

CMP: INR 3,548

Rating: Neutral

Target Price: INR 3,660

Stock Info

BSE 509243

NSE TVSMOTOR

Bloomberg TVSL IN

Reuters TVSM.BO

Sector Auto -2&3
Wheelers

Face Value (INR) 1

Equity Capital (INR mn) 475

Mkt Cap (INR Bn) 1688

52w H/L (INR) 3,720/2,170

Avg Yearly Vol (in 000') 778

Shareholding Pattern %

(As on Sept, 2025)

Promoters 50.27

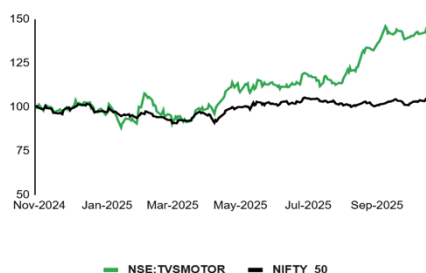
Public & Others 49.73

Stock Performance (%) 1m 3m 12m

TVS Motors 4.3 27.2 44.6

Nifty Auto 2.5 14.5 13.2

TVS Motors Vs Nifty



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TVS Motor Company reported Revenue momentum continues, though margins lag expectations Standalone revenue stood at INR 119,054 Mn, above our estimate of INR 118,885 Mn registering growth 29% YoY & up by 18.1% QoQ EBITDA stood at INR 15,086 Mn, below our estimate of INR 15,455 Mn, Registering a growth of 39.7%YoY/ 19.4%QoQ. On the margins front, EBITDA margin up by 14 bps QoQ/ up by 97 bps YoY to 12.67%, below our estimate of 13.0%. Standalone PAT saw a growth of 36.7%YoY & by 16.4% QoQ to INR 9,061 Mn below our estimate of INR 9,843 Mn. EPS stood at INR 19.1 in Q1FY26 against INR 16.4 in Q1FY26 (INR 14.0 in Q2FY25). Sales increased 22% to 15.07 lakh units. Total exports grew 30% with sales increasing from 3.09 Lakh units in Q2FY25 to 4.00 Lakh units in Q2FY26. Launched the new TVS Raider 125cc, India's first bike with Boost Mode, Dual Disc Brakes with ABS, and Glide Through Technology.

Robust International Momentum Anchored by Product Leadership: Exports revenue stood at INR 2,885 cr in Q2, the highest-ever for TVS, with quarterly volumes crossing 400,000 units. The company continues to outperform the industry in Africa, LATAM, and Asia, supported by a dedicated Dubai office and deeper market engagement. Sri Lanka, Nepal, and Bangladesh showed sequential improvement, while new distribution partnerships are being forged across LATAM. Export profitability is approaching domestic levels, aided by scale, product localization, and steady currency realization (INR 86.4/USD).

Premiumization – Core Growth Lever Driving Mix and Margin Gains: Premium products such as Apache RTX, Ntorq 150, and Jupiter 125 are fueling both mix enrichment and margin expansion. The share of Jupiter 125 within the Jupiter portfolio stands at ~35–36%, reflecting successful uptrading. The Apache range continues to dominate in performance motorcycling, while the upcoming Norton launch in FY26 will mark TVS's foray into the global super-premium segment. Premiumization is a key lever for sustaining double-digit volume growth and 100bps+ annual margin accretion.

3W Gaining Relevance Through Electrification: TVS's 3W business grew +41% YoY to 53,000 units, driven by new model introductions and network expansion. The King Cargo HTEV, designed for urban logistics with 156km range and high payload capacity, has been well received. Over 100 new 3W touchpoints were added this year, improving reach and service levels. With EV variants now contributing a rising share, TVS has doubled its 3W market share YoY and aims to be a prominent player in both ICE and electric commercial mobility over the next 2–3 years.

Outlook and valuation

TVS Motor heads into H2FY26 on solid ground, supported by steady domestic recovery and improving export momentum. The company expects overall industry volumes to rise by ~8% in the near term, aided by GST-driven affordability, stronger rural sentiment, and festive demand tailwinds. Double-digit revenue growth aims to sustain for FY26, led by continued premiumization, scale-up of EV offerings such as TVS Orbiter and King Cargo HTEV, and strong traction in Africa and LATAM markets. Margins improved to 12.7% in Q2 and are expected to move past 13% on account of favorable mix, PLI incentives, and cost optimization. However, sustained investments in EVs, R&D, and overseas expansion, along with raw material cost pressures and supply constraints (magnet availability), may limit near-term margin upside. The upcoming Norton launch in FY26 should enhance the brand's global positioning in the premium segment. While TVS is well-positioned for long-term growth through innovation, premiumization, and global diversification, we see limited upside in the short-to-medium term after a strong run-up in earnings and valuation. Hence, **We value TVS Motors' standalone business at an FY28E PE of 30x to its EPS estimate of INR ~115 for FY28E and TVS credit services at 3.1x its BV (~INR 215.2/ share), which yields a revised target price of INR 3,660 per share. We downgrade our rating from "Accumulate" earlier to Neutral on the stock.**

