

**HOLD**

TP: Rs 3,658 | ▲ 4%

**TVS MOTOR**

| Automobiles

| 14 May 2026

**Holding steady; well-oiled for turbulence; retain HOLD**

- **Outperformance in Scooters, EVs and exports drive gains of 28% YoY and 34% YoY in volumes and revenue respectively**
- **Commodity inflation of ~3-5% and supply chain disruption contracts gross margin by ~161bps YoY, price hikes aid partially offset (35%)**
- **Revise down FY27/FY28 earnings marginally; value TVS at 33x core business. TP revised to Rs3,658 (vs Rs3,562 earlier); retain HOLD**

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**Scooters, EVs and exports outperform, driving growth:** TVSL reported revenue grew ~34% YoY to ~Rs128bn in Q4FY26, driven by a healthy 28% YoY volume growth to ~1.56mn. Scooters were the key growth driver, rising ~32% YoY. Motorcycle volumes grew ~23% YoY, supported by premium segment. 3W volumes jumped ~65% YoY and exports grew ~23% YoY, with continued momentum across Africa, LATAM and Asia. Average realisation gained ~4.5%/1.6% YoY/QoQ; aided by a richer mix, premiumisation, price hikes and higher exports contribution.

**Commodity cost inflation and supply-side disruptions weigh on margins:** Raw material costs spiked by ~37%/3% YoY/QoQ to ~Rs91bn. The RM cost-to-sales jumped to 71.4% (vs 69.8% YoY). TVSL indicated that the commodity inflation is currently at ~3-5% of revenue, with only ~35% offset through price hikes. Further, supply-side disruptions pertaining to labour shortages, gas availability and logistics delays also impacted the operations during late Q4 and early Q1FY27.

**EV growth remains a key driver:** EV sales grew strongly by ~51% YoY to ~115k units during Q4FY26, with revenue crossing ~Rs50bn. The penetration has increased further to 7.8% vs 7.1% YoY. To address the demand, EV production capacity has already been ramped up to ~40k units/month and will soon scale up to ~50k units/month.

**Calibrated capacity expansion:** TVSL has announced plans to expand the overall capacity by ~1.5mn units by FY27 to ~8.3mn units. Capex(FY27) guidance is of ~Rs35bn, focused on new launches, R&D and EV expansion.

**Revise TP; maintain HOLD:** GST cut, premiumisation focus, exports mix will help balance EV scooters growth for margins. Further, buoyant growth across segments in the motorcycle portfolio adds comfort. The positive revival in the rural sentiment augurs well. We have marginally cut our EPS target for FY27e/FY28e by 1% and introduce FY29 earnings with 3-year EBITDA/PAT CAGR at 12%/16%. We maintain our P/E for the core business at 33x, factoring in the strong launch program and healthy exports. We arrive at a new 1YF TP of Rs 3,658 (Rs3,562) valuing the core business at Rs 3,525 and Rs 133/sh for TVS Credit Services. Maintain HOLD.

**Key changes**

Target	Rating
▲	◀ ▶

Ticker/Price	TVSL IN/Rs 3,527
Market cap	US\$ 17.7bn
Free float	48%
3M ADV	US\$ 34.8mn
52wk high/low	Rs 3,970/Rs 2,655
Promoter/FPI/DII	52%/13%/25%

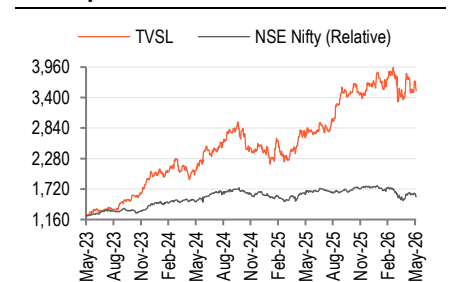
Source: NSE | Price as of 13 May 2026

**Key financials**

Y/E 31 Mar	FY26P	FY27E	FY28E
Total revenue (Rs mn)	4,72,703	5,22,868	6,02,456
EBITDA (Rs mn)	60,793	66,680	76,294
Adj. net profit (Rs mn)	36,575	42,922	50,002
Adj. EPS (Rs)	77.0	90.3	105.2
Consensus EPS (Rs)	77.0	91.9	110.2
Adj. ROAE (%)	32.6	28.8	25.9
Adj. P/E (x)	45.8	39.0	33.5
EV/EBITDA (x)	27.8	25.3	21.9
Adj. EPS growth (%)	34.9	17.4	16.5

