

TVS Motor Company

BSE SENSEX	S&P CNX
39,052	11,586
Bloomberg	TVSL IN
Equity Shares (m)	475
M.Cap.(INRb)/(USDb)	207.7 / 2.9
52-Week Range (INR)	594 / 340
1, 6, 12 Rel. Per (%)	10/-15/-31
12M Avg Val (INR M)	822
Free float (%)	42.6

Financials & Valuations (INR b)

Y/E Mar	2019	2020E	2021E
Net Sales	182.1	174.2	199.2
EBITDA	14.3	14.9	17.9
PAT	6.7	6.8	8.7
EPS (INR)	14.1	14.2	18.3
Gr. (%)	1.1	0.9	28.7
BV/Sh (INR)	70.5	81.4	94.9
RoE (%)	21.5	18.7	20.8
RoCE (%)	22.4	18.8	21.8
P/E (x)	31.0	30.7	23.9
P/BV (x)	6.2	5.4	4.6

Estimate change



TP change



Rating change



CMP: INR437

TP: INR434 (-1%)

Neutral

Above estimates; cost-cutting efforts drive sharp margin improvement

- Better product mix, cost cutting drive profitability:** Volumes declined ~19% YoY (-4% QoQ) to 885.8k units in 2QFY20. Realizations increased ~7% YoY (+1.4% QoQ) to INR49.1k (our estimate: INR48.6k), driven by an improved mix and price increases. Revenues were down ~13% YoY to INR43.5b. Gross margin improved ~240bp YoY (+170bp QoQ) to 26.6% (our estimate: 25%), driven by cost-cutting initiatives (120bp QoQ) and mix (40bp QoQ). EBITDA margin improved 20bp YoY (+80bp QoQ) to 8.8% (our estimate: 7.8%). Low tax boosted adj. PAT to ~INR1.8b (our estimate: ~INR1.5b), a decline of ~15% YoY. For 1HFY20, revenue/EBITDA/PAT were down ~4%/2%/6% YoY.
- Earnings call highlights:** (a) Heavy rain during Navratras in the central/east region and Maharashtra resulted in much lower retails. However, retails have started picking up since the last few days due to receding rains. Diwali retails are expected to be good for TVSL. (b) Rural economy will likely improve either in 4QFY20 or 1QFY21 as sentiment is turning positive. (c) The strong focus on cost reduction is leading to a continuous improvement in margins. (d) TVSL expects further commodity cost benefit in 2HFY20. (e) Inventory is stable at five weeks. (f) 1HFY20 capex stood at ~INR3.3b and investments in subs at ~INR2.4b. FY20 capex pegged at ~INR6b.
- Valuation and view:** We upgrade our EPS estimates by ~21%/7% for FY20/21, led by better margins and lower tax (deferred tax revaluation). Valuations at 30.7x/23.9x FY20/21E EPS already reflect a large part of the earnings drivers, leaving no margin of safety for execution risk and change in competitive intensity. Maintain **Neutral** with a target price of INR434 (18x Sep'21E EPS + INR44/share for value in NBFC).

S/A Quarterly Performance

Y/E March (INR m)	FY19				FY20E				FY19		FY20
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	FY19	FY20	2QE
Volumes ('000 units)	928.3	1,088.4	989.8	907.3	923.2	885.8	919.5	829.5	3,915.0	3,558.0	885.8
Growth (%)	15.7	14.7	19.8	2.0	(0.5)	(18.6)	(7.1)	(8.6)	13.0	(9.1)	(18.6)
Realn (INR '000/unit)	44.9	45.9	47.1	48.4	48.4	49.1	49.0	49.5	46.5	49.0	48.6
Growth (%)	6.0	7.1	5.3	7.3	7.7	7.0	3.9	2.3	6.2	5.3	6.0
Net Sales	41,710	49,935	46,640	43,876	44,686	43,478	45,018	41,027	182,099	174,209	43,092
Growth (%)	22.7	22.8	26.1	9.5	7.1	(12.9)	(3.5)	(6.5)	20.0	(4.3)	(13.7)
RM (% of sales)	75.9	75.8	75.8	76.6	75.1	73.4	73.8	74.1	76.0	74.1	75.0
Emp cost (% of sales)	5.7	4.9	5.1	4.6	5.6	5.4	5.3	5.6	5.1	5.5	5.6
Other exp (% of sales)	10.7	10.7	11.1	11.7	11.3	12.5	12.0	11.8	11.0	11.9	11.6
EBITDA	3,238	4,282	3,757	3,117	3,558	3,820	4,040	3,477	14,333	14,895	3,374
EBITDA Margin(%)	7.8	8.6	8.1	7.1	8.0	8.8	9.0	8.5	7.9	8.5	7.8
Interest	180	212	167	247	291	285	290	289	806	1,155	270
Depreciation	933	1,016	1,012	1,031	1,194	1,241	1,245	1,232	3,993	4,912	1,195
PBT before EO Exp	2,150	3,062	2,585	1,875	2,085	2,343	2,531	1,971	9,610	8,930	1,935
EO Exp	0	0	0	0	0	-760	0	0	0	-760	0
PBT after EO Exp	2,150	3,062	2,585	1,875	2,085	3,103	2,531	1,971	9,610	9,691	1,935
Tax rate (%)	30.6	31.0	31.0	26.7	31.8	17.8	25.2	25.1	30.3	24.2	21.0
Reported PAT	1,492	2,113	1,784	1,374	1,423	2,550	1,895	1,476	6,701	7,343	1,529
Adjusted PAT	1,492	2,113	1,784	1,374	1,423	1,968	1,895	1,476	6,701	6,761	1,529
Growth (%)	15.2	(0.9)	15.6	(17.0)	(4.6)	(6.9)	6.2	7.4	1.1	0.9	(27.6)

