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Q1FY27 - Result Update
23rd July 2026

TVS Motor Company Ltd.

Revenue Growth aided by Robust volumes, Margin expected to Improve Ahead

CMP: INR 3,828

Rating: ACCUMULATE

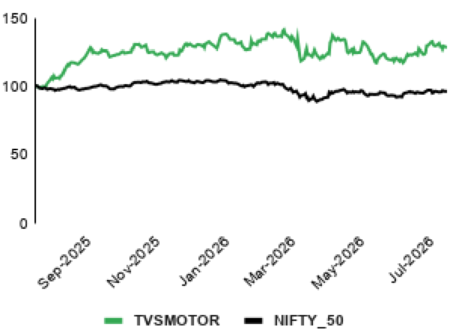
Target Price: INR 4,407

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)	1849
52w H/L (INR)	3,970/2729
Avg Yearly Vol (in 000’)	911

Shareholding Pattern % *(As on June, 2026)*	
Promoters	50.27
Public & Others	49.73

Stock Performance (%)	1m	6m	12m
TVS Motors	12.8	10.2	40.2
Nifty	-0.48	-5.1	4.3

TVS Motors Vs Nifty



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Revenue was reported at INR 138,961 mn up 38% YoY and 8.5% QoQ, above of our estimate of INR 133,402 mn. This growth in revenue was primarily driven by a 28% YoY volume growth, led by the scooter and three-wheeler segments, while remaining product categories also delivered healthy volumes. EBITDA for the quarter stood at INR 17,794 Mn up 41% YoY and 6% QoQ, above our estimate of INR 16,839 Mn with margin reported at 12.8% (+28bps YoY and -31bps QoQ) broadly in line with our estimate of 12.6%. Margin performance was supported by pricing actions and cost optimisation initiatives, which largely offset the impact of higher commodity costs during the quarter. PAT stood at INR 11,740 Mn (+51% YoY and +18% QoQ), ahead of our estimate of INR 10,050 Mn. PAT margin stood at 8.4%(+72bps YoY v/s 66bps QoQ) viz our estimate of 7.5%.

EV Scale Improving with Clear Path to Profitability coupled with new ICE product mix: The company continues to reinforce its EV strategy as it contributes to 10%+ of revenue. With EV volumes rising 86% YoY in Q1FY27, reflecting strong customer acceptance and improving market penetration. The company is scaling monthly production capacity for electric two-wheelers from 40,000 to over 50,000 units and for electric three-wheelers from 20,000 to 30,000 units to cater to upcoming demand. Management has also outlined a robust festive-season launch pipeline across both ICE and EV portfolios, alongside continued expansion of the Norton brand. A broader product portfolio and higher EV penetration are expected to strengthen market share, improve product mix and support sustainable earnings growth over the medium term while ICE portfolio particularly scooters products continues to aid volumes.

International Business Adds Revenue Diversification and Stability: International business is a key growth driver, with demand currently exceeding production capacity. International sales grew by 33% YoY in Q1. The company is strengthening its presence in Africa and Asia while aggressively expanding into LATAM and the Middle East. Africa continues to be a key market with HLX volumes to delivering healthy growth. The company recently entered the Zambian market and launched its EV portfolio in Nepal. We expect export revenues to grow 12% YoY on the back of robust demand and expanding into newer geographies.

Margin Outlook remains Constrained: EBITDA for the quarter stood at INR 17,794 Mn up 41% YoY, the conflict in the Middle East pushed up prices of key inputs, including crude-linked derivatives and natural rubber, creating industrywide cost headwinds. In addition, the festive season is expected to bring of new product launches across segments, likely resulting in elevated competitive intensity and higher promotional spending. While we believe TVS should continue to benefit from operating leverage, premiumisation and an improving product mix, these gains are expected to be slightly offset by rising input costs and a more aggressive competitive environment. Consequently, we expect EBITDA margins to improve marginally to 13.3%/13.9% in FY27/28E, compared with 12.9% in FY26, reflecting a balanced interchange between volume growth drivers and margin headwinds.

