RATING ACCUMULATE | CMP INR 3,792 | TP INR 4,200

TVS Motor Company (TVSL IN)

Q1FY27 Result Update

July 22, 2026

☑ Estimate Change | ☑ Target | ■ Reco.

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	Accumulate		Accumulate	
Target Price	4,200		4,100	
Sales (INR mn)	579,928	667,161	563,053	645,191
% Chng.	*3.0*	*3.4*		
EBITDA (INR mn)	74,521	88,399	70,382	85,810
% Chng.	*5.9*	*3.0*		
EPS (INR)	98.0	117.3	92.2	114.6
% Chng.	*6.3*	*2.4*		

Key Data TVSM.BO | TVSL IN

BSE Code	532343
NSE Code	TVSMOTOR
52-W High / Low	INR 3,970 / INR 2,728
Face Value	1
Sensex / Nifty	77,470 / 24,188
Market Cap	INR 1,802 bn / $ 18,719 mn
Shares Outstanding	475.09 mn
3M Avg. Daily Value	INR 4,093.69 mn

Shareholding Pattern (%)

Promoters	50.27
FIIs	20.45
Mutual Funds	16.29
Domestic Institutions	4.84
Public & Others	8.15
Promoter's Pledge (INR bn)	-

Stock Performance (%)

	1M	3M	6M	12M
Absolute	10.1	1.0	5.3	33.7
Relative	9.2	3.4	11.3	41.9

Key Financials - Standalone

Y/e Mar	FY25	FY26	FY27E	FY28E
Sales (INR mn)	362,513	472,703	579,928	667,161
EBITDA (INR mn)	44,496	60,793	74,521	88,399
Margin (%)	*12.3*	*12.9*	*12.9*	*13.3*
PAT (INR mn)	26,040	36,457	46,594	55,754
EV (INR mn)	1,827,024	1,845,958	1,844,996	1,831,408
Total Debt (INR mn)	31,337	54,127	51,327	49,565
C&C Eq. (INR mn)	5,892	9,747	7,910	19,736
EPS (INR)	54.8	76.7	98.1	117.4
Gr. (%)	*25.0*	*40.0*	*27.8*	*19.7*
DPS (INR)	10.0	12.0	13.0	13.0
Yield (%)	*0.3*	*0.3*	*0.3*	*0.3*
RoE (%)	*29.5*	*34.5*	*35.1*	*31.4*
RoCE (%)	*31.6*	*34.9*	*34.4*	*33.7*
EV/Sales (x)	5.0	3.9	3.2	2.7
EV/EBITDA (x)	41.1	30.4	24.8	20.7
PE (x)	69.2	49.4	38.7	32.3
P/BV (x)	18.2	16.0	11.8	8.9

Strong Quarter with Prudent Cost Mitigation

Quick Pointers

- Expects 2W industry to grow in double digits in Q2FY27 and in FY27
- To increase 3W capacity from 0.25mn to 0.45mn p.a.

TVSL reported strong Q1 numbers beating estimates. The management aims to outperform industry in both domestic and export markets with planned launches in Oct-Nov'26. It sees the scooter segment grow faster than overall 2W industry and EV penetration to further inch up, with overall international business growing strongly in FY27. TVSL will continue to invest behind brand, products and technology filling up white spaces, and keep outperforming the industry. Prudent cost reduction measures and calibrated price hikes should help mitigate the RM cost inflation amid geopolitical uncertainties and supply chain disruptions. We estimate volume/realization CAGR of 12.2%/5.9% over FY26-28E translating to revenue/EBITDA/APAT CAGR of 18.8%/20.6%/23.7%. Retain 'ACCUMULATE' rating with TP of INR4,200 (previously INR4,100), valuing the stock at 35x P/E based on FY28E EPS, and INR93 for TVS Credit Services Ltd.

