

**HOLD**

TP: Rs 1,531 | ▼ 4%

**TVS MOTOR**

Automobiles

31 October 2023

**Continues to deliver**

- Q2 volume growth beats industry at 3.1%/13% YoY/QoQ with a focus on high-end products such as *Apache* and *Raider*
- EBITDA margin gains of 84bps YoY backed by softening raw material cost (74% vs. 76% of sales YoY)
- TP raised to Rs 1,531 (vs. Rs 1,440) as we tweak earnings and value the stock at 26x (vs. 25x) FY25E EPS; maintain HOLD

Milind Raginwar | Shree Kirloskar  
 research@bobcaps.in

**Volume and realisation gains boost revenue:** TVSL's Q2FY24 revenue grew 13% YoY & QoQ to Rs 81.4bn as volumes grew 3.1% YoY (+13% QoQ) to 1.1mn units and net realisation per vehicle (NRPV) rose 9.5% YoY (flat QoQ) to Rs 75.8k. The company continued to outperform, with its 2W volumes growing in double digits during FY24 YTD while industry growth was muted at mid-to-lower single digits.

**Healthy EBITDA and margin gains:** EBITDA rose 22% YoY (+18% QoQ) to Rs 9bn and the margin improved 84bps (+47bps QoQ) to 11% on realisation gains and sustained cost reduction efforts (raw material cost dropped to 74% of sales from 76.2%/74.6% YoY/QoQ). Other expenditure increased 29% YoY (+19% QoQ) to Rs 8.2bn due to promotional expenses on new launches. Adj. PAT jumped 32% YoY (+15% QoQ) to Rs 5.4bn aided by higher other income as TVSL had a one-time fair valuation gain of Rs 375mn from investments.

**Steady revival in export demand:** Export sales rose 22% QoQ (-7% YoY), ahead of the industry on the back of improved retail sales. TVSL has launched *Norton Commando* in the UK and expects to see results over the next few quarters. TVSL also anticipates healthy sales of *Apache*, *Raider* and *Ntorq* in LATAM markets.

**Estimates revised:** We expect TVSL to continue to beat industry volume growth backed by its strong presence in the high-end motorcycle segment, focus on EV introductions and export revival. Better semiconductor availability and a thrust on the premium segment should help margins. Factoring in the same, we raise our FY25 earnings estimate by ~2% while leaving FY24 unchanged

**TP raised; maintain HOLD:** To incorporate the long-term benefits from EV launches in the portfolio, likely payoff from investments in export markets over coming quarters and a strong outlook for high-end products such as *Apache* and *Raider*, we revise our target FY25E P/E multiple to 26x from 25x marginal premium to its long-term average. Based on our revisions, we arrive at a new SOTP-based TP of Rs 1,531 which includes Rs 33/sh for TVS Credit. Given limited upside potential, we retain HOLD.

**Key changes**

Target	Rating
▲	◀ ▶

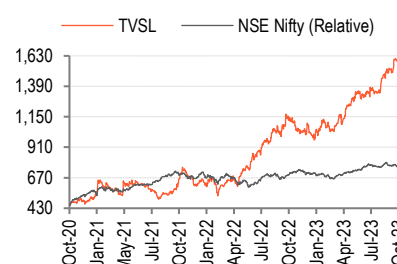
Ticker/Price	TVSL IN/Rs 1,591
Market cap	US\$ 9.2bn
Free float	48%
3M ADV	US\$ 19.3mn
52wk high/low	Rs 1,634/Rs 968
Promoter/FPI/DII	52%/13%/25%

Source: NSE | Price as of 31 Oct 2023

**Key financials**

Y/E 31 Mar	FY23A	FY24E	FY25E
Total revenue (Rs mn)	2,63,781	2,93,222	3,49,957
EBITDA (Rs mn)	26,747	33,090	43,009
Adj. net profit (Rs mn)	14,910	19,362	26,955
Adj. EPS (Rs)	31.4	40.8	56.7
Consensus EPS (Rs)	31.4	42.5	53.4
Adj. ROAE (%)	24.7	25.0	26.4
Adj. P/E (x)	50.7	39.0	28.0
EV/EBITDA (x)	28.1	22.9	17.5
Adj. EPS growth (%)	66.9	29.9	39.2

