

FEB 2023



# TVS MOTORS EQUITY RESEARCH

TEAM:  
**The Godfather**

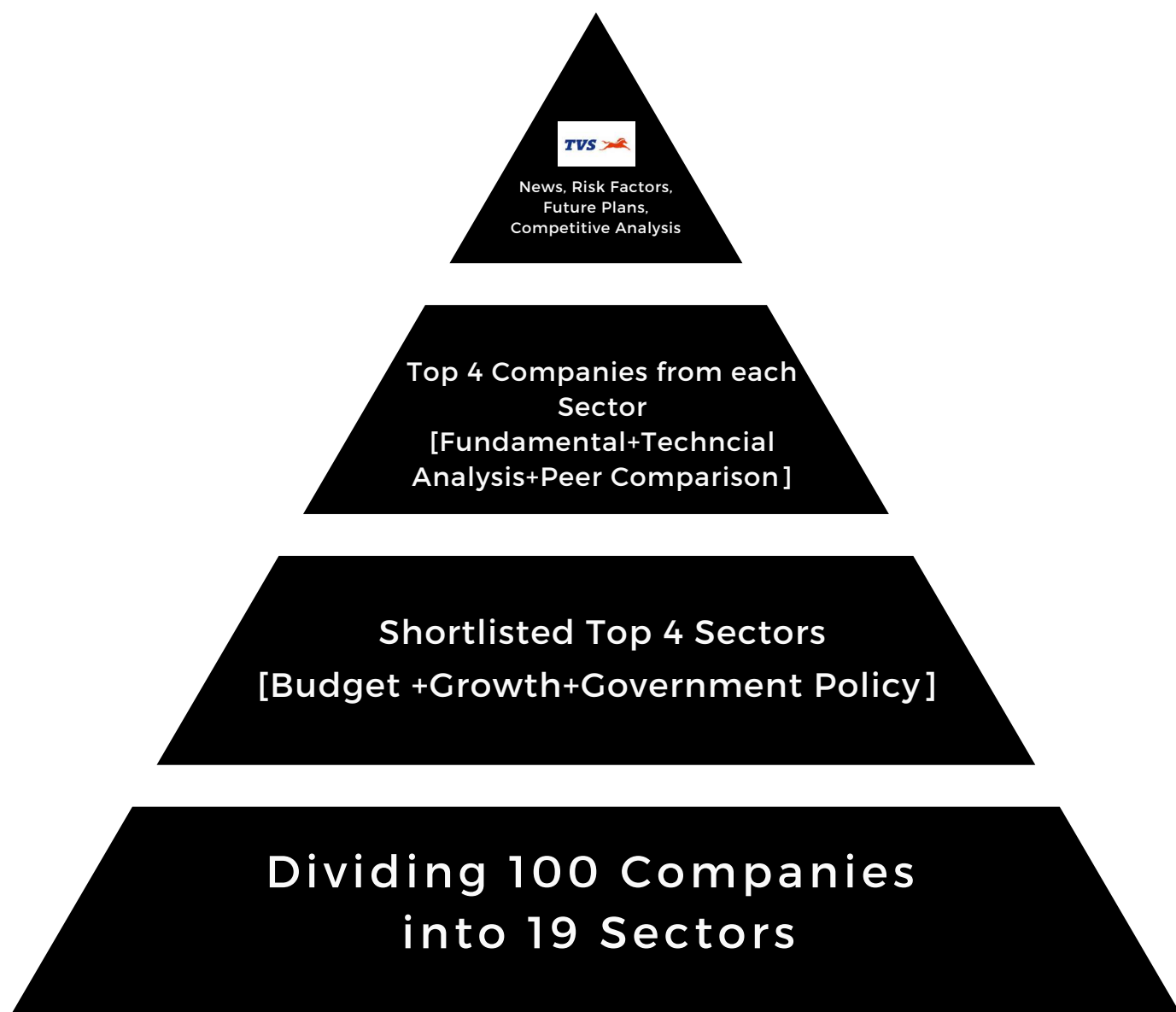
# SHORTLISTING: NIFTY MIDCAP 100

## 100 Companies can be divided into 19 Sectors

- Automobile
- Capital Goods
- Chemical
- Construction Materials
- Consumer Durables
- Consumer Services
- Fast-Moving Consumer Goods
- Financial
- Healthcare
- Information Technology
- Metals & Mining
- Oil Gas & Consumable fuels
- Media, Entertainment & Publication
- Power
- Realty
- Services
- Telecommunication
- Textiles



# SHORTLISTING & SECTOR ANALYSIS



Keeping various factors into consideration, we performed a detailed sector analysis in which we analyzed all the sectors and rejected many of them because of reasons like slow growth, lack of innovation or negligible investment in these sectors by government or FDI.

