TVS Motor Company

India | Automobiles | Result Update | Rating Upgrade

22 July 2026

Margin resilience despite commodity pressures

TVS Motor's (TVSL IN) Q1 revenue grew 38% YoY (~9% QoQ) to INR 139 bn, driven by 28% YoY volume growth and 8% YoY ASP increase. EBITDA margin came in at 12.8%, up 30bps YoY but down 30bps QoQ, and was ~30bps above our estimate despite commodity pressure. Management expects double-digit growth for the domestic two-wheeler industry (ICE) in FY27, with Q2 likely to be better than Q1, while exports and EVs should sustain strong momentum. Commodity inflation of ~3.5% in Q1 may rise by another ~0.5% in Q2E. We upgrade TVSL to Buy from Accumulate with TP raised to INR 4,668 (from INR 4,173), based on 34x Sep '28E EPS plus INR 107/share for TVS Credit Services.

Double-digit growth in FY27; TVSL to sustain outperformance: TVSL expects domestic two-wheeler demand to remain healthy and register double-digit ICE 2W industry growth in FY27, supported by improved GST led affordability. The company expects to outperform the industry, led by its strong positioning in scooters, premium motorcycles and EVs, alongside continued product refreshes and improving retail-finance availability. In exports, growth may remain strong, driven by a recovery in Africa, increasing product penetration in LATAM and Asia, and deeper distribution and brand investments across markets. On Norton, the Atlas is expected to be launched in Q2FY27 across the UK, key European markets and India, followed by the US later in FY27. Atlas production has commenced at Hosur, while the higher-end Manx models will leverage Norton's Solihull manufacturing facility.

Commodity inflation manageable; capacity expansion to support growth: Commodity costs increased ~3.5% in Q1, with a further ~0.5% impact expected in Q2, led by steel, aluminum, oil-linked components and supply-chain disruptions. TVSL took ~1.5% price hikes during Q1 and plans opportunity-led pricing in Q2 with the company expecting product and geographic mix, scale benefits and cost reduction measures to mitigate inflationary measures. To support demand that is currently ahead of capacity in some export markets, TVSL plans to expand annual two-wheeler capacity from 6.8mn to 8.3mn units by Q4 and three-wheeler capacity from 0.25mn to 0.42mn units. Monthly EV capacity will also increase from 40k to 50k+ units in two-wheelers and from 20k to 30k units in three-wheelers, within the planned ~INR 35bn capex.

Upgrade to Buy; TP raised to INR 4,668: TVSL remains well positioned to outperform the two-wheeler industry, supported by sustained domestic market share gains (Vahan retail market share up 60bps YoY to 19.4% in Q1FY27), strong export momentum, rapid EV scale-up and increasing premiumization. Capacity additions across two-wheelers and three-wheelers should support volume growth, while selective price hikes, operating leverage and cost-reduction initiatives are likely to drive gradual margin expansion. TVSL remains a perfect play on a) consistent market share gains; b) supportive industry growth; c) structural margin increase; d) exports growth outperformance; thus, driving one of highest earnings CAGR in OEMs. We expect revenue, EBITDA and EPS to register a CAGR of 16%, 21% and 24%, respectively, over FY26–29E. We value the core business at 34x September'28E EPS and assign INR 107/share to TVS Credit Services, arriving at a revised TP of INR 4,668 from INR 4,173 earlier. We recommend **Buy** with an EPS upgrade of ~6-8% over FY27-29E.