Source: Company, Bloomberg, BOBCAPS Research

**Stock performance**

Source: NSE



**Fig 1 – Earnings call highlights**

Parameter	Q2FY24	Q1FY24	Our View
Domestic volumes	In Q2FY24, two-wheeler (2W) domestic ICE volumes grew 4% YoY, ahead of the industry	In Q1FY24, 2W domestic (ICE) sales grew 23% YoY against industry growth of 10%.	We expect TVSL to continue to beat the industry, further aided by launches.
Exports	<p>TVSL's 2W exports sales stood at ~239k units in Q2FY24, outperforming the industry due to improvement in retail sales.</p> <p>The company has launched <i>Norton Commando</i> in the UK and expects the overall e-bike business (currently halted amidst high inflation) to improve in the long term. Management also expects a good response to <i>Apache</i>, <i>Raider</i> and <i>Ntorq</i> in LATAM markets.</p>	<p>International 2W industry volumes declined 31% YoY in Q1FY24. Management indicated that retail sales have improved MoM and expects the same to be reflected in dispatches ahead.</p> <p>TVSL commenced exports of <i>iQube</i> to Nepal.</p>	Steady opening up of key overseas markets, including African, Asean and LATAM, augurs well for the company.
Three-wheelers (3W)	3W sales during Q2FY24 totalled ~43k units against ~50k units in Q2FY23.	3W sales during Q1FY24 were ~39k units against ~9k units in Q1FY23.	CV segment challenges continue, but the EV 3W that is under development should bolster the prospects of this segment. Additionally, the improvement in exports is a positive.
Electric vehicles (EV)	<p><i>iQube</i> sales during Q2FY24 totalled ~58k units vs. ~39k units in Q1FY24 (cumulatively surpassing ~200k units to date). As on H1FY24, <i>iQube</i> had 337 touchpoints and management intends to expand the same during Q3/Q4FY24.</p> <p>Management plans to launch a series of products in the 5-25kW range by FY25.</p> <p>Currently, TVSL's EV batteries are designed and developed in house where only the battery cell is imported. Management expects to continue this strategy going forward.</p> <p>An EV 3W is in the development stage and details will be notified by management closer to its launch date.</p>	<p><i>iQube</i> sales during Q1FY24 were ~39k units vs. ~9k units in Q1FY23. As on Q1FY24, the company had 309 touchpoints for <i>iQube</i> with access to 2k+ charging points and expects to reach 600 touchpoints by FY24.</p> <p>TVSL is ramping up <i>iQube</i> production and expects to reach ~25k units per month by Aug'23. Inventory for this product at the distributor level is 30-35 days.</p> <p>The company will be launching a series of products in the 5-25kW range, with a few launches expected in Q2FY24.</p> <p>An EV 3W is expected to be rolled out in FY24.</p>	TVSL's EV focus is likely to yield results in the medium term. Inhouse infrastructure development is an added benefit.
Margins	EBITDA margin grew 80bps YoY (+42bps QoQ) to 11% in Q2FY24 as a result of revenue growth, material cost reduction and a better product mix. Management expects commodity costs to soften and margins to further improve in Q3/Q4FY24.	EBITDA grew 27% YoY (QoQ) to Rs 7.7bn in Q1FY24 and the margin expanded 60bps YoY to 10.6% as a result of scale benefits, focused premiumisation and sustained efforts to reduce material cost. Management expects commodity costs to sustain at current levels for Q2/Q3FY24.	Price hikes are only being undertaken to the extent of cost passthrough. Incremental margin gains will be possible only when the company initiates aggressive pricing action.
BMW partnership	TVSL, in partnership with BMW Motorrad, catered to more than ~150k customers globally during Q2FY24. The company recently announced the commencement of production of the <i>BMW CE 02</i> , which has been jointly designed and developed by TVSL and BMW Motorrad.	<p><i>BMW CE 02</i>, recently unveiled by BMW, is jointly designed, developed and manufactured by TVSL and BMW.</p> <p>During Q1FY24, TVSL entered a strategic partnership with Zomato to deploy ~10k of its electric scooters over the next 2-3 years.</p>	The initial response to the BMW partnership is encouraging.

Parameter	Q2FY24	Q1FY24	Our View
Capex & Investment	During Q2FY24, the company invested ~Rs 2.4bn in subsidiary TVS Motor (Singapore) and divested Rs 1bn CCPS in TVS Credit Services, Chennai. Investments during H1FY24 totalled ~Rs 6.2bn and are guided to reach Rs 8bn-9bn by end-FY24.  Capex for FY24 is guided to exceed ~Rs 10bn with most of the expenditure in EVs.	Capex for FY24 is guided at Rs 9bn-10bn, and investments at Rs 8.5bn-9bn. Of the latter, Rs 6bn has already been invested as on 24 Jul 2023.	Consistency in capex continues which will help medium/long-term growth.
Others	TVS Credit's book size has crossed ~Rs 235bn in Q2FY24 and reported PBT stood at Rs 1.8bn.  TVSL's spares revenue was ~Rs 7.7bn and export revenue Rs 20.1bn in Q2.  Other income for Q2 at ~Rs 0.5bn includes a one-time fair valuation gain of ~Rs 0.4bn arising out of investment in TVS Supply Chain Solutions.	TVS Credit's book size stood at Rs 220bn and reported PBT stood at Rs 1.6bn in Q1FY24 vs. 1.4bn in Q4FY23.  TVSL's spares revenue was at Rs 7.2bn and export revenue at Rs 16.6bn in Q1.	Performance of the vehicle loan business remains largely flat.