# SECTOR ANALYSIS

On the basis of Budget, Government policies and Growth Prospects

Performing sector analysis of each sector and shortlisting the top 4 sectors:

Automobile, Capital Goods, Financial Services, and Steel Industries

Further we analyzed all the sectors on the bases listed below:

- Budget allocation on each sector
- Future and past growth
- Government Policies

## Budget Allocation: Automobile Sector

Schemes for the automobile sector under the Ministry of Heavy Industries

Scheme for Faster Adoption and Manufacturing of (Hybrid and) Electric Vehicle in India - (FAME - India) - Rs 5,171.97 Cr

Production Linked Incentive (PLI) Scheme for Automobiles and Auto Components - Rs 604 Cr.

Custom duty on lithium-ion batteries has been reduced from 21 percent to 13 percent

## Capital Goods

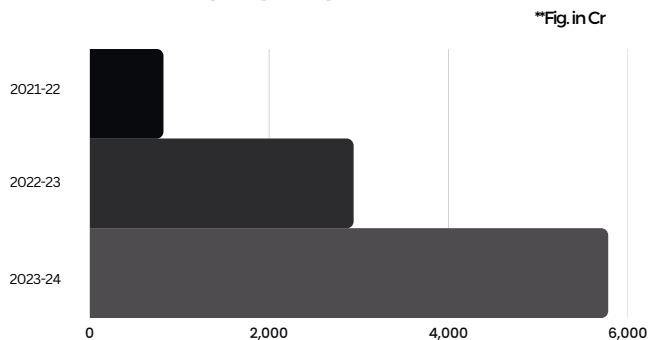
The increased capital allocation of Rs 10 lakh crore announced in the Union Budget will lead to picking up in demand for steel.

## Financial Services

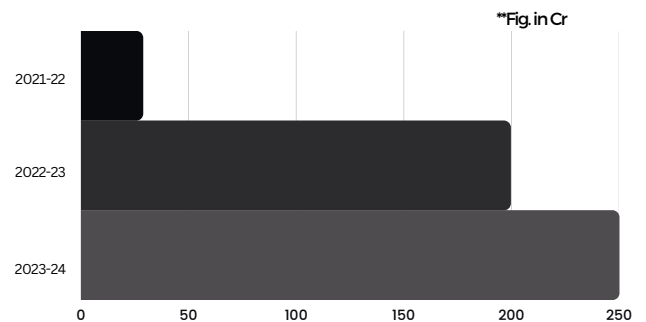
In line with the demand from the mutual fund industry, withholding tax on income from mutual funds for non-residents now would be at the rates in force as per the applicable treaty rate instead of a flat 20 percent.

## Budget YoY Allocation

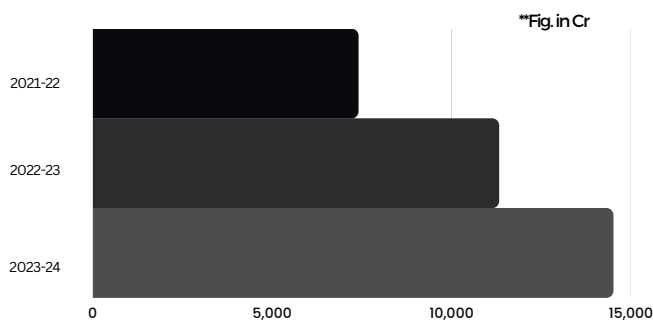
### AUTOMOBILE



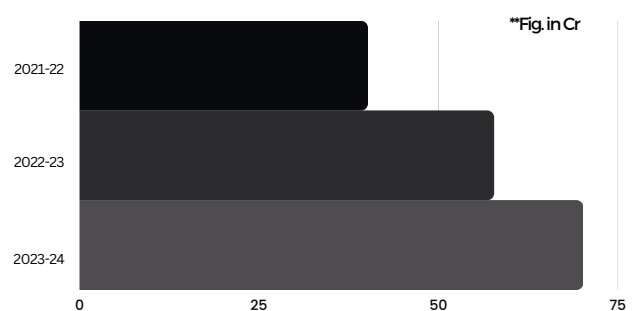
### CAPITAL GOODS



### FINANCIAL SERVICES



### STEEL INDUSTRIES





National Financial Information Registry will establish for efficient lending, financial inclusion, and financial stability. Credit Guarantee Scheme for MSMEs was declared. Measures to enhance business activities in GIFT IFSC were also declared.

### Steel industries

The government's continuous emphasis on infrastructure in the Union Budget 2023-24 would assure long-term growth in steel demand.

Growth Prospects and Gov Policies:

#### Automobile Sector

Vehicle and component exports stood at US\$ 23 billion as of FY22, representing 5% of the total merchandise exports.

Third largest exporter of two wheelers in the world worth \$2.9 billion (accounting for 7.4% global share).

CAGR 2016-22 - 7.5%

Projected CAGR 2022-27 - 9%

Customs duty exemption is being extended for the import of capital goods and machinery required for manufacturing lithium-ion cells or batteries used in electric vehicles

Custom duty on lithium-ion batteries has been reduced from 21 percent to 13 percent.

