

Autos

Bharat Mobility Expo 2025: Key Takeways

Maruti Suzuki: The focus at the expo was solely on the e-Vitara, with multiple e-Vitara models on display. No new hybrid models were unveiled. We believe the company's intention for the expo was to spotlight the EV, although hybrids remain an integral part of their core strategy. The e-Vitara will be first exported to Europe, followed by launches in India and Japan. In India, it will be sold through Nexa showrooms in major cities, with those dealerships also installing a charging station. Management has shared some key statements with the media:

- It expects Maruti to become the largest producer of e-PVs in India within the next year, given its focus on exports.
- It aims to regain market share to 50% through the focus on SUVs. It plans to launch close to half a dozen UVs in the next three years.
- It believes that the small car market has tremendous potential as many 2W customers upgrade to small cars.

Pure EVs vs EV+ICE shared platforms: Maruti Suzuki and Mahindra & Mahindra have gone ahead with the pure EV platform as compared to Hyundai Motor India. Tata Motors too shifted to a pure EV platform last year, though currently it has only Punch EV and Curvv EV on that platform. As per our checks at the expo, the key advantages of a pure EV platform include superior design efficiency, enhanced range capabilities, improved safety, and the ability to launch other models more efficiently and quickly.

Separate dealerships vs selling along with ICE: Mahindra plans to sell its EVs through dedicated EV dealerships, following the same approach as Tata Motors. However, Maruti plans to sell it through its Nexa showrooms, where it also offers its ICE vehicles (upper end of the portfolio). The strategy reveals the differing focuses of the companies: Maruti is focusing more on exports, whereas Tata Motors and Mahindra are focusing more on the domestic market and have a larger EV portfolio than Maruti.

Tata Motors: The company unveiled the Harrier EV and Sierra ICE, which are expected to be launched later this year, and showcased the Avinya X concept premium EV, which might hit the road in CY26.

Hyundai Motor India: The company launched the Creta EV. The localization level for the Creta EV is at around 37-38%. Going ahead, we believe that localization levels will improve only gradually, as some components like ADAS and sensors are more challenging to localize.

Vinfast: The company unveiled its VF6 and VF7 e-SUVs, which will be launched in H2CY25. It also displayed a range of other EV models. The elegant e-scooter portfolio was also on display, though the launch date is yet not announced. The company is currently scouting for dealerships.

Hero MotoCorp: It launched the Xoom 125cc and Xoom 160cc. The latter is set to compete directly with the Yamaha Aerox. As per our checks, the scooter has been designed to cater majorly to the 22-30 year old demographic, and the company has worked hard to get the costing right. We already sense this from the fact that the 125cc features LED indicators while the 160cc features the more affordable halogen indicators. Additionally, keeping in line with its strategy of focusing on premium motorcycles, it unveiled the Xtreme 250R, marking its entry into the 250cc segment and also unveiled the Xpulse 210.

| Companies | CMP (INR) | TP (INR) | Rating |
|---------------------------|-----------|----------|--------|
| Autos | | | |
| Ashok Leyland | 205 | 262 | BUY |
| Bajaj Auto | 8,466 | 8,049 | REDUCE |
| Eicher Motor | 4,965 | 5,584 | ADD |
| Hero MotoCorp | 4,024 | 4,980 | BUY |
| M&M | 2,822 | 3,422 | ADD |
| Maruti Suzuki | 11,882 | 14,248 | BUY |
| Tata Motors | 760 | 712 | REDUCE |
| TVS Motor | 2,292 | 2,371 | ADD |
| Ancillaries | | | |
| Apollo Tyres | 448 | 375 | SELL |
| Balkrishna Ind | 2,678 | 2,137 | SELL |
| Bharat Forge | 1,202 | 1,391 | BUY |
| Endurance Technologies | 2,108 | 2,118 | ADD |
| Motherson Sumi Wiring | 56 | 59 | ADD |
| Samvardhana International | 146 | 151 | ADD |
| Sansera Engineering | 1,282 | 1,426 | ADD |
| Suprajit Engineering | 404 | 454 | ADD |

