



# INDIAN AUTOMOBILE INDUSTRY – TWO-WHEELERS

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Monthly Update

OCTOBER 2021



# What's Inside...

## 1 Trend In Domestic 2W Sales



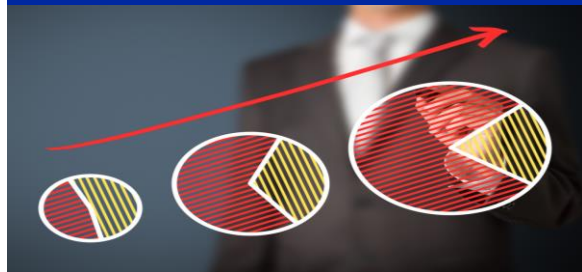
## 2 Monthly Trend in Domestic and Export Sales



## 3 Segment-wise Monthly Sales Trend



## 4 Trends in Market-share and Segment-mix



## 5 ICRA's Outlook On The Indian 2W Industry



## 6 ICRA Ratings in the Sector



*Expectations of a good festive season led to healthy sequential growth in wholesale volumes in September 2021*

*Retail sales volumes declined sequentially for a third consecutive month; on-set of Shradh was one possible dampener*



**Domestic 2W sales posted 14.8% sequential growth in September 2021** – Sequential growth in anticipation of good festive season sales. However, with 15.3 lakh units sold domestically, the volumes were 17% lower on a YoY basis and nearly 9% lower than September 2019 (pre-pandemic) volumes.



**Domestic motorcycle segment witnessed a 22.5% YoY contraction while scooter segment declined by 7% YoY** – The varying trends could be partly attributed to the base effect. In FY2021, the motorcycle segment had posted faster recovery following the nationwide lockdowns. Also, demand recovery in the urban markets has been faster after the second wave of pandemic in Q1 FY2022.



**Retail 2W sales reported a 10% YoY and 6% sequential decline** – The retail offtake remained muted reflecting continued purchase deferrals by consumers, possibly due to the onset of 15-day Shradh period in select states and/or in anticipation of attractive festive schemes. The retail sales were still around 17% lower than the September 2019 (pre-pandemic) levels.



**High-speed e2W's sales continued posting robust growth following FAME Scheme amendment**– 12% YoY growth posted in Sep-21 with sales exceeding 15,000 units; H1 FY2022 e2W sales (~55,200) have already exceeded FY2021 annual volumes (~41,000).



**Exports posted 8% YoY growth; pace slows due to high base** – Besides the YoY growth, exports were 18% higher than pre-pandemic levels (i.e., September 2019 volumes). While domestic demand recovery remains volatile, the steady 2W exports continue to support industry volumes.



**ICRA expects a 6-8% YoY growth in 2W domestic volumes in FY2022** – While decent monsoons, healthy rural cash flows and abating fear of the pandemic (with healthy pace of vaccinations) are a positive for the festive season offtake, a persistent increase in cost of 2W ownership remains an overhang on domestic demand recovery. Furthermore, continued supply chain disruptions (especially semi-conductor shortages for 150cc and above motorcycles) also pose a supply side risk.



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