

January 30, 2026

Q3FY26 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	ACCUMULATE		ACCUMULATE	
Target Price	4,200		4,360	
Sales (Rs. m)	5,24,481	5,81,749	5,26,320	5,89,338
% Chng.	(0.3)	(1.3)		
EBITDA (Rs. m)	68,707	78,536	68,948	79,561
% Chng.	(0.3)	(1.3)		
EPS (Rs.)	91.3	105.0	93.6	110.2
% Chng.	(2.5)	(4.7)		

Key Financials - Standalone

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. m)	3,62,513	4,62,934	5,24,481	5,81,749
EBITDA (Rs. m)	44,540	59,256	68,707	78,536
Margin (%)	12.3	12.8	13.1	13.5
PAT (Rs. m)	27,105	36,325	43,358	49,868
EPS (Rs.)	57.1	76.5	91.3	105.0
Gr. (%)	30.1	34.0	19.4	15.0
DPS (Rs.)	10.0	11.0	12.5	10.0
Yield (%)	0.3	0.3	0.3	0.3
RoE (%)	30.7	31.6	29.1	26.2
RoCE (%)	31.6	34.7	33.0	30.9
EV/Sales (x)	4.9	3.8	3.3	3.0
EV/EBITDA (x)	39.6	29.7	25.5	22.3
PE (x)	64.1	47.8	40.0	34.8
P/BV (x)	17.5	13.3	10.3	8.2

Key Data

TVSM.BO | TVSL IN

52-W High / Low	Rs.3,909 / Rs.2,191
Sensex / Nifty	82,566 / 25,419
Market Cap	Rs.1,736bn/ \$ 18,883m
Shares Outstanding	475m
3M Avg. Daily Value	Rs.2929.18m

Shareholding Pattern (%)

Promoter's	50.27
Foreign	22.42
Domestic Institution	18.80
Public & Others	8.51
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	2.3	30.5	48.3
Relative	4.9	28.5	37.5

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Continues to outperform the industry

Quick Pointers:

- EBITDA margin to continue to grow with scale, premiumization, cost reduction efforts and improved product mix
- EV penetration to improve as magnet shortages ease

TVSL reported its highest-ever quarterly revenue and EBITDA margin, both beating estimates, aided by the recognition of PLI, demand improvement led by low inflation, improved product mix, price increases and cost reduction. The management expects domestic 2W industry to clock 8-9% CAGR in the long term driven by infra development, improved connectivity, and persistent mobility needs, and we believe TVSL is well positioned to outperform the industry. We estimate volume/realization CAGR of 12.7%/3.9% over FY25-28E translating to revenue/EBITDA/EPS CAGR of 17.1%/20.8%/22.5%. Retain 'ACCUMULATE' with TP of Rs4,200 (previously Rs4,360), valuing the stock at 42x P/E based on Sep'27 EPS, and Rs80 for TVS Credit Services Ltd.

Standalone op revenue at Rs124.8bn: It grew 37.1% YoY, beating BBGe/PLe by 3.0%/3.5%. Realization grew +7.5% YoY/+2.2% QoQ. Gross margin stood at 28.8% (+40 bps YoY/-10 bps QoQ). EBITDA margin was 13.1% (+70bps YoY adjusted for PLI benefits, +40bps QoQ) beating BBGe/PLe by 40bps/10bps. EBITDA was Rs16.3bn (+51.1% YoY, +8.3% QoQ) while Adj. PAT of Rs9.7bn (+57.0% YoY, +7.2% QoQ) was +2.2%/-3.5% away from BBGe/PLe.

TVSL outperforms industry sales: In Q3 FY26, 2W ICE domestic sales for TVSL grew by 21% (industry: 16%) and international sales grew by 35% (industry: 23%) YoY. Total 2W ICE sales of TVSL grew by 25%, outpacing industry growth of 17% YoY. e-2Ws grew by 40% YoY to cross 106k units. Total 3W sales more than doubled to >60k units.

EVs positive at gross margin level: Growing faster than the industry, EVs are sequentially getting better at EBITDA level and should break even soon.. Q3 EV penetration stood at 30-32%, and Vahan market share went up in the EV L5 category. Apart from a few products above a certain price level, TVSL is receiving PLI benefits across its EV portfolio.