Rebate on personal income tax - The Union Budget 2023 increases the tax rebate limit on personal income from ₹5 lakhs to ₹7 lakhs. This is likely to offer more disposable income for salaried citizens to spend on goods like automobiles.

### Capital Goods

Rising Demand - Growth of sectors such as infrastructure, power, mining, oil and gas, refinery, steel, automotive, and consumer durables is driving huge demand in this sector.

Support by Government Policies - The government's push towards better infrastructure, increased budgetary allocation and economic recovery will boost revenue of capital goods companies.

### Financial Services

CAGR of 11.35% between FY2016 to FY2021

The government approved 100% FDI for insurance intermediaries and also increased the FDI limit in the insurance sector to 74% from 49% under the Union Budget 2021-22. FDI limit in the Insurance sector was increased from 49% to 74%, and Foreign Ownership and control were allowed with safeguards

Digital gold investment options has been emerging in the recent times. In the Union Budget 2022-23, India has announced plans for a central bank digital currency (CBDC) which will be known as Digital Rupee.

### Steel Industries

Expected CAGR of 7-7.5% between FY2022 to FY2025.

The sector showed a YoY growth of 25.1% in exports.

India's finished steel consumption is anticipated to increase to 230 MT by 2030-31 from 133.596 MT in FY2022.

In October 2021, the government announced guidelines for the approved specialty steel production-linked incentive (PLI) scheme. Removal of export duty on finished steel and iron products.

### Automobile

Balkrishna  
Industries Ltd.

TVS Motor  
Company Ltd

MRF Ltd.

### Capital Goods

Cummins India  
Escorts Kubota

Honeywell  
Automation.

Polycab

### Financial Services

Power Finance  
Corporation Ltd.

ICICI Securities  
Ltd.

### Steel Industries

Jindal Steel &  
Power Ltd.

Hindustan Zinc  
Ltd.

# Peer Comparision and Ratio Analysis

## Capital Goods Sector-

Company	P/E Ratio	P/B Ratio	ROE	ROCE	dIV	DEBT/EQUITY	RATING	PROMOTERS	DII	FII
Escorts Kubota Ltd.	44.22	3.35	11.57 %	15.59%	0.34 %	0	4	72.9%	8.49%	3.95%
Honeywell Automation India Ltd.	82.61	10.7	12.56 %	17.22%	0.24 %	0	3	75%	12.49%	3.01%
Polycab India Ltd.	38.95	7.33	18.33 %	24.21%	0.46 %	0.01	3	66.61%	10.13%	8.11%

## Automobile Sector-

Company	P/E	P/B	ROE	ROCE	PROFIT GROWTH	DEBT TO EQUITY	Promoters	FII
Balkrishna Industries Ltd.	32.77	5.07	21.82 %	24.13%	22.10 %	0.35	58.29	12.45
TVS Motor Company Ltd.	38.7	8.93	19.87 %	22.89%	46 %	0.33	50.27	14.45
MRF Ltd.	66.93	2.66	4.80 %	7.54%	-48.17 %	0.14	27.87	18.22

## Finance Sector-

Company	P/E	P/B	ROE	ROCE	div	PROFIT GROWTH	DEBT TO EQUITY	Ratings	Promoters	DII	FII
Power Finance Corporation Ltd.	3.66	0.6	17.94 %	9.23%	8.11 %	18.69 %	5.39	4	55.99	17.89	16.85

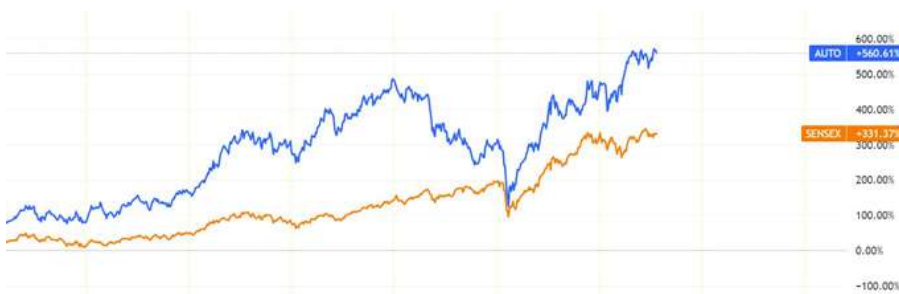
## Steel Industries-

Company	P/E Ratio	P/B Ratio	ROE	ROCE	dIV	DEBT/EQUITY	Rating	Promoters	DII	FII
Jindal Steel & Power Ltd.	21.23	1.51	22.69 %	24.71%	0.51 %	0.33	4	61.2	14.18	13.13
Hindustan Zinc Ltd.	12.6	4.09	28.92 %	37.44%	5.55 %	0.09	4	64.92	32.57	0.87