E: MOFSL Estimates

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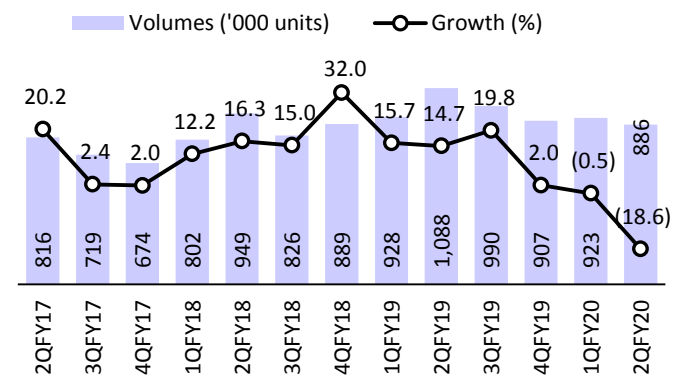
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Exports support volume, realizations drive revenue growth

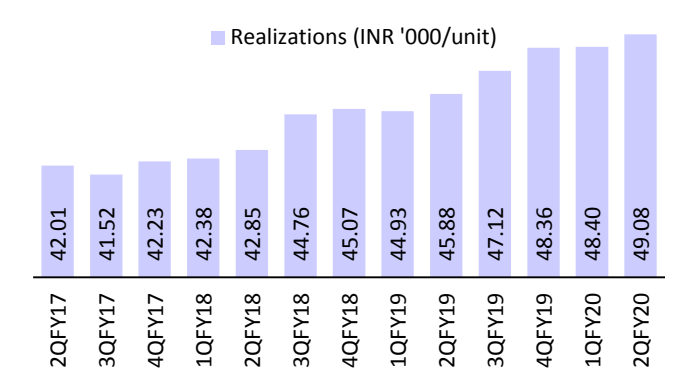
- In 2QFY20, volumes declined by ~19% YoY (-4% QoQ) to 885.8k units, with Moped/Scooters/Motorcycle volumes declining by 30%/14%/19% YoY. Total three-wheeler sales increased 9% YoY. Exports were up 14% YoY, whereas domestic volumes declined ~28% YoY.
- Realizations grew ~7% YoY (+1.4% QoQ) to a record INR49.1k (our estimate: ~INR48.6k), driven by a favourable mix (faster growth in exports and spares) and price increases.
- Consequently, revenues declined ~13% YoY to INR43.5b.