Conference Call Highlights

- Exceptional expenses due to the new labor codes of Rs0.4bn and loss on fair valuation of an investment dragged reported PAT marginally.
- The management expects a good Q4 as well due to GST benefits, strong macros, improving rural sentiments, policy measures by RBI, etc.
- Industry sales are expected to grow more than 15%, translating to FY26 growth of ~9% YoY, with TVSL growing faster in both domestic and exports.
- TVSL received ~0.7% PLI benefits for its EV portfolio.
- 0.2-0.3% price increases taken at the start of Q3 partially offset the commodity inflation from platinum group metals, while overall impact from all commodities was ~0.4%.
- Growing economy and monetary policy measures are expected to improve liquidity and the credit environment.
- Supply shortfalls at the dealer level were due to plant maintenance, holiday seasons, etc. Capacity increase takes 2-3 months, and TVSL has been actively investing in that. EVs also should see full supply in a month's time as magnet shortages ease. Currently, TVSL is producing 30-32k units of iQube and ~10k units of Orbiter.
- Revenue from spares stood at Rs11.83bn (+25% YoY), contributing 9.5% to the operating revenue.
- Growth momentum in the international business came from LatAm and Africa (expected to continue), rebound in Sri Lanka, and Nepal continuing to do well. Europe isn't growing and challenges might continue for another few quarters. Exports revenue for the quarter was Rs29.09bn (+44% YoY).
- Norton's super-premium and luxury bike line-up is getting built, and it is gearing for India launch as well (previously guided for around Apr'26).
- For FY26, capex guidance has been increased slightly to Rs17bn (driven by planned capacity increases) and investments to Rs29bn (from Rs20bn), primarily for Norton and TVS Credit. During Q3FY26, TVSL invested Rs9.1bn in its subsidiaries.
- TVS Credit's book size at the end of Q3FY26 was Rs296.78bn (+9% YoY, +7% QoQ), and the customer base was more than 2.3cr (vs. 2.13cr in Q2FY26). Its PBT for Q3FY26 grew by 21% YoY to Rs3.9bn.

Exhibit 1: Q3FY26 Result Overview (Rs mn)

Y/e Mar	3QFY26	3QFY25	YoY gr. (%)	3QFY26E	% Var.	2QFY26	QoQ gr. (%)	9MFY26	9MFY25	YoY gr. (%)
Net Revenues	1,24,763	90,971	37.1	1,20,566	3.5	1,19,054	4.8	3,44,627	2,67,009	29.1
Raw Materials	88,828	65,112	36.4	86,204	3.0	84,604	5.0	2,45,186	1,90,934	28.4
<i>Gross Margin %</i>	<i>28.8</i>	<i>28.4</i>	<i>38 bps</i>	<i>28.5</i>	<i>30 bps</i>	<i>28.9</i>	<i>-13 bps</i>	<i>28.9</i>	<i>28.5</i>	<i>36 bps</i>
Personnel	6,189	4,988	24.1	6,390	(3.1)	6,047	2.4	18,044	14,743	22.4
<i>% of Net Sales</i>	<i>5.0</i>	<i>5.5</i>	<i>-52 bps</i>	<i>5.3</i>	<i>-34 bps</i>	<i>5.1</i>	<i>-12 bps</i>	<i>5.2</i>	<i>5.5</i>	<i>-29 bps</i>
Manufacturing & Other Exp	13,405	10,056	33.3	12,298	9.0	13,317	0.7	37,340	30,117	24.0
<i>% of Net Sales</i>	<i>10.7</i>	<i>11.1</i>	<i>-31 bps</i>	<i>10.2</i>	<i>54 bps</i>	<i>11.2</i>	<i>-44 bps</i>	<i>10.8</i>	<i>11.3</i>	<i>-44 bps</i>
Total Expenditure	1,08,422	80,156	35.3	1,04,892	3.4	1,03,968	4.3	3,00,570	2,35,795	27.5
EBITDA	16,341	10,815	51.1	15,674	4.3	15,086	8.3	44,057	31,214	41.1
<i>EBITDA Margin (%)</i>	<i>13.1</i>	<i>11.9</i>	<i>121 bps</i>	<i>13.0</i>	<i>10 bps</i>	<i>12.7</i>	<i>43 bps</i>	<i>12.8</i>	<i>11.7</i>	<i>109 bps</i>
Depreciation	2,335	1,883	24.0	2,268	3.0	2,144	8.9	6,519	5,452	19.6
EBIT	14,006	8,931	56.8	13,406	4.5	12,942	8.2	37,539	25,762	45.7
Interest Expenses	579	338	71.6	382	51.6	466	24.4	1,448	1,029	40.7
Non-operating income	-280	-227	23.4	340		-213	31.3	(151)	435	(134.6)
Extraordinary Income	-	-				-		-	-	
Extraordinary Expenses	414	-		0		-		413.7	-	
PBT	12,733	8,367	52.2	13,364	(4.7)	12,263	3.8	35,527	25,168	41.2
Tax-Total	3,329	2,182	52.6	3,298	0.9	3,202	4.0	9,276	6,584	40.9
<i>Tax Rate (%) - Total</i>	<i>26.1</i>	<i>26.1</i>	<i>7 bps</i>	<i>24.7</i>	<i>147 bps</i>	<i>26.1</i>	<i>3 bps</i>	<i>26.1</i>	<i>26.2</i>	<i>-5 bps</i>
Reported PAT	9,404	6,185	52.0	10,066	(6.6)	9,061	3.8	26,251	18,584	41.3
Adj. PAT	9,709	6,185	57.0	10,066	(3.5)	9,061	7.2	26,556	18,584	42.9
<i>PAT Margin</i>	<i>7.8</i>	<i>6.8</i>	<i>98 bps</i>	<i>8.3</i>	<i>-57 bps</i>	<i>7.6</i>	<i>17 bps</i>	<i>7.7</i>	<i>7.0</i>	<i>75 bps</i>

