

AUTOMOBILES

01 November 2021

TTMT strong in PV/CV, 2W remain weak

- 4W sales in October hampered by chip crisis though TTMT did well. BJAUT's 2W volumes fell 17% YoY while 3Ws recovered
- CV/3W sales continued to show recovery alongside unlocking. Tractor volumes flattish
- Recent SUV launches seeing high demand amid festive season. EV sales up 3.5x YoY to 38k+, hitting a new peak

Tarun Bhatnagar | Someel Shah
 researchreport@bobcaps.in

4W: Due to the chip shortage, MSIL's October domestic sales fell (-32% YoY) but MM (+8%) and TTMT (+44%) stayed on course. MSIL's relatively smaller export pie surged 122% YoY, marking its eighth consecutive month of 100%+ growth, largely owing to strong sales in Africa. Apr-Oct'22 sales for MSIL/MM/TTMT grew 22%/62%/96% YoY. Demand is improving but production constraints due to the chip crisis are hurting deliveries. New launches include MSIL's hatchback Celerio and an SUV. Recent SUV launches (MM's XUV700, TTMT's Punch) have had a good response.

2W: BJAUT's domestic sales declined 26% YoY in October and exports fell 5%, leading to a 17% drop in total sales. Total sales in HMCL and EIM declined by 32% and 34% respectively. TVSL fared better with a lower fall of 14% in domestic sales, a 2.5% rise in exports and a 11% decline in overall sales. Apr-Oct'22 volumes for BJAUT/TVSL are still up 27%/24% YoY. TVSL has launched its new Jupiter 125cc scooter and BJAUT will introduce its high-end new generation bike Pulsar 250cc.

3W: Domestic 3W sales for October rose 58%/13%/7% YoY for BJAUT/MM/TVSL over a low base as the segment recovered amid the lifting of Covid restrictions. Exports for BJAUT fell by 3% but were up 6% for TVSL. Total sales for BJAUT/MM/TVSL grew 16%/13%/7% YoY in October and 55%/245%/77% in Apr-Oct'22.

CV: Domestic CV sales increased 21%/13%/28% YoY for TTMT/AL/EIM, indicating that the segment is recovering. By category, however, the outlook looks mixed as MHCVs grew 52%/35% for TTMT/AL while LCVs grew 13% for TTMT but dipped 4% for AL. Total sales for TTMT/AL/EIM (including exports) grew by 19%/11%/38% YoY in Oct'22 and by 82%/70%/85% YoY over Apr-Oct'22.

Tractor: Domestic tractor volumes were flattish with MM up 1% and ESC down 1% YoY. Apr-Oct'22 sales for MM have been stronger, rising 15% vs. 8% for ESC.

EV: Sales across 2W/3W/4W grew over 3.5x vs. Oct'20 to 38,400. According to the Vahan database, HMCL, Okinawa and Ather are the top 3 EV players in 2Ws while TTMT and MM are the main 4W/CV suppliers.

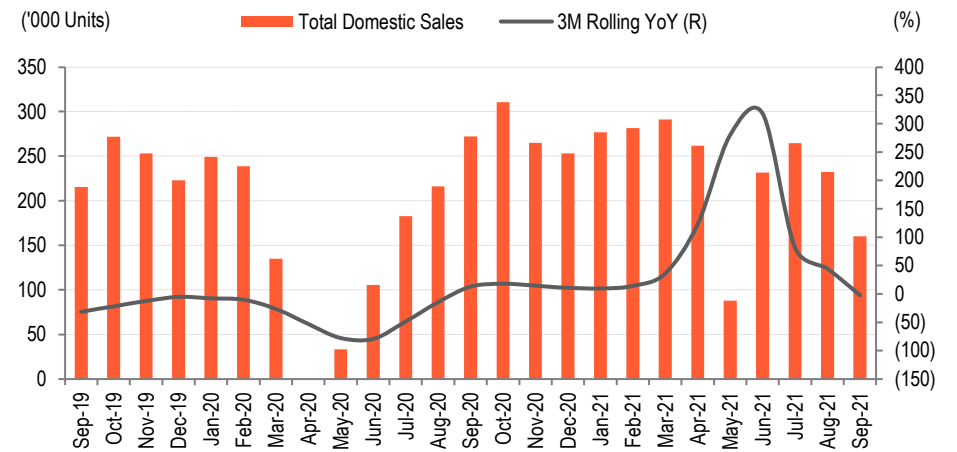
Recommendation snapshot

Ticker	Price	Target	Rating
AL IN	142	80	SELL
BJAUT IN	3,707	3,200	SELL
HMCL IN	2,657	2,900	HOLD
MM IN	884	630	SELL
MSIL IN	7,482	8,000	HOLD
TVSL IN	663	480	SELL
VSTT IN	2,892	2,300	HOLD

