

2W sales see best ever September

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Chennai, 12 October

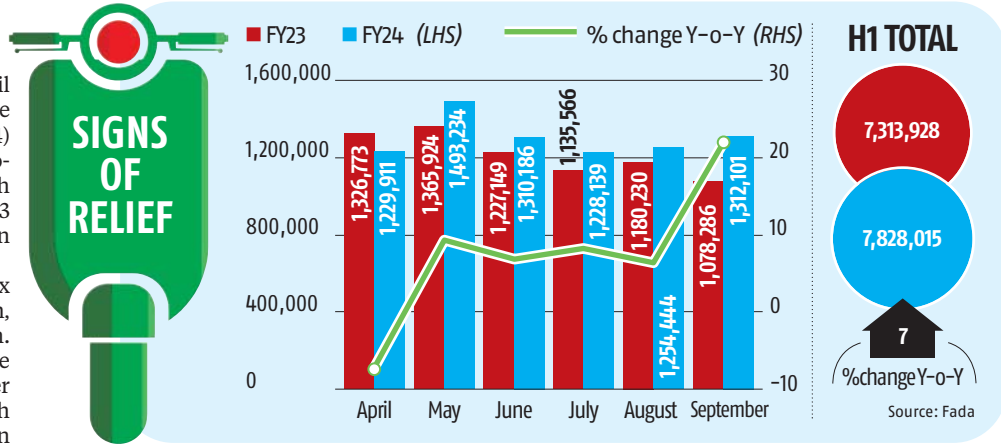
After a lull in the past few years, two-wheeler retail sales are limping back to normalcy in 2023-24. The first half of the current financial year (H1FY24) logged 7 per cent year-on-year (Y-o-Y) growth in two-wheeler sales at 7.8 million units, while the month of September witnessed a 22 per cent surge at 1.3 million units, according to data from the Federation of Automobile Dealers' Associations (Fada).

The demand for two-wheelers in the first six months was mainly driven by a better rabi season, the marriage season, and an average monsoon. Analysts expect annual sales growth to be in the range of 8 to 12 per cent in FY24. The best-ever September sales figure of 1.3 million units last month was significantly higher than 1.08 million units in September last year and the previous high of 1.18 million units in the pre-Covid month of September 2019.

In H1FY24, sales stood at 7.8 million units as compared to 7.3 million units during the same period last financial year and 7.9 million units in H1FY20. The two-wheeler segment is, however, still far from its H1FY19 peak of 9.7 million units.

"We have seen a better than expected momentum in the two-wheeler space. The price rise of on-board diagnostics (OBD) was not as steep as expected. Scooter as a category has also picked up. Because of that, recovery has been faster than anticipated," said Hemal N Thakkar, senior practice leader and director of Crisil Market Intelligence and Analytics. Thakkar said the segment was expected to see growth of 8-12 per cent in FY24.

"After multiple years of slowdown, the economy as well as the 100cc category, which was not doing well for three-four years, is actually seeing some



growth. A lower base and a better sentiment from last year's rabi crop and the marriage season are helping with this. I would say the rains have not been very good. Overall, it's a mixed bag," Thakkar added.

Compared to September last year, almost all the players witnessed growth, with Hero MotoCorp logging a 31 per cent increase in sales. The company now has a 27 per cent market share in the segment compared to 25 per cent in September last year. On the other hand, Honda Motorcycle and Scooter India saw its market share dip from 28 per cent to 27 per cent, placing it at number two position, though it posted a 17 per cent rise in sales last month. TVS Motor also saw its sales increase by 28 per cent during the period, while Bajaj Auto logged 29 per cent growth.

Industry experts are hoping for better numbers

during the upcoming festive period. "September's numbers were an all-time high for two-wheelers. We expect this number to improve during the festive season as the key impact will occur during Navratri and Diwali," said Manish Raj Singhania, president of Fada. In the premium segment too, increased competition through the launch of Harley Davidson (HD) X440 and Triumph Speed 400 has helped market leader Royal Enfield with its sales increasing by 9 per cent during the month.

"Our interaction with channel partners indicates that festive offtake would likely grow 5-8 per cent. Entry-level segments continue to be laggards; volume recovery now hinges on the rest of festive demand. On the other hand, demand for premium two-wheelers/scooters continues to improve, mirroring the trend of prior months," said a report by Yes Securities.