

TVS Motor Company

BSE SENSEX	S&P CNX
30,030	9,342
Bloomberg	TVSL IN
Equity Shares (m)	475.1
M.Cap.(INRb)/(USDb)	239.0 / 3.7
52-Week Range (INR)	519 / 278
1, 6, 12 Rel. Per (%)	15/17/38
Avg Val, INRm	643
Free float (%)	42.6

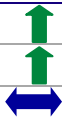
Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Net Sales	121.4	149.5	189.7
EBITDA	8.6	12.5	19.0
PAT	5.6	7.9	12.7
EPS (INR)	11.7	16.7	26.7
Gr. (%)	14.1	42.4	60.0
BV/Sh (INR)	50.7	63.8	85.1
RoE (%)	25.6	29.2	35.9
RoCE (%)	22.8	28.8	38.4
P/E (x)	42.8	30.1	18.8
P/BV (x)	9.9	7.9	5.9

Estimate change

TP change

Rating change



CMP: INR503

TP: INR581(+16%)

Buy

Adjusted margins better than estimates; strong EPS growth to continue

- **RM cost inflation hurts margins, but recurring margin at 7.8%:** Total volumes grew 2% YoY (-6.3% QoQ) to 673.6k units. Realizations declined marginally by 0.3% YoY (+1.7% QoQ) to ~INR42.2k. Net sales grew 1.7% YoY (-4.7% QoQ) to INR28.5b. Reported EBITDA margin shrunk 140bp YoY (~160bp QoQ) to 5.7% (est. of 6.7%). However, adjusted for higher discounts due to BS-3 inventory sales (INR571m) and sales tax incentive (INR316m for FY17, ~INR80m for 4Q accounted below EBITDA), recurring EBITDA margin was at 7.8%. Lower tax boosted reported PAT to ~INR1.27b (est. of ~INR1b; -7% YoY).
- **Earnings call highlights:** a) Expects domestic **2W industry to grow 6-8%** in FY18; TVSL to gain 1.5-2bp market share. b) **Double-digit margin target** slightly delayed due to demonetization; now expects FY18 exit margins to be in double-digit. c) **BMW Alliance:** Started BMW G310R supplies from Dec-16, with ~4,700 units in FY17. d) **Price hike:** Took price hike of INR500-1,000/unit in 4QFY17 and another INR200-300/unit in Apr-17. e) **TVS Credit Services:** TVSL has option to convert its preference shares to equity shares, which would result in 83-84% stake.
- **Valuation and view:** We have upgraded our estimates for FY18 and FY19 by 10.3% and 24.1%, respectively, as we a) incorporate BMW alliance numbers in our estimates and b) increase our volume and EBITDA estimates. EPS contribution from BMW alliance is 14.5% in FY19. Further, we now assign a value of ~INR46/share to TVSL's investments in TVS Credit Services as there is clarity of conversion of preference shares to equity shares. The stock trades at 30.1x/18.8x FY18E/FY19E EPS. Maintain **Buy** with a TP of INR581 (~20x FY19E EPS + INR46/share for value in NBFC investment post 20% HoldCo discount).

S/A Quarterly Performance

Y/E March (INR m)	FY16				FY17				(INR Million)			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	FY16	FY17	4QE	Var. (%)
Volumes (units)	638,033	678,749	702,044	660,540	714,964	815,562	718,562	673,572	2,678,702	2,910,862	674,921	-0.2
Growth (%)	9.2	0.4	7.1	9.6	12.1	20.2	2.4	2.0	6.4	8.7	2.2	
Realization (INR/unit)	40,344	41,803	41,250	42,349	40,295	42,014	41,519	42,230	41,455	41,690	41,972	0.6
Growth (%)	2.2	5.3	1.9	3.9	(0.1)	0.5	0.7	(0.3)	4.0	0.6	(1.5)	
Net Sales	25,741	28,374	28,959	27,973	28,809	34,265	29,834	28,445	111,047	121,353	28,328	0.4
Growth (%)	11.7	5.8	9.2	13.9	11.9	20.8	3.0	1.7	10.6	9.3	0.6	
RM (% of sales)	73.0	72.1	72.3	70.1	72.6	72.3	72.0	75.1	71.9	73.0	71.2	390bp
Emp cost (% of sales)	6.0	5.7	6.1	5.7	6.3	5.8	6.4	6.1	5.9	6.1	6.8	-70bp
Other exp (% of sales)	14.2	14.2	14.4	17.0	14.2	13.8	14.2	13.1	15.0	13.8	15.3	-220bp
EBITDA	1,728	2,270	2,102	1,999	2,004	2,767	2,185	1,615	8,099	8,571	1,895	-14.8
EBITDA Margin(%)	6.7	8.0	7.3	7.1	7.0	8.1	7.3	5.7	7.3	7.1	6.7	-100bp
Interest	130	115	98	144	98	94	115	132	487	440	106	24.4
Depreciation	504	565	621	671	660	724	720	775	2,361	2,878	729	6.2
Other Income	210	195	248	386	362	392	348	632	1,039	1,734	309	104
PBT before EO Exp	1,304	1,785	1,631	1,570	1,608	2,340	1,698	1,340	6,289	6,987	1,368	-2.1
EO Exp	0	0		0	0	0	0	0	0	0	0	
PBT after EO Exp	1,304	1,785	1,631	1,570	1,608	2,340	1,698	1,340	6,289	6,987	1,368	-2.1
Tax rate (%)	23.2	25.5	26.3	13.4	24.6	24.2	21.9	5.4	22.2	20.1	25.6	-2,020bp
Adjusted PAT	1,001	1,330	1,202	1,360	1,213	1,774	1,327	1,268	4,893	5,581	1,018	24.5
Growth (%)	38.4	40.2	33.3	50.3	21.2	33.4	10.4	(6.8)	40.7	14.1	(13.5)	