Exhibit 1: Trend in volume and volume growth



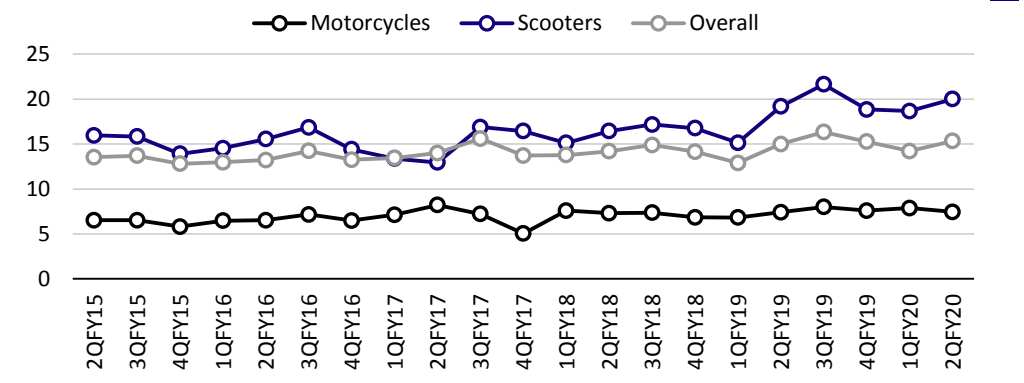
Source: Company, MOFSL

Exhibit 2: Trend in blended realizations



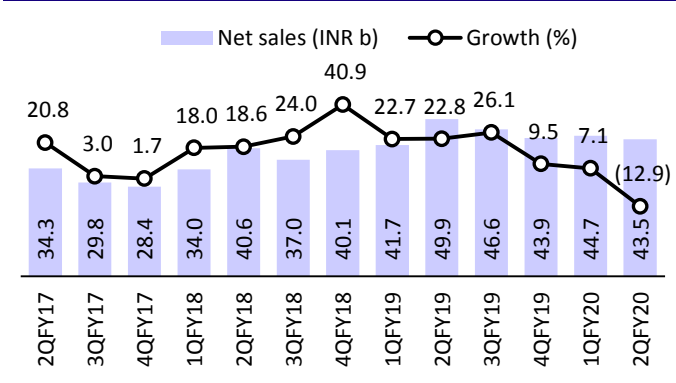
Source: Company, MOFSL

Exhibit 3: Motorcycle, Scooter and overall market share trend



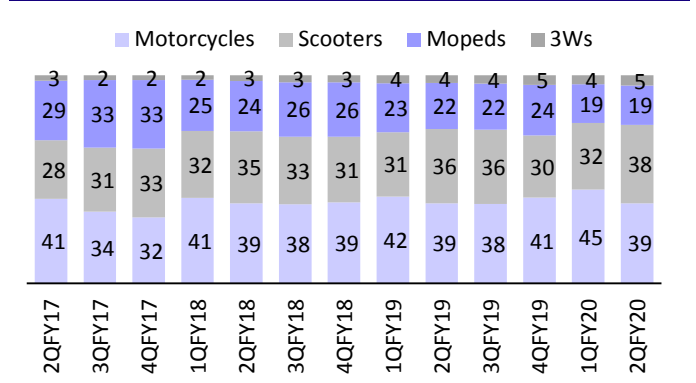
Source: Company, MOFSL

Exhibit 4: Net sales and growth trends



Source: Company, MOFSL

Exhibit 5: Contribution of different segments in volume mix

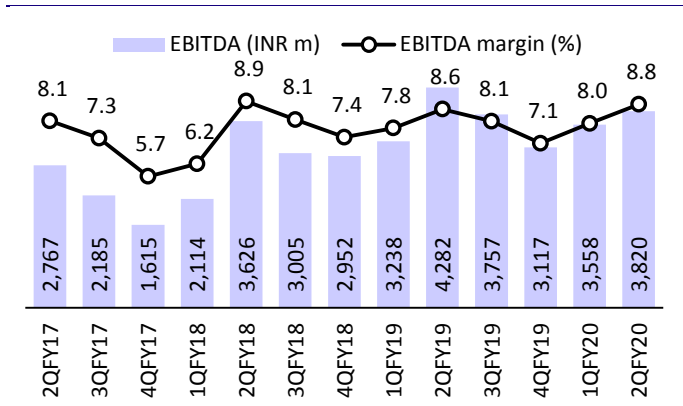


Source: Company, MOFSL

EBITDA margin above estimate driven by lower RM cost

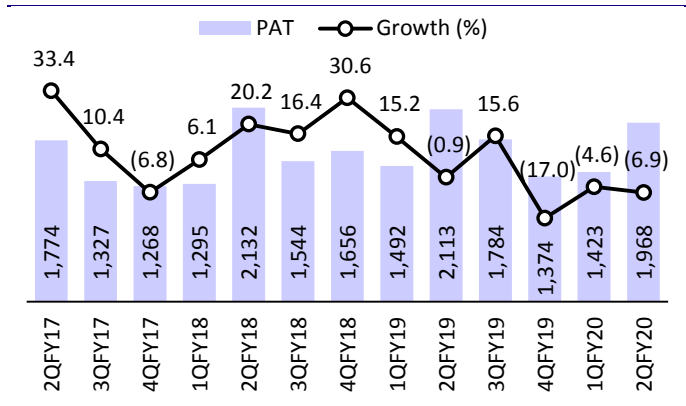
- Gross margin improved ~240bp YoY (+170 QoQ) to 26.6% (our estimate: 25%), driven by cost-cutting initiatives (120bp QoQ) and an improved mix (40bp QoQ). Commodity cost savings contributed ~20bp QoQ.
- EBITDA declined ~11% YoY (+7.4% QoQ) to INR3.8b (our estimate: ~INR3.4b), implying an EBITDA margin of 8.8% (+20bp YoY, +80bp QoQ; our estimate: 7.8%).
- Low tax boosted adj. PAT to ~INR1.79b (our estimate: ~INR1.53b), a decline of ~15% YoY.
- For 1HFY20, revenue/EBITDA/PAT declined ~4%/2%/6% YoY.
- In 1HFY20, TVSL's FCF (incl. investments in subsidiaries) was negative at ~INR244m (v/s negative ~INR153m in 1HFY19).

Exhibit 6: EBITDA and EBITDA margin trend



Source: Company, MOFSL

Exhibit 7: PAT and its growth trajectory



Source: Company, MOFSL

Key highlight from conference call

- Heavy rains during Navratras in the central/east region and Maharashtra resulted in much lower retails. However, retails have started picking up since the last few days due to receding rains. Expecting good Diwali retails for TVSL.
- Rural economy will improve either in 4QFY20 or 1QFY21. Sentiment is turning positive. The company sees challenges in 3Q but expects an improvement from 4Q.
- Inventory stable at five weeks.
- Strong focus on cost reduction has driven a continuous improvement in margins.
- Gross margins improvement QoQ can be attributed to commodity cost decline (~20bp), cost reduction initiatives (~120bp) and product mix (~40bp). It expects this to sustain. TVSL started cost-reduction initiatives eight quarters back.
- Commodity cost has been softening and the benefit is likely to come in the coming quarters.
- Staff cost reduction due to cost-reduction initiatives.
- For 1HFY20, capex stood at ~INR3.3b and investments in subs at ~INR2.35b. FY20 capex pegged at ~INR6b.
- EV launch will happen in 2HFY20.
- BS6 supplies will start gradually from Nov'19.

