

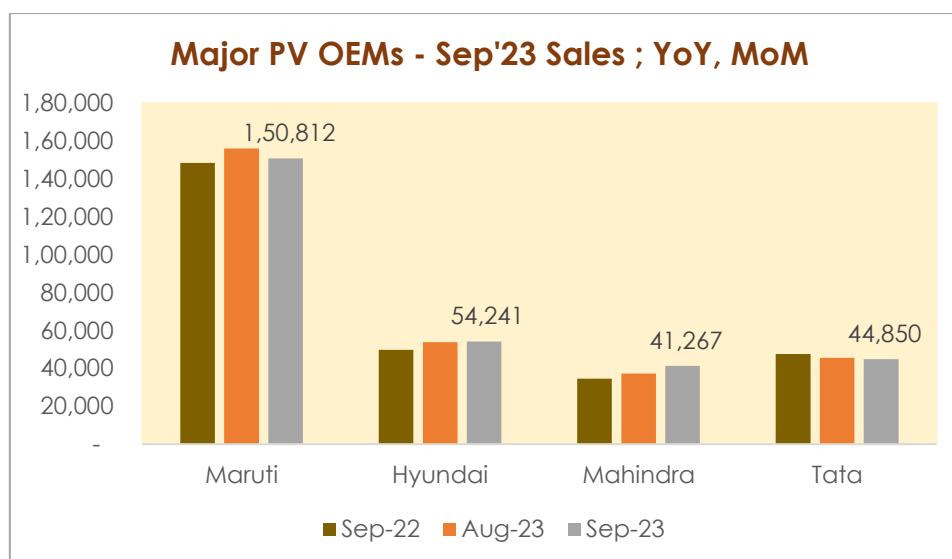
## Press Release

### Festive spirit pushes up auto sector growth

Rural demand improvement and pickup in exports key drivers in 2W segment

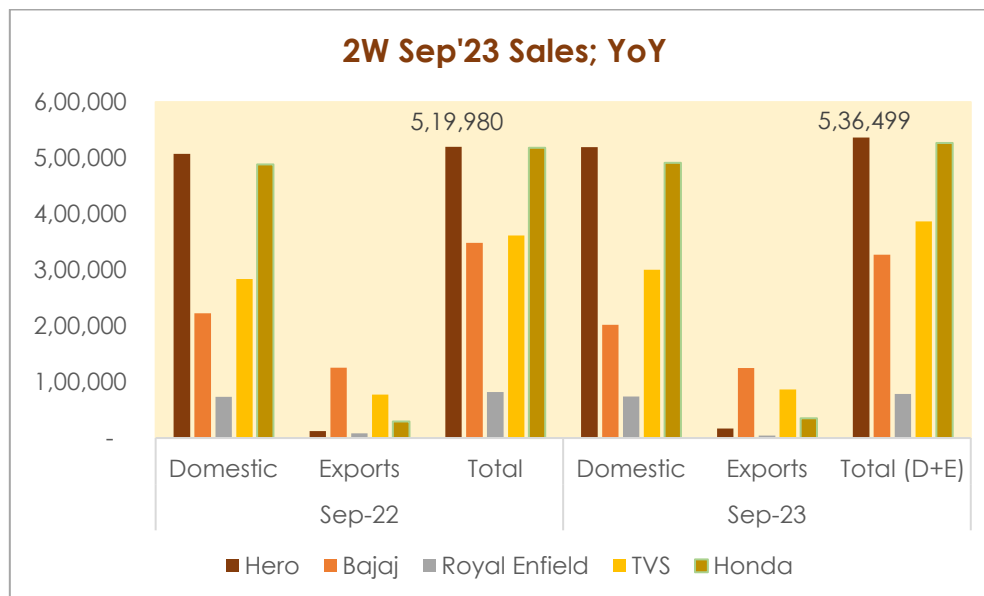
12-Oct-2023

#### PV Segment



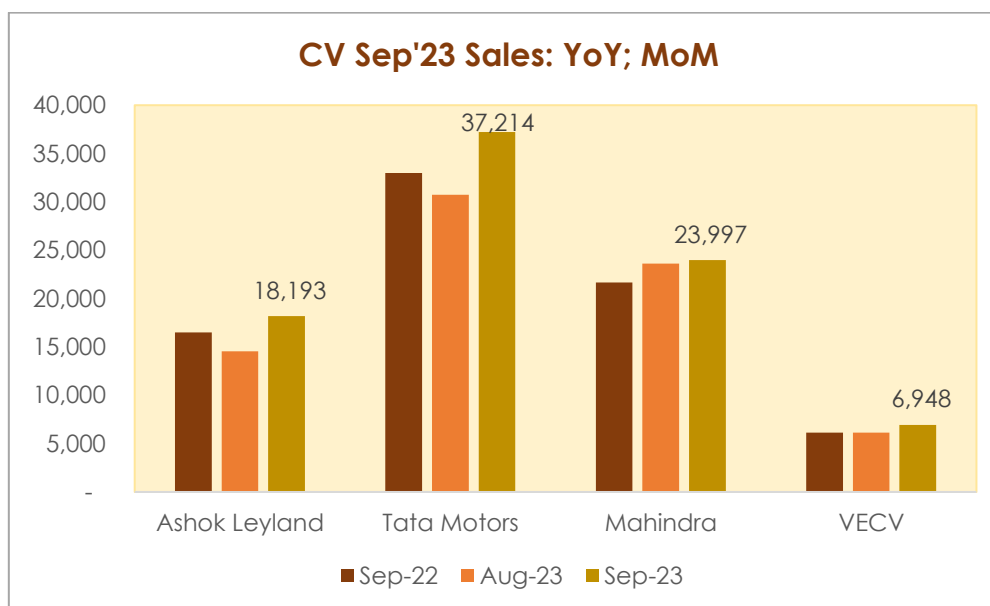
- In a festive environment, the total domestic PV sales volumes of the top 13 players continued to show positive momentum with an annualized growth at 2.4% YoY growth in Sep'23 vs Sep'22, registering sales of 3.62 lakh units.
  - On a sequential basis, however; the growth was muted with a marginal growth of 0.7% MoM compared against Aug-23.
  - On a cumulative basis, the domestic PV sales for these top players during H1FY24 witnessed a healthy growth of 7.1% YoY compared against H1FY23.
  - The dealership level sales were more encouraging with FADA (Federation of Automobile Dealers Association) reporting a healthy growth of 19.0% YoY and 5.4% MoM, reflecting the play out of festive demand and also to an extent, vehicle demand before the election season.
  - The growing popularity of SUVs across the country as compared to sedans supported by aggressive launches and refresher models from the OEMs has also led to the demand growth in PVs.
  - "The festive season has expectedly, brought in positive consumer sentiments in the urban areas and along with the upcoming harvest of the kharif crop in the rural areas, should keep PV growth rates healthy in the near term. Further, increased consumer preference towards SUV/MPVs segment, improvement in semiconductor availability and the nearing elections both in multiple states and the central level continue to be sectoral growth drivers."
- **Suman Chowdhury, Chief Economist & Head-Research, Acuite Ratings & Research Ltd.**

## 2W Segment



- The total sales of top five 2Ws in the 2W segment reported marginal growth by 1.4% YoY in Sep'23 compared against Sep'22. However, on a sequential basis, the total sales witnessed a healthy recovery by 11.8% MoM as compared against Aug'23.
  - The domestic sales trajectory has improved with 0.7% YoY growth during Sep'23 vs. Sep'22; on a cumulative basis, domestic 2W sales volumes have seen a modest growth of 3.7% YoY during H1FY23 against H1FY22, reflecting the lack of depth in rural demand.
  - Nevertheless, retail sales have given rise to hopes of a recovery in rural demand with a growth of 21.7% YoY and 4.6% MoM in Sep'23 (Source: FADA).
