ICRA

INDIAN AUTOMOBILE INDUSTRY – PASSENGER VEHICLES

Monthly Update

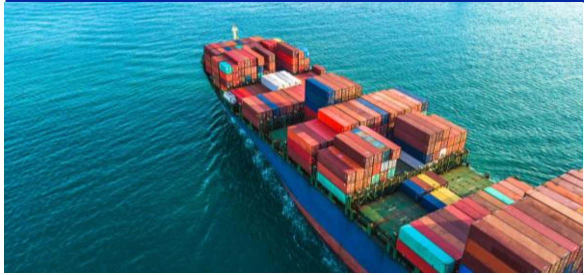
SEPTEMBER 2022

What's Inside…

1 Trends In Domestic Passenger Vehicle Industry Volumes

2 Segment-Wise Domestic Sales Trend

3 Export Volumes Trend



4 Trends in Market Share

5 ICRA Ratings in the Sector

Highlights

Domestic wholesale volumes remained healthy in August, with underlying demand for the industry continuing to be robust

Semiconductor supply shortage is expected to fully resolve by 2023; the impact of the ongoing geopolitical crisis on chip supplies remains monitorable

Wholesale dispatches of passenger vehicle volumes grew by ~26% YoY in August 2022 on account of a low base; the volumes remained healthy aided by an improvement in semiconductor supplies over the past few months. The semi-conductor shortage is, however, expected to continue to persist to an extent over the near term and fully resolve in 2023.

Retail sales continue to remain steady with the underlying demand for the industry continuing to be robust. Inventory levels across dealerships have improved, aided by the improved production levels, and are estimated to have reached near normal levels of 30-35 days.

The UV segment continues to register healthy volumes. The OEMs continue to prioritise the production of UVs on account of higher pricing flexibility, given the shift in consumer preference for the segment.

Monthly export volumes have continued to remain healthy, aided by stable demand across geographies. Export volumes in August 2022 represented a modest growth of ~7% on a YoY basis.

ICRA now expects the industry to grow by 13-16% in FY2023 (vis-à-vis 9-12% earlier), aided by the improvement in semiconductor supplies. The underlying demand trends for the industry continue to be healthy. Inventory restocking at dealerships is also likely to cushion wholesale dispatches against any moderation in demand. Supply chain disruptions, however, continue to be a monitorable.

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Thank You!