Standalone op revenue at INR139.0bn (+37.8% YoY, +8.5% QoQ): Realization was INR85.2k (+8.0% YoY, +3.8% QoQ). Gross margin stood at 27.2% (-160 bps YoY, -135 bps QoQ). EBITDA margin was 12.8% (+30bps YoY, -30 bps QoQ) beating BBGe/PLe by +85bps/+70bps respectively. EBITDA was INR17.8bn (+41.2% YoY, +5.9% QoQ) while adj. PAT of INR11.7bn (+51.4% YoY, +17.7% QoQ) beat BBG/PLe by +18.6%/+16.1%.

Topline and EBITDA to improve: Commodity inflation in Q1 was ~3.5% QoQ with further 0.5% expected in Q2. TVS took price hikes of 1.5% in Q1 and 0.5% until now in Q2, which along with operating leverage, cost reduction and mix mitigated margin impact. While Q1 didn't see any cost related to new launches, cost reduction actions will continue to be taken with calibrated price hikes without compromising on brand investments.

Quarter Summary

Y/e Mar	Q1'27E	Q1'27A	*% Var.*	Q1'26A	*YoY gr. (%)*
Net Sales (INR mn)	1,35,840	1,38,961	*2.0*	1,00,810	*38.0*
EBITDA (INR mn)	16,437	17,794	*8.0*	12,605	*41.0*
Margin (%)	*12.1*	*12.8*	*70 bps*	*12.5*	*30 bps*
PAT (INR mn)	10,112	11,740	*16.0*	7,757	*51.0*

Source: Company, PL

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Exhibit 1: Quarterly Estimate

(INR mn)	Q1FY27	YoY gr. (%)	Q2FY27E	YoY gr. (%)	Q3FY27E	YoY gr. (%)	Q4FY27E	YoY gr. (%)
Sales	1,38,961	37.8	1,46,031	22.7	1,47,513	18.2	1,47,423	15.1
EBITDA	17,794	41.2	18,692	1.0	18,882	-2.3	19,153	-0.9
Margin (%)	12.8	30 bps	12.8	13 bps	12.8	-29 bps	13.0	-12 bps
Adj. PAT	11,740	51.4	11,505	27.0	11,645	19.9	11,704	17.3

Source: Company, PL

Exhibit 2: Q1FY27 Results Overview

Y/e Mar (INR mn)	1QFY27	1QFY26	YoY chg (%)	1QFY27E	Var (%)	4QFY26	QoQ chg	FY26	FY25	YoY chg (%)
Net Revenues	**1,38,961**	**1,00,810**	37.8	**1,35,840**	2.3	**1,28,076**	8.5	**4,72,703**	**3,62,513**	30.4
Raw Materials	1,01,109	71,754	40.9	98,076	3.1	91,479	10.5	3,36,665	2,57,607	30.7
Gross Margin %	27.2%	28.8%	-158 bps	27.8%	-56 bps	28.6%	-134 bps	28.8%	28.9%	-16 bps
Personnel	6,784	5,818	16.6	7,199	(5.8)	6,446	5.2	24,522	19,711	24.4
% of Net Sales	4.9%	5.8%	-89 bps	5.3%	-42 bps	5.0%	-15 bps	5.2%	5.4%	-25 bps
Manufacturing & Other Exp	13,274	10,633	24.8	14,127	(6.0)	13,356	(0.6)	50,723	40,700	24.6
% of Net Sales	9.6%	10.5%	-100 bps	10.4%	-85 bps	10.4%	-88 bps	10.7%	11.2%	-50 bps
Total Expenditure	**1,21,167**	**88,206**	37.4	**1,19,403**	1.5	**1,11,281**	8.9	**4,11,910**	**3,18,017**	29.5
EBITDA	**17,794**	**12,605**	41.2	**16,437**	8.3	**16,795**	5.9	**60,794**	**44,496**	36.6
EBITDA Margin (%)	12.8%	12.5%	30 bps	12.1%	71 bps	13.1%	-31 bps	12.9%	12.3%	59 bps
Depreciation	2,653	2,049	29.5	2,468	7.5	2,458	7.9	9,006	7,479	20.4
EBIT	**15,141**	**10,555**	43.4	**13,969**	8.4	**14,337**	5.6	**51,787**	**37,017**	39.9
Interest Expenses	755	403	87.3	641	17.8	591	27.7	2,039	1,388	46.8
Non-operating income	1,508	349	332.2	155		-162	(1,029.4)	-300	-413	(27.4)
Extraordinary Income	-	-				-		-	-	
Extraordinary Expenses	-	-		-		-		413.7	-	
PBT	**15,895**	**10,501**	51.4	**13,483**	17.9	**13,584**	17.0	**49,035**	**35,215**	39.2
Tax-Total	4,155	2,745	51.4	3,371	23.3	3,607	15.2	12,883	9,176	40.4
Tax Rate (%) - Total	26.1%	26.1%	0 bps	25.0%	114 bps	26.6%	-41 bps	26.3%	26.1%	22 bps
Reported PAT	**11,740**	**7,757**	51.4	**10,112**	16.1	**9,977**	17.7	**36,152**	**26,040**	38.8
Adj. PAT	**11,740**	**7,757**	51.4	**10,112**	16.1	**9,977**	17.7	**36,457**	**26,040**	40.0
PAT Margin	8.4%	7.7%	75 bps	7.4%	100 bps	7.8%	66 bps	7.7%	7.2%	53 bps

