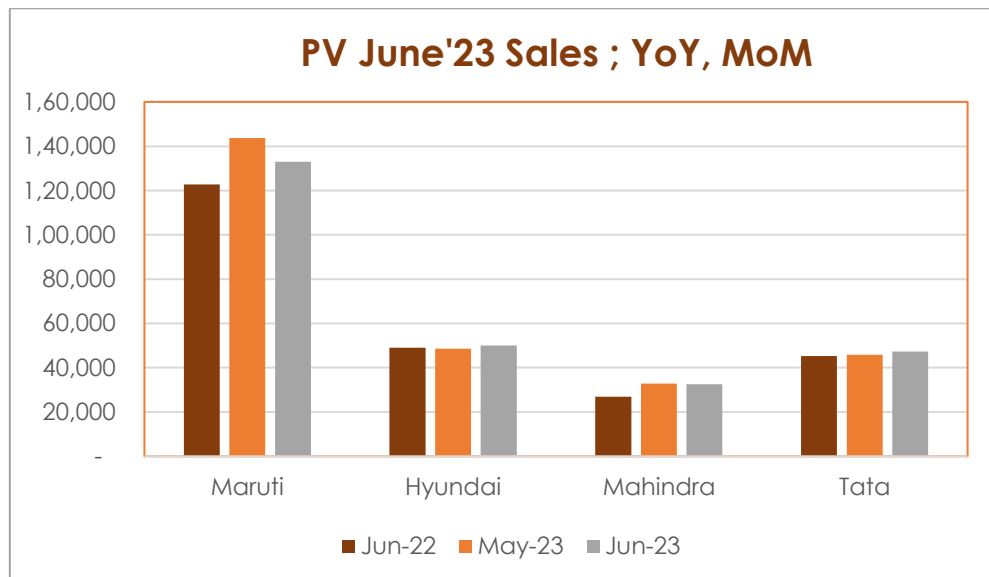


## Press Release

### Healthy outlook for CV and PVs, challenges remain in 2Ws

07-July-2023

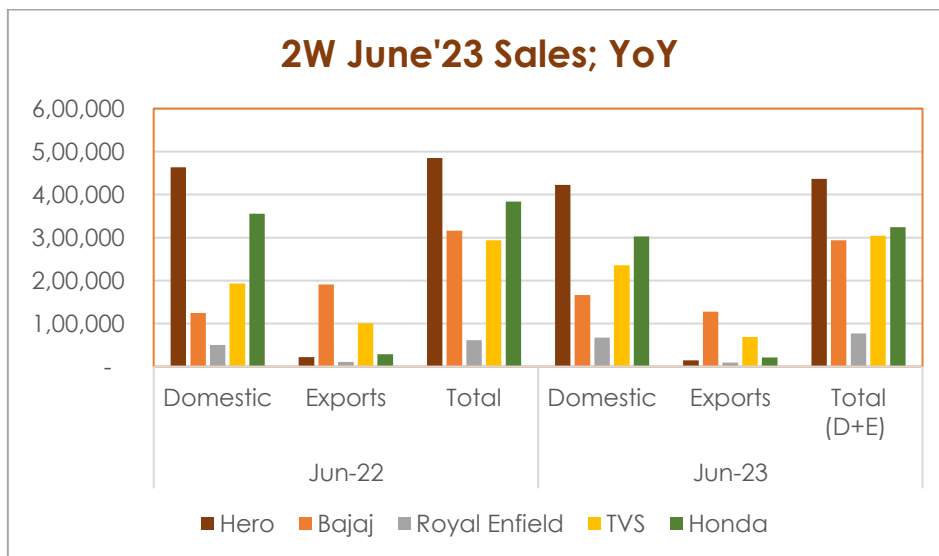
#### ▪ PV Segment



- The total domestic PV sales of the top 13 players witnessed a modest improvement as reflected by 2.2% YoY growth in Jun'23 vs Jun'22. On a sequential basis, the total domestic sales volumes witnessed a marginal decline by 2.0% MoM in Jun'23 vs May'23.
- On a quarterly basis, the domestic sales of PVs witnessed a healthy growth of 9.4% in Q1FY24 over Q1FY23.
- With regards to retail sales, FADA (Federation of Automobile Dealers Association) reported a moderate growth of 4.8% YoY.
- The continuing popularity in the compact SUV segment and positive urban consumer sentiments drive the demand for PVs across the country. Refresher models and aggressive new launches from OEMs support the growth in the segment.
- "The consumer sentiments in the PV segment remained positive in Q1FY24 with new model launches in the urban market and a moderate recovery in rural demand. Apart from agriculture, the large scale investments in infrastructure is also leading to a trickle down of income in rural areas from construction and allied activities. We expect an average growth of 5%-6% YoY in PV sales in FY24 despite some impact of higher interest rates on loan based purchases."