  - The export demand from the international market, interestingly, witnessed some recovery with export volume growth of 5.6% YoY in Sep'23 vis-à-vis Sep'22. On a sequential basis too, the export despatches witnessed growth of 7.1% MoM during the month. During H1FY24, however, the slowdown in global demand is reflected in the decline of export volumes by 21.4% YoY compared against H1FY23.
  - “The festive season has induced a moderate pickup in the domestic demand for 2Ws, as seen from the wholesale volumes and the data reported by FADA. Such numbers can be sustainable only if the kharif crop output doesn't show any significant shortfall and the rabi sowing happens as per expectations. Similarly, the recovery in 2W export volumes in Sep-23 is encouraging but its sustainability needs to be seen, given the uncertainty and slowdown in the global economy.”
- **Suman Chowdhury, Chief Economist & Head - Research, Acuite Ratings & Research Ltd.**

**CV Segment:**



- The domestic sales of the top four players in the CV industry continue to remain healthy with growth of 11.8% YoY in Sep'23 compared against Sep'22.
  - On a sequential basis, the domestic sales also witnessed a stronger growth of 15.1% MoM in Sep'23 vis-à-vis Aug'23.
  - Further, FADA has reported a 4.9% YoY and 7.3% MoM growth in dealership level CV sales during the month of Sep'23.
  - However, on a cumulative basis, the CV volume growth in the first half of the fiscal (H1FY24) has remained relatively low at 2.5% YoY against H1FY23.
  - The strong government push towards infrastructure development and healthy growth in the e-commerce industry has been supportive of domestic CV demand.
  - "Growth of CVs in the domestic market has moderated in the current fiscal after a strong growth in the previous year. While exports continue to face headwinds, industrial activity has seen a steady uptrend in the first half of the year and along with the existing demand drivers namely the step up in public sector expenditure in infrastructure and the continuing penetration of e-commerce services, should translate into better growth rates in the second half the year."
- **Suman Chowdhury, Chief Economist & Head - Research, Acuite Ratings & Research Ltd.**

## About Acuité Ratings & Research Limited:

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