Outlook and valuation

We expect TVS to attain a sturdy entry into FY27E, with Q2 expected to be a better quarter than Q1 pivoting H1FY27E, we foresee FY28 volumes too to be fundamentally strong supported by GST reduction benefits, easing inflation and improving rural demand. TVS appears well placed to outperform the industry, backed by healthy order book, inventory management and a broad product refresh pipeline across both ICE and EV segments. EV economics have improved meaningfully, with the segment already contribution-positive and moving closer to EBITDA breakeven as scale increases, and distribution channel improves reducing a key margin concern. Margin expansion is likely to be steady, driven by better mix, operating leverage, and PLI benefits, partly offset by commodity inflation. Capex of INR 35Bn in 27E is largely growth-led centered towards new product launches and refreshes, the company aims capacity to grow to reach to 10.3Mn units by end of FY27. With premiumization gaining traction, exports stabilizing, and TVS Credit adding to consolidated earnings, the company offers a compelling mix of above-industry volume growth, improving profitability and better earnings visibility in unison with our sustained long-term view. **We value TVS Motors' standalone business at an FY29E PE of 27x to its EPS estimate of INR ~148.3 for FY29E and TVS credit services at 1.3x its BV (~INR 384/ share), which yields a revised target price of INR 4,407 per share. We reiterate our rating of ACCUMULATE on the stock.**

Exhibit 1: Financial Performance

YE March (INR Mn)	Net Sales	EBITDA	PAT	EPS (INR)	EBITDA Margin %	P/E (x)
FY25	362,513	44,520	26,382	55.5	12.3%	60.1
FY26	472,703	60,840	36,206	76.2	12.9%	43.8
FY27E	576,983	76,322	47,535	100.1	13.2%	33.4
FY28E	651,927	90,987	56,784	119.5	14.0%	27.9
FY29E	766,740	110,080	70,465	148.3	14.4%	23

Source: Arihant Research, Company Filings

Exhibit 2: Quarterly result summary

Standalone INR mn	Q1FY27	Q4FY26	Q1FY26	QoQ (%)	YoY (%)
Net Sales	**138,961**	**128,076**	**100,810**	**8.5%**	**37.8%**
Material Cost	102,535	90,614	70,617	**13.2%**	**45.2%**
Change in Inventory	-1,427	865	1,138	**-265.0%**	**-225.4%**
Gross Profit	**37,852**	**36,597**	**29,056**	**3.4%**	**30.3%**
Gross Margin %	**27%**	**29%**	**29%**	**-4.7%**	**-5.5%**
Employees benefits expense	6,784	6,446	5,808	**5.2%**	**16.8%**
Other Expenses	13,274	13,356	10,618	**-0.6%**	**25.0%**
EBITDA	**17,794**	**16,795**	**12,630**	**5.9%**	**40.9%**
EBITDA margin %	**12.81%**	**13.11%**	**12.53%**	**-2.3%**	**2.2%**
Depreciation	2,653	2,458	2,039	**7.9%**	**30.1%**
EBIT	**15,141**	**14,337**	**10,591**	**5.6%**	**43.0%**
EBIT Margin %	**10.90%**	**11.19%**	**10.51%**	**-2.7%**	**3.7%**
Other income	1,508	-162	343	**-1029.4%**	**339.9%**
Finance costs	755	591	403	**27.7%**	**87.3%**
PBT	15,895	13,584	10,531	**17.0%**	**50.9%**
Tax-Total	4,155	3,607	2,745	**15.2%**	**51.4%**
Tax Rate (%) - Total	26%	27%	26%	**-1.6%**	**0.3%**
Reported Net Profit	**11,740**	**9,977**	**7,786**	**17.7%**	**50.8%**
PAT Margin %	**8.45%**	**7.79%**	**7.72%**	**8.5%**	**9.4%**
Reported EPS (INR)	24.71	21.00	16.39	**17.7%**	**50.8%**
RMC/Sales (%)	70.98	71.43	71.18	**-0.6%**	**-0.3%**
Employee exp/Sales (%)	4.88	5.03	5.76	**-3.0%**	**-15.3%**
Other exp/Sales (%)	9.55	10.43	10.53	**-8.4%**	**-9.3%**
Volumes (In Nos)	**Q1FY27**	**Q4FY26**	**Q1FY26**	**QoQ (%)**	**YoY (%)**
Two-Wheeler	1,563,861	1,500,191	1,238,385	7.8	30.6
Three-Wheeler	66,697	60,241	40,762	(4.0)	24.6
Exports	455,134	422,054	360,310	32.9	40.3
Total sales (2W + 3W)	1,630,558	1,560,432	1,279,147	2.2	7.7
Mix (%)	**Q1FY27**	**Q4FY26**	**Q1FY26**	**QoQ (%)**	**YoY (%)**
Two-Wheeler	75%	76%	76%	5.2	2.4
Three-Wheeler	3%	3%	2%	(6.3)	(2.2)
Exports	22%	21%	22%	29.6	10.1
Total sales (2W + 3W)	78%	79%	78%	(0.3)	(15.5)

