

India

REDUCE (no change)

Consensus ratings*: Buy 23 Hold 10 Sell 8

Current price:	Rs2,943
Target price:	Rs2,328
Previous target:	Rs2,154
Up/downside:	-20.9%
InCred Research / Consensus:	-20.3%
Reuters:	TVSM.NS
Bloomberg:	TVSL IN
Market cap:	US\$15,949m
	Rs1,397,944m
Average daily turnover:	US\$25.1m
	Rs2203.3m
Current shares o/s:	475.1m
Free float:	49.7%

*Source: Bloomberg

Key changes in this note

- Raise FY26F-28F sales volume by 3-4%.
- Raise FY26F-27F EBITDA by 4-7%.
- Raise FY26F-28F EPS by 5-9%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	2.2	8.4	14.5
Relative (%)	5.2	8.1	11.3

Major shareholders	% held
Sundaram Clayton Limited	50.3
ICICI Prudential Fund	7.9
Government of Singapore	1.4

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TVS Motor Co Ltd**Subsidiaries' losses, investment at new peak**

- The 37 % yoy rise in 1Q standalone EPS to Rs15.8 was in line with consensus estimate and above our estimate, but EBIT loss of subsidiaries hit a new peak.
- Strong growth in exports & E3Ws led to our 5-9% FY26F-28F EPS upgrade. Investment demand from Norton and Swiss Mobility are areas of concern.
- We maintain our REDUCE rating on the stock as its rich +2SD forward P/E valuation overlooks FCF drag from manufacturing subsidiaries' rising losses.

In-line consensus standalone results but subsidiaries' losses widen

TVS Motor Company's 1QFY26 EBITDA rose by 8% qoq and 32% yoy to Rs12.6bn, which was in line with Bloomberg or BB consensus estimate but 8% above our estimate. The EBITDA margin sustained its near-peak level of 12.5% aided by gross margin and lower other expenses. Interest costs declined by 13% qoq to Rs403m. Other income stood at Rs66m, down 16% yoy, if we adjust a Rs277m gain from fair valuation of investments as a one-off item. Normalized PAT was at Rs7.5bn, up 37% yoy & 8% qoq, which was 9% above our estimate but in line with BB consensus estimate. The EBIT losses of its arms scaled a new peak of Rs2.5bn in 1Q (Fig. 5), demanding a higher investment support of Rs4.8bn, which is a cause of concern.

Annual report indicates prolonged losses incurred by subsidiaries

Our detailed annual report analysis indicates that losses rose by 48% for the Swiss Mobility group to Rs3.3bn in FY25 (Fig. 8), while other foreign subsidiaries' losses remain elevated yoy. Among associate companies, Ultraviolet's automotive losses tripled to Rs1.5bn in FY25, leading to TVS Motor Company's share of the of loss doubling to Rs350m. Major subsidiary investments in FY25 were in the Singapore holding company of Rs16.2bn to support loss-making foreign subsidiaries (Fig. 7) and just Rs2.8bn towards the high-growth TVS Credit Services. Management plans to continue the Norton investment phase in FY26F-27F, with six new product launches planned, starting from 3QFY26F, & expansion into the US, Germany, France, Italy and India. The setting up of the Dubai R&D centre with a Rs2.1bn investment to support the Middle East and Africa regions looks ambitious.

Standalone EPS increase aids SOTP, but FCF blues prevail; REDUCE

The buoyancy in exports and electric three-wheelers or E3Ws led to our 3-4% sales volume upgrade for FY26F-28F. With the standalone EBITDA margin sustaining near its historic peak of 12.5%, we have increased EBITDA by 4-7% for FY26F-28F. However, the prolonged expansion in the manufacturing subsidiaries' losses, demanding investment support of Rs5bn per quarter, will remain a drag on FCF apart from rising interest costs. We maintain our REDUCE rating on the stock with a higher sum-of-the-parts or SOTP-based target price of Rs2,328 (Rs2,154 earlier), where the standalone entity is valued at 33x one-year forward P/E (just above the five-year mean level) and TVS Credit Services at 1.5x FY25 BV. Key upside risk: New product launch success benefits and international subsidiaries staging a turnaround.

