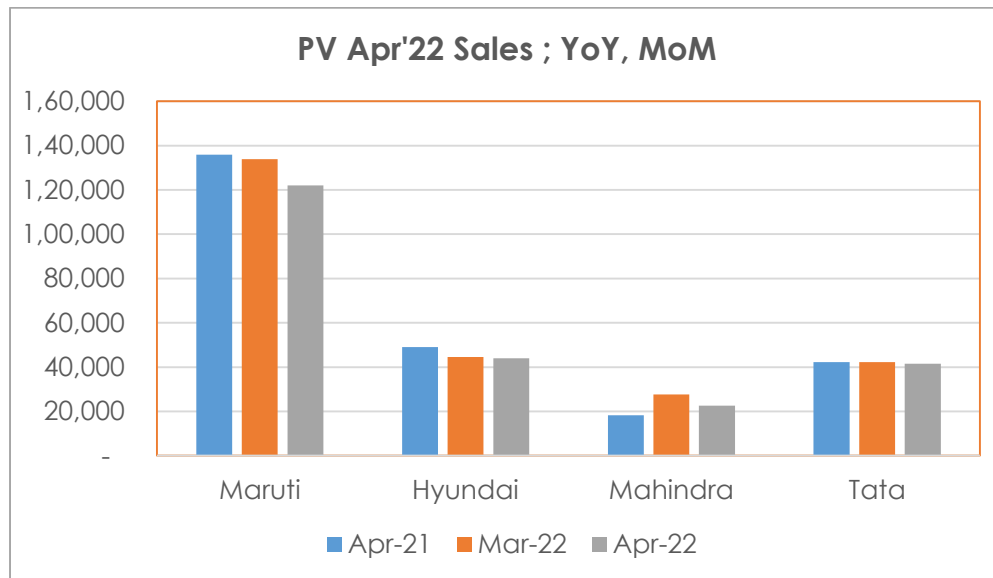


## Press Release

### 2W demand witnesses green shoots, CV demand steady

04 May, 2022

- **PV Segment**



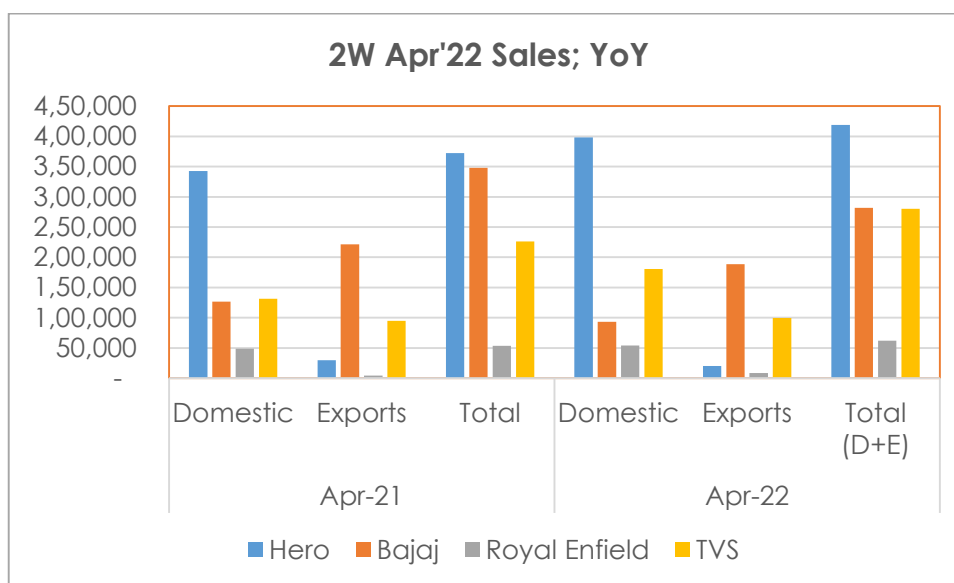
The domestic PV segment witnessed marginal contraction in sales during April' 22 as reflected by the domestic sales of top 13 PV players in the country. The total domestic sales of these players reported a decline of 1.6% YoY against April' 21. The domestic despatches of the top two market leaders i.e. MSIL and Hyundai have both dropped by 10.2% YoY. However, the domestic sales of other key players witnessed improvement such as M&M, Kia, Toyota, Volkswagen and Skoda which reported YoY growth in domestic sales of 23.2%, 18.0%, 57.1%, 131.4% and 436.1% respectively. The growth in these players is majorly led by new launches and their variants especially in the SUV and compact SUV segments.

While the domestic PV sales registered a larger sequential decline of 8.7% MoM compared against Mar' 22, it is typically a seasonal factor after the year-end. The domestic sales continue to be partly impacted by the prolonged supply chain constraints such as shortage of semiconductors leading to production cuts and higher waiting period for various high end models.