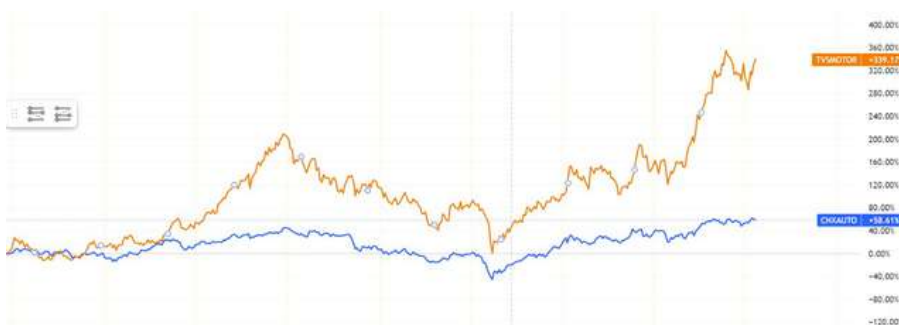
# CONCLUSION



TVS: Price showing strong upward movement with RSI also showing good strength



Auto Sector Growth with respect to stock market (Weekly Graph)



TVS Growth with respect to Auto sector (Weekly Graph)

TVS Motors has recently been in talks with Goldman Sachs seeking huge investments, for expansion in EV markets. Coupled with huge tax reliefs on Lithium-ion batteries and staggering growth presence in global markets, with strong fundamentals. It is also the second-largest two-wheeler manufacturer in India and the fifth-largest in Asia. Also, it has excellent Fundamentals among its peer and a huge market presence.

Polycab has decent fundamentals but the technicals look worrying. Also, it has a low book-to-market value.

Power Finance Corporation Ltd. is not showing much strength technically.

Therefore TVS is an ideal stock to invest in.

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# OVERVIEW

## About Company

TVS Motor Company Limited (TVSM), the third-largest two-wheeler manufacturer in India, is a part of TVS Group; it manufactures motorcycles, scooters, mopeds and three-wheelers in India. TVS Motors is credited with many innovations in the Indian automobile industry, notable among them being the introduction of India's first two-seater moped, the TVS 50cc. The company has presence in all the three sub-segments of two wheelers, i.e., motorcycles, scooters & mopeds as well as the three-wheeler segment.

## About Stock

- Primary Exchange for trading: NSE
- Ticker Symbol: TVSMOTOR
- Primary Sector: Automobile and Auto Components
- Current Stock Price: Rs.1104(17 feb)
- Target Stock Price: 1170(1st),1300(2nd)
- Liquidity:
  - Quick ratio: 0.89      Inventory turnover:13.79
  - Current ratio: 0.99      Asset turnover:1.06
- Market Capitalization: Rs. 52,442.29 Cr
- Free Float:50%



# BUSINESS DESCRIPTION

The Government's thrust on CapEx coupled with initiatives such as the PLI scheme is expected to give a push or improvement in investment activity. Due to the strong product line-up, unwavering focus on consumer, quality, cost, and strong new launches the Company is confident about outperforming the industry, inspite of the global challenges and a tough business environment. Leading the two-wheeler industry with another important milestone, was the crossing of 1 lakh AOG (Apache Owners' Group) members, the first domestic OEM to have achieved this feat. This advocacy momentum on the ground and in the digital space further strengthens the brand. This experience is further enhanced by the exquisite brand experience due to many initiatives including, APP (Apache Pro Performance), Apache Riding Experience (ARE), TVS Training School, Women's Training and Selection, and the One Make Championship, which continue to grow the aspiration for the brand. The Company has achieved 19% market share in the high-speed electric scooter segment (FY 2021-22). The Company further intends to consolidate position as a leader in the EV segment through relevant product offerings and increasing our network presence across the country.

## Major Products

### TVS Apache



The TVS Apache RTR Series has always led the premium segment by being a pioneer in race performance and introduced many industry firsts and best-in-class offerings.

### TVS Jupiter



TVS Jupiter reached 4.5 Mn+ happy customers during FY'21- 22.

### TVS XL100



TVS Moped has crossed a new milestone of 1.5 Crore Happy customers since its launch in 1980.

### Other Important Products

- TVS Raider
- TVS Jupiter 125
- ELECTRIC - TVS iQUBE
- TVS NTORQ 125
- TVS King Auto Deluxe

## Factors affecting and revenue and expenses

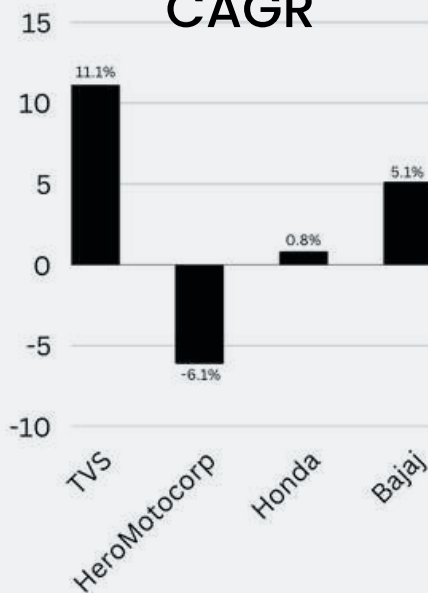
- **Geopolitics** - Huge portions of auto parts are imported from China. Given the history of our sensitive relations with China, geopolitics would adversely impact the expenses.
- **Interest rates** - The major consumers of two-wheelers are middle class Indians. 75% of the two wheelers are purchased on loans from financial institutions by the individuals. Hence, any changes in the interest rate will have a huge impact on the companies' sales.