Rating: Buy
Target Price: INR 4,668
Upside/Downside: 23%
CMP: INR 3,792
As on 21 July 2026

Key data	
Bloomberg	TVSL IN
Reuters Code	TVSM.NS
Shares outstanding (mn)	475
Market cap (INR bn/USD mn)	1,802/18,719
EV (INR bn/USD mn)	2,091/21,724
ADTV 3M (INR mn/USD mn)	4,094/43
52 week high/low	3,970/2,729
Free float (%)	49

Note: as on 21 July 2026; Source: Bloomberg

Price chart

Source: Bloomberg

Shareholding (%)	Q2 FY26	Q3 FY26	Q4 FY26	Q1 FY27
Promoter	50.3	50.3	50.3	50.3
% Pledge	0.0	0.0	0.0	0.0
FII	22.9	23.1	22.6	20.5
DII	18.3	18.3	18.8	21.1
Others	8.5	8.4	8.3	8.2

Source: BSE

Price performance (%)	3M	6M	12M
Nifty	(0.8)	(4.4)	(3.5)
TVS Motor Company	1.0	5.3	33.7
NSE Mid-cagin	2.1	3.0	2.1
NSE Small-cap	8.5	15.9	1.5

Source: Bloomberg

Key Financials

YE March (INR mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue (INR mn)	362,513	472,703	571,860	656,108	742,364
YoY (%)	14.1	30.4	21.0	14.7	13.1
EBITDA (INR mn)	44,496	60,794	75,485	91,199	106,900
EBITDA margin (%)	12.3	12.9	13.2	13.9	14.4
Adj PAT (INR mn)	26,040	36,566	47,150	58,058	69,401
YoY (%)	25.0	40.4	28.9	23.1	19.5
Fully DEPS (INR)	54.8	77.0	99.2	122.2	146.1
RoE (%)	29.5	34.6	35.9	33.5	30.9
RoCE (%)	35.5	39.8	40.0	39.3	37.4
P/E (x)	69.2	49.3	38.2	31.0	26.0
EV/EBITDA (x)	47.0	34.4	27.7	22.9	19.6

Note: Pricing as on 21 July 2026; Source: Company, Elara Securities Estimate

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Global Markets Research

Financials (YE March)

Income Statement (INR mn)	FY25	FY26	FY27E	FY28E	FY29E
Total Revenue	362,513	472,703	571,860	656,108	742,364
Gross Profit	104,907	136,038	161,836	189,615	216,770
EBITDA	44,496	60,794	75,485	91,199	106,900
EBIT	37,017	51,787	64,211	78,485	92,909
Interest expense	1,388	2,039	2,243	2,018	1,413
Other income	(413)	(300)	899	944	1,038
Exceptional/ Extra-ordinary items	299	(414)	-	-	-
PBT	35,515	49,035	62,867	77,411	92,534
Tax	9,176	12,883	15,717	19,353	23,134
Minority interest/Associates income	-	-	-	-	-
Reported PAT	26,339	36,152	47,150	58,058	69,401
Adjusted PAT	26,040	36,566	47,150	58,058	69,401

Balance Sheet (INR mn)	FY25	FY26	FY27E	FY28E	FY29E
Shareholders' Equity	98,972	112,343	150,063	196,510	252,030
Minority Interest	-	-	-	-	-
Trade Payables	61,627	82,648	67,401	63,903	71,999
Provisions & Other Current Liabilities	18,810	29,243	26,866	30,633	34,663
Total Borrowings	17,349	31,342	27,342	25,342	23,342
Other long term liabilities	2,762	3,581	3,939	4,333	4,766
Total liabilities & equity	**199,521**	**259,157**	**275,611**	**320,721**	**386,800**
Net Fixed Assets	56,413	68,197	91,922	97,208	101,216
Goodwill	-	-	-	-	-
Intangible assets	-	-	-	-	-
Business Investments / other NC assets	91,634	116,475	110,651	132,781	159,337
Cash, Bank Balances & treasury investments	5,892	9,747	5,429	18,560	48,187
Inventories	17,258	15,802	23,590	25,561	28,800
Sundry Debtors	12,801	20,865	15,667	17,976	20,339
Other Current Assets	15,524	28,071	28,352	28,635	28,921
Total Assets	**199,521**	**259,157**	**275,611**	**320,721**	**386,800**

