2%	8,072	6,456	25.0%	
Exports LCV	60	-53.1%	-63.2%	1,173	1,615	-27.4%	Export sales were 1,002 units in Jan'23 vs 1,230 units in Jan'22 (1,026 units in Dec'22)
Total Exports	1,002	-18.5%	-2.3%	9,245	8,071	14.5%	
<b>Total Sales</b>	<b>17,200</b>	<b>23.4%</b>	<b>-5.2%</b>	<b>1,49,708</b>	<b>93,546</b>	<b>60.0%</b>	
<b><u>TVS Motors</u></b>							
Scooters	1,06,537	32.2%	38.8%	10,86,675	7,40,036	46.8%	
Motorcycles	1,21,042	-11.9%	-2.9%	14,65,823	14,27,414	2.7%	
Mopeds	37,131	2.6%	41.7%	3,85,871	4,09,710	-5.8%	Total domestic sales stood at ~2.18 Lc units in Jan'23 vs ~1.69Lc in Jan'22 (1.63Lc units in Dec'22).
<b>Total 2W Sales</b>	<b>2,64,710</b>	<b>4.2%</b>	<b>16.3%</b>	<b>29,38,369</b>	<b>25,77,160</b>	<b>14.0%</b>	
Total 3W	10,405	-17.7%	-27.5%	1,50,397	1,42,750	5.4%	Total Exports were at ~57 k units in Jan'23 vs ~97k in Jan'22 (~79k units in Dec'22).
<b>Total Sales</b>	<b>2,75,115</b>	<b>3.1%</b>	<b>13.7%</b>	<b>30,88,766</b>	<b>27,19,910</b>	<b>13.6%</b>	
Domestic Sales	2,18,091	29.1%	34.1%	21,77,758	17,08,737	27.4%	
Exports Sales	57,024	-41.7%	-28.2%	9,11,008	10,11,173	-9.9%	

**Auto Sales Monthly Update (Summary)**

Company	Jan'23			FY YTD (Numbers)			View/Remarks
	Sales (Units)	YoY (%)	MoM (%)	FY23	FY22	YoY (%)	
<b><u>Bajaj Auto</u></b>							
2W Domestic	1,40,428	3.6%	11.9%	15,31,126	14,37,480	6.5%	
2W Exports	1,00,679	-46.4%	-17.1%	14,27,220	18,63,715	-23.4%	
<b>Total 2W Sales</b>	<b>2,41,107</b>	<b>-25.5%</b>	<b>-2.4%</b>	<b>29,58,346</b>	<b>33,01,195</b>	<b>-10.4%</b>	Total domestic sales were ~1.73 Lc units in Jan'23 vs. ~1.50Lc units in Jan'22 (~1.48 Lc units in Dec'22).
CV Domestic	32,842	131.9%	42.6%	2,33,543	1,24,828	87.1%	
CV Exports	12,046	-53.4%	5.4%	1,62,040	2,69,202	-39.8%	Export sales were ~1.13 Lc units in Jan'23 vs. 2.13 L units in Jan'22 (~1.32 Lc units in Dec'22).
<b>Total CV Sales</b>	<b>44,888</b>	<b>12.2%</b>	<b>30.3%</b>	<b>3,95,583</b>	<b>3,94,030</b>	<b>0.4%</b>	
Total Sales	2,85,995	-21.3%	1.6%	33,53,929	36,95,225	-9.2%	
<b><u>Hero MotoCorp</u></b>							
Scooter	23,052	1.9%	-38.4%	3,13,337	2,72,152	15.1%	
Motorcycles	3,33,638	-6.8%	-6.5%	41,01,407	38,63,590	6.2%	Domestic sales were ~3.49Lc units in Jan'23 vs. ~3.59Lc units in Jan'22 (~3.81Lc units in Dec'22).
<b>Total Sales 2W</b>	<b>3,56,690</b>	<b>-6.3%</b>	<b>-9.5%</b>	<b>44,14,744</b>	<b>41,35,742</b>	<b>6.7%</b>	Export sales were ~7.2K units in Jan'23 vs. ~21.8K units in Jan'22 (~12.8K units in Dec'22).
Domestic	3,49,437	-2.6%	-8.4%	42,70,746	38,96,282	9.6%	
Exports	7,253	-66.8%	-43.4%	1,43,998	2,39,442	-39.9%	
<b><u>Eicher Motors</u></b>							
2W Domestic	67,702	36.2%	13.2%	6,10,520	4,10,624	48.7%	
2W Exports	7,044	-22.7%	-17.9%	80,596	64,807	24.4%	
<b>Total Sales 2W</b>	<b>74,746</b>	<b>27.0%</b>	<b>9.3%</b>	<b>6,91,116</b>	<b>4,75,431</b>	<b>45.4%</b>	Domestic RE sales stood at ~67.7K units in Jan'23 vs ~50K units in Jan'22 (~60K units in Dec'22) and exports were at ~7K in Jan'23 vs ~9.1k in Jan'22 (~8.5K in Dec'22).
CV Domestic	6,791	50.1%	1.8%	54,765	34,376	59.3%	
CV Exports	201	-74.9%	-39.5%	4,218	7,122	-40.8%	Total sales in VECC business was 7,181 units in Jan'23 vs 5,434 units in Jan'22 (7,221 units in Dec'22)
Volvo CV	189	73.4%	-13.3%	1,445	920	57.1%	
<b>Total Sales CV</b>	<b>7,181</b>	<b>32.1%</b>	<b>-0.6%</b>	<b>60,428</b>	<b>42,418</b>	<b>42.5%</b>	