Source: Company, Bloomberg, BOBCAPS Research | P – Provisional

**Stock performance**



Source: NSE



**Fig 1 – Earnings call highlights**

Parameter	Q4FY26	Q3FY26	Our View
Domestic Volume	Domestic 2W sales grew ~26% YoY in Q4FY26, ahead of the industry growth of ~24%. Management highlighted that scooter segment momentum remains particularly strong, with Jupiter 110/125, Ntorq and EV portfolio seeing a healthy customer pull. Premium motorcycle portfolio continued its strong performance, with Ronin monthly volumes crossing ~8k units and management expecting a further ramp-up. TVSL expects the industry growth to be in high single digits for FY27. However, management flagged pressure in the commuter motorcycle category due to inflationary stress.	2W sales grew 27% YoY, outperforming industry growth of 17% during the festive quarter. Driven by robust festive demand, healthy traction across motorcycles and scooters, and benefits of GST reduction fully passed on to customers. Motorcycle sales grew 31% YoY, led by continued traction in premium and mid-segment motorcycles. Scooter sales grew 25% YoY supported by sustained demand for Jupiter and iQube. Category share is now ~40%.	TVS will outpace the industry growth, with a healthy motorcycle product portfolio and EV drive aiding scooter sales. Additionally, GST rate rationalisation will help sustain the momentum in H1FY27. This is likely to continue, following a strong new products launching in H2.
Exports	Exports maintained momentum with overseas revenue growth of 23% YoY at ~Rs30bn in Q4FY26. This was despite geopolitical disruptions and logistics delays. FY26 export volumes reached ~1.58mn units, up ~33% YoY. Africa was the strongest region, while LATAM and Asia scaled up steadily. Sri Lanka has fully recovered, and Nepal continues to perform well; Bangladesh operations are also expected to resume soon.	2W sales in overseas markets grew 35% YoY vs industry growth of 23%. Export growth was driven by strong momentum across Africa, LATAM and Asia, supported by gradual recovery in overseas demand while Europe continues to be subdued.  For 9MFY26, 2W exports grew 35% YoY, underlining sustained recovery across key markets.	Exports will be a key delta for volume as the opening of key overseas markets, including ASEAN, the Middle East and LATAM, augurs well for TVSL. The product demand remains robust across overseas markets, though logistics lead times have increased due to shipping disruptions. Focus aggressively on Africa, Middle East and LATAM expansion only will consolidate the overseas revenue, The new trade agreement will help boost overseas sales.
Three-wheelers (3W)	3W sales grew ~65% YoY to ~60k units in Q4FY26; FY26 3W volumes rose ~63% YoY to ~220k units. Growth was supported by the growing acceptance of TVS King EV portfolio and a healthy traction in the cargo and passenger categories. TVSL highlighted a healthy initial response to the newly launched TVS King Cargo CNG HD, alongside a continued traction for EV cargo variants. Further, TVSL signed a joint development agreement with Hyundai Motor to co-develop the advanced mobility solutions.	Total 3W sales more than doubled, growing 106% YoY. Growth was driven by increasing acceptance of the TVS King portfolio, particularly in the e3W segment.  For 9MFY26, total 3W sales stood at 159k units, up by ~62% YoY, reflecting strong sequential ramp-up through the year.	TVSL has gained a healthy traction with encouraging growth, despite being a late entrant. Besides, the new EV 3W launches will only help increase the penetration and should provide additional comfort. EV 3W Vahan share continues to improve steadily, indicating the wholesale and retail sales gaining traction together.
Electric Vehicles	EV 2W sales grew ~51% YoY to ~115k units in Q4FY26 and ~33% YoY to ~0.37mn units in FY26. EV revenue for FY26 was ~Rs50bn. TVSL highlighted strong traction for both iQube and the newly launched Orbiter. Orbiter V1 (1.8kWh) and V2 (3.1kWh) have received a healthy response from customers, targeting differentiated customer segments. iQube cumulative customer base crossed ~0.9mn users with the newly launched iQube S offering ~175 km range. EV penetration improved to	EV sales grew 40% YoY, achieving highest-ever quarterly EV sales of 106k units. Growth was led by the iQube and increasing acceptance of the Orbiter during the quarter.  Management highlighted that supply-side challenges related to rare earth magnets dampened sales, but the magnet stock has returned to sufficient level. Overall EV penetration has increased to ~30% in Q3FY26.	Margins may be under pressure in the interim. However, TVSL's planned and structured EV thrust will likely yield results in the medium term. Further, the near resolve of the earth magnet supply will only smoothen scooters supply to tap new demand. Additionally, timely capacity addition will only aid meeting the incremental demand, as also help gain/maintain market share in the EV space.