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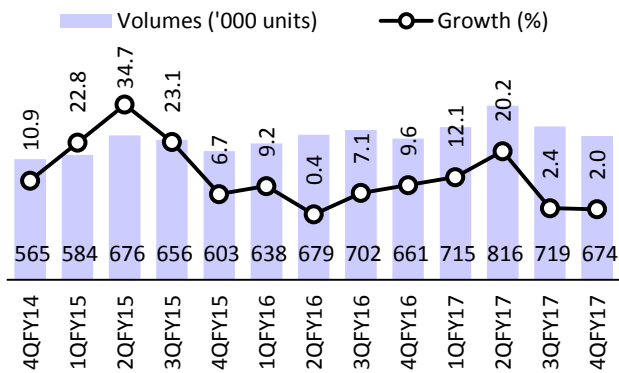
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Volume growth moderates due to demonetization; Realizations improve QoQ due to price hikes

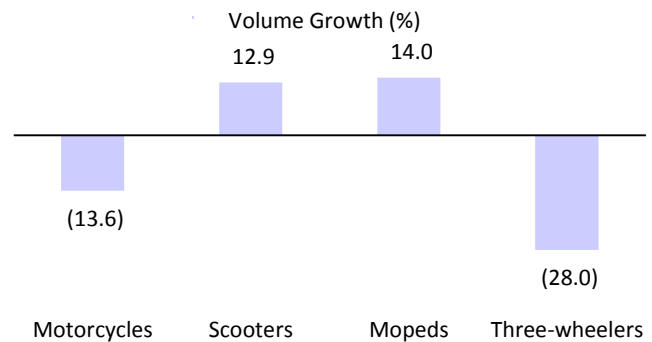
- Total volume growth moderated to 2.0% YoY (-6.3% QoQ) to 673.5k units, as motorcycle segment volumes continue to decline. Weak exports further added to 3W volume decline. Mopeds and scooters were the only positive outlier during the quarter.
- While motorcycle volumes declined 13.7% YoY and QoQ, mopeds and scooters sales grew 14% and 12.9%, respectively. 3W volumes continued to decline (-28% YoY) as headwinds in the export market persisted.
- Overall exports declined by ~9% YoY. 3W exports continued its fall with a 24.4% YoY decline as currency issues in key export markets of Nigeria and Egypt continued, suppressing demand. 2W export volumes increased 15.5%.
- Realizations declined 0.3% YoY (+1.7% QoQ) to ~INR42.2k (v/s est. of ~INR41.9k) as the company has undertaken price hike to the tune of 2-3% across the range of models. Further, effective April, the company has indicated a nominal price hike to mitigate the risk of commodity inflation.
- As a result, net sales grew ~1.7% YoY (-4.7% QoQ) to INR28.4b (in-line).

Exhibit 1: Mopeds and scooter drive volumes



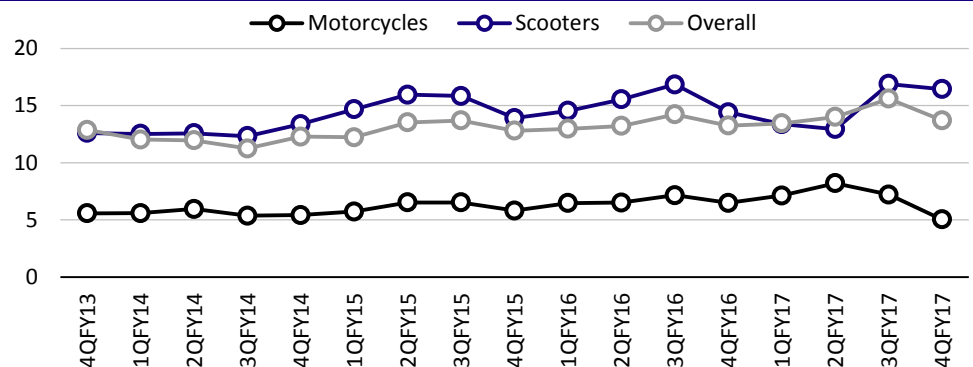
Source: Company, MOSL

Exhibit 2: Sharp decline in 3W sales drags volumes

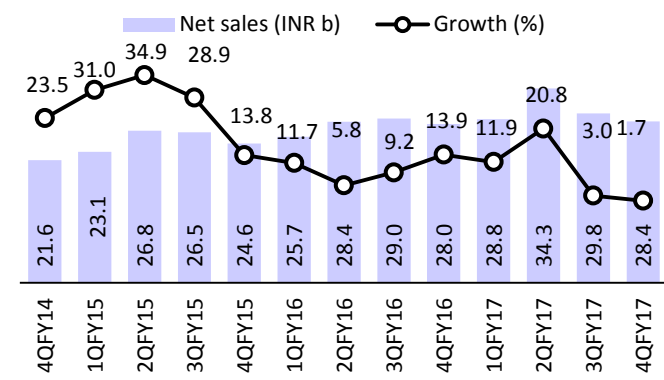


Source: Company, MOSL

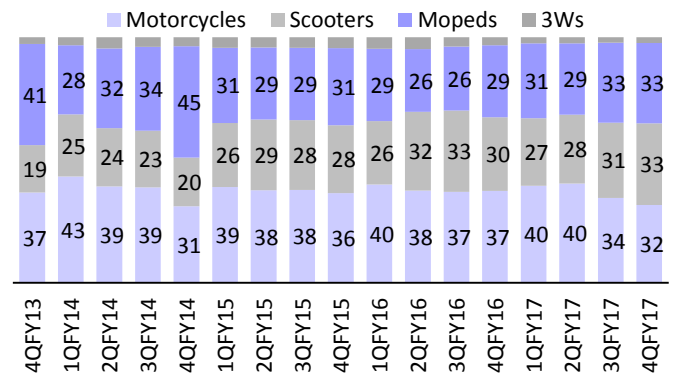
Exhibit 3: Market share (%) – Market share in scooter segment recovers; competition in motorcycle segment intensifies