# INDUSTRY OVERVIEW

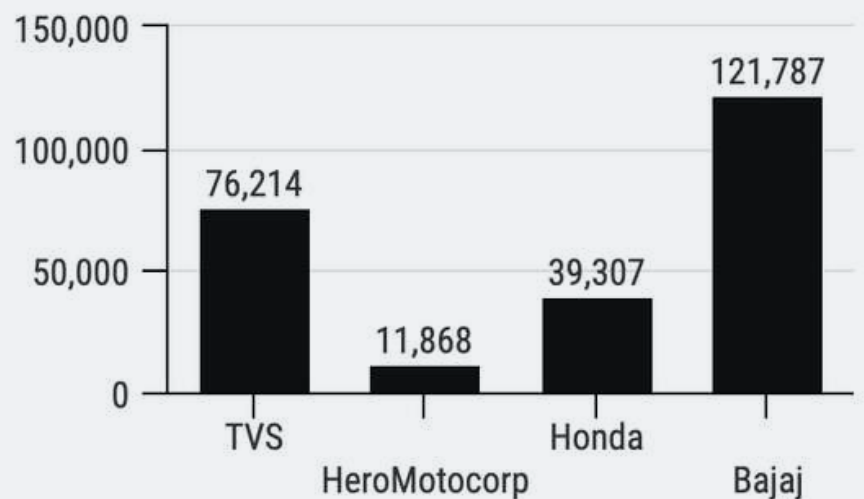
## COMPETITIVE ANALYSIS

Company	Global Presence (no. of countries)
TVS	80
HeroMotocorp	40
Honda	140
Bajaj	70

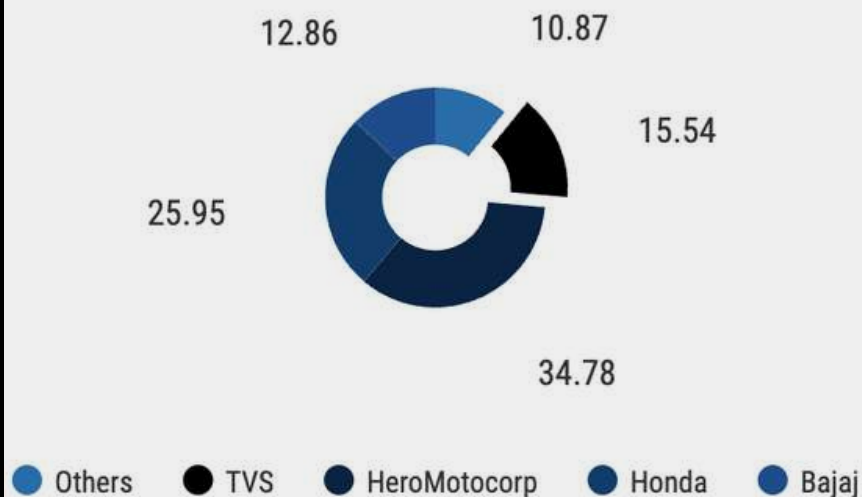
### CAGR



### Export Units



### Domestic Market



# PORTER'S FIVE FORCES ANALYSIS

The Porter Five Forces that determine the industry structure in Auto & Truck Manufacturers are -

## **Bargaining power of buyers(High)**

Buyer has an added advantage than seller because there are five to six big popular brands of two-wheelers available in India, so that they can switch brands from one another. Since full information is available to the buyers about their product details and their prices buyers are fully aware of seller costs and products

## **Bargaining power of suppliers(low)**

Most of the Companies take Raw materials from small suppliers. The companies have a high ability to Substitute and switch easily from one supplier to other supplier and the substituting cost is also comparatively less. Some components in the two-wheeler industry are very common for all two-wheeler industries, such as steel, aluminium, tyres, and tubes, and these materials are abundant.

## **Rivalry among existing players(high)**

If competition is intense then it becomes difficult for existing players such as TVS Motor Company to earn sustainable profits. The key players in two-wheeler industries are Hero Honda motor Ltd. (HHML), Bajaj Auto Ltd and TVS motor Company Ltd. The other players are Kinetic, Lml, Yamaha, Majestic auto Ltd, Royal Enfield Ltd and Honda motorcycle & scooter India.

## **Threat of substitute(low)**

Substitute products for two-wheeler industries are bus transportation, Auto transportation and even low-end cars, but people using two-wheelers can only use the service of buses and auto as a substitute product. Sometimes low-end cars are a substitute product for the people using high-end motorcycles.

