

## Icra lowers revenue forecast for auto parts industry

**PRESS TRUST OF INDIA**

New Delhi, 13 January

Rating agency Icra on Thursday revised downwards the revenue growth forecast for the auto components industry in the current fiscal year 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 after-market 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 year.

"The (revenue) growth forecast for FY2022 has been revised downward by 200 bps to 15-17 per cent from the earlier estimates due to the ongoing Omicron wave, delayed recovery in semiconductors and muted two-wheelers and bus demand," Icra assistant vice-president and sector head Vinutaa S said in a statement.

Icra expects the "robust 15-17 per cent revenue growth" in the ongoing fiscal year for the Indian auto component industry to be driven by domestic OEM, replacement, export volumes and pass-through of commodity prices, she added.

The healthy volume growth would come on a low base of FY21, Vinutaa said, adding there could be a downward bias to Icra's estimates in case of prolonged lockdowns or significant demand slowdown because of the Omicron wave. Most domestic original equipment sub-segments may register healthy volume growth in FY2022, 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.