Source: Company, BOBCAPS Research

**Fig 2 – Quarterly performance**

(Rs mn)	Q2FY24	Q2FY23	YoY (%)	Q1FY24	QoQ (%)	H1FY24	H1FY23	YoY (%)
Volume	1,074,378	1,042,418	3.1	953,244	12.7	2,027,622	1,949,209	4.0
Avg. Realisation per Vehicle	75,808	69,254	9.5	75,719	0.1	75,766	67,863	11.6
<b>Net Revenues</b>	<b>81,446</b>	<b>72,192</b>	<b>12.8</b>	<b>72,179</b>	<b>12.8</b>	<b>153,625</b>	<b>132,279</b>	<b>16.1</b>
<b>Other Operating Income</b>								
Total Income (A)	81,446	72,192	12.8	72,179	12.8	153,625	132,279	16.1
<b>Operating Expenses:</b>								
Raw materials consumed	60,276	54,975	9.6	53,818	12.0	114,094	100,702	13.3
Employee Expenses	3,929	3,456	13.7	3,789	3.7	7,718	6,665	15.8
Other Expenses	8,244	6,396	28.9	6,935	18.9	15,179	11,552	31.4
<b>Total Expenditure (B)</b>	<b>72,449</b>	<b>64,826</b>	<b>11.8</b>	<b>64,542</b>	<b>12.3</b>	<b>136,990</b>	<b>118,919</b>	<b>15.2</b>
<b>EBITDA (A-B)</b>	<b>8,998</b>	<b>7,365</b>	<b>22.2</b>	<b>7,638</b>	<b>17.8</b>	<b>16,635</b>	<b>13,360</b>	<b>24.5</b>
Other Income	462	14	3275.2	576	(19.7)	1,038	236	340.2
Depreciation	1,701	1,535	10.8	1,636	4.0	3,336	3,056	9.2
EBIT	7,759	5,844	32.8	6,578	18.0	14,337	10,540	36.0
Finance Costs	523	352	48.6	474	10.3	997	728	37.0
PBT before exceptional items	7,237	5,492	31.8	6,104	18.6	13,340	9,813	35.9
Exceptional items	-	-	NA	-	NA	-	-	NA
PBT after exceptional items	7,237	5,492	31.8	6,104	18.6	13,340	9,813	35.9
Tax expense	1,871	1,418	32.0	1,427	31.1	3,298	2,533	30.2
<b>Reported PAT</b>	<b>5,366</b>	<b>4,075</b>	<b>31.7</b>	<b>4,677</b>	<b>14.7</b>	<b>10,042</b>	<b>7,280</b>	<b>37.9</b>
<b>Adjusted PAT</b>	<b>5,366</b>	<b>4,075</b>	<b>31.7</b>	<b>4,677</b>	<b>14.7</b>	<b>10,042</b>	<b>7,280</b>	<b>37.9</b>
Adj EPS (Rs)	11.3	8.6	31.7	9.8	14.7	21.1	15.3	37.9
<b>Key Ratios (%)</b>			<b>(bps)</b>		<b>(bps)</b>			<b>(bps)</b>
Gross Margin	26.0	23.8	214	25.4	56	25.7	23.9	186
EBITDA Margin	11.0	10.2	84	10.6	47	10.8	10.1	73
EBIT Margin	9.5	8.1	143	9.1	41	9.3	8.0	136
PBT Margin	8.9	7.6	128	8.5	43	8.7	7.4	127
Tax Rate	25.9	25.8	5	23.4	248	24.7	25.8	(109)
Adj PAT Margin	6.6	5.6	94	6.5	11	6.5	5.5	103

Source: Company, BOBCAPS Research

## Valuation methodology

We expect TVSL to continue to beat industry volume growth backed by its strong presence in the high-end motorcycle segment, focus on EV introductions and export revival. Better semiconductor availability and a thrust on the premium segment should help margins. Factoring in the same, we raise our FY25 earnings estimate by 2% while leaving FY24 unchanged. We now expect the company to deliver a revenue/EBITDA/PAT CAGR of 19%/30%/44% over FY22-FY25.

To incorporate the long-term benefits from EV launches in the portfolio, likely payoff from investments in export markets over the coming quarters and a strong outlook for high-end products such as *Apache* and *Raider*, we revise our target FY25E P/E multiple for the core business to 26x from 25x marginal premium to its long-term average.

Based on our revisions, we arrive at a new SOTP-based TP of Rs 1,531 which includes Rs 33/sh as the consensus value for TVS Credit. Given limited upside potential from the current market price, we retain our HOLD rating on the stock.

