

## TVS Motor Company

### Performance Highlights

Y/E Mar. (₹ cr) - Standalone	3QFY16	3QFY15	% chg (yoy)	2QFY16	% chg (qoq)
<b>Net Sales</b>	<b>2,940</b>	<b>2,639</b>	<b>11.4</b>	<b>2,881</b>	<b>2.0</b>
EBITDA	202	160	26.3	212	(4.6)
EBITDA margin (%)	6.9	6.1	80 bp	7.4	(50 bp)
<b>Net Profit</b>	<b>113</b>	<b>90</b>	<b>25.7</b>	<b>116</b>	<b>(2.6)</b>

Source: Company, Angel Research

**In line numbers adjusted for one offs:** TVS Motor Company (TVSM)'s 3QFY2016 results adjusted for one-off items have come in in line with our estimates. Revenues grew 11% yoy to ₹2,940cr, driven majorly by an 8% yoy growth in volumes. Market share gains on back of success of new launches enabled TVSM to post healthy volume growth during the quarter. Realisation/vehicle grew about 3% yoy to ₹41,868 driven by a better product mix. During the quarter TVSM reported one-off expenses of ₹12.4cr (₹7.5cr towards damages caused by Chennai floods and ₹4.9cr towards increase in bonus expenses retrospectively from April 2015). Adjusted for one-off items, the operating margin came in at 7.3% which is in line with our estimate. The adjusted net profit at ₹120.7cr was in line with our estimates.

**Outlook and valuation:** The two wheeler industry is expected to recover in FY2017 on back of implementation of Seventh pay commission and recovery in the rural demand. Also, TVS Motor is likely to continue gaining market share on back of new product launches and expanding geographical presence. Further, the realization/vehicle is likely to improve given the increased proportion of the non-moped segment. TVSM margins are also likely to improve as volumes pick up, given the benefits of operating leverage, gradual reduction in marketing expenses and reduction in material prices due to better vendor negotiations. We expect TVS Motor to report revenue and Net profit growth of 16% and 53% respectively in FY2017. **We maintain our positive view on the stock and assign "Accumulate" rating on the stock with a revised price target of ₹322 (based on 22x FY2017 earnings).**

#### Key financials (Standalone)

Y/E March (₹ cr)	FY2014	FY2015	FY2016E	FY2017E
<b>Net Sales</b>	<b>7,962</b>	<b>10,069</b>	<b>11,263</b>	<b>13,106</b>
% chg	11.1	26.4	11.9	16.4
<b>Adj. net Profit</b>	<b>260</b>	<b>356</b>	<b>436</b>	<b>696</b>
% chg	25.9	35.3	22.3	59.7
EBITDA (%)	6.1	6.1	6.9	8.3
<b>EPS (₹)</b>	<b>5.5</b>	<b>7.5</b>	<b>9.2</b>	<b>14.6</b>
P/E (x)	53.2	39.3	32.2	20.1
P/BV (x)	9.9	8.5	7.3	4.8
RoE (%)	18.6	21.7	22.7	29.1
RoCE (%)	13.6	13.7	15.5	20.3
EV/Sales (x)	1.8	1.5	1.3	1.1
EV/EBITDA (x)	29.9	24.6	19.1	13.5

Source: Company, Angel Research

## ACCUMULATE

CMP	₹295
Target Price	₹322

Investment Period	12 Months
-------------------	-----------

#### Stock Info

Sector	Automobile
Market Cap (₹ cr)	14,032
Net Debt (₹ cr)	965
Beta	0.9
52 Week High / Low	315/201
Avg. Daily Volume	236,430
Face Value (₹)	1.0
BSE Sensex	24,825
Nifty	7,556
Reuters Code	TVSM.BO
Bloomberg Code	TVSL@IN

#### Shareholding Pattern (%)

Promoters	57.4
MF / Banks / Indian FIs	15.4
FII / NRIs / OCBs	13.4
Indian Public / Others	13.8

