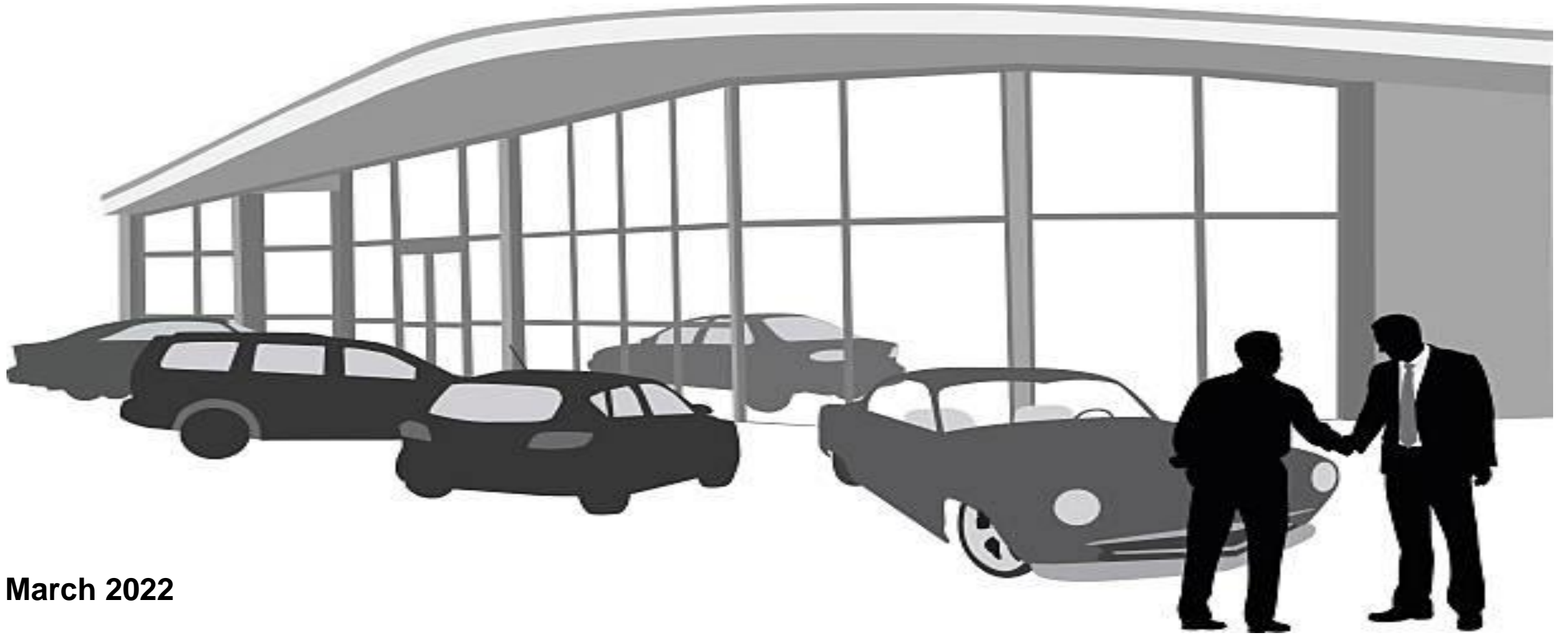


Monthly trend – Retail versus off-take

