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AUTOMOBILES

01 December 2021

TTMT shines in PV/CVs again, headwinds continue for 2Ws

- **MSIL's domestic sales still hampered by chip crisis (-18% YoY in Nov); TTMT (+38%) and MM (+7%) continue to buck trend aided by launches**
- **2W domestic volumes down by double digits whereas recovery continues in 3Ws and CVs. Tractor sales down YoY off high base**
- **EV sales continue to hit new highs (+249% in Jan-Nov'21) led by Hero Electric for 2W and TTMT for 4W**

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4W: Due to the chip shortage, MSIL's November domestic sale volumes fell (-18% YoY), but MM (+7%) and TTMT (+38%) managed to grow. MSIL's relatively low export sales did increase (+138% YoY/+191% YTD). Apr-Nov'21 sales for MSIL/MM/TTMT grew 14%/51%/85% YoY. Demand remains strong as reflected in rising retail volumes. Upcoming launches include MSIL's next-gen SUV models (S-Cross, Brezza) which together with the recent Celerio rollout should help it regain market share.

2W: 2W domestic sales for BJAUT/EIM/TVSL fell 23%/24%/29% in November. TVSL's exports were the only positive, increasing by 29%. Total volumes over Apr-Nov'21 for BJAUT/EIM/TVSL are still up 20%/1%/17% YoY, but this is due to exports as their domestic sales have fallen 2%/7%/2%. Strong EV sales will receive a further fillip with the Ather and Hero Electric launches.

CV: Domestic CV sale volumes for TTMT rebounded +17% YoY and EIM clocked a +3% rise, whereas AL saw a -4% decline. Jan-Nov'21 domestic sales increased +53-+73% for these companies over a low base, though sales are still below Jan-Nov'19. Exports dipped -1% for TTMT in November but grew +20%/+65% for AL/EIM and increased +48-+127% for the three players in Jan-Nov'21. TTMT and AL saw growth in both LCVs and MHCVs in Jan-Nov'21.

3W: TVSL/MM's domestic 3W sales slipped -11%/-33% YoY in Nov'21, but BJAUT grew +28% amid a lower base. TVSL's exports were up +36% vs. +2% for BJAUT. BJAUT/TVSL posted total volume growth of +10%/+33% YoY and +47%/+67% YTD.

Tractor: Domestic tractor volumes for MM/ESC/VSTT declined by -18%/-33%/-34% YoY due to a higher base, but Jan-Nov'21 sales growth remains strong at +26%/+7%/+1%, indicating that MM has gained market share.

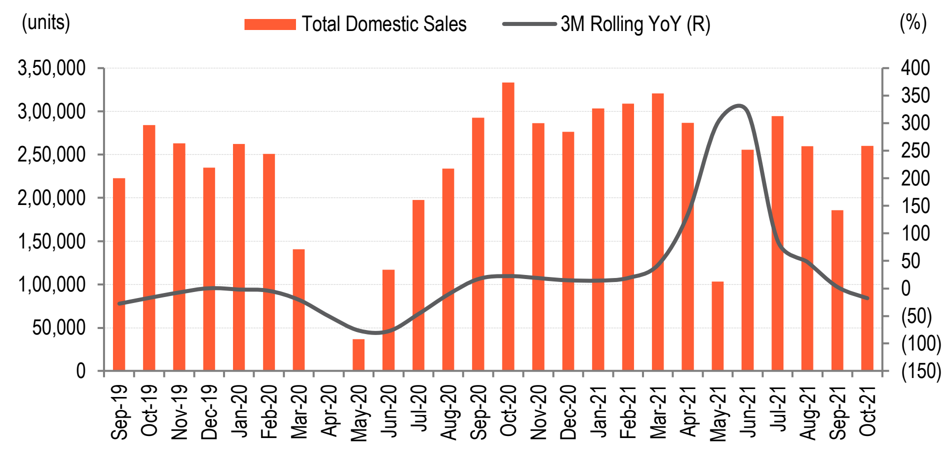
EV: Sales across 2W/3W/4Ws grew above 42k units for the first time. According to the Vahan database, Hero Electric, Okinawa and Ather are the top 3 EV players in 2Ws while TTMT leads in electric PVs with ~88% market share.