Valuation and view

- **Strong volume outperformance, market share gain to continue:** We expect TVSL to continue outperforming the domestic 2W industry on the volumes front, driven by (a) strong growth in scooters, (b) Radeon/Apache and (c) several new upgrades. We estimate ~2% CAGR in 2W volumes over FY19-22 (~8% CAGR in FY20-22E), resulting in market share gains. Overall, we estimate revenue CAGR of ~7%, supported by a mix improvement and BS6 price hikes.
- **Improving market position and scale to drive 110bp margin expansion over FY19-21:** There are several levers for margin expansion: (a) improving competitive positioning, (b) better mix, (c) cost-cutting initiatives and (d) operating leverage (particularly on marketing and employee cost). Hence, we estimate EBITDA margin expansion (FY19-21) of 110bp to 9%. This would result in standalone EPS CAGR of ~14% over FY19-21.
- **NBFC arm becoming subsidiary to boost consol. performance:** TVS Credit Services, ~85% subsidiary, is a fast growing NBFC with presence in financing of 2Ws, used cars, tractors, etc. We value this NBFC at ~INR44/share (post 20% hold-co discounts).
- **Valuation and view: Priced to perfection; Maintain Neutral:** While there could be a near-term recovery led by the festive season and pre-buying ahead of BS6 transition, we expect subdued volumes in 1HCY20 due to 8-12% cost inflation for BS6 compliance. Further, electrification of 2Ws could threaten TVSL's competitive positioning in scooters as we expect it to be cannibalized by e-scooters. We upgrade our EPS estimate by ~21%/7% for FY20/21, led by better margins and lower tax (deferred tax revaluation). Valuations at 30.7x/23.9x FY20/21E EPS are already reflecting a large part of earnings drivers, leaving no margin of safety for execution risk and change in competitive intensity. Maintain **Neutral** with a TP of INR434 (18x Sep'21 EPS + INR44/share for value in NBFC).

Exhibit 8: Revised estimates

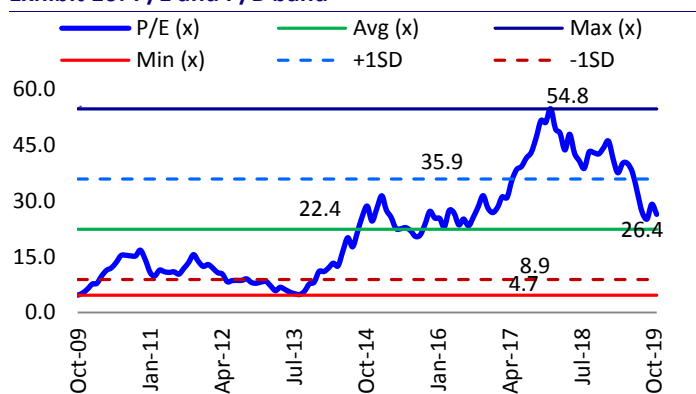
(INR M)	FY20E			FY21E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Volumes (m units)	3.56	3.52	1.2	3.82	3.79	0.7
Net Sales	174,209	172,686	0.9	199,173	198,329	0.4
EBITDA	14,895	13,297	12.0	17,926	17,056	5.1
EBITDA (%)	8.5	7.7	90bp	9.0	8.6	40bp
Net Profit	6,761	5,608	20.6	8,701	8,151	6.7
EPS (INR)	14.2	11.8	20.6	18.3	17.2	6.7

Source: MOFSL

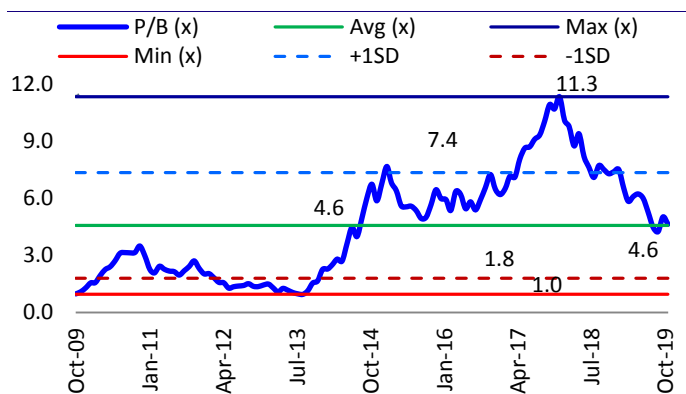
Exhibit 9: TVS Credit Services – Valuable investment

INR M	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
Loan book	5,290	10,630	17,020	26,360	39,540	50,000	61,540	83,350	104,188	130,234
Loan book Gr (%)		101	60	55	50	26	23	35	25.0	25.0
Leverage (x)	3.7	6.2	6.5	6.7	7.3	7.2	6.9	7.0	7.0	7.0
RoA (%)	0.0	0.5	1.0	1.1	1.3	1.7	2.2	1.8	1.5	1.7
PAT	3	52	172	292	507	870	1,380	1,480	1,563	2,149
Net Worth	1,430	1,720	2,620	3,920	5,410	6,980	8,920	11,900	14,963	18,612
RoE (%)	0.2	3.0	6.6	7.5	9.4	12.5	15.5	12.4	10.4	11.5
P/B (x)								1.5	1.5	1.5
Equity Value								17,850	22,444	27,918
TVSLs Stake (%)								84	84	84
Value for TVSL @ Post 20% Hold Co Discount										18821
Value for TVSL (INR/sh) @ 20% HoldCo										40

