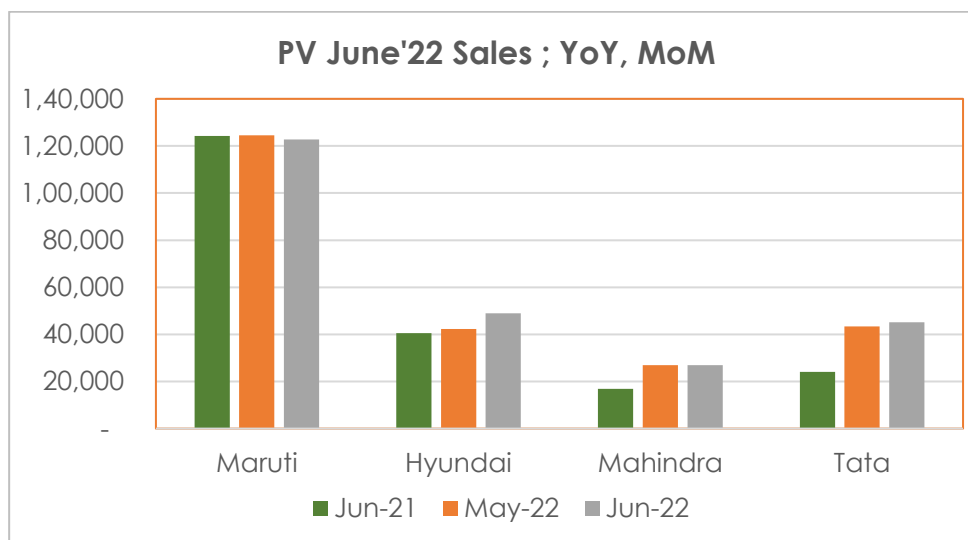


Press Release

Broad-based recovery across segments bodes well for auto sector

04 July, 2022

- **PV Segment**



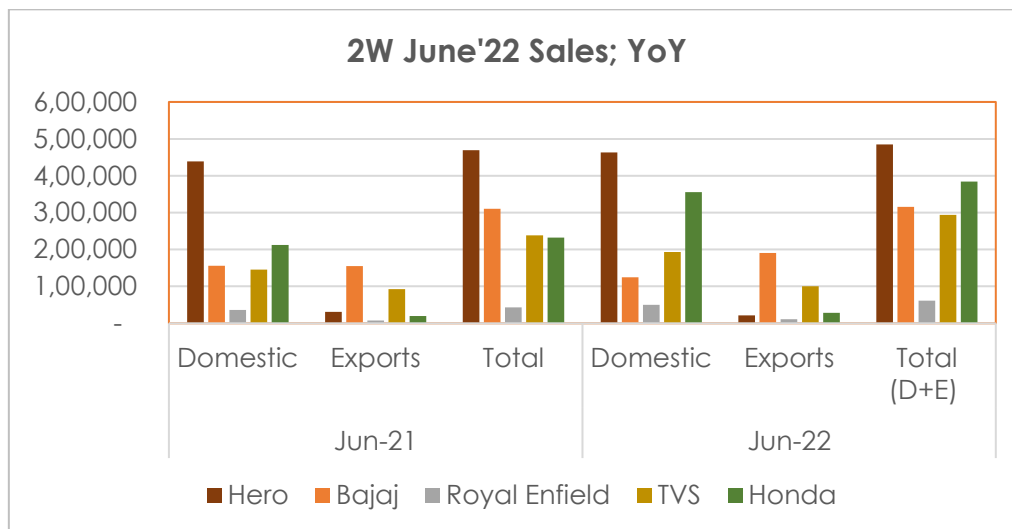
The demand for PVs across the country witnessed improvement during June'22 on yearly as well as sequential basis marked by the domestic sales reported by top 13 PV players in the country. The total domestic sales witnessed growth of 27.9% YoY and 9.0% MoM in June'22 compared against June'21 and May'22 respectively. The demand during the month was majorly driven by new model launches by PV players, ease in supply chain constraints and improved consumer sentiments. During Q1FY22, the top 13 PV players registered total domestic sales of 9.08 lakh units with a YoY growth of 38.6% YoY albeit on a low base; however, on a QoQ basis, the sales during the quarter witnessed decline of 1.1% compared against Q4FY22.

The domestic sales are still getting impacted for the market leader in the segment i.e., MSIL which reported decline in sales by 1.3% YoY and 1.4% MoM during June'22. On the other hand, all the other key players in the segment reported growth such as Hyundai, Tata Motors, M&M and Kia Motors of 21%, 87.5%, 58.9% and 60.0% YoY during the same period. During the month, other players like Skoda, Jeep, Toyota and Volkswagen also reported healthy growth of 720.6%, 148.8%, 87.5% and 103.0% YoY during the month. The improvement in sales was majorly on account of various exciting new launches by the players and improving consumer sentiments.

“In our opinion, better availability of semiconductor chips, new upcoming product launches for many players, moderation in commodity prices and improving consumer sentiments is expected to improve the growth momentum of PVs across the country.”

- **Suman Chowdhury, Chief Analytical Officer, Acuite Ratings & Research Ltd.**

- **2W Segment**



The improvement in the overall demand scenario for 2Ws continued during June'22 going by the sales volumes reported by the top 5 players in the industry. The improvement was witnessed on both domestic and exports sales on a yearly as well as sequential basis. The total sales of the major 5 players in the industry improved by 19.1% YoY and 6.9% MoM during May'22 compared against June'21 and May'22. Also, during Q1FY23, the total sales of 2Ws registered growth of 35.3% YoY and 43.8% QoQ compared against Q1FY22 and Q4FY22 respectively.