Source: Arihant Research, Company Filings

TVS Motor Company Ltd- Q1FY27 Earnings Call KTAs
CMP: INR 3792 | Market Cap: 1800.9 Bn

Management Guidance & Outlook

• Management expects TVS to continue outperforming industry growth in FY27, supported by: i) premiumisation across the portfolio, ii) operating leverage from higher production, iii) continued cost optimisation initiatives, and iv) a diversified ICE and EV product portfolio.

• The domestic two-wheeler industry is expected to deliver double-digit growth in FY27, while EV penetration, currently at ~10.6%, is expected to increase progressively over the year.

• Management guided for Q2FY27 to outperform Q1FY27, driven by normalised production, stronger export demand, premium product momentum and improved operating leverage. The company remains focused on delivering profitable growth with gradual EBITDA margin expansion over the medium term.

Margin Outlook

• Commodity costs increased by approximately 4% during Q1FY27, comprising 3.5% inflation in raw material costs and an additional 0.5% due to quarterly price revisions. Management expects cost pressures to remain manageable through pricing actions, premiumisation, productivity improvements and operating leverage.

• Lower other operating expenses supported Q1 profitability, management clarified that this benefit should not be annualised as marketing and product launch expenses are expected to increase with upcoming launches.

• Over the medium term, EBITDA margins are expected to improve gradually, supported by: i) Higher premium motorcycle contribution

ii) Increasing EV mix iii) Export growth iv) Better capacity utilisation v) Continued cost optimisation initiatives

Capacity Expansion

• TVS reiterated its ongoing capacity expansion programme, increasing:

i) Two-wheeler capacity from 6.8 Mn units to 8.3 Mn units

ii) Three-wheeler capacity from 0.25 Mn units to 0.42 Mn units

iii) Including investments towards new products and manufacturing capacity, the company plans to invest approximately INR 35,000 Mn, with the expanded facilities expected to be commissioned in phases. Total manufacturing capacity is expected to reach 10.3 Mn units by Q4FY27.

Commodity Cost Outlook

• Management indicated that commodity inflation added nearly 4% to input costs during Q1FY27. The company expects pricing actions, favourable product mix and productivity initiatives to largely offset these pressures going forward.

EV Strategy

• Management reiterated that EVs remains a key long-term growth opportunity and expects industry penetration to increase beyond the current ~10.6% over FY27.

• The company remains committed to investing across multiple green mobility technologies, including battery electric vehicles and flex-fuel platforms, while continuing to expand its EV product portfolio.

Norton Motorcycles

• Norton has commenced its global rollout, beginning with the UK, followed by Europe, the US and India.

• The initial portfolio will comprise four motorcycles across the superbike, naked sport, adventure and sport-touring segments.

• TVS has invested approximately INR 25,000 Mn in the Norton brand over the past 4–5 years and remains focused on expanding its premium portfolio through phased network expansion and brand building.

• Management indicated that customer acceptance and premium brand positioning remain the immediate priorities before scaling volumes.

International Business

• Exports currently contribute approximately 26% of consolidated revenue, with management expecting this share to increase over the medium term.

• Growth will be supported by:

i) Premium motorcycles (Apache, Ronin, RTX) ii) Scooters in select international markets iii) HLX commuter motorcycles iv) Indonesian brands (Scoobek & Bebek) v) International expansion of iQube

vi) Global rollout of electric three-wheelers

• Management identified Africa, Asia, Latin America and the Middle East as key growth regions, while Norton will anchor expansion into developed markets.

Government Incentives

• Management expects no barriers in receiving pending government incentives and indicated that approximately INR 6,000 Mn of receivables relate to the PLI scheme.