Source: Company, MOFSL

Exhibit 10: P/E and P/B band

Source: MOFSL



Source: MOFSL

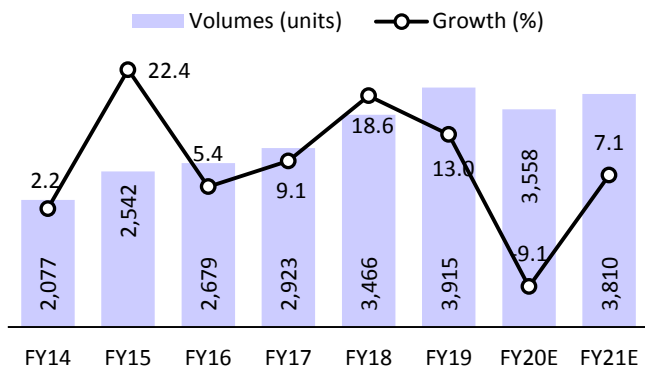
Exhibit 11: Comparative Valuation

	CMP (INR)	Rating	TP (INR)	P/E (x)		EV/EBITDA (x)		RoE (%)		Div Yield (%)		EPS CAGR (%)
				FY20E	FY21E	FY20E	FY21E	FY20E	FY21E	FY20E	FY21E	FY19-21E
Auto OEM's												
Bajaj Auto	3,110	Neutral	3,028	18.6	16.9	14.9	12.4	21.1	21.0	2.1	2.3	5.5
Hero MotoCorp	2,629	Neutral	2,556	18.8	16.3	11.5	10.3	21.3	23.2	3.4	3.6	-2.4
TVS Motor	437	Neutral	434	30.7	23.9	14.9	12.2	18.7	20.8	0.9	0.9	13.9
M&M	593	Buy	654	18.5	16.2	12.9	11.5	11.4	10.5	1.7	1.7	-7.4
Maruti Suzuki	7,123	Buy	7,100	47.1	28.9	28.9	17.5	9.2	14.0	1.1	1.3	-0.3
Tata Motors	138	Neutral	119	-130.8	12.0	4.5	3.3	-0.6	6.3	0.2	0.2	LTP
Ashok Leyland	74	Buy	88	36.5	21.9	14.0	10.8	7.2	12.0	3.1	3.1	-30.2
Eicher Motors	20,518	Buy	20,500	32.6	24.0	25.7	19.3	17.9	20.8	0.6	0.6	2.4
Escorts	646	Neutral	656	12.2	11.3	10.4	9.3	16.2	15.2	0.5	0.5	3.5
Auto Ancillaries												
Bharat Forge	457	Buy	523	23.5	19.0	13.6	11.9	16.1	17.7	1.4	1.4	4.1
Exide Industries	178	Buy	242	16.4	15.0	9.7	8.6	14.0	13.8	1.8	1.8	14.2
Amara Raja Batteries	671	Buy	786	19.4	17.8	10.7	9.7	16.7	16.2	1.3	1.4	15.2
BOSCH	14,012	Neutral	13,956	32.0	25.9	25.2	19.0	15.2	18.8	0.6	0.8	-0.1
Endurance Tech	999	Buy	1,121	25.7	22.4	11.8	10.2	19.9	19.8	1.0	1.1	10.9
Motherson Sumi	109	Buy	141	24.2	17.0	7.7	5.4	12.1	15.6	1.1	1.6	11.9
Mahindra CIE	142	Buy	219	10.0	8.6	6.6	5.1	11.9	12.2	0.0	0.0	6.9
CEAT	969	Buy	1,117	17.0	13.9	8.7	8.1	8.1	9.2	1.3	1.3	2.2