Recommendation snapshot

Ticker	Price	Target	Rating
AL IN	122	80	SELL
BJAUT IN	3,250	3,200	SELL
HMCL IN	2,448	2,900	HOLD
MM IN	835	630	SELL
MSIL IN	7,273	8,000	HOLD
TVSL IN	678	480	SELL
VSTT IN	2,866	2,300	HOLD

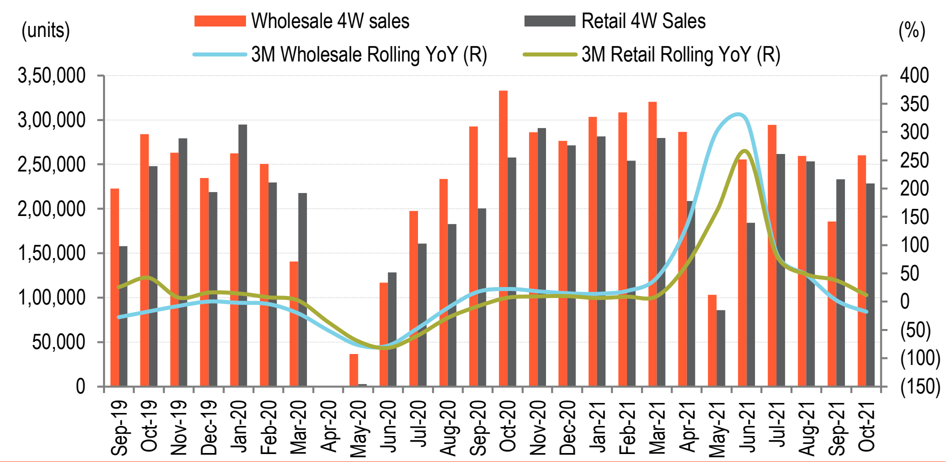
Price & Target in Rupees | Price as of 1 Dec 2021

Fig 1 – 4W domestic sales remain affected by semiconductor issues



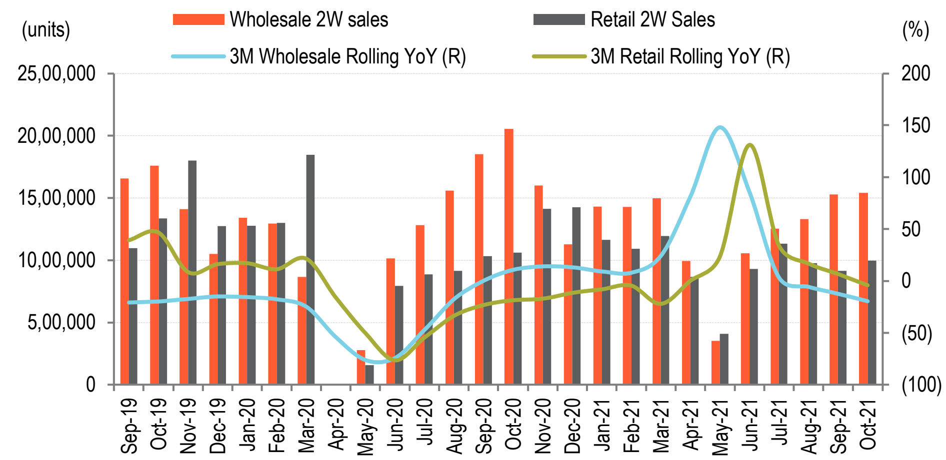
Source: SIAM, CMIE, Media Reports

Fig 2 – 4W wholesale demand remains in line with retail demand



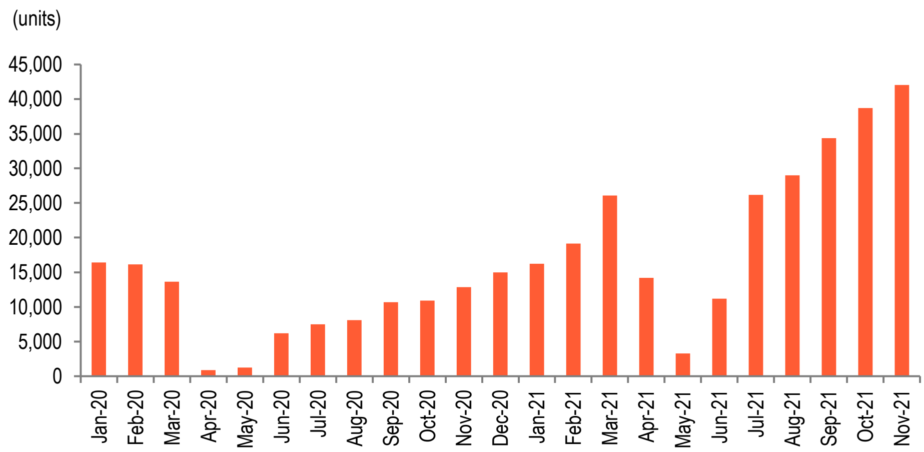
Source: SIAM, FADA, CMIE, Media Reports

Fig 3 – 2W retail demand still weak, wholesale offtake expected to decline to match retail sales



