

AUTOMOBILES

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Tarun Bhatnagar | Someel Shah
 researchreport@bobcaps.in

4Ws hit by chip shortage; good pickup in CVs

- **4W sales weak in September due to chip crisis though TTMT did well. BJAUT's 2W volumes fell 11% YoY while 3Ws recovered**
- **CV sales reviving from a low base with LCVs close to pre-Covid levels but MHCVs yet to catch up. Tractor volumes fell on a high base**
- **SUV launches expected across price points. EV sales hit new high of 36k+ units**

Recommendation snapshot

Ticker	Price	Target	Rating
AL IN	131	80	SELL
BJAUT IN	3,853	3,200	SELL
HMCL IN	2,848	2,900	HOLD
MM IN	828	630	SELL
MSIL IN	7,162	8,000	HOLD
TVSL IN	564	480	SELL

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

4W: Due to the chip shortage, September domestic sales fell YoY for MSIL (-55%) and MM (-12%) but TTMT (+21%) saw higher volumes. MSIL's relatively smaller export pie surged 124% off a low base. Q2FY22 sales for MSIL fell 4%; MM/TTMT grew 53%/ 27% YoY. Demand trends are hard to gauge as the chip crisis has constrained production.

2W: Domestic sales for the month were down 21% for BJAUT (exports up 1%), with total sales declining 11% YoY. Conversely, TVSL posted a 1% increase in domestic sales and a 24% rise in exports, taking total volumes up 6% YoY. Overall Q2 sales for BJAUT and TVSL grew 7% and 4% YoY respectively.

3W: Domestic 3W sales for September rose YoY for BJAUT (+99%) and MM (+408%) against a low base. TVSL too saw a 2% YoY rise. Exports fell 17% for BJAUT and increased 2% for TVSL, with total sales up 12% and 2% respectively. Q2 sales for BJAUT/TVSL/MM increased 29%/42%/690%.

CV: TTMT's domestic CV sales increased 30% YoY with MHCVs and LCVs up 60% and 21% respectively. Total sales including exports grew 34% in September with quarterly sales up 57% YoY. AL saw 12% growth in domestic CVs for the month which includes a 39% uptick in MHCVs but a 7% dip in LCVs. The company's total sales including exports grew 14% for the month and 42% for the quarter. LCV volumes for both players have reached pre-Covid levels but MHCVs continue to lag.

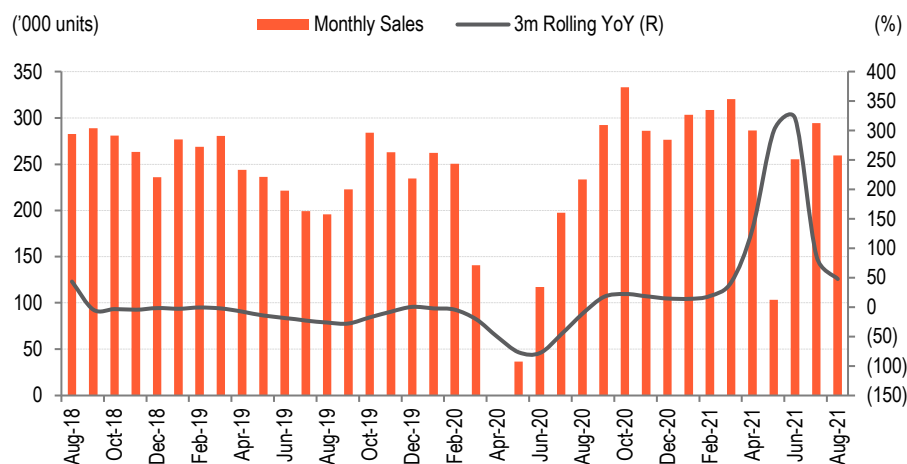
Tractors: Domestic tractor sales fell YoY by 8% for MM, 30% for ESC and 23% for VSTT on a high base. Total sales for these three players declined 7%, 26% and 23% respectively for the month and 5%, 14% and 16% for Q2.