Cash Flow Statement (INR mn)	FY25	FY26	FY27E	FY28E	FY29E
Cashflow from Operations	**42,920**	**57,301**	**37,930**	**66,479**	**89,630**
Capital expenditure	(17,985)	(20,131)	(35,000)	(18,000)	(18,000)
Acquisitions / divestitures	(21,722)	(24,840)	5,824	(22,130)	(26,556)
Other Business cashflow	4	-	-	-	-
Free Cash Flow	**24,935**	**37,171**	**2,930**	**48,479**	**71,630**
Cashflow from Financing	(2,634)	(8,476)	(13,072)	(13,218)	(15,447)
Net Change in Cash / treasury investments	583	3,855	(4,319)	13,131	29,627

Key assumptions & Ratios	FY25	FY26	FY27E	FY28E	FY29E
Dividend per share (INR)	10.0	12.0	19.8	24.4	29.2
Book value per share (INR)	208.3	236.5	315.9	413.6	530.5
RoCE (Pre-tax) (%)	35.5	39.8	40.0	39.3	37.4
ROIC (Pre-tax) (%)	37.5	42.4	42.0	41.8	43.2
ROE (%)	29.5	34.6	35.9	33.5	30.9
Asset Turnover (x)	7.0	7.6	7.1	6.9	7.5
Net Debt to Equity (x)	0.1	0.2	0.1	0.0	(0.1)
Net Debt to EBITDA (x)	0.3	0.4	0.3	0.1	(0.2)
Interest cover (x) (EBITDA/ int exp)	32.0	29.8	33.7	45.2	75.7
Total Working capital days (WC/rev)	(31.1)	(32.7)	(14.8)	(2.3)	10.2

Valuation	FY25	FY26	FY27E	FY28E	FY29E
P/E (x)	69.2	49.3	38.2	31.0	26.0
P/Sales (x)	5.0	3.8	3.2	2.7	2.4
EV/ EBITDA (x)	47.0	34.4	27.7	22.9	19.6
EV/ OCF (x)	48.7	36.5	55.1	31.4	23.3
FCF Yield	0.0	0.0	0.0	0.0	0.0
Price to BV (x)	18.2	16.0	12.0	9.2	7.1
Dividend yield (%)	0.3	0.3	0.5	0.6	0.8

Note: Pricing as on 21 July 2026; Source: Company, Elara Securities Estimate

Exhibit 1: Standalone quarterly financials

(INR mn)	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)	Q1FY27E	Variance (%)
Revenue	1,38,961	1,00,810	37.8	1,28,076	8.5	1,37,847	0.8
Operating costs	1,11,281	88,180	26.2	1,11,281	0.0	1,20,616	(7.7)
EBITDA	17,794	12,630	40.9	16,795	5.9	17,231	3.3
EBITDA margin (%)	*12.8*	*12.5*	28	*13.1*	(31)	*12.5*	*30.5*
Depn & amort.	2,653	2,039	30.1	2,458	7.9	2,500	6.1
EBIT	15,141	10,591	43.0	14,337	5.6	14,731	2.8
Interest expense	755	403	87.3	591	27.7	600	25.8
Other Income	1,508	343	339.9	-162	(1029.4)	-100	(1,608.4)
Pretax profit	15,895	10,531	50.9	13,584	17.0	14,031	13.3
Tax	4,155	2,745	51.4	3,607	15.2	3,508	18.4
Tax rate (%)	26.1	26.1	7.5	26.6	(41.3)	25.0	4.6
Adjusted Net profit	11,740	7,786	50.8	9,977	17.7	10,523	11.6
Exceptionals	0	0		0		0	
Reported Net Profit	11,740	7,786	50.8	9,977	17.7	10,523	11.6
EPS (INR)	24.7	16.4	50.8	21.0	17.7	22.1	11.6

