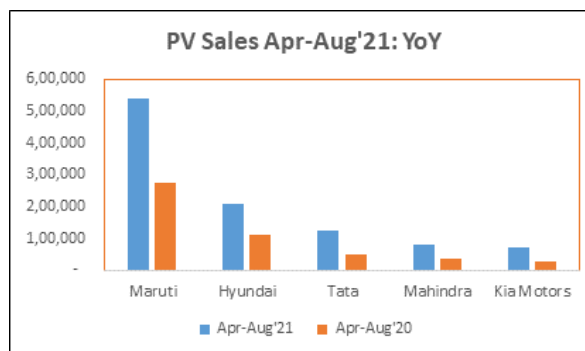
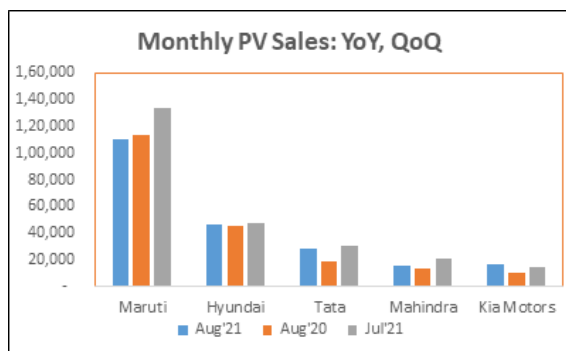


## Press Release

### Pickup in CV sales, sequential weakness in PV-2W volumes Semiconductor shortages to impact PV production in near term

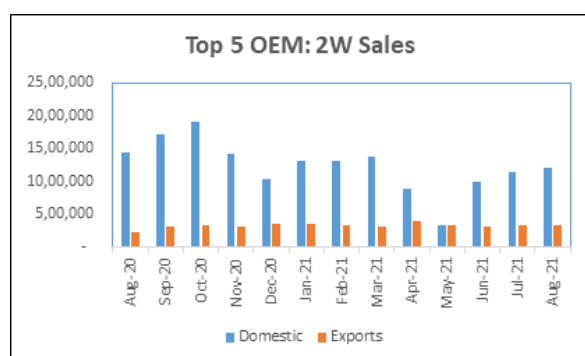
02 September 2021

#### PV Segment



While PV volumes for the top 10 manufacturers in India recorded a growth of 13.3%YoY during Aug'21 amid a lower base factor, the sales saw a sequential decline of 9.2% MoM compared to Jul'21. While it can be partly attributed to the weakness in domestic demand, the production challenges across the PV sector due to a severe global shortage of semiconductors have also been a significant factor in lower despatches. The sales of the market leader, MSIL which reported a decline in sales of 5.7% YoY & 17.7% MoM, reflected such supply constraints. The management of MSIL has also announced a 60% production cut in Sep 2021, indicating the semiconductor challenge will persist in the near term. Similarly, the domestic sales of other key players such as Hyundai, Tata Motors and M&M also reported MoM decline of 2.4%, 7.2% and 24.1% compared to the volumes in Jul'21 despite relaxations in lockdown measures and higher bookings from the customers. Only Kia Motors among the top 5 manufacturers had a sequential growth of 11.5% albeit on a lower base. Going ahead, the shortage of semiconductors may disrupt PV sales over the next few months despite a likely revival in consumer sentiments with the onset of festive season.

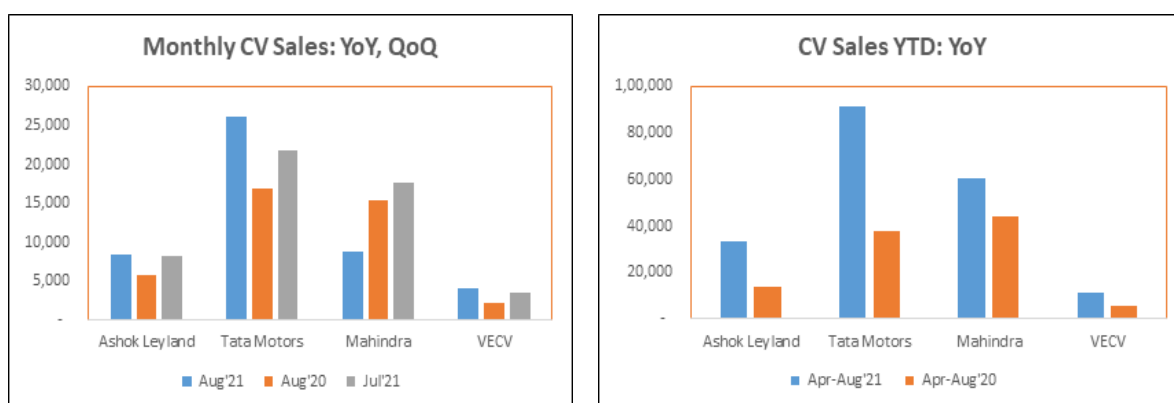
#### 2W Segment



As per the data released by the top five 2W manufacturers in the country, the 2W segment volumes in Aug'21 have been impacted due to the continuing weakness in domestic demand though some benefits have accrued to the removal of lockdown

restrictions. The total 2W sales of the top 5 players reported a decline of 8.0%YoY in Aug'21 and the major reason behind it is clearly the 16.1% contraction in domestic sales. Nevertheless, on a sequential basis, the total 2W volumes witnessed a growth of 4.5% vs Jul'21. The demand from the international market continues to remain robust reflected by YoY growth of 41.4% in exports during the previous month. The market leader in exports of 2Ws - Bajaj Auto has reported 26.3%YoY growth in export during Aug'21 while registering decline in domestic sales of 11.4%YoY. HMCL, Royal Enfield, TVS Motors and HMSI also reported robust YoY growth in exports to the tune of 44.1%, 163.9%, 60.2% and 85.6% respectively. While the export buoyancy is likely to remain in the near to medium term, Acuite expects a healthy recovery in domestic demand with the onset of festive season, the pent-up demand factor and improved kharif crop prospects.

### **CV Segment:**



The steady recovery in the core infrastructure sector and the removal of restrictions on movement of goods have started to get reflected in the CV sales trajectory which had witnessed a weakness for a protracted period. The total domestic sales of the top 4 market leaders in the CV space witnessed a growth of 18.0%YoY in Aug 2021. The growth momentum was slightly impacted by the decline in domestic CV sales of 42.2%YoY in Aug'21 from M&M. However, the overall uptrend in the market is indicated by Tata Motors recording 55.4%YoY in domestic CV sales whereas Ashok Leyland and Volvo-Eicher (VECV) also clocked 44.2% and 79.2% respectively on a YoY basis. As capital expenditure by the government continues to pick up along with an increased focus on the infrastructure sector, Acuite believes that the 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 8,800 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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