Source: Company, PL

Exhibit 2: Operating Metrics

Y/e Mar	3QFY26	3QFY25	YoY gr. (%)	3QFY26E	% Var.	2QFY26	QoQ gr. (%)	9MFY26	9MFY25	YoY gr. (%)
Sales Volume (nos)	15,44,454	12,11,952	27.4	15,44,454	-	15,06,950	2.5	43,28,576	35,27,350	22.7
Net Realisation/Vehicle	80,781	75,135	7.5	78,064	3.5	79,003	2.2	79,616.7	75,696.7	5.2
Material cost / vehicle	57,514	53,751	7.0	55,815	3.0	56,142	2.4	56,643.5	54,129.6	4.6
Gross Profit / vehicle	23,267	21,384	8.8	22,248	4.6	22,861	1.8	22,973.1	21,567.1	6.5
Employee cost /vehicle	4,007	4,044	(0.9)	4,137	(3.1)	4,013	(0.1)	4,168.5	4,179.7	(0.3)
Other expenses / vehicle	8,679	8,548	1.5	7,962	9.0	8,837	(1.8)	8,626.4	8,538.3	1.0
EBITDA/vehicle	10,580	8,791	20.3	10,148	4.3	10,011	5.7	10,178.2	8,849.2	15.0
Net Profit/vehicle	6,287	5,395	16.5	6,517	(3.5)	6,013	4.6	6,135.1	5,268.6	16.4

Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Revenues	3,62,513	4,62,934	5,24,481	5,81,749
YoY gr. (%)	14.1	27.7	13.3	10.9
Cost of Goods Sold	2,57,607	3,30,072	3,75,529	4,15,369
Gross Profit	1,04,907	1,32,862	1,48,953	1,66,380
Margin (%)	28.9	28.7	28.4	28.6
Employee Cost	19,703	24,073	27,273	30,251
Other Expenses	40,664	49,534	52,973	57,593
EBITDA	44,540	59,256	68,707	78,536
YoY gr. (%)	26.8	33.0	16.0	14.3
Margin (%)	12.3	12.8	13.1	13.5
Depreciation and Amortization	7,446	8,797	10,047	11,410
EBIT	37,094	50,459	58,660	67,126
Margin (%)	10.2	10.9	11.2	11.5
Net Interest	1,387	1,559	1,322	1,163
Other Income	580	56	473	528
Profit Before Tax	36,288	48,956	57,810	66,491
Margin (%)	10.0	10.6	11.0	11.4
Total Tax	9,183	12,631	14,453	16,623
Effective tax rate (%)	25.3	25.8	25.0	25.0
Profit after tax	27,105	36,325	43,358	49,868
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	27,105	36,325	43,358	49,868
YoY gr. (%)	30.1	34.0	19.4	15.0
Margin (%)	7.5	7.8	8.3	8.6
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	27,105	36,325	43,358	49,868
YoY gr. (%)	30.1	34.0	19.4	15.0
Margin (%)	7.5	7.8	8.3	8.6
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	27,105	36,325	43,358	49,868
Equity Shares O/s (m)	475	475	475	475
EPS (Rs)	57.1	76.5	91.3	105.0