Source: Company, PL

Exhibit 3: Operating Metrics

Y/e Mar (INR mn)	1QFY27	1QFY26	YoY chg (%)	4QFY26E	Var (%)	4QFY26	QoQ chg	FY26	FY25	YoY chg (%)
Sales Volume (nos)	**16,30,558**	**12,77,172**	27.7	**16,30,558**	-	**15,60,432**	4.5	**58,89,008**	**47,43,636**	24.1
Net Realisation/Vehicle	85,223	78,932	8.0	83,309	2.3	82,077	3.8	80,268.7	76,421.0	5.0
Material cost / vehicle	62,009	56,182	10.4	60,149	3.1	58,624	5.8	57,168.3	54,305.7	5.3
Gross Profit / vehicle	23,214	22,750	2.0	23,160	0.2	23,453	(1.0)	23,100.4	22,115.3	4.5
Employee cost /vehicle	4,161	4,556	(8.7)	4,415	(5.8)	4,131	0.7	4,164.1	4,155.2	0.2
Other expenses / vehicle	8,141	8,325	(2.2)	8,664	(6.0)	8,559	(4.9)	8,613.1	8,580.0	0.4
EBITDA/vehicle	10,913	9,869	10.6	10,080	8.3	10,763	1.4	10,323.2	9,380.1	10.1
Net Profit/vehicle	7,200	6,073	18.6	6,202	16.1	6,394	12.6	6,190.7	5,489.4	12.8

Source: Company, PL

Conference Call Highlights

Outlook

- The management expects double-digit growth rate for the 2W industry in Q2 (potentially better than Q1) driven by healthy growth in ICE 2Ws and sustained growth in EVs and international business, with TVSL outperforming in both domestic and international markets.
- In FY27, El Nino impact and the base effect will be key risks Q3 onward. International business is expected to be very strong.

Investments

- Investment of ~INR25bn has been made in Norton in the last 4-5 years
- Capex for capacity expansion and new products for FY27 expected to be ~INR35bn.

Capacity

- Expansion to take place both locally and in Indonesia. Total 3W capacity to increase from 0.25mn to 0.42mn p.a. in the near term, with good proportion in EVs. This will be along with the already announced 2W capacity expansion from 6.8mn to 8.3mn units by Q4FY27.
- e2W capacity to expand from the current ~40k units/month to 50k+ units in the near term with further expansion being evaluated.