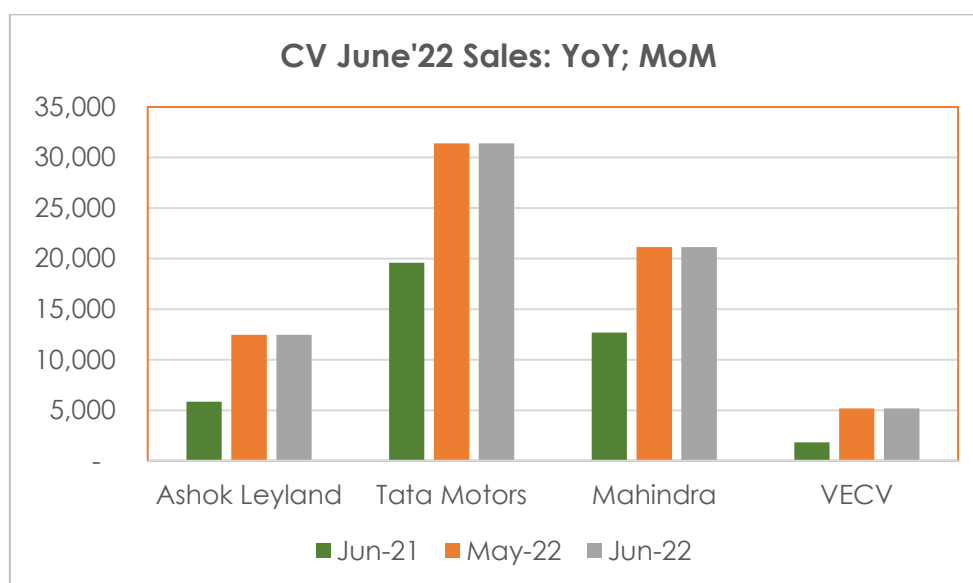
The domestic sales of the players grew at a healthy growth of 20.2% YoY and 5.2% MoM during June'22 on account of a gradual improvement in the domestic demand after the harvest of the rabi crop and better rural incomes. The market leader in the domestic segment, HMCL, reported 5.6% YoY growth in the domestic sales during the period followed by TVS, Royal Enfield and Honda who also reported growth of 32.8%, 40.3% and 67.4% YoY in domestic sales respectively. However, Bajaj is the only player who reported decline in domestic sales by 19.6% during the period.

Furthermore, the demand of exports also witnessed a healthy recovery during June'22 as marked by growth in export sales of 15.4% YoY and 13.1% MoM compared against June'21 and May'22 respectively. The largest exporter in the 2W segment i.e. Bajaj Auto's exports registered a growth of 23.2% YoY during the month. The other players such as Royal Enfield, TVS Motors and Honda also reported growth in exports by 54.0%, 8.6% and 41.3% YoY respectively. The only player who registered decline in exports was HMCL which reported decline of 29.3% YoY during the month.

“With a good rabi harvest and the expectation of a normal monsoon that should translate to another good kharif output, a healthy recovery of the rural economy is likely, driving the domestic demand revival for 2Ws. Also, healthy demand from the international market is likely to sustain export growth for 2Ws over the medium term.”

Suman Chowdhury, Chief Analytical Officer, Acuite Ratings & Research Ltd.

- **CV Segment:**



The domestic CV segment continued its growth momentum during June'22 as well marked by the domestic sales reported by the top four CV manufacturers in the country. While the domestic sales shown significant growth of 85.2% on a YoY basis albeit on a low base, the sales also witnessed growth of 5.5% MoM on a sequential basis as well during the same month compare against May'22. The growth in demand for CVs has been on account of a step-up in infrastructure asset creation across the country. Also, the high demand of e-commerce is also supporting the increase of demands for LCVs across the country.

The market leaders of the segment, Tata Motors and Ashok Leyland reported growth in domestic sales by 75.6% and 130.2% YoY respectively during June'22. Other key players M&M and VECV also reported growth of 61.0% and 212.1% YoY during the same period.

During Q1FY23, the total CV sales dispatched was 2.07 lakh units reflecting a growth of 111.8% YoY, partly due to the base factor. On a QoQ basis, the sales witnessed decline of 11.2% QoQ compared against Q4FY22 which is the typical seasonality in CV sales.

“We believe that the growth of CV demand will continue going ahead owing to growing construction activities across the nation including road construction and mine development activities. Furthermore, the normalization of economic activities, healthy momentum in trade despite the geo-political factor and high demand from the e-commerce industry is expected to sustain the demand of CVs over the medium term”

- **Suman Chowdhury, Chief Analytical Officer, Acuite Ratings & Research Ltd.**

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 9,000 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@eminenceonline.in

Investor Outreach:

Rituparna Roy
Deputy Vice President
Ph: + 91-7506948108
rituparna.roy@acuite.in

Analytical Contact:

Suman Chowdhury
Chief Analytical Officer
Ph: + 91-9930831560
suman.chowdhury@acuite.in

Disclaimer: This release is sent to you for the sole purpose of dissemination through your newspaper / magazine / media / website / agency. The release may be used by you in full or in part without changing the meaning or context thereof but with due credit to Acuité. However, only Acuité has the sole right of distribution of its releases through any media. Acuité has taken due care and caution for writing this release. Information has been obtained by Acuité from sources which it considers reliable. However, Acuité does not guarantee the accuracy, adequacy or completeness of information on which this release is based. Acuité is not responsible for any errors or omissions or for the results obtained from the use of this release. Acuité has no liability whatsoever to the users / distributors of this release.