

+ ICRA revises revenue growth for auto components industry

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Rating agency ICRA on Thursday revised downwards the revenue growth forecast for the auto components industry in the current fiscal to 15-17 per cent, citing the impact of the Omicron wave, delayed recovery in semiconductors

shortage and muted two-wheelers demand. It, however, said despite the potential Omicron impact, the domestic aftermarket demand is expected to grow 8-10 per cent in FY22 while exports remain a bright spot in the Indian auto component story with an estimated growth of over 20 per cent this fiscal.

“ICRA expects the robust 15-17 per cent revenue growth in the ongoing fiscal for the Indian auto component industry to be driven by domestic OEM, replacement, export volumes and pass-through of commodity prices,” said ICRA Assistant Vice President and Sector Head Vinutaa S.

Volume growth

Most domestic original equipment sub-segments are expected to register healthy volume growth in FY22, albeit, on a low base of the last fiscal, ICRA said, adding pass-through of commodity prices will also inflate revenues by 4-5 per cent.

On the export front, the rating agency said the Indian auto component suppliers have reported a healthy improvement in sales volumes to Europe in year-to-date FY22 and have a strong order book for the next few months, partly aided by the ‘China+1’ strategy.