

## AUTOMOBILES

03 January 2022

### TTMT gains 2<sup>nd</sup> position in PVs; CV recovery promising

- MSIL's domestic sales still hampered by chip crisis (-13% YoY in Dec); TTMT (+50%) and MM (+10%) continue to buck trend aided by launches
- 2W domestic volumes remain weak whereas recovery continues in 3Ws and CVs. Tractor sales down YoY off high base
- EV sales cross 50K for the first time led by Hero Electric in 2Ws and TTMT in 4Ws. Launches from Ola & Bounce to further enhance EV sales

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**4W:** Due to the chip shortage, MSIL's December domestic sale volumes declined (-13% YoY), though MM (+10%) and TTMT (+50%) continued to grow. TTMT reached the #2 market share position in PVs, crossing Hyundai India for the first time. MSIL's relatively low export sales increased (+125% YoY/+180% YTD). Apr-Dec'21 domestic sales for MSIL/MM/TTMT grew 10%/44%/79% YoY. Demand remains strong as reflected by rising retail volumes. Upcoming launches include MSIL's next-gen SUV models (S-Cross, Brezza) which should help it recoup some of its lost market share.

**2W:** Domestic 2W sales for BJAUT/EIM were flattish (-1%) whereas TVSL/HMCL fell 17%/12% in December. Exports for EIM/TVSL grew 144%/9%. Total Q3FY22 volumes for BJAUT/EIM/TVSL/HMCL declined 12%/15%/12%/30% YoY despite growth in exports, as domestic sales have fallen 20%/20%/20%/31%. Launches from Ola and Bounce will help strength EV sales.

**CV:** Domestic CV volumes for EIM rebounded 28% YoY and TTMT clocked a 4% rise in December, whereas AL saw a 3% decline. Q3FY22 domestic sales increased 21%/27%/1% for EIM/TTMT/AL and are also above the Q3FY20 level. Exports grew 31%/5%/13% YoY in December and increased 72%/2%/8% for the three players in Q3FY22. TTMT and AL saw growth in both LCVs and MHCVs during Jan-Dec'21.

**3W:** TVSL/MM's domestic 3W sales slipped 17%/13% YoY in Dec'21 but BJAUT grew 68% off a lower base. BJAUT/TVSL's exports were up 10%/14% and total volumes grew 29%/12% YoY for the month (18%/17% YoY in Q3FY22).

**Tractor:** Domestic tractor volumes for MM/ESC declined by 21%/44%YoY due to a higher base, whereas VSTT posted 1.7% growth. On a two-year CAGR basis, ESC/VSTT's sales growth remains strong at 4%/23%, indicating that VSTT has gained market share.

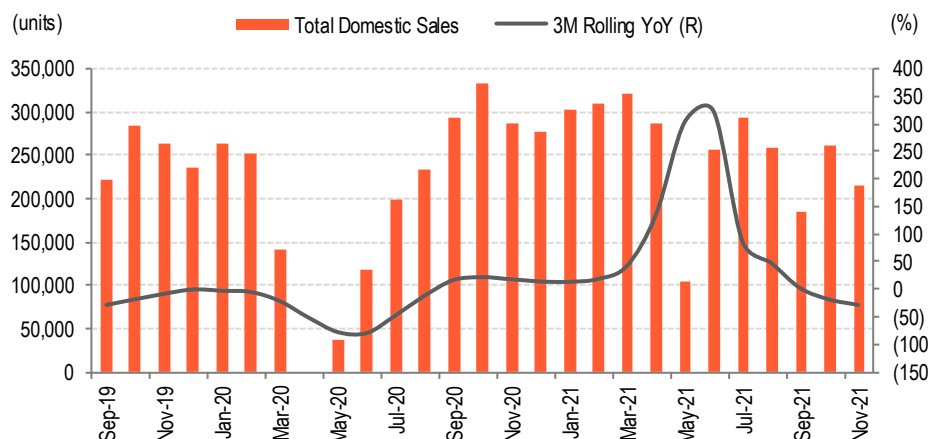
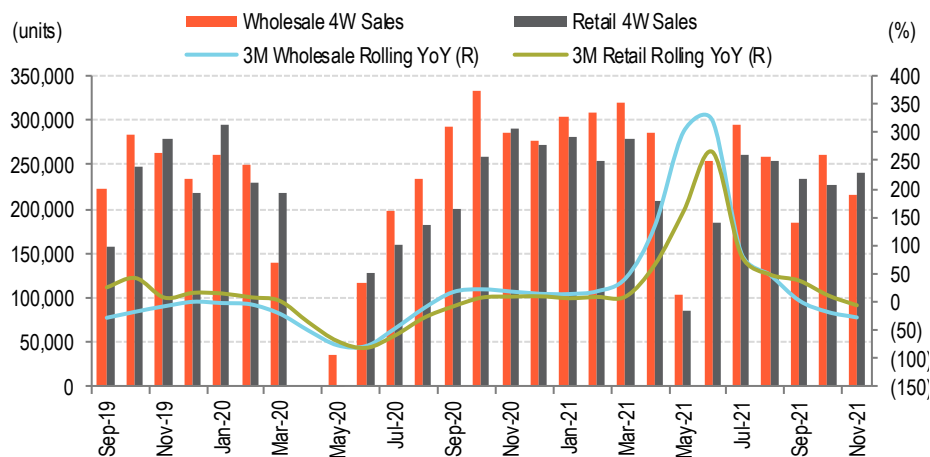
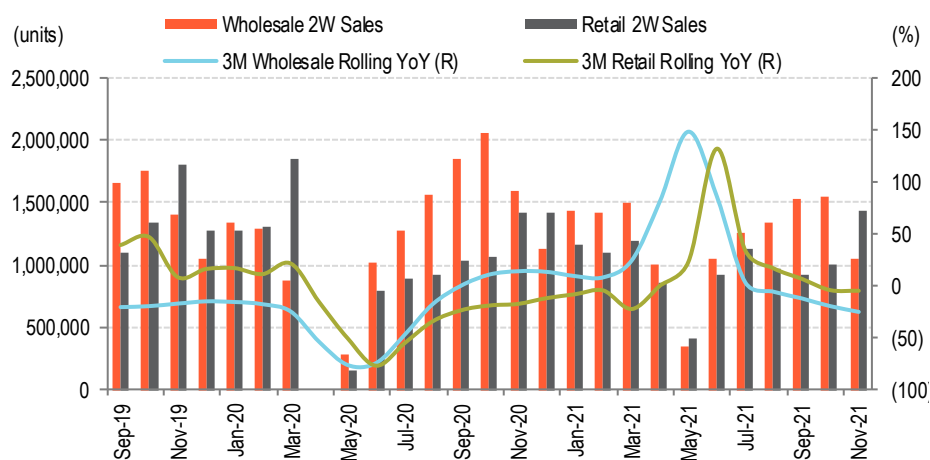
**EV:** Sales across 2W/3W/4Ws grew above 50k units for the first time. According to the Vahan database, Hero Electric, Okinawa and Ather are the top 3 EV players in 2Ws while TTMT leads in electric PVs with ~90% market share.