Parameter	Q4FY26	Q3FY26	Our View
	<p>~7.8% in Q4FY26 vs ~7.1% Q4FY25. Production capacity has increased from ~30-32k units/month to ~40k units/month and will likely reach ~50k units/month shortly. TVSL also introduced BaaS models across the EV portfolio, to improve the affordability.</p>	<p>For 9MFY26, EV sales grew 26% YoY to 256k units.</p>	
Margins	<p>Q4FY26 EBITDA margin at ~13.1%. Management iterated that Q4FY25 margins included full-year PLI recognition; normalised margin in Q4FY25 and came at ~12.5%, leading ~60bps YoY improvement in normalised terms. FY26 EBITDA margin expanded ~60bps YoY to ~12.9%. Management also flagged temporary supply-side disruptions in April related to labour shortages and raw material delays; though the conditions have started normalising in May.</p>	<p>EBITDA margin expanded to 13.1% vs normalised margin of 12.4% in Q3FY25, taking into effect the full year PLI benefit recognized in Q4FY25. Commodity cost inflation has been ~0.4% but mitigating steps have been taken by rising prices by 0.2-0.3%.</p> <p>During Q3FY26, the company recorded one-off expense of ~Rs 414mn on account of new labour codes.</p>	<p>Gross margin pressures intensified due to commodity inflation across steel, aluminium, gas and crude derivatives; with management indicating a cost inflation of ~3-5% of revenue. TVSL offset ~35% of cost inflation via price hikes, while the balance mitigated via a better mix, operating leverage and cost reduction initiatives. We expect margins to be range bound ~ 12.5% conservatively. Efforts to mitigate cost headwinds with prudent mix are commendable.</p>
Capex & Investment	<p>TVSL announced capacity expansion plans to support the growth momentum. Total production capacity ramp-up by ~1.5mn units to ~8.3mn units over the next 12 months. FY27 capex guidance has been raised to ~Rs35bn, including ~Rs20bn towards product development, ~Rs10bn+ for capacity expansion and the balance towards R&amp;D/testing capabilities. FY26 investments came at ~Rs24bn. Management indicated that FY27 investments would be lower by ~Rs5-6bn YoY. Few Norton products are likely to be launched from Q2FY27 onwards, with a manufacturing split between UK and India.</p>	<p>FY26 capex guidance revised to ~Rs 17 bn (from Rs 16bn) on capacity additions.</p> <p>Total investments guidance raised to ~Rs 29 bn (from ~Rs 20 bn), driven by TVS Credit (~Rs 2bn incremental), Norton pre-launch/marketing (~Rs 600-700mn incremental), Ion PT TVS project and Dubai hub.</p> <p>Norton lineup (Manx &amp; Atlas families) unveiled at EICMA 2025; India launch strategy is in work and more details will be known in Q4FY26.</p>	<p>Based on TVSL's systematic investment and capex guidance, we expect a favourable outcome in the medium to long-term. Norton launch will imply tapping the top-end space and will aide the performance. However, we will continue to keenly watch the investments in subsidiaries.</p>
Others	<p>Operating free cashflow improved by ~47% YoY to ~Rs38.1bn.</p> <p>TVS Credit reported a strong performance with FY26 PBT growing ~22% YoY to ~Rs12.5bn and loan book expanding ~15% YoY to ~Rs306bn. FY26 loan disbursement crossed ~5.3mn new customers, taking the total customer base to ~24mn. AQ continued to improve, aided by reducing GNPA and credit cost.</p>	<p>Exports revenue was ~Rs 29.09 bn; spare parts &amp; services at ~Rs 11.83 bn.</p> <p>TVS Credit book size stood at Rs 296.78bn (+9% YoY); Q3 PBT increased by 21% YoY to Rs 3.9bn.</p> <p>9MFY26 customer base expanded to 2.3 crore.</p> <p>Current production at of iQube is at 30-32k units while Orbiter is at 10k units monthly.</p> <p>TVS Kinh EV and King Kargo EV have garnered good response, leading the increase in EV L5 category market share.</p>	<p>Other segments continued to perform on a steady footing. Statutory cost inflation due to new norms will impact the industry, and hence, can be passed through by price hikes.</p>