Abs. (%)	3m	1yr	3yr
Sensex	(6.9)	(14.9)	25.5
TVS Motor	11.3	(4.2)	593.3

#### 3-year price chart



Source: Company, Angel Research

#### Bharat Gianani

022-3935 7800 Ext: 6817

bharat.gianani@angelbroking.com

**Exhibit 1: Quarterly financial performance (Standalone)**

Y/E March (₹ cr)	3QFY16	3QFY15	% chg (yoy)	2QFY16	% chg (qoq)	9MFY16	9MFY15	% chg (yoy)
<b>Net Sales</b>	<b>2,940</b>	<b>2,639</b>	<b>11.4</b>	<b>2,881</b>	<b>2.0</b>	<b>8,429</b>	<b>7,612</b>	<b>10.7</b>
Consumption of RM	2,106	1,938	8.7	2,054	2.5	6,048	5,576	8.5
(% of Sales)	71.6	73.4		71.3		71.8	73.3	
Staff Costs	169	155	9.1	166	2.0	490	450	9.1
(% of Sales)	5.8	5.9		5.8		5.8	5.9	
Other Expenses	463	386	19.8	449	3.1	1,312	1,129	16.2
(% of Sales)	15.7	14.6		15.6		15.6	14.8	
<b>Total Expenditure</b>	<b>2,737</b>	<b>2,479</b>	<b>10.4</b>	<b>2,669</b>	<b>2.6</b>	<b>7,851</b>	<b>7,155</b>	<b>9.7</b>
<b>Operating Profit</b>	<b>202</b>	<b>160</b>	<b>26.3</b>	<b>212</b>	<b>(4.6)</b>	<b>578</b>	<b>457</b>	<b>26.4</b>
OPM (%)	6.9	6.1		7.4		6.9	6.0	
Interest	10	5	89.0	10	(1.6)	33	15	125.9
Depreciation	49	37	32.9	47	5.8	138	107	28.7
Other Income	12	6	100.0	6	104.9	27	20	33.4
<b>Profit Before Tax</b>	<b>155</b>	<b>124</b>	<b>25.1</b>	<b>161</b>	<b>(3.9)</b>	<b>434</b>	<b>356</b>	<b>22.0</b>
(% of Sales)	5.3	4.7		5.6		5.1	4.7	
Provision for Taxation	41	34	23.3	45	(7.1)	114	98	15.7
(% of PBT)	26.7	27.1		27.7		26.2	27.6	
Reported PAT	108	90	19.4	116	(7.5)	314	257	22.2
Exceptional items	(6)	-		-		(6)	-	
<b>PAT after exceptionals</b>	<b>113</b>	<b>90</b>	<b>25.7</b>	<b>116</b>	<b>(2.6)</b>	<b>320</b>	<b>257</b>	<b>24.4</b>
Adj. PATM	3.9	3.4		4.0		3.8	3.4	
Equity capital (cr)	<b>47.5</b>	<b>47.5</b>	<b>-</b>	<b>47.5</b>	<b>-</b>	<b>47.5</b>	<b>47.5</b>	<b>-</b>
<b>Reported EPS (₹)</b>	<b>2.3</b>	<b>1.9</b>	<b>19.4</b>	<b>2.5</b>	<b>(7.5)</b>	<b>6.6</b>	<b>5.4</b>	<b>22.2</b>
<b>Adjusted EPS (₹)</b>	<b>2.4</b>	<b>1.9</b>	<b>25.7</b>	<b>2.5</b>	<b>(2.6)</b>	<b>6.7</b>	<b>5.4</b>	<b>24.4</b>

Source: Company, Angel Research

**Exhibit 2: 3QFY2016 – Actual vs Angel estimates**

Y/E March (₹ cr)	Actual	Estimates	Variation (%)
<b>Net Sales</b>	<b>2,940</b>	<b>2,935</b>	<b>0.2</b>
EBITDA	202	215	(5.9)
EBITDA margin (%)	6.9	7.3	(40 bp)
<b>Net Profit</b>	<b>113</b>	<b>124</b>	<b>(8.5)</b>