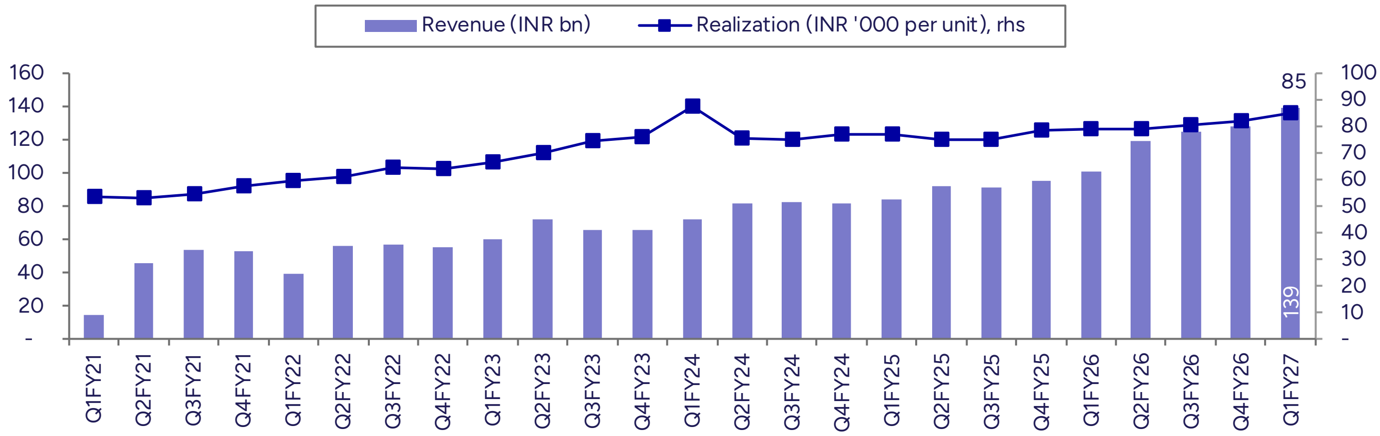
International markets

- Africa was the key growth driver with momentum to continue as the base effect is over and infra-push/ taxi market continues to grow. TVSL is a relatively new entrant in LatAm (good industry momentum) but it has started gaining share. Asia market is doing very well and TVSL expects to grow ahead of industry there as well.
- TVSL expects to improve sales QoQ driven by strong demand for HLX and new product introduction across geographies. Its 3W exports will also start soon.
- Norton bike production has started in Hosur (Solihul is getting ready) and should see the product next quarter onwards. To launch in the US later this year after launch in Europe and India.
- Exports revenue for Q1 was INR36.34bn (~26% of overall revenue).

Other highlights

- TVSL maintains optimum 25-30 days of dealer stock, with additional 4-5 days of stock during festive build-up so as not to loose retail sales.
- TVS Paddock (premium dealership) to come to India soon- redefining premium ownership.
- Q1 PLI was ~0.7% of revenue. EV revenue stood at INR17.8bn (contribution getting better QoQ) and revenue from spares stood at INR11.73bn.
- TVS Credit Q1FY27: PBT of INR2.83bn (+16% YoY from INR2.43bn), Book size at INR320.53bn (+19% YoY from INR268.98bn). Customer base at ~2.6Cr.

Exhibit 4: Revenue uptrend driven by strong volumes and realization



Source: Company, PL

Financials

Income Statement (INR mn)