Source: Company, MOSL

Exhibit 4: Revenue growth moderates due to volume impact post demonetization

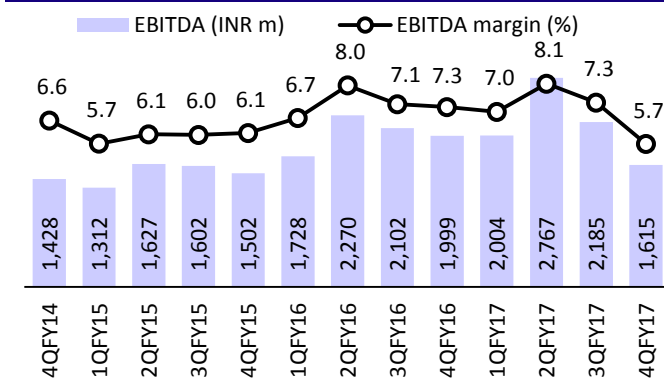
Source: Company, MOSL

Exhibit 5: Share of scooters rises QoQ

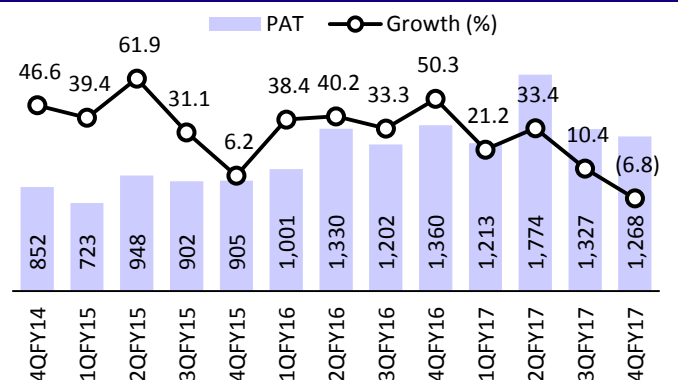
Source: Company, MOSL

One-offs drive down EBITDA margin by 140 bp YoY/ 160bp QoQ

- EBITDA margin contracted to 5.7% (v/s est. of 6.7%) due to higher RM cost, one-time discounts due to BS-3 inventory sales (INR571m) and sales tax incentives of ~INR80m for 4QFY17 (~INR316m for FY17) accounted below EBITDA. However, cost control due demonetization helped in lowering staff cost and other expenses, partially diluting increase in RM cost.
- Adjusted for the above one-offs, recurring EBITDA margins would be ~7.8%.
- Reported EBITDA was at ~INR 1.6b; decline of 19.2% YoY (~26.1% QoQ)
- However, lower tax restricted PAT decline to 6.8% YoY and 4.4% QoQ to INR1.26b (est. of INR1.01b).

Exhibit 6: EBITDA margins shrink sharply led by one-offs

Source: Company, MOSL

Exhibit 7: Decline in PAT commensurate fall in operating profits

Source: Company, MOSL



Other key highlight from the conference call

- **2W Industry outlook for FY18e:** TVSL expects domestic industry to grow at 6-8% in FY18 in normal monsoon scenario. It expects its mopeds to grow in-line with 2W industry. Overall, it is targeting market share gain of 1.5-2% in FY18 to 15.8-16%.
- **Margin guidance intact:** It maintained its aspiration of double digit EBITDA margins by end of FY18, driven by operating leverage benefits. Demonetization delayed timeline for margin improvement by 2-3 quarters. Management **maintained EBITDA margin target** of ~10% in FY19.
- **BMW alliance - supply of BMW G310R in exports markets:** TVSL commenced supplies of BMW G310R model from Dec-16 and have dispatched ~4,700 units in FY17. TVSL is yet to get volume schedule for FY18 from BMW.
- **Commodity costs:** RM cost increased QoQ due to commodity cost increase and BS4 related cost. It has taken price increase of INR500-1000/unit in 4QFY17 and another INR200-300/unit in Apr-17, which partly dilutes cost inflation. It will need to further increase price to neutralize the impact of cost inflation.
- **Price hike to mitigate BS-4 and increase in RM costs:** TVS has taken a price increase of 2.3% to offset the rise in commodity prices. The management indicated that it would take necessary price hikes to pass on the cost pressures.
- **Indonesian subsidiary:** Volume grew over 50% to ~25k units, resulting in lower EBITDA loss at USD3m (down 50%).
- **Export markets** continue to face headwinds on 2 counts, a) devaluation of currency in African and Latin American markets affecting purchasing power and consequently retail demand. b) Availability of foreign currency affecting dispatches of OEMs.
- **New launches:** It plans to launch new products in motorcycle and scooter segments in FY18.
- **TVS credit services:** TVSL has invested INR6.2-6.5b largely through preference equity in its NBFC arm. The management indicated that TVSL has option to convert preference shares into Equity, which would result in TVSLs stake in NBFC at 83-84% (though timeline is not disclosed). As of Mar-17, loan book was ~INR50b (+26% YoY), of which 50% is 2W and balance is used cars and tractors.
- **Capex:** It expects to invest ~INR5b as capex in FY18, alongwith further investments in Indonesian business (though quantum would be lower due to lower losses).