EV: Electric vehicle registration hit a record 36k+ units. TTMT sold 1k EVs.

Launches: The Rs 1mn+ SUV category is heating up again with MG planning to launch Astor. This follows the launch of MM XUV700 and VW Taigun. The segment is dominated by Hyundai Creta, Kia Seltos and Toyota Innova at the upper end. TTMT is rolling out its SUV Punch in the sub-Rs 1mn range and MSIL has a new-gen Celerio.

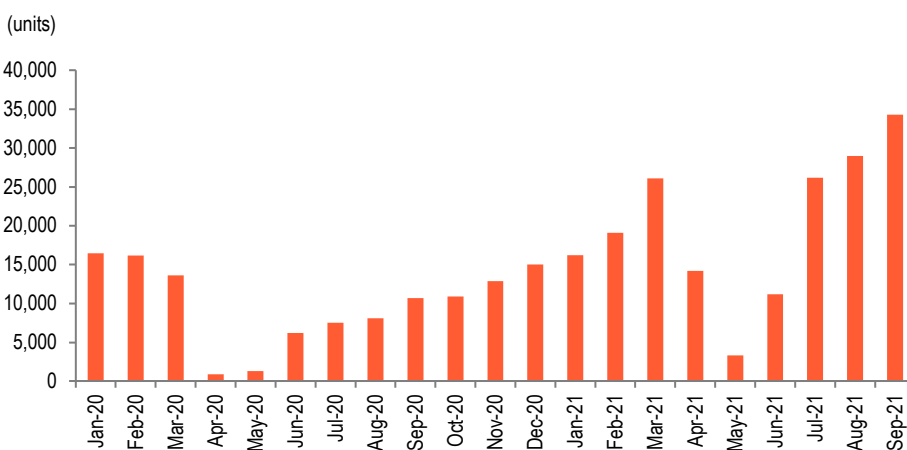


Fig 1 – 4W sales



Source: Media Reports

Fig 2 – EV registrations across categories



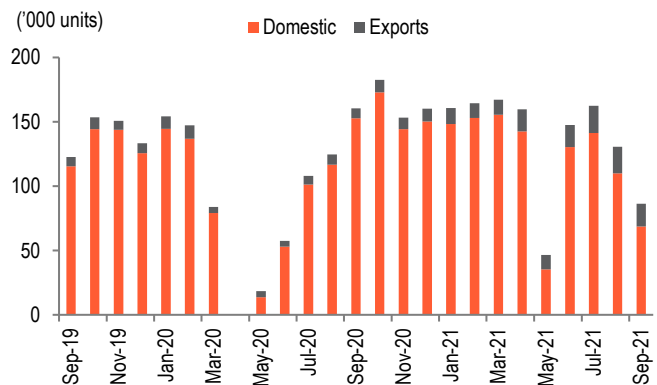
Source: Vahan

Fig 3 – Passenger vehicle sales

('000 units)	Sep-21	Sep-20	YoY (%)	Aug-21	MoM (%)	Q2FY22	Q2FY21	YoY (%)	Q1FY22	QoQ (%)	H1FY22	H2FY22	YoY (%)
Total Sales													
MSIL	86.4	160.4	(46.2)	131	(33.9)	379.5	393.1	(3.5)	353.6	7.3	733.2	470	56.1
Domestic Sales													
MSIL	68.8	152.6	(54.9)	110.1	(37.5)	320.1	370.6	(13.6)	308.1	3.9	628.2	437.6	43.5
TTMT	25.7	21.2	21.4	28.0	(8.2)	83.9	54.8	53.2	64.4	30.4	148.3	69.4	113.8
MM	13.1	14.9	(11.6)	16.0	(17.8)	50.2	39.5	26.9	43.2	16.1	93.4	51.5	81.4
Exports													
MSIL	17.6	7.8	124.2	20.6	(14.8)	59.4	22.5	163.9	45.5	30.5	104.9	32.1	227.0

