

AUTO PARTS GROWTH MAY EASE TO 5-7% IN FY25:ICRA

Auto components sector growth is likely to moderate to around 5-7 per cent in FY25 thanks to a possibility of moderation in domestic volume growth and a weak outlook for exports. Credit rating agency ICRA projected that its sample of 45 auto-ancillaries (with aggregate annual revenues of ₹2.7 trillion in FY23) would grow by 9-11 per cent in FY24, driven by healthy domestic demand. But, in the coming fiscal, this growth is likely to be relatively lower at 5-7 per cent.

Vinutaa S, Vice-President and Sector Head – Corporate Ratings,



ICRA, said, "Domestic OEM demand constitutes over 50 per cent of sales for the Indian auto component industry, and this is expected to moderate in FY2025, especially for passenger and commercial vehicles."

She added that replacement demand is expected to remain stable in FY2025, growing at 5-7 per cent.

SOHINI DAS

AUTO COMPONENT INDUSTRY

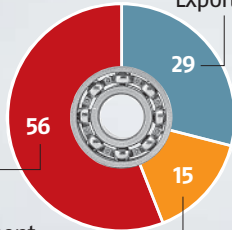


**SOURCES
OF DEMAND
(H1 FY2024)**
(in %)

Domestic
OEMs

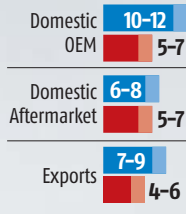
Replacement

Exports



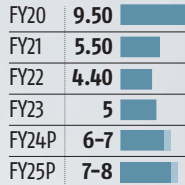
GROWTH OUTLOOK (%)

■ FY24P* ■ FY25P



* Projections

CAPEX FOR 45 AUTO-ANCILLARIES (AS % OF SALES)



Source: ICRA