

## 2/3 Wheelers

Industry Code (as per CMIE Prowess): 0101014502011500'

June 2022

Overall Industry Risk Score: **13/20 | Marginally Favourable**

Sample Size: 6 Companies

Median Rating Value of sample size: B+

### Individual Parameters Contributing to the Score

#### Demand & Supply Balance



12/20

##### DS Equilibrium

As per SIAM data, the sales of two wheelers declined by 12.8% from 15.1 million nos in FY21 to 13.4 million nos in FY22 and three wheelers increased by 18.9% in volume terms to 2.60 lac nos in FY22 as compare to 2.1 lac nos. As per SIAM data, the export volumes increased to 49.4 lac nos for FY22 from 36.8 lac nos for FY21. As per FADA data for current year, the two-wheeler sales increased by 20.2% from 9.3 lac nos. in June 2021 to 11.2 lac nos. in June 2022. But the volumes in June 2022, remained below pre-covid levels of June 2019 of 13.4 lac nos. The domestic sales volumes are likely to be impacted by the high fuel costs and elevated inflation rates in FY23. The revival in rural demand will also have a bearing on the pick-up in volumes.

#### Extent of Competition



12/20

##### Neutral

The top four players i.e Hero Motocorp Ltd (34.5% Market share for FY22), Honda Motors & Scooters India Ltd (24.5%), TVS (14.3%) & Bajaj Auto Ltd. (11.2%) continued to lead the market. In three wheeler segment, Bajaj Auto Ltd continued to be the market leader with 34.9% market share during FY22, followed by Piaggio with 11.2% market share.

## Regulatory Risk



16/20

Stable Regulatory environment

BS VI standards deployment has significantly impacted industry sentiment, given the costs involved; the GST is relatively high but overall regulatory framework is supportive. There is a regulatory shift towards adopting electric vehicles as a greener mode of transport.

## Input Related Risk



12/20

Largely predictable supply of inputs from diversified sources or Raw Materials with rare, occasional disruptions / fairly predictable price band

Prices of key inputs will be linked to prices of commodities like steel and aluminium. Supply of Engine and Transmission related components from China will be an important input risk for the sector. The Russia-Ukraine war has impacted the fuel and metal prices which could hamper the near term growth.