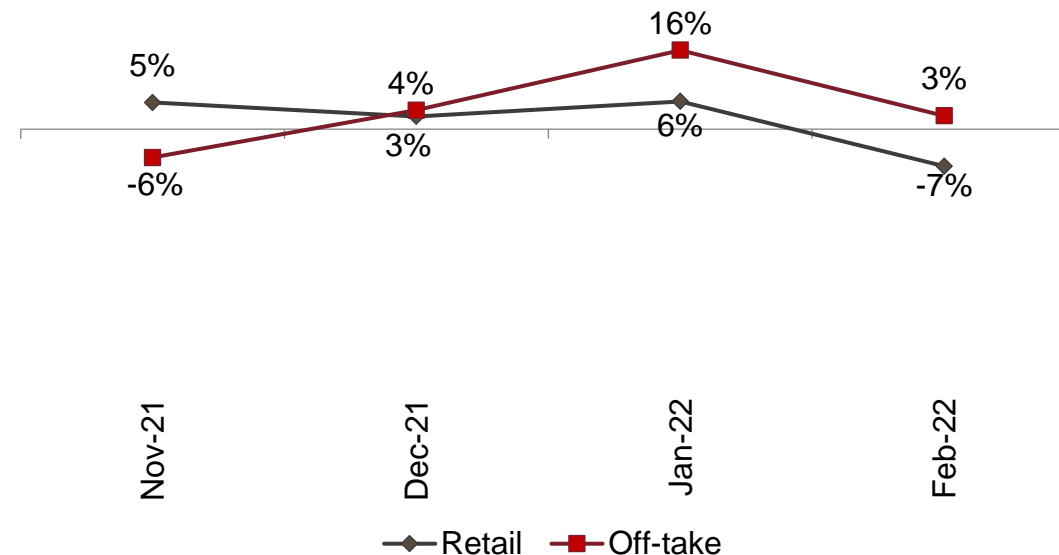
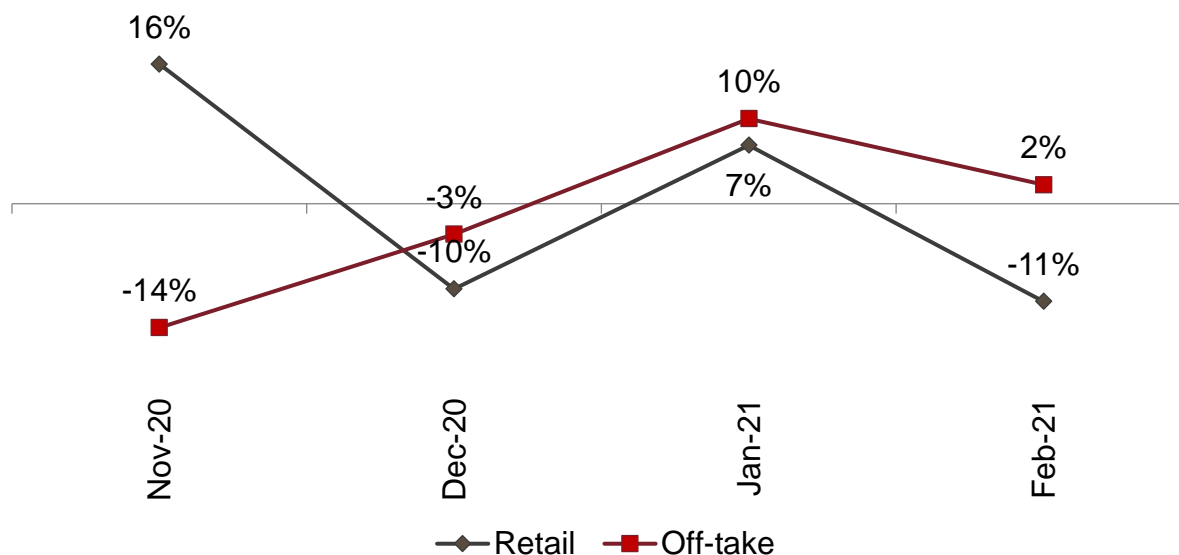