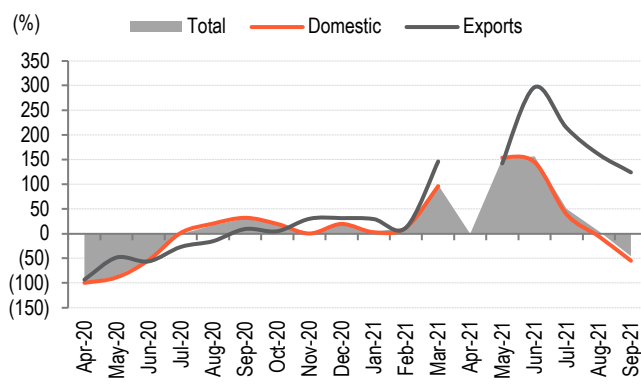
Source: Company

Fig 4 – MSIL’s Sep’21 sales fell to second lowest in 15 months...



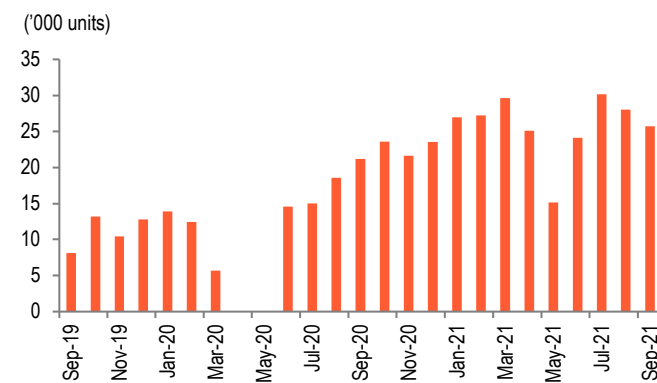
Source: Company

Fig 5 – ...but exports held up well



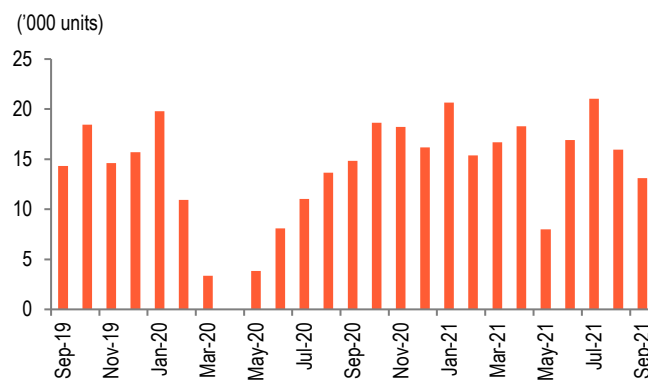
Source: Company

Fig 6 – TTMT: PV sales



Source: Company

Fig 7 – MM: PV sales



Source: Company

Fig 8 – 2W sales

('000 units)	Sep-21	Sep-20	YoY (%)	Aug-21	MoM (%)	Q2FY22	Q2FY21	YoY (%)	Q1FY22	QoQ (%)	H1FY22	H2FY21	YoY (%)
Total													
BJAUT	361.0	404.9	(10.8)	338.3	6.7	1,029.9	964.5	6.8	899.3	14.5	1,929.2	1,364.4	41.4
TVSL	332.5	313.3	6.1	274.3	21.2	869.6	834.3	4.2	618.7	40.5	1,488.3	1,090.4	36.5
EIM	33.5	60.3	(44.4)	45.9	(26.9)	123.4	150.8	(18.2)	123.6	(0.2)	247.1	208.0	18.8
Domestic													
BJAUT	173.9	219.5	(20.8)	158.0	10.1	488.1	550.2	(11.3)	342.6	42.5	830.7	736.2	12.8
TVSL	244.1	241.8	1.0	180.0	35.6	599.3	649.7	(7.8)	328.9	82.2	928.1	836.8	10.9
EIM	27.2	56.2	(51.5)	39.1	(30.3)	105.6	141.7	(25.5)	104.7	0.9	210.3	196.5	7.0
Exports													
BJAUT	187.1	185.4	0.9	180.3	3.7	541.8	414.3	30.8	556.8	(2.7)	1,098.5	628.2	74.9
TVSL	88.4	71.6	23.6	94.3	(6.2)	270.3	184.6	46.4	289.8	(6.7)	560.1	253.6	120.9
EIM	6.3	4.1	52.4	6.8	(7.3)	17.8	9.1	95.7	19.0	(6.0)	36.8	11.4	221.6

