

January 25, 2024

## Q3FY24 Result Update

Change in Estimates |  Target |  Reco

### Change in Estimates

|                | Current  |          | Previous |          |
|----------------|----------|----------|----------|----------|
|                | FY25E    | FY26E    | FY25E    | FY26E    |
| Rating         | HOLD     |          | HOLD     |          |
| Target Price   | 1,955    |          | 1,950    |          |
| Sales (Rs. m)  | 3,62,409 | 4,00,074 | 3,65,588 | 4,03,491 |
| % Chng.        | (0.9)    | (0.8)    |          |          |
| EBITDA (Rs. m) | 43,489   | 49,609   | 43,139   | 49,629   |
| % Chng.        | 0.8      | -        |          |          |
| EPS (Rs.)      | 56.2     | 65.2     | 55.6     | 65.1     |
| % Chng.        | 1.0      | 0.1      |          |          |

### Key Financials - Standalone

| Y/e Mar        | FY23     | FY24E    | FY25E    | FY26E    |
|----------------|----------|----------|----------|----------|
| Sales (Rs. m)  | 2,63,781 | 3,19,165 | 3,62,409 | 4,00,074 |
| EBITDA (Rs. m) | 26,747   | 35,204   | 43,489   | 49,609   |
| Margin (%)     | 10.1     | 11.0     | 12.0     | 12.4     |
| PAT (Rs. m)    | 14,125   | 20,478   | 26,701   | 30,962   |
| EPS (Rs.)      | 29.7     | 43.1     | 56.2     | 65.2     |
| Gr. (%)        | 54.2     | 45.0     | 30.4     | 16.0     |
| DPS (Rs.)      | 4.0      | 5.0      | 6.0      | 6.0      |
| Yield (%)      | 0.2      | 0.2      | 0.3      | 0.3      |
| RoE (%)        | 26.0     | 29.5     | 29.5     | 26.6     |
| RoCE (%)       | 24.3     | 27.7     | 29.9     | 28.6     |
| EV/Sales (x)   | 3.7      | 3.0      | 2.6      | 2.3      |
| EV/EBITDA (x)  | 36.8     | 27.6     | 22.1     | 18.9     |
| PE (x)         | 67.6     | 46.6     | 35.7     | 30.8     |
| P/BV (x)       | 15.8     | 12.1     | 9.3      | 7.3      |

### Key Data

TVSM.BO | TVSL IN

|                     |                      |
|---------------------|----------------------|
| 52-W High / Low     | Rs.2,109 / Rs.971    |
| Sensex / Nifty      | 71,060 / 21,454      |
| Market Cap          | Rs.954bn/ \$ 11,481m |
| Shares Outstanding  | 475m                 |
| 3M Avg. Daily Value | Rs.1911.45m          |

### Shareholding Pattern (%)

|                         |       |
|-------------------------|-------|
| Promoter's              | 50.27 |
| Foreign                 | 19.27 |
| Domestic Institution    | 21.79 |
| Public & Others         | 8.67  |
| Promoter Pledge (Rs bn) | -     |

### Stock Performance (%)

|          | 1M  | 6M   | 12M   |
|----------|-----|------|-------|
| Absolute | 2.1 | 53.7 | 104.2 |
| Relative | 2.2 | 43.6 | 75.2  |

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## Further aggression on EV expansion

### Quick Pointers:

- Domestic realization falls 3% QoQ; exports ASP higher on superior mix.
- 2W EV network and product expansion to accelerate.