**Threat of new entrants(low)** –.Capital investment is very huge in two-wheeler industries since large plant and large machineries needed with skilled labours and good R&D team are required for producing two-wheelers. This lowers the threat of new entrants in the Industry.





## Production Capacity



DETAILS	YEAR ENDED 31-03-2022	YEAR ENDED 31-03-2021
SALES	-	-
QUANTITATIVE	(NUMBERS IN LAKHS)	(NUMBER IN LAKHS)
MOTORCYCLES	17.32	13.42
MOPEDS	4.83	6.26
SCOOTERS	9.23	9.61
THREE WHEELERS	1.72	1.24
TOTAL VEHICLES SOLD	33.10	30.53

TVS Motor Company is the third largest two-wheeler manufacturer in India, The company has an annual production capacity of 4 million 2 wheelers & 120,000 3 wheelers. The company has four manufacturing plants, three located in India (Hosur in Tamil Nadu, Mysore in Karnataka and Nalagarh in Himachal Pradesh) and one in Indonesia at Karawang.

## Brand Strength

TVS has always had a strong image in front of the public. Many celebrities have been the face of the company like Amitabh Bachhan , Virat Kohli , MS Dhoni etc. The company has taken parts in many activities towards social welfare such as :

Women Empowerment  
Youth Development  
Water conservation

TVS Motor Company has inked a sponsorship deal with petrochemicals giant Petronas which sees the former's factory racing team get rebranded to Petronas TVS Racing. TVS Motor Company has also sponsored many events like the cricket tournament EPL in Nepal strengthening its image outside India as well

# Pricing and Features

MODEL NAME	PRICING (Ex showroom guwahati)	ENGINE CAPACITY	FUEL CAPACITY	MILEAGE
TVS RAIDER	Rs.92,964	124.8 cc	10 litres	57 kmpl
TVS APACHE RTR	Rs.1,23,190	159.7 cc	12 litres	45 kmpl
TVS JUPITER	Rs.75,967	109.7 cc	6 litres	50 kmpl
TVS XL100	Rs.45,576	99.7 cc	4 litres	51.5 kmpl
TVS IQUBE	Rs.1,11,677 (After Subsidy)	–	–	–
TVS NTORQ 125	Rs.84,256	124.8 cc	5.8 litre	40 kmpl
TVS RADEON	Rs.71,399	109.7 cc	10 litre	65 kmpl
TVS SCOOTY ZEST	Rs.77,439	109.7 cc	5 litre	45 kmpl
TVS STAR CITY	Rs.75,900	109.7 cc	10 litre	68 kmpl

## Distribution

Along with being present in more than 60 countries of the world, there are approximately 3834 TVS bike dealers operating in India as of Feb 2023. TVS bike showrooms in India are spread across 33 states and 902 cities and include well established as well as new TVS bike dealers. As a result of this extensive distribution network, it has increased its overall two-wheeler industry market share to 15.54% from 14.82% in April–December 2021, up by nearly one percent, with sales of 1.91 million units.

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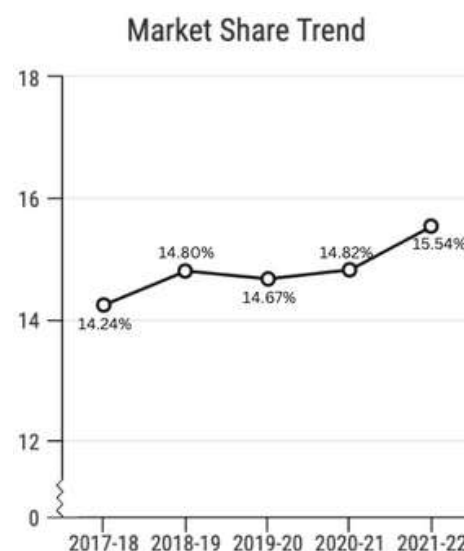
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The market share of TVS Motors had been constant in the FY17-FY20 but saw a significant growth in FY21 strongly indicating the success of the company's expansion policies.



# INVESTMENT SUMMARY

## Upcoming Projects

- Development of new technologies in the areas of Electric power trains and connected vehicles. sss
- A deep focus on building core technology for EVs such as the battery, e-powertrain, Controllers & infotainment is a priority for the Company's R&D organization
- Development of new technologies for reduction of CO2, other omissions and adoption of new technologies for enhanced safety and rider assist.



TVS Zeppelin R



TVS Creon



TVS iQube Electric ST

## Recent investments

- In Nov 2021, The company entered into an MoU with the Tamil Nadu government to invest Rs 1,200 crore in future technologies and EVs.
- In 2022, TVS Motor was progressing on the earlier-announced EV investment of Rs 1,000 crore to build a complete product portfolio and marketing strategies.
- In Investors summit 2023, This expansion plan entails an investment of over Rs 1,000 crores and could create over direct and indirect employment in Madhya Pradesh of over 2,000 jobs.