Financial Summary	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Revenue (Rsm)	320,008	362,514	416,688	458,720	511,363
Operating EBITDA (Rsm)	37,385	44,541	50,419	54,129	60,341
Net Profit (Rsm)	23,075	27,105	30,105	31,600	35,528
Core EPS (Rs)	46.6	57.3	62.9	66.5	74.8
Core EPS Growth	54.6%	22.8%	9.9%	5.7%	12.4%
FD Core P/E (x)	60.59	51.58	46.44	44.24	39.35
DPS (Rs)	8.0	10.0	10.0	12.0	12.0
Dividend Yield	0.27%	0.34%	0.34%	0.41%	0.41%
EV/EBITDA (x)	37.72	31.67	27.99	26.08	23.24
P/FCFE (x)	223.24	261.08	580.43	350.09	102.96
Net Gearing	15.8%	12.8%	10.6%	9.0%	2.3%
P/BV (x)	18.08	14.07	11.21	9.28	7.75
ROE	32.2%	30.8%	26.7%	23.0%	21.5%
% Change In Core EPS Estimates			8.99%	4.47%	4.74%
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Subsidiaries' losses, investment at new peak

Management conference-call highlights ►

- **Volume performance:** Domestic two-wheelers' (ICE) sales grew by 8% yoy, despite the overall industry decline. International sales maintained their strong momentum, up 21% yoy, with exports reaching a record 0.37m units driven by robust demand.
- **Electric vehicles (EVs):** Sales grew by 35% in 1Q. TVS iQube maintained its market leadership in India, with a 6.3% penetration in the two-wheeler industry. New variants of TVS iQube, with a 3.1kW battery, were launched, offering an improved range.
- **Scooterization and premiumization:** The scooterization and premium products trend continued, with TVS Motor Company well-positioned due to its strong brands like Jupiter 110, Jupiter 125, Apache, Roni, and Raider.
- **Regional performance:** In Africa, demand is stabilizing, with some countries performing strongly, offering growth opportunities. In Latam, TVS Motor Company aims to increase its market share, which is currently lower, amid its confidence in sustained industry growth. In Asia, markets like Sri Lanka and Nepal are showing growth, with Sri Lanka expected to improve its performance in 2QFY26F due to economic recovery.
- **New product launches:** Introduced the TVS HMI model with a 150cc EcoThrust engine, featuring integrated oil cooling for efficiency, reliability, and low maintenance costs. There is a plan to launch electric motorcycle and bicycle but the details will be shared closer to the launch date.
- **Distribution strategy:** To expand the three-wheeler network, currently covering 70% of the market, with a focus on dealer viability and profitability.
- **Investments:** Non-current investments as of Mar 2025-end totaled Rs51bn, with 40% allocated to Norton and the rest to e-bike companies and strategic investments like TVS Digital, Calorify, Kilowatt, Sapota, and Ion Mobility. FY26F investments are expected to be around Rs20bn, with a further capex of Rs16bn for new product development and marketing.
- **Supply chain:** Addressing rare earth magnet challenges for EV production through local sourcing, resizing magnets, and exploring alternatives like HREE (heavy rare earth elements), ferrite-based, and magnet-free solutions. Confident in managing short-term production and building a resilient supply chain for the medium- to long-term.
- **Monsoon impact:** Above-normal monsoons are expected to boost rural demand in 2HFY26F, supported by 70% higher water levels at reservoirs compared to the 10-year average.
- **Retail financing:** A 50bp interest rate reduction in Jun 2025 and 100bp over the past six months is expected to enhance retail financing, supporting two-wheeler sales growth.
- **Festive season:** 2QFY26F expected to show strong growth driven by the festive season in domestic as well as international markets.
- **EV customer profile:** Initially driven by innovation enthusiasts but now attracting traditional ICE scooter customers because of the improved total cost of ownership (TCO). Predominantly urban and semi-urban demand, but a gradual penetration into rural areas is expected over the next 1.5 years.
- **Three-wheeler EVs:** Eligible for the production-linked incentive (PLI) scheme from Jun 2025, with gross margin positivity achieved. Strong market growth and customer acceptance, with plans to expand the dealer network to meet demand.
- **EV business profitability:** Positive gross margin in both two-wheeler and three-wheeler EVs, along with ongoing investments in software, electronics, and digitalization, to support long-term profitability.

