



# INDIAN AUTOMOBILE INDUSTRY – TWO-WHEELERS

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Monthly Update

AUG 2022



# What's Inside...

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Trend In Domestic 2W Sales



2

Monthly Trend in Domestic and Export Sales



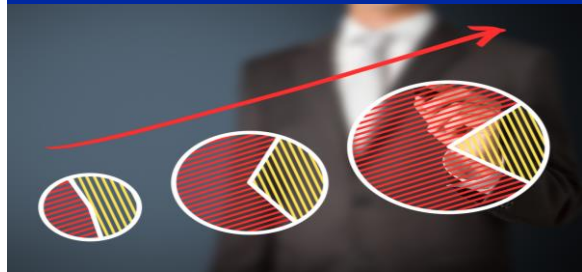
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Segment-wise Monthly Sales Trend



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Trends in Market Share and Segment Mix



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ICRA Ratings in the Sector



*OEMs pin hopes on a good festive season offtake; uneven monsoons and inflationary challenges may play spoilsport*



**Domestic 2W wholesale volumes grew by a modest 5.2% sequentially in July 2022** – At 1.36 million units, the wholesale volumes were 8% higher on a YoY basis but still 10% lower than pre-pandemic levels (Jul-19). With easing commodity price pressures and chip-supply constraints, the OEMs are gradually ramping-up supplies for the festive period.



**Domestic scooter segment has outperformed motorcycles on YoY basis** – Reopening of education institutes and reversal in work-from-home trends in corporate India continued to support the scooter offtake; on a MoM basis, motorcycles saw a sequential growth of 2.4%, compared to 13.1% for scooters.



**Retail 2W sales declined on MoM and YoY basis** – The retails were ~28% lower than the pre-pandemic levels; subdued offtake reflects the impact of elevated cost of ownership along with inflationary headwinds. Impact of reduction in excise duty for petrol yet to reflect on demand; possible increase in financing rates remains a monitorable.



**High-speed e2W sales continued to see recovery with a 5% MoM growth** – Healthy demand and easing chip availability issues supported the growth in MoM sales; Hero Electric regained top e-2W seller spot, while Ather Energy and OLA saw market share decline due to maintenance-related shutdown.



**Exports posted YoY and MoM contraction** – The shortage of US dollars and inflationary pressures in key African markets is impacting 2W affordability; the OEMs expect export demand to remain impacted for a quarter or so and recover thereafter.



**Domestic demand remains fragile; inflationary environment to be a drag on recovery** – ICRA is cautiously optimistic of demand recovery in FY2023, amid multiple headwinds. With elevated ownership cost, persisting inflationary pressures and increase in financing rates, demand for discretionary goods may witness slow recovery. In addition, as erratic monsoons have impacted kharif sowing, rural cash flows and demand sentiments may get dampened. Chip shortage issues may aggravate again, in case of the China-Taiwan conflict and are a critical monitorable in the near term. Despite the above, softening commodity pressures, coupled with a low base, are expected to aid a modest YoY growth in FY2023.



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