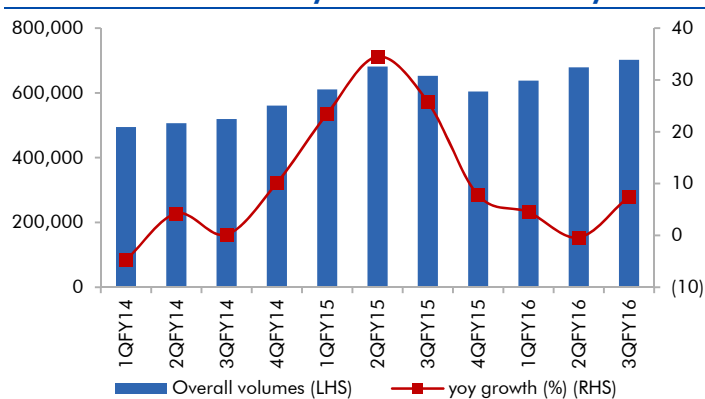
Source: Company, Angel Research

**Exhibit 3: Quarterly volume performance**

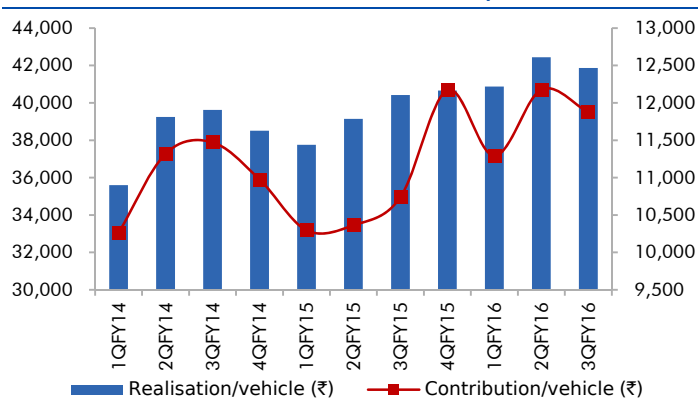
Volumes	3QFY16	3QFY15	yoy%	2QFY16	qoq%	9MFY16	9MFY15	yoy%
Domestic motorcycles	190,195	171,786	10.7	172,713	10.1	538,331	514,806	4.6
Domestic scooters	220,352	181,361	21.5	205,579	7.2	582,906	517,058	12.7
Domestic Mopeds	179,594	190,608	(5.8)	169,554	5.9	532,568	562,990	(5.4)
Domestic two wheelers	590,141	543,755	8.5	547,846	7.7	1,653,805	1,594,854	3.7
Exports two wheelers	85,743	83,778	2.3	97,231	(11.8)	275,042	240,505	14.4
<b>Total two wheelers</b>	<b>675,884</b>	<b>627,533</b>	<b>7.7</b>	<b>645,077</b>	<b>4.8</b>	<b>1,928,847</b>	<b>1,835,359</b>	<b>5.1</b>
<b>Three wheelers</b>	<b>26,225</b>	<b>28,015</b>	<b>(6.4)</b>	<b>32,922</b>	<b>(20.3)</b>	<b>89,376</b>	<b>80,943</b>	<b>10.4</b>
<b>Total volumes</b>	<b>702,109</b>	<b>655,548</b>	<b>7.1</b>	<b>677,999</b>	<b>3.6</b>	<b>2,018,223</b>	<b>1,916,302</b>	<b>5.3</b>

Source: Company, Angel Research

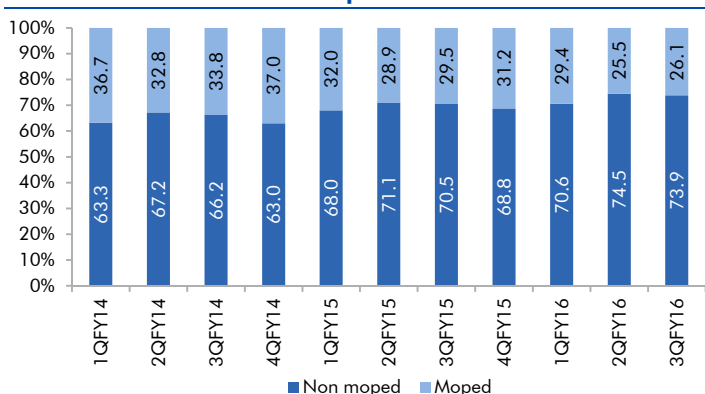
- TVSM reported a healthy volume growth of 7% yoy in 3QFY2016. Growth was once again led by the scooter and the motorcycle segments which grew by 22% and 11% yoy, respectively. The moped segment however posted a decline of 6% yoy, being severely impacted by a hit in rural demand.
- Realisation/vehicle grew 4% yoy to ₹41,868, led by a better product mix and price hikes. The share of the high realisation non-moped segment in overall volumes improved to 73% in 9MFY2016 as against 69.9% in the corresponding period last year. Contribution/vehicle improved by 11% yoy due to better product mix and soft commodity prices.
- TVSM continued to outperform the domestic two-wheeler industry on back of success of its new launches. In 9MFY2016, TVSM's market share improved by 30bp yoy to 13.5%.