Source: Company, MOFSL

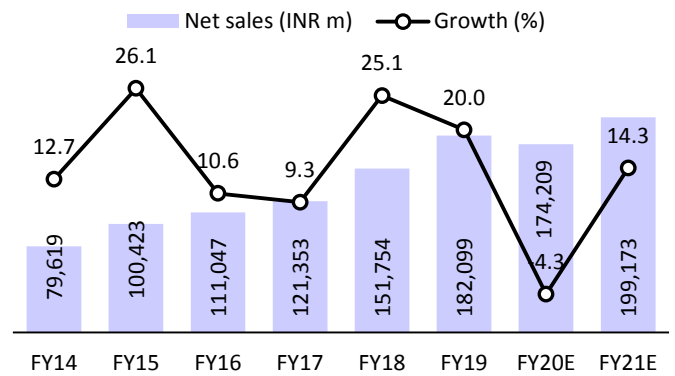
Story in charts: Healthy earning growth

Exhibit 12: Volume growth trajectory



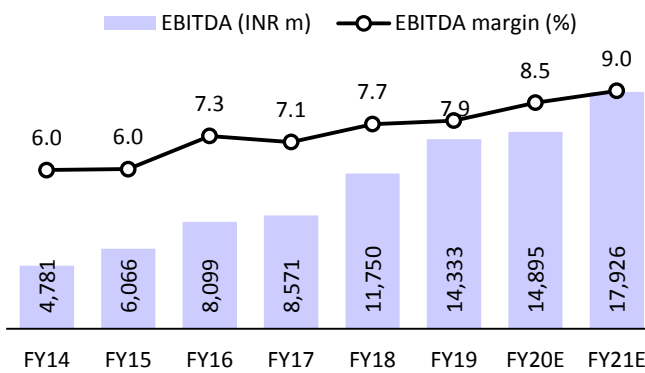
Source: Company, MOFSL

Exhibit 13: Revenues growth trend



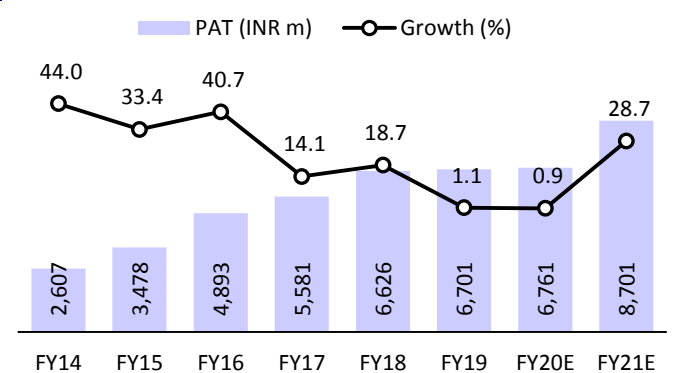
Source: Company, MOFSL

Exhibit 14: EBITDA margins trending upward



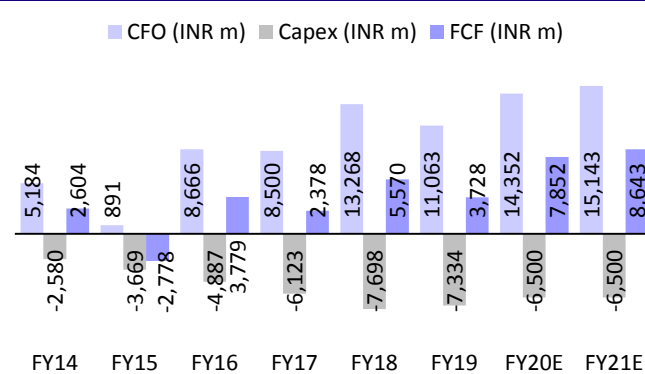
Source: Company, MOFSL

Exhibit 15: Trend in PAT and PAT growth



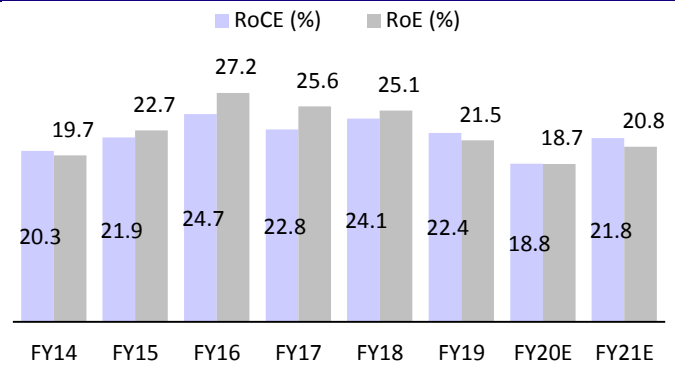
Source: Company, MOFSL

Exhibit 16: FCF to remain strong despite high capex plans



Source: Company, MOFSL

Exhibit 17: Sharp improvement in return ratios



Source: Company, MOFSL

Key operating metrics

Exhibit 18: Snapshot of Revenue model

units	FY16	FY17	FY18	FY19	FY20E	FY21E
Motorcycle	1,016,807	1,067,803	1,329,105	1,539,226	1,422,191	1,556,731
Growth (%)	6.2	5.0	24.5	15.8	-7.6	9.5
% of total vols	38.0	36.5	38.3	39.3	40.0	40.9
Scooter	812,527	870,863	1,134,918	1,301,115	1,276,448	1,375,980
Growth (%)	15.0	7.2	30.3	14.6	-1.9	7.8
% of total vols	30.3	29.8	32.7	33.2	35.9	36.1
Moped	738,547	910,519	876,932	896,917	667,387	651,903
Growth (%)	-3.5	23.3	-3.7	2.3	-25.6	-2.3
% of total vols	27.6	31.1	25.3	22.9	18.8	17.1
Total 2Ws	2,567,881	2,853,885	3,367,426	3,758,551	3,385,190	3,617,192
Growth (%)	5.7	11.1	18.0	11.6	-9.9	6.9
% of total vols	95.9	97.6	97.2	96.0	95.1	95.0
3Ws	110,821	69,254	98,684	156,434	172,848	192,362
Growth (%)	-1.8	-37.5	42.5	58.5	10.5	11.3
% of total vols	4.1	2.4	2.8	4.0	4.9	5.0
Domestic	2,224,902	2,502,050	2,891,895	3,153,247	2,700,556	2,837,099
Growth (%)	4.8	12.5	15.6	9.0	-14.4	5.1
% of total vols	83.1	85.6	83.4	80.5	75.9	74.5
Exports	453,800	421,089	574,215	761,738	857,483	972,454
Growth (%)	8.3	-7.2	36.4	32.7	12.6	13.4
% of total vols	16.9	14.4	16.6	19.5	24.1	25.5
Total volumes	2,678,702	2,923,139	3,466,110	3,914,985	3,558,039	3,809,553
Growth (%)	5.4	9.1	18.6	13.0	-9.1	7.1
ASP (INR/unit)	0	0	0	0	0	0
Growth (%)	4.9	0.1	5.5	6.2	5.3	6.8
Net Sales (INR m)	111,047	121,353	151,754	182,099	174,209	199,173
Growth (%)	10.6	9.3	25.1	20.0	-4.3	14.3