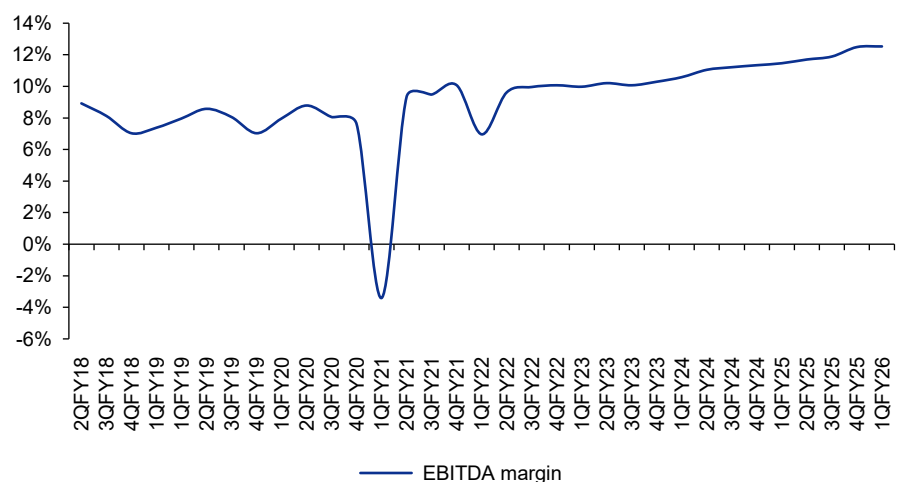
- **Commodity costs:** Anticipates a 0.5% increase in steel prices in 2QFY26F, but it will be mitigated via price adjustments, improved product mix, and cost reduction strategy.
- **E-bike market:** Facing challenges due to slowdown in the European economy, but TVS Motor Company remains optimistic about the medium-term profitability with its new product innovations.
- **ABS norms:** Discussions with the are ongoing, with rider safety as the highest priority.
- **Non-convertible debentures (NCDs):** They will be raised to meet 25% capital market-funding requirement, with the amount depending on market conditions.
- **ESOP costs:** Considered as a part of employee appraisal and recognition costs, they are sustainable but lumpy in nature.
- **Spare parts and exports:** 1Q spare parts revenue stood at Rs9.87bn and export revenue at Rs24.87bn.
- **Norton and e-bike ventures:** Product launches planned in India and Europe, with a focus on regional marketing strategies and portfolio expansion.
- **TVS Supply Chain:** Investment treated as strategic, with a stake increase from 7.8% to 5.5% over recent years and is aimed at yielding results as the business matures.

Figure 1: Results comparison

Y/E Mar (Rs m)	1QFY26	1QFY25	yoy % chg	4QFY25	qoq % chg	Comments for the quarter
Revenue	1,00,810	83,756	20.4	93,904	7.4	In line with our estimate.
Raw material costs	71,754	59,804	20.0	66,672	7.6	
RM costs as a % of revenue	71.2	71.4	(22.5)	71.0	17.8	62bp below our estimate.
EBITDA	12,630	9,602	31.5	11,726	7.7	8% above our estimate.
<i>EBITDA margin (%)</i>	<i>12.5</i>	<i>11.5</i>	<i>106.5</i>	<i>12.5</i>	<i>4.1</i>	
Depreciation & amortization	2,039	1,763	15.7	1,994	2.3	-
EBIT	10,591	7,838	35.1	9,733	8.8	
Interest expenses	403	372	8.3	358	12.6	5% above our estimate.
Other income	66	78	(16)	145	(54.6)	47% below our estimate.
Pre-tax profit	10,254	7,544	35.9	9,520	7.7	
Tax	2,745	2,056	33.5	2,599	5.6	
Tax rate (%)	26.8	27.3	(48.2)	27.3	(52.8)	
Normalized net profit	7,509	5,488	36.8	6,921	8.5	9% above our estimate.
Exceptional items	277	285		1,600	nm	
Reported net profit	7,786	5,773	34.9	8,521	(8.6)	
Normalized EPS (Rs)	15.80	11.55	36.8	14.57	8.5	
Volume (units)	12,77,172	10,87,175	17.5	12,16,286	5.0	
Realization (Rs/vehicle)	78,932	77,040	2.5	77,206	2.2	In line with our estimate.