March 2022

Research

Supply constraint persists in PV industry

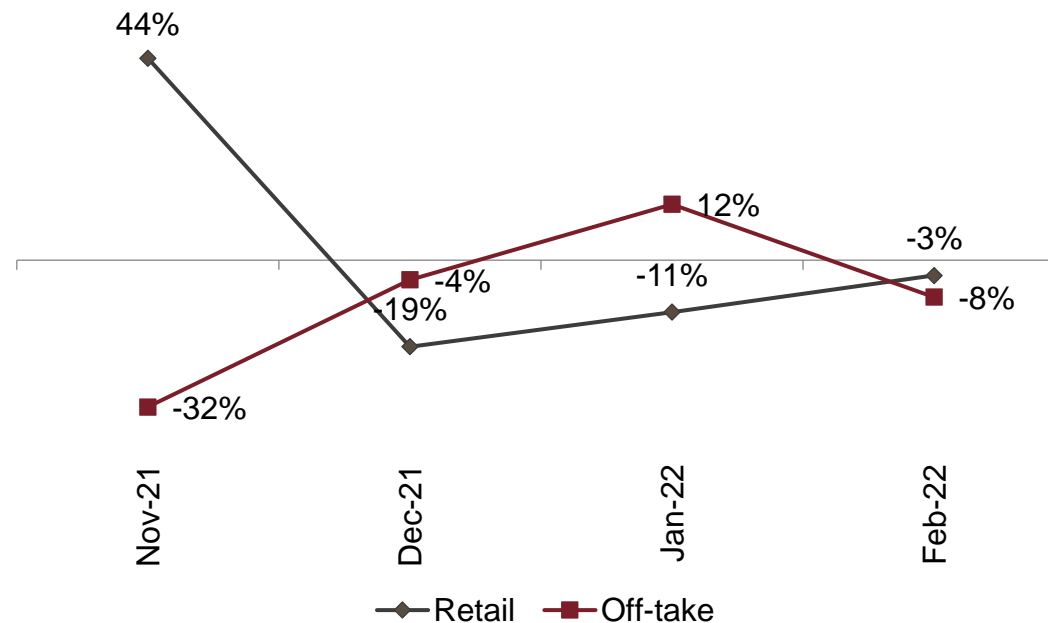
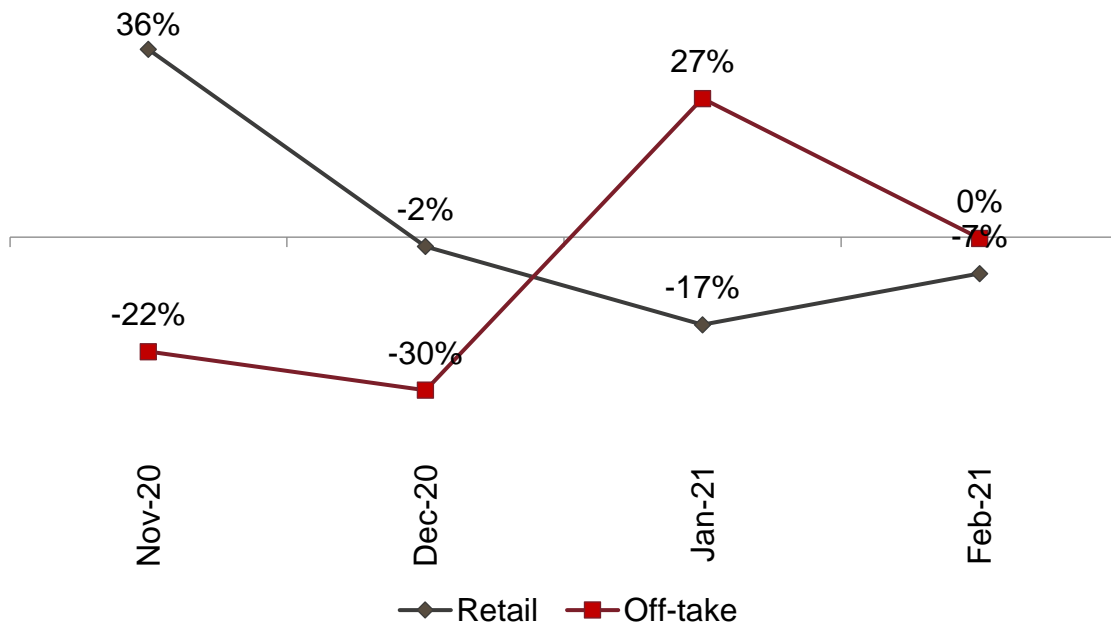
Passenger vehicle - Retail vs off-take (growth m-o-m)



- Offtake grew by 3% m-o-m as compared to Jan 2022.
- OEM's have been increasing stock levels by building up consecutively post festive season, however supply constraints to persist till the chip shortage issue is not resolved.
- Retail demand has been declining on account of high fuel prices. Vehicle prices also expected to increase post Russia-Ukraine crisis as raw material prices have increased significantly
- Dealer inventory continues at 12-18 days.

