ICRA

INDIAN TWO-WHEELER INDUSTRY

Strong retail sales during the festive season provide optimism for a smooth ride

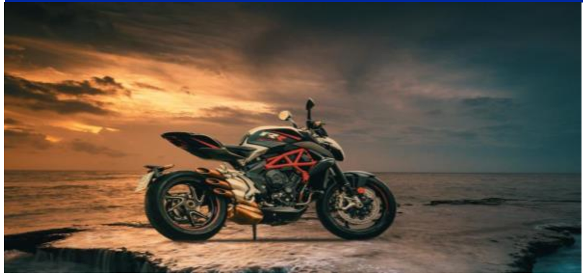
DECEMBER 2023

What's Inside…

1 ICRA's Outlook on the Sector

2 Channel Check and Financing Environment Update

3 Trend Shaping Domestic 2W Industry - Electrification



4 Trend in Economic Indicators & Underlying Demand Drivers

5 Domestic Sales Trends

6 Export Sales Trends

What's Inside…

ICRA

7 Market Share Trends

8 Peer Comparison and ICRA Ratings in the Sector

Highlights

ICRA

Retail sales rebound to healthy levels during the festive season; sustenance of same remains to be seen.

ICRA estimates 2W volumes (including exports) to register a growth of 4-7% YoY in FY2024 on a severely contracted base.

The OEMs are expected to maintain strong credit profiles, despite investments planned for electric vehicle platforms.

ICRA estimates 2W volumes (including exports) to grow by 4-7% YoY in FY2024; the wholesales over the past few months have been supported by healthy demand during the festive season and the ongoing marriage season. Even as dealer inventory remains at controlled levels, continuation of the growth momentum amid material rise in the cost of ownership remains key.

Industry witnessed strong retail sales during the festive season – Retail sales remained at healthy levels during the recently concluded festive season, representing a growth of ~21% on a YoY basis. Normally, growth tends to slow down after the festivals, but this year it has continued well beyond that period aided by strong demand in the marriage season.

ICRA's survey of 2W dealers indicates that majority of the dealers anticipate moderate growth in volumes for the fiscal and are optimistic of a sustained recovery in demand going forward. Notwithstanding the same, high vehicle prices continue to remain a hindrance to improved sales.

E2W sales rise amid the festive cheer – Electric two-wheeler (e2W) retail volumes, after declining to ~45,000 units in June 2023 (post pre-buying in May 2023), improved to ~91,000 units in November 2023, aided by festive season cheer. Despite the improvement, the volumes remain impacted by material price hikes taken by the e2W OEMs to help offset the impact of reduction in FAME II subsidy from June 1, 2023.

Exports outlook continues to be weak – Exports, which contribute ~15-20%% to industry sales continue to remain weak; shortage of forex and inflationary pressures in key African markets impacted 2W affordability. The OEMs expect export demand to remain impacted for at least another quarter.

Analytical Contact Details

Name	Designation	Email	Contact Number
Shamsher Dewan	Group Head	shamsherd@icraindia.com	0124 – 4545 328
K. Srikumar	Co-Group Head	ksrikumar@icraindia.com	044 – 4596 4318
Rohan Gupta	Sector Head	rohan.kanwar@icraindia.com	0124 – 4545 808
Debadrita Mukherjee	Senior Analyst	debadrita.mukherjee@icraindia.com	0124 – 4545 394

ICRA Business Development/Media Contact Details

Name	Designation	Email	Contact Number
L Shivakumar	Chief Business Officer	shivakumar@icraindia.com	022-61693304
Neha Agarwal	Head – Research Sales	neha.agarwal@icraindia.com	022-61693338
Rohit Gupta	Head Business Development - Infrastructure Sector	rohitg@icraindia.com	0124-4545340
Vivek Bhalla	Head Business Development - Financial Sector	vivek.bhalla@icraindia.com	022-61693372
Vipin Saboo	Head Business Development – Corporate Sector - West & East	vipin.saboo@icraindia.com	022-61693348
Shivam Bhatia	Head Business Development – Corporate Sector - North & South	shivam.bhatia@icraindia.com	0124-4545803
Naznin Prodhani	Head – Media & Communications	communications@icraindia.com	0124-4545860

ICRA

ICRA

Thank You!