

 **AUTOMOBILES**

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Healthy demand in sight, aided by festive season

- Dealer checks suggest healthy demand in the 125-200cc motor bike segment, indicating customer preference for high-end products
- The recovery in the entry segment 100-110cc bikes remains slow, however demand could gather pace with visible rural recovery
- Demand triggers related to the festive season are visible and can grow strong as the season proceeds

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Key takeaways from our recent in-person 2W channel checks in the Mumbai, Thane and Raigad regions.

Strong pick-up driven by new launches (125-200cc): Demand stayed healthy in the 125-200cc segment, according to channel inputs. Among key brands, demand for HMCL's Xtreme 125 points to a strong response with ~50-60 bikes sold per dealer per month. BJAUT is a major competitor in this segment, with the recently launched Freedom 125cc CNG bike receiving the strong customer response of BJAUT's popular Pulsar N160. TVSL's 125-200cc segment was led by the TVS Apache RTR 160, staying the preferred choice for customers. The waiting period for most dealers in this segment stayed at 1-2 months.

Demand stays muted in entry-level segment: Our channel checks suggest that in the 100-110cc segment the Splendor remains HMCL's key growth driver, followed by Passion Plus, while demand for HF Deluxe remains muted. TVSL recently launched the TVS Jupiter 110 scooter and expects to receive a good response in the near term. However, dealers indicated muted demand for motorcycles in this segment due to customer preferences for the higher CC segment. The waiting period in the segment is negligible at 7-10 days with warranty of five years.

Pickup in demand, supported by RE and HMCL (200-650cc): Dealers indicated pickup in demand in the high-end 200cc+ segment as Royal Enfield (RE) and HMCL led the segment, followed by BJAUT. For RE, the Classic remained the preferred choice for customers, with dealers indicating a shift to the Hunter. HMCL's Xpulse 200 has made a mark in the segment with competition from BJAUT as its brand Pulsar 400 saw strong demand in this segment followed by Dominor.

Electric vehicle portfolio: EV dealers indicated a pickup in demand and customer choice shifting to EV though charging station infrastructure remains a key challenge. TVSL/Vida dealers indicated strong responses to their EV portfolios followed by BJAUT's Chetak brand. OLA received a healthy product customer response; feedback suggests after-sales services-related issues due to lack of manpower.



Feedback from dealers

Key feedback from HMCL dealer recent checks

(1) **In the 100-110 cc segment**, dealers indicated that the Splendor remained the preferred choice for customers. (2) **In the 125cc segment**, the Xtreme 125 has seen a good response and ~50-60 motorcycles are sold per dealer per month. (3) **In the 200cc segment**, demand for the Xpulse 200 is gaining pace steadily. (4) According to dealers, the Xtreme 125cc remains the preferred choice for customers followed by Xpulse 200, while the Maverick 440 remains their least preferred option. (5) The waiting period for the Xtreme 125cc bike is about two months because of its strong demand and flexibility during actual purchases. There is no waiting period for other models. (6) Dealers indicated festive demand pickup, and enquiries for the HMCL portfolio were also on the rise. (7) Major financier institutions include IDFC, Tata and Bajaj and the warranty for HMCL's bikes is five years. (8) Our channel visits indicate that discount structures differ between dealers.

Key feedback from TVSL dealer checks

(1) **In the 125cc segment**, dealers indicated that demand for the Raider remained muted owing to the pickup in the Apache brand. (2) **In the 160-200 cc segment**, dealers indicated that demand for the TVS Apache RTR remains strong among customers. (3) **In the 200cc segment**, demand for Ronin has started to pick up and recover. (4) According to dealers the Apache brand remains a preferred choice for customers followed by Ronin and Raider. (5) The waiting period for TVS portfolio models is less, i.e., 10-15 days. (6) Dealers have started to see festive demand pick up and enquiries for TVSL's products. (7) Major financiers include IDFC, Tata and Bajaj and the warranty on TVSL's motorcycles is five years.

Royal Enfield dealer check

(1) **In the 350cc segment**, demand for the Classic model remains strong among customers, followed by the Hunter in most of RE's distribution regions. The demand for Meteor remains muted. (2) The demand for Hunter remains strong because of its lightweight and average mileage. (3) **In the 450cc segment**, dealers indicated demand and enquiries for Guerrilla would remained healthy during our visits recently. However, demand for Himalayan 450 remains muted. (4) Dealers indicated festive demand has started to pick up and bookings started from 1 August 2024. (5) The waiting period for the Himalayan in 650cc segment is about four months which differs from region to region in India, however, other RE models are available within the month. (6) Discounts are available in accessories and merchandise, but none in motorcycles across RE dealerships. (7) Major financier institutions include IDFC and L&T Finance. The warranty period for RE's bikes is five years.

Bajaj Auto dealer checks

(1) **In the 125cc segment**, dealers indicated the new CNG bike Freedom 125 has seen a very strong response from customers with ~40-50 bikes sold per dealer since its launch and ~10-20 bikes under booking. (2) **In the 160cc segment**, the Pulsar N160 continues to be the favourite among customers as it is a popular brand of BJAUT. (3) **In the 250-400cc segment**, the demand for Dominor 250 remains muted as the Pulsar 400 dominates this segment. (4) Dealers indicated that due to the demand for the Freedom 125 CNG bike, they have seen a drop in demand for their other products (5) According to dealers, the Freedom 125 cc remains a preferred choice for customers followed by the Pulsar 160, Pulsar 400 and Dominor. (6) The waiting time for the Freedom 125 CNG bike is 1-1.5 month because of its strong pickup but also depends on the availability at the time of purchase. There is no waiting period for BJAUT's other models. (7) Dealers expect festive demand to pick up with enquiries across BJAUT's portfolio gaining pace. (8) Major financier bankers include IDFC, Tata and Bajaj, while the warranty period on BJAUT's bikes is five years.

Electric vehicle dealer checks

(1) Dealers indicated that demand for OLA Electric remained low in the past three to four weeks. Customer feedback indicated that after-sales services for OEML (Ola Electric Mobility) remained weak although tech features continue to be strong. (2) The warranty period for OLA remains attractive, **i.e., eight years/80k km** compared to TVS iQube, **i.e., ~3 years/50k km**, and Hero VIDA, **i.e., ~5 years/50k km**. (3) Dealers indicated that Hero VIDA has the differentiating factor of detachable batteries, making it different from its competitors. (4) The charging infrastructure scenario is slightly weak in and around the MMRDA region and, hence, customer preference for EV vehicles remains muted although dealers have seen signs of improvement recently. (5) Enquiries for the Bajaj Chetak remain healthy and channels expect pick-up in their EV portfolio in the near term. (6) The waiting period remains low at ~10-15 days. Also, we have observed cash back offers from a few dealers. (7) In TVS Motor, much of the financing of vehicles was done through TVS Credit due to lower interest rates.

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