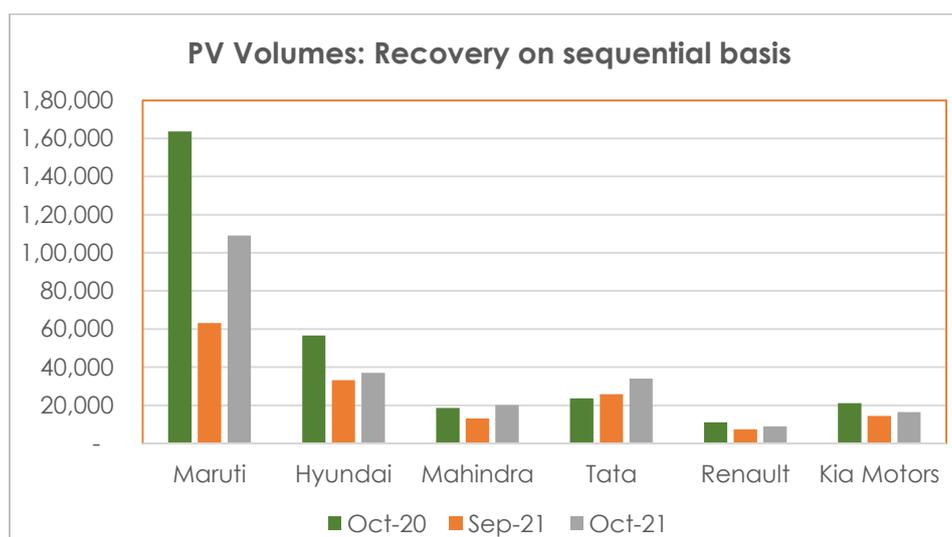


Press Release

PV, 2W demand remain weak despite sequential uptick CV volumes set to pick up with the ongoing economic revival

03 November 2021

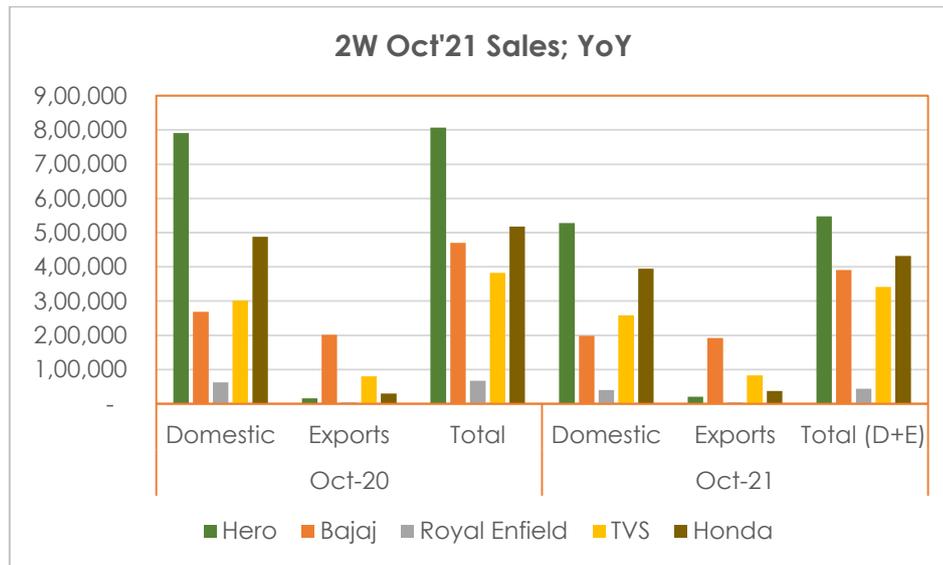
- **PV Segment**



The domestic PV volumes continued to reveal a slowdown in Oct'21 as reported by the top 14 PV players in India. The volumes recorded a contraction of 33.4%YoY in the peak of the festive season primarily due to production challenges across the sector due to a severe global shortage of semiconductors. However, the sales witnessed a recovery on a sequential basis reflecting a growth of 40.0% MoM vs Sep'21 highlighting the improved consumer sentiments, the pent-up demand factor and some impact of the festive season. After a sharp decline in the previous month, the domestic sales of the market leaders, Maruti Suzuki and Hyundai both observed a significant recovery on a sequential basis although the drop in sales continue to remain on a yearly basis. Among the major players, only Tata Motors has been able to clock a YoY growth of 43.6% with a 31.8% growth on a sequential basis due to its new product launches.