Y/e Mar	FY25	FY26	FY27E	FY28E
Net Revenues	**362,513**	**472,703**	**579,928**	**667,161**
YoY gr. (%)	*14.1*	*30.4*	*22.7*	*15.0*
Cost of Goods Sold	257,607	336,665	418,128	476,019
Gross Profit	104,907	136,038	161,800	191,142
Margin (%)	*28.9*	*28.8*	*28.0*	*28.7*
Employee Cost	19,711	24,522	28,996	33,358
Other Expenses	40,700	50,723	58,283	69,385
EBITDA	**44,496**	**60,793**	**74,521**	**88,399**
YoY gr. (%)	*26.6*	*36.6*	*22.6*	*18.6*
Margin (%)	*12.3*	*12.9*	*12.9*	*13.3*
Depreciation and Amortization	7,479	9,006	10,825	11,583
EBIT	**37,017**	**51,787**	**63,696**	**76,815**
Margin (%)	*10.2*	*11.0*	*11.0*	*11.5*
Net Interest	1,388	2,039	2,616	2,508
Other Income	(413)	(300)	1,462	530
Profit Before Tax	**35,215**	**49,035**	**62,542**	**74,837**
Margin (%)	*9.7*	*10.4*	*10.8*	*11.2*
Total Tax	9,176	12,883	15,948	19,084
Effective Tax Rate (%)	*26.1*	*26.3*	*26.0*	*26.0*
Profit After Tax	**26,040**	**36,152**	**46,594**	**55,754**
Minority Interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	**26,040**	**36,457**	**46,594**	**55,754**
YoY gr. (%)	*25.0*	*40.0*	*27.8*	*19.7*
Margin (%)	*7.2*	*7.7*	*8.0*	*8.4*
Extra Ord. Income / (Exp)	-	(305)	-	-
Reported PAT	**26,040**	**36,152**	**46,594**	**55,754**
YoY gr. (%)	*25.0*	*38.8*	*28.9*	*19.7*
Margin (%)	*7.2*	*7.6*	*8.0*	*8.4*
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	26,040	36,152	46,594	55,754
Equity Shares O/s (mn)	**475**	**475**	**475**	**475**
EPS (INR)	**54.8**	**76.7**	**98.1**	**117.4**

Source: Company, PL

Balance Sheet (INR mn)

Y/e Mar	FY25	FY26	FY27E	FY28E
Non-Current Assets				
Gross Block	**102,427**	**122,006**	**142,006**	**155,006**
Tangibles	102,427	122,006	142,006	155,006
Intangibles	-	-	-	-
Acc: Dep / Amortization	**58,403**	**67,409**	**78,234**	**89,817**
Tangibles	58,403	67,409	78,234	89,817
Intangibles	-	-	-	-
Net Fixed Assets	**44,024**	**54,597**	**63,773**	**65,189**
Tangibles	44,024	54,597	63,773	65,189
Intangibles	-	-	-	-
Capital Work In Progress	12,388	13,600	28,600	40,600
Goodwill	-	-	-	-
Non-Current Investments	89,303	114,164	133,164	153,164
Net Deferred Tax Assets	(3,136)	(5,020)	(5,270)	(5,534)
Other Non-Current Assets	-	-	-	-
Current Assets				
Investments	-	-	-	-
Inventories	17,258	15,802	20,655	25,590
Trade Receivables	12,801	20,865	25,421	31,073
Cash & Bank Balance	5,892	9,747	7,910	19,736
Other Current Assets	17,856	30,381	34,938	40,179
Total Assets	**199,521**	**259,157**	**314,462**	**375,532**
Equity				
Equity Share Capital	475	475	475	475
Other Equity	98,497	111,868	152,523	202,101
Total Networth	**98,972**	**112,343**	**152,998**	**202,576**
Non-Current Liabilities				
Long Term Borrowings	10,286	10,381	8,381	7,381
Provisions	-	-	-	-
Other Non Current Liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	21,051	43,745	42,946	42,184
Trade Payables	61,627	82,648	100,097	113,326
Other Current Liabilities	4,449	5,020	4,769	4,531
Total Equity & Liabilities	**199,521**	**259,157**	**314,462**	**375,532**

Source: Company, PL

Cash Flow (INR mn)