Two-wheeler Retail > Wholesale in Feb 2022

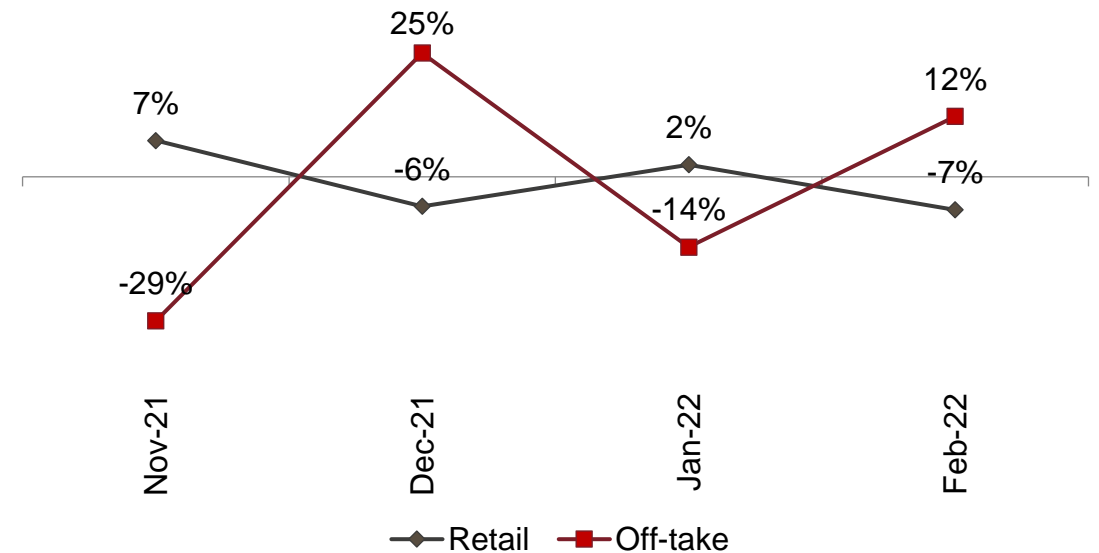
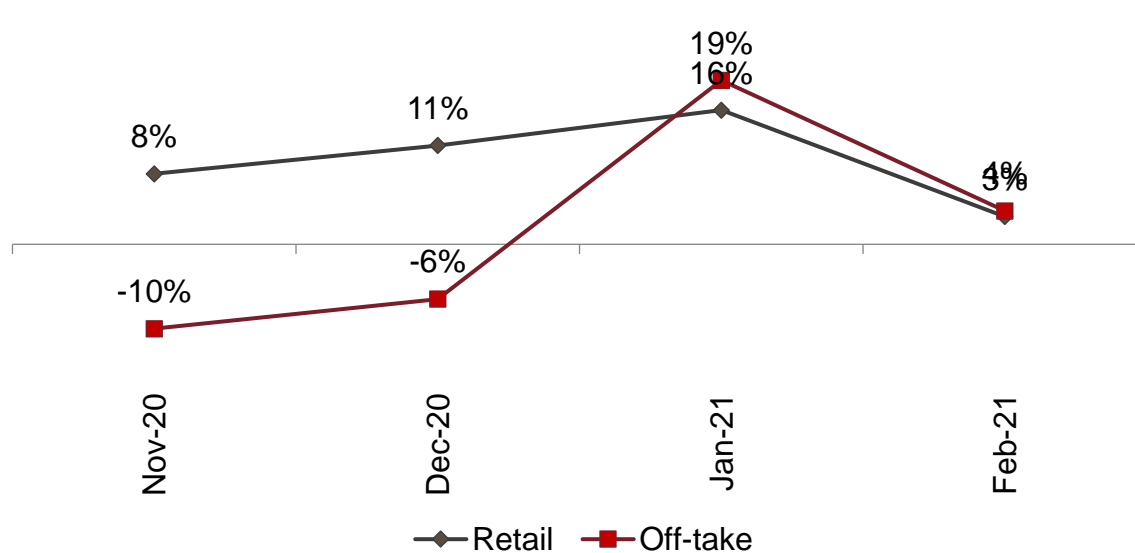
Two-wheeler - Retail vs off-take (growth m-o-m)