Exhibit 8: BMW alliance – We factor in for volumes at ~100k by FY19

Potential Market Share (%) - FY19E	5	10	14	17.5
TVS - BMW Alliance	FY19E	FY19E	FY19E	FY19E
Volumes global market (250-650cc) Units	1,000,000	1,000,000	1,000,000	1,000,000
BMW Alliance Volumes (Units)	50,000	100,000	140,000	175,000
Net Realization (INR)	238,645	202,000	238,645	238,645
Revenues in (INR m)	11,932	20,200	33,410	41,763
EBITDA Margins (%)	9	10	11	12
EBITDA (INR m)	1,074	2,020	3,675	5,012
Tax rate (%)	25	20	25	25
PAT (INR m)	805	1,614	2,756	3,759
Incremental contribution to EPS	1.7	3.4	5.8	7.9

Source: Company, MOSL

Valuation and view

- **Strong volume performance to continue:** We estimate TVSL volume outperformance to continue driven by strong growth in scooters, Apache and additional volumes coming from supplies to BMW alliance. We estimate 14.5% volume CAGR over FY17-19E and revenue CAGR of ~25% driven by mix improvement led by BMW alliance.
- **EBITDA margins to expand 290bp over FY17-19E with improving market position and scale:** TVSL has been generally aggressive in pricing the products due to its weak brand equity. Improving competitive positioning together with operating leverage (particularly on marketing and employee cost) to drive 290bp margin expansion to 10% over FY17-19E. This would result in EPS CAGR of ~51% over FY17-19E.
- **BMW Motorrad tie-up to give additional revenue stream, technological edge:** We believe this tie-up would give TVSL an additional revenue stream in the form of contract manufacturing for BMW Motorrad. Moreover, it would give an aspiration value to TVSL products, particularly premium ones. TVSL has invested ~EUR20m, with supplies of the first product starting from Dec-16. We have now incorporated supplies to BMW alliance in our estimates.
- **Valuation and view (earnings momentum to remain strong):** We have upgraded our estimates for FY18 and FY19 estimates by 10.3% and 24.1% respectively driven by a) as we incorporate BMW alliance numbers in our estimates, and b) increase our volume and EBITDA estimates. The EPS contribution from BMW alliance is 14.5% in FY19. Further, now we give value of ~INR46/share to TVSLs investments in TVS Credit Services as there is clarity of conversion of preference shares to equity shares. The stock trades at 30.1x/18.8x FY18E/FY19E EPS. We maintain **BUY** with a TP of INR581 (~20x FY19E EPS + INR46/share for value in NBFC investment post 20% HoldCo discount).

Exhibit 9: Revised Estimates (Standalone)

(INR M)	FY18E			FY19E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Volumes (mn units)	3.34	3.28	2.0	3.82	3.64	5.0
Net Sales	149,479	141,960	5.3	189,719	164,611	15.3
EBITDA	12,481	11,428	9.2	18,972	15,556	22.0
EBITDA (%)	8.4	8.1	30bp	10.0	9.4	60bp
Net Profit	7,945	7,200	10.3	12,708	10,242	24.1
EPS (INR)	16.7	15.2	10.3	26.7	21.6	24.1

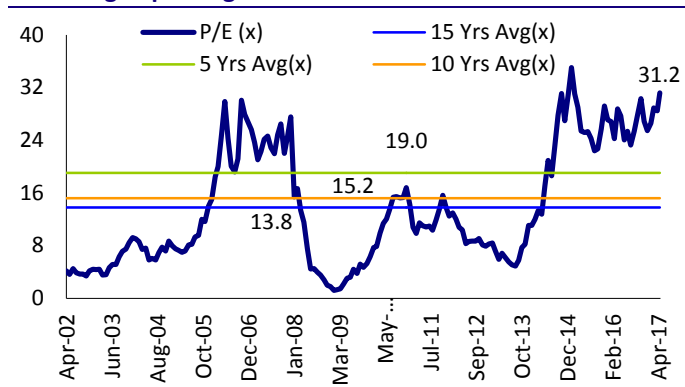
Source: Company, MOSL

Exhibit 10: TVS Credit Services – Valuable investments

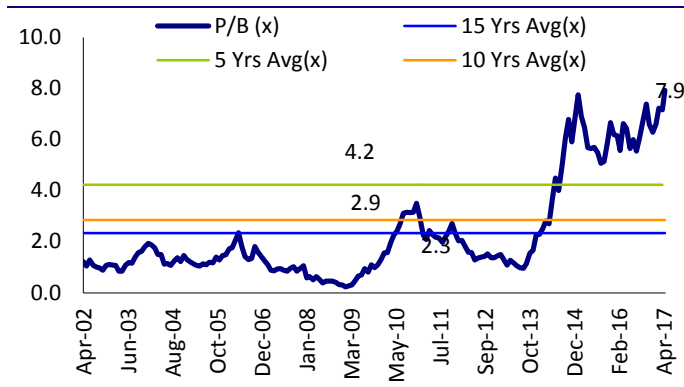
INR M	FY13	FY14	FY15	FY16	FY17E	FY18E	FY19E
Loan book	10,630	17,020	26,360	39,540	50,000	65,000	84,500
Loan book Gr (%)	101	60	55	50	26	30	30
Leverage (x)	6.2	6.5	6.7	7.3	7.6	7.7	7.7
RoA (%)	0.5	1.0	1.1	1.3	1	1.7	2
PAT	52	172	292	507	500	1,105	1,690
Net Worth	1,720	2,620	3,920	5,410	6,610	8,465	10,905
RoE (%)	3.0	6.6	7.5	9.4	7.6	13.1	15.5
P/B (x)							3
Equity Value							32,715
TVSLs Stake (%)							83
Value for TVSL (INR/sh)							57
Value for TVSL (INR/sh) @ 20% HoldCo							46