**Exhibit 4: Volumes led by scooters and motorcycles**


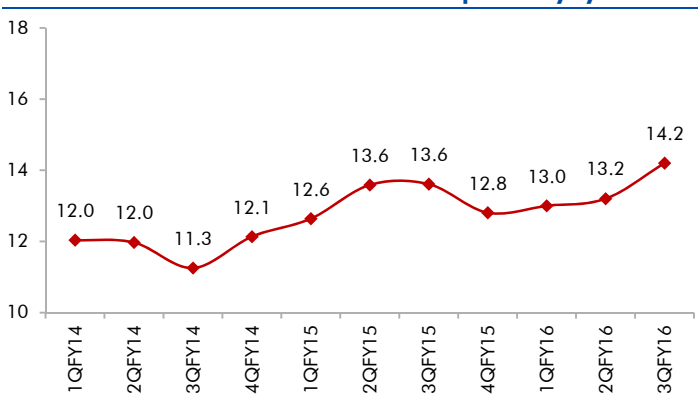
Source: Company, Angel Research

**Exhibit 5: Realisation and contribution/vehicle trend**


Source: Company, Angel Research

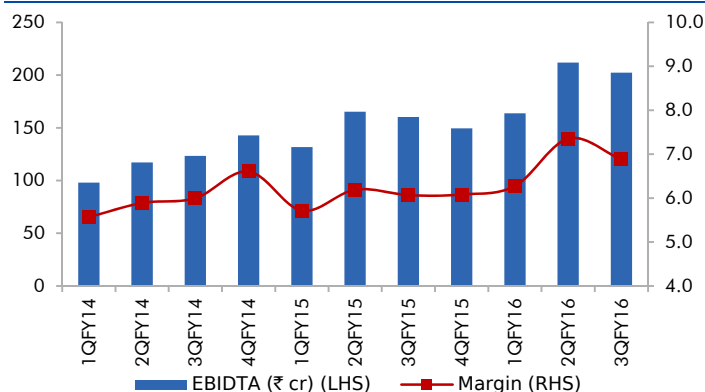
**Exhibit 6: Share of non-mopeds rise**


Source: Company, Angel Research

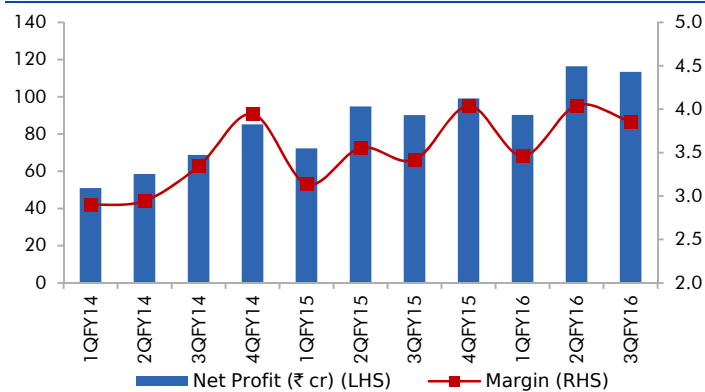
**Exhibit 7: Domestic market share improves yoy**


Source: Company, SIAM, Angel Research

- TVSM's margins, adjusted for net one-off provisions of ₹12cr, stood at 7.3%. The margins improved sharply by 120bp yoy, led by improving volumes and realisation and soft commodity prices.
- Adjusting for the one-off items, the net profit at ₹120.7cr was in line with our estimates.

**Exhibit 8: EBITDA margins improve yoy**


Source: Company, Angel Research

**Exhibit 9: Net profit meets estimates**


Source: Company, Angel Research

### Conference Call – Key highlights

- TVSM expects the two-wheeler industry demand to remain lackluster in the near term given the weak rural sentiments. Two consecutive years of deficient rainfall coupled with moderate growth in MSPs have impacted the incomes in rural areas which account for about 40% of the two-wheeler demand. For 4QFY2016, TVSM expects the industry to grow in low single digits (about 3-4%).
- TVSM is aiming to continue outpacing the industry growth on back of new product launches. TVSM recently reintroduced “Victor” motorcycle in the executive segment where it has relatively weak presence. TVSM is aiming to reach market share of 16% by the end of FY2016 as against its current market share of 14%. Further TVSM is aiming to reach 18% market share by the end of FY2017.
- TVSM export volumes have been impacted with the company reporting low single digit growth of 2% during 3QFY2016 as against healthy double digit growth in 1HFY2016. Exports have been impacted in the near term given the lower availability of USD in key markets of Africa which forms about half of export volumes. Slide in crude prices have led to severe devaluation of the local African currencies (such as Nigeria) thereby impacting the demand. TVSM expects the export segment to remain under pressure in the near term and expects a recovery in the next two to three quarters.
- Given the focus on increasing volumes, TVSM has maintained the target of reaching double-digit operating margins by FY2018. As per the Management, creation of strong brands would lead to higher volumes and eventually lead to operating leverage which would drive margins.
- In view of demand potential domestically and expected recovery in the export markets, TVSM is increasing its three-wheeler capacity from 1.5 lakh units to 2 lakh units in the next two quarters.
- TVSM Indonesian operations profitability improved with the EBITDA losses reducing from 7 mn USD in 2014 to 5 mn USD in 2015. Improved product mix coupled with cost control measures have led to operational improvement.
- TVSM expects commodity prices to remain stable in the near term.
- TVSM has guided for an overall capex of ₹350cr in FY2016.