### Recommendation snapshot

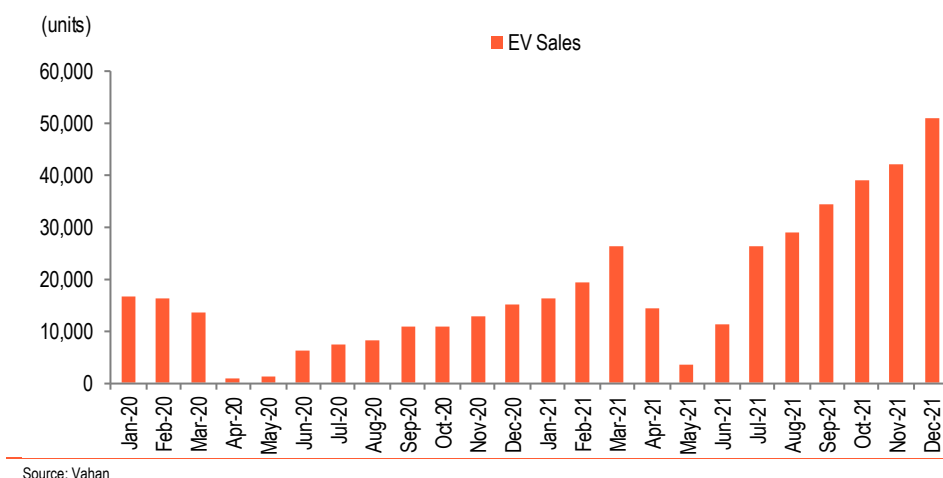
Ticker	Price	Target	Rating
AL IN	122	121	HOLD
BJAUT IN	3,249	3,200	SELL
HMCL IN	2,462	2,900	HOLD
MM IN	837	1,011	BUY
MSIL IN	7,426	7,771	HOLD
TVSL IN	627	480	SELL
VSTT IN	2,764	2,300	HOLD

Price & Target in Rupees | Price as of 31 Dec 2021

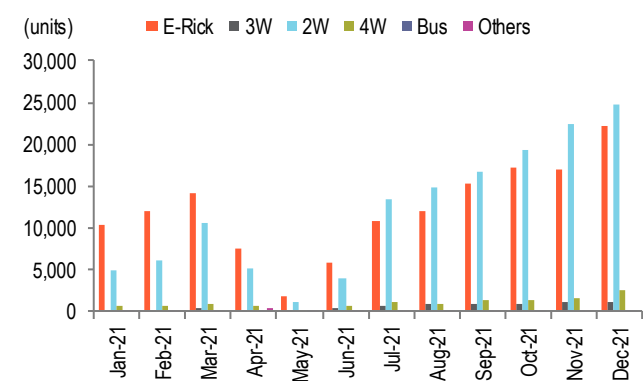


**Fig 1 – 4W domestic sales remain affected by semiconductor issues****Fig 2 – 4W wholesale demand remains in line with retail demand****Fig 3 – 2W retail demand still weak; wholesale offtake expected to decline to match retail sales for next few months**