Source: Company, MOSL

Exhibit 11: Valuations trading above historical average, reflecting improving fundamentals



Source: MOSL



Source: MOSL

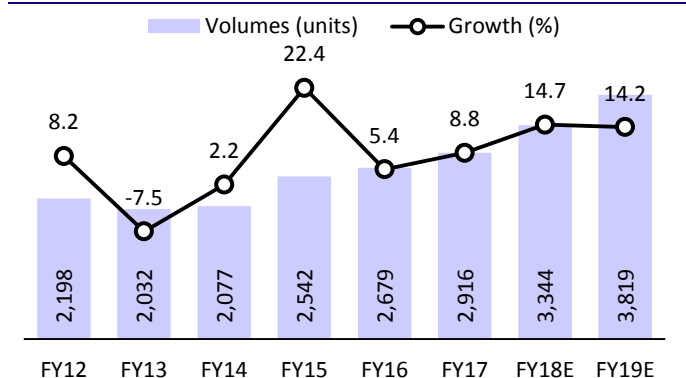
Exhibit 12: Comparative valuation

	CMP	Rating	TP	P/E (x)		EV/EBITDA (x)		RoE (%)		Div Yield (%)		EPS CAGR (%)
Auto OEM's	(INR)*		(INR)	FY18E	FY19E	FY18E	FY19E	FY18E	FY19E	FY18E	FY19E	FY17-19E
Bajaj Auto	2,861	Buy	3,414	18.5	16.4	13.0	11.1	30.2	30.0	2.6	3.1	14.1
Hero MotoCorp	3,297	Neutral	3,390	17.8	17.5	11.7	11.5	36.2	31.9	2.7	2.7	4.6
TVS Motor	503	Buy	581	30.1	18.8	20.0	12.9	29.2	35.9	0.6	0.9	50.9
M&M	1,338	Buy	1,573	17.7	15.0	14.5	12.3	13.9	14.7	1.5	1.5	20.5
Maruti Suzuki	6,371	Buy	7,349	21.2	17.2	12.6	10.5	20.7	21.5	0.9	1.1	22.1
Tata Motors	456	Buy	619	15.5	7.4	4.3	2.5	11.0	19.7	0.1	0.1	131.9
Ashok Leyland	87	Buy	98	16.8	13.1	9.0	7.1	22.3	24.9	2.3	2.6	24.9
Eicher Motors	25,975	Buy	28,811	30.4	24.8	24.5	20.3	40.9	36.7	0.6	0.7	30.5
Auto Ancillaries												
Bharat Forge	1,134	Buy	1,266	30.5	22.4	16.6	12.8	20.5	23.7	0.9	0.9	41.6
Exide Industries	228	Buy	270	23.2	19.1	14.8	12.2	15.0	16.0	1.0	1.0	19.1
Amara Raja Batteries	882	Buy	1,084	23.7	20.3	13.9	11.9	22.9	22.0	0.6	0.7	21.7
BOSCH	22,585	Neutral	22,924	33.8	29.6	24.7	20.5	24.5	23.4	0.6	0.7	27.2

Source: MOSL

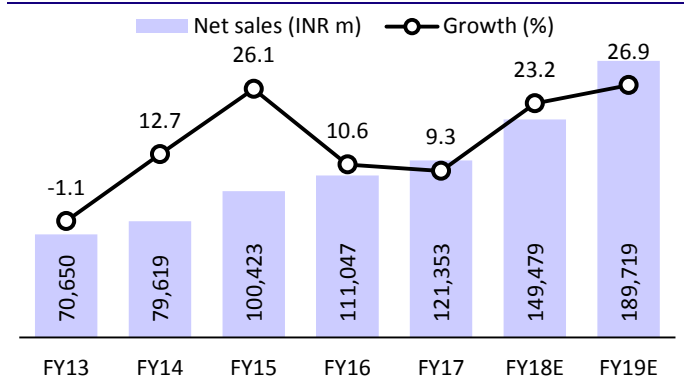
Story in charts: Robust ~51% EPS CAGR over FY17-19E

