
Recovery signs - Hero Honda leads February rise in motorcycle sales

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BS reported that February 2009, Hero Honda up by 24% to 329,055 units, against the 265,431 units sold in the same month last year. However, barring a 10% dip in sales for December 2008, its sales have grown since April last year, to post a 11% growth until February 2009. This is against the industry growth of only 1.7% for the period.

Analysts attribute this success to 3 factors:

1. The company's focus on the 75cc to 100 cc segment, where it derives as much as 88% of its sale volumes.
2. Its rural marketing initiatives, predominantly a cash down segment.
3. Its bestselling brands like Passion and Splendor that outsell competitors in the 100 cc and 125 cc segments. The company's market share, a little over 50% at the beginning of 2008, has increased to 56%.

?Company	Feb'08	Feb'09	Change
Hero Honda	265,431	329,055	24%
Bajaj Auto	159,508	132,393	-17%
TVS Motors	60,998	69,191	13.4%
Yamaha	5746	15,033	162%
Total	491,683	545,672	10.9%

Bajaj Auto, the number 2 has seen sales for February dipping by 17%, selling 132,393 units against the 159,508 units sold for the same month last year. However, the newly launched Bajaj XCD 135 DTSi motorcycle launched last month has sold 20,668 units in the first month of its launch, making it the largest selling model in this category after Hero Honda's Splendor.

The company has announced a slew of launches that include two new models in the high powered motorcycle category for 2009 and 4 brand refreshes in the 125 plus cc category.

Beside, TVS Motors posted a 13% rise in February sales, selling 69,191 units against the 60,998 units in this month last year.

Yamaha India posted a whopping 162% growth in February, selling 15,033 units against the 5,746 units for the same period last year. Much of this came from the runaway success of two brands launched last year, the YZF R15 and FZ16.

Analysts said that the single most important driver for the industry in coming months will be the ease with which financing is available. Many of the private banks and NBFCs that contributed almost all the two wheeler financing have reduced their exposure, following rising loan defaults. Following which, the level of financing that stood at 60% earlier has dropped to about 35%. Of this, private banks like HDFC contributed more than half the loans.

Industry executives said that the upcoming RBI guidelines on vehicle repossession will provide the necessary assurance for private financiers to re-enter the segment, which could boost two wheeler sales.

(Sourced from Business Standard)

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