Source: Company data

**Exhibit 2: Auto Sales Monthly Segmental Summary (Domestic Units Sold)**

<b>2W Domestic sales</b>	<b>Jan-23</b>	<b>Jan-22</b>	<b>YoY %</b>	<b>Dec-22</b>	<b>MoM %</b>
Hero MotoCorp	3,49,437	3,58,660	-3%	3,81,365	-8%
TVS motors	2,16,471	1,67,795	29%	1,61,369	34%
Bajaj Auto	1,40,428	1,35,496	4%	1,25,525	12%
Suzuki Motorcycle	66,209	60,623	9%	40,905	62%
RE	67,702	49,726	36%	59,821	13%
<b>Total 2W excl HMSI</b>	<b>8,40,247</b>	<b>7,72,300</b>	<b>9%</b>	<b>7,68,985</b>	<b>9%</b>
<b>Tractors Domestic sales</b>	<b>Jan-23</b>	<b>Jan-22</b>	<b>YoY %</b>	<b>Dec-22</b>	<b>MoM %</b>
M&M	27,626	21,162	31%	21,640	28%
Escorts	6,235	5,103	22%	4,979	25%
<b>Total Tractor Sales</b>	<b>33,861</b>	<b>26,265</b>	<b>29%</b>	<b>26,619</b>	<b>27%</b>
<b>PV Domestic sales</b>	<b>Jan-23</b>	<b>Jan-22</b>	<b>YoY %</b>	<b>Dec-22</b>	<b>MoM %</b>
Maruti Suzuki	1,47,348	1,28,924	14%	1,12,010	32%
Hyundai	50,106	44,022	14%	38,831	29%
Tata Motors	47,987	40,777	18%	40,043	20%
M&M	33,040	19,964	65%	28,445	16%
Kia India	28,634	19,319	48%	15,184	89%
Toyota Kirloskar	12,835	7,328	75%	10,421	23%
Honda Cars	7,821	10,427	-25%	7,062	11%
MG Motor	4,114	4,306	-4%	3,899	6%
<b>Total PV</b>	<b>3,31,885</b>	<b>2,75,067</b>	<b>21%</b>	<b>2,55,895</b>	<b>30%</b>
<b>CV Domestic sales</b>	<b>Jan-23</b>	<b>Jan-22</b>	<b>YoY %</b>	<b>Dec-22</b>	<b>MoM %</b>
Tata Motors	31,694	31,708	0%	32,954	-4%
M&M	21,724	21,111	3%	20,080	8%
Ashok Leyland	16,198	12,709	27%	17,112	-5%
VECV	6,980	4,632	51%	6,889	1%
<b>Total CV</b>	<b>76,596</b>	<b>70,160</b>	<b>9%</b>	<b>77,035</b>	<b>-1%</b>
<b>3W Domestic sales</b>	<b>Jan-23</b>	<b>Jan-22</b>	<b>YoY %</b>	<b>Dec-22</b>	<b>MoM %</b>
Bajaj Auto	32,842	14,160	132%	23,030	43%
TVS Motor	10,405	12,649	-18%	14,346	-27%
M&M	6,562	2,868	129%	5,052	30%
<b>Total 3W</b>	<b>49,809</b>	<b>29,677</b>	<b>68%</b>	<b>42,428</b>	<b>17%</b>

Source: Company data

**About the analyst**

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