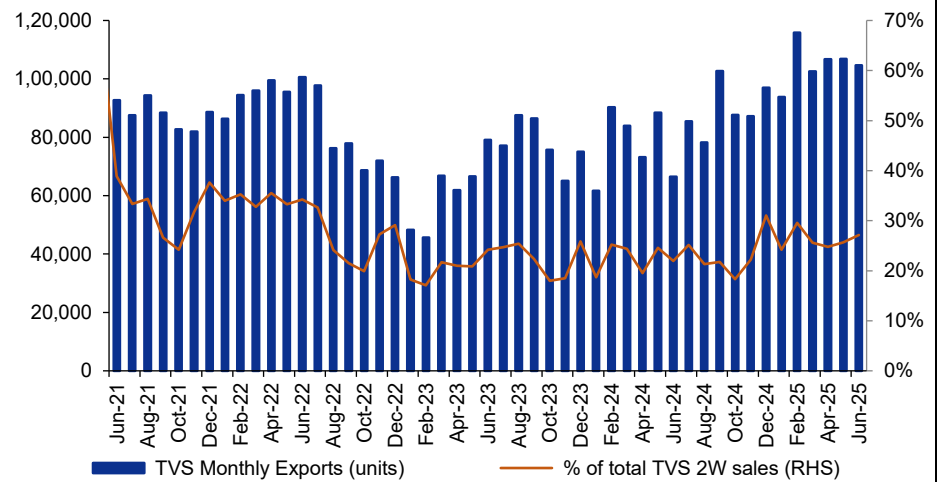
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 2: The EBITDA margin gradually scales a new high



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 3: Exports maintain their double-digit growth, of late



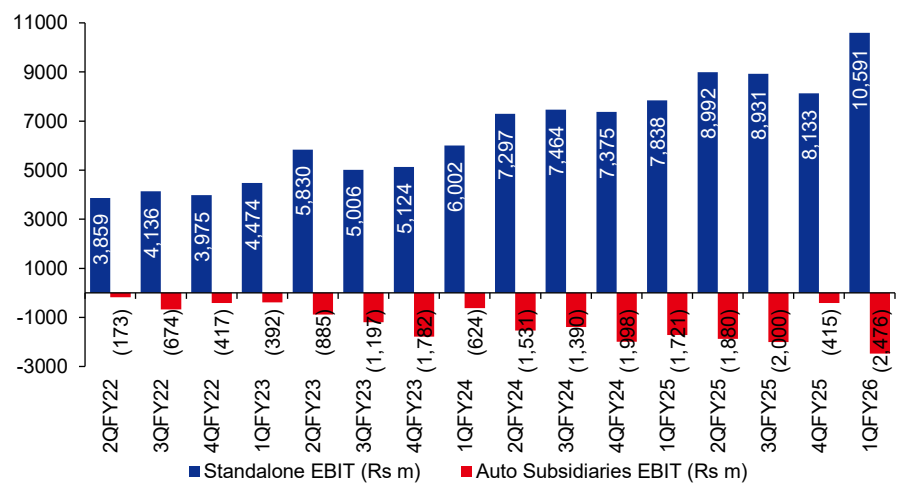
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 4: Consolidated automobile segment's EBIT

Consolidated Performance (Rs m)	1QFY26	1QFY25	YoY	4QFY25	QoQ
Major Segment Revenue					
a) Automotive Vehicles & Parts	1,05,538	87,454	20.7%	98,077	7.6%
c) Financial Services	16,965	16,113	5.3%	16,667	1.8%
EBIT					
a) Automotive Vehicles & Parts	8,115	6,117	32.7%	7,718	5.2%
c) Financial Services	2,423	1,920	26.2%	3,038	-20.2%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 5: Consolidated EBIT of auto vehicle and spare parts impacted by big losses incurred by subsidiaries

