

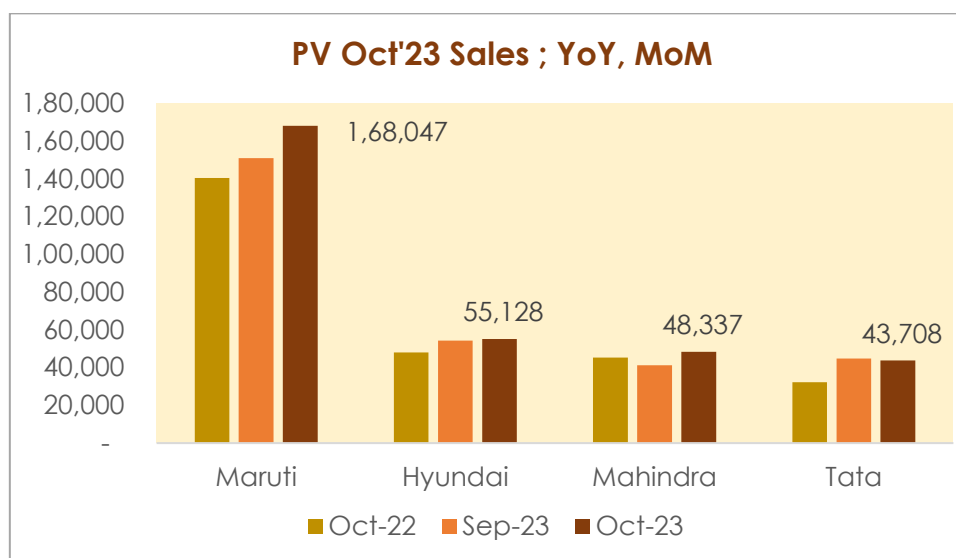
**Press Release**

**Good festive season so far for the auto sector**

**Sustainability of retail sales will be a test of 2W demand**

9th Nov, 2023

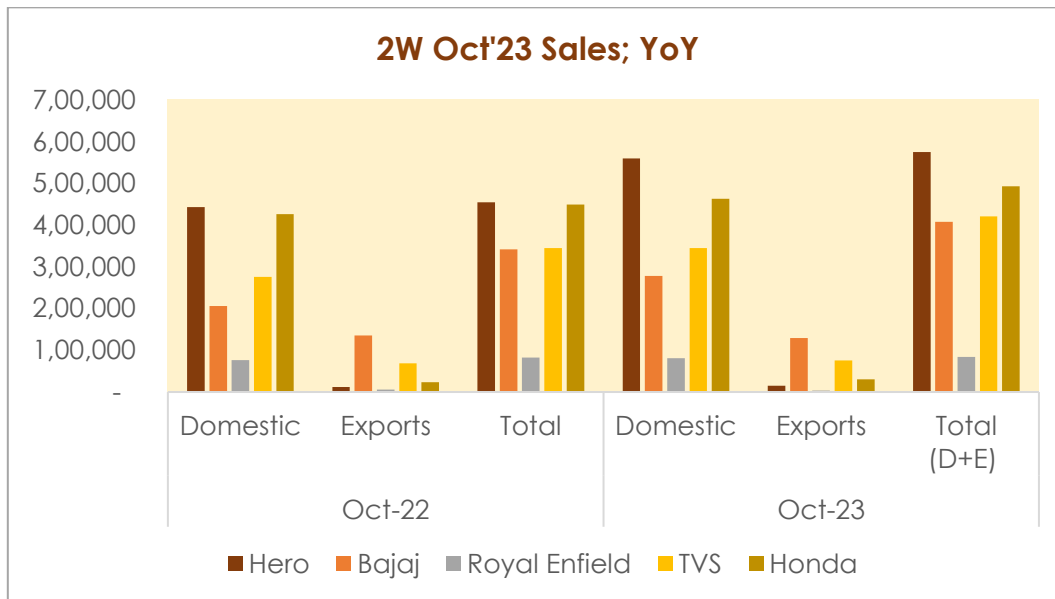
**PV Segment**



- Amidst the ongoing festive season, the total domestic PV sales volumes of the top 13 OEMs almost touched 4 lakh units, recording a robust growth of 16.5% YoY growth in Oct'23.
- The growth momentum is reflected on sequential basis as well with a growth of 7.8% MoM compared against Sep-23.
- However, the retail level sales have disappointed in Oct-23 with a marginal volume decline of 1.4% YoY compared against Oct'22 as per the data reported by FADA (Federation of Automobile Dealers Association). The muted retail despatches has been attributed to the inauspicious period in Hindu calendar (Shraddh) in the first half of the month. But on a sequential basis, the PV retail sales grew by 6.5% compared against Sep'23. Also, for the Navratri period which happens for 10 days, the retail sales growth was reported at 6.6% YoY compared against same period last year.
- The growing popularity of SUVs across the country as compared to sedans supported by aggressive launches and refresher models from the OEMs continue to drive the demand growth in PVs.
- "The domestic PV sector continues to be primarily driven by the strength of urban markets where replacement demand remains high and is being further enhanced by new models in the SUV category. The trajectory of rural demand is still uncertain given the expectation of lower than projected kharif output. But the impending state elections may help to generate additional demand and hold PV sales at a healthy level in the current year."