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Non-Current Assets				
Gross Block	1,01,833	1,18,083	1,36,283	1,56,283
Tangibles	1,01,833	1,18,083	1,36,283	1,56,283
Intangibles	-	-	-	-
Acc: Dep / Amortization	58,370	67,166	77,214	88,624
Tangibles	58,370	67,166	77,214	88,624
Intangibles	-	-	-	-
Net fixed assets	43,464	50,917	59,069	67,659
Tangibles	43,464	50,917	59,069	67,659
Intangibles	-	-	-	-
Capital Work In Progress	12,388	13,138	14,338	15,538
Goodwill	-	-	-	-
Non-Current Investments	90,382	1,06,882	1,26,882	1,48,882
Net Deferred tax assets	(3,033)	(3,185)	(3,344)	(3,511)
Other Non-Current Assets	-	-	-	-
Current Assets				
Investments	-	-	-	-
Inventories	17,258	25,366	30,176	35,064
Trade receivables	12,801	19,025	24,428	30,283
Cash & Bank Balance	5,583	7,881	8,799	12,419
Other Current Assets	17,753	20,416	23,479	27,001
Total Assets	1,99,629	2,43,625	2,87,171	3,36,847
Equity				
Equity Share Capital	475	475	475	475
Other Equity	98,891	1,29,990	1,67,410	2,12,527
Total Network	99,366	1,30,466	1,67,885	2,13,002
Non-Current Liabilities				
Long Term borrowings	10,271	9,021	7,021	6,021
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	21,021	20,806	20,296	19,810
Trade payables	61,537	76,099	84,779	90,849
Other current liabilities	4,401	4,049	3,846	3,654
Total Equity & Liabilities	1,99,629	2,43,625	2,87,171	3,36,847

Source: Company Data, PL Research


Cash Flow (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	36,288	48,956	57,810	66,491
Add. Depreciation	7,446	8,797	10,047	11,410
Add. Interest	1,387	1,559	1,322	1,163
Less Financial Other Income	580	56	473	528
Add. Other	(580)	(56)	(473)	(528)
Op. profit before WC changes	44,540	59,256	68,707	78,536
Net Changes-WC	1,890	(2,785)	(4,797)	(8,388)
Direct tax	(9,183)	(12,631)	(14,453)	(16,623)
Net cash from Op. activities	37,247	43,840	49,457	53,525
Capital expenditures	(16,278)	(17,000)	(12,000)	(12,000)
Interest / Dividend Income	-	-	-	-
Others	(14,420)	(16,444)	(19,527)	(21,472)
Net Cash from Invt. activities	(30,698)	(33,444)	(31,527)	(33,472)
Issue of share cap. / premium	-	-	-	-
Debt changes	696	(1,250)	(2,000)	(1,000)
Dividend paid	(4,751)	(5,226)	(5,939)	(4,751)
Interest paid	(1,387)	(1,559)	(1,322)	(1,163)
Others	-	-	-	-
Net cash from Fin. activities	(5,441)	(8,035)	(9,261)	(6,914)
Net change in cash	1,108	2,360	8,670	13,139
Free Cash Flow	20,970	26,840	37,457	41,525

