



‘CV sales to remain subdued in this fiscal year’

Rating agency IcrA on Monday said its outlook for the domestic commercial vehicle industry remains negative for the rest of the fiscal year due to subdued sales

HEADWINDS TO CONTINUE

The rating agency believes that demand headwinds would continue in the near-term, with likelihood of limited pre-buying ahead of the roll-out of BS-VI emission norms

INVENTORY RATIONALISATION

Given the high inventory levels at dealerships and subdued retail sales, original equipment manufacturers (OEMs) are focusing on rationalising the inventory in the system prior to the roll-out of new emission norms, which would render unsold inventory of existing BS-IV vehicles as obsolete, said Shamsheer Dewan, vice-



president, IcrA Ratings

10-12%

volume contraction is likely in the domestic commercial vehicle industry during the current fiscal year, which, coupled with elevated level of discounts offered by OEMs,

will exert pressure on earnings and credit metrics of OEMs in the near-term, added Dewan

19%

volume contraction during April-August 2019 on a year-on-year basis

33%

The volume contraction has worsened as the year progressed with CV OEMs cutting down their wholesale dispatches during July-August period of this year to pare inventory levels at dealerships in light of subdued footfalls and retail sales

32%

contraction during the current fiscal year so far in the medium and heavy commercial vehicle segment