Exhibit 13: Expect 14.5% volume CAGR over FY17-19E



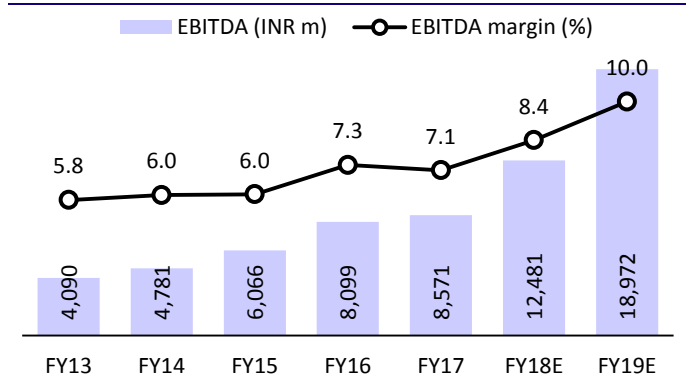
Source: Company, MOSL

Exhibit 14: Strong 25% CAGR in revenues over FY17-19E



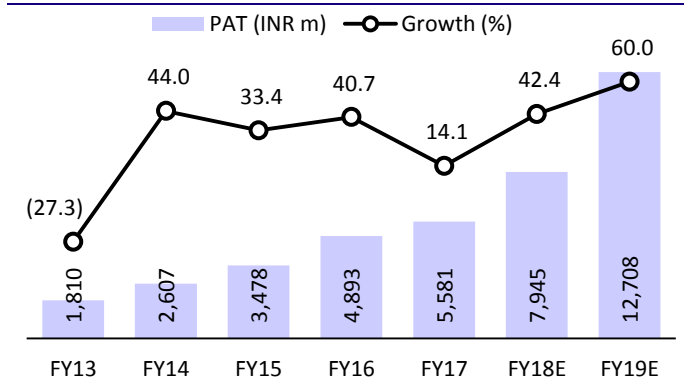
Source: Company, MOSL

Exhibit 15: Operating leverage and product mix to drive margins



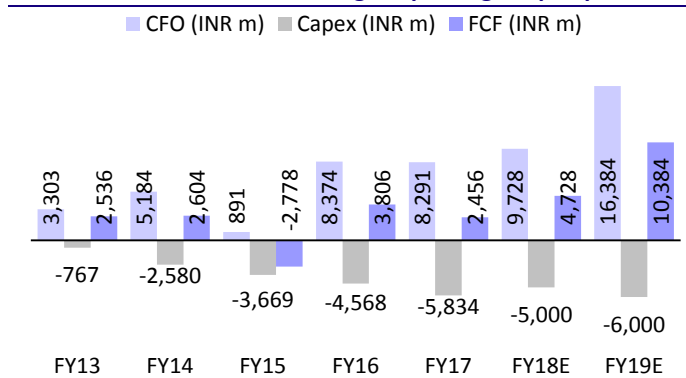
Source: Company, MOSL

Exhibit 16: Superior operating performance to drive earnings



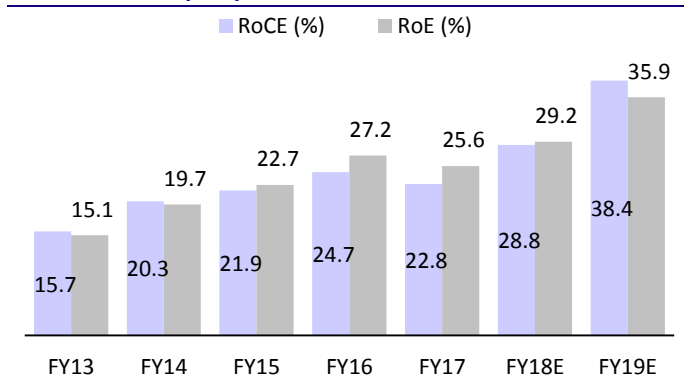
Source: Company, MOSL

Exhibit 17: FCF to remain strong despite high capex plans



Source: Company, MOSL

Exhibit 18: Sharp improvement in return ratios



Source: Company, MOSL

Key operating metrics

Exhibit 19: Snapshot of Revenue model

units	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18E	FY19E
Motorcycle	836,831	843,114	749,429	790,463	957,114	1,016,807	1,072,503	1,234,151	1,423,877
Growth (%)	30.6	0.8	-11.1	5.5	21.1	6.2	5.5	15.1	15.4
% of total vols	41.2	38.4	36.9	38.1	37.7	38.0	36.8	36.9	37.3
Scooter	452,006	529,091	441,552	475,615	706,298	812,527	870,863	1,006,269	1,142,596
Growth (%)	46.1	17.1	-16.5	7.7	48.5	15.0	7.2	15.5	13.5
% of total vols	22.2	24.1	21.7	22.9	27.8	30.3	29.9	30.1	29.9
Moped	703,167	785,942	792,069	730,172	765,496	738,547	910,519	1,002,175	1,074,149
Growth (%)	23.0	11.8	0.8	-7.8	4.8	-3.5	23.3	10.1	7.2
% of total vols	34.6	35.8	39.0	35.2	30.1	27.6	31.2	30.0	28.1
Total 2Ws	1,992,004	2,158,147	1,983,050	1,996,250	2,428,908	2,567,881	2,858,585	3,277,596	3,740,623
Growth (%)	30.9	8.3	-8.1	0.7	21.7	5.7	11.3	14.7	14.1
% of total vols	98.0	98.2	97.6	96.1	95.6	95.9	98.0	98.0	97.9
3Ws	39,860	39,792	49,190	80,842	112,891	110,821	56,977	66,776	78,424
Growth (%)	163.7	-0.2	23.6	64.3	39.6	-1.8	-48.6	17.2	17.4
% of total vols	2.0	1.8	2.4	3.9	4.4	4.1	2.0	2.0	2.1
Domestic	1,787,313	1,910,226	1,787,007	1,762,073	2,122,966	2,224,902	2,502,050	2,845,051	3,179,766
Growth (%)	30.5	6.9	-6.5	-1.4	20.5	4.8	12.5	13.7	11.8
% of total vols	88.0	86.9	87.9	84.8	83.5	83.1	85.8	85.1	83.3
Exports	244,551	287,713	245,233	315,019	418,833	453,800	413,512	499,321	639,281
Growth (%)	46.3	17.6	-14.8	28.5	33.0	8.3	-8.9	20.8	28.0
% of total vols	12.0	13.1	12.1	15.2	16.5	16.9	14.2	14.9	16.7
Total volumes	2,031,864	2,197,939	2,032,240	2,077,092	2,541,799	2,678,702	2,915,562	3,344,372	3,819,047
Growth (%)	32.2	8.2	-7.5	2.2	22.4	5.4	8.8	14.7	14.2
ASP (INR/unit)	30,947	32,492	34,765	38,332	39,509	41,455	41,623	44,696	49,677
Growth (%)	9.0	5.0	7.0	10.3	3.1	4.9	0.4	7.4	11.1
Net Sales (INR m)	62,880	71,415	70,650	79,619	100,423	111,047	121,353	149,479	189,719
Growth (%)	44.1	13.6	-1.1	12.7	26.1	10.6	9.3	23.2	26.9