Profit & Loss Statement (Standalone)					
YE: Mar (INR mn)	FY25	FY26	FY27E	FY28E	FY29E
Gross Sales	362,513.20	472,703.20	576,983.25	651,926.71	766,739.58
Net Sales	362,513.20	472,703.20	576,983.25	651,926.71	766,739.58
YoY (%)	14.08%	30.40%	22.06%	12.99%	17.61%
Adjusted COGS	257,606.50	336,664.80	412,240.67	461,693.15	541,478.36
YoY (%)	9.95%	30.69%	22.45%	12.00%	17.28%
Personnel/ Employee benefit expenses	19,705.90	24,490.20	28,350.79	32,465.86	37,410.70
YoY (%)	23.48%	24.28%	15.76%	14.51%	15.23%
Manufacturing & Other Expenses	40,680.40	50,708.20	60,070.17	66,780.72	77,770.26
YoY (%)	25.66%	24.65%	18.46%	11.17%	16.46%
Total Expenditure	317,992.80	411,863.20	500,661.63	560,939.73	656,659.32
YoY (%)	12.51%	29.52%	21.56%	12.04%	17.06%
EBITDA	44,520.40	60,840.00	76,321.61	90,986.98	110,080.25
YoY (%)	26.69%	36.66%	25.45%	19.22%	20.98%
EBITDA Margin (%)	12.28%	12.87%	13.23%	13.96%	14.36%
Depreciation	7,454.00	8,986.60	10,337.60	11,997.11	13,823.17
% of Gross Block	7.64%	7.86%	7.53%	7.41%	7.23%
EBIT	37,066.40	51,853.40	65,984.02	78,989.87	96,257.08
EBIT Margin (%)	10.22%	10.97%	11.44%	12.12%	12.55%
Interest Expenses	1,387.00	2,038.80	2,115.58	2,157.89	2,284.82
Non-operating/ Other income	-415.70	-311.80	735.35	594.35	1,755.69
PBT	35,263.70	49,089.10	64,603.79	77,426.33	95,727.95
Tax-Total	9,180.80	12,883.00	17,069.16	20,642.67	25,262.94
Adj. Net Profit	26,382.00	36,206.10	47,534.63	56,783.66	70,465.01
Reported Profit	26,382.00	36,206.10	47,534.63	56,783.66	70,465.01
PAT Margin	7.28%	7.66%	8.24%	8.71%	9.19%
Shares o/s/ paid up equity sh capital	475.10	475.10	475.10	475.10	475.10
Adj EPS	55.53	76.21	100.05	119.52	148.32

Cash Flow Statement					
YE: Mar (INR mn)	FY25	FY26	FY27E	FY28E	FY29E
Profit after tax	26,382.00	36,206.10	47,534.63	56,783.66	70,465.01
Adjustments: Add					
Depreciation and amortisation	7,454.00	8,986.60	10,337.60	11,997.11	13,823.17
Interest adjustment	1,802.70	2,350.60	1,380.23	1,563.54	529.14
Change in assets and liabilities	39,439.40	52,294.20	64,953.45	73,670.01	88,618.12
Inventories	-3,549.60	1,455.30	-1,685.84	-2,591.88	-2,719.33
Trade receivables	220.80	-8,064.40	-1,107.16	-2,606.03	-3,795.13
Trade payables	10,505.30	21,020.90	5,483.24	10,734.06	16,815.27
Other Liabilities and provisions	7,886.00	23,117.00	378.69	1,751.72	3,003.93
Other Assets	-4,412.20	-8,871.10	-6,537.18	-6,003.34	-7,305.34
Taxes	1,115.20	818.70	358.10	393.91	433.30
Net cash from operating activities	47,465.90	65,551.30	64,365.65	77,618.57	97,093.93
Net Sale/(Purchase) of tangible and intangible assets, Capital work in progress	-16,883.00	-19,002.90	-19,427.63	-25,381.66	-29,902.96
Net Sale/(Purchase) of investments	-22,101.20	-26,919.90	-11,964.30	-13,180.93	-13,555.34
Others	316.10	-3,676.20	-314.02	-329.72	-346.20
Net cash (used) in investing activities	-38,668.10	-49,599.00	-31,705.95	-38,892.30	-43,804.50
Interest expense	-3,433.30	-730.30	255.24	1,476.52	3,164.71
Dividend paid	3,800.70	4,750.90	5,701.00	3,325.70	3,800.80
Other financing activities	-4,720.20	-22,835.30	-21,009.27	-24,993.94	-30,751.54
Net cash (used) in financing activities	-8,215.20	-12,097.20	-28,977.39	-29,113.25	-33,430.74
Closing Balance	5,892.20	9,747.30	13,429.60	23,042.62	42,901.31