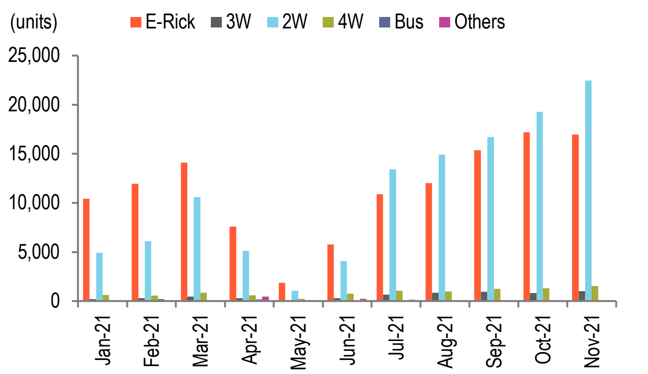
Source: SIAM, FADA

Fig 4 – EV registration across categories continues to gather momentum



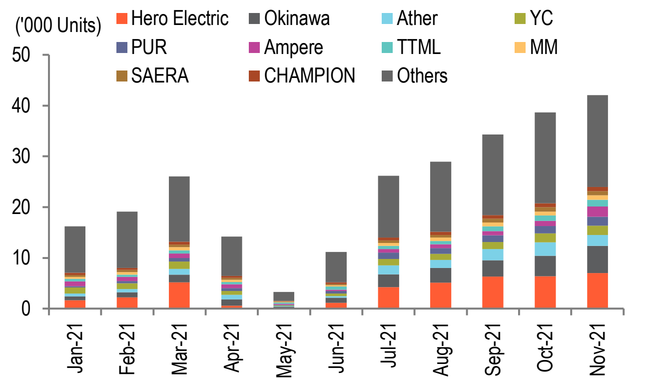
Source: Vahan

Fig 5 – 2W EVs and e-rickshaws continue to show stellar growth



Source: Vahan

Fig 6 – 2W EV growth led by Hero Electric & Okinawa; 4Ws led by TTMT where it holds ~88% market share



Source: Vahan

Fig 7 – Passenger vehicles

('000 units)	Nov-21	Nov-20	YoY (%)	Oct-21	MoM (%)	Apr-Nov'21	Apr-Nov'20	YoY (%)
Total Sales								
MSIL	139.2	153.2	(9.2)	138	0.6	1,010.7	805.4	25.5
Domestic Sales (in 000s)								
MSIL	117.8	144.2	(18.3)	117.0	0.7	863.0	754.7	14.4
TTMT	29.8	21.6	37.6	33.9	(12.2)	212.0	114.6	85.0
MM	19.5	18.2	6.8	20.1	(3.3)	132.9	88.3	50.5
Hyundai	37.0	48.8	(24.2)	37.0	(0.1)	316.5	267.9	18.1
Kia	14.2	21.0	(32.4)	16.3	(13.0)	118.9	89.0	33.6
Exports								
MSIL	21.4	9.0	137.6	21.3	0.3	147.6	50.7	191.4

Source: Company, Media Report

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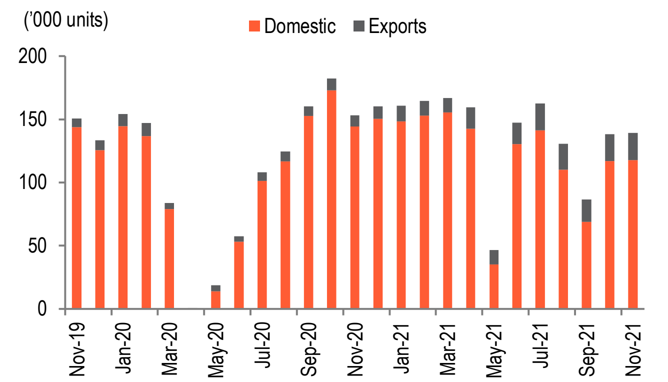
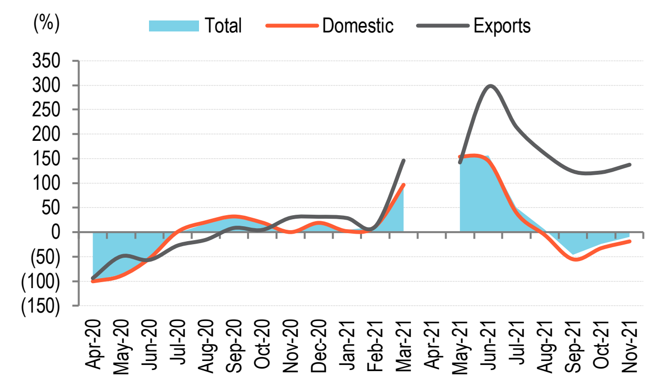
Fig 8 – MSIL: Nov'21 sales continued to be impacted due to semiconductor shortage