## Earning Forecasts

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23E	FY24E	FY25E
<b>Total revenue</b>	<b>167,505</b>	<b>207,905</b>	<b>257,636</b>	<b>302,735</b>	<b>348,239</b>
EBITDA	82.61	10.7	12.56 %	17.22%	0.24 %
Depreciation	38.95	7.33	18.33 %	24.21%	0.46 %
EBIT	9,679	13,693	20,665	27,461	32,077
Net interest inc./(exp.)	(1,416)	(1,259)	(1,251)	(1,155)	(1,097)
Other inc./(exp.)	330	190	259	321	398
Exceptional items	0	(302)	0	0	0
EBT	8,263	12,132	19,414	26,305	30,980
Income taxes	2,142	3,197	4,892	6,629	7,807
Extraordinary item	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>14,522</b>	<b>19,676</b>	<b>23,173</b>
Adjustments	0	302	0	0	0
<b>Adjusted net profit</b>	<b>6,121</b>	<b>9,237</b>	<b>14,522</b>	<b>19,676</b>	<b>23,173</b>



# VALUATION

## Methodology behind the valuation -

As releases in the high-end EV and conventional internal combustion markets significantly redesign the product portfolio, we think TVSL will continue to outperform industry growth.

The company's premiumization strategy would protect margins and any reduction in raw material prices.

Cost of materials provides additional padding. However, the recent 15% increase in the stock price over the previous quarter pricing in these advantages and provides little room for further growth; as a result, we advise to HOLD. With the addition of Rs 33/sh (consensus value) for TVS Credit, our target price of Rs. 1,068 is set at 25x FY24E EPS for the core business (in line with 10-year average).

## Key assumptions -

Parameter	FY23E	FY24E	FY25E
<b>2W Volume (units)</b>	<b>3,749,194</b>	<b>4,189,299</b>	<b>4,576,188</b>
3W Volume (units)	200,844	230,970	265,616
Revenue (Rs mn)	257,636	302,735	265,616
EBITDA (Rs)	26,630	33,972	39,281
EBITDA margin (%)	10.3	11.2	39,281
Adj. PAT (Rs)	14,522	19,676	39,281
EPS (Rs)	30.6	41.4	48.8

## Valuation Summary -

Business	FY24E EPS (Rs)	Target P/E (x)	Value (Rs)
Standalone Business	41.4	230,970	1,035
TVS Credit	-	-	33
Total	-	-	1,068

## Key Risks -

Key upside risks to our estimates are:

- faster economic pickup than anticipated, propelling demand

Key downside risks are:

- slower demand revival in domestic markets, and
- commodity prices staying elevated.



# FINANCIAL ANALYSIS

## Balance Sheet

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23E	FY24E	FY25E
Accounts payables	39,360	39,914	43,471	50,241	58,855
Other current liabilities	6,582	5,830	12,052	14,527	15,748
Provisions	1,925	2,458	2,704	2,974	3,271
Debt funds	10,356	16,455	14,809	14,069	13,365
Other liabilities	938	3,622	3,259	3,096	2,942
Equity capital	475	475	475	475	475
Reserves & surplus	40,384	47,746	57,911	72,669	88,890
Shareholders' fund	40,859	48,221	58,387	73,144	89,365
<b>Total liab. and equities</b>	<b>100,020</b>	<b>116,500</b>	<b>134,681</b>	<b>158,052</b>	<b>183,546</b>
Cash and cash eq.	9,298	4,012	6,971	4,443	3,702
Accounts receivables	8,700	9,507	12,705	15,759	18,605
Inventories	11,518	11,227	14,823	18,247	21,944
Other current assets	5,158	9,260	8,470	9,953	11,449
Investments	33,145	47,160	56,357	71,858	87,358
Net fixed assets	30,103	34,849	34,624	36,792	39,190
CWIP	2,787	2,462	2,708	2,979	3,277
Intangible assets	0	0	0	0	0
Deferred tax assets, net	(1,955)	(1,979)	(1,979)	(1,979)	(1,979)
Other assets	1,265	0	0	0	0
<b>Total assets</b>	<b>100,020</b>	<b>116,497</b>	<b>134,681</b>	<b>158,052</b>	<b>183,546</b>

## DuPont Analysis

Y/E 31 Mar (%)	FY21A	FY22A	FY23E	FY24E	FY25E
Tax burden (Net profit/PBT)	74.1	73.7	74.8	74.8	74.8
Interest burden (PBT/EBIT)	85.4	88.6	93.9	95.8	96.6
EBIT margin (EBIT/Revenue)	5.8	6.6	8.0	9.1	9.2
Asset turnover (Rev./Avg TA)	307.5	345.2	356.0	363.1	355.4
Leverage (Avg TA/Avg Equity)	1.4	1.4	1.4	1.3	1.2
Adjusted ROAE	15.9	20.1	27.2	29.9	28.5