## Investment arguments

- **Success of new launches and increased penetration to help outpace industry growth:** TVS Motor outpaced the domestic two-wheeler industry, reporting a growth of 20% in FY2015 as against an industry growth of 9%. Success of new products such as Jupiter, Star City+ and Scooty Zest enabled the company to gain market share. We believe TVS Motor is well poised to outpace the industry over FY2015-2017 given the increasing penetration (expansion in dealer network) and a strong product pipeline. We expect TVS Motor to report a healthy 10% volume CAGR over the FY2015-2017 period.
- **Operating margins to improve going ahead:** We expect the operating margin to gradually inch upwards in FY2016 and FY2017, driven by improving product-mix, operating leverage benefits and raw material cost reduction efforts. With the company establishing strong brands, TVS Motor has scope to raise product prices going ahead (TVS Motor's products are currently priced at a discount to larger peers such as Hero Motocorp and Honda) which would be a strong margin driver going ahead. We expect the company's margin to improve by ~220bp over the next two years.
- **Tie-up with BMW positive in the long run:** TVS Motor has entered into a long term co-operation agreement with BMW's motorcycle division, BMW Motorrad, to develop and produce a new series of motorcycles that will cater to the sub-500cc segment. As a part of the deal, TVS Motor will invest EUR20mn in the collaboration, which is expected to introduce a new product in 2016. We see this as a positive development for TVS Motor and a step in the right direction as the BMW association will provide technological access to the company. The tie-up is also expected to help TVS Motor expand its presence in the premium motorcycle space, where it currently offers the Apache (160cc and 180cc) series. In the near term though, we believe that this agreement is unlikely to alter the current positioning of the company in the domestic motorcycle industry.

## Outlook and valuation

The two wheeler industry is expected to recover in FY2017 on back of implementation of Seventh pay commission and recovery in the rural demand. Also, TVS Motor is likely to continue gaining market share on back of new product launches and expanding geographical presence. Further, the realization/vehicle is likely to improve given the increased proportion of the non-moped segment. TVSM margins are also likely to improve as volumes pick up, given the benefits of operating leverage, gradual reduction in marketing expenses and reduction in material prices due to better vendor negotiations. We expect TVS Motor to report revenue and Net profit growth of 16% and 53% respectively in FY2017. **We maintain our positive view on the stock and assign "Accumulate" rating on the stock with a revised price target of ₹322 (based on 22x FY2017 earnings).**

**Exhibit 10: Key assumptions**

Y/E March	FY2012	FY2013	FY2014	FY2015	FY2016E	FY2017E
<b>Total volume (units)</b>	<b>2,197,017</b>	<b>2,032,622</b>	<b>2,081,220</b>	<b>2,549,321</b>	<b>2,692,670</b>	<b>3,045,115</b>
Motorcycles	843,114	749,806	793,480	960,602	1,027,844	1,161,464
Scooters	529,316	441,557	476,428	707,537	813,668	935,718
Mopeds	785,942	792,069	729,672	773,220	734,559	808,015
Three-Wheelers	38,645	49,190	81,640	107,962	116,599	139,919
<b>Change yoy (%)</b>	<b>8.1</b>	<b>(7.5)</b>	<b>2.4</b>	<b>22.5</b>	<b>5.6</b>	<b>13.1</b>
Motorcycles	0.8	(11.1)	5.8	21.1	7.0	13.0
Scooters	17.1	(16.6)	7.9	48.5	15.0	15.0
Mopeds	11.7	0.8	(7.9)	6.0	(5.0)	10.0
Three-Wheelers	(3)	27.3	66	32.2	8.0	20.0
<b>Domestic (units)</b>	<b>1,910,551</b>	<b>1,786,994</b>	<b>1,769,037</b>	<b>2,133,477</b>	<b>2,226,924</b>	<b>2,495,536</b>
<b>Exports (units)</b>	<b>286,466</b>	<b>245,628</b>	<b>312,183</b>	<b>415,844</b>	<b>465,745</b>	<b>549,579</b>