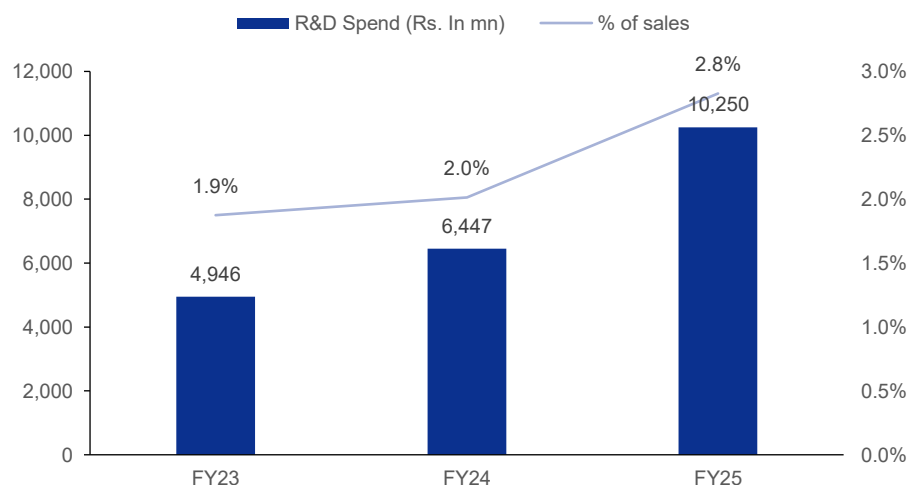


SOURCE: INCRED RESEARCH, COMPANY REPORTS

Annual report highlights ➤

- TVS Motor Company's global market share in FY25 was up 20bp at 6.4%. The company established a new subsidiary, TVS Motor Company DMCC, in Dubai to lead research and strategy for growth across the Middle East and Africa, reinforcing its commitment to becoming a key player in these emerging markets. With expanding manufacturing capabilities, both in India and Indonesia, and a Global Capability Centre that is in the process of being set up in Dubai to strategically grow in the Middle East and Africa, the company is laying down the infrastructure for long-term international scalability.
- TVS Motor Company has made a decisive entry into Western Europe through distribution partnerships in France and Italy. Through its Indonesian facility, the company is strengthening electric vehicle or EV penetration in ASEAN markets, where advanced testing and localization are already in motion.
- A US\$6.5m assembly plant in Egypt, in collaboration with Ezz LCV, is aimed at assembling the Apache RTR, XL 100, and HLX models.
- TVS Motor Company continues to grow its presence, with a physical network of over 8,000 dealers covering more than 3,800 cities in India and 4,000 cities globally.
- One of the key milestones in the company's global journey will be the launch of its iconic British brand, Norton, in 3QFY25F-26F in the UK, India, and key European markets to further capitalize on the rising demand for premium and desirable mobility brands. Norton Motorcycles will launch its products towards the end of FY26F in the UK, India, and key European markets. Four new models will be launched, and they will be available in the summer of 2026F. The new Norton motorcycles will follow the company's philosophy of 'Design, Dynamism, and Detail'. Over the next eight quarters, the company will continue to invest strategically, leveraging its engineering, design, development, and supply chain capabilities to deliver high-quality products efficiently and cost effectively.
- TVS Motor Company will be entering the adventure tourer segment in India, and also launching made-in-India electric bicycles in FY26F.
- In FY24-25, the company invested Rs1.02bn in R&D, surpassing the Rs10bn mark for the first time in its history – a clear milestone and testament to its belief in innovation-led growth.
- The company believes that innovation must penetrate beyond product design – it should be embedded across the value chain to unlock operational efficiency. It is integrating digital technologies and artificial intelligence or AI-driven tools to enhance customer experience – on and off the vehicle. Across its operations, AI-led processes are being deployed to make mobility smarter, safer, and more responsive to customer needs.

Figure 6: R&D spending doubled in the last two years



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 7: Investments

Particulars (Rs.bn)		FY24	FY25
TVS Motor (Singapore) Pte. Limited, Singapore	Subsidiary	35.8	52.0
TVS Credit Services Limited, Chennai	Subsidiary	19.6	22.4
PT.TVS Motor Company Indonesia, Jakarta	Subsidiary	3.9	3.9
Sundaram Auto Components Limited, Chennai	Subsidiary	1.1	1.1
TVS Motor Services Limited, Chennai	Subsidiary	1.5	1.5
Ultraviolette Automotive Private Limited, Bengaluru	Associate	1.2	1.2
Emerald Haven Realty Limited, Chennai	Associate	1.1	1.1

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 8: Subsidiaries' financial performance

Subsidiary	FY25 Revenue	FY25 PBT/ PAT	Note
TVS Credit Services	Rs66bn, up 14% yoy	PBT at Rs10.2 bn, + 35% yoy	Disbursements at Rs263bn, +5% yoy.
Sundaram Auto		PBT at Rs0.16bn, -47% yoy	SACL sold its plastic components unit (Jan 2025) and two-wheeler seat business (Mar 2025) via slump sale.
PT. TVS Motor Company Indonesia	2W sales up 19.3% yoy at 0.14m units 3Wsales at 5k units vs. 7k units in FY24	EBITDA at US\$8, -4% yoy	
SEMG (E bikes)	In CY24, reported a revenue of CHF 57.3 m	In CY24, net loss rose by 48% to Rs3.3bn	
Ultraviolette		Net loss at Rs1.52bn vs. Rs0.60bn in FY24	
DriveX Mobility	Rs610m, +67% yoy		
Predictronics	Revenue of Rs28m, -40%	Net loss at Rs20m	
TVS Digital Pte Ltd, Singapore	Rs89.3m, -37% yoy	Net loss at Rs692.5m vs. net loss at Rs676.8m in the previous year	
Altizon	Rs121m, +68% yoy	Net loss at Rs34m vs. profit of Rs72m in the previous year	
Norton	Rs460m, +2% yoy	Net loss at Rs4.4bn	