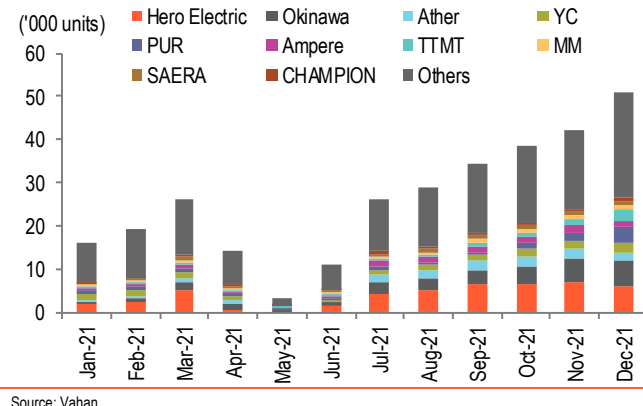
**Fig 4 – EV registration across categories continues to gather momentum and crossed 50k for the first time in Dec'21**



**Fig 5 – 2W EVs and e-rickshaws continue to show stellar growth; strong growth in 4Ws led by TTMT**



**Fig 6 – 2W EV growth led by Hero Electric & Okinawa; 4Ws led by TTMT where it holds ~90% market share**



**Fig 7 – Passenger vehicles**

('000 units)	Dec-21	Dec-20	YoY (%)	Nov-21	MoM (%)	Q3FY22	Q3FY21	YoY (%)	Q2FY22	QoQ (%)	FY22 YTD	FY21 YTD	YoY (%)
<b>Total Sales</b>													
MSIL	153.1	160.2	(4.4)	139	10.0	430.7	496	(13.2)	379.5	13.5	1,163.8	965.6	20.5
<b>Domestic Sales (in 000s)</b>													
MSIL	130.9	150.3	(12.9)	117.8	11.1	365.7	467.4	(21.8)	320.1	14.2	993.9	905.0	9.8
TTMT	35.3	23.5	49.9	29.8	18.5	99.0	68.8	43.9	83.9	18.0	247.3	138.2	79.0
MM	17.7	16.2	9.5	19.5	(8.9)	57.3	53.0	8.1	50.2	14.3	150.7	104.5	44.2
Hyundai	32.3	47.4	(31.8)	37.0	(12.7)	106.3	152.8	(30.4)	128.0	(16.9)	348.8	315.3	10.6
Kia	7.8	11.8	(34.0)	14.2	(45.1)	38.3	53.9	(28.8)	46.2	(17.0)	126.7	100.8	25.7
<b>Exports</b>													
MSIL	22.3	9.9	124.2	21.4	4.1	65.0	28.5	127.8	59.4	9.4	169.9	60.6	180.3