Source: Company, Elara Securities Estimate

TVS Motor: Q1FY27 conference call – Key takeaways

- **Domestic demand healthy:** Domestic ICE two-wheeler volumes grew 21% YoY versus industry growth of 13%. Management expects double-digit industry growth in Q2, with ICE demand likely to be similar to be better than in Q1. Q3 remains a monitorable due to the high base, timing of the festival season and potential *El Niño*-related risks.
- **Exports maintain strong momentum:** International business volumes reached a record 468k units, up 33% YoY, led by recovery in Africa and healthy growth across Latin America and Asia. Management indicated that demand is currently ahead of capacity and expects international growth to remain similar to or better than Q1. Exports contributed ~26% to revenue, with Q1 export revenue at INR 36.3bn.
- **Commodity pressures largely mitigated**: Commodity costs increased ~3.5% in Q1, with another ~0.5% increase likely in Q2. TVSL took ~1.5% price hikes in Q1 and plans selective increases in Q2, supported by cost reduction, scale benefits, and favourable mix. Management expects product and geographic mix, operating leverage and cost-reduction initiatives to support the margin trajectory despite continued cost pressure.
- **EV growth strong; contribution margins improving sequentially:** Electric two-wheeler volumes grew 86% YoY, with EV penetration reaching 10.6% in June and cumulative *iQube* sales crossing 1mn units. Quarterly EV revenue stood at ~INR 17.8bn. Management indicated that EV contribution margins are improving every quarter, supported by higher scale, cost reduction and a broader customer base beyond early adopters.
- **Three-wheeler business gaining traction across ICE and EV:** Three-wheeler volumes grew 48% YoY to 67k units, while EV penetration in the category crossed 40% for the first time. TVSL plans to increase three-wheeler capacity from 0.25mn units to 0.42mn units and expects healthy growth across both domestic and export markets.
- **Capacity expansion to support demand and new product pipeline:** Expect two-wheeler capacity to increase from 6.8mn units currently to 8.3mn units by Q4FY27, while three-wheeler capacity will rise to 0.42mn units from 0.25mn units. EV capacity is also being expanded from 40k units per month to over 50k for two-wheelers and from 20k to 30k for three-wheelers. Total investment toward new products and capacity expansion is expected at ~INR 35bn.
- **Norton rollout enters commercialization phase:** Production of Norton's *Manx* and *Atlas* models has commenced, with launches planned across the UK, France, Italy, Germany, Spain, and India, followed by the US. TVSL has invested ~INR 25bn in Norton in the past four to five years.

- **Other expenses likely to normalize as launches accelerate:** The sequential decline in other expenses in Q1 was driven by temporary production disruptions in April and lower launch-related costs. Management clarified that this was not structural, and expenses could increase as product launches and brand investments accelerate in subsequent quarters.
- **Strong Q2 and FY27 outlook maintained:** Management expects Q2 to be similar to or better than Q1, led by double-digit domestic growth, continued EV momentum, and strong exports. The company expects to outperform the industry across both domestic and international markets, supported by capacity additions, premiumization, product launches and sustained cost-reduction initiatives.

Exhibit 2: Change in estimates

	Earlier			Current			Change (%)		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Volumes	66,44,963	73,67,352	81,34,411	67,85,061	75,57,919	83,83,852	2.1	2.6	3.1
Revenue	**5,60,052**	**6,39,565**	**7,20,276**	**5,71,860**	**6,56,108**	**7,42,364**	2.1	2.6	3.1
EBIDTA	72,247	86,341	1,00,118	75,485	91,199	1,06,900	4.5	5.6	6.8
EBIDTA (%)	12.9	13.5	13.9	13.2	13.9	14.4	30	40	50
PAT	44,547	54,407	64,018	47,150	58,058	69,401	5.8	6.7	8.4
EPS (INR)	93.8	114.5	134.7	99.2	122.2	146.1	5.8	6.7	8.4
TP (INR)		**4,173**			**4,668**			**11.9**	
Rating		**Accumulate**			**Buy**				