**Fig 3 – Revised estimates**

(Rs mn)	New		Old		Change (%)	
	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
Revenue	2,93,222	3,49,957	2,93,227	3,43,309	0.0	1.9
EBITDA	33,090	43,009	33,090	42,362	0.0	1.5
Adj PAT	19,362	26,955	19,369	26,322	0.0	2.4
Adj EPS (Rs)	40.8	56.7	40.8	55.4	0.0	2.4

Source: BOBCAPS Research

**Fig 4 – Key assumptions**

Parameter	FY22	FY23	FY24E	FY25E
2W volumes (units)	3,137,693	35,27,935	39,51,105	44,01,856
3W volumes (units)	171,875	1,69,114	1,94,481	2,23,653
Revenue (Rs mn)	207,905	2,63,781	2,93,227	3,49,957
EBITDA (Rs mn)	19,617	26,747	33,090	43,009
EBITDA margin (%)	9.4	10.1	11.3	12.3
Adj. PAT (Rs mn)	9,237	14,910	19,369	26,955
EPS (Rs)	18.8	31.4	40.8	56.7

Source: Company, BOBCAPS Research

**Fig 5 – SOTP valuation summary**

Business	FY25E EPS (Rs)	Target P/E (x)	Value (Rs/sh)
Standalone Business	56.7	26x	1,498
TVS Credit	-	-	33
<b>Total</b>	-	-	<b>1,531</b>

Source: BOBCAPS Research

Fig 6 – Peer comparison

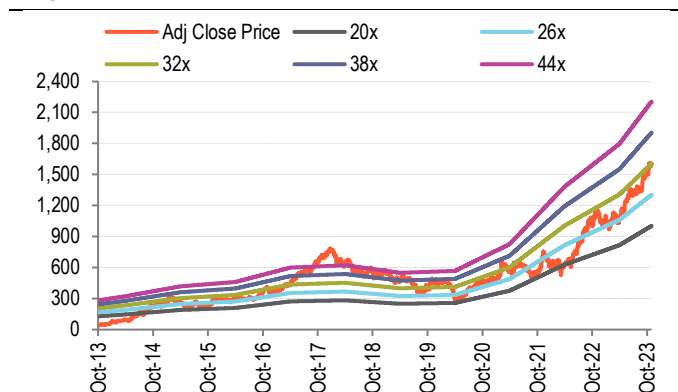
Company	Ticker	Rating	Target Price (Rs)	EPS (Rs)		ROE (%)	
				FY24E	FY25E	FY24E	FY25E
TVS Motor Company	TVSL IN	HOLD	1,531	40.8	56.7	28.1	30.0
Eicher Motors	EIM IN	HOLD	3,543	120.3	142.2	23.3	22.8
Bajaj Auto	BJAUT IN	HOLD	4,188	212.0	243.0	20.9	21.8

Source: BOBCAPS Research

## Key risks

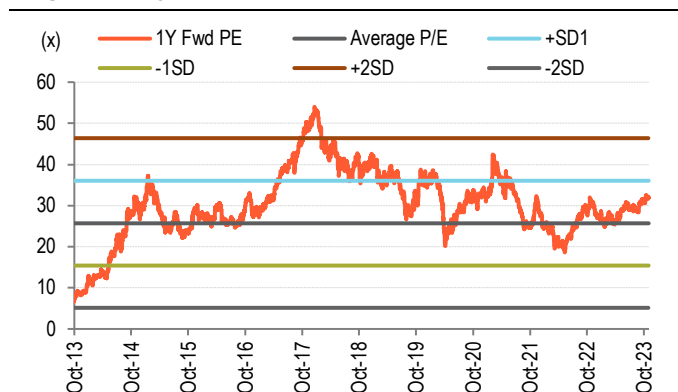
- Faster easing of input cost pressure than expected could take margins above our assumptions, representing a key upside risk.
- Fierce competition in the premium segment that leads to pricing pressure and below-estimated demand revival in the next two years are key downside risks to our estimates.

Fig 7 – P/E band



Source: Bloomberg, BOBCAPS Research

Fig 8 – Fairly valued at the current levels



Source: Bloomberg, BOBCAPS Research

## Sector recommendation snapshot

Company	Ticker	Market Cap (US\$ bn)	Price (Rs)	Target (Rs)	Rating
Ashok Leyland	AL IN	6.0	168	210	BUY
Bajaj Auto	BJAUT IN	18.7	5,314	5,139	HOLD
Eicher Motors	EIM IN	11.0	3,296	3,601	HOLD
Escorts	ESCORTS IN	5.0	3,133	2,343	SELL
Hero MotoCorp	HMCL IN	7.5	3,088	3,009	HOLD
Mahindra & Mahindra	MM IN	22.2	1,459	1,824	BUY
Maruti Suzuki	MSIL IN	38.2	10,392	11,562	HOLD
TVS Motor	TVSL IN	9.2	1,591	1,531	HOLD
VST Tillers Tractors	VSTT IN	0.4	3,536	3,464	HOLD