**TVS Motor's (TVSL) 3QFY24 revenue was largely in-line vs our and consensus estimates, while EBITDA margin beat PLe (it was in-line vs consensus). Higher export realization, favorable input cost and better product mix helped on the margin side. TVSL plans to ramp-up its EV volumes with network expansion (doubling in a quarter) and product expansion in FY25 in domestic market and also export EVs globally. Urban demand was strong for the industry which TVSL believes should continue, while rural demand has shown initial signs of pick-up. On exports side, recovery has not been as expected, however, worst seems to be behind us.**

**We believe TVS is well placed to outperform the industry given (1) good tractions for new product launches in ICE & EV segments and (2) higher focus on exports, premiumisation and margin improvement helped by cost control, operating leverage, benign input prices and PLI benefits (likely to offset impact from higher EV mix). We slightly tweak our FY25/FY26E EPS estimates to incorporate 3Q beat on margins and management commentary. Retain 'HOLD' with TP of Rs1,955 (earlier TP at Rs. 1,950) at 30x Dec-25E EPS incl. Rs68 for TVS credit, as we see all positives to be priced in at current valuations.**

- 3QFY24 – Revenue in-line; beat on margins:** TVSL's revenue grew by 26% YoY, and came largely in line vs PLe and Bloomberg consensus estimates (BBGe). EBITDA margins at 11.2% beat PLe (10.5%) and were in line with BBGe (11.2%). Material costs were lower than expected which aided PAT beat.
- Key takeaways:** (1) TVSL saw a slight uptick in demand in rural markets, but expects to see only gradual improvement in growth. It is expecting high growth in semi-urban and urban markets and positive sentiments in these areas will contribute to growth. TVSL saw 65% finance penetration in festive period, and has an inventory of less than 30 days. TVS expects to grow faster than the industry. (2) TVS Motor believes worst for exports is behind, though the pace of recovery will be slower than earlier expected, Latin America is showing significant growth while African market are lagging due to currency depreciation and delay in availability. (3) Electric Vehicles: I-Qube's volumes grew ~66% YoY to 48k units helped by EV touchpoint expansion to 400 by end of Q3 and aims to double it by end of Q4. The company plans to launch a series of products for different customer in EV segments. (4) TVSL did not take any price hikes in December and January and has seen decline in raw material prices due to cost reduction and flat commodity prices. (5) On margins, TVSL saw increase in other operating expenses due to higher focus on marketing (Dussehra and Diwali season), but is not participating in discounting. (6) Capex for FY24 is expected to be Rs. 10bn of which Rs 6.2bn was spent in 9MFY24. Majority of the capex will be used in EV segment. (7) TVSL is in advanced stages of e-3W development.

