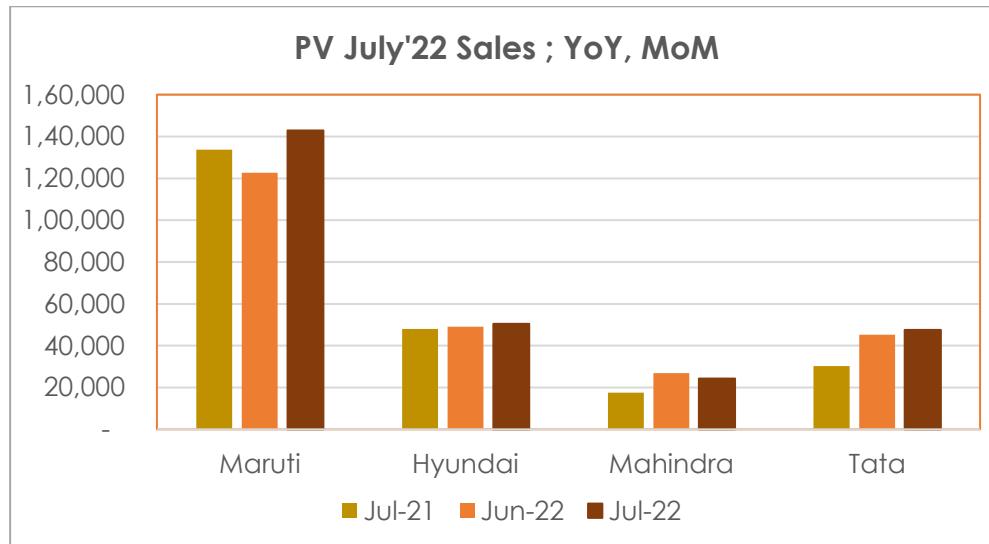


Press Release

Strong signs of a broad based recovery in domestic auto market

08 August, 2022

- **PV Segment**



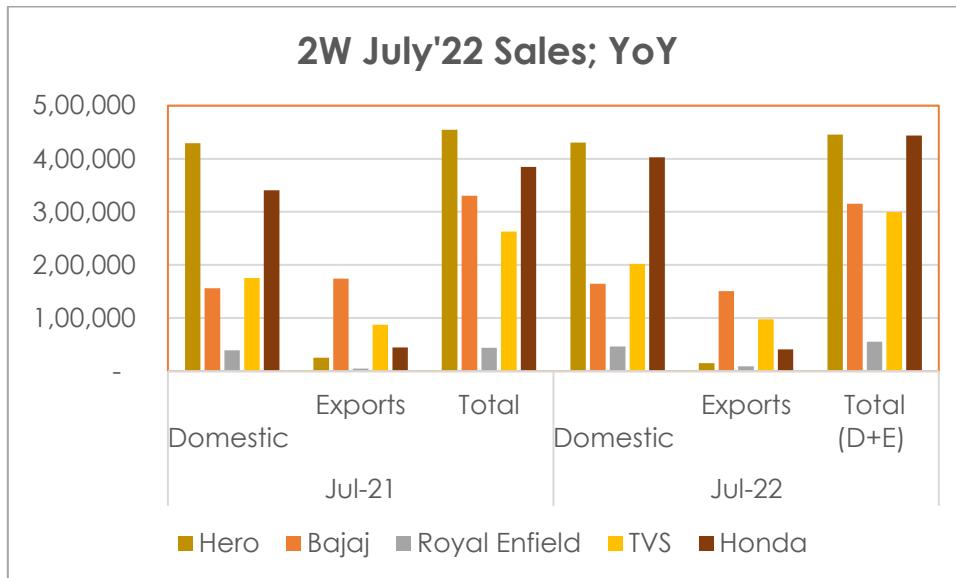
The improvement in demand for PVs across the country continued during July'22 on both yearly as well as sequential basis marked by the domestic sales reported by top 13 PV players in the country. The aggregate domestic PV sales by these players grew by 17.0% YoY and 5.0% MoM in July'22 compared against July'21 and June'22 respectively. The demand for PVs was majorly driven by positive consumer sentiments after a prolonged pandemic period, new model launches along with refreshers by PV players and visible improvement in the supply chain front.

The major players in the domestic PV segment reported a healthy growth in sales during the month including the market leader i.e., MSIL which reported growth in sales by 6.8% YoY and 16.4% MoM during July'22. Other key players such as Hyundai, Tata Motors, M&M and Kia Motors of 5.1%, 57.4%, 37.8% and 46.7% YoY during the same period. During the month, other players like Skoda, Toyota and Volkswagen also reported healthy growth of 44.4%, 50.3% and 48.6% YoY during the month. New launches in the segment by all these players along with increasing consumer preference towards personal mobility played a key role in improving the domestic sales for the month.

