




TVS Motor Company Ltd.

BUY

Sector: Automobiles

01st December 2025

Key Changes		Target 	Rating 	Earnings 		Target	Rs. 4,233
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame	CMP	Rs. 3,533
Large Cap	TVSL:IN	85,707	TVSMOTOR	532343	12 Months	Return	+20%

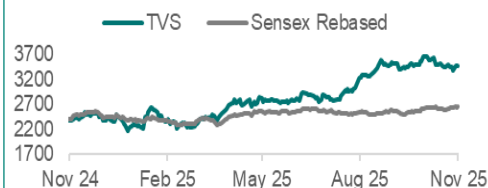
Data as of: 28-11-2025 18:00 hrs

Company Data			
Market Cap (Rs.cr)	1,64,713		
52 Week High - Low (Rs.)	3,704 - 2,170		
Enterprise Value (Rs.cr)	1,91,982		
Outstanding Shares (cr)	47.5		
Free Float (%)	50		
Dividend Yield	0.3%		
6m average volume (cr)	0.09		
Beta	1.4		
Face value Rs.	1		

Shareholding (%)	Q4FY25	Q1FY26	Q2FY26
Promoters	50.3	50.3	50.3
FII's	21.5	22.4	22.9
MFs/Insti	19.6	18.7	18.3
Public	8.7	8.6	8.5
Total	100.0	100.0	100.0
Promoter pledge	NIL	NIL	NIL

Price Performance	3 Month	6 Month	1 Year
Absolute Return	5.7%	24.7%	43.3%
Absolute Sensex	3.6%	3.9%	9.5%
Relative Return*	2.1%	20.8%	33.9%

*over or under performance to benchmark index



Standalone (Rs. cr)	FY25A	FY26E	FY27E
Sales	36,251	44,257	50,797
Growth (%)	14.1	22.1	14.8
EBITDA	4,454	5,665	6,705
EBITDA Margin (%)	12.3	12.8	13.2
PAT Adjusted	2,711	3,554	4,299
Growth (%)	30.1	31.1	21.0
Adjusted EPS	57.1	74.8	90.5
Growth (%)	30.1	31.1	21.0
P/E	61.9	47.2	39.0
P/B	18.9	14.1	10.8
EV/EBITDA	38.0	29.8	25.1
ROE (%)	30.7	31.0	28.9
D/E	0.2	0.1	0.1

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Premiumisation And Exports To Steer Growth

TVS Motors (TVS) is one of the largest two-wheeler manufacturers in India, with a domestic market share of ~20% in Q2FY26.

- In Q2FY26 revenue rose 29% YoY to Rs. 11,905cr, led by strong growth across ICE, EV, and exports.
- In the quarter, EBITDA grew 40% YoY with margin expansion of 100 bps to 12.7%, enabled by premium mix and cost efficiencies. PAT increased 37% YoY to Rs. 906 crore on the back of healthy operating leverage and stable gross margins.
- EV revenue rose to Rs. 1,269cr, supported by sales of 80,000 units, despite ongoing supply constraints related to rare-earth magnets.
- Exports crossed 4 lakh units for the first time, supported by broad-based recovery across Africa, Latin America, Sri Lanka, and Nepal.
- Premium portfolio expansion through Ntorq 150, Apache RTX and refreshed Apache models strengthened overall product mix.
- TVS remains committed to sustaining EBITDA margins while investing in R&D, premium product development, brand building, and global expansion.

Outlook & Valuation

The demand outlook remains positive supported by GST rate cuts and improving rural sentiment among other macro economic tailwinds. Management expects commodity cost pressures to be softer in Q3 compared to Q2, while pricing discipline, favourable product mix and material cost-saving initiatives are likely to support margin expansion. EV volume trajectory is expected to improve from Q3 with the rollout of the new Orbiter EV and gradual easing of magnet supply constraints. The company continues to invest strategically in premium motorcycles, EVs and technology capabilities to reinforce long-term competitiveness. With strong product momentum, export recovery and sustained premiumisation, TVS is positioned to grow ahead of the industry.