**Exhibit 1: Q3FY24 Result Overview (Rs m)**

| Y/e March                   | Q3FY24        | Q3FY23        | YoY gr. (%)  | Q2FY24        | QoQ gr. (%) | 1HFY24          | 1HFY23          | YoY gr. (%)  |
|-----------------------------|---------------|---------------|--------------|---------------|-------------|-----------------|-----------------|--------------|
| <b>Net Revenues</b>         | <b>82,450</b> | <b>65,454</b> | <b>26.0</b>  | <b>81,446</b> | <b>1.2</b>  | <b>2,36,075</b> | <b>1,97,733</b> | <b>19.4</b>  |
| Raw Materials               | 60,756        | 49,429        | 22.9         | 60,276        | 0.8         | 1,74,850        | 1,50,132        | 16.5         |
| <i>% of Net Sales</i>       | <i>73.7</i>   | <i>75.5</i>   |              | <i>74.0</i>   |             | <i>74.1</i>     | <i>75.9</i>     |              |
| Personnel                   | 4,036         | 3,409         | 18.4         | 3,929         | 2.7         | 11,753          | 10,074          | 16.7         |
| <i>% of Net Sales</i>       | <i>4.9</i>    | <i>5.2</i>    |              | <i>4.8</i>    |             | <i>5.0</i>      | <i>5.1</i>      |              |
| Manufacturing & Other Exp   | 8,414         | 6,027         | 39.6         | 8,244         | 2.1         | 23,593          | 17,579          | 34.2         |
| <i>% of Net Sales</i>       | <i>10.2</i>   | <i>9.2</i>    |              | <i>10.1</i>   |             | <i>10.0</i>     | <i>8.9</i>      |              |
| Total Expenditure           | 73,206        | 58,865        | 24.4         | 72,449        | 1.0         | 2,10,196        | 1,77,784        | 18.2         |
| <b>EBITDA</b>               | <b>9,244</b>  | <b>6,589</b>  | <b>40.3</b>  | <b>8,998</b>  | <b>2.7</b>  | <b>25,879</b>   | <b>19,949</b>   | <b>29.7</b>  |
| <i>EBITDA Margin (%)</i>    | <i>11.2</i>   | <i>10.1</i>   |              | <i>11.0</i>   |             | <i>11.0</i>     | <i>10.1</i>     |              |
| Depreciation                | 1,781         | 1,583         | 12.5         | 1,701         | 4.7         | 5,117           | 4,639           | 10.3         |
| <b>EBIT</b>                 | <b>7,464</b>  | <b>5,006</b>  | <b>49.1</b>  | <b>7,297</b>  | <b>2.3</b>  | <b>20,763</b>   | <b>15,311</b>   | <b>35.6</b>  |
| Interest Expenses           | 448           | 316           | 41.5         | 523           | (14.4)      | 1,444           | 1,044           | 38.4         |
| Non-operating income        | 4             | 65            | (93.8)       | 87            | (95.4)      | 667             | 301             | 121.8        |
| Extraordinary Income        | -730          | 0             |              | -375          |             | -1,105          | 0               |              |
| <b>PBT</b>                  | <b>7,750</b>  | <b>4,755</b>  | <b>63.0</b>  | <b>7,237</b>  | <b>7.1</b>  | <b>21,090</b>   | <b>14,568</b>   | <b>44.8</b>  |
| Tax-Total                   | 1,817         | 1,227         | 48.0         | 1,871         | (2.9)       | 5,115           | 3,760           | 36.0         |
| <i>Tax Rate (%) - Total</i> | <i>23.4</i>   | <i>25.8</i>   | <i>(9.2)</i> | <i>25.9</i>   |             | <i>24.3</i>     | <i>25.8</i>     | <i>(6.0)</i> |
| <b>Reported PAT</b>         | <b>5,934</b>  | <b>3,528</b>  | <b>68.2</b>  | <b>5,366</b>  | <b>10.6</b> | <b>15,976</b>   | <b>10,808</b>   | <b>47.8</b>  |
| <b>Adj. PAT</b>             | <b>5,375</b>  | <b>3,527</b>  | <b>52.4</b>  | <b>5,087</b>  | <b>5.6</b>  | <b>15,139</b>   | <b>10,808</b>   | <b>40.1</b>  |
| <i>PAT Margin</i>           | <i>6.5</i>    | <i>5.4</i>    |              | <i>6.2</i>    |             | <i>6.4</i>      | <i>5.5</i>      |              |

Source: Company, PL

**Exhibit 2: Operating Metrics – Average realization flattish QoQ impacted by lower share of EV in the mix**

| Y/e March                 | Q3FY24           | Q3FY23           | YoY gr. (%) | Q2FY24          | QoQ gr. (%) | 1HFY24           | 1HFY23           | YoY gr. (%) |
|---------------------------|------------------|------------------|-------------|-----------------|-------------|------------------|------------------|-------------|
| <b>Sales Volume (nos)</b> | <b>10,74,378</b> | <b>10,27,437</b> | <b>4.6</b>  | <b>9,53,244</b> | <b>12.7</b> | <b>20,27,622</b> | <b>19,32,880</b> | <b>4.9</b>  |
| Net Realisation/Vehicle   | 75,808           | 70,264           | 7.9         | 75,719          | 0.1         | 1,51,527         | 1,36,626         | 10.9        |
| Material cost / vehicle   | 56,103           | 53,507           | 4.9         | 56,458          | (0.6)       | 1,12,561         | 1,04,010         | 8.2         |
| Gross Profit / vehicle    | 19,705           | 16,757           | 17.6        | 19,262          | 2.3         | 38,966           | 32,616           | 19.5        |
| Employee cost /vehicle    | 3,657            | 3,363            | 8.7         | 3,974           | (8.0)       | 7,632            | 6,908            | 10.5        |
| Other expenses / vehicle  | 7,673            | 6,225            | 23.3        | 7,275           | 5.5         | 14,948           | 11,919           | 25.4        |
| EBITDA/vehicle            | 8,375            | 7,169            | 16.8        | 8,012           | 4.5         | 16,387           | 13,789           | 18.8        |
| Net Profit/vehicle        | 4,735            | 3,966            | 19.4        | 4,906           | (3.5)       | 9,641            | 7,506            | 28.4        |