Source: Company, MOSL

Financials and Valuations

Income Statement							(INR Million)	
Y/E Mar	2012	2013	2014	2015	2016	2017	2018E	2019E
Net Sales	71,415	70,650	79,619	100,423	111,047	121,353	149,479	189,719
Change (%)	13.6	-1.1	12.7	26.1	10.6	9.3	23.2	26.9
EBITDA	4,694	4,090	4,781	6,066	8,099	8,571	12,481	18,972
EBITDA Margin (%)	6.6	5.8	6.0	6.0	7.3	7.1	8.4	10.0
Depreciation	1,175	1,304	1,317	1,533	2,361	2,878	3,322	3,709
EBIT	3,518	2,786	3,465	4,533	5,738	5,693	9,160	15,263
Interest	571	480	254	274	487	440	509	455
Other Income	217	246	302	303	1,039	1,734	1,942	2,136
Extraordinary items	0	-916	13	0	0	0	0	0
PBT	3,165	1,636	3,525	4,562	6,289	6,987	10,593	16,944
Tax	674	476	909	1,083	1,397	1,406	2,648	4,236
Tax Rate (%)	21.3	29.1	25.8	23.7	22.2	20.1	25.0	25.0
Min. Int. & Assoc. Share	0	0	0	0	0	0	0	0
Reported PAT	2,491	1,160	2,616	3,478	4,893	5,581	7,945	12,708
Adjusted PAT	2,491	1,810	2,607	3,478	4,893	5,581	7,945	12,708
Change (%)	26.3	-27.3	44.0	33.4	40.7	14.1	42.4	60.0

Balance Sheet							(INR Million)	
Y/E Mar	2012	2013	2014	2015	2016	2017	2018E	2019E
Share Capital	475	475	475	475	475	475	475	475
Reserves	11,221	11,772	13,678	15,979	19,108	23,608	29,840	39,977
Net Worth	11,696	12,247	14,153	16,454	19,583	24,083	30,315	40,452
Debt	8,311	6,345	4,424	9,187	9,741	11,648	11,148	8,648
Deferred Tax	976	931	1,247	1,528	1,437	1,257	1,257	1,257
Total Capital Employed	20,982	19,523	19,824	27,169	30,762	36,988	42,719	50,357
Gross Fixed Assets	21,545	22,479	24,723	28,218	34,478	39,999	45,172	51,172
Less: Acc Depreciation	11,289	12,365	13,466	14,922	17,282	20,160	23,482	27,191
Net Fixed Assets	10,256	10,115	11,257	13,296	17,196	19,839	21,690	23,981
Capital WIP	525	361	481	894	310	623	450	450
Investments	9,309	8,688	8,959	10,125	12,703	15,880	17,880	19,380
Current Assets	11,055	12,029	14,950	21,732	19,314	22,705	27,869	37,560
Inventory	5,846	5,097	5,482	8,197	6,964	9,670	11,911	15,117
Debtors	2,080	3,005	3,341	5,039	5,780	7,238	8,915	11,315
Cash & Bank	130	175	826	54	327	85	91	3,450
Loans & Adv, Others	2,998	3,752	5,302	8,443	6,243	5,713	6,953	7,677
Curr Liabs & Provns	10,163	11,670	15,823	18,878	18,760	22,059	25,170	31,014
Curr. Liabilities	9,585	11,136	14,612	17,390	15,437	18,594	21,705	27,548
Provisions	577	534	1,211	1,488	3,323	3,465	3,465	3,465
Net Current Assets	892	359	-873	2,854	554	646	2,699	6,546
Total Assets	20,982	19,523	19,824	27,169	30,762	36,988	42,719	50,357