Price & Target in Rupees | Price as of 29 Oct 2021

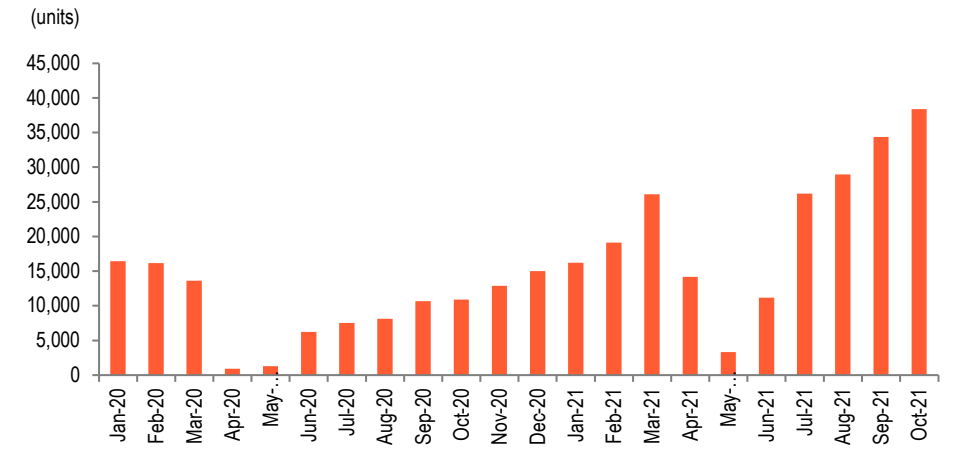


Fig 1 – 4W domestic sales



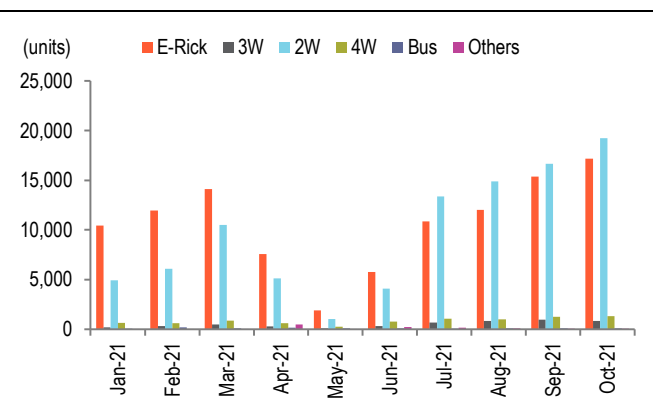
Source: SIAM, CMIE

Fig 2 – EV registrations across categories



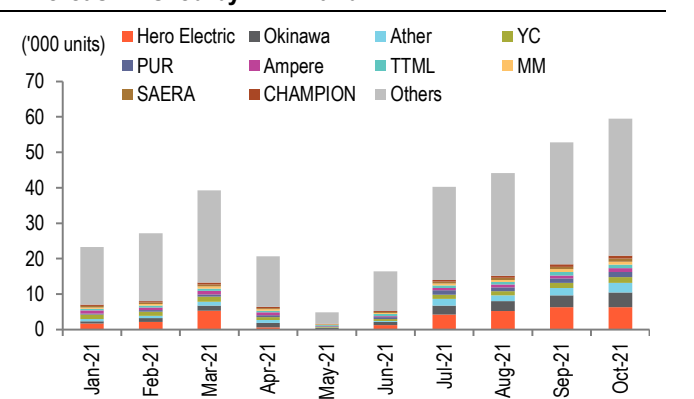
Source: Vahan

Fig 3 – E-rickshaw and 2W EVs showing stellar traction



Source: Vahan

Fig 4 – 2W EV growth led by Hero Electric and Okinawa, whereas 4Ws led by TTMT and MM