Source: Company, BOBCAPS Research | 2W: Two-wheeler, PLI: Production-linked Incentives, EV: Electric vehicles

**Fig 2 – Quarterly performance**

(Rs mn)	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)	Q4FY26E	Deviation (%)
Volume	15,60,432	12,16,286	28.3	15,44,454	15,60,432	15,60,432	0.0
Avg. Realisation per Vehicle	82,077	78,521	4.5	80,781	82,077	81,781	0.4
Net Revenues	1,28,076	95,504	34.1	1,24,763	1,28,076	1,27,614	0.4
<b>Total Income (A)</b>	<b>1,28,076</b>	<b>95,504</b>	<b>34.1</b>	<b>1,24,763</b>	<b>1,28,076</b>	<b>1,27,614</b>	<b>0.4</b>
<b>Operating Expenses</b>							
Raw materials consumed	91,479	66,672	37.2	88,828	91,479	91,252	0.2
Employee Expenses	6,446	4,963	29.9	6,189	6,446	6,375	1.1
Other Expenses	13,356	10,563	26.4	13,417	13,356	13,782	(3.1)
Total Expenditure (B)	1,11,281	82,198	35.4	1,08,434	1,11,281	1,11,409	(0.1)
<b>EBITDA (A-B)</b>	<b>16,795</b>	<b>13,306</b>	<b>26.2</b>	<b>16,329</b>	<b>16,795</b>	<b>16,205</b>	<b>3.6</b>
Other Income	(162)	(851)	(80.9)	(279)	(162)	(211)	(23.1)
Depreciation	2,458	2,002	22.8	2,345	2,458	2,310	6.4
EBIT	14,175	10,454	35.6	13,704	14,175	13,684	3.6
Finance Costs	591	358	65.0	579	591	577	2.4
PBT after exceptional items	13,584	10,096	34.6	12,711	6.9	13,107	3.6
Tax expense	3,607	2,597	38.9	3,329	8.3	3,178	13.5
<b>Reported PAT</b>	<b>9,977</b>	<b>7,499</b>	<b>33.0</b>	<b>9,382</b>	<b>6.3</b>	<b>9,928</b>	<b>0.5</b>
<b>Adjusted PAT</b>	<b>9,977</b>	<b>7,499</b>	<b>33.0</b>	<b>9,796</b>	<b>1.8</b>	<b>9,928</b>	<b>0.5</b>
EPS (Rs)	21.0	15.8	33.0	21.5	(2.3)	20.9	0.5
<b>Key Ratios (%)</b>			<b>(bps)</b>		<b>(bps)</b>		
Gross Margin	28.6	30.2	(161)	28.8	(23)	28.5	8
EBITDA Margin	13.1	13.9	(82)	13.1	3	12.7	41
EBIT Margin	11.1	10.9	12	11.0	8	10.7	34
PBT Margin	10.6	10.6	4	10.5	9	10.3	34
Tax Rate	26.6	25.7	83	26.2	36	24.3	230
Adj PAT Margin	7.8	7.9	(6)	7.9	(6)	7.8	1

