



# INDIAN TWO-WHEELER INDUSTRY

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Premium motorcycle market revs up

SEPTEMBER 2024



## 1 Trend Towards Premiumisation



## 2 Factors Aiding Growth in Premium Motorcycle Segment



## 3 Industry Profile



## 4 Key Takeaways from ICRA's Primary Research



## 5 Outlook





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*Demand for premium motorcycles has ramped up during the past few years due to changing customer preferences. ICRA estimates premium motorcycle contribution to overall sales to increase to ~28-30% by FY2029 from ~20% of motorcycle sales in FY2024.*

*OEMs are expected to continue to launch new products in the premium segment for enhancing their market share prospects.*



**ICRA estimates premium motorcycle contribution to overall sales to increase to ~27-28% by FY2029 from ~19% in FY2024.** The premium segment of India's two-wheeler (2W) industry, which is generally classified as motorcycles with a cubic capacity of >150cc, is likely to continue to grow at a healthy pace (double digit CAGR estimated over 3-5 years), thereby outpacing the overall motorcycle segment CAGR expectation of ~7-8%.



**Multiple factors driving premiumisation trend.** A confluence of factors such as rising GDP per capita, urbanisation, growing middle class and favourable demographics with a higher youth population are likely to drive demand for higher-priced two-wheelers in India. In addition, the proportion of new premium model launches by Original Equipment Manufacturers (OEM) in the overall launches has been materially high at >75%, thereby enhancing the options available to potential buyers.



**ICRA's survey of 2W dealers indicates that most dealers anticipate** the increasing penetration of premium two-wheelers to continue with demand factors supporting the same. The dealerships are witnessing increased interest from buyers in the segment, especially in the sports and cruiser sub-segment, which coupled with healthy financing availability aids purchasing power of consumers.



**OEMs are expected to continue to channelise their investments towards launching new products in the premium segment** to enhance their market share prospects. A rising proportion of premium segment volumes in the overall sales is expected to aid OEMs in improving their margin profile.



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