Exhibit 1: Financial Performance

YE March (INR Mn)	Net Sales	EBITDA	PAT	EPS (INR)	EBITDA Margin %	P/E (x)
FY24	3,17,764	35,141	20,830	43.8	11.1	80.9
FY25	3,62,513	44,540	27,105	57.2	12.3	62.0
FY26E	4,23,257	56,783	35,314	74.3	13.4	47.7
FY27E	4,96,635	69,230	43,148	90.8	13.9	39.1
FY28E	5,91,361	85,822	54,552	114.8	14.5	30.9

Source: Arihant Research, Company Filings

Exhibit 2: Quarterly result summary

Standalone INR mn	Q2FY26	Q1FY26	Q2FY25	QoQ (%)	YoY (%)
Net Sales	1,19,054	1,00,810	92,282	18.1	29.0
- Consumption of Raw Material	84,604	71,754	66,018	17.9	28.2
(% of Net Sales)	71.1	71.2	71.5	-11bps	-48bps
- Staff Expenditure	6,047	5,808	4,967	4.1	21.7
(% of Net Sales)	5.1	5.8	5.4	-68bps	-30bps
- Other Expenditure	13,317	10,618	10,499	25.4	26.8
(% of Net Sales)	11.2	10.5	11.4	65bps	-19bps
Total Expenditure	1,03,968	88,180	81,485	17.9	27.6
EBITDA	15,086	12,630	10,798	19.4	39.7
EBITDA Margin (%)	12.67	12.53	11.70	14bps	97bps
Depreciation	2,144	2,039	1,806	5.1	18.7
EBIT	12,942	10,591	8,992	22.2	43.9
EBIT Margin (%)	10.87	10.51	9.74	36bps	113bps
Interest	466	403	319	15.6	45.9
Other income	(213)	343	299	(162.2)	(171.3)
PBT	12,263	10,531	8,972	16.4	36.7
Tax	3,202	2,745	2,346	16.7	36.5
Tax Rate (%)	26.1%	26.1%	26%	0bps	0bps
Adjusted PAT	9,061	7,786	6,626	16.4	36.7
Exceptional Item	-	-	-		
Reported PAT	9,060.9	7,785.9	6,626.2	16.4	36.7
EPS (INR)	19.1	16.4	14.0	16.4	36.7
Total Volumes (In Nos)	19,07,054	12,77,172	12,28,223	49.3	55.3
Net Realisation (INR)	62,428	78,932	75,135	(20.9)	(16.9)
EBITDA / Vehicle (INR)	7,911	9,889	8,791	(20.0)	(10.0)
Segment Revenue	Q2FY26	Q1FY26	Q2FY25	QoQ (%)	YoY (%)
Automotive Vehicles & Parts	1,22,559	1,05,538	95,898	16.1	27.8
Financial services	17,861	16,965	16,405	5.3	8.9
Volumes (In Nos)	Q2FY26	Q1FY26	Q2FY25	QoQ (%)	YoY (%)
Motorcycle	6,72,985	6,20,806	5,60,828	8.4	20.0
Scooter	6,39,489	4,98,781	4,90,375	28.2	30.4
E-Scooter	80,009	71,519	75,122	11.9	6.5
Moped	1,41,027	1,12,607	1,39,106	25.2	1.4
2W Domestic	10,90,861	9,13,946	9,12,461	19.4	19.6
2W Exports	3,62,640	3,18,248	2,77,848	13.9	30.5
2W Total	14,53,501	12,32,194	11,90,309	18.0	22.1
3W Domestic	15,985	10,764	7,190	48.5	122.3
3W Exports	37,464	34,214	30,724	9.5	21.9
3W Total	53,449	44,978	37,914	18.8	41.0
Domestic	11,06,846	9,24,710	9,19,651	19.7	20.4
Exports	4,00,104	3,52,462	3,08,572	13.5	29.7
Total	15,06,950	12,77,172	12,28,223	18.0	22.7
Mix (%)	Q2FY26	Q1FY26	Q2FY25	YoY(bps)	QoQ (bps)
Motorcycle	44.7	48.6	45.7	(8.1)	(2.2)
Scooter	42.4	39.1	39.9	8.7	6.3
E-Scooter	5.3	5.6	6.1	(5.2)	(13.2)
Moped	9.4	8.8	11.3	6.1	(17.4)
2W Domestic	72.4	71.6	74.3	1.2	(2.6)
2W Exports	24.1	24.9	22.6	(3.4)	6.4
3W Domestic	1.1	0.8	0.6	25.9	81.2
3W Exports	2.5	2.7	2.5	(7.2)	(0.6)
Domestic	73.4	72.4	74.9	1.4	(1.9)
Exports	26.6	27.6	25.1	(3.8)	5.7