Source: BOBCAPS Research, NSE | Price as of 31 Oct 2023

## Financials

### Income Statement

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
<b>Total revenue</b>	<b>1,67,505</b>	<b>2,07,905</b>	<b>2,63,781</b>	<b>2,93,222</b>	<b>3,49,957</b>
EBITDA	14,286	19,617	26,747	33,090	43,009
Depreciation	4,937	6,114	6,312	6,483	6,896
EBIT	9,679	13,693	21,440	27,936	37,734
Net interest inc./(exp.)	(1,416)	(1,259)	(1,407)	(1,981)	(2,149)
Other inc./(exp.)	330	190	1,006	1,328	1,621
Exceptional items	0	(302)	0	0	0
EBT	8,263	12,132	20,034	25,955	35,585
Income taxes	2,142	3,197	5,123	6,592	8,629
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
<b>Reported net profit</b>	<b>6,121</b>	<b>8,936</b>	<b>14,910</b>	<b>19,362</b>	<b>26,955</b>
Adjustments	0	302	0	0	0
<b>Adjusted net profit</b>	<b>6,121</b>	<b>9,237</b>	<b>14,910</b>	<b>19,362</b>	<b>26,955</b>

### Balance Sheet

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Accounts payables	39,360	39,914	41,306	42,479	48,781
Other current liabilities	6,582	5,828	6,367	20,458	25,293
Provisions	1,925	2,458	2,785	3,019	3,320
Debt funds	10,356	16,455	22,817	21,209	19,728
Other liabilities	938	3,622	4,188	3,978	3,779
Equity capital	475	475	475	475	475
Reserves & surplus	40,384	47,746	60,004	76,995	1,01,524
Shareholders' fund	40,859	48,221	60,479	77,470	1,01,999
<b>Total liab. and equities</b>	<b>1,00,020</b>	<b>1,16,498</b>	<b>1,37,942</b>	<b>1,68,613</b>	<b>2,02,901</b>
Cash and cash eq.	9,298	4,012	2,420	7,310	8,033
Accounts receivables	8,700	9,507	9,551	11,210	13,781
Inventories	11,518	11,227	12,364	13,613	17,108
Other current assets	5,158	9,260	16,515	16,015	17,108
Investments	33,145	47,160	56,839	74,420	93,920
Net fixed assets	30,104	34,849	39,495	45,012	51,616
CWIP	2,787	2,462	2,741	3,015	3,317
Intangible assets	0	0	0	0	0
Deferred tax assets, net	(1,955)	(1,979)	(1,982)	(1,982)	(1,982)
Other assets	1,265	0	0	0	0
<b>Total assets</b>	<b>1,00,020</b>	<b>1,16,497</b>	<b>1,37,942</b>	<b>1,68,613</b>	<b>2,02,901</b>

### Cash Flows

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
<b>Cash flow from operations</b>	<b>26,934</b>	<b>13,760</b>	<b>13,000</b>	<b>35,416</b>	<b>34,162</b>
Capital expenditures	(5,974)	(10,535)	(11,238)	(12,274)	(13,802)
Change in investments	(7,086)	(14,015)	(9,679)	(17,581)	(19,500)
Other investing cash flows	330	190	1,006	1,328	1,621
<b>Cash flow from investing</b>	<b>(12,730)</b>	<b>(24,360)</b>	<b>(19,911)</b>	<b>(28,527)</b>	<b>(31,681)</b>
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	(9,391)	6,099	6,363	(1,608)	(1,481)
Interest expenses	(1,416)	(1,259)	(1,407)	(1,981)	(2,149)
Dividends paid	(1,663)	(1,782)	(2,375)	(2,372)	(2,426)
Other financing cash flows	374	24	3	0	0
<b>Cash flow from financing</b>	<b>(12,095)</b>	<b>3,082</b>	<b>2,584</b>	<b>(5,961)</b>	<b>(6,056)</b>
<b>Chg in cash &amp; cash eq.</b>	<b>2,108</b>	<b>(7,518)</b>	<b>(4,326)</b>	<b>928</b>	<b>(3,575)</b>
<b>Closing cash &amp; cash eq.</b>	<b>9,298</b>	<b>4,012</b>	<b>2,420</b>	<b>7,310</b>	<b>8,033</b>

### Per Share

Y/E 31 Mar (Rs)	FY21A	FY22A	FY23A	FY24E	FY25E
Reported EPS	12.9	18.8	31.4	40.8	56.7
Adjusted EPS	12.9	18.8	31.4	40.8	56.7
Dividend per share	3.5	3.7	5.0	5.0	5.1
Book value per share	86.0	101.5	127.3	163.1	214.7