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Net Revenue	90,971	95,504	1,00,810	1,19,054
YoY gr. (%)	10.3	16.9	20.4	29.0
Raw Material Expenses	65,112	66,672	71,754	84,604
Gross Profit	25,858	28,832	29,056	34,450
Margin (%)	28.4	30.2	28.8	28.9
EBITDA	10,815	13,326	12,630	15,086
YoY gr. (%)	17.0	43.9	31.5	39.7
Margin (%)	11.9	14.0	12.5	12.7
Depreciation / Depletion	1,883	1,994	2,039	2,144
EBIT	8,931	11,333	10,591	12,942
Margin (%)	9.8	11.9	10.5	10.9
Net Interest	338	358	403	466
Other Income	(227)	145	343	(213)
Profit before Tax	8,367	11,120	10,531	12,263
Margin (%)	9.2	11.6	10.4	10.3
Total Tax	2,182	2,599	2,745	3,202
Effective tax rate (%)	26.1	23.4	26.1	26.1
Profit after Tax	6,185	8,521	7,786	9,061
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	6,185	8,521	7,786	9,061
YoY gr. (%)	4.2	75.5	34.9	36.7
Margin (%)	6.8	8.9	7.7	7.6
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	6,185	8,521	7,786	9,061
YoY gr. (%)	4.2	75.5	34.9	36.7
Margin (%)	6.8	8.9	7.7	7.6
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	6,185	8,521	7,786	9,061
Avg. Shares O/s (m)	477	477	477	477
EPS (Rs)	13.0	17.9	16.3	19.0

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Per Share(Rs)				
EPS	57.1	76.5	91.3	105.0
CEPS	72.7	95.0	112.4	129.0
BVPS	209.2	274.6	353.4	448.3
FCF	44.1	56.5	78.8	87.4
DPS	10.0	11.0	12.5	10.0
Return Ratio(%)				
RoCE	31.6	34.7	33.0	30.9
ROIC	24.8	27.2	26.0	24.6
RoE	30.7	31.6	29.1	26.2
Balance Sheet				
Net Debt : Equity (x)	0.3	0.2	0.1	0.1
Net Working Capital (Days)	(32)	(25)	(21)	(16)
Valuation(x)				
PER	64.1	47.8	40.0	34.8
P/B	17.5	13.3	10.3	8.2
P/CEPS	50.3	38.5	32.5	28.3
EV/EBITDA	39.6	29.7	25.5	22.3
EV/Sales	4.9	3.8	3.3	3.0
Dividend Yield (%)	0.3	0.3	0.3	0.3

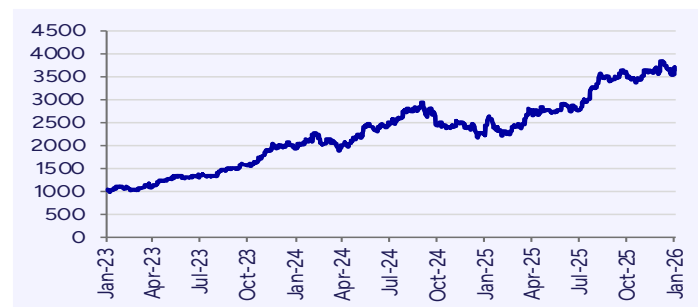
Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Scooter volume (units)	19,03,508	23,58,542	25,51,637	27,09,676
Motorcycle volume (units)	21,95,228	26,97,236	29,75,008	32,12,522
Moped volume (units)	5,10,237	5,12,532	5,25,168	5,39,518
Total two-wheeler volume (units)	46,08,973	55,68,310	60,51,813	64,61,717
Three-wheeler volume (units)	1,34,663	2,18,400	2,75,095	3,20,915
Total volume (units)	47,43,636	57,86,710	63,26,908	67,82,631
Realisation per unit (Rs)	76,421	80,000	82,897	85,770

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Jan-26	Accumulate	4,360	3,840
2	29-Oct-25	Accumulate	3,907	3,562
3	08-Oct-25	Accumulate	3,908	3,483
4	29-Apr-25	Hold	2,660	2,793
5	08-Apr-25	Hold	2,431	2,438

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Bajaj Auto	Hold	9,400	9,790
2	Eicher Motors	Hold	7,350	7,583
3	Hero Motocorp	Accumulate	6,620	5,981
4	Mahindra & Mahindra	Accumulate	4,100	3,749
5	Maruti Suzuki	Hold	16,700	16,809
6	TVS Motor Company	Accumulate	4,360	3,840

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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