Source: Company, Angel Research

## Company background

TVS Motor Company, the flagship company of the TVS Group, is the third largest 2W manufacturer in India. The company is present across the motorcycles, scooters, and mopeds segments, having a market share of ~7%, ~15% and 100%, respectively. The company successfully ventured into the 3W segment in FY2009 and garnered a market share of 11% as of March 31, 2015. The company has three manufacturing facilities in India, located at Hosur (Tamil Nadu), Mysore (Karnataka) and Solan (Himachal Pradesh) with 2W and 3W capacity of 3mn and 150,000 units, respectively. The company is also the second largest exporter of two-wheelers in the country.

**Profit and loss statement (Standalone)**

Y/E March (₹ cr)	FY2012	FY2013	FY2014	FY2015	FY2016E	FY2017E
<b>Total operating income</b>	<b>7,142</b>	<b>7,065</b>	<b>7,962</b>	<b>10,098</b>	<b>11,263</b>	<b>13,106</b>
% chg	13.6	(1.1)	11.1	26.8	11.9	16.4
<b>Total expenditure</b>	<b>6,672</b>	<b>6,656</b>	<b>7,484</b>	<b>9,494</b>	<b>10,486</b>	<b>12,012</b>
Net raw material costs	5,261	5,097	5,673	7,297	8,058	9,207
Employee expenses	370	407	476	585	645	735
Others	1,041	1,153	1,335	1,611	1,782	2,070
<b>EBITDA</b>	<b>469</b>	<b>409</b>	<b>478</b>	<b>616</b>	<b>777</b>	<b>1,094</b>
% chg	19.7	(12.9)	16.9	27.8	25.6	40.7
(% of total op. income)	6.6	5.8	6.0	6.1	6.9	8.3
Depreciation & amortization	118	130	132	153	185	201
<b>EBIT</b>	<b>352</b>	<b>279</b>	<b>377</b>	<b>496</b>	<b>635</b>	<b>978</b>
% chg	23.5	(20.8)	24.5	30.2	28.1	54.1
(% of total op. income)	5.0	4.0	4.7	4.9	5.6	7.5
Interest and other charges	57	48	25	27	40	25
Other income	22	25	30	33	42	85
<b>Recurring PBT</b>	<b>316</b>	<b>255</b>	<b>351</b>	<b>468</b>	<b>595</b>	<b>953</b>
% chg	27.6	(19.4)	38.1	31.7	27.0	60.3
Tax	67	48	91	108	159	257
(% of PBT)	21.3	28.9	25.9	23.1	26.7	27.0
Extraordinary income/(exp.)	-	91	1	0	0	0
<b>PAT (reported)</b>	<b>249</b>	<b>117</b>	<b>262</b>	<b>348</b>	<b>436</b>	<b>696</b>
<b>ADJ. PAT</b>	<b>249</b>	<b>208</b>	<b>260</b>	<b>356</b>	<b>436</b>	<b>696</b>
% chg	25.3	(16.5)	25.9	35.3	22.3	59.7
(% of total op. income)	3.5	3.0	3.3	3.5	3.9	5.3
<b>Basic EPS (₹)</b>	<b>5.2</b>	<b>2.5</b>	<b>5.5</b>	<b>7.3</b>	<b>9.2</b>	<b>14.6</b>
<b>Adj. EPS (₹)</b>	<b>5.2</b>	<b>4.4</b>	<b>5.5</b>	<b>7.5</b>	<b>9.2</b>	<b>14.6</b>
% chg	25.3	(16.5)	25.9	35.3	22.3	59.7