We value TVSM's standalone business at 44x FY27E EPS (Rs.3,992/share) and TVS Credit Services at Rs.241 (2x P/BV) (15% holding dis.) to arrive at a target price of Rs.4,233/ share and maintain BUY rating.

Quarterly Financials Standalone.

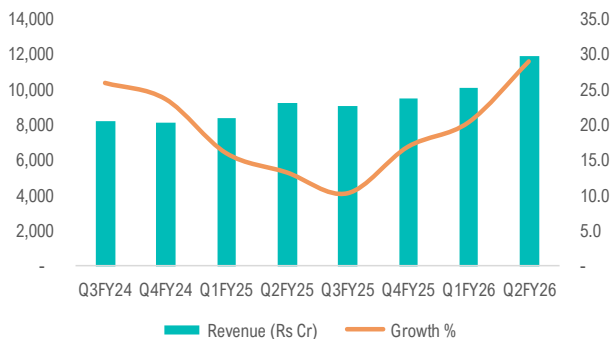
Rs.cr	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	H1FY26	H1FY25	YoY (%)
Sales	11,905	9,228	29.0	10,081	18.1	21,986	17,604	24.9
EBITDA	1,509	1,080	39.7	1,263	19.4	2,772	2,040	35.9
Margin (%)	12.7	11.7	97bps	12.5	14bps	12.6	11.6	102bps
EBIT	1,294	899	43.9	1,059	22.2	2,353	1,683	39.8
PBT	1,226	897	36.7	1,053	16.4	2,279	1,680	35.7
Rep. PAT	906	663	36.7	779	16.4	1,685	1,240	35.9
Adj PAT	906	663	36.7	779	16.4	1,685	1,240	35.9
EPS (Rs)	19.1	13.9	36.7	16.4	16.4	35.5	26.1	35.9



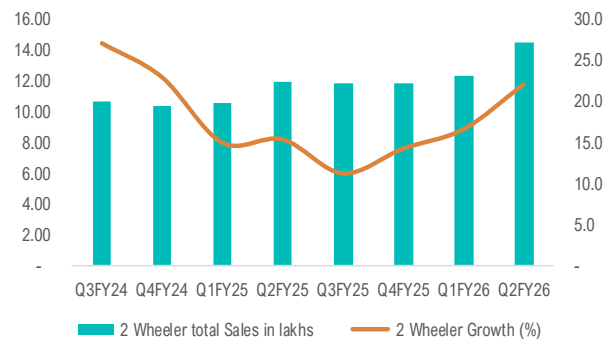
Key Highlights

- The company's Dubai office is now operational, with many key people relocated to Dubai to be closer to the customer. The company is now looking at establishing specific focus in specific countries to have a very deep customer understanding.
- The premiumisation push continues with strong traction across Apache, Ntorq 150, Jupiter 125 and upcoming Norton models. This supports average selling price and margin expansion.
- The EV 3W portfolio gained momentum, with TVS achieving >11% VAHAN share and launching the King Kargo HD EV.
- Spares revenue stood at Rs. 1,073cr while export revenue was Rs. 2,885cr, reflecting strong aftermarket and international performance.
- TVS Credit PBT increased 28% YoY to Rs. 277cr with AUM rising to Rs. 27,807cr; customer base surpassed 2.13cr.