"In our opinion, the demand outlook in the domestic PV segment is likely to remain moderate with the pent up demand getting partially offset by the rising fuel prices, increase in vehicle prices led by high commodity costs and longer waiting period for some models over the near term."

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

- **2W Segment**



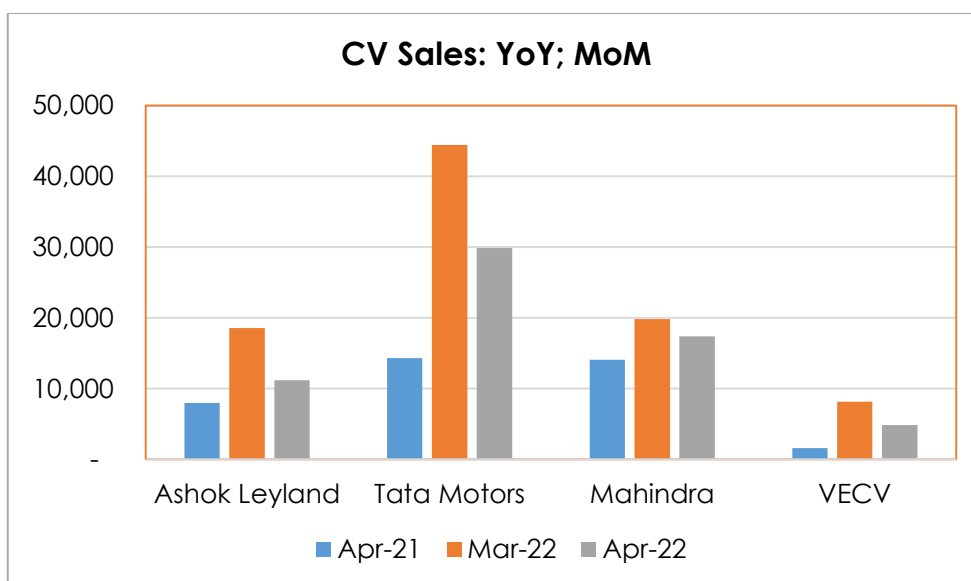
The overall demand in the 2W segment witnessed a moderate recovery during April' 22 after witnessing a bout of weakness in Q4FY22 as per the sales volumes reported by the top 4 players in the industry. The total sales of the major 4 players in the industry improved by 4.3% YoY during the period. The growth in sales was primarily on account of improvement in domestic demand owing to a gradual revival of the rural economy and the seasonal demand created during the marriage session. The domestic sales of the players grew at a healthy 11.8% YoY during the same period against domestic sales of April' 21. Except for Bajaj where domestic sales declined by 26.3% YoY, the domestic sales of the other major 2W manufacturer such as HMCL, Royal Enfield and TVS Motors grew by 16.3%, 10.4% and 37.4% YoY respectively during the same period. On a sequential basis, the volume contraction of 6.9% MoM as against Mar'22 is more a reflection of year end seasonality.

On the other hand, the demand from the international market have witnessed a decline during April'22 as reflected by a drop in exports of 9.8% YoY against April' 21. The decline in exports was majorly led by drop in shipments of players like HMSI and the largest exporter of 2Ws i.e. Bajaj which reported YoY decline in exports of 32.1% and 14.9% respectively. The exports of other players such as Royal Enfield and TVS Motors witnessed YoY growth of 84.1% and 4.9% respectively albeit on a smaller base. However, the export volumes have shown a 9.6% uptick on a sequential basis against Mar' 22.

"It is encouraging to note the recovery in domestic 2W sales after a period of weak demand. We believe that the demand in 2W segment is likely to recover further going ahead with normalcy of economic activities and gradual revival in the rural economy of the country. The sharp rise in retail petrol prices, however, may create some hurdle in the recovery path."

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

**CV Segment:**



The domestic demand of CVs continued their growth momentum in the first month of FY23 marked by a significant uptick in sales of the top four CV manufacturers albeit on a low base. The total domestic CV sales of the four major players registered a strong growth of 66.8% YoY during April'22 owing to normalisation of economic activities across the country after the Covid pandemic, a moderate recovery in industrial activity, pickup in construction activity and buoyant trade volumes. The market leaders of the segment, Tata Motors and Ashok Leyland reported YoY growth of 108.9%, and 40.6% respectively against Mar'21. Other key players such as M&M and VECV also reported growth in domestic sales of 23.4% and 203.9% YoY respectively during the same period.

The sequential contraction in April'22 is typically expected given the year end spike in sales in March. The total domestic sales of the top 4 CV players declined 30.4% MoM in April' 22 but that has been usually seen in the previous years as well.

“We believe that the improving trajectory in CV demand will continue going ahead owing to the normalization of economic activities after the third Covid wave, strong momentum in trade activities and growing infrastructure building activity across the nation including expansion of National Highways.”

- **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.

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