Y/e Mar	FY25	FY26	FY27E	FY28E
PBT	35,215	49,449	62,542	74,837
Add. Depreciation	7,479	9,006	10,825	11,583
Add. Interest	1,388	2,039	2,616	2,508
Less Financial Other Income	(413)	(300)	1,462	530
Add. Other	2,084	435	(254)	(268)
Op. Profit before WC Changes	46,166	60,929	75,729	88,661
Net Changes-WC	5,093	8,382	3,232	(2,837)
Direct Tax	(8,340)	(12,009)	(15,948)	(19,084)
Net Cash from Op. Activities	**42,920**	**57,301**	**63,013**	**66,741**
Capital Expenditures	(16,788)	(20,790)	(35,000)	(25,000)
Interest / Dividend Income	-	-	-	-
Others	(22,915)	(22,307)	(18,746)	(19,732)
Net Cash from Invt. Activities	**(39,703)**	**(43,097)**	**(53,746)**	**(44,732)**
Issue of Share Cap. / Premium	-	-	-	-
Debt Changes	712	16,957	(2,000)	(1,000)
Dividend Paid	(4,751)	(5,701)	(5,939)	(6,176)
Interest Paid	(1,388)	(2,039)	(2,616)	(2,508)
Others	(450)	(22,657)	-	-
Net Cash from Fin. Activities	**(5,878)**	**(13,441)**	**(10,555)**	**(9,684)**
Net Change in Cash	**(2,661)**	**764**	**(1,288)**	**12,324**
Free Cash Flow	26,132	36,511	28,013	41,741

Source: Company, PL

Quarterly Financials (INR mn)

Y/e Mar	Q2FY26	Q3FY26	Q4FY26	Q1FY27
Net Revenues	**119,054**	**124,763**	**128,076**	**138,961**
YoY gr. (%)	*29.0*	*37.1*	*34.1*	*37.8*
Raw Material Expenses	84,604	88,828	91,479	101,109
Gross Profit	34,450	35,935	36,597	37,852
Margin (%)	*28.9*	*28.8*	*28.6*	*27.2*
EBITDA	**15,086**	**16,329**	**16,795**	**17,794**
YoY gr. (%)	*39.7*	*51.0*	*26.2*	*41.2*
Margin (%)	*12.7*	*13.1*	*13.1*	*12.8*
Depreciation / Depletion	2,144	2,345	2,458	2,653
EBIT	**12,942**	**13,983**	**14,337**	**15,141**
Margin (%)	*10.9*	*11.2*	*11.2*	*10.9*
Net Interest	466	579	591	755
Other Income	(213)	(279)	(162)	1,508
Profit before Tax	**12,263**	**12,711**	**13,584**	**15,895**
Margin (%)	*10.3*	*10.2*	*10.6*	*11.4*
Total Tax	3,202	3,329	3,607	4,155
Effective Tax Rate (%)	*26.1*	*26.2*	*26.6*	*26.1*
Profit After Tax	**9,061**	**9,382**	**9,977**	**11,740**
Minority Interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	**9,061**	**9,688**	**9,977**	**11,740**
YoY gr. (%)	*36.7*	*56.6*	*33.0*	*51.4*
Margin (%)	*7.6*	*7.8*	*7.8*	*8.4*
Extra Ord. Income / (Exp)	-	305	-	-
Reported PAT	**9,061**	**9,382**	**9,977**	**11,740**
YoY gr. (%)	*36.7*	*51.7*	*33.0*	*51.4*
Margin (%)	*7.6*	*7.5*	*7.8*	*8.4*
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	**9,061**	**9,382**	**9,977**	**11,740**
Avg. Shares O/s (mn)	477	477	477	477
EPS (INR)	**19.0**	**20.3**	**20.9**	**24.6**