### Valuations Ratios

Y/E 31 Mar (x)	FY21A	FY22A	FY23A	FY24E	FY25E
EV/Sales	4.5	3.6	2.9	2.6	2.2
EV/EBITDA	52.7	38.1	28.1	22.9	17.5
Adjusted P/E	123.5	84.6	50.7	39.0	28.0
P/BV	18.5	15.7	12.5	9.8	7.4

### DuPont Analysis

Y/E 31 Mar (%)	FY21A	FY22A	FY23A	FY24E	FY25E
Tax burden (Net profit/PBT)	74.1	73.7	74.4	74.6	75.8
Interest burden (PBT/EBIT)	85.4	88.6	93.4	92.9	94.3
EBIT margin (EBIT/Revenue)	5.8	6.6	8.1	9.5	10.8
Asset turnover (Rev./Avg TA)	307.5	345.2	338.7	308.4	306.8
Leverage (Avg TA/Avg Equity)	1.4	1.4	1.4	1.4	1.3
<b>Adjusted ROAE</b>	<b>15.9</b>	<b>20.1</b>	<b>27.4</b>	<b>28.1</b>	<b>30.0</b>

### Ratio Analysis

Y/E 31 Mar	FY21A	FY22A	FY23A	FY24E	FY25E
<b>YoY growth (%)</b>					
Revenue	2.0	24.1	26.9	11.2	19.3
EBITDA	6.1	37.3	36.3	23.7	30.0
Adjusted EPS	3.4	46.0	66.9	29.9	39.2

### Profitability & Return ratios (%)

EBITDA margin	8.5	9.4	10.1	11.3	12.3
EBIT margin	5.8	6.6	8.1	9.5	10.8
Adjusted profit margin	3.7	4.4	5.7	6.6	7.7
Adjusted ROAE	15.0	19.2	24.7	25.0	26.4
ROCE	13.2	16.7	20.5	21.9	25.1

### Working capital days (days)

Receivables	23	16	13	13	13
Inventory	24	20	16	16	16
Payables	98	92	74	70	64

### Ratios (x)

Gross asset turnover	0.4	0.4	0.3	0.3	0.3
Current ratio	0.7	0.7	0.8	0.7	0.7
Net interest coverage ratio	(6.8)	(10.9)	(15.2)	(14.1)	(17.6)
<b>Adjusted debt/equity</b>	<b>0.3</b>	<b>0.3</b>	<b>0.4</b>	<b>0.3</b>	<b>0.2</b>

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

NOT FOR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES OF AMERICA ("US") OR IN OR INTO ANY OTHER JURISDICTION IF SUCH AN ACTION IS PROHIBITED BY APPLICABLE LAW.

## Disclaimer

Name of the Research Entity: **BOB Capital Markets Limited**

Registered office Address: **1704, B Wing, Parinee Crescenzo, G Block, BKC, Bandra East, Mumbai 400051**

SEBI Research Analyst Registration No: **INH000000040 valid till 03 February 2025**

Brand Name: **BOBCAPS**

Trade Name: **www.barodaetrade.com**

CIN: **U65999MH1996GOI098009**



Investments in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

### Recommendation scale: Recommendations and Absolute returns (%) over 12 months

**BUY** – Expected return >+15%

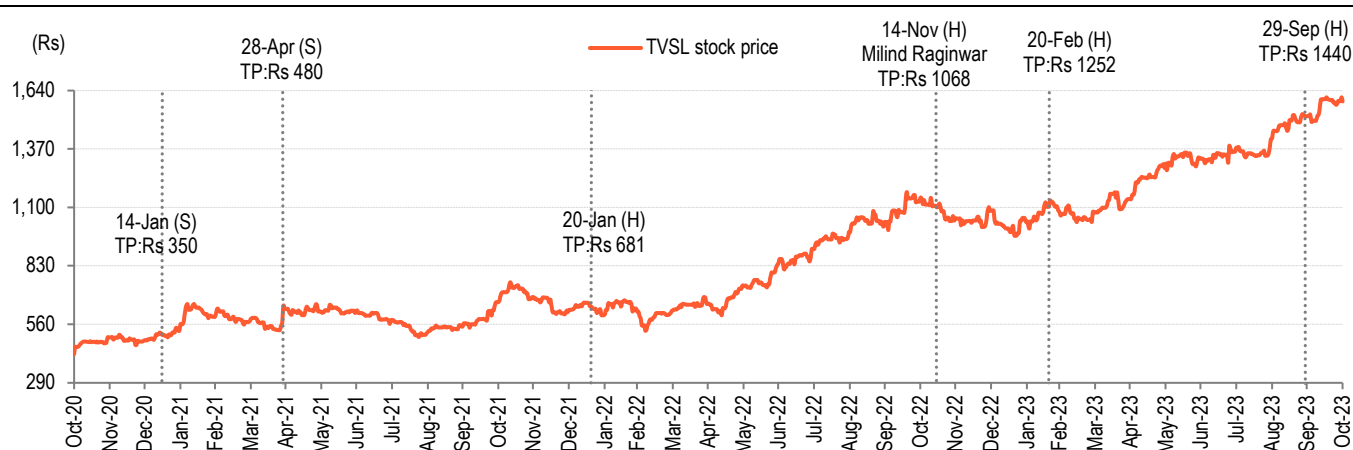
**HOLD** – Expected return from -6% to +15%