Source: Arihant Research, Company Filings

Balance Sheet (Standalone)					
YE: Mar (INR mn)	FY25	FY26	FY27E	FY28E	FY29E
Sources of Funds	475.10	475.10	475.10	475.10	475.10
Equity Share Capital	98,497.10	111,867.90	138,393.26	170,182.97	209,896.44
Reserves & Surplus/ Other Equity	98,972.20	112,343.00	138,868.36	170,658.07	210,371.54
Networth	20,374.90	37,331.40	36,501.28	37,067.55	39,533.43
Unsecured Loans/ Borrowings/ Lease Liabilities	5,638.80	6,676.50	7,604.70	8,682.73	9,936.98
Other Liabilities	199,521.00	259,156.90	294,273.09	342,576.90	407,992.40
Total Liabilities					
	383,117.60	501,256.20	569,040.81	661,923.95	787,200.64
Total Funds Employed					
Application of Funds	44,024.40	54,597.20	63,100.85	75,840.37	91,210.63
Net Fixed Assets	6,420.40	5,863.90	6,450.29	7,095.32	7,804.85
Capital WIP	89,302.50	114,164.30	125,580.73	138,138.80	151,952.68
Investments/ Notes/ Fair value measurement	51,201.80	70,515.40	84,037.53	105,218.06	139,457.65
Current assets	17,257.60	15,802.30	17,488.14	20,080.02	22,799.35
Inventory	21.94	17.92	16.98	16.59	16.59
Days	12,800.60	20,865.00	21,972.16	24,578.20	28,373.33
Debtors	13.00	13.00	14.60	14.60	14.60
Days	11,920.00	19,192.30	24,949.99	29,939.99	35,927.99
Other Current Assets	3,244.50	4,008.30	5,522.54	9,475.62	17,641.94
Cash and Cash equivalent	84,624.40	129,756.30	135,899.37	148,688.98	168,836.70
Current Liabilities/Provisions	61,627.00	82,647.90	88,131.14	98,865.19	115,680.47
Creditors / Trade Payables	63.99	64.16	64.04	64.04	64.04
Days	11,055.90	17,988.60	20,889.65	24,911.48	29,958.53
Liabilities	-33,422.60	-59,240.90	-51,861.84	-43,470.92	-29,379.05
Net Current Assets	199,521.00	259,156.90	294,273.09	342,576.90	407,992.40
Total Asset	232,943.60	318,397.80	346,134.93	386,047.82	437,371.45
Total Capital Employed	122,385	151,566	185,772	230,506	

Ratios					
YE: Mar	FY25	FY26	FY27E	FY28E	FY29E
Net Profit Margin (PAT/Net sales)	7.28%	7.66%	8.24%	8.71%	9.19%
Gross Profit / Net Sales	28.94%	28.78%	28.55%	29.18%	29.38%
EBITDA / Net Sales	12.28%	12.87%	13.23%	13.96%	14.36%
EBIT / Net Sales	10.22%	10.97%	11.44%	12.12%	12.55%
ROCE (%)	32.26%	40.07%	41.66%	40.74%	40.25%
Inventory Days	21.94	17.92	16.98	16.59	16.59
Debtor Days	13.00	13.00	14.60	14.60	14.60
Creditor Days	63.99	64.16	64.04	64.04	64.04
Interest coverage	26.72	25.43	31.19	36.61	42.13
Debt / Asset	0.09	0.12	0.10	0.07	0.06
EV / EBITDA	35.88	26.42	20.97	17.46	14.22
PE (x)	60.11	43.80	33.36	27.93	22.51

Source: Arihant Research, Company Filings

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Stock Rating Scale	**Absolute Return**
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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