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 9: Our revised earnings estimates

Rs m	FY26F		FY27F		FY28F	
	Old	New	Old	New	Old	New
Total Volume (nos)	51,20,881	53,25,062	55,66,475	57,53,367	60,85,390	62,90,211
% change		4.0%		3.4%		3.4%
Net Sales	3,98,171	4,16,688	4,40,910	4,58,720	4,91,673	5,11,363
% change		4.7%		4.0%		4.0%
EBITDA	46,984	50,419	52,027	54,129	58,017	60,341
% change		7.3%		4.0%		4.0%
EBITDA margin	11.8%	12.1%	11.8%	11.8%	11.8%	11.8%
bp change		25		(0)		(0)
PAT	27,434	29,828	30,248	31,600	33,919	35,528
% change		8.7%		4.5%		4.7%
EPS (Rs)	57.7	62.8	63.7	66.5	71.4	74.8
% change		8.7%		4.5%		4.7%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 10: Key assumptions

Volume assumptions (units)	FY23	FY24	FY25	FY26F	FY27F	FY28F
- Motorcycle	17,33,256	19,96,665	22,08,537	25,17,413	27,42,476	30,08,835
- Scooter	13,33,925	15,96,356	18,98,623	21,37,885	23,07,256	25,41,602
- Moped	4,45,773	4,84,531	5,10,237	4,86,025	5,07,471	5,33,689
- 3W	1,69,114	1,45,610	1,34,663	1,83,739	1,96,165	2,06,085
Total volume	36,82,068	42,23,162	47,52,060	53,25,062	57,53,367	62,90,211
% yoy	11.3%	14.7%	12.5%	12.1%	8.0%	9.3%
Revenue assumptions (Rs m)						
- Motorcycle	1,19,943	1,47,844	1,64,840	1,89,773	2,09,840	2,34,364
- Scooter	83,073	1,08,364	1,30,430	1,49,803	1,64,096	1,84,379
- Moped	14,666	16,436	17,342	16,684	17,682	18,781
- 3W	18,827	17,036	15,881	22,319	24,424	26,044
- Spare parts	23,530	27,060	30,375	34,020	38,102	42,674
Total revenue (Rs m)	2,60,040	3,16,739	3,58,868	4,12,599	4,54,144	5,06,243
% yoy	27.1%	21.8%	13.3%	15.0%	10.1%	11.5%
EBITDA (Rs m)	26,747	37,385	44,541	50,419	54,129	60,341
EBITDA margin %	10.1%	11.7%	12.3%	12.1%	11.8%	11.8%
PAT (Rs m)	14,131	21,874	27,232	29,828	31,600	35,528

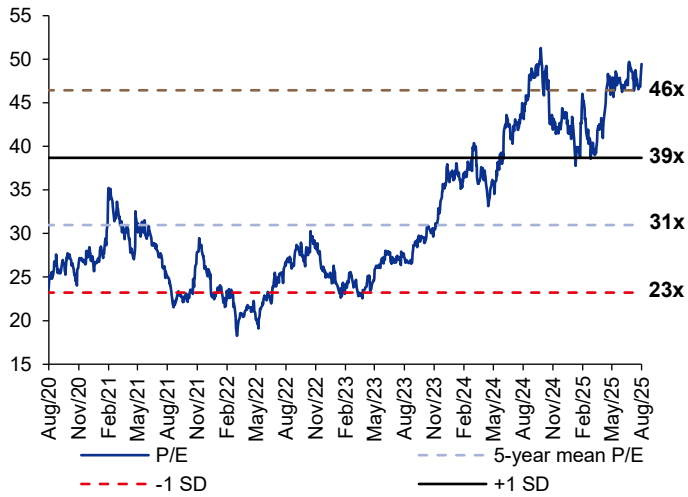
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 11: SOTP-based target price