Source: Company, MOFSL

Financials and Valuations

Standalone - Income Statement							(INR M)
Y/E March	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
Volumes (units)	25,18,000	26,78,702	29,23,139	34,66,110	39,14,985	35,58,039	38,16,975
Growth (%)	21.5	6.4	9.1	18.6	13.0	(9.1)	7.3
Net Sales	1,00,423	1,11,047	1,21,353	1,51,754	1,82,099	1,74,209	1,99,173
Change (%)	26.1	10.6	9.3	25.1	20.0	-4.3	14.3
EBITDA	6,066	8,099	8,571	11,750	14,333	14,895	17,926
Margin (%)	6.0	7.3	7.1	7.7	7.9	8.5	9.0
Depreciation	1,533	2,361	2,878	3,387	3,993	4,912	5,382
EBIT	4,533	5,738	5,693	8,362	10,340	9,983	12,544
Int. and Finance Charges	274	487	440	566	806	1,155	1,031
Other Income - Rec.	303	1,039	1,734	990	75	102	112
PBT bef. EO Exp.	4,562	6,289	6,987	8,786	9,610	8,930	11,625
EO Expense/(Income)	0	0	0	0	0	760	0
PBT after EO Exp.	4,562	6,289	6,987	8,786	9,610	8,170	11,625
Current Tax	803	1,397	1,406	1,971	2,768	2,347	2,924
Deferred Tax	281	0	0	190	141	0	0
Tax Rate (%)	23.7	22.2	20.1	24.6	30.3	28.7	25.1
Reported PAT	3,478	4,893	5,581	6,626	6,701	5,823	8,701
PAT Adj for EO items	3,478	4,893	5,581	6,626	6,701	6,761	8,701
Change (%)	33.4	40.7	14.1	18.7	1.1	0.9	28.7
Margin (%)	3.5	4.4	4.6	4.4	3.7	3.9	4.4

Standalone - Balance Sheet							(INR M)
Y/E March	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
Equity Share Capital	475	475	475	475	475	475	475
Total Reserves	15,979	19,108	23,608	28,329	32,998	38,200	44,617
Net Worth	16,454	19,583	24,083	28,804	33,473	38,675	45,092
Deferred Liabilities	1,528	1,437	1,257	1,482	2,126	2,126	2,126
Total Loans	9,187	9,741	11,648	13,014	17,673	17,673	14,673
Capital Employed	27,170	30,763	36,988	43,300	53,272	58,474	61,891
Gross Block	28,218	34,651	39,290	45,454	50,536	58,609	65,109
Less: Accum. Deprn.	14,922	17,456	19,451	21,736	24,743	29,655	35,036
Net Fixed Assets	13,296	17,196	19,839	23,719	25,793	28,954	30,072
Capital WIP	894	310	623	1,311	2,572	1,000	1,000
Total Investments	10,125	12,703	15,880	20,355	23,008	25,508	27,708
Curr. Assets, Loans&Adv.	21,732	19,315	22,705	26,177	32,320	33,309	37,579
Inventory	8,197	6,964	9,670	9,644	11,759	11,250	12,862
Account Receivables	5,039	5,781	7,238	9,684	14,141	10,500	12,005
Cash and Bank Balance	54	327	85	109	439	3,254	3,382
Loans and Advances	8,443	6,243	5,713	6,741	5,981	8,304	9,330
Curr. Liability & Prov.	18,878	18,760	22,059	28,495	30,422	30,297	34,469
Account Payables	17,390	15,437	18,594	25,180	29,239	29,114	33,286
Provisions	1,488	3,323	3,465	3,315	1,183	1,183	1,183
Net Current Assets	2,854	554	646	-2,318	1,898	3,012	3,110
Appl. of Funds	27,169	30,763	36,988	43,067	53,272	58,474	61,891

E: MOFSL Estimates

Financials and Valuations

Ratios

Y/E March	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
Basic (INR)							
EPS	7.3	10.3	11.7	13.9	14.1	14.2	18.3
Growth (%)	33.4	40.7	14.1	18.7	1.1	0.9	28.7
Cash EPS	10.5	15.3	17.8	21.1	22.5	24.6	29.6
BV/Share	34.6	41.2	50.7	60.6	70.5	81.4	94.9
DPS	2.0	2.5	2.5	3.3	3.5	3.8	4.0
Payout (%)	34.0	28.9	25.6	28.4	29.8	36.8	26.3
Valuation (x)							
P/E	59.7	42.4	37.2	31.3	31.0	30.7	23.9
Cash P/E	41.4	28.6	24.6	20.7	19.4	17.8	14.7
P/BV	12.6	10.6	8.6	7.2	6.2	5.4	4.6
EV/Sales	2.2	2.0	1.8	1.5	1.2	1.3	1.1
EV/EBITDA	35.7	26.8	25.6	18.8	15.7	14.9	12.2
Dividend Yield (%)	0.5	0.6	0.6	0.8	0.8	0.9	0.9
Return Ratios (%)							
EBITDA Margins (%)	6.0	7.3	7.1	7.7	7.9	8.5	9.0
Net Profit Margins (%)	3.5	4.4	4.6	4.4	3.7	3.9	4.4
RoE	22.7	27.2	25.6	25.1	21.5	18.7	20.8
RoCE	21.9	24.7	22.8	24.1	22.4	18.8	21.8
RoIC	24.0	23.5	21.7	27.0	25.4	22.5	28.5
Operating Ratios							
Fixed Asset Turnover (x)	3.6	3.2	3.1	3.3	3.6	3.0	3.1
Inventory (Days)	29.8	22.9	29.1	23.2	23.6	23.6	23.6
Debtor (Days)	17	17	20	23	28	22	22
Creditor (Days)	63	51	56	61	59	61	61
Working Capital (Days)	10	1	2	-6	3	-1	0
Leverage Ratio (x)							
Current Ratio	1.2	1.0	1.0	0.9	1.1	1.1	1.1
Debt/Equity	0.6	0.5	0.5	0.5	0.5	0.5	0.3