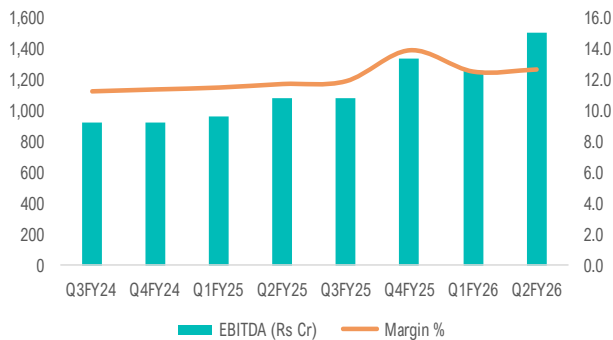
Revenue



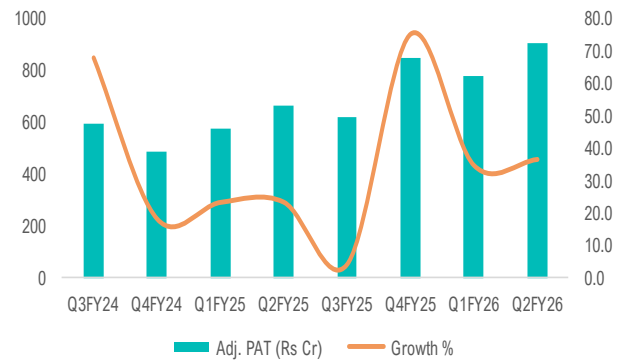
2 Wheeler Volume



EBITDA



PAT



Change in Estimates

Year / Rs cr	Old estimates		New estimates		Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	44,682	50,903	44,257	50,797	-1.0	-0.2
EBITDA	5,362	6,414	5,665	6,705	5.6	4.5
Margins (%)	12.0	12.6	12.8	13.2	80bps	60bps
Adj. PAT	3,351	4,127	3,554	4,299	6.0	4.2
EPS	71	87	75	91	5.4	4.0



Standalone Financials

PROFIT & LOSS

Y.E March (Rs. cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Revenue	26,378	31,776	36,251	44,257	50,797
% change	27%	20%	14%	22%	15%
EBITDA	2,675	3,514	4,454	5,665	6,705
% change	36%	31%	27%	27%	18%
Depreciation	631	700	745	850	950
EBIT	2,043	2,814	3,709	4,815	5,755
Interest	141	182	139	139	113
Other Income	101	149	58	66	81
PBT	2,003	2,781	3,629	4,742	5,724
% change	65%	39%	31%	31%	21%
Tax	512	698	918	1,189	1,424
Tax Rate (%)	26%	25%	25%	25%	25%
Reported PAT	1,491	2,083	2,711	3,554	4,299
Adj	0	0	0	0	0
Adj PAT	1,491	2,083	2,711	3,554	4,299
% change	67%	40%	30%	31%	21%
No. of shares (cr)	47.5	47.5	47.5	47.5	47.5
Adj EPS (Rs.)	31.4	43.9	57.1	74.8	90.5
% change	67%	40%	30%	31%	21%
DPS (Rs.)	5.0	8.0	10.0	10.5	10.5
CEPS (Rs.)	44.7	58.6	72.7	92.7	110.5

CASH FLOW

Y.E March (Rs. cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Net inc. + Depn.	2,635	3,481	4,373	5,592	6,674
Non-cash adj.	-434	-518	-606	-1,100	-1,362
Changes in W.C	-208	654	499	246	-82
C.F. Operation	1,993	3,617	4,266	4,738	5,229
Capital exp.	-997	-1,056	-1,780	-1,650	-1,760
Change in inv.	-131	-32	-135	-200	-400
Other invest.CF	-1,184	-809	-1,957	-1,646	-1,845
C.F – Investment	-2,312	-1,896	-3,871	-3,596	-4,155
Issue of equity	0	0	0	0	0
Issue/repay debt	658	-729	220	-243	-450
Dividends paid	-292	-380	-475	-500	-500
Other finance.CF	-137	-214	-138	-139	-113
C.F – Finance	225	-1,470	-587	-882	-1,063
Chg. in cash	-94	251	-192	260	12
Closing cash	234	486	294	554	566