- **Suman Chowdhury, Chief Economist & Head - Research, Acuite Ratings & Research Ltd.**

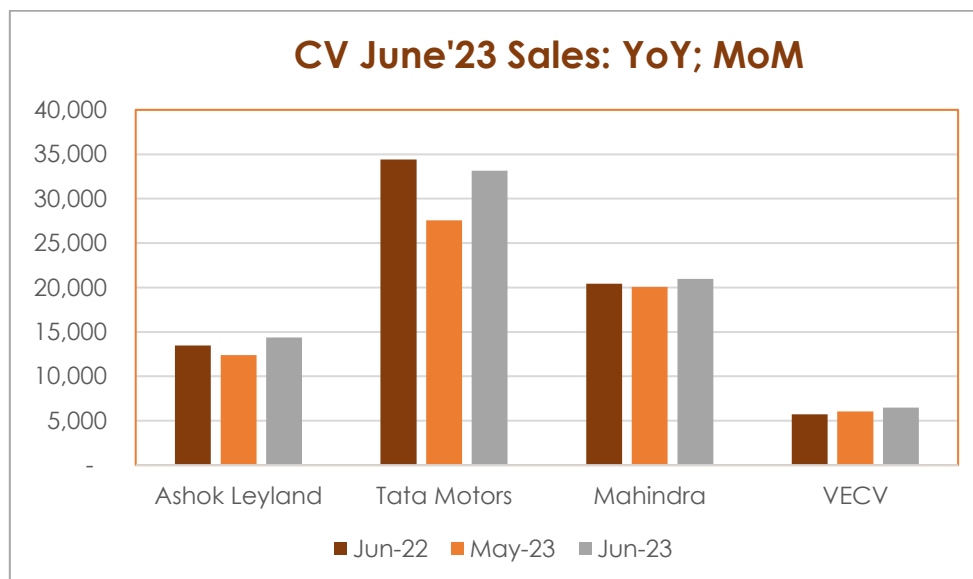
▪ **2W Segment**



- The total sales of top five 2Ws in the segment reported a decline in total sales by 6.7% YoY in Jun'23 compared against Jun'22. On a sequential basis too, the total sales witnessed decline by 7.5% MoM as compared against May'23.
- The domestic sales remain muted and witnessed minimal growth of 0.7% YoY during Jun'23 vs. Jun'23 and on a sequential basis, the domestic sales witnessed decline of 10.7% MoM during the month as compared against May'23.
- Nevertheless, retail sales have seen a better performance with a growth of 6.8% YoY in Jun-23 (Source: FADA) During Q1FY24, the cumulative domestic volumes witnessed growth of 11.7% YoY.
- Higher cost of ownership, increase in interest rates and inconsistency in rural demand continue to have an impact on the domestic 2W market.
- The export demand from the international market continue to remain a challenge, as reflected by the significant decline in export volume by 31.6% YoY in Jun'23 vis-à-vis Jun'22. Cumulative export sales were down by 34% in Q1FY24 as against Q1FY23. However, on a sequential basis, the export witnessed an encouraging growth of 11.8% MoM during the month compared against May'23.
- "The 2W market is in the midst of a structural transformation with a gradual shift towards green mobility and EVs. However, a reduction of subsidies and an increase in cost of EVs may slow down that transition. Rural demand is yet to demonstrate a sustainable trend in the backdrop of a risk of subpar monsoon in the current year. Further, the weak demand from the international market will remain a major area of concern for key 2W players going ahead."

- **Suman Chowdhury, Chief Economist & Head - Research, Acuite Ratings & Research Ltd.**

▪ **CV Segment:**



- The domestic sales of the top four players in the CV industry witnessed a marginal growth of 1.2% YoY in Jun'23 compared against Jun'22.
- Furthermore, on a sequential basis, the domestic sales witnessed healthy growth of 13.5% MoM in Jun'23 compared against May'23.
- However, during Q1FY24, the domestic sales witnessed a marginal decline of 3.0% vis-à-vis Q1FY23.
- "The infrastructure development and construction activities remained a key focus area for the government of India which is expected to continue driving the demand of CVs in the country. The replacement of older fleet of buses by the State Transport Corporations and the shift to EVs are also expected to drive the passenger CV segment going forward. Despite a weak Q1, we expect a volume growth of 6%-7% in the CV sector in FY24."

- **Suman Chowdhury, Chief Economist & Head - Research, 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 9,600 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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