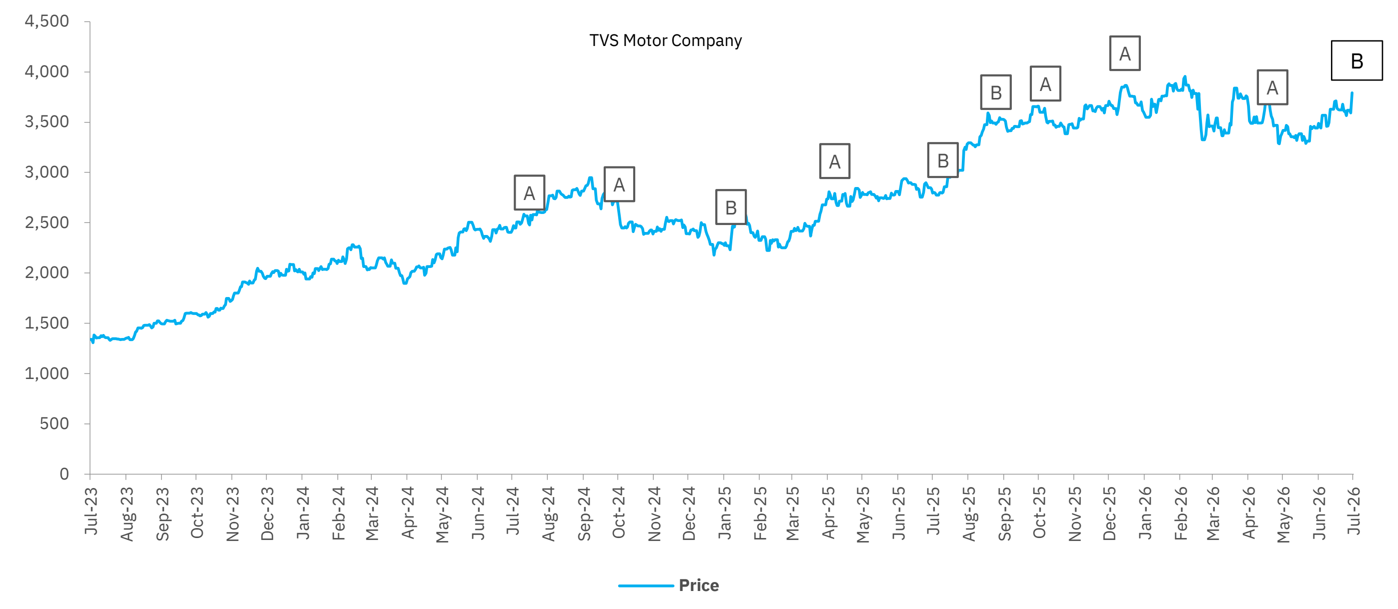
Source: Elara Securities Estimate

Exhibit 3: Valuation

Valuation	**Sep'28**
EPS (INR)	134.1
Multiple (x)	**34.0**
TVS Credit Services	107
Target Price	**4,668**

Source: Elara Securities Estimate

Coverage History



Date	Rating	Target Price (INR)	Closing Price (INR)
06-Aug-2024	Accumulate	2,868	2,479
23-Oct-2024	Accumulate	2,979	2,563
28-Jan-2025	Buy	2,979	2,336
28-Apr-2025	Accumulate	3,279	2,793
31-Jul-2025	Buy	3,395	2,802
15-Sep-2025	Buy	4,104	3,492
28-Oct-2025	Accumulate	4,104	3,562
05-Jan-2026	Accumulate	4,486	3,848
13-May-2026	Accumulate	4,173	3,527
21-Jul-2026	Buy	4,668	3,792

Guide to Research Rating

BUY (B)	Absolute Return >+20%
ACCUMULATE (A)	Absolute Return +5% to +20%
REDUCE (R)	Absolute Return -5% to +5%
SELL (S)	Absolute Return < -5%

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