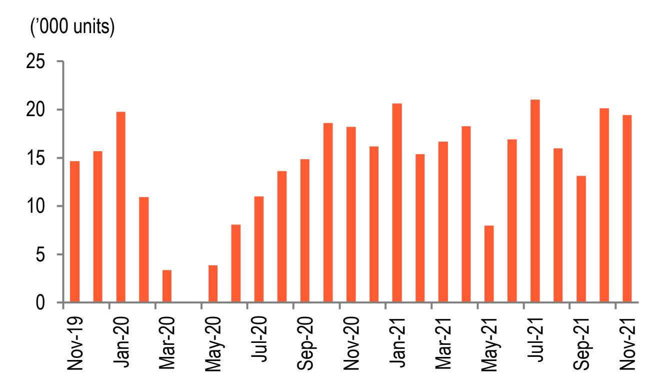
Source: Company

Fig 9 – MSIL: Export sales holding up well; up 75% MoM on 2Y CAGR basis



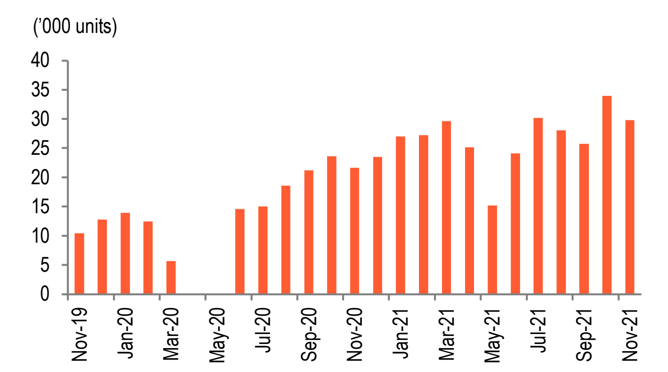
Source: Company

Fig 10 – MM: PV sales up YoY in Nov and also up 15% on 2Y CAGR basis



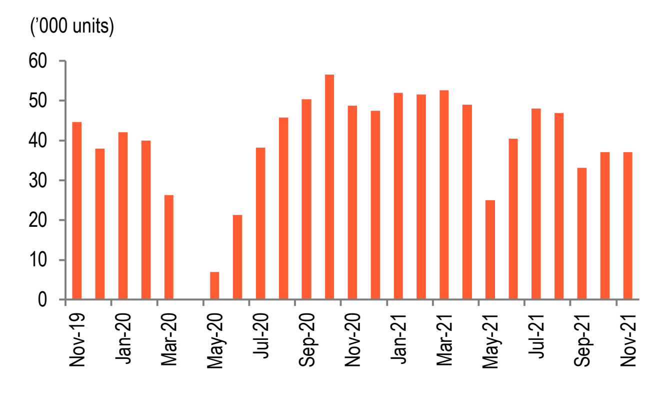
Source: Company

Fig 11 – TTMT: PV sales up YoY and also up 69% on 2Y CAGR basis



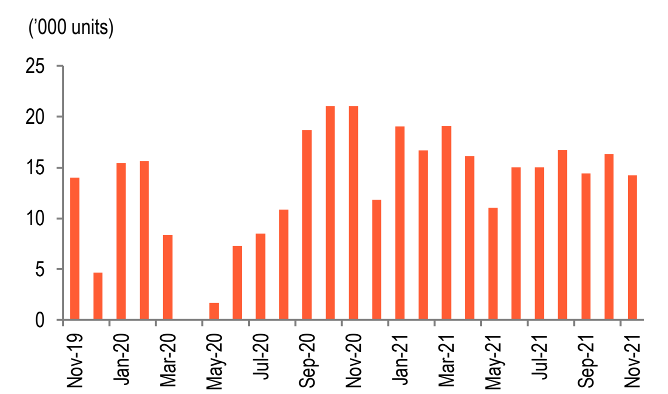
Source: Company

Fig 12 – Hyundai: Semiconductor shortage continues to hamper domestic PV sales



Source: News report

Fig 13 – Kia: Domestic Nov'21 PV sales did show impact of semiconductor shortage



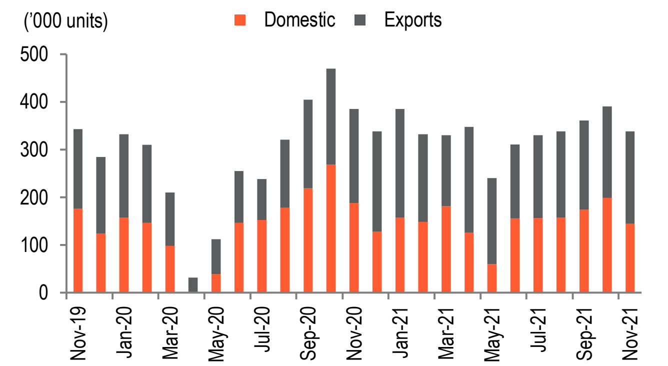
Source: News report

Fig 14 – 2W Sales

('000 units)	Nov-21	Nov-20	YoY (%)	Oct-21	MoM (%)	Apr-Nov'21	Apr-Nov'20	YoY (%)
Total								
BJAUT	338.5	385.0	(12.1)	391.3	(13.5)	2,659.0	2,219.7	19.8
TVSL	257.9	311.5	(17.2)	341.5	(24.5)	2,087.6	1,784.0	17.0
EIM	51.7	63.8	(19.0)	44.1	17.0	342.9	338.7	1.2