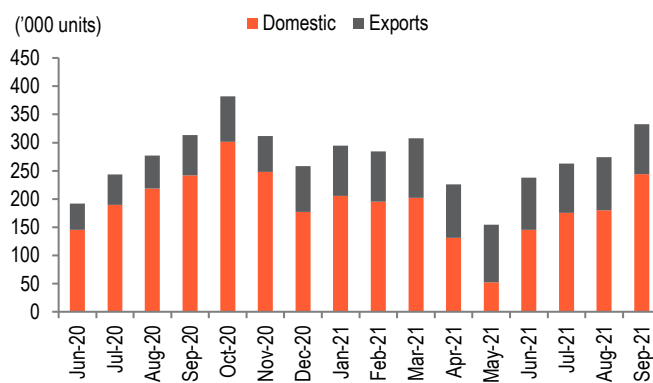
Source: Company

Fig 9 – BJAUT's 2W sales recovering; exports steady



Source: Company

Fig 10 – TVSL's sales recovering



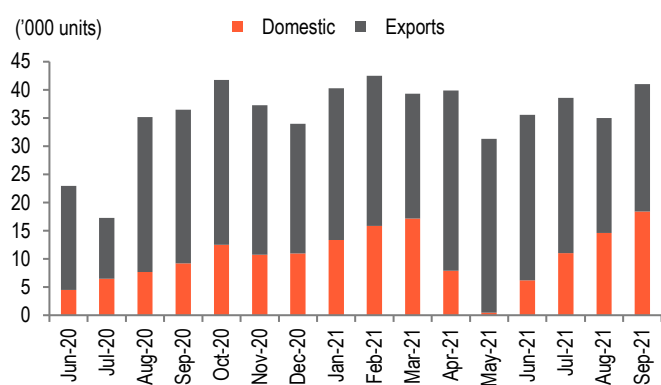
Source: Company

Fig 11 – 3W sales

('000 units)	Sep-21	Sep-20	YoY (%)	Aug-21	MoM (%)	Q2FY22	Q2FY21	YoY (%)	Q1FY22	QoQ (%)	H1FY22	H2FY21	YoY (%)
Total													
BJAUT	41.0	36.5	12.4	35.0	17.2	114.5	88.9	28.8	106.7	7.3	221.2	132.0	67.5
TVSL	28.5	28.0	1.9	32.0	(11.0)	92.2	64.8	42.3	77.3	19.2	169.5	86.3	96.5
MM	3.0	0.6	407.8	2.6	15.1	7.7	1.0	690.2	3.1	151.9	10.8	1.0	948.1
Domestic													
BJAUT	18.4	9.2	99.4	14.6	25.8	44.1	23.4	88.4	14.6	202.1	58.7	28.7	104.6
TVSL	14.6	14.4	2.0	16.4	(10.6)	47.2	33.5	40.8	39.1	20.7	86.2	45.0	91.6
MM	3.0	0.6	407.8	2.6	15.1	7.7	1.0	690.2	3.1	151.9	10.8	1.0	948.1
Exports													
BJAUT	22.6	27.2	(17.1)	20.3	11.0	70.4	65.5	7.6	92.1	(23.6)	162.5	103.4	57.2
TVSL	13.8	13.6	1.8	15.6	(11.4)	45.0	31.3	43.8	38.3	17.6	83.3	41.3	101.9