Source: Company, PL

## Financials

### Income Statement (Rs m)

| Y/e Mar                       | FY23            | FY24E           | FY25E           | FY26E           |
|-------------------------------|-----------------|-----------------|-----------------|-----------------|
| <b>Net Revenues</b>           | <b>2,63,781</b> | <b>3,19,165</b> | <b>3,62,409</b> | <b>4,00,074</b> |
| YoY gr. (%)                   | 26.9            | 21.0            | 13.5            | 10.4            |
| Cost of Goods Sold            | 1,99,928        | 2,36,182        | 2,67,820        | 2,95,255        |
| Gross Profit                  | 63,853          | 82,983          | 94,589          | 1,04,820        |
| Margin (%)                    | 24.2            | 26.0            | 26.1            | 26.2            |
| Employee Cost                 | 13,451          | 15,863          | 17,033          | 18,403          |
| Other Expenses                | 23,655          | 31,917          | 34,066          | 36,807          |
| <b>EBITDA</b>                 | <b>26,747</b>   | <b>35,204</b>   | <b>43,489</b>   | <b>49,609</b>   |
| YoY gr. (%)                   | 36.3            | 31.6            | 23.5            | 14.1            |
| Margin (%)                    | 10.1            | 11.0            | 12.0            | 12.4            |
| Depreciation and Amortization | 6,312           | 6,901           | 7,205           | 7,871           |
| <b>EBIT</b>                   | <b>20,435</b>   | <b>28,302</b>   | <b>36,284</b>   | <b>41,739</b>   |
| Margin (%)                    | 7.7             | 8.9             | 10.0            | 10.4            |
| Net Interest                  | 1,407           | 1,977           | 1,857           | 1,740           |
| Other Income                  | 389             | 1,040           | 1,255           | 1,377           |
| <b>Profit Before Tax</b>      | <b>18,800</b>   | <b>27,366</b>   | <b>35,682</b>   | <b>41,376</b>   |
| Margin (%)                    | 7.1             | 8.6             | 9.8             | 10.3            |
| Total Tax                     | 5,123           | 6,888           | 8,981           | 10,414          |
| Effective tax rate (%)        | 27.3            | 25.2            | 25.2            | 25.2            |
| <b>Profit after tax</b>       | <b>13,677</b>   | <b>20,478</b>   | <b>26,701</b>   | <b>30,962</b>   |
| Minority interest             | -               | -               | -               | -               |
| Share Profit from Associate   | -               | -               | -               | -               |
| <b>Adjusted PAT</b>           | <b>14,125</b>   | <b>20,478</b>   | <b>26,701</b>   | <b>30,962</b>   |
| YoY gr. (%)                   | 54.2            | 45.0            | 30.4            | 16.0            |
| Margin (%)                    | 5.4             | 6.4             | 7.4             | 7.7             |
| Extra Ord. Income / (Exp)     | (449)           | -               | -               | -               |
| <b>Reported PAT</b>           | <b>13,677</b>   | <b>20,478</b>   | <b>26,701</b>   | <b>30,962</b>   |
| YoY gr. (%)                   | 53.1            | 49.7            | 30.4            | 16.0            |
| Margin (%)                    | 5.2             | 6.4             | 7.4             | 7.7             |
| Other Comprehensive Income    | -               | -               | -               | -               |
| Total Comprehensive Income    | 13,677          | 20,478          | 26,701          | 30,962          |
| <b>Equity Shares O/s (m)</b>  | <b>475</b>      | <b>475</b>      | <b>475</b>      | <b>475</b>      |
| <b>EPS (Rs)</b>               | <b>29.7</b>     | <b>43.1</b>     | <b>56.2</b>     | <b>65.2</b>     |

