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Hero Honda Stays Bullish



Hero Honda expects sales to continue to grow in the 2009/10 fiscal year, in spite of a tough economic and financing environment. Hero Honda is looking to maintain growth and continue to gain market share in the fiscal year starting in April by focusing on the rural market and continuing to carry out an aggressive marketing campaign.

One of the biggest problems Hero Honda faces is banks' unwillingness to lend to people who purchase two-wheelers, HH MD, Pawan Munjal said. "This is a big one for us. The banks are very, very risk averse," he said, noting that whereas two years ago around 50-60% of its sales were on credit, that proportion had fallen to 30-40%, he said.

Hero Honda reported a forecast-beating 7.1% rise in net profit for the December quarter, helped by falling commodity prices, a cut in excise duties and sales in rural areas. The company does not plan to cut staff or, conversely, to invest in new capacity and will continue to target rural markets.

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