

# INDIAN COMMERCIAL VEHICLE INDUSTRY

Modest recovery in volumes expected in H2 FY2025

**NOVEMBER 2024** 



## Agenda















### **Highlights**





#### Click to see full report

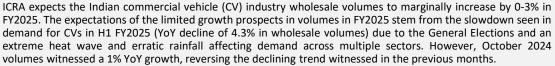
ICRA expects the domestic CV industry volume growth to remain muted in FY2025, at 0-3% on a YoY basis.

After reporting a modest 3.3% YoY increase in wholesale volumes in Q1 FY2025, the domestic CV industry saw a 11.0% YoY decline in Q2 FY2025, in line with expectations. ICRA expects some recovery in domestic CV volumes in H2 FY2025, as already witnessed in October 2024, aided by resumption of construction and infrastructure activities, and low base of H2 FY2024.





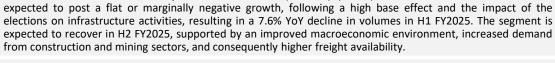












The domestic medium and heavy commercial vehicle (M&HCV) (trucks) wholesale volumes in FY2025 are





Domestic light commercial vehicle (LCV) wholesale volumes are also likely to remain flattish or witness marginally negative growth in FY2025 due to factors like high base effect, sustained slowdown in e-commerce and cannibalisation from electric three-wheelers (e3Ws). The domestic LCV (trucks) wholesale volumes, therefore, reported a 6.1% YoY decline in H1 FY2025.



Bus segment volumes gained considerable traction in FY2024, with annual volumes reaching 104,886 units, exceeding the pre-Covid levels. The growth momentum slowed down in Q2 FY2025, with the segment reporting a modest 2% YoY growth in wholesale volumes, thus reporting 15.0% YoY volume growth in H1 FY2025. ICRA estimates the bus segment to post an 8-11% growth in FY2025 aided by the scrappage of older Government vehicles, which will drive replacement demand from the State Road Transport Undertakings (SRTUs).



In terms of powertrain mix, conventional fuels (primarily diesel) continued to dominate the domestic CV industry with a penetration of ~89%, while alternative fuels (CNG, LNG and electric) accounted for ~11% in YTD FY2025. Relatively higher penetration of electric vehicles (EVs) has been witnessed in buses, followed by LCV goods, with a penetration of 5% and 1%, respectively, in YTD FY2025\*.



ICRA expects credit metrics of the domestic CV industry to remain stable, with Total Debt/ OPBDITA of 1.2-1.4 times as on March 31, 2025, despite 40-60 bps moderation in operating profit margin (OPM) anticipated in FY2025 due to flattish volumes and competitive pressure on profitability.



Name	Designation	Email	Contact Number
Shamsher Dewan	Group Head	shamsherd@icraindia.com	0124 – 4545 328
Kinjal Shah	Co-Group Head	kinjal.shah@icraindia.com	022 – 6114 3442
Mythri Macherla	Sector Head	Mythri.macherla@icraindia.com	022 – 6114 3435
Yashowardhan Swami	Senior Analyst	yashowardhan.swami@icraindia.com	020 – 6606 9923

















## **ICRA Business Development/Media Contact Details**

Name	Designation	Email	Contact Number
L Shivakumar	Chief Business Officer	shivakumar@icraindia.com	022-61693304
Neha Agarwal	Head – Research Sales	neha.agarwal@icraindia.com	022-61693338
Rohit Gupta	Head Business Development – Infrastructure Sector	rohitg@icraindia.com	0124-4545340
Vivek Bhalla	Head Business Development – Financial Sector	vivek.bhalla@icraindia.com	022-61693372
Vinita Baid	Head Business Development – Corporate Sector - West & East	vinita.baid@icraindia.com	033-71501131
Shivam Bhatia	Head Business Development – Corporate Sector - North & South	shivam.bhatia@icraindia.com	0124-4545803
Naznin Prodhani	Head – Group Corporate Communications & Media Relations	communications@icraindia.com	0124-4545860



















#### © Copyright, 2024 ICRA Limited. All Rights Reserved.

All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable. Although reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies, while publishing or otherwise disseminating other reports may have presented data, analyses and/or opinions that may be inconsistent with the data, analyses and/or opinions in this publication. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.



## **Thank You!**