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs m)

| Y/e Mar                               | FY23            | FY24E           | FY25E           | FY26E           |
|---------------------------------------|-----------------|-----------------|-----------------|-----------------|
| <b>Non-Current Assets</b>             |                 |                 |                 |                 |
| <b>Gross Block</b>                    | <b>79,879</b>   | <b>87,429</b>   | <b>94,979</b>   | <b>1,02,529</b> |
| Tangibles                             | 79,879          | 87,429          | 94,979          | 1,02,529        |
| Intangibles                           | -               | -               | -               | -               |
| <b>Acc: Dep / Amortization</b>        | <b>43,920</b>   | <b>50,822</b>   | <b>58,027</b>   | <b>65,898</b>   |
| Tangibles                             | 43,920          | 50,822          | 58,027          | 65,898          |
| Intangibles                           | -               | -               | -               | -               |
| <b>Net fixed assets</b>               | <b>35,959</b>   | <b>36,607</b>   | <b>36,952</b>   | <b>36,632</b>   |
| Tangibles                             | 35,959          | 36,607          | 36,952          | 36,632          |
| Intangibles                           | -               | -               | -               | -               |
| Capital Work In Progress              | 6,277           | 6,727           | 7,177           | 7,627           |
| Goodwill                              | -               | -               | -               | -               |
| Non-Current Investments               | 56,839          | 61,839          | 66,839          | 71,839          |
| Net Deferred tax assets               | (2,041)         | (2,041)         | (2,041)         | (2,041)         |
| Other Non-Current Assets              | -               | -               | -               | -               |
| <b>Current Assets</b>                 |                 |                 |                 |                 |
| Investments                           | -               | -               | -               | -               |
| Inventories                           | 12,364          | 17,489          | 20,851          | 23,018          |
| Trade receivables                     | 9,551           | 17,489          | 19,858          | 21,922          |
| Cash & Bank Balance                   | 2,420           | 13,211          | 24,372          | 45,169          |
| Other Current Assets                  | 16,515          | 18,497          | 20,717          | 23,203          |
| <b>Total Assets</b>                   | <b>1,39,924</b> | <b>1,71,858</b> | <b>1,96,765</b> | <b>2,29,409</b> |
| <b>Equity</b>                         |                 |                 |                 |                 |
| Equity Share Capital                  | 475             | 475             | 475             | 475             |
| Other Equity                          | 60,003          | 78,106          | 1,01,956        | 1,30,067        |
| <b>Total Network</b>                  | <b>60,479</b>   | <b>78,581</b>   | <b>1,02,431</b> | <b>1,30,542</b> |
| <b>Non-Current Liabilities</b>        |                 |                 |                 |                 |
| Long Term borrowings                  | 15,248          | 13,998          | 12,748          | 11,498          |
| Provisions                            | -               | -               | -               | -               |
| Other non current liabilities         | -               | -               | -               | -               |
| <b>Current Liabilities</b>            |                 |                 |                 |                 |
| ST Debt / Current of LT Debt          | 18,107          | 17,786          | 17,482          | 17,191          |
| Trade payables                        | 41,306          | 56,838          | 59,574          | 65,766          |
| Other current liabilities             | 2,744           | 2,614           | 2,489           | 2,371           |
| <b>Total Equity &amp; Liabilities</b> | <b>1,39,924</b> | <b>1,71,858</b> | <b>1,96,765</b> | <b>2,29,409</b> |