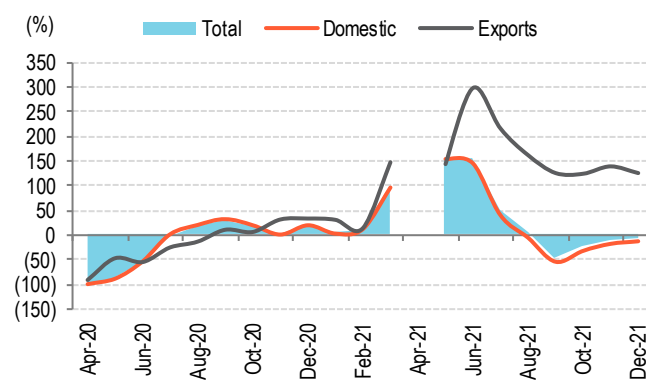
Source: Company, Media Reports

**Fig 8 – MSIL: Dec'21 sales still impacted by chip shortage but show sequential improvement**



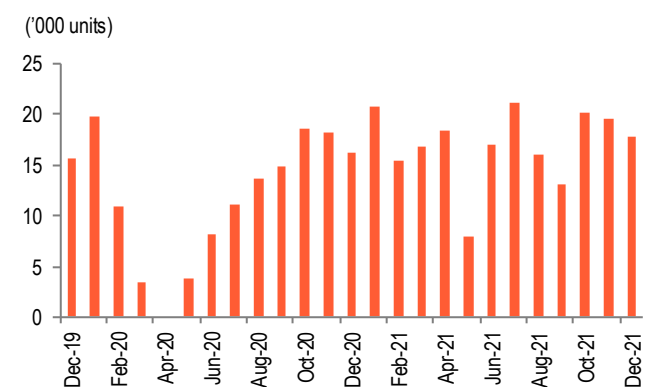
Source: Company

**Fig 9 – MSIL: Export sales continue to hold up well; +72% YoY on 2Y CAGR basis**



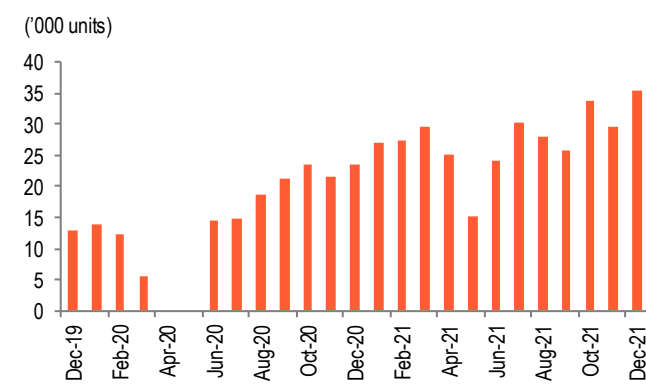
Source: Company

**Fig 10 – MM: PV sales up YoY in Dec'21 and also up 6% YoY on 2Y CAGR basis**



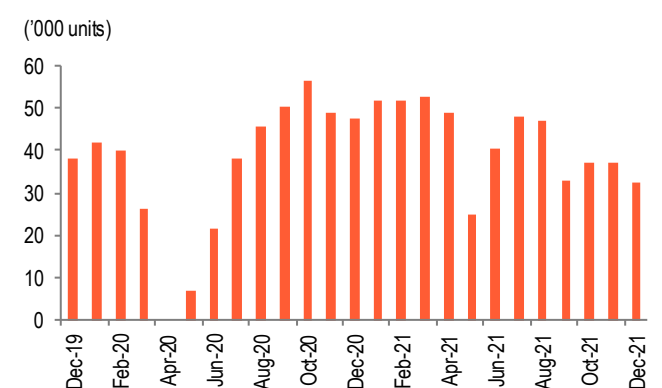
Source: Company

**Fig 11 – TTMT: PV sales up YoY and also up 66% YoY on 2Y CAGR basis**



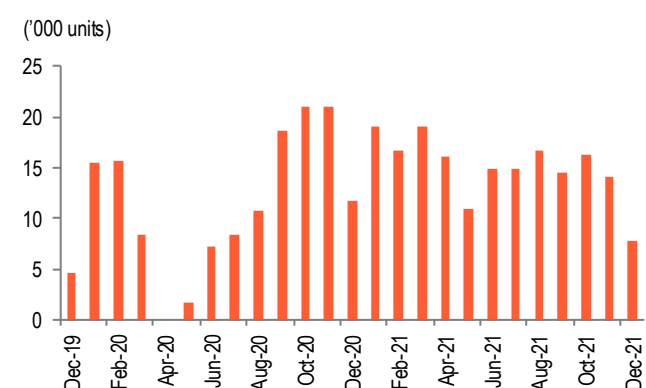
Source: Company

**Fig 12 – Hyundai: Semiconductor shortage continues to hamper domestic PV sales, causing Hyundai to lose its No. 2 market share position to TTMT**



Source: Media Report

**Fig 13 – Kia: Domestic Dec'21 PV sales did show impact of semiconductor shortage, but sales grew 30% YoY on 2Y CAGR basis aided by launch of Sonet**

