

# Honda cautious on demand amid new emission norms

**Two-wheeler maker sees substantial rise in cost from April 2025**

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THE NEXT PHASE of emission norms, set to begin on April 1, 2025, will lead to a substantial jump in cost for making two-wheelers which will impact demand, warned a senior official of Honda Motorcycle and Scooter India (HMSI).

Despite operating its four factories at full capacity, HMSI, the country's second-largest two-wheeler manufacturer, is not considering the establishment of a fifth factory due to uncertainties over retail demand starting from FY26.

Yogesh Mathur, director (sales and marketing), HMSI said: "We are currently at 100% utilisation across all the plants. We added one (production) line in Gujarat in June. We will look at increasing capacity on a per-day basis (from hereon)."

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■ HMSI could look at undertaking debottlenecking exercises across its factories which will allow it to hike overall output

■ India's domestic two-wheeler segment clocked a growth of 13% in FY24 as against FY23



a year and is already running its plants at 120% of their capacities. As of August, with a production run of 540,000 units, the company is producing at an annualised rate of 6.4 million units.

"Every manufacturer will have to tweak their production and inventories. The cost jump will be substantial and that will again impact demand," Mathur replied when asked if the jump in prices would be on par with the escalation seen during the shift to

BS6 from BS4.

India will move to OBD II-B from the start of FY26 from OBD II-A which was launched at the start of FY24. OBD II-B (on-board diagnostics stage II-B) will reduce carbon emissions by 13% and nitrogen oxide by 14%. In addition to 11 monitoring items seen in OBD II-A, the OBD II-B will have catalytic converter monitoring and in-use performance monitoring.

Like other automakers such as Hyundai and Tata Motors, HMSI

could look at undertaking debottlenecking exercises across its factories which will allow it to hike overall output without any additional investment. While Mathur did not completely rule out having a new factory in the near future, he also said that there are no concrete plans for building one presently.

"We are looking at the possibilities of tweaking our capacities further. This won't require additional investment. We are not looking at a greenfield facility currently but those options are on the table. If something relevant comes in we will take it up," Mathur added.

Witnessing sales of 17.97 million, India's domestic two-wheeler segment clocked a growth of 13% in FY24 as against FY23. Estimates suggest that it will still take 3-4 years for the market to achieve the FY19 level when the segment witnessed 21 million in sales.

In the four months ended July, India's domestic two-wheeler segment clocked a growth of nearly 19% to 6.42 million units as compared to FY23, as per data shared by the Society of Indian Automobile Manufacturers.