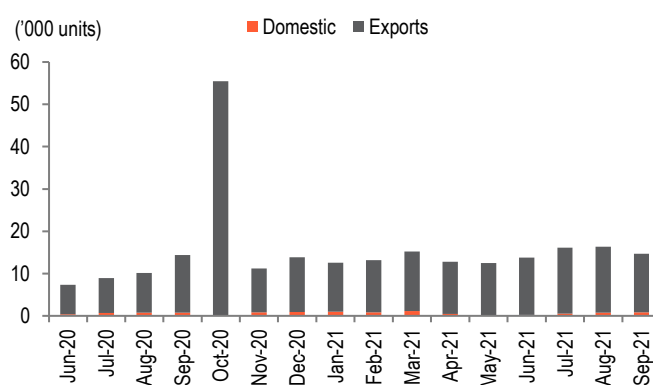
Source: Company

Fig 12 – BJAUT's 3W export sales look strong



Source: Company

Fig 13 – TVSL's 3W exports steady



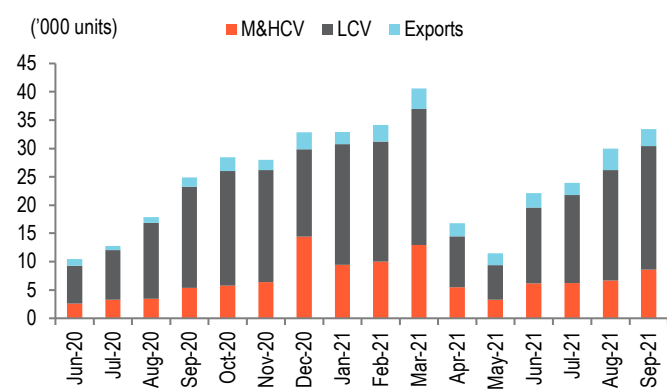
Source: Company

Fig 14 – CV sales

('000 units)	Sep-21	Sep-20	YoY (%)	Aug-21	MoM (%)	Q2FY22	Q2FY21	YoY (%)	Q1FY22	QoQ (%)	H1FY22	H2FY21	YoY (%)
Commercial Vehicles													
Total													
TTMT	33.3	24.9	33.5	30.0	10.9	87.2	55.6	56.8	50.4	73.0	137.6	66.1	108.2
AL	9.5	8.3	14.4	9.0	1.8	27.5	19.4	41.7	18.0	53.1	45.5	23.2	95.9
Domestic													
TTMT	30.3	23.2	30.2	54.2	(44.2)	162.2	106.9	51.7	107.8	50.4	269.9	130.7	106.5
AL	8.8	7.8	12.2	8.4	4.6	25.3	17.9	41.1	16.6	53.0	41.9	21.4	96.1
Exports													
TTMT	3.0	1.7	80.2	3.8	(21.2)	8.9	3.5	156.2	7.0	27.8	15.9	4.7	239.7
AL	0.7	0.5	50.1	1.0	(22.3)	2.2	1.5	49.4	1.4	55.0	3.7	1.9	93.2
M&HCV													
TTMT	8.6	5.4	59.9	6.7	28.7	21.5	12.1	77.6	15.0	44.1	36.5	14.7	148.1
AL	4.5	3.3	38.6	4.0	13.6	12.0	7.0	71.5	7.9	52.5	19.8	7.7	157.3
LCV													
TTMT	21.6	17.9	21.2	19.5	11.1	56.7	40.0	41.8	28.4	99.3	85.1	46.7	82.5
AL	4.3	4.6	(6.8)	4.4	(3.5)	13.3	11.0	21.7	8.7	53.4	22.0	13.6	61.4