Source: Company, BOBCAPS Research

## Valuation Methodology

Reduction in GST, premiumisation focus and exports mix will help balance the EV scooters growth for margins. Further, the buoyant growth across segments in the motorcycle portfolio adds comfort. Positive revival in the rural sentiment augurs well. We have marginally cut our EPS target for FY27E/FY28E by 1% and introduce FY29 earnings with 3Y EBITDA/PAT CAGR at 12%/16%.

Commodity cost inflation and increase in logistics snarls will be partially addressed by prudent raw material handling and increasing export avenues, which will likely mitigate the partial impact on margins. Additionally, premiumisation focus will continue to balance the EV scooters growth for margins. Further, buoyant growth across the top-end segments in the motorcycle portfolio, scooterisation and EVs will only cushion the impact. The commuter segment impact on motorcycles is likely to have limited impact as TVSL is less focused on that segment.

Total investments guidance raised to ~Rs17 bn (from ~Rs 24 bn in FY26), driven by TVS Credit (~Rs 2bn incremental), Norton pre-launch/marketing (~Rs 600-700mn incremental), Ion PT TVS project and Dubai hub. Major focus will be Norton products. Management indicates that the investments are for strategic gains, which will benefit the company in the medium/long term; though this remains a concern. Capex guidance of Rs35bn, including ~Rs20bn towards product development, ~Rs10bn+ for capacity expansion and balance towards R&D/testing capabilities — augurs well.

Considering the above factors, we maintain our P/E for the core business at 33x; factoring in the strong launch program and healthy exports. We arrive at a new 1YF TP of Rs 3,658 (Rs3,562), valuing the core business at Rs 3,525 and Rs 133/sh for TVS Credit Services. Maintain HOLD

**Fig 3 – Revised estimates**

(Rs mn)	New			Old			Change (%)		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Revenue	5,22,868	6,02,456	6,95,529	5,22,868	6,02,456		(0.00)	(0.00)	
EBITDA	66,680	76,294	86,096	66,680	76,294		(0.00)	(0.00)	
Adj PAT	42,922	50,002	56,475	43,537	50,339		(1.41)	(0.67)	
Adj EPS (Rs)	90.3	105.2	118.9	91.6	106.0		(1.37)	(0.71)	

Source: Company, BOBCAPS Research

**Fig 4 – Key assumptions**

	FY26P	FY27E	FY28E	FY29E
2W volume (nos)	5,538,002	6,126,865	6,777,426	7,527,610
Growth (%)	18.0%	10.6%	10.6%	11.1%
3W volume (nos)	181,263	199,389	221,322	247,881
Growth (%)	16.0%	10.0%	11.0%	12.0%
Revenues (Rs mn)	472,703	522,868	602,456	695,529
Growth (%)	30.4%	10.6%	15.2%	15.4%
EBITDA (Rs mn)	60,793	66,680	76,294	86,096
EBITDA margin (%)	12.9%	12.8%	12.7%	12.40%
Adj. PAT (Rs mn)	36,575	42,922	50,002	56,475
EPS (Rs)	77.0	90.3	105.2	118.9