BALANCE SHEET

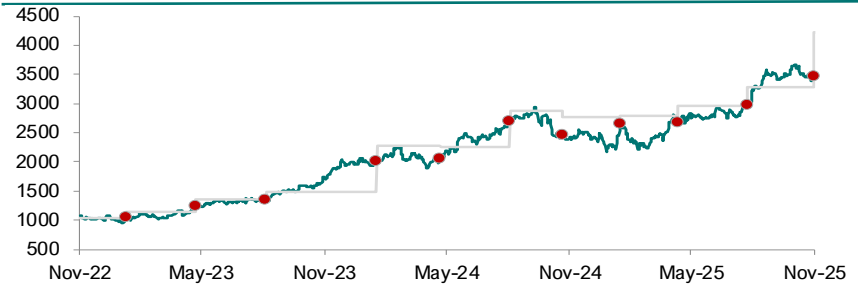
Y.E March (Rs. cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Cash	242	531	558	819	831
Accounts Receivable	979	1,302	1,280	1,698	2,088
Inventories	1,236	1,371	1,726	2,122	2,505
Other Cur. Assets	1,035	851	1,285	1,455	1,670
Investments	5,684	6,991	9,271	11,071	13,271
Gross Fixed Assets	7,878	8,722	9,866	11,466	13,166
Net Fixed Assets	3,260	3,442	3,880	4,670	5,458
CWIP	274	330	642	692	752
Intangible Assets	689.33	930.08	1062.92	1123.92	1234.92
Def. Tax (Net)	-198	-187	-266	-215	-165
Other Assets	0	0	0	0	0
Total Assets	13,794	15,875	19,697	23,738	27,993
Current Liabilities	641	687	1,103	1,334	1,392
Provisions	312	381	468	588	675
Debt Funds	2,663	1,964	2,036	1,793	1,343
Other Liabilities	0	0	0	0	0
Equity Capital	48	48	48	48	48
Reserves & Surplus	6,000	7,684	9,889	12,943	16,742
Shareholder's Fund	6,048	7,731	9,937	12,990	16,790
Total Liabilities	13,794	15,875	19,697	23,738	27,993
BVPS (Rs.)	127	163	209	273	353

RATIOS

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
Profitab. & Return					
EBITDA margin (%)	10.1	11.1	12.3	12.8	13.2
EBIT margin (%)	7.7	8.9	10.2	10.9	11.3
Net profit mgn. (%)	5.7	6.6	7.5	8.0	8.5
ROE (%)	27.4	30.2	30.7	31.0	28.9
ROCE (%)	15.8	18.4	20.0	21.0	20.4
W.C & Liquidity					
Receivables (days)	13.5	13.1	13.0	12.3	13.6
Inventory (days)	21.5	20.3	21.9	22.2	23.4
Payables (days)	11.3	10.3	12.7	14.1	13.8
Current ratio (x)	4.7	4.9	3.8	3.9	4.3
Quick ratio (x)	1.9	2.6	1.4	1.7	1.9
Turnover & Leverage					
Gross asset T.O (x)	3.6	3.8	3.9	4.1	4.1
Total asset T.O (x)	2.1	2.1	2.0	2.0	2.0
Int. coverage ratio (x)	14.5	15.5	26.8	34.5	51.1
Adj. debt/equity (x)	0.4	0.3	0.2	0.1	0.1
Valuation					
EV/Sales (x)	6.5	5.3	4.7	3.8	3.3
EV/EBITDA (x)	63.6	48.2	38.0	29.8	25.1
P/E (x)	112.5	80.6	61.9	47.2	39.0
P/BV (x)	31.3	24.7	18.9	14.1	10.8



Recommendation Summary (Last 3 years)



Dates	Rating	Target
27.Jan.23	Accumulate	1,149
11.May.23	Hold	1363
24.Aug.23	Hold	1,485
05.Feb.24	Buy	2,272
10.May.24	Buy	2,265
22.Aug.24	Accumulate	2,886
08.Nov.24	Buy	2,774
03.Feb.25	Hold	2,800
30.Apr.25	Buy	2,964
12.Aug.25	Buy	3,282
01.Dec.25	Buy	4,233

Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%

Not rated/Neutral

Definition:

Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

Symbols definition:



Upgrade



No Change



Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

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Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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GRIEVANCES

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