Source: Vahan

Fig 5 – Passenger vehicles

('000 units)	Oct-21	Oct-20	YoY (%)	Sep-21	MoM (%)	Apr-Oct'22	Apr-Oct'21	YoY (%)
Total Sales								
MSIL	138.3	182.4	(24.2)	86	60.1	871.5	652.2	33.6
Domestic Sales (in 000s)								
MSIL	117.0	172.9	(32.3)	68.8	70.0	745.2	610.5	22.1
TTMT	33.9	23.6	43.6	25.7	31.8	182.2	93.0	96.0
MM	20.1	18.6	8.1	13.1	53.3	113.5	70.1	61.9
Exports								
MSIL	21.3	9.6	122.4	17.6	21.4	126.2	41.7	203.0

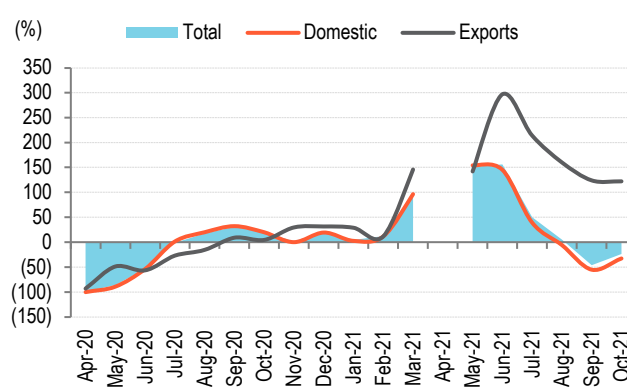
Source: Company

Fig 6 – MSIL: Oct'21 sales



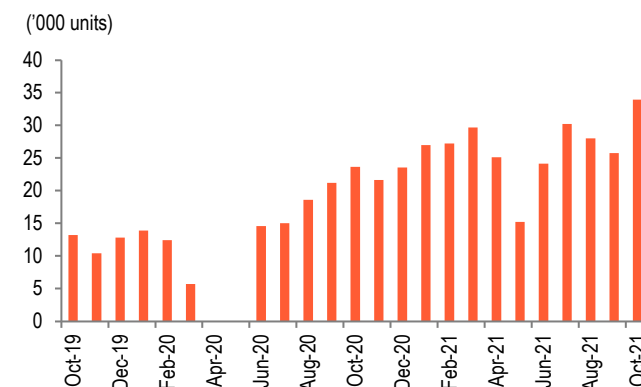
Source: Company

Fig 7 – MSIL: Export sales continues to hold up well



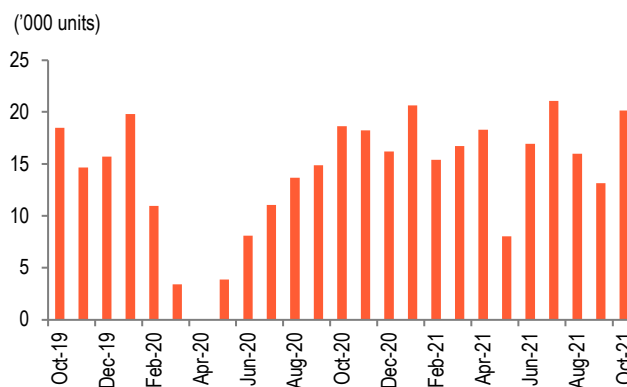
Source: Company

Fig 8 – TTMT: PV sales



Source: Company

Fig 9 – MM: PV sales



Source: Company

Fig 10 – 2W sales

('000 units)	Oct-21	Oct-20	YoY (%)	Sep-21	MoM (%)	Apr-Oct'22	Apr-Oct'21	YoY (%)
Total								
BJAUT	391.3	470.3	(16.8)	361.0	8.4	2,320.5	1,834.7	26.5
TVSL	341.5	382.1	(10.6)	332.5	2.7	1,829.8	1,472.5	24.3
EIM	44.1	66.9	(34.0)	33.5	31.6	291.2	274.9	5.9
HMCL	548	806.8	(32.1)	530.3	3.3	3011.1	3191.8	(5.7)