**Balance sheet statement (Standalone)**

Y/E March (₹ cr)	FY2012	FY2013	FY2014	FY2015	FY2016E	FY2017E
<b>SOURCES OF FUNDS</b>						
Equity share capital	48	48	48	48	48	48
Reserves & surplus	1,122	1,177	1,368	1,598	1,868	2,344
<b>Shareholders' Funds</b>	<b>1,169</b>	<b>1,225</b>	<b>1,415</b>	<b>1,645</b>	<b>1,916</b>	<b>2,391</b>
Total loans	715	546	528	970	930	800
Deferred tax liability	98	93	125	153	153	153
Other long term liabilities	-	-	-			
Long term provisions	49	53	53	44	79	92
<b>Total Liabilities</b>	<b>2,031</b>	<b>1,917</b>	<b>2,121</b>	<b>2,812</b>	<b>3,077</b>	<b>3,436</b>
<b>APPLICATION OF FUNDS</b>						
Gross block	2,154	2,248	2,472	2,822	3,172	3,522
Less: Acc. depreciation	1,129	1,236	1,347	1,492	1,677	1,877
<b>Net Block</b>	<b>1,026</b>	<b>1,011</b>	<b>1,126</b>	<b>1,330</b>	<b>1,495</b>	<b>1,645</b>
Capital work-in-progress	53	36	48	89	89	89
<b>Investments</b>	<b>931</b>	<b>869</b>	<b>896</b>	<b>1,012</b>	<b>1,112</b>	<b>1,212</b>
Long term loans and adv.	57	73	86	144	113	131
<b>Current assets</b>	<b>1,048</b>	<b>1,130</b>	<b>1,409</b>	<b>2,029</b>	<b>2,257</b>	<b>2,634</b>
Cash	13	17	83	5	30	61
Loans & advances	243	302	364	633	676	786
Other	793	810	962	1,391	1,551	1,786
Current liabilities	1,083	1,202	1,444	1,792	1,989	2,275
<b>Net current assets</b>	<b>(35)</b>	<b>(73)</b>	<b>(35)</b>	<b>237</b>	<b>268</b>	<b>358</b>
<b>Total Assets</b>	<b>2,031</b>	<b>1,917</b>	<b>2,121</b>	<b>2,812</b>	<b>3,077</b>	<b>3,436</b>



**Cash flow statement (Standalone)**

Y/E March (₹ cr)	FY2012	FY2013	FY2014	FY2015	FY2016E	FY2017E
Profit before tax	316	254	351	468	595	953
Depreciation	118	108	110	146	185	201
Change in working capital	63	83	112	(350)	(6)	(60)
Others	33	(115)	30	(59)	66	(6)
Direct taxes paid	(67)	(48)	(91)	(108)	(159)	(257)
<b>Cash Flow from Operations</b>	<b>441</b>	<b>282</b>	<b>513</b>	<b>97</b>	<b>681</b>	<b>831</b>
(Inc./Dec. in fixed assets	(177)	(77)	(236)	(391)	(350)	(350)
(Inc./Dec. in investments	(270)	62	(27)	(117)	(100)	(100)
<b>Cash Flow from Investing</b>	<b>(425)</b>	<b>(15)</b>	<b>(263)</b>	<b>(507)</b>	<b>(450)</b>	<b>(450)</b>
Issue of equity	-	-	-	-	-	-
Inc./(Dec.) in loans	(72)	(197)	(107)	443	(40)	(130)
Dividend paid (Incl. Tax)	72	(66)	(77)	(110)	(165)	(220)
Others	(150)	-	-	-	-	-
<b>Cash Flow from Financing</b>	<b>(150)</b>	<b>(263)</b>	<b>(184)</b>	<b>333</b>	<b>(206)</b>	<b>(350)</b>
Inc./(Dec.) in cash	(135)	4	65	(78)	25	31
<b>Opening Cash balances</b>	<b>6</b>	<b>13</b>	<b>17</b>	<b>83</b>	<b>6</b>	<b>30</b>
<b>Closing Cash balances</b>	<b>13</b>	<b>17</b>	<b>83</b>	<b>6</b>	<b>30</b>	<b>61</b>

**Key ratios**

Y/E March	FY2012	FY2013	FY2014	FY2015	FY2016E	FY2017E
<b>Valuation Ratio (x)</b>						
P/E (on FDEPS)	56.7	67.8	53.2	39.3	32.2	20.1
P/CEPS	38.3	41.6	35.5	27.5	22.6	15.6
P/BV	12.0	11.4	9.9	8.5	7.3	4.8
Dividend yield (%)	0.5	0.4	0.5	0.7	1.0	1.0
EV/Sales	2.1	2.0	1.8	1.5	1.3	1.1
EV/EBITDA	30.0	35.7	29.9	24.6	19.1	13.5
EV / Total Assets	6.9	7.3	6.8	5.3	4.8	4.3
<b>Per Share Data (₹)</b>						
EPS (Basic)	5.2	4.4	5.5	7.5	9.2	14.6
EPS (fully diluted)	5.2	4.4	5.5	7.5	9.2	14.6
Cash EPS	7.7	7.1	8.3	10.7	13.1	18.9
DPS	1.3	1.2	1.4	2.0	3.0	4.0
Book Value	24.6	25.8	29.8	34.6	40.3	50.3
<b>Returns (%)</b>						
ROCE (Pre-tax)	18.5	12.7	13.6	13.7	15.5	20.3
Angel ROIC (Pre-tax)	17.4	15.2	18.7	17.7	20.8	29.0
ROE	22.9	16.9	18.6	21.7	22.7	29.1
<b>Turnover ratios (x)</b>						
Asset Turnover (Gross Block)	3.5	3.2	3.2	3.6	3.6	3.7
Inventory / Sales (days)	29	26	25	30	29	28
Receivables (days)	12	16	15	18	18	18
Payables (days)	54	55	63	61	61	60
WC cycle (ex-cash) (days)	(1)	(13)	(23)	(13)	(14)	(14)
<b>Solvency ratios (x)</b>						
Net debt to equity	(0.2)	0.5	0.3	0.6	0.5	0.3
Net debt to EBITDA	(0.5)	1.5	0.9	1.6	1.2	0.7
Interest Coverage (EBIT / Int.)	6.2	6.3	15.0	18.1	15.9	39.1