Going ahead, the shortage of semiconductors may continue to disrupt PV sales over the next few months despite the pent up demand factor and a recovery in consumer sentiments during the ongoing festive season.

- **2W Segment**

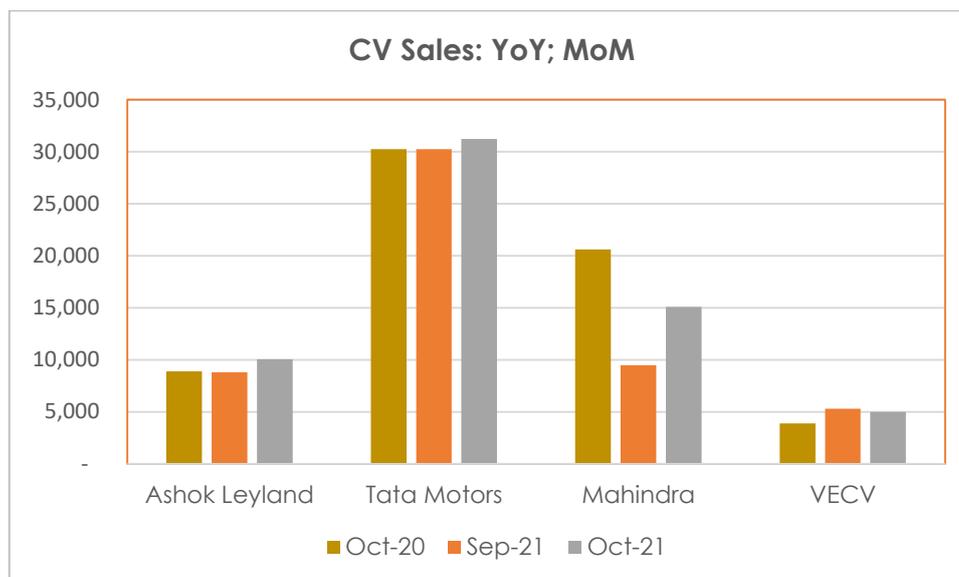


The trajectory in overall 2W sales volumes in Oct'21 continued to remain weak as reflected by the volumes of the top 4 players in the industry. The overall sales declined 21.7% YoY owing to the 25.7% drop in domestic despatches in Oct'21. Furthermore, the sequential trajectory is also not very encouraging with domestic volumes rising marginally by 0.4% as against Sep'21 despite having festive season around the corner, highlighting that rural demand is yet to pick up in a major way.

A bit of slowdown was observed in the export demand from the international market as reflected by a slight 1.3% YoY and a 3.3% MoM growth vs Sep'21. After a long period of steady growth, the market leader in exports of 2Ws - Bajaj Auto has reported a decline in exports by 4.5%YoY during Oct'21 and Royal Enfield also reported decline in exports by 12.7%YoY and 44.1% MoM during the same period.

We believe that the revival in the demand of 2Ws will take some more time despite the onset of the festive season given the deeper impact of the second wave of the pandemic in the rural economy.

- **CV Segment:**



The ease in restrictions on movement of goods by various state governments and the recovery in the core infrastructure sector continued to remain positive for the CV industry as reflected by the domestic CV sales reported during Oct'21 as reflected by the domestic sales of top 3 CV manufactures in the country apart from M&M. The combined domestic sales of Ashok Leyland, Tata Motors and VECV witnessed a growth of 7.5%YoY in Sep'21. However, the domestic sales of M&M witnessed decline in sales of 26.8% YoY during the same period owing to supply challenges. On a sequential basis, the total sales of all the 4 CV manufactures showed an encouraging 14% MoM growth in Oct'21 compared against Sep'21.

The growth in the CV industry is majorly led by a healthy recovery in domestic sales by market leaders Tata Motors and Ashok Leyland recording 3.2%YoY and 13.0%YoY growth respectively.

We believe that as industrial activity and the momentum of both public and private sector capital expenditure picks up further, the overall demand for CVs will continue to strengthen over the near to 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 8,900 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 BKC, Mumbai.

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