Financials and Valuations

Ratios								
Y/E Mar	2012	2013	2014	2015	2016	2017	2018E	2019E
Basic (INR)								
EPS	5.2	3.8	5.5	7.3	10.3	11.7	16.7	26.7
Cash EPS	7.7	6.6	8.3	10.5	15.3	17.8	23.7	34.6
Book Value	24.6	25.8	29.8	34.6	41.2	50.7	63.8	85.1
DPS	1.3	1.2	1.4	2.0	2.7	2.5	3.0	4.5
Payout (incl. Div. Tax.)	28.8	56.5	29.6	34.0	29.7	25.6	21.6	20.2
Valuation(x)								
P/E	96.0	132.0	91.7	68.7	48.8	42.8	30.1	18.8
Price / Book Value	20.4	19.5	16.9	14.5	12.2	9.9	7.9	5.9
EV/Sales	3.5	3.5	3.0	2.5	2.2	2.1	1.7	1.3
EV/EBITDA	52.7	59.9	50.7	40.9	30.7	29.2	20.0	12.9
Dividend Yield (%)	0.3	0.2	0.3	0.4	0.5	0.5	0.6	0.9
Profitability Ratios (%)								
RoE	23.0	15.1	19.7	22.7	27.2	25.6	29.2	35.9
RoCE	19.8	15.7	20.3	21.9	24.7	22.8	28.8	38.4
RoIC	19.7	14.7	23.0	24.0	23.5	21.7	28.4	42.5
Turnover Ratios (%)								
Fixed Asset Turnover (x)	3.3	3.1	3.2	3.6	3.2	3.0	3.3	3.7
Debtors (No. of Days)	10	14	14	17	17	20	20	20
Inventory (No. of Days)	30	26	25	30	23	29	29	29
Creditors (No. of Days)	49	58	67	63	51	56	53	53
Leverage Ratios (%)								
Net Debt/Equity (x)	0.7	0.5	0.3	0.6	0.5	0.5	0.4	0.1
Cash Flow Statement								
	(INR Million)							
Y/E Mar	2012	2013	2014	2015	2016	2017	2018E	2019E
Adjusted EBITDA	4,694	4,090	4,781	6,066	8,099	8,571	12,481	18,972
Non cash opr. exp (inc)	-179	-1,060	24	84	-448	1,734	1,942	2,136
(Inc)/Dec in Wkg. Cap.	626	800	1,613	-3,853	2,182	-608	-2,047	-488
Tax Paid	-700	-527	-1,234	-1,407	-1,458	-1,406	-2,648	-4,236
Other operating activities	-31	878	54	-44	83	-1,734	-1,942	-2,136
CF from Op. Activity	4,409	4,181	5,238	846	8,457	6,557	7,786	14,248
(Inc)/Dec in FA & CWIP	-1,768	-767	-2,580	-3,669	-4,568	-5,834	-5,000	-6,000
Free cash flows	2,640	3,414	2,658	-2,823	3,889	723	2,786	8,248
(Pur)/Sale of Invt	-2,699	-295	-276	-1,163	-1,712	-3,178	-2,000	-1,500
Others	658	77	257	-101	1,084	1,734	1,942	2,136
CF from Inv. Activity	-3,809	-985	-2,598	-4,933	-5,195	-7,278	-5,058	-5,364
Inc/(Dec) in Net Worth	0	0	0	0	0	0	0	0
Inc / (Dec) in Debt	-778	-276	-1,069	4,429	-461	3,267	-500	-2,500
Interest Paid	-571	-517	-230	-285	-461	-440	-509	-455
Divd Paid (incl Tax) & Others	819	-2,358	-690	-836	-2,084	-1,428	-1,713	-2,570
CF from Fin. Activity	-530	-3,152	-1,988	3,308	-3,006	1,400	-2,722	-5,525
Inc/(Dec) in Cash	70	45	651	-778	255	678	6	3,359
Add: Opening Balance	60	130	175	832	29	284	962	968
Closing Balance	130	175	826	54	284	962	968	4,327

Corporate profile

Company description

TVS Motor Company is 4th largest two-wheeler company in India. TVS Motor Company is the flagship company of the 100 year old six billion USD TVS Group, which has some 40 companies and holdings in the automotive sector. TVS Motor Company offers the widest range of product in the Indian two and three wheeler industry. TVS Motor Company has international presence in more than 50 countries in Asia, Africa and Latin America.

Exhibit 1: Sensex rebased

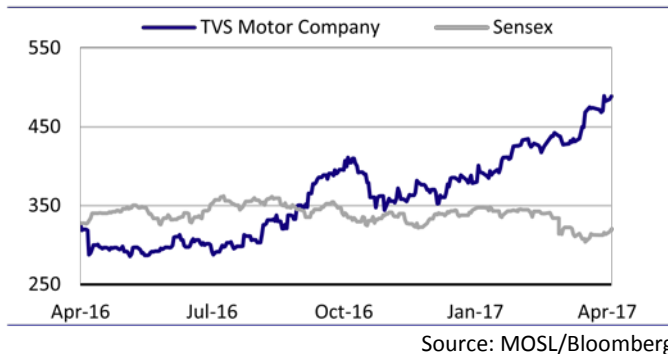


Exhibit 2: Shareholding pattern (%)

	Mar-17	Dec-16	Mar-16
Promoter	57.4	57.4	57.4
DII	12.5	12.9	14.6
FII	18.5	18.2	14.4
Others	11.6	11.5	13.6

Note: FII Includes depository receipts

Source: Capitaline

Exhibit 3: Top holders

Holder Name	% Holding
RELIANCE CAPITAL TRUSTEE CO LTD	4.5
JWALAMUKHI INVESTMENT HOLDINGS	4.4
CARTICA CAPITAL LIMITED	4.1
FRANKLIN TEMPLETON MUTUAL FUND	1.9
ICICI MUTUAL FUND	1.5

Source: Capitaline

Exhibit 4: Top management

Name	Designation
Venu Srinivasan	Chairman & Managing Director
Sudarshan Venu	Joint Managing Director
K S Srinivasan	Company Secretary

Source: Capitaline

Exhibit 5: Directors

Name	Name
H Lakshmanan	Lakshmi Venu
C R Dua	Hemant Krishan Singh
Prince Asirvatham	R Ramakrishnan
T Kannan	

*Independent

Exhibit 6: Auditors

Name	Type
A N Raman	Cost Auditor
S Krishnamurthy & Co	Secretarial Audit
V Sankar Aiyar & Co	Statutory

Source: Capitaline

Exhibit 7: MOSL forecast v/s consensus

EPS (INR)	MOSL forecast	Consensus forecast	Variation (%)
FY17	11.7	11.4	2.7
FY18	16.7	16.3	2.2
FY19	26.7	21.0	27.1

Source: Bloomberg

NOTES

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