Source: Company Data, PL Research



## Cash Flow (Rs m)

| Y/e Mar                              | FY23            | FY24E           | FY25E           | FY26E           |
|--------------------------------------|-----------------|-----------------|-----------------|-----------------|
| PBT                                  | 19,417          | 27,366          | 35,682          | 41,376          |
| Add. Depreciation                    | 6,312           | 6,901           | 7,205           | 7,871           |
| Add. Interest                        | 1,407           | 1,977           | 1,857           | 1,740           |
| Less Financial Other Income          | 389             | 1,040           | 1,255           | 1,377           |
| Add. Other                           | (389)           | (1,040)         | (1,255)         | (1,377)         |
| Op. profit before WC changes         | 26,747          | 35,204          | 43,489          | 49,609          |
| Net Changes-WC                       | (6,758)         | 357             | (5,340)         | (644)           |
| Direct tax                           | (5,123)         | (6,888)         | (8,981)         | (10,414)        |
| <b>Net cash from Op. activities</b>  | <b>14,865</b>   | <b>28,673</b>   | <b>29,168</b>   | <b>38,551</b>   |
| Capital expenditures                 | (9,847)         | (8,000)         | (8,000)         | (8,000)         |
| Interest / Dividend Income           | -               | -               | -               | -               |
| Others                               | (1,811)         | (3,960)         | (3,745)         | (3,623)         |
| <b>Net Cash from Inv. activities</b> | <b>(11,659)</b> | <b>(11,960)</b> | <b>(11,745)</b> | <b>(11,623)</b> |
| Issue of share cap. / premium        | -               | -               | -               | -               |
| Debt changes                         | 7,006           | (1,250)         | (1,250)         | (1,250)         |
| Dividend paid                        | (1,900)         | (2,376)         | (2,851)         | (2,851)         |
| Interest paid                        | (1,407)         | (1,977)         | (1,857)         | (1,740)         |
| Others                               | (617)           | -               | -               | -               |
| <b>Net cash from Fin. activities</b> | <b>3,083</b>    | <b>(5,602)</b>  | <b>(5,957)</b>  | <b>(5,840)</b>  |
| <b>Net change in cash</b>            | <b>6,289</b>    | <b>11,111</b>   | <b>11,466</b>   | <b>21,088</b>   |
| Free Cash Flow                       | 5,018           | 20,673          | 21,168          | 30,551          |

Source: Company Data, PL Research

## Quarterly Financials (Rs m)

| Y/e Mar                           | Q4FY23        | Q1FY24        | Q2FY24        | Q3FY24        |
|-----------------------------------|---------------|---------------|---------------|---------------|
| <b>Net Revenue</b>                | <b>66,048</b> | <b>72,179</b> | <b>81,446</b> | <b>82,450</b> |
| YoY gr. (%)                       | 19.4          | 20.1          | 12.8          | 26.0          |
| Raw Material Expenses             | 49,797        | 53,818        | 60,276        | 60,756        |
| Gross Profit                      | 16,251        | 18,361        | 21,170        | 21,694        |
| Margin (%)                        | 24.6          | 25.4          | 26.0          | 26.3          |
| <b>EBITDA</b>                     | <b>6,798</b>  | <b>7,638</b>  | <b>8,998</b>  | <b>9,244</b>  |
| YoY gr. (%)                       | 22.1          | 27.4          | 22.2          | 40.3          |
| Margin (%)                        | 10.3          | 10.6          | 11.0          | 11.2          |
| Depreciation / Depletion          | 1,674         | 1,636         | 1,701         | 1,781         |
| <b>EBIT</b>                       | <b>5,124</b>  | <b>6,002</b>  | <b>7,297</b>  | <b>7,464</b>  |
| Margin (%)                        | 7.8           | 8.3           | 9.0           | 9.1           |
| Net Interest                      | 363           | 474           | 523           | 448           |
| Other Income                      | 705           | 576           | 87            | 4             |
| <b>Profit before Tax</b>          | <b>5,466</b>  | <b>6,104</b>  | <b>7,237</b>  | <b>7,750</b>  |
| Margin (%)                        | 8.3           | 8.5           | 8.9           | 9.4           |
| Total Tax                         | 1,364         | 1,427         | 1,871         | 1,817         |
| Effective tax rate (%)            | 24.9          | 23.4          | 25.9          | 23.4          |
| <b>Profit after Tax</b>           | <b>4,103</b>  | <b>4,677</b>  | <b>5,366</b>  | <b>5,934</b>  |
| Minority interest                 | -             | -             | -             | -             |
| Share Profit from Associates      | -             | -             | -             | -             |
| <b>Adjusted PAT</b>               | <b>4,103</b>  | <b>4,677</b>  | <b>4,991</b>  | <b>5,204</b>  |
| YoY gr. (%)                       | 49.5          | 45.9          | 22.5          | 47.5          |
| Margin (%)                        | 6.2           | 6.5           | 6.1           | 6.3           |
| Extra Ord. Income / (Exp)         | -             | -             | (375)         | (730)         |
| <b>Reported PAT</b>               | <b>4,103</b>  | <b>4,677</b>  | <b>5,366</b>  | <b>5,934</b>  |
| YoY gr. (%)                       | 49.5          | 45.9          | 31.7          | 68.2          |
| Margin (%)                        | 6.2           | 6.5           | 6.6           | 7.2           |
| Other Comprehensive Income        | -             | -             | -             | -             |
| <b>Total Comprehensive Income</b> | <b>4,103</b>  | <b>4,677</b>  | <b>5,366</b>  | <b>5,934</b>  |
| Avg. Shares O/s (m)               | 476           | 476           | 476           | 476           |
| <b>EPS (Rs)</b>                   | <b>8.6</b>    | <b>9.8</b>    | <b>10.5</b>   | <b>10.9</b>   |

