

Bus segment on a roll in FY19 with strong orderbook

GBALACHANDAR

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The domestic bus market has bucked the automotive market trend, and is expected to end this fiscal with double digit growth in volumes.

Recovery in demand from STUs (state transport undertakings) and stronger order flow in the school bus and other passenger transportation segments have helped the growth of the bus volumes in the current fiscal.

During April 2018-February 2019 period, the total bus volumes — including light (above 5-tonne), medium and heavy segment — grew 11 per cent at 57,335 units when compared with 51,796 units. Volumes in the above 12-tonne bus segment recorded a high growth of 17 per cent at 18,248 units, on the back of revival in orders from STUs.

“With the recent order win in Gujarat, Ashok Leyland’s order book for STUs is upwards of



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3,000 buses,” according to company’s Senior Vice President - Global Buses, Sanjay Saraswat.

Tata Motors has won some orders recently in Gujarat and Maharashtra to supply close to 1,500 buses.

Bus volumes in the sub-12 tonne (above 5-tonne to 12 tonne) segment grew 8 per cent at 39,097 units as against 36,218 units. Growth in this segment was aided by stable demand for school buses, last-mile connectivity, and feeder route buses. Tata is the leader by volumes

(above 5-tonne) and it registered total volumes of 22,264 units during the first 11-month period, up 7 per cent over 20,891 volumes in the same period the previous year.

Ashok Leyland saw a significant growth of 25 per cent at 15,453 units as against 12,381 units, supported by strong growth across categories.

VE Commercial Vehicles sold 9,095 buses (excluding Volvo buses), down marginally when compared with 9,041 units. Though it achieved strong

growth in the light segment (17 per cent at 5,529 units), its volumes fell significantly in the heavy segment.

SML Isuzu has also reported a high growth of 26 per cent in its bus volumes at 6,015 units, driven by strong sales of light and medium buses.

Improvement expected

“We expect bus volumes to grow by 12-14 per cent in FY 2019, aided by replacement-led demand post a year of slow-down,” said Shamsheer Dewan, Vice-President and Sector Head, Corporate Ratings, Icria Ltd. Over the medium term, the segment would continue to benefit from the government’s focus on improving urban as well as rural transportation and initiatives such as smart cities.

In addition, healthy demand from relatively new segments like online aggregators and staff carriers will also drive sales, he added.