	Methodology	Multiple	Value per share (Rs)
TVS Motor Company	P/E	33x 1-year forward	2,290
TVS Credit Services	P/BV	1.5x FY25 BV	38
SOTP-based valuation			2,328

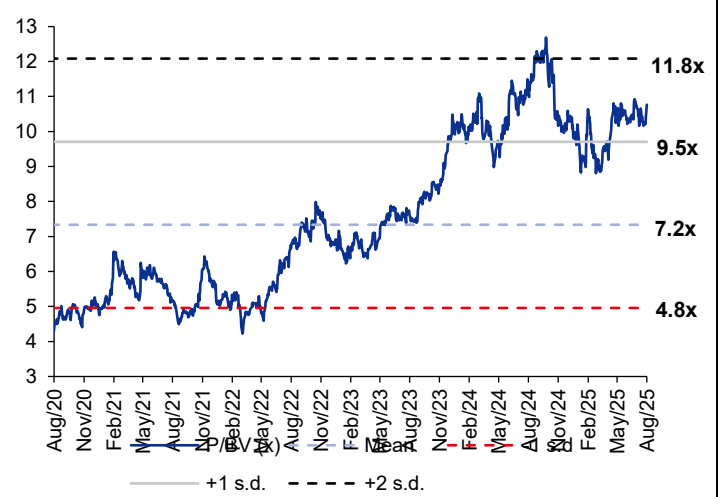
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 12: One-year forward P/E is above the +2SD level



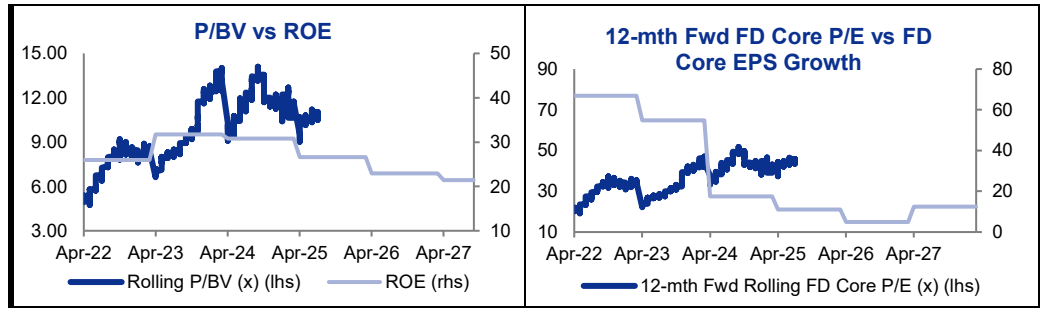
SOURCES: BLOOMBERG, INCRED RESEARCH, COMPANY REPORTS

Figure 13: One-year forward P/BV is above the +1SD level



SOURCES: BLOOMBERG, INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS



Profit & Loss

(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Total Net Revenues	320,008	362,514	416,688	458,720	511,363
Gross Profit	85,718	104,907	118,756	130,735	145,227
Operating EBITDA	37,385	44,541	50,419	54,129	60,341
Depreciation And Amortisation	(7,004)	(7,446)	(9,111)	(10,326)	(11,480)
Operating EBIT	30,381	37,095	41,308	43,803	48,860
Financial Income/(Expense)	(1,816)	(1,387)	(1,750)	(1,900)	(1,750)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	285	706	750	800	900
Profit Before Tax (pre-EI)	28,850	36,414	40,308	42,703	48,010
Exceptional Items	1,201	(127)	277		
Pre-tax Profit	30,051	36,287	40,585	42,703	48,010
Taxation	(6,977)	(9,183)	(10,480)	(11,103)	(12,483)
Exceptional Income - post-tax					
Profit After Tax	23,075	27,105	30,105	31,600	35,528
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	23,075	27,105	30,105	31,600	35,528
Recurring Net Profit	22,152	27,200	29,900	31,600	35,528
Fully Diluted Recurring Net Profit	22,152	27,200	29,900	31,600	35,528