Source: Company Data, PL Research

## Key Financial Metrics

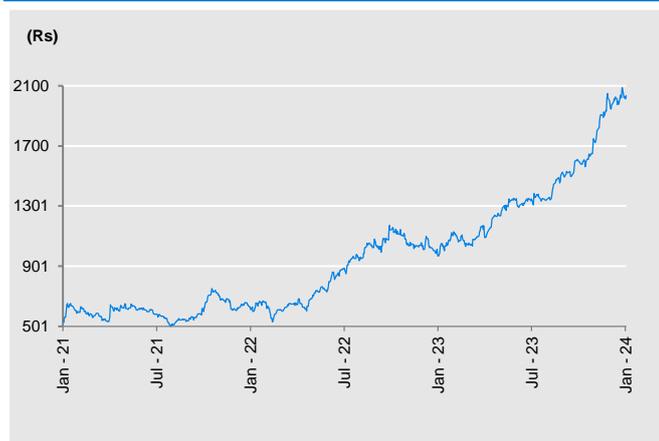
| Y/e Mar                    | FY23  | FY24E | FY25E | FY26E |
|----------------------------|-------|-------|-------|-------|
| <b>Per Share(Rs)</b>       |       |       |       |       |
| EPS                        | 29.7  | 43.1  | 56.2  | 65.2  |
| CEPS                       | 43.0  | 57.6  | 71.4  | 81.7  |
| BVPS                       | 127.3 | 165.4 | 215.6 | 274.8 |
| FCF                        | 10.6  | 43.5  | 44.6  | 64.3  |
| DPS                        | 4.0   | 5.0   | 6.0   | 6.0   |
| <b>Return Ratio(%)</b>     |       |       |       |       |
| RoCE                       | 24.3  | 27.7  | 29.9  | 28.6  |
| ROIC                       | 18.2  | 23.8  | 28.0  | 31.0  |
| RoE                        | 26.0  | 29.5  | 29.5  | 26.6  |
| <b>Balance Sheet</b>       |       |       |       |       |
| Net Debt : Equity (x)      | 0.5   | 0.2   | 0.1   | (0.1) |
| Net Working Capital (Days) | (27)  | (25)  | (19)  | (19)  |
| <b>Valuation(x)</b>        |       |       |       |       |
| PER                        | 67.6  | 46.6  | 35.7  | 30.8  |
| P/B                        | 15.8  | 12.1  | 9.3   | 7.3   |
| P/CEPS                     | 46.7  | 34.9  | 28.2  | 24.6  |
| EV/EBITDA                  | 36.8  | 27.6  | 22.1  | 18.9  |
| EV/Sales                   | 3.7   | 3.0   | 2.6   | 2.3   |
| Dividend Yield (%)         | 0.2   | 0.2   | 0.3   | 0.3   |