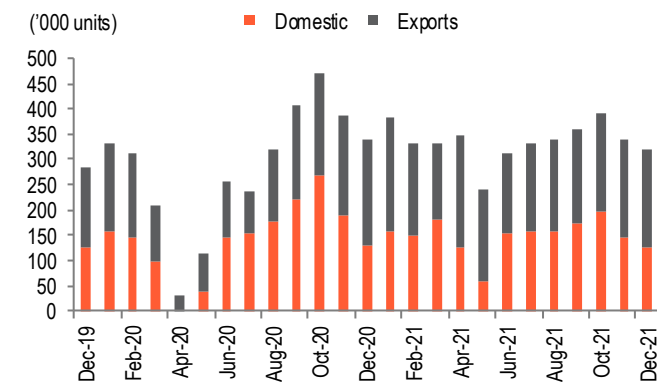


Source: Media Report

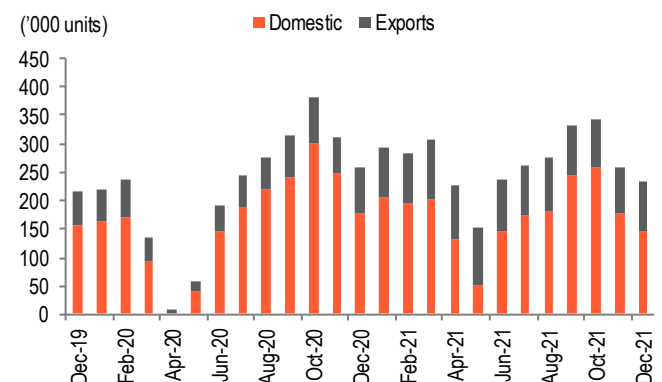
**Fig 14 – 2W sales**

('000 units)	Dec-21	Dec-20	YoY (%)	Nov-21	MoM (%)	Q3FY22	Q3FY21	YoY (%)	Q2FY22	QoQ (%)	FY22 YTD	FY21 YTD	YoY (%)
<b>Total</b>													
BJAUT	318.8	338.6	(5.9)	338.5	(100.0)	1048.5	1,193.9	(12.2)	1,029.9	1.8	2,977.8	2,558.3	16.4
TVSL	235.4	258.2	(8.8)	257.9	(8.7)	834.8	951.9	(12.3)	869.6	(4.0)	2,323.0	2,042.3	13.7
EIM	73.7	69.0	6.9	51.7	42.8	169.5	199.7	(15.1)	123.4	37.3	416.6	407.7	2.2
HMCL	394.8	447.3	(11.8)	349.4	13.0	1,292.1	1,845.3	(30.0)	1,438.6	(10.2)	3,755.2	4,230.2	(11.2)
<b>Domestic</b>													
BJAUT	127.6	128.6	(0.8)	145.0	(12.0)	471.3	585.5	(19.5)	488.1	(3.5)	1,302.0	1,321.6	(1.5)
TVSL	146.8	176.9	(17.0)	175.9	(16.6)	581.5	726.1	(19.9)	599.3	(3.0)	1,509.6	1,562.9	(3.4)
EIM	65.2	65.5	(0.5)	44.8	45.4	150.6	187.4	(19.6)	105.6	42.6	360.9	384.0	(6.0)
HMCL	374.5	425.0	(11.9)	328.9	13.9	1,231.1	1,792.1	(31.3)	1,365.8	(9.9)	3,537.6	4,110.4	(13.9)
<b>Exports</b>													
BJAUT	191.2	209.9	(8.9)	193.5	(1.2)	577.3	608.4	(5.1)	541.8	6.6	1,675.8	1,236.6	35.5
TVSL	88.6	81.3	9.0	81.9	8.2	253.3	225.8	12.2	270.3	(6.3)	813.4	479.4	69.7
EIM	8.6	3.5	144.1	6.8	25.3	18.9	12.2	54.5	17.8	6.0	55.7	23.7	135.2
HMCL	20.3	22.3	(9.0)	20.5	(1.2)	61.0	53.1	14.8	72.8	(16.2)	217.6	119.8	81.6