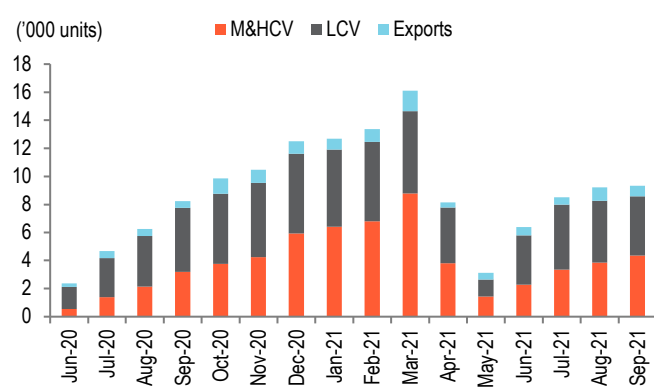
Source: Company

Fig 15 – TTMT: CV sales



Source: Company

Fig 16 – AL: CV sales



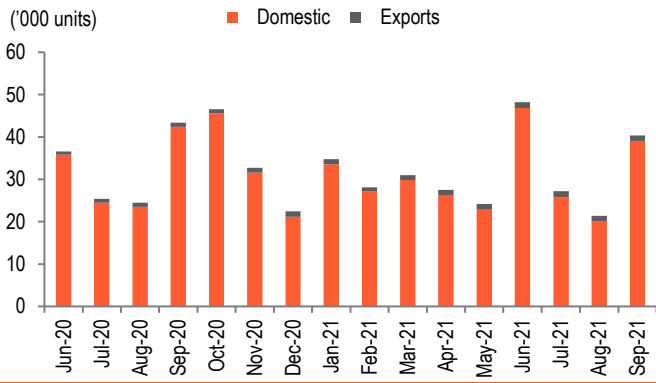
Source: Company

Fig 17 – Tractor sales

Tractors	Sep-21	Sep-20	YoY (%)	Aug-21	MoM (%)	Q2FY22	Q2FY21	YoY (%)	Q1FY22	QoQ (%)	H1FY22	H2FY21	YoY (%)
Total													
MM	40.3	43.4	(7.0)	21.4	88.8	88.9	93.2	(4.6)	99.9	(11.0)	188.8	158.9	18.8
ESC	8.8	11.9	(25.6)	5.7	54.9	21.1	24.4	(13.8)	25.9	(18.7)	47.0	42.6	10.4
VSTT	0.8	1.0	(22.6)	1.0	5.9	2.3	2.8	(15.5)	2.0	13.5	4.4	4.5	(3.2)
Domestic													
MM	39.1	42.4	(7.8)	20.0	95.3	84.8	90.3	(6.1)	95.8	(11.5)	180.7	154.9	16.6
ESC	8.0	11.5	(30.4)	5.0	62.1	19.0	23.2	(18.2)	24.5	(22.7)	43.5	40.8	6.4
VSTT	0.8	1.0	(22.6)	1.0	5.9	2.3	2.8	(15.5)	2.0	13.5	4.4	4.5	(3.2)
Exports													
MM	1.3	1.0	24.7	1.4	(6.2)	4.1	2.9	40.5	4.1	0.5	8.2	4.0	104.6
ESC	0.8	0.4	111.3	0.8	8.8	2.1	1.3	65.2	1.4	47.9	3.6	1.7	103.9

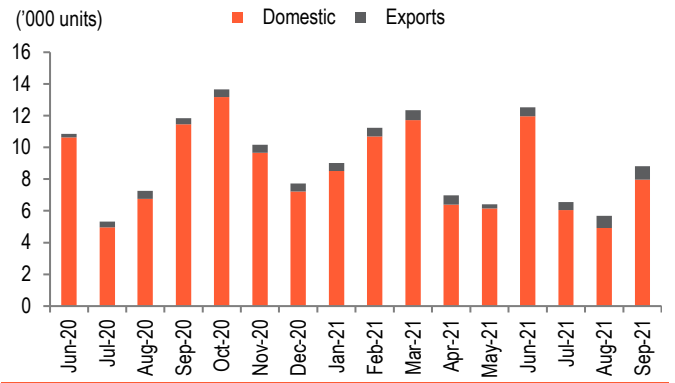
Source: Company

Fig 18 – MM's tractor sales improved MoM...



Source: Company

Fig 19 – ...as did ESC's



Source: Company

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

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