('000 units)	Oct-21	Oct-20	YoY (%)	Sep-21	MoM (%)	Apr-Oct'22	Apr-Oct'21	YoY (%)
Domestic								
BJAUT	198.7	268.6	(26.0)	173.9	14.3	1,029.4	1,004.8	2.5
TVSL	258.8	301.4	(14.1)	244.1	6.0	1,186.9	1,138.2	4.3
EIM	40.6	62.9	(35.4)	27.2	49.1	250.9	259.4	(3.3)
HMCL	527.8	791.1	(33.3)	505.5	4.4	2834.3	3109.4	(8.8)
Exports								
BJAUT	192.6	201.7	(4.5)	187.1	2.9	1,291.1	829.9	55.6
TVSL	82.7	80.7	2.5	88.4	(6.4)	642.9	334.3	92.3
EIM	3.5	4.0	(12.7)	6.3	(44.1)	40.3	15.5	160.5
HMCL	20.2	15.7	28.5	24.9	(18.9)	176.8	82.4	114.5

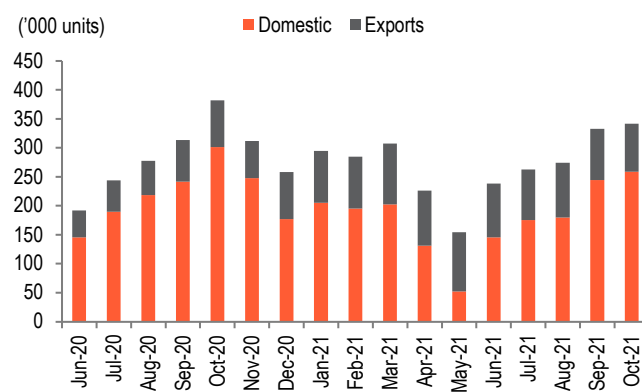
Source: Company

Fig 11 – BJAUT: 2W sales



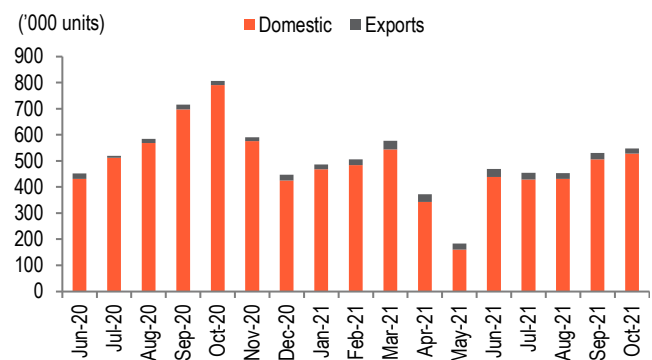
Source: Company

Fig 12 – TVSL: 2W sales



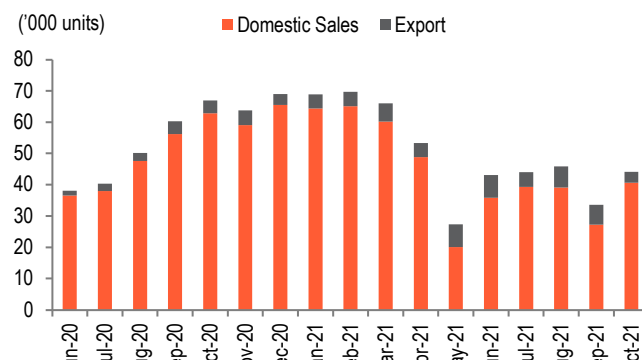
Source: Company

Fig 13 – HMCL: 2W sales



Source: Company

Fig 14 – EIM: 2W sales



Source: Company

Fig 15 – 3W sales

('000 units)	Oct-21	Oct-20	YoY (%)	Sep-21	MoM (%)	Apr-Oct'22	Apr-Oct'21	YoY (%)
Total								
BJAUT	48.3	41.7	15.7	41.0	17.9	269.5	173.8	55.1
TVSL	25.98	24.38	6.5	28.48	(8.8)	195.49	110.63	76.7
MM	3.5	3.1	13.1	3.0	18.3	14.3	4.1	245.1
Domestic								
BJAUT	19.8	12.5	58.2	18.4	7.7	78.5	41.2	90.5
TVSL	13.5	12.6	7.3	14.6	(7.7)	99.7	57.6	73.2
MM	3.5	3.1	13.1	3.0	18.3	14.3	4.1	245.1
Exports								
BJAUT	28.5	29.2	(2.5)	22.6	26.1	191.0	132.6	44.1
TVSL	12.5	11.8	5.7	13.8	(10.0)	95.8	53.0	80.6