- High dealer inventory, production cuts by OEMs and semiconductor shortage kept the two-wheeler wholesales under pressure in the month of Feb 2022 as compared to same month last year. Wholesale volume declined by 27% yoy in Feb 2022.
- Retail registration of two wheelers bounced back in Nov 2021, witnessing a growth of 44% sequentially, which is expected to have helped to liquidate the existing higher inventory at dealerships. However, from Dec 2021 retail demand has again been sluggish as compared to wholesale demand.
- Crop loss due to incessant rains and flood in southern states, high acquisition price as well as fuel costs kept the two-wheeler customers away

Three-wheeler off-take continues to grow on a low base

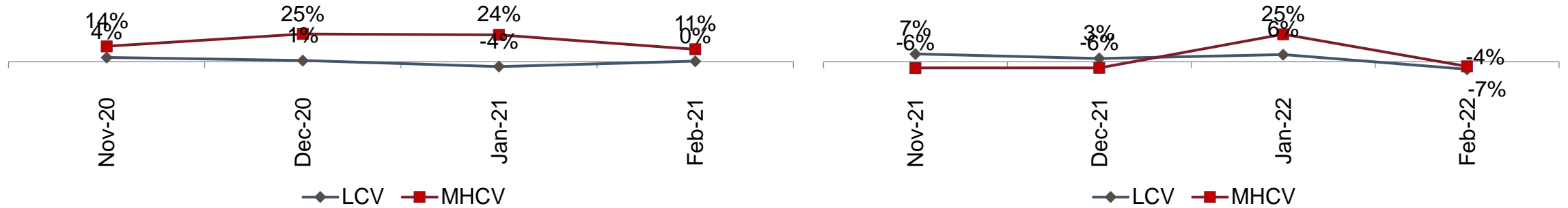
Three-wheeler - Retail vs off-take (growth m-o-m)



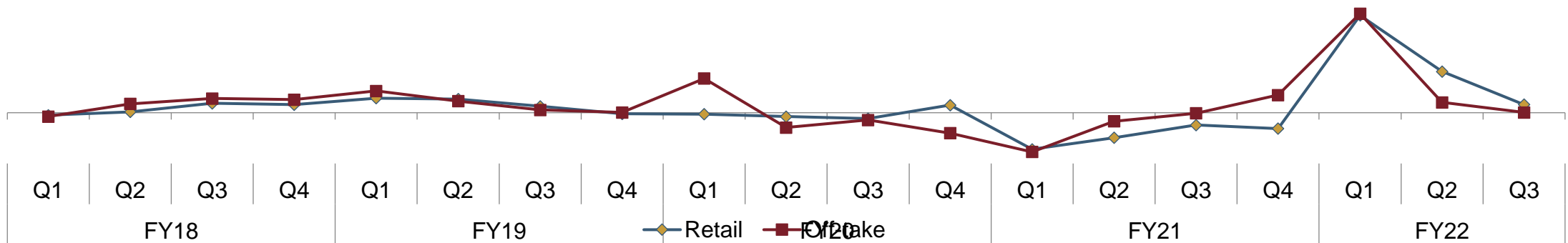
- Feb 2022 wholesale witnessed a growth of 12% m-o-m; however, retail declined by 7% m-o-m.
- With vaccination pace improving remarkably, usage of public transport is expected to increase.
- As schools, colleges and workplaces are opening up, demand for three-wheeler is also gradually increasing.
- Fourth wave of Covid remains a key monitorable.