"In our opinion, new product launches by the major PV players along with a recovery in urban consumer sentiments, better availability of semiconductor chips and an expected recovery in rural demand will continue to support the growth momentum of PVs going forward across the country."

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

- **2W Segment**



The overall sales in the 2W segment during July'22 improved as reported by the sales volumes of the top 5 players in the industry. The total sales picked up by 5.6% YoY and 1.3% MoM during the month compared against July'21 and June'22 respectively. The improvement was majorly driven by improvement in demand from the domestic market whereas the export demand witnessed pressure during the month.

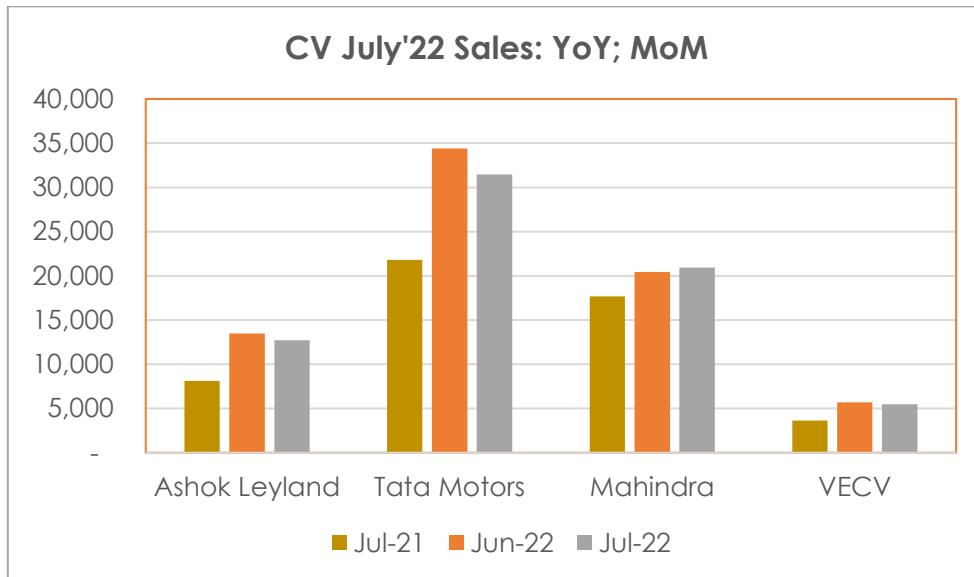
The domestic sales of the players grew significantly by 9.3% YoY and 5.0% MoM during July'22 on account of gradual improvement in demand coming in from the rural market across the country led by indications of a normal monsoon, better harvest in the last rabi season and expectations of healthy agriculture growth. The market leader in the domestic segment, HMCL, however reported muted growth on a YoY basis whereas all key players such as Bajaj, TVS, Royal Enfield and Honda reported healthy growth in domestic sales by 5.2%, 18.4%, 15.3% and 18.3% YoY respectively.

On the other hand, after witnessing healthy demand from the international market in last few months, the export sales declined by 6.9% YoY and 11.2% MoM during July'22 against July'21 and June'22 respectively. The largest exporter in the 2W segment i.e., Bajaj reported decline in exports by 13.6% YoY along with HMCL and Honda which reported decline of 13.6% and 8.0% respectively during the month. Nevertheless, players such as Royal Enfield and TVS Motors reported healthy growth in exports by 90.1% and 11.6% YoY respectively owing to new launch of their products in various international markets.

"The expectation of another favourable monsoon and better farm prices is leading to a gradual recovery in the rural economy which is reflected in the uptick of domestic demand. However, the ongoing global slowdown and currency weaknesses in developing economies have impacted the export momentum in 2Ws."

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

- **CV Segment:**



The improvement in demand for CVs across the country continued during July'22 marked by the domestic sales reported by the top four CV manufacturers in the country. The domestic sales grew 37.9% on a YoY basis during July'22 compared against July'21. The continuous push towards infrastructure from the government and reopening of schools & colleges after Covid pandemic across the country helped to uplift the demand for CVs and buses. Also, the steady demand from e-commerce segment has augmented the growth of LCV segment. However, the domestic sales has witnessed a sequential decline of 4.6% MoM as compared against June'22.

The market leaders of the segment, Tata Motors and Ashok Leyland reported growth in domestic sales by 44.4% and 56.4% YoY respectively during July'22. Other key players M&M and VECV also reported growth in sales by 18.6% and 51.0% YoY during the same period.

“We believe that the demand for CVs will continue to improve going ahead owing to growing continuous push towards infrastructure development and construction activities across the nation. Furthermore, the normalization of economic activities such as re-opening of schools & colleges, healthy momentum in trade despite the geo-political factor and high demand from the e-commerce industry is also expected to sustain the demand of CVs over the medium term”

- **Suman Chowdhury, Chief Analytical Officer, Acuité 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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