Source: Bloomberg

Fig 16 – BJAUT: 3W sales



Source: Company

Fig 17 – TVSL: 3W sales



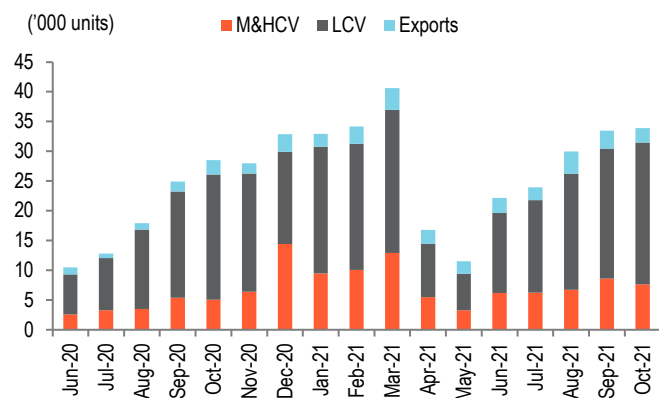
Source: Company

Fig 18 – CV sales

('000 Units)	Oct-21	Oct-20	YoY (%)	Sep-21	MoM (%)	Apr-Oct'22	Apr-Oct'21	YoY (%)
Total								
TTMT	33.9	28.5	18.9	33.4	1.4	171.6	94.6	81.5
AL	11.1	10.0	10.9	10	16.2	56.6	33.2	70.3
EIM	5.8	4.2	38.2	6	(4.4)	26.7	14.5	84.5
Domestic								
TTMT	31.5	26.1	20.5	56.2	(44.0)	335.5	180.4	85.9
AL	10.0	8.9	13.0	8.8	14.3	51.9	30.2	71.7
EIM	4.9	3.8	27.5	5.2	(6.9)	21.5	12.2	76.6
Exports								
TTMT	2.4	2.4	1.2	3.0	(18.4)	18.4	7.1	158.5
AL	1.0	1.1	(6.2)	0.7	38.9	4.7	3.0	56.7
EIM	0.8	0.3	162.2	0.8	4.8	4.7	2.1	130.2
M&HCV								
TTMT	7.6	5.0	51.9	8.6	(11.2)	44.1	19.7	123.6
AL	5.3	3.9	35.4	4.5	16.0	25.1	11.6	116.5
LCV								
TTMT	23.8	21.1	13.1	21.8	9.1	109.1	67.7	61.1
AL	4.8	5.0	(4.3)	4.3	12.5	26.8	18.6	43.8