CMP as on 21 Jan 2025

Hitesh Thakurani

hitesh.thakurani@hdfcsec.com
+91-22-6171-7350

Maitreyee Vaishampayan

maitreyee.vaishampayan@hdfcsec.com
+91-22-6171-7308

CNG 2W: Bajaj Auto focused only on the CNG motorcycle at the expo. Dealers continue to give positive feedback on the CNG motorcycle of Bajaj Auto. There have been no issues regarding refueling the CNG bike. TVS Motors showcased the Jupiter 125cc CNG scooter, which would have a combined range of 226km. However, the CNG cylinder would be placed below the seat, thus possibly taking away some storage space from the consumer.

TVS Motors: TVS launched its first e-3W at the expo, powered by a 9.2kWh battery for a range of 179km. The vehicle would be sold selectively in certain regions first. Additionally, on the upcoming Norton motorcycles, we believe that some designing and cost challenges do exist due to the shift to Euro 5+ norms.

E-Bus segment ripe for pick-up again: As per our checks at the expo with some of the major e-Bus players, we believe they are relatively content with the gross cost contract model where the risk is transferred to the intermediary private players.

Tyre manufacturers: Besides displaying their popular tyres, the tyre manufacturers also displayed their range of EV tyres. The key technology being used for the EV tyres is the foam-in tyre technology which absorbs the noise. Our checks from the expo indicate that the competitive intensity in the tyre industry remains high. Apollo Tyres also displayed the Vredestein tyre which is localized in India and is being supplied to a premium car manufacturer in India, as it also seeks to expand its customer base for the same.

A few interesting observations on the auto component companies:

- Schaeffler India focused on the component portfolio of Vitesco.
- Amara Raja is focused on making progress via its own R&D and being less dependent on the tie-ups, which would reduce costs as well.
- Some of the CV suppliers are also seeing structural tailwinds for the CV segment over the medium term, arising from better quality CVs, improving road infrastructure, high growth economy, etc.
- A key belief amongst auto suppliers was the growing emphasis by the government on localization, which is also driving OEMs to prioritize the same.

| Price history | | |
|--|------------------------------|----------------------|
| <p>Ashok Leyland</p> | <p>Bajaj Auto</p> | <p>Eicher Motors</p> |
| <p>Hero Motocorp</p> | <p>M&M</p> | <p>Maruti Suzuki</p> |
| <p>Tata Motors</p> | <p>TVS Motors</p> | <p>Apollo Tyres</p> |
| <p>Balkrishna Industries</p> | <p>Bharat Forge</p> | <p>Endurance</p> |
| <p>Motherson Sumi Wiring</p> | <p>Samvardhana Motherson</p> | <p>Sansera</p> |
| <p>Suprajit Engineering</p> | | |
| <p>Rating Criteria</p> <p>BUY: >+15% return potential</p> <p>ADD: +5% to +15% return potential</p> <p>REDUCE: -10% to +5% return potential</p> <p>SELL: > 10% Downside return potential</p> | | |

Disclosure:

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HDFC securities Limited, I Think Techno Campus, Building - B, "Alpha", Office Floor 8, Near Kanjurmarg Station, Opp. Crompton Greaves, Kanjurmarg (East), Mumbai 400 042 Phone: (022) 3075 3400 Fax: (022) 2496 5066

Compliance Officer: Murli V Karkera Email: complianceofficer@hdfcsec.com Phone: (022) 3045 3600

For grievance redressal contact Customer Care Team Email: customercare@hdfcsec.com Phone: (022) 3901 9400

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Unit No. 1602, 16th Floor, Tower A, Peninsula Business Park,
Senapati Bapat Marg, Lower Parel, Mumbai - 400 013