Source: Company, PL

Key Financial Metrics

Y/e Mar	FY25	FY26	FY27E	FY28E
Per Share (INR)				
EPS	54.8	76.7	98.1	117.4
CEPS	70.6	95.7	120.9	141.7
BVPS	208.3	236.5	322.0	426.4
FCF	55.0	76.8	59.0	87.9
DPS	10.0	12.0	13.0	13.0
Return Ratio (%)				
RoCE	31.6	34.9	34.4	33.7
ROIC	24.6	27.5	26.7	27.4
RoE	29.5	34.5	35.1	31.4
Balance Sheet				
Net Debt : Equity (x)	0.3	0.4	0.3	0.1
Net Working Capital (Days)	(32)	(36)	(34)	(31)
Valuation (x)				
PER	69.1	49.4	38.6	32.3
P/B	18.2	16.0	11.7	8.8
P/CEPS	53.7	39.6	31.3	26.7
EV/EBITDA	41.0	30.3	24.7	20.7
EV/Sales	5.0	3.9	3.1	2.7
Dividend Yield (%)	0.2	0.3	0.3	0.3
FCFF Yield (%)	1.4	2.0	1.5	2.3
PEG Ratio	2.7	1.2	1.3	1.6

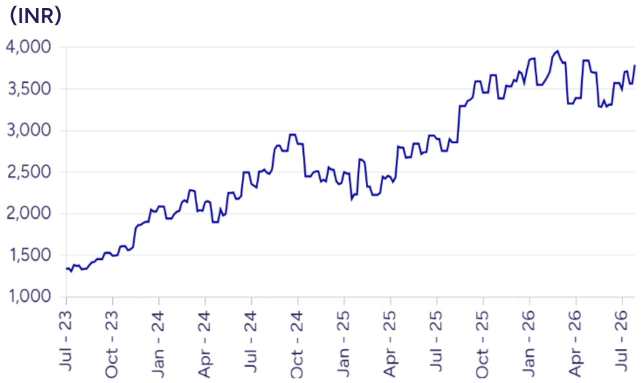
Source: Company, PL

Key Operating Metrics

Y/e Mar	FY25	FY26	FY27E	FY28E
Scooter volume (units)	1,903,050	2,412,873	2,896,658	3,248,951
Motorcycle volume (units)	2,207,281	2,712,853	2,983,886	3,221,829
Moped volume (units)	510,237	544,222	586,501	615,184
Total two-wheeler volume (units)	4,620,568	5,669,948	6,467,045	7,085,963
Three-wheeler volume (units)	134,663	219,060	281,350	331,993
Total volume (units)	4,755,231	5,889,008	6,748,395	7,417,956
Realisation per unit (Rs)	76,235	80,269	85,936	89,939

Source: Company, PL

Price Chart



Recommendation History

No.	Date	Rating	TP (INR)	Share Price (INR)
1	08-Jul-26	Accumulate	4100	3713
2	14-May-26	Accumulate	3950	3527
3	09-Apr-26	Accumulate	4150	3701
4	30-Jan-26	Accumulate	4200	3655
5	08-Jan-26	Accumulate	4360	3840
6	29-Oct-25	Accumulate	3907	3562
7	08-Oct-25	Accumulate	3908	3483
8	29-Apr-25	Hold	2660	2793
9	08-Apr-25	Hold	2431	2438
10	29-Jan-25	Hold	2461	2336

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (INR)	Share Price (INR)
1	Bajaj Auto	Hold	10500	10110
2	Eicher Motors	Accumulate	8000	7536
3	Hero MotoCorp	Accumulate	5600	4995
4	Mahindra & Mahindra	Buy	3900	3196
5	Maruti Suzuki	Accumulate	15600	14538
6	TVS Motor Company	Accumulate	4100	3713

PL's Recommendation Nomenclature (Absolute Performance)

BUY : > 15%
Accumulate : 5% to 15%
Hold : +5% to -5%
Reduce : -5% to -15%
Sell : < -15%
Not Rated (NR) : No specific call on the stock
Under Review (UR) : Rating likely to change shortly

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