HMCL	349.4	591.1	(40.9)	548.0	(36.2)	3360.5	3,782.9	(11.2)
Domestic								
BJAUT	145.0	188.2	(23.0)	198.7	(27.1)	1,174.4	1,193.0	(1.6)
TVSL	175.9	247.8	(29.0)	258.8	(32.0)	1,362.9	1,386.0	(1.7)
EIM	44.8	59.1	(24.1)	40.6	10.4	295.7	318.5	(7.2)
HMCL	328.9	576.0	(42.9)	527.8	(37.7)	3163.1	3,685.3	(14.2)
Exports								
BJAUT	193.5	196.8	(1.7)	192.6	0.5	1,484.6	1,026.7	44.6
TVSL	81.9	63.7	28.5	82.7	(1.0)	724.8	398.1	82.1
EIM	6.8	4.7	(45.3)	3.5	93.8	47.1	20.2	133.7
HMCL	20.5	15.1	35.7	20.2	1.7	197.3	97.5	102.3

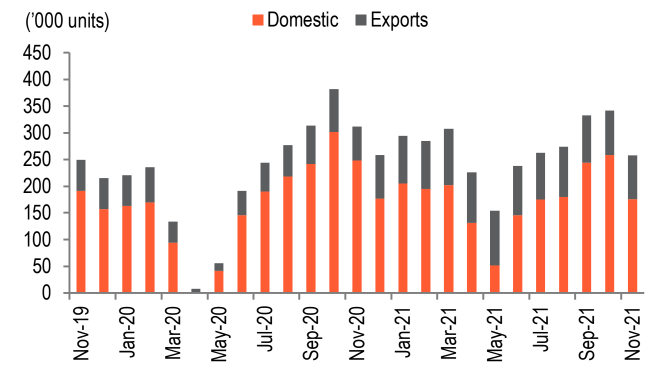
Source: Company

Fig 15 – BJAUT: 2W sales fell MoM in Nov and on 2Y CAGR basis as slow domestic recovery offset exports



Source: Company

Fig 16 – TVSL: 2W sales fell MoM in Nov off high base; on 2Y CAGR, sales grew 1.7% due to strong exports

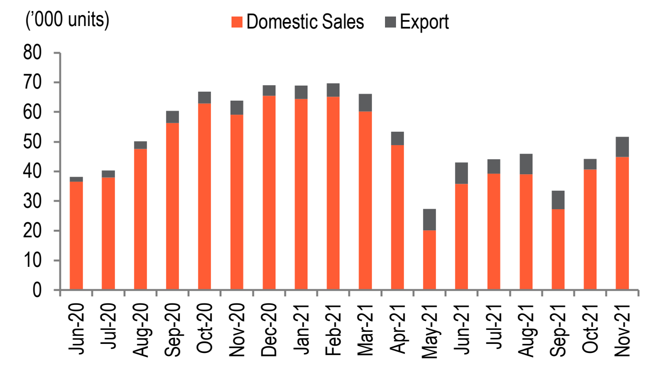


Source: Company

Fig 17 – HMCL: 2W domestic sales lag all its peers

Source: Company

Fig 18 – EIM: 2W sales declined MoM on the back of lower domestic sales; exports looks promising