## Valuation Ratios

Y/E 31 Mar (x)	FY21A	FY22A	FY23E	FY24E	FY25E
EV/Sales	3.1	2.5	2.0	1.7	1.5
EV/EBITDA	36.4	26.2	19.5	15.3	13.2
Adjusted P/E	85.4	58.5	36.0	26.6	22.6
P/BV	12.8	10.8	9.0	7.1	5.9

## Cash Flows

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23E	FY24E	FY25E
Cash flow from operations	26,934	13,762	22,894	26,426	31,217
Capital expenditures	(5,974)	(10,535)	(6,246)	(9,271)	(10,298)
Change in investments	(7,086)	(14,015)	(9,198)	(15,500)	(15,500)
Other investing cash flows	330	190	259	321	398
Cash flow from investing	(12,730)	(24,360)	(15,185)	(24,450)	(25,400)
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	(9,391)	6,099	(1,645)	(740)	(703)
Interest expenses	(1,416)	(1,259)	(1,251)	(1,155)	(1,097)
Dividends paid	(1,663)	(1,782)	(4,357)	(4,919)	(6,952)
Other financing cash flows	374	24	0	0	0
Cash flow from financing	(12,095)	3,082	3,702	(6,815)	(8,753)
Chg in cash & cash eq.	2,108	(7,516)	456	(4,838)	(2,935)
Closing cash & cash eq.	9,298	4,012	6,971	4,443	3,702

## Per Share

Y/E 31 Mar (Rs)	FY21A	FY22A	FY23E	FY24E	FY25E
Reported EPS	12.9	18.8	30.6	41.4	48.8
Adjusted EPS	12.9	18.8	30.6	41.4	48.8
Dividend per share	3.5	3.7	9.2	10.4	14.6
Book value per share	86.0	101.5	122.9	154.0	188.1

## Ratio Analysis

Y/E 31 Mar	FY21A	FY22A	FY23E	FY24E	FY25E
YoY growth(%)					
Revenue	2.0	24.1	23.9	17.5	15.0
EBITDA	6.1	37.3	35.7	27.6	15.6
Adjusted EPS	3.4	46.0	62.5	35.5	17.8
Profitability & Return ratios (%)					
EBITDA margin	8.5	9.4	10.3	11.2	11.3
EBIT margin	5.8	6.6	8.0	9.1	9.2
Adjusted profit margin	3.7	4.4	5.6	6.5	6.7
Adjusted ROAE	15.0	19.2	24.9	26.9	25.9
ROCE	13.2	16.7	21.4	24.6	24.5
Working capital days (days)					
Receivables	23	16	16	17	18
Inventory	24	20	18	20	21
Payables	98	92	78	75	76
Ratios (x)					
Gross asset turnover	0.4	0.4	0.3	0.3	0.3
Current ratio	0.7	0.7	0.7	0.7	0.7
Net interest coverage ratio	(6.8)	(10.9)	(16.5)	(23.8)	(29.2)
Adjusted debt/equity	0.3	0.3	0.3	0.2	0.1

## Investment Risk

### 1. Geopolitical

The geopolitical strife while currently localized remains volatile. Economic sanctions and other disruptions to global supply chains could adversely impact the economic recovery across the world.

### 2. Supply Side Factors

Raw material timely availability, shortages of semi-conductor and some EV specific components could lead to impacted financial performance.

### 3. Demand Side Factors

Less than projected GDP growth and/or consequent jobs growth could adversely impact domestic demand.

Demand growth is highly dependent on improvement in consumer sentiment. The improvement in sentiment is yet to fully recover to pre covid levels and could be impacted by Inflation, especially energy and food led and any significant adverse development in CoVID.

## Environmental, Social and Governance

### • Environmental

1. The Company has reduced 18% specific water consumption in last the 3 years. The Company's approach was "Demand side Water management" which best utilizes the available water.

2. The Company is making itself water positive by incorporating rainwater harvesting that reserve and refine groundwater.

4. Efforts in enhancing Renewable Energy share have been recognised and was awarded "Outstanding Renewable Energy User" by Indian Federation of Green energy.

### • Social

1. During second wave of CoVID-19 pandemic Occupational Health Centre (OHC) extended support to all employees and their families by arranging CoVID testing at various hospitals.

2. The Company has an Internal Complaints Committee as required under The Sexual Harassment of Women at Workplace (Prevention Prohibition and Redressal) Act 2013.

3. 2% of the average net profits of the Company made during the three immediately preceding financial years towards trusts.

### • Governance

1. The Company has been practicing the principles of good corporate governance over the years and lays strong emphasis on transparency, accountability and integrity.

2. The Director & CEO and the Chief Financial Officer (CFO) of the Company have certified to the Board on financial statements and other matters in accordance with the Regulation 17 (8) of the Listing Regulations pertaining to CEO / CFO certification for the financial year ended 31st March 2022.

**Kameng Fund Team**

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# Thank You!



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