Source: Arianth Research, Company Filings

TVS Motor Company Ltd-Q2FY26 Concall KTAs

Volume

The company outperformed the industry across domestic and export markets. Domestic ICE two-wheeler volumes grew 21% YoY against industry growth of 8%, while international two-wheeler volumes increased 31% YoY versus 26% for the industry. Total ICE volumes rose 23% YoY, and three-wheeler volumes increased 41% YoY to about 53,000 units. EV sales grew 7% YoY to around 80,000 units, constrained by magnet shortages.

Margin Drivers and Cost Movements

Margin expansion was supported by scale benefits, favorable product mix, selective price hikes, and cost efficiencies. Commodity inflation of 0.5–0.6% during the quarter was offset by pricing actions. Other expenses rose due to temporary increases in freight (~INR 120 crore), marketing (~INR 65 crore), and R&D (~INR 25 crore) costs, which were described as growth-oriented investments that may normalize ahead.

Product and Launch Highlights

TVS introduced several new products in Q2FY26. The TVS Orbiter EV scooter offers a 158 km range, cruise control, and hill-hold assist, priced at INR 99,900, with pan-India rollout by Q4. The TVS King Cargo HTEV electric three-wheeler targets urban logistics, offering a 156 km range and advanced features via the TVS Connect platform. The NTORQ 150 and Apache RTX further strengthen the premium portfolio, while new Norton superbikes are set for launch in India by April 2026.

EV Business Update

EV growth was constrained by magnet supply, but profitability improved with EV revenue at INR 1,269 crore and positive contribution margins. The company accrued PLI benefits of around 0.5% of total revenue. Management confirmed that EV-linked incentives remain a structural driver for profitability improvement.

Subsidiaries and Financial Services

TVS Credit added over 25 lakh new customers, taking the total to more than 2.13 crore, with a loan book of INR 27,807 crore. PBT increased 28% to INR 277 crore. Other subsidiaries improved performance with lower losses, contributing positively to consolidated results.

International Business and Strategy

Exports remained a key growth engine, crossing 400,000 units in Q2 with revenue of INR 2,885 crore. Spare parts revenue stood at INR 1,073 crore. The company achieved broad-based growth across Africa, LATAM, and South Asia, supported by a new Dubai office to deepen customer engagement. Management expects exports to continue outperforming industry growth.

Channel inventory remained at a comfortable 25 days, with no major stock issues except for EVs. Average realization for exports stood at INR 86.4 per USD, stable quarter-on-quarter.

Investments and Capex

TVS invested about INR 550 cr during the quarter, primarily in R&D, Norton, and international initiatives. Full-year investments are expected to remain in the INR 1,600–2,000 crore range. The company confirmed that the preference share listing process is in its final stages with SEBI approval expected soon.

GST Impact

TVS fully passed on the GST rate benefits to consumers, expecting a broad-based boost in affordability and demand. The company anticipates healthy Q3 momentum driven by festive demand, GST benefits, and rural recovery, guiding for ~8% ICE segment growth in Q3. Management remains optimistic about H2FY26.

PLI and Regulatory Developments

The company continues to accrue PLI benefits (~0.5% of total revenue in Q2) and has begun recognizing incentives under the three-wheeler PLI scheme. Ongoing discussions on ABS-related safety policies reflect TVS's focus on enhancing rider safety.

Market Positioning and Strategy

TVS emphasized continued premiumization, with Jupiter 125 contributing around 35% of Jupiter volumes. The company is investing heavily in R&D, digital platforms, and customer experience to strengthen its innovation-led and global positioning. Management aims to sustain above-industry growth while improving margins through product mix and scale leverage.

Headwinds

Key short-term risks include EV magnet supply constraints, raw material cost volatility, and temporary marketing or freight cost spikes due to festive launches. Management expects normalization in upcoming quarters.