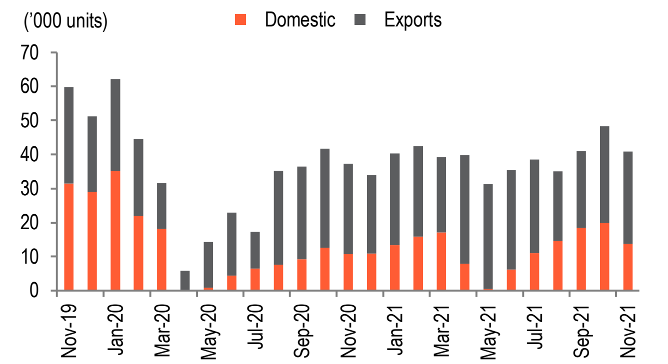
Source: Company

Fig 19 – 3W sales

('000 units)	Nov-21	Nov-20	YoY (%)	Oct-21	MoM (%)	Apr-Nov'21	Apr-Nov'20	YoY (%)
Total								
BJAUT	40.8	37.2	9.5	48.3	(15.5)	310.3	211.0	47.0
TVSL	14.83	11.19	32.5	13.52	9.7	114.56	68.79	66.5
MM	2.6	3.9	(33.5)	3.5	(27.3)	16.9	8.0	110.9
Domestic								
BJAUT	13.8	10.7	28.5	19.8	(30.4)	92.3	51.9	77.7
TVSL	0.8	0.8	(11.0)	1.1	(29.3)	4.7	5.4	(12.6)
MM	2.6	3.9	(33.5)	3.5	(27.3)	16.9	8.0	110.9
Exports								
BJAUT	27.0	26.5	1.9	28.5	(5.2)	218.0	159.1	37.0
TVSL	14.1	10.3	36.1	12.5	13.0	109.8	63.4	73.3

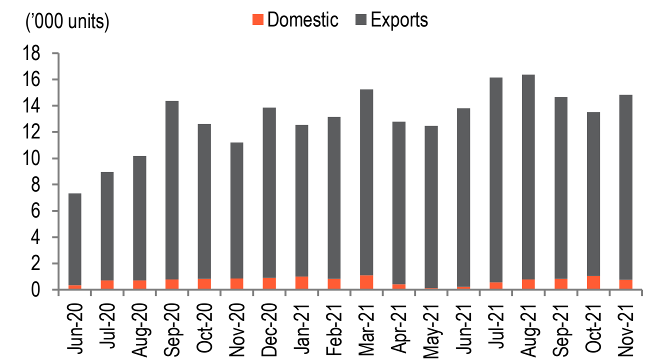
Source: Company

Fig 20 – BJAUT: 3W domestic sales increased YoY on a low base: exports remained steady



Source: Company

Fig 21 – TVSL: 3W sales growth remained best amongst peers given higher proportion of exports



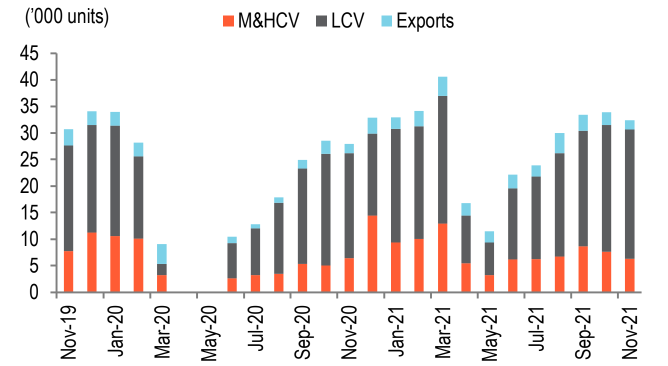
Source: Company

Fig 22 – CV sales

('000 units)	Nov-21	Nov-20	YoY (%)	Oct-21	MoM (%)	Apr-Nov'21	Apr-Nov'20	YoY (%)
Total								
TTMT	32.4	28.0	15.8	33.9	(4.4)	204.1	122.6	66.5
AL	10.5	10.7	(1.7)	11	(5.4)	67.1	43.9	52.8
EIM	4.1	3.7	10.1	6	(29.6)	30.8	18.2	69.3
Domestic								
TTMT	30.7	26.2	17.0	65.4	(53.1)	395.9	228.3	73.4
AL	9.4	9.7	(3.7)	10.0	(6.8)	61.3	40.0	53.3
EIM	3.2	3.1	3.1	4.9	(34.5)	24.7	15.3	61.7
Exports								
TTMT	1.8	1.8	(0.7)	2.4	(28.5)	20.1	8.9	126.9
AL	1.1	0.9	19.7	1.0	7.7	5.8	3.9	47.9
EIM	0.8	0.5	65.5	0.8	(5.2)	5.5	2.5	118.1
M&HCV								
TTMT	6.3	6.4	(1.8)	7.6	(18.0)	50.4	26.1	92.9
AL	4.7	4.4	5.4	5.3	(11.3)	29.8	16.0	85.8
LCV								
TTMT	24.4	19.8	23.0	23.8	2.5	133.5	87.6	52.5
AL	4.7	5.3	(11.3)	4.8	(1.8)	31.5	23.9	31.6