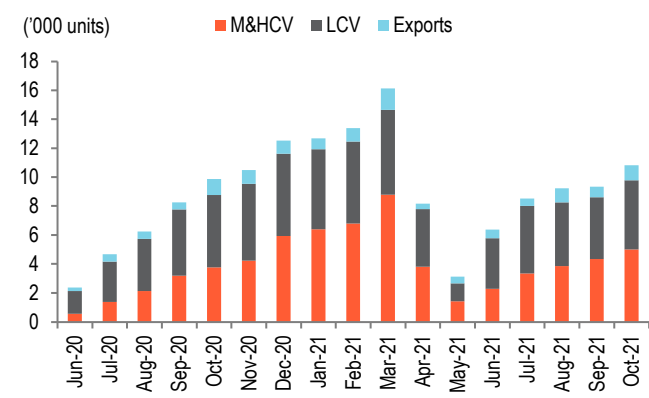
Source: Company

Fig 19 – TTMT: CV sales



Source: Company

Fig 20 – AL: CV sales



Source: Company

Fig 21 – EIM: CV sales



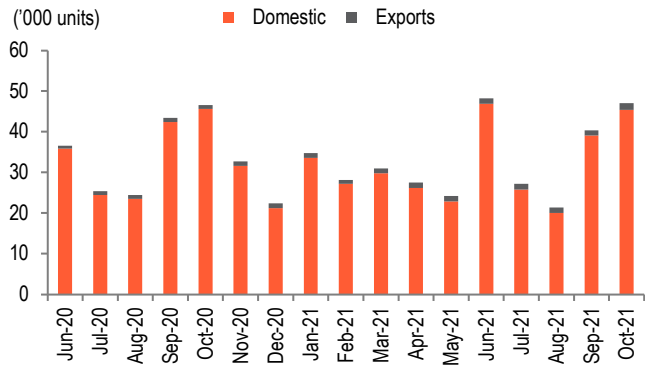
Source: Company

Fig 22 – Tractor sales

('000 units)	Oct-21	Oct-20	YoY (%)	Sep-21	MoM (%)	Apr-Oct'22	Apr-Oct'21	YoY (%)
Total								
MM	47.0	46.6	1.0	40.3	16.6	235.9	205.5	14.8
ESC	13.5	13.7	(1.1)	8.8	53.3	60.5	56.3	7.6
VSTT	1.0	1.1	(12.6)	1	28.2	5.4	5.7	(5.1)
Domestic								
MM	45.4	45.6	(0.4)	39.1	16.3	226.1	200.5	12.8
ESC	12.7	13.2	(3.3)	8	59.9	56.2	54.0	4.0
VSTT	1.0	1.1	(12.6)	1	28.2	5.4	5.7	(5.1)
Exports								
MM	1.6	1.0	64.6	1.3	25.0	9.8	5.0	96.8
ESC	0.8	0.5	58.1	0.8	(9.0)	4.3	2.2	93.9

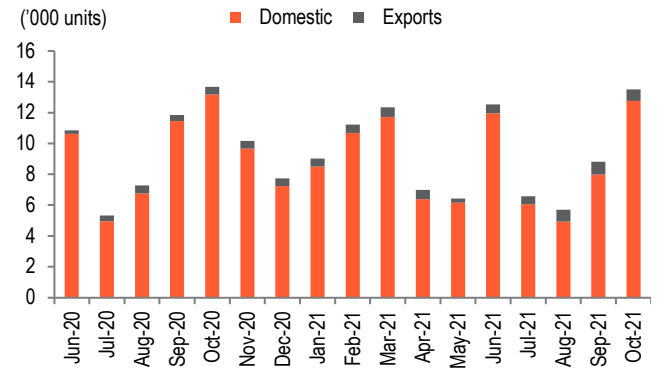
Source: Company

Fig 23 – MM: Tractor sales



Source: Company

Fig 24 – ESC: Tractor sales



Source: Company

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

As of 31 October 2021, out of 105 rated stocks in the BOB Capital Markets Limited (BOBCAPS) coverage universe, 52 have BUY ratings, 25 have HOLD ratings, 6 are rated ADD*, 2 are rated REDUCE* and 20 are rated SELL. None of these companies have been investment banking clients in the last 12 months. (*Our ADD and REDUCE ratings are in the process of being migrated to the new recommendation structure.)

Analyst certification

The research analyst(s) authoring this report hereby certifies that (1) all of the views expressed in this research report accurately reflect his/her personal views about the subject company or companies and its or their securities, and (2) no part of his/her compensation was, is, or will be, directly or indirectly, related to the specific recommendation(s) or view(s) in this report. Analysts are not registered as research analysts by FINRA and are not associated persons of BOBCAPS.

General disclaimers

BOBCAPS is engaged in the business of Institutional Stock Broking and Investment Banking. BOBCAPS is a member of the National Stock Exchange of India Limited and BSE Limited and is also a SEBI-registered Category I Merchant Banker. BOBCAPS is a wholly owned subsidiary of Bank of Baroda which has its various subsidiaries engaged in the businesses of stock broking, lending, asset management, life insurance, health insurance and wealth management, among others.

BOBCAPS's activities have neither been suspended nor has it defaulted with any stock exchange authority with whom it has been registered in the last five years. BOBCAPS has not been debarred from doing business by any stock exchange or SEBI or any other authority. No disciplinary action has been taken by any regulatory authority against BOBCAPS affecting its equity research analysis activities.