Profit & Loss Statement (Standalone)					
YE: Mar (INR mn)	FY24	FY25	FY26E	FY27E	FY28E
Net sales	3,17,764	3,62,513	4,23,257	4,96,635	5,91,361
Growth, %	20.5	14.1	16.8	17.3	19.1
RM expenses	2,34,290	2,57,607	2,98,396	3,49,383	4,14,544
Employee expenses	15,959	19,703	22,264	24,936	27,928
Other expenses	32,374	40,664	45,814	53,086	63,067
EBITDA (Core)	35,141	44,540	56,783	69,230	85,822
Growth, %	31	27	27	22	24
Margin, %	11.1	12.3	13.4	13.9	14.5
Depreciation	7,004	7,446	8,842	10,026	11,134
EBIT	28,138	37,094	47,941	59,204	74,688
Growth, %	38	32	29	23	26
Margin, %	8.9	10.2	11.3	11.9	12.6
Interest paid	1,816	1,387	916	934	962
Other Income	1,485	580	696	835	1,002
Non-recurring Items	-	-	-	-	-
Pre-tax profit	27,807	36,288	47,721	59,105	74,728
Tax provided	6,977	9,183	12,407	15,958	20,175
Profit after tax	20,830	27,105	35,314	43,148	54,552
Exceptional Item	-	-	-	-	-
Net Profit	20,830	27,105	35,314	43,148	54,552
Growth, %	40	30	30	22	26
Net Profit (adjusted)	20,830	27,105	35,314	43,148	54,552

Balance Sheet (Standalone)					
YE: Mar (INR mn)	FY24	FY25	FY26E	FY27E	FY28E
Cash & bank	5,310	5,583	3,846	5,114	11,022
Marketable securities cost	-	-	-	-	-
Debtors	13,021	12,801	14,945	17,537	20,881
Inventory	13,708	17,258	20,873	25,852	30,783
Loans & advances	-	-	-	-	-
Other current assets	7,958	11,870	12,463	13,086	13,741
Total current assets	39,997	47,511	52,128	61,589	76,427
Investments	69,913	92,714	1,20,528	1,56,687	2,03,693
Gross fixed assets	95,489	1,11,489	1,27,489	1,43,489	1,59,489
Less: Depreciation	-51,339	-58,785	-67,627	-77,653	-88,787
Add: Capital WIP	3,297	6,420	6,420	6,420	6,420
Net fixed assets	44,150	52,704	59,862	65,836	70,701
Total assets	1,57,357	2,00,317	2,38,734	2,90,328	3,57,035
Current liabilities	57,996	72,563	84,068	98,501	1,16,950
Provisions	3,495	3,995	4,395	4,834	5,318
Total current liabilities	61,490	76,558	88,463	1,03,335	1,22,268
Non-current liabilities	6,372	5,669	3,756	3,756	3,756
Total liabilities	67,863	82,228	92,219	1,07,091	1,26,024
Paid-up capital	475	475	475	475	475
Reserves & surplus	76,835	98,891	1,27,932	1,64,235	2,11,371
Shareholders' equity	77,310	99,367	1,28,407	1,64,710	2,11,846
Total equity & liabilities	1,57,357	2,00,317	2,38,734	2,90,328	3,57,035

Source: Arianth Research, Company Filings

Cash Flow

YE: Mar (INR mn)	FY24	FY25	FY26E	FY27E	FY28E
Pre-tax profit	27,807	36,287	47,719	59,102	74,724
Depreciation	7,004	7,446	8,842	10,026	11,134
Chg in working capital	12,104	6,282	3,930	6,678	10,002
Total tax paid	-7,021	-8,677	-12,407	-15,958	-20,175
CFO	40,224	39,362	48,306	59,950	75,648
Capital expenditure	-12,556	-19,123	-16,000	-16,000	-16,000
Chg in marketable securities	0	0	0	0	0
Chg in investments	-13,074	-22,802	-27,814	-36,159	-47,006
CFI	-24,145	-41,345	-43,118	-51,323	-62,004
Free cash flow	27,668	20,239	32,306	43,950	59,648
Debt raised/(repaid)	-7,311	2,215	3,470	416	637
Dividend (incl. tax)	-4,560	-4,561	-6,271	-6,841	-7,412
CFF	-13,688	-3,733	-3,717	-7,359	-7,737
Net chg in cash	2,391	(5,715)	1,471	1,268	5,908
Opening cash balance	2,420	5,310	5,583	3,846	5,114
Closing cash balance	5,310	5,583	3,846	5,114	11,022

Ratios

YE: Mar	FY24	FY25	FY26E	FY27E	FY28E
EPS (INR)	43.8	57.2	74.3	90.8	114.8
PER (x)	80.9	62.0	47.7	39.1	30.9
Price/Book (x)	21.9	17.0	13.2	10.3	8.0
EV/EBITDA (x)	48.2	38.1	30.0	24.6	19.8
EV/Net sales (x)	5.3	4.7	4.0	3.4	2.9
RoE (%)	27	27	27	26	26
RoCE (%)	33.2	34	34	33	33
Fixed Asset turnover (x)	3.3	3.3	3.3	3.5	3.7
Dividend Yield (%)	0.2	0.2	0.3	0.3	0.4
Receivable (days)	15	13	13	13	13
Inventory (days)	20	23	21	22	22
Payable (days)	85	96	84	84	84
Net D/E ratio (x)	0.1	0.1	0.1	0.1	0.1

Source: Arian Research, Company Filings

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Stock Rating Scale

BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

Absolute Return

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