**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)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

### Analyst certification

The research analyst(s) authoring this report hereby certifies that (1) all of the views expressed in this research report accurately reflect his/her personal views about the subject company or companies and its or their securities, and (2) no part of his/her compensation was, is, or will be, directly or indirectly, related to the specific recommendation(s) or view(s) in this report. Analysts are not registered as research analysts by FINRA and are not associated persons of BOB Capital Markets Limited (BOBCAPS).

### General disclaimers

BOBCAPS is engaged in the business of Stock Broking and Investment Banking. BOBCAPS is a member of the National Stock Exchange of India Limited and BSE Limited and is also a SEBI-registered Category I Merchant Banker. BOBCAPS is a wholly owned subsidiary of Bank of Baroda which has its various subsidiaries engaged in the businesses of stock broking, lending, asset management, life insurance, health insurance and wealth management, among others.

BOBCAPS's activities have neither been suspended nor has it defaulted with any stock exchange authority with whom it has been registered in the last five years. BOBCAPS has not been debarred from doing business by any stock exchange or SEBI or any other authority. No disciplinary action has been taken by any regulatory authority against BOBCAPS affecting its equity research analysis activities.

BOBCAPS is also a SEBI-registered intermediary for the broking business having SEBI Single Registration Certificate No.: INZ000159332 dated 20 November 2017.

BOBCAPS prohibits its analysts, persons reporting to analysts, and members of their households from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. Additionally, BOBCAPS prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that the analysts cover.

Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein.

This material should not be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction. We are not soliciting any action based on this material. It is for the general information of BOBCAPS's clients. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Before acting on any advice or recommendation in this material, clients should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice. BOBCAPS research reports follow rules laid down by Securities and Exchange Board of India and individuals employed as research analysts are separate from other employees who are performing sales trading, dealing, corporate finance advisory or any other activity that may affect the independence of its research reports.



The price and value of the investments referred to in this material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur. BOBCAPS does not provide tax advice to its clients, and all investors are strongly advised to consult with their tax advisers regarding any potential investment in certain transactions — including those involving futures, options, and other derivatives as well as non-investment-grade securities — that give rise to substantial risk and are not suitable for all investors. The material is based on information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied on as such. Opinions expressed are our current opinions as of the date appearing on this material only. We endeavour to update on a reasonable basis the information discussed in this material, but regulatory, compliance, or other reasons may prevent us from doing so.

We and our affiliates, officers, directors, and employees, including persons involved in the preparation or issuance of this material, may from time to time have “long” or “short” positions in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein and may from time to time add to or dispose of any such securities (or investment). We and our affiliates may assume an underwriting commitment in the securities of companies discussed in this document (or in related investments), may sell them to or buy them from customers on a principal basis, and may also perform or seek to perform investment banking or advisory services for or relating to these companies and may also be represented in the supervisory board or any other committee of these companies.

For the purpose of calculating whether BOBCAPS and its affiliates hold, beneficially own, or control, including the right to vote for directors, one per cent or more of the equity shares of the subject company, the holdings of the issuer of the research report is also included.

BOBCAPS and its non-US affiliates may, to the extent permissible under applicable laws, have acted on or used this research to the extent that it relates to non-US issuers, prior to or immediately following its publication. Foreign currency denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of or income derived from the investment. In addition, investors in securities such as ADRs, the value of which are influenced by foreign currencies, effectively assume currency risk. In addition, options involve risks and are not suitable for all investors. Please ensure that you have read and understood the Risk disclosure document before entering into any derivative transactions.

No part of this material may be (1) copied, photocopied, or duplicated in any form by any means or (2) redistributed without BOBCAPS's prior written consent.

#### **Company-specific disclosures under SEBI (Research Analysts) Regulations, 2014**

The research analyst(s) or his/her relatives do not have any material conflict of interest at the time of publication of this research report.

BOBCAPS or its research analyst(s) or his/her relatives do not have any financial interest in the subject company. BOBCAPS or its research analyst(s) or his/her relatives do not have actual/beneficial ownership of one per cent or more securities in the subject company at the end of the month immediately preceding the date of publication of this report.

The research analyst(s) has not received any compensation from the subject company or third party in the past 12 months in connection with research report/activities. Compensation of the research analyst(s) is not based on any specific merchant banking, investment banking or brokerage service transactions.