Source: Company

**Fig 15 – BJAUT: 2W sales fell MoM in Dec'21 off high base; on 2Y CAGR, sales grew 5.8% YoY due to strong exports**

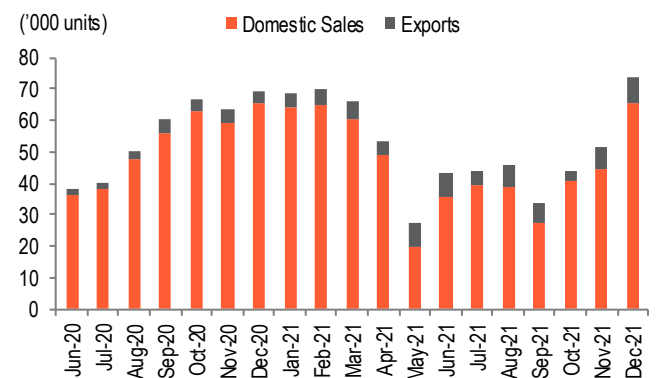
Source: Company

**Fig 16 – TVSL: 2W sales fell MoM in Dec'21 off high base; on 2Y CAGR, sales grew 4.5% YoY due to strong exports**

Source: Company

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

Source: Company

**Fig 18 – EIM: 2W sales improved MoM on the back of better domestic sales; exports look promising**

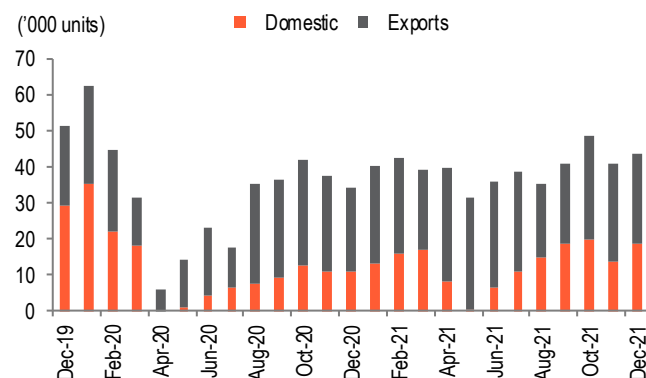
Source: Company

Fig 19 – 3W sales

('000 units)	Dec-21	Dec-20	YoY (%)	Nov-21	MoM (%)	Q3FY22	Q3FY21	YoY (%)	Q2FY22	QoQ (%)	FY22 YTD	FY21 YTD	YoY (%)
<b>Total</b>													
BJAUT	43.7	33.9	28.7	40.8	7.1	132.8	112.9	17.6	114.5	16.0	354.0	245.0	44.5
TVSL	15.5	13.9	12.2	14.8	4.8	43.9	37.6	16.6	47.2	(6.9)	130.1	82.6	57.4
MM	2.5	2.9	(13.4)	2.6	(3.3)	8.6	9.8	(12.9)	7.7	11.0	19.4	10.9	78.1
<b>Domestic</b>													
BJAUT	18.4	11.0	67.7	13.8	33.2	52.0	34.2	52.0	44.1	18.0	110.7	62.9	75.9
TVSL	0.8	0.9	(16.9)	0.8	(0.4)	2.6	2.6	(0.2)	2.1	20.4	5.5	6.3	(13.3)
MM	2.5	2.9	(13.4)	2.6	(3.3)	8.6	9.8	(12.9)	7.7	11.0	19.4	10.9	78.1
<b>Exports</b>													
BJAUT	25.3	23.0	10.1	27.0	(6.2)	80.8	78.7	2.7	70.4	14.7	243.3	182.1	33.6
TVSL	14.8	12.9	14.3	14.1	5.1	41.3	35.1	17.8	45.0	(8.2)	124.6	76.3	63.3

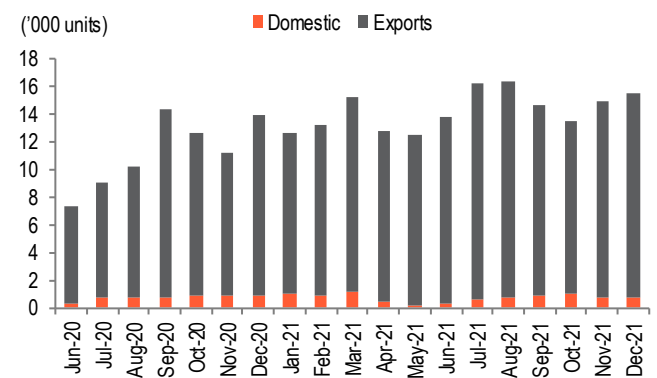
Source: Company

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



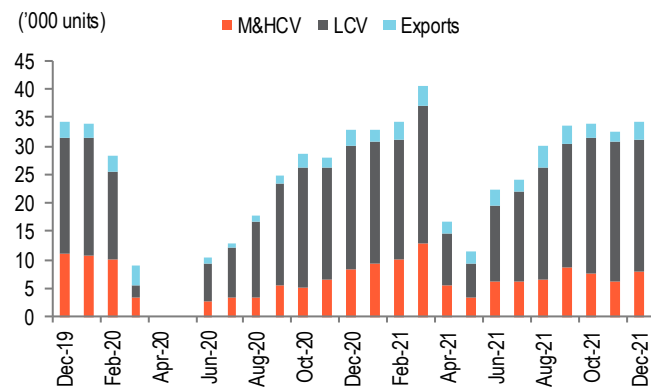
Source: Company

Fig 22 – CV sales

('000 units)	Dec-21	Dec-20	YoY (%)	Nov-21	MoM (%)	Q3FY22	Q3FY21	YoY (%)	Q2FY22	QoQ (%)	FY22 YTD	FY21 YTD	YoY (%)
<b>Total</b>													
TTMT	34.2	32.9	3.9	32.4	5.4	100.5	89.4	12.4	87.3	15.0	238.2	155.4	53.3
AL	12.5	12.8	(1.9)	10	19.4	34.1	33.4	2.0	27.5	23.7	79.6	56.7	40.5
EIM	6.2	4.9	25.8	4	50.6	16.0	12.8	25.3	15.1	6.0	37.0	23.1	60.1
<b>Domestic</b>													
TTMT	31.0	29.9	3.8	60.4	(48.7)	192.1	151.0	27.2	162.3	18.4	462.2	281.7	64.1
AL	11.5	11.9	(3.1)	9.4	22.7	30.9	30.5	1.4	25.3	22.1	72.8	51.8	40.4
EIM	5.2	4.1	27.6	3.2	63.1	13.2	11.0	20.7	12.6	4.7	29.9	19.3	54.5
<b>Exports</b>													
TTMT	3.1	3.0	5.3	1.8	79.5	7.3	7.2	2.4	8.9	(17.9)	23.3	11.9	96.3
AL	1.0	0.9	13.3	1.1	(8.2)	3.2	2.9	8.0	2.2	42.7	6.8	4.8	41.4
EIM	0.8	0.6	31.1	0.8	3.4	2.4	1.4	72.0	2.2	8.4	6.3	3.1	101.0
<b>M&amp;HCV</b>													
TTMT	8.1	8.4	(3.2)	6.3	29.4	22.0	19.8	11.2	21.5	2.2	58.5	34.5	69.6
AL	6.8	6.2	9.4	4.7	44.9	16.7	14.5	15.1	12.0	39.0	36.5	22.2	64.6
<b>LCV</b>													
TTMT	22.9	21.5	6.5	24.4	(6.1)	71.1	62.4	14.0	56.9	25.1	156.4	109.1	43.4
AL	4.7	5.7	(16.6)	4.7	0.8	14.2	16.0	(11.0)	13.3	6.8	36.3	29.6	22.3