BOBCAPS has obtained registration as a Research Entity under SEBI (Research Analysts) Regulations, 2014, having registration No.: INH000000040 valid till 03 February 2025. BOBCAPS is also a SEBI-registered intermediary for the broking business having SEBI Single Registration Certificate No.: INZ000159332 dated 20 November 2017. BOBCAPS CIN Number: U65999MH1996GOI098009.

BOBCAPS prohibits its analysts, persons reporting to analysts, and members of their households from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. Additionally, BOBCAPS prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that the analysts cover.

Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein.

This material should not be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. We are not soliciting any action based on this material. It is for the general information of BOBCAPS's clients. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Before acting on any advice or recommendation in this material, clients should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice.

The price and value of the investments referred to in this material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur. BOBCAPS does not provide tax advice to its clients, and all investors are strongly advised to consult with their tax advisers regarding any potential investment in certain transactions — including those involving futures, options, and other derivatives as well as non-investment-grade securities — that give rise to substantial risk and are not suitable for all investors. The material is based on information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied on as such. Opinions expressed are our current opinions as of the date appearing on this material only. We endeavour to update on a reasonable basis the information discussed in this material, but regulatory, compliance, or other reasons may prevent us from doing so.

We and our affiliates, officers, directors, and employees, including persons involved in the preparation or issuance of this material, may from time to time have "long" or "short" positions in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein and may from time to time add to or dispose of any such securities (or investment). We and our affiliates may act as market makers or assume an underwriting commitment in the securities of companies discussed in this document (or in related investments), may sell them to or buy them from customers on a principal basis, and may also perform or seek to perform investment banking or advisory services for or relating to these companies and may also be represented in the supervisory board or any other committee of these companies.

For the purpose of calculating whether BOBCAPS and its affiliates hold, beneficially own, or control, including the right to vote for directors, one per cent or more of the equity shares of the subject company, the holdings of the issuer of the research report is also included.

BOBCAPS and its non-US affiliates may, to the extent permissible under applicable laws, have acted on or used this research to the extent that it relates to non-US issuers, prior to or immediately following its publication. Foreign currency denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of or income derived from the investment. In addition, investors in securities such as ADRs, the value of which are influenced by foreign currencies, effectively assume currency risk. In addition, options involve risks and are not suitable for all investors. Please ensure that you have read and understood the Risk disclosure document before entering into any derivative transactions.

In the US, this material is only for Qualified Institutional Buyers as defined under rule 144(a) of the Securities Act, 1933. No part of this document may be distributed in Canada or used by private customers in the United Kingdom.

No part of this material may be (1) copied, photocopied, or duplicated in any form by any means or (2) redistributed without BOBCAPS's prior written consent.

Company-specific disclosures under SEBI (Research Analysts) Regulations, 2014

The research analyst(s) or his/her relatives do not have any material conflict of interest at the time of publication of this research report.

BOBCAPS or its research analyst(s) or his/her relatives do not have any financial interest in the subject company. BOBCAPS or its research analyst(s) or his/her relatives do not have actual/beneficial ownership of one per cent or more securities in the subject company at the end of the month immediately preceding the date of publication of this report.

The research analyst(s) has not received any compensation from the subject company in the past 12 months. Compensation of the research analyst(s) is not based on any specific merchant banking, investment banking or brokerage service transactions.

BOBCAPS or its research analyst(s) is not engaged in any market making activities for the subject company.

The research analyst(s) has not served as an officer, director or employee of the subject company.

BOBCAPS or its associates may have material conflict of interest at the time of publication of this research report.

BOBCAPS's associates may have financial interest in the subject company. BOBCAPS's associates may hold actual / beneficial ownership of one per cent or more securities in the subject company at the end of the month immediately preceding the date of publication of this report.

BOBCAPS or its associates may have managed or co-managed a public offering of securities for the subject company or may have been mandated by the subject company for any other assignment in the past 12 months.

BOBCAPS may have received compensation from the subject company in the past 12 months. BOBCAPS may from time to time solicit or perform investment banking services for the subject company. BOBCAPS or its associates may have received compensation from the subject company in the past 12 months for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory services in a merger or specific transaction. BOBCAPS or its associates may have received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months.