BOBCAPS or its research analyst(s) is not engaged in any market making activities for the subject company.

The research analyst(s) has not served as an officer, director or employee of the subject company.

BOBCAPS or its associates may have material conflict of interest at the time of publication of this research report.

BOBCAPS's associates may have financial interest in the subject company. BOBCAPS's associates may hold actual / beneficial ownership of one per cent or more securities in the subject company at the end of the month immediately preceding the date of publication of this report.

BOBCAPS or its associates may have managed or co-managed a public offering of securities for the subject company or may have been mandated by the subject company for any other assignment in the past 12 months.

BOBCAPS may have received compensation from the subject company in the past 12 months. BOBCAPS may from time to time solicit or perform investment banking services for the subject company. BOBCAPS or its associates may have received compensation from the subject company in the past 12 months for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory services in a merger or specific transaction. BOBCAPS or its associates may have received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months.

#### **Other disclaimers**

BOBCAPS and MAYBANK (as defined below) make no representation or warranty, express or implied, as to the accuracy or completeness of any information obtained from third parties and expressly disclaim the merchantability, suitability, quality and fitness of this report. The information in this report has not been independently verified, is provided on an “as is” basis, should not be relied on by you in connection with any contract or commitment, and should not be used as a substitute for enquiries, procedures and advice which ought to be undertaken by you. This report also does not constitute an offer or solicitation to buy or sell any securities referred to herein and you should not construe this report as investment advice. All opinions and estimates contained in this report constitute BOBCAPS's judgment as of the date of this report and are subject to change without notice, and there is no obligation on BOBCAPS or MAYBANK to update this report upon issuance. This report and the information contained herein may not be reproduced, redistributed, disseminated or copied by any means without the prior consent of BOBCAPS and MAYBANK.

To the full extent permitted by law neither BOBCAPS, MAYBANK nor any of their respective affiliates, nor any other person, accepts any liability howsoever arising, whether in contract, tort, negligence, strict liability or any other basis, including without limitation, direct or indirect, special, incidental, consequential or punitive damages arising from any use of this report or the information contained herein. By accepting this report, you agree and undertake to fully indemnify and hold harmless BOBCAPS and MAYBANK from and against claims, charges, actions, proceedings, losses, liabilities, damages, expenses and demands (collectively, the “Losses”) which BOBCAPS and/or MAYBANK may incur or suffer in any jurisdiction including but not limited to those Losses incurred by BOBCAPS and/or MAYBANK as a result of any proceedings or actions brought against them by any regulators and/or authorities, and which in any case are directly or indirectly occasioned by or result from or are attributable to anything done or omitted in relation to or arising from or in connection with this report.

#### **Distribution into the United Kingdom (“UK”):**

This research report will only be distributed in the United Kingdom, in accordance with the applicable laws and regulations of the UK, by Maybank Securities (London) Ltd (“MSL”) who is authorised and regulated by the Financial Conduct Authority (“FCA”) in the United Kingdom (MSL and its affiliates are collectively referred to as “MAYBANK”). BOBCAPS is not authorized to directly distribute this research report in the UK.

This report has not been prepared by BOBCAPS in accordance with the UK's legal and regulatory requirements.

This research report is for distribution only to, and is solely directed at, selected persons on the basis that those persons: (a) are eligible counterparties and professional clients of MAYBANK as selected by MAYBANK solely at its discretion; (b) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended from time to time (the “Order”), or (c) fall within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc. as mentioned in the stated Article) of the Order; (all such persons together being referred to as “relevant persons”).

This research report is directed only at relevant persons and must not be acted on or relied on by any persons who are not relevant persons. Any investment or investment activity to which this material relates is available only to relevant persons and will be engaged in only with relevant persons.

The relevant person as recipient of this research report is not permitted to reproduce, change, remove, pass on, distribute or disseminate the data or make it available to third parties without the written permission of BOBCAPS or MAYBANK. Any decision taken by the relevant person(s) pursuant to the research report shall be solely at their costs and consequences and BOBCAPS and MAYBANK shall not have any liability of whatsoever nature in this regard.

#### **No distribution into the US:**

This report will not be distributed in the US and no US person may rely on this communication.

#### **Other jurisdictions:**

This report has been prepared in accordance with SEBI (Research Analysts) Regulations and not in accordance with local regulatory requirements of any other jurisdiction. In any other jurisdictions, this report is only for distribution (subject to applicable legal or regulatory restrictions) to professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions by Maybank Securities Pte Ltd. (Singapore) and / or by any broker-dealer affiliate or such other affiliate as determined by Malayan Banking Berhad.

If the recipient of this report is not as specified above, then it should not act upon this report and return the same to the sender.

By accepting this report, you agree to be bound by the foregoing limitations.