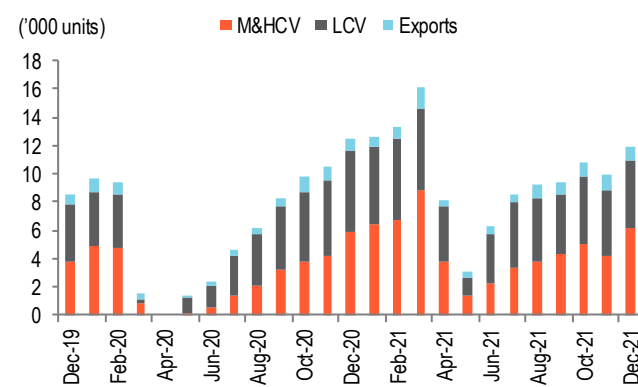
Source: Company

**Fig 23 – TTML: CV sales grew both MoM and on 2Y CAGR basis given strong LCV volumes; green shoots in exports**



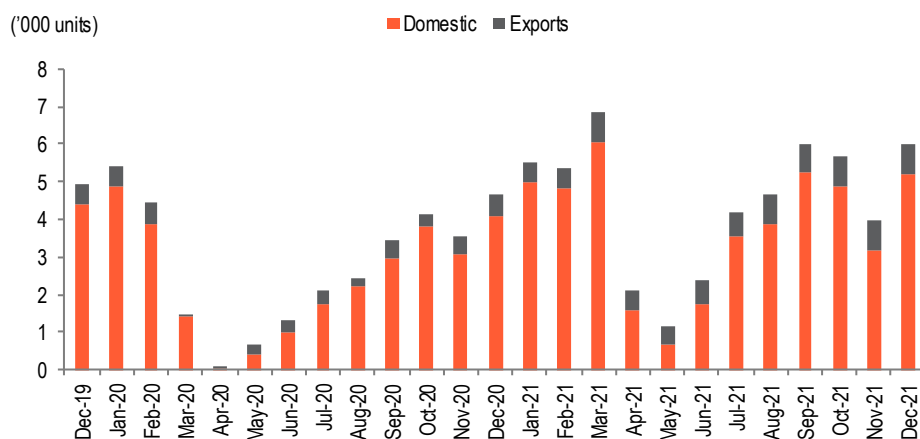
Source: Company

**Fig 24 – AL: CV sales down YoY due to lower domestic volumes, 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)	Dec-21	Dec-20	YoY (%)	Nov-21	MoM (%)	Q3FY22	Q3FY21	YoY (%)	Q2FY22	QoQ (%)	FY22 YTD	FY21 YTD	YoY (%)
<b>Total</b>													
MM	18.3	22.4	(18.5)	27.7	(34.0)	93.0	101.7	(8.6)	88.9	4.6	281.8	260.6	8.1
ESC	4.7	7.7	(39.3)	7.1	(34.0)	25.3	31.6	(19.8)	21.1	20.2	72.3	74.2	(2.5)
VSTT	0.6	0.5	1.7	0	11.1	2.0	2.4	(16.1)	2.3	(12.1)	6.4	7.0	(7.7)
<b>Domestic</b>													
MM	16.7	21.2	(21.2)	26.1	(36.1)	88.2	98.4	(10.3)	84.8	4.0	268.9	253.3	6.2
ESC	4.1	7.2	(43.6)	6	(37.2)	23.3	30.1	(22.4)	19.0	23.1	66.8	70.9	(5.8)
VSTT	0.6	0.5	1.7	0	11.1	2.0	2.4	(16.1)	2.3	(12.1)	6.4	7.0	(7.7)
<b>Exports</b>													
MM	1.6	1.2	27.2	1.6	(0.3)	4.8	3.3	43.5	4.1	16.2	12.9	7.3	76.9
ESC	0.6	0.5	22.3	0.6	(1.4)	2.0	1.5	34.5	2.1	(5.6)	5.6	3.2	71.9