Source: Company Data, PL Research

## Key Operating Metrics

| Y/e Mar                          | FY23      | FY24E     | FY25E     | FY26E     |
|----------------------------------|-----------|-----------|-----------|-----------|
| Scooter volume (units)           | 13,33,925 | 15,61,895 | 17,53,748 | 19,18,647 |
| Motorcycle volume (units)        | 17,33,256 | 19,89,934 | 22,02,835 | 23,86,861 |
| Moped volume (units)             | 4,45,773  | 4,96,627  | 5,27,072  | 5,48,377  |
| Total two-wheeler volume (units) | 35,12,954 | 40,48,455 | 44,83,654 | 48,53,885 |
| Three-wheeler volume (units)     | 1,69,114  | 1,57,200  | 1,73,640  | 1,87,195  |
| Total volume (units)             | 36,82,068 | 42,05,655 | 46,57,294 | 50,41,080 |
| Realisation per unit (Rs)        | 71,639    | 75,890    | 77,815    | 79,363    |

Source: Company Data, PL Research

**Price Chart**
**Recommendation History**


| No. | Date      | Rating     | TP (Rs.) | Share Price (Rs.) |
|-----|-----------|------------|----------|-------------------|
| 1   | 08-Jan-24 | Hold       | 1,950    | 1,978             |
| 2   | 30-Oct-23 | Accumulate | 1,650    | 1,609             |
| 3   | 09-Oct-23 | Accumulate | 1,560    | 1,501             |
| 4   | 25-Jul-23 | Accumulate | 1,400    | 1,364             |
| 5   | 07-Jul-23 | Accumulate | 1,380    | 1,314             |
| 6   | 05-May-23 | BUY        | 1,300    | 1,169             |
| 7   | 12-Apr-23 | BUY        | 1,300    | 1,129             |

**Analyst Coverage Universe**

| Sr. No. | Company Name               | Rating     | TP (Rs) | Share Price (Rs) |
|---------|----------------------------|------------|---------|------------------|
| 1       | Ashok Leyland              | BUY        | 210     | 179              |
| 2       | Bajaj Auto                 | Reduce     | 6,000   | 6,996            |
| 3       | Bharat Forge               | Accumulate | 1,320   | 1,266            |
| 4       | CEAT                       | Accumulate | 2,640   | 2,443            |
| 5       | Divgi Torqtransfer Systems | BUY        | 1,300   | 994              |
| 6       | Eicher Motors              | Hold       | 3,870   | 3,877            |
| 7       | Endurance Technologies     | Hold       | 1,975   | 2,095            |
| 8       | Exide Industries           | Accumulate | 345     | 329              |
| 9       | Hero Motocorp              | Accumulate | 4,800   | 4,444            |
| 10      | Mahindra & Mahindra        | BUY        | 1,830   | 1,642            |
| 11      | Maruti Suzuki              | BUY        | 12,100  | 10,000           |
| 12      | Tata Motors                | BUY        | 900     | 791              |
| 13      | TVS Motor Company          | Hold       | 1,950   | 1,978            |

**PL's Recommendation Nomenclature (Absolute Performance)**

|                          |                                   |
|--------------------------|-----------------------------------|
| <b>Buy</b>               | : > 15%                           |
| <b>Accumulate</b>        | : 5% to 15%                       |
| <b>Hold</b>              | : +5% to -5%                      |
| <b>Reduce</b>            | : -5% to -15%                     |
| <b>Sell</b>              | : < -15%                          |
| <b>Not Rated (NR)</b>    | : No specific call on the stock   |
| <b>Under Review (UR)</b> | : Rating likely to change shortly |



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