

A photograph of an automotive assembly line. In the foreground, a silver car body is mounted on a conveyor belt. To the left, a large orange robotic arm is positioned to work on the car. The background shows a factory interior with large arched windows and industrial equipment.

**Comments on:  
Auto Sector Sales – July'21**

## Passenger Vehicle Segment

- Domestic passenger vehicle sales, expectedly has regained some of the growth momentum in Jul-21 as per the data released by the top 10 PV players of the country due to the pent up demand again coming into play and the continued ease of relaxations across all states post Covid 2.0.
- PV volumes recorded a 43.5%YoY and 15.1%MoM in domestic sales last month which is also partly supported by a favourable base given the impact of the first and second wave respectively.
- Domestic sales of the market leader, MSIL (Maruti) reported a strong 36.8% YoY & 7.6% MoM growth when compared with that of July 2020 & June 2021 respectively. Similarly, other key players such as Hyundai, Tata Motors and M&M reported YoY growth of 25.8%, 25.2% and 36.8% compared to the volumes in July 2020.
- New model launches in the SUV segment continue to one of the volume drivers as seen in the case of Skoda which saw a sharp jump in its sales owing to its new UV launch “Kushaq”
- With steady progress in vaccination and a progressive relaxation in restrictive measures, we believe that the demand in the PV segment will continue to pick up in the next few quarters.

## Two Wheeler Segment

- As per the data released by the top four 2W players in the country, the 2W segment continued to show a positive traction in overall sales in July 2021 primarily on account of robust demand coming from export market.
- Total 2W sales reported a volume growth of 4.7%YoY in July 2021; while exports grew quite strongly by 94.3%YoY and 2.2%MoM, the domestic sales witnessed a decline of 10.4%YoY owing to weak rural demand across the country and the economic disruption caused by Covid 2.0. On a sequential basis, the domestic sales however, reported a growth of 3.2%MoM reflecting the benefit from easing of lockdowns.
- Domestic sales of HMCL and TVS Motors registered a decline of 16.3%YoY and 7.6%YoY in the same period. However, Bajaj Auto has reported a 2.5% YoY growth in domestic sales and 102.5% YoY growth in export sales during July 2021, highlighting its leadership in the export markets.
- With strong demand from countries in Latin America and Middle East, we believe that exports in 2W segment will continue to remain strong in medium term whiles the domestic demand is expected to show a recovery by Q3FY21 given the better prospects of the kharif crop and a likely pickup in rural demand.

## Commercial Vehicle Segment

- After a protracted period of depressed domestic sales, the demand in the CV segment witnessed some moderate recovery in July 2021, reflecting the pickup in the core industrial sectors and the increased deployment of government funds in the infrastructure sector.
- Total domestic sales of the top 4 CV OEMs witnessed a growth of 64.3% YoY in July 2021 while it also grew by 28.2% on a sequential basis compared against sales of June 2021.
- While the market leader Tata Motors registered growth of 81.5%YoY in domestic CV sales, Ashok Leyland, M&M and Volvo (VECV) also registered growth of 89.8%, 34.8% and 104.9% respectively in July 2021 which benefits not only from the expected economic recovery in FY22 but also the base effect.
- With a capital expenditure push by the government and new project announcements by the private sector, we believe that demand in the CVs sector will recover firmly over the next few quarters.