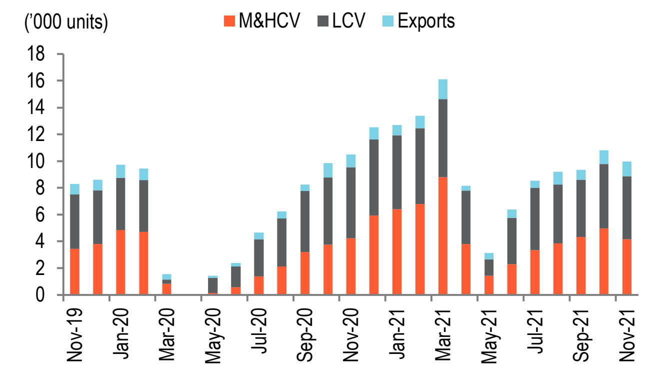
Source: Company

Fig 23 – TTML: CV domestic sales grew both MoM and on 2Y CAGR given strong LCV volumes; exports still weak



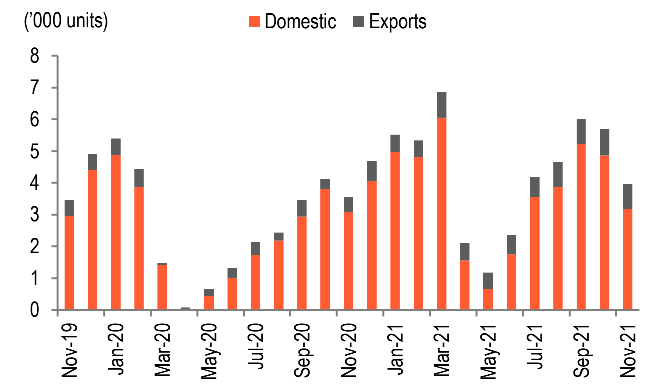
Source: Company

Fig 24 – AL: CV sales down MoM due to lower domestic sales which were partially offset by strong export sales



Source: Company

Fig 25 – EIM: CV sales up on MoM as well as 2Y CAGR basis



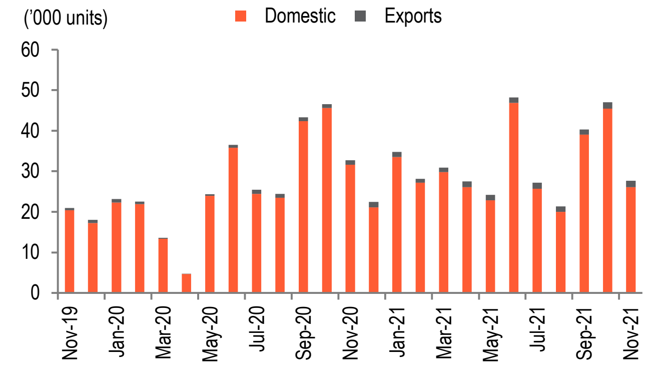
Source: Company

Fig 26 – Tractor sales

('000 units)	Nov-21	Nov-20	YoY (%)	Oct-21	MoM (%)	Apr-Nov'21	Apr-Nov'20	YoY (%)
Total								
MM	27.7	32.7	(15.4)	47.0	(41.1)	263.5	238.2	27.7
ESC	7.1	10.2	(30.0)	13.5	(47.3)	67.6	66.4	7.1
VSTT	0.5	0.8	(34.3)	1	(50.2)	5.9	6.4	0.5
Domestic								
MM	26.1	31.6	(17.5)	45.4	(42.5)	252.2	232.1	26.1
ESC	6.5	9.7	(32.8)	13	(49.1)	62.7	63.7	6.5
VSTT	0.5	0.8	(34.3)	1	(50.2)	5.9	6.4	0.5
Exports								
MM	1.6	1.1	43.4	1.6	(0.6)	11.4	6.1	1.6
ESC	0.6	0.5	24.1	0.8	(18.4)	4.9	2.7	0.6

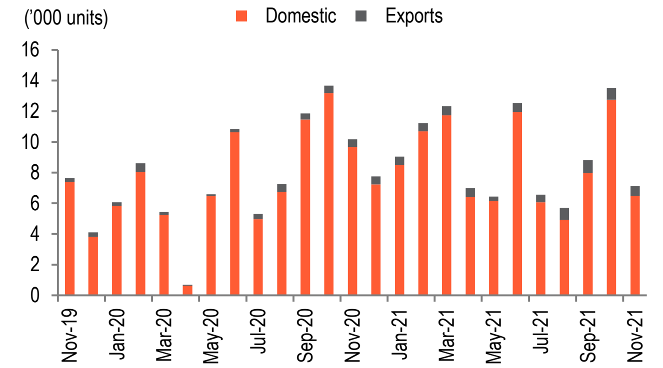
Source: Company

Fig 27 – MM: Tractor sales down YoY for Nov on high base; 2Y CAGR at 14.7%, depicting sustained demand



Source: Company

Fig 28 – ESC: Domestic tractor sales down YoY on a higher base; however, exports continued to grow