Standalone - Cash Flow Statement

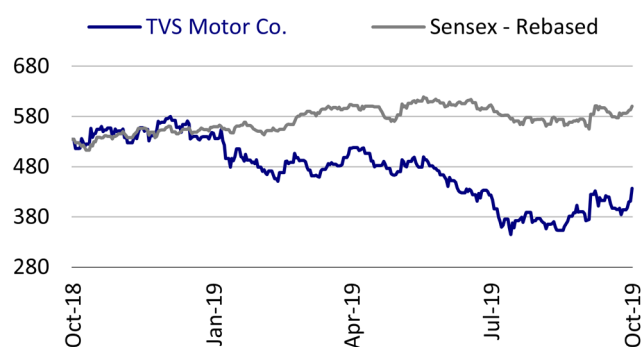
Y/E March	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
(INR M)							
NP/ (Loss) bef Tax and EO	4,562	6,289	6,987	8,786	9,610	8,930	11,625
Depreciation	1,533	2,361	2,878	3,387	3,993	4,912	5,382
Interest & Finance Charges	55	92	440	582	857	1,155	1,031
Direct Taxes Paid	1,407	1,458	1,290	2,465	2,300	2,347	2,924
(Inc)/Dec in WC	-3,853	1,382	-514	2,977	-1,097	1,702	29
CF from Operations	891	8,666	8,500	13,268	11,063	14,352	15,143
Others	-44	745	-1,261	-294	-85	-102	-112
CF from Operating incl EO	846	9,411	7,239	12,973	10,978	14,250	15,031
(inc)/dec in FA	-3,669	-4,887	-6,123	-7,698	-7,334	-6,500	-6,500
Free Cash Flow	-2,823	4,524	1,117	5,276	3,643	7,750	8,531
CF from Investments	-4,933	-6,097	-7,481	-11,314	-10,023	-8,898	-8,588
(Inc)/Dec in Debt	4,429	-461	2,792	1,917	939	0	-3,000
Interest Paid	-285	-461	-433	-582	-857	-1,155	-1,031
Dividend Paid	-831	-2,065	1,430	1,887	2,000	-2,142	-2,284
CF from Fin. Activity	3,308	-3,061	-727	-747	811	-2,536	-6,316
Inc/Dec of Cash	-778	253	-969	912	1,766	2,816	128
Add: Beginning Balance	832	1,588	1,320	-2,288	-1,376	439	3,254
Closing Balance	54	1,842	350	-1,376	390	3,254	3,382

Corporate profile

Company description

TVS is a multinational motorcycle company headquartered at Chennai, India. It is the third largest motorcycle company in India with a revenue of over ₹20,000 crore (US\$2.9 billion) in 2018-19. The company has an annual sales of 3 million units and an annual capacity of over 4 million vehicles. TVS Motor Company is also the 2nd largest exporter in India with exports to over 60 Countries. TVS was established by Karthikeyan. He began with Madurai's first bus service in 1911 and founded T.V.S, a company in the transportation business with a large fleet of trucks and buses under the name of Southern Roadways.

Exhibit 1: Sensex rebased



Source: MOFSL/Bloomberg

Exhibit 2: Shareholding pattern (%)

	Sep-19	Jun-19	Sep-18
Promoter	57.4	57.4	57.4
DII	19.0	16.4	12.8
FII	13.2	15.7	18.4
Others	10.4	10.5	11.4

Note: FII Includes depository receipts Source: Capitaline

Exhibit 3: Top holders

Holder Name	% Holding
Icici Prudential Mutual Fund	8.0
Jwalamukhi Investment Holdings	4.9
Reliance Capital Trustee Co Ltd	3.6
Cartica Capital Ltd	3.2
Life Insurance Corporation Of India	1.9

Source: Capitaline

Exhibit 4: Top management

Name	Designation
Venu Srinivasan	Chairman & Managing Director
Sudarshan Venu	Joint Managing Director
K N Radhakrishnan	Director & Chief Executive Off
K S Srinivasan	Company Secretary

Source: Capitaline

Exhibit 5: Directors

Name	Name
H Lakshmanan	C R Dua
Lakshmi Venu	Hemant Krishan Singh
Rajesh Narasimhan	Prince Asirvatham
Lalita D Gupte	T Kannan
R Gopalan	

*Independent

Exhibit 6: Auditors

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

Source: Capitaline

Exhibit 7: MOFSL forecast v/s consensus

EPS (INR)	MOFSL forecast	Consensus forecast	Variation .(%)
FY20	14.2	15.1	-6.2
FY21	18.3	17.3	5.6

Source: Bloomberg

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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