- **Suman Chowdhury, Chief Economist & Head - Research, Acuite Ratings & Research**

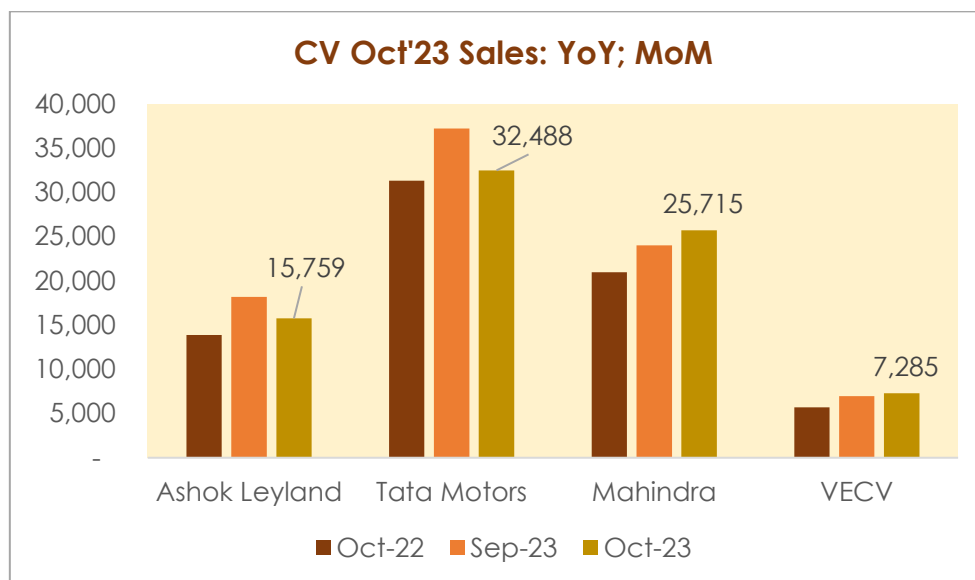
## 2W Segment



- The total sales of top five 2W manufacturers reported a strong annualised growth of 18.4% YoY in Oct'23. On a sequential basis too, the total sales witnessed a positive growth of 6.7% MoM as compared against Sep'23.
- The growth was majorly driven by healthy domestic sales which registered growth of 21.0% YoY and 8.7% MoM during the previous month, reflecting a good revival in demand during the festive season.
- The exports have also witnessed a moderate recovery in Oct-23 with an annual growth of 3.6% YoY compared against Oct'22. However, a sustainable recovery in exports is still uncertain as overseas shipments saw a decline of 5.2% MoM against Sep'23.
- The growth in wholesale volumes is yet to be reflected in actual retail offtake of 2Ws. The retail 2W sales have witnessed a decline of 12.6% YoY during Oct'23 compared against Oct'22 as per the sales reported by FADA. Such a decline may be possibly on account of the inauspicious Shraddh period since on a sequential basis, retail growth stood at 14.9% MoM during the month compared against Sep'23. FADA also reported that sales during the ten day Navratri period saw a sharp growth of 21.8% YoY as against the same period last year.
- "The wholesale figures for 2W sales and the retail sales during the Navratri period in Oct-23 provide hopes of a healthy pickup in domestic 2W demand. However, this needs to be validated by the retail sales in Nov-23 since the dealerships have reported a significant buildup of inventory. Further, the sustainability of the export volumes also needs to be seen. Clearly, the rural demand will remain a critical factor in charting the growth of 2W sales in India."

- **Suman Chowdhury, Chief Economist & Head - Research, Acuite Ratings & Research**

**CV Segment:**



- The domestic sales of the top four players in the CV industry continue to remain healthy with growth of 13.1% YoY in Oct'23 compared against Oct'22.
- Further, on a sequential basis, the domestic sales also witnessed a growth of 5.9% MoM in Oct'23 vis-à-vis Sep'23.
- In line with the buoyancy in the wholesale market, the retail CV sales also registered a growth of 10.3% YoY in Oct'23 as against Oct'22.
- The festive cheer coupled with infrastructure development activities and steady demand for LCVs in the e-commerce logistics chain has primarily driven the the growth of CVs.
- “After a relatively weak performance in the first half, a positive momentum is visible in the domestic CV sector. The underlying drivers for the sector continue to be at work namely a step up in public sector expenditure in infrastructure, replacement demand of older vehicles and the continuing penetration of e-commerce services that particularly boost LCV demand.”

- **Suman Chowdhury, Chief Economist & Head - Research, Acuite Ratings & Research**

### **About Acuité Ratings & Research Limited:**

Acuité Ratings & Research Limited is a full-service Credit Rating Agency registered with the Securities and Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI), for Bank Loan Ratings under BASEL-II norms in the year 2012. Since then, it has assigned more than 9,700 credit ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

### **Media Contact:**

Sahban Kohari  
Ph: + 91-9890318722  
[sahban@eminencestrategy.com](mailto:sahban@eminencestrategy.com)

### **Analytical Contacts:**

Suman Chowdhury  
Chief Economist & Head of Research  
Ph: + 91-9930831560  
[suman.chowdhury@acuite.in](mailto:suman.chowdhury@acuite.in)

Prosenjit Ghosh  
Group Chief Business Officer  
Ph: +91-9920656299  
[prosenjit.ghosh@acuite.in](mailto:prosenjit.ghosh@acuite.in)

Nitul Dutta  
Manager - Rating Operations  
Ph: + 91-9082176330  
[nitul.dutta@acuite.in](mailto:nitul.dutta@acuite.in)

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