Source: Company

Fig 29 – 2W retail sales

Company	Period			Growth (%)		Market Share (%)		
	Oct-21	Oct-20	Sep-21	YoY	MoM	Oct-21	Sept-21	Oct-20
Hero Motocorp	3,08,287	3,38,665	2,75,882	(9.0)	11.7	31.0	31.9	30.2
Honda Motorcycle	2,74,951	2,99,555	2,40,527	(8.2)	14.3	27.6	28.3	26.3
TVS Motor	1,55,295	1,57,680	1,40,549	(1.5)	10.5	15.6	14.9	15.4
Bajaj Auto	1,15,339	1,19,936	1,16,252	(3.8)	(0.8)	11.6	11.3	12.7
Suzuki Auto	47,826	44,952	45,617	6.4	4.8	4.8	4.2	5.0
India Yamaha	39,049	42,454	40,044	(8.0)	(2.5)	3.9	4.0	4.4
Royal Enfield	29,625	47,461	32,913	(37.6)	(10.0)	3.0	4.5	3.6
Hero Electric	6,366	314	6,289	1,927.4	1.2	0.6	0.0	0.7
Piaggio Vehicles	3,849	3,731	3,729	3.2	3.2	0.4	0.4	0.4
Okinawa Autotech	4,082	548	3,264	644.9	25.1	0.4	0.1	0.4
Clasic Legends	2,610	2,594	2,390	0.6	9.2	0.3	0.2	0.3
Ather Energy	2,648	258	2,161	926.4	22.5	0.3	0.0	0.2
PUR Energy	1,399	163	1,337	758.3	4.6	0.1	0.0	0.1
Ampere	1,050	776	-	35.3		0.1	0.1	0.0
Other including EV	3,648	1,250	3,667	191.8	(0.5)	0.4	0.1	0.4
Total	**9,96,024**	**10,60,337**	**9,14,621**	**(6.1)**	**8.9**	**100**	**100**	**100.0**

Source: FADA

Fig 30 – 4W retail sales

Company	Period			Growth (%)		Market Share (%)		
	Oct-21	Oct-20	Sep-21	YoY	MoM	Oct-21	Sept-21	Oct-20
Maruti Suzuki	91,651	1,28,027	99,002	(28.4)	(7.4)	40.1	49.7	42.4
Hyundai	38,789	44,084	40,691	(12.0)	(4.7)	17.0	17.1	17.4
Tata Motors	25,748	18,822	23,510	36.8	9.5	11.3	7.3	10.1
M&M	13,924	12,702	14,806	9.6	(6.0)	6.1	4.9	6.3
Kia	14,231	16,795	13,294	(15.3)	7.0	6.2	6.5	5.7
Toyota	10,605	7,223	10,439	46.8	1.6	4.6	2.8	4.5
Renault	8,647	7,446	8,028	16.1	7.7	3.8	2.9	3.4
Honda Cars	8,339	8,222	7,181	1.4	16.1	3.7	3.2	3.1
Skoda	4,940	3,104	4,073	59.1	21.3	2.2	1.2	1.7
Ford	1,133	4,829	2,872	(76.5)	(60.6)	0.5	1.9	1.2

Company	Period			Growth (%)		Market Share (%)		
	Oct-21	Oct-20	Sep-21	YoY	MoM	Oct-21	Sept-21	Oct-20
Nissan	2,768	662	2,864	318.1	(3.4)	1.2	0.3	1.2
MG Motor	2,764	2,477	1,900	11.6	45.5	1.2	1.0	0.8
Mercedes	1,001	916	1,150	9.3	(13.0)	0.4	0.4	0.5
Fiat	1,163	593	1,001	96.1	16.2	0.5	0.2	0.4
BMW	765	631	803	21.2	(4.7)	0.3	0.2	0.3
Force Motors	118	119	212	(0.8)	(44.3)	0.1	0.0	0.1
JLR	174	163	149	6.7	16.8	0.1	0.1	0.1
Volvo	120	153	102	(21.6)	17.6	0.1	0.1	0.0
Porsche	25	23	46	8.7	(45.7)	0.0	0.0	0.0
PCA	56	-	43		30.2	0.0	0.0	0.0
Lamborghini	4	1	8	300.0	(50.0)	0.0	0.0	0.0
Bentley	2	2	1	-	100.0	0.0	0.0	0.0
Rolls Royce	-	1	1	(100.0)	(100.0)	-	0.0	0.0
Others	1,464	761	1,132	92.4	29.3	0.6	0.3	0.5
Total	**2,28,431**	**2,57,756**	**2,33,308**	**(11.4)**	**(2.1)**	**100.0**	**100.0**	**100.0**

Source: FADA

Disclaimer

Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Rating distribution

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