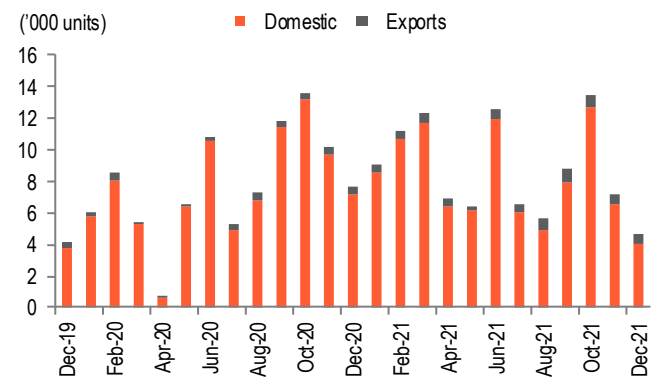
Source: Company

**Fig 27 – MM: Tractor sales down YoY in Dec'21 on high base; 2Y CAGR at 1%, depicting sustained demand**



Source: Company

**Fig 28 – ESC: Domestic tractor sales down YoY on high base but 2Y CAGR of 7% indicates strong demand**



Source: Company

**Fig 29 – 2W retail sales**

Company	Period			Growth (%)		Market Share (%)		
	Nov-21	Nov-20	Oct-21	YoY	MoM	Nov-21	Oct-21	Nov-20
Hero MotoCorp	5,30,997	5,34,880	3,08,287	(0.7)	72.2	37.0	37.0	31.0
Honda Motorcycle	3,66,340	3,91,776	2,74,951	(6.5)	33.2	25.5	27.1	27.6
TVS Motor	2,13,274	1,98,648	1,55,295	7.4	37.3	14.9	13.7	15.6
Bajaj Auto	1,62,067	1,55,642	1,15,339	4.1	40.5	11.3	10.8	11.6
Suzuki Auto	48,937	53,058	47,826	(7.8)	2.3	3.4	3.7	4.8
India Yamaha	45,826	47,878	39,049	(4.3)	17.4	3.2	3.3	3.9
Royal Enfield	36,788	50,031	29,625	(26.5)	24.2	2.6	3.5	3.0
Hero Electric	7,021	1,169	6,366	500.6	10.3	0.5	0.1	0.6
Piaggio Vehicles	4,199	4,819	3,849	(12.9)	9.1	0.3	0.3	0.4
Okinawa Autotech	5,367	642	4,082	736.0	31.5	0.4	0.0	0.4
Classic Legends	2,962	3,338	2,610	(11.3)	13.5	0.2	0.2	0.3
Ather Energy	2,198	360	2,648	510.6	(17.0)	0.2	0.0	0.3
PUR Energy	1,685	168	1,399	903.0	20.4	0.1	0.0	0.1
Ampere	1,990	642	1,050	210.0	89.5	0.1	0.0	0.1
Other including EV	4,204	1,711	3,648	145.7	15.2	0.3	0.1	0.4
<b>Total</b>	<b>14,33,855</b>	<b>14,44,762</b>	<b>9,96,024</b>	<b>(0.8)</b>	<b>44.0</b>	<b>100</b>	<b>100</b>	<b>100.0</b>

Source: FADA



Fig 30 – 4W retail sales

Company	Period			Growth (%)		Market Share (%)		
	Nov-21	Nov-20	Oct-21	YoY	MoM	Nov-21	Oct-21	Nov-20
Maruti Suzuki	1,00,727	1,46,849	91,651	(31.4)	9.9	41.9	49.2	40.1
Hyundai	37,272	48,264	38,789	(22.8)	(3.9)	15.5	16.2	17.0
Tata Motors	28,841	22,361	25,748	29.0	12.0	12.0	7.5	11.3
M&M	17,851	16,220	13,924	10.1	28.2	7.4	5.4	6.1
Kia	12,801	18,891	14,231	(32.2)	(10.0)	5.3	6.3	6.2
Toyota	10,505	9,346	10,605	12.4	(0.9)	4.4	3.1	4.6
Renault	8,887	9,186	8,647	(3.3)	2.8	3.7	3.1	3.8
Honda Cars	7,660	9,959	8,339	(23.1)	(8.1)	3.2	3.3	3.7
Skoda	5,059	3,312	4,940	52.7	2.4	2.1	1.1	2.2
Ford	551	6,016	1,133	(90.8)	(51.4)	0.2	2.0	0.5
Nissan	3,155	815	2,768	287.1	14.0	1.3	0.3	1.2
MG Motor	2,637	3,183	2,764	(17.2)	(4.6)	1.1	1.1	1.2
Mercedes	885	963	1,001	(8.1)	(11.6)	0.4	0.3	0.4
Fiat	1,046	749	1,163	39.7	(10.1)	0.4	0.3	0.5
BMW	727	774	765	(6.1)	(5.0)	0.3	0.3	0.3
Force Motors	147	162	118	(9.3)	24.6	0.1	0.1	0.1
JLR	198	220	174	(10.0)	13.8	0.1	0.1	0.1
Volvo	134	185	120	(27.6)	11.7	0.1	0.1	0.1
Porsche	32	28	25	14.3	28.0	0.0	0.0	0.0
PCA	57	-	56	-	1.8	0.0	0.0	0.0
Lamborghini	-	5	4	(100.0)	(100.0)	-	0.0	0.0
Bentley	5	-	2	-	150.0	0.0	0.0	0.0
Rolls Royce	1	1	-	-	-	0.0	0.0	0.0
Others	1,056	724	1,464	45.9	(27.9)	0.4	0.2	0.6
<b>Total</b>	<b>2,40,234</b>	<b>2,98,213</b>	<b>2,28,431</b>	<b>(19.4)</b>	<b>5.2</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

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.

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