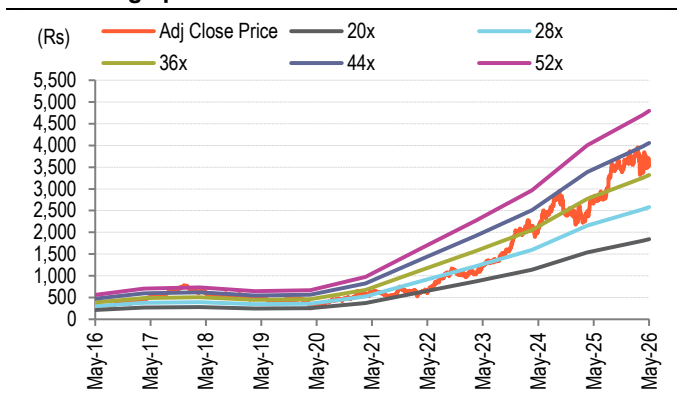
Source: Company, BOBCAPS Research

**Fig 5 – Valuation summary**

Business	Mar 2028 EPS (Rs)	Target P/E (x)	Value (Rs/sh)
Standalone Business	105.2	33	3,525
TVS Credit Services	-	-	133
<b>Total</b>	-	-	<b>3,658</b>

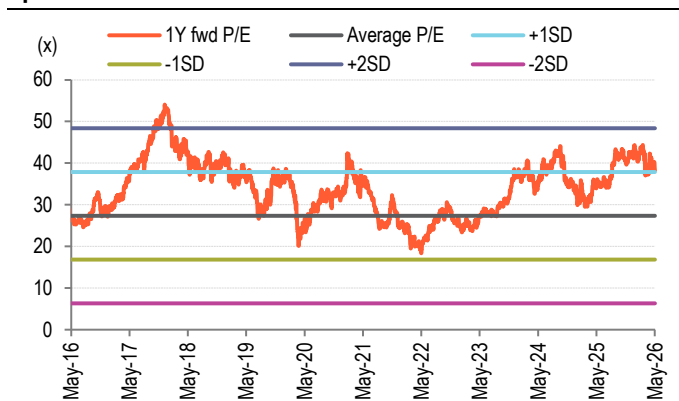
Source: BOBCAPS Research | Valuation is based on Dec-27 earnings

**Fig 6 – P/E band: TVSL’s current valuations fairly reflect its earnings pace**



Source: Bloomberg, BOBCAPS Research

**Fig 7 – 1YF P/E: We value TVSL at a well-deserved premium to mean valuations**



Source: Bloomberg, BOBCAPS Research

### Key Risks

Key upside/downside risks to our estimates:

- Higher investments remain the key risk with earnings impact.
- Commodity cost moving in either direction faster than estimated.
- A faster pace of launches crowding the markets can put pricing under pressure.

## Financials

### Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26P	FY27E	FY28E	FY29E
<b>Total revenue</b>	<b>3,62,513</b>	<b>4,72,703</b>	<b>5,22,868</b>	<b>6,02,456</b>	<b>6,95,529</b>
EBITDA	44,540	60,793	66,680	76,294	86,096
Depreciation	7,446	9,006	8,997	9,817	11,084
EBIT	37,674	51,497	59,510	68,560	77,259
Net interest inc./(exp.)	(1,387)	(2,039)	(2,281)	(1,891)	(1,960)
Other inc./(exp.)	580	(291)	1,827	2,083	2,247
Exceptional items	0	0	0	0	0
EBT	36,288	49,044	57,230	66,669	75,299
Income taxes	9,183	12,883	14,307	16,667	18,825
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
<b>Reported net profit</b>	<b>27,105</b>	<b>36,575</b>	<b>42,922</b>	<b>50,002</b>	<b>56,475</b>
Adjustments	0	0	0	0	0
<b>Adjusted net profit</b>	<b>27,105</b>	<b>36,575</b>	<b>42,922</b>	<b>50,002</b>	<b>56,475</b>

### Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26P	FY27E	FY28E	FY29E
Accounts payables	61,537	61,234	71,927	80,875	92,872
Other current liabilities	11,306	45,637	16,698	20,113	23,593
Provisions	4,401	5,020	5,522	6,074	6,681
Debt funds	17,349	31,342	22,322	23,517	23,706
Other liabilities	3,010	0	0	0	0
Equity capital	475	475	475	475	475
Reserves & surplus	98,892	1,11,868	1,48,614	1,92,439	2,42,738
Shareholders' fund	99,367	1,12,343	1,49,089	1,92,915	2,43,213
<b>Total liab. and equities</b>	<b>1,96,971</b>	<b>2,55,576</b>	<b>2,65,557</b>	<b>3,23,493</b>	<b>3,90,065</b>
Cash and cash eq.	5,583	9,747	4,400	4,972	5,528
Accounts receivables	12,801	20,865	19,098	22,838	27,329
Inventories	17,258	15,802	21,927	26,101	30,156
Other current assets	15,421	28,071	21,574	25,693	30,156
Investments	92,714	1,16,474	1,24,382	1,56,882	1,97,382
Net fixed assets	49,431	52,925	68,929	79,112	87,028
CWIP	6,420	15,272	8,828	11,476	16,067
Intangible assets	0	0	0	0	0
Deferred tax assets, net	(2,659)	(3,581)	(3,581)	(3,581)	(3,581)
Other assets	0	0	0	0	0
<b>Total assets</b>	<b>1,96,970</b>	<b>2,55,576</b>	<b>2,65,557</b>	<b>3,23,493</b>	<b>3,90,065</b>

### Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26P	FY27E	FY28E	FY29E
<b>Cash flow from operations</b>	<b>39,480</b>	<b>56,211</b>	<b>32,206</b>	<b>56,727</b>	<b>66,428</b>
Capital expenditures	(16,278)	(21,351)	(18,557)	(22,648)	(23,591)
Change in investments	(22,802)	(23,760)	(7,908)	(32,500)	(40,500)
Other investing cash flows	580	(291)	1,827	2,083	2,247
<b>Cash flow from investing</b>	<b>(38,499)</b>	<b>(45,402)</b>	<b>(24,637)</b>	<b>(53,066)</b>	<b>(61,843)</b>
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	2,215	13,993	(9,020)	1,195	189
Interest expenses	(1,387)	(2,039)	(2,281)	(1,891)	(1,960)
Dividends paid	(4,751)	(5,701)	(6,176)	(6,176)	(6,176)
Other financing cash flows	789	922	0	0	0
<b>Cash flow from financing</b>	<b>(3,133)</b>	<b>7,174</b>	<b>(17,477)</b>	<b>(6,872)</b>	<b>(7,947)</b>
<b>Chg in cash &amp; cash eq.</b>	<b>(2,153)</b>	<b>17,983</b>	<b>(9,909)</b>	<b>(3,210)</b>	<b>(3,363)</b>
<b>Closing cash &amp; cash eq.</b>	<b>5,583</b>	<b>9,747</b>	<b>4,400</b>	<b>4,972</b>	<b>5,528</b>

### Per Share

Y/E 31 Mar (Rs)	FY25A	FY26P	FY27E	FY28E	FY29E
Reported EPS	57.1	77.0	90.3	105.2	118.9
Adjusted EPS	57.1	77.0	90.3	105.2	118.9
Dividend per share	10.0	12.0	13.0	13.0	13.0
Book value per share	209.2	236.5	313.8	406.1	511.9

### Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26P	FY27E	FY28E	FY29E
EV/Sales	4.6	3.6	3.2	2.8	2.4
EV/EBITDA	37.7	27.8	25.3	21.9	19.5
Adjusted P/E	61.8	45.8	39.0	33.5	29.7
P/BV	16.9	14.9	11.2	8.7	6.9

### DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26P	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	74.7	74.6	75.0	75.0	75.0
Interest burden (PBT/EBIT)	96.3	95.2	96.2	97.2	97.5
EBIT margin (EBIT/Revenue)	10.4	10.9	11.4	11.4	11.1
Asset turnover (Rev./Avg TA)	334.6	358.9	331.9	310.7	287.8
Leverage (Avg TA/Avg Equity)	1.2	1.2	1.2	1.1	1.1
<b>Adjusted ROAE</b>	<b>30.7</b>	<b>34.6</b>	<b>32.8</b>	<b>29.2</b>	<b>25.9</b>

### Ratio Analysis

Y/E 31 Mar	FY25A	FY26P	FY27E	FY28E	FY29E
<b>YoY growth (%)</b>					
Revenue	14.1	30.4	10.6	15.2	15.4
EBITDA	26.7	36.5	9.7	14.4	12.8
Adjusted EPS	30.1	34.9	17.4	16.5	12.9
<b>Profitability &amp; Return ratios (%)</b>					
EBITDA margin	12.3	12.9	12.8	12.7	12.4
EBIT margin	10.4	10.9	11.4	11.4	11.1
Adjusted profit margin	7.5	7.7	8.2	8.3	8.1
Adjusted ROAE	27.3	32.6	28.8	25.9	23.2
ROCE	26.0	28.8	28.3	26.5	24.0
<b>Working capital days (days)</b>					
Receivables	13	13	14	13	13
Inventory	16	13	13	15	15
Payables	80	67	65	65	64
<b>Ratios (x)</b>					
Gross asset turnover	0.3	0.2	0.3	0.3	0.3
Current ratio	0.7	0.7	0.7	0.7	0.8
Net interest coverage ratio	(27.2)	(25.3)	(26.1)	(36.3)	(39.4)
<b>Adjusted debt/equity</b>	<b>0.2</b>	<b>0.3</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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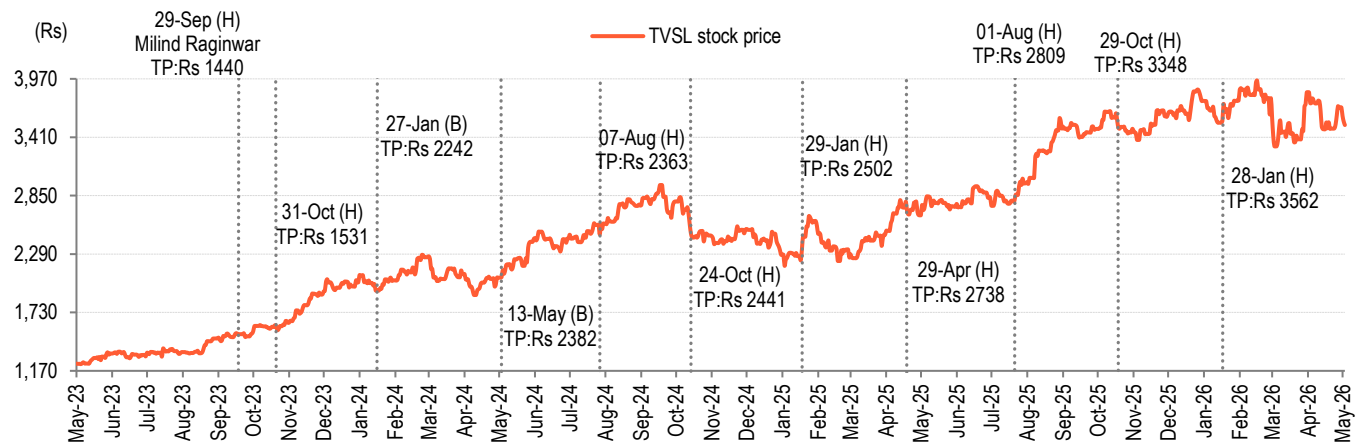
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**BUY** – Expected return >+15%  
**HOLD** – Expected return from -6% to +15%  
**SELL** – Expected return <-6%

**Note:** Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

### Ratings and Target Price (3-year history): TVS MOTOR (TVSL IN)



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