Research Team Tel: 022 - 39357800

 E-mail: [research@angelbroking.com](mailto:research@angelbroking.com)

 Website: [www.angelbroking.com](http://www.angelbroking.com)

## DISCLAIMER

Angel Broking Private Limited (hereinafter referred to as "Angel") is a registered Member of National Stock Exchange of India Limited, Bombay Stock Exchange Limited and Metropolitan Stock Exchange of India Limited. It is also registered as a Depository Participant with CDSL and Portfolio Manager with SEBI. It also has registration with AMFI as a Mutual Fund Distributor. Angel has received in-principal approval from SEBI for registering as a Research Entity in terms of SEBI (Research Analyst) Regulations, 2014. Angel or its associates has not been debarred/ suspended by SEBI or any other regulatory authority for accessing /dealing in securities Market. Angel or its associates including its relatives/analyst do not hold any financial interest/beneficial ownership of more than 1% in the company covered by Analyst. Angel or its associates/analyst has not received any compensation / managed or co-managed public offering of securities of the company covered by Analyst during the past twelve months. Angel/analyst has not served as an officer, director or employee of company covered by Analyst and has not been engaged in market making activity of the company covered by Analyst.

This document is solely for the personal information of the recipient, and must not be singularly used as the basis of any investment decision. Nothing in this document should be construed as investment or financial advice. Each recipient of this document should make such investigations as they deem necessary to arrive at an independent evaluation of an investment in the securities of the companies referred to in this document (including the merits and risks involved), and should consult their own advisors to determine the merits and risks of such an investment.

Reports based on technical and derivative analysis center on studying charts of a stock's price movement, outstanding positions and trading volume, as opposed to focusing on a company's fundamentals and, as such, may not match with a report on a company's fundamentals.

The information in this document has been printed on the basis of publicly available information, internal data and other reliable sources believed to be true, but we do not represent that it is accurate or complete and it should not be relied on as such, as this document is for general guidance only. Angel Broking Pvt. Limited or any of its affiliates/ group companies shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. Angel Broking Pvt. Limited has not independently verified all the information contained within this document. Accordingly, we cannot testify, nor make any representation or warranty, express or implied, to the accuracy, contents or data contained within this document. While Angel Broking Pvt. Limited endeavors to update on a reasonable basis the information discussed in this material, there may be regulatory, compliance, or other reasons that prevent us from doing so.

This document is being supplied to you solely for your information, and its contents, information or data may not be reproduced, redistributed or passed on, directly or indirectly.

Neither Angel Broking Pvt. Limited, nor its directors, employees or affiliates shall be liable for any loss or damage that may arise from or in connection with the use of this information.

**Note: Please refer to the important 'Stock Holding Disclosure' report on the Angel website (Research Section). Also, please refer to the latest update on respective stocks for the disclosure status in respect of those stocks. Angel Broking Pvt. Limited and its affiliates may have investment positions in the stocks recommended in this report.**

Disclosure of Interest Statement	TVS Motor Company
1. Analyst ownership of the stock	No
2. Angel and its Group companies ownership of the stock	No
3. Angel and its Group companies' Directors ownership of the stock	No
4. Broking relationship with company covered	No

Note: We have not considered any Exposure below ₹1 lakh for Angel, its Group companies and Directors

**Ratings (Based on expected returns over 12 months investment period):**

Buy (> 15%)

Accumulate (5% to 15%)  
Reduce (-5% to -15%)

Neutral (-5 to 5%)  
Sell (< -15%)