Seasonality and chip shortage limits LCV sale

Commercial vehicle – LCV & MHCV retail (growth m-o-m)



CV - Retail vs off-take (growth y-o-y)



- Due to the base effect, MHCV sees a growth of 1% y-o-y (decline by 4% m-o-m) whereas LCV declined by 3% yoy (grown by 7% m-o-m).
- With diesel prices at record highs, supply of CNG vehicles are not able to meet the demand.
- Tight liquidity and unavailability of finance for customers who availed moratorium are also acting as sales barrier
- Buses as a category is yet to see revival in demand.

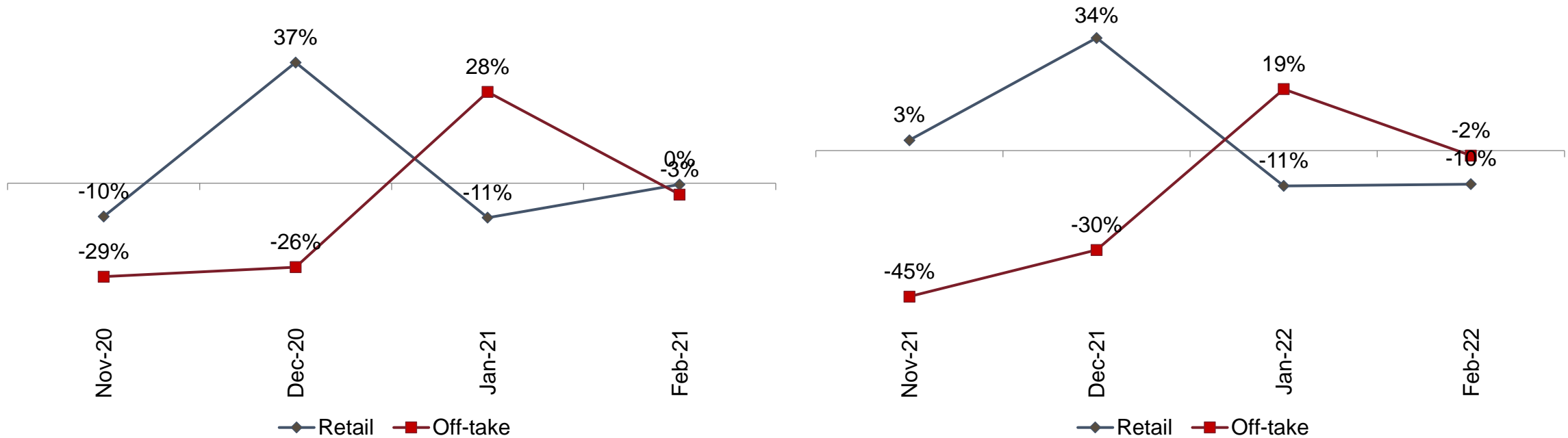
Research

NOTE: Monthly off-take numbers are not reported by CV players from fiscal 2021 onwards

Source – MoRTH, SIAM, CRISIL Research

Tractor wholesale volume sees a decline in Feb 2022

Tractor - Retail vs off-take (growth m-o-m)



- Tractor wholesale sales have dropped by more than 30% y-o-y (2% decline m-o-m) in Feb 2022 after registering a 19% growth m-o-m in Jan 2022.
- Erratic rainfall in many states, delayed harvesting, lower cash in hand of the farmers coupled with lower commercial demand have impacted sales negatively for the month. Coupled with high inventory at dealer end, wholesale volume registered a decline.
- Slower commercial demand, delayed harvesting and increase in other expenditure (such as marriages and social events) have led to drop in retail sales

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