Cash Flow

(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
EBITDA	37,385	44,541	50,419	54,129	60,341
Cash Flow from Invt. & Assoc.					
Change In Working Capital	5,001	7,086	(1,797)	(2,033)	(1,030)
(Incr)/Decr in Total Provisions	3,312	(676)	1,866	(300)	(300)
Other Non-Cash (Income)/Expense					
Other Operating Cashflow					
Net Interest (Paid)/Received	(1,531)	(681)	(1,000)	(1,100)	(850)
Tax Paid	(6,977)	(9,183)	(10,480)	(11,103)	(12,483)
Cashflow From Operations	37,190	41,088	39,009	39,593	45,678
Capex	(11,787)	(16,278)	(15,000)	(15,000)	(13,500)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	(11,827)	(20,466)	(20,100)	(19,100)	(17,100)
Cash Flow From Investing	(23,614)	(36,744)	(35,100)	(34,100)	(30,600)
Debt Raised/(repaid)	(7,313)	1,011	(1,500)	(1,500)	(1,500)
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(3,801)	(4,751)	(4,751)	(5,701)	(5,701)
Preferred Dividends					
Other Financing Cashflow	1,201	(127)	277		
Cash Flow From Financing	(9,913)	(3,867)	(5,974)	(7,201)	(7,201)
Total Cash Generated	3,663	477	(2,065)	(1,708)	7,877
Free Cashflow To Equity	6,262	5,355	2,409	3,993	13,578
Free Cashflow To Firm	15,392	5,731	5,659	7,393	16,828

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

Balance Sheet

(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Total Cash And Equivalents	6,083	6,559	4,493	2,785	10,662
Total Debtors	13,021	12,801	17,124	21,365	25,218
Inventories	13,708	17,258	21,691	27,649	29,421
Total Other Current Assets	10,878	14,446	13,380	14,480	15,580
Total Current Assets	43,690	51,063	56,688	66,279	80,881
Fixed Assets	47,020	55,852	61,741	66,415	68,434
Total Investments	69,913	92,714	112,714	131,714	148,714
Intangible Assets					
Total Other Non-Current Assets					
Total Non-current Assets	116,933	148,566	174,455	198,129	217,148
Short-term Debt					
Current Portion of Long-Term Debt					
Total Creditors	51,122	61,537	68,497	76,663	81,258
Other Current Liabilities	8,560	12,016	12,516	13,016	13,516
Total Current Liabilities	59,682	73,553	81,013	89,679	94,774
Total Long-term Debt	18,265	19,276	17,776	16,276	14,776
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities					
Total Non-current Liabilities	18,265	19,276	17,776	16,276	14,776
Total Provisions	5,365	7,434	7,634	7,834	8,034
Total Liabilities	83,312	100,262	106,422	113,789	117,583
Shareholders Equity	77,310	99,367	124,721	150,619	180,446
Minority Interests					
Total Equity	77,310	99,367	124,721	150,619	180,446

Key Ratios

	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Revenue Growth	21.3%	13.3%	14.9%	10.1%	11.5%
Operating EBITDA Growth	39.8%	19.1%	13.2%	7.4%	11.5%
Operating EBITDA Margin	11.7%	12.3%	12.1%	11.8%	11.8%
Net Cash Per Share (Rs)	(25.64)	(26.77)	(27.96)	(28.39)	(8.66)
BVPS (Rs)	162.72	209.15	262.51	317.03	379.81
Gross Interest Cover	16.73	26.75	23.60	23.05	27.92
Effective Tax Rate	23.2%	25.3%	25.8%	26.0%	26.0%
Net Dividend Payout Ratio	17.4%	17.4%	15.9%	18.0%	16.0%
Accounts Receivables Days	12.87	13.00	13.11	15.31	16.62
Inventory Days	20.31	21.94	23.86	27.45	28.45
Accounts Payables Days	72.00	79.81	79.65	80.77	78.72
ROIC (%)	73.1%	111.2%	114.0%	98.5%	89.9%
ROCE (%)	32.8%	33.9%	30.9%	27.8%	26.5%
Return On Average Assets	15.5%	15.7%	14.4%	13.3%	13.1%

Key Drivers

	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
ASP (% chg, main prod./serv.)	6.8%	0.8%	2.8%	1.7%	1.9%
Unit sales grth (% , main prod./serv.)	14.7%	12.5%	12.1%	8.0%	9.3%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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Recommendation Framework

Stock Ratings

Definition:

- Add** The stock's total return is expected to exceed 10% over the next 12 months.
- Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- Reduce** The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings

Definition:

- Overweight** An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
- Neutral** A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight** An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings

Definition:

- Overweight** An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
- Neutral** A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
- Underweight** An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.