

October 29, 2025

Q2FY26 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	ACCUMULATE		ACCUMULATE	
Target Price	3,907		3,908	
Sales (Rs. m)	4,96,882	5,46,740	4,88,395	5,48,541
% Chng.	1.7	(0.3)		
EBITDA (Rs. m)	65,091	73,810	64,957	73,504
% Chng.	0.2	0.4		
EPS (Rs.)	86.9	100.5	88.2	100.0
% Chng.	(1.4)	0.5		

Key Financials - Standalone

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. m)	3,62,513	4,46,743	4,96,882	5,46,740
EBITDA (Rs. m)	44,540	57,183	65,091	73,810
Margin (%)	12.3	12.8	13.1	13.5
PAT (Rs. m)	27,105	36,308	41,304	47,738
EPS (Rs.)	57.1	76.4	86.9	100.5
Gr. (%)	30.1	34.0	13.8	15.6
DPS (Rs.)	10.0	11.0	12.5	10.0
Yield (%)	0.3	0.3	0.4	0.3
RoE (%)	30.7	31.6	27.9	25.5
RoCE (%)	31.6	33.4	31.3	29.6
EV/Sales (x)	4.7	3.8	3.4	3.1
EV/EBITDA (x)	38.6	30.0	26.2	23.0
PE (x)	62.4	46.6	41.0	35.4
P/BV (x)	17.0	13.0	10.2	8.1

Key Data

TVSM.BO | TVSL IN

52-W High / Low	Rs.3,720 / Rs.2,170
Sensex / Nifty	84,628 / 25,936
Market Cap	Rs.1,692bn/ \$ 19,173m
Shares Outstanding	475m
3M Avg. Daily Value	Rs.2857.3m

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	4.3	27.5	44.7
Relative	(0.9)	20.9	36.8

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Margin expansion aided by PLI benefits

Quick Pointers:

- Margin improvement led by PLI benefits, better mix, price increases & cost reduction
- Exports, new product launches and EV network expansion to accelerate

TVS Motor Company reported a decent set of numbers for Q2FY26, delivering margin expansion, aided by the recognition of PLI, improved mix, price increases and cost reduction. Standalone operating revenue grew by 29.0% YoY, supported by a 5.1% increase in ASP which was broadly in-line with BBGe and 3.6% above PLI. This resulted in gross margin expanding by 50bps YoY by and 10bps QoQ even as commodity costs increased slightly. EBITDA grew by 39.7% YoY with EBITDA margins expanding by 100bps YoY to 12.7%. Normalized EBITDA margin adjusted for the PLI benefit was ~12.2% (+50bps YoY) that was partially dragged down by higher other expenses. Reported PAT grew by 36.7% YoY, missed BBGe by 4.7% (met PLI) due to a loss on fair valuation of an investment held by the company.

We expect its Revenue/EBITDA/EPS to grow at a CAGR of 15%/18%/21% over FY25-28E and retain our "ACCUMULATE" rating with a TP of Rs3,907 (including Rs 81 for TVS Credit), valuing its core business at a P/E of 45x on its Sep'27E EPS.

Domestic 2W ICE industry grew by 2% YoY in H1'26: The management expects it to grow by 8% in H2'26 YoY even on a higher base, with TVS outperforming in all segments. Exports market is expected to continue to do well and e2W market to grow. Scooters have been growing faster than industry and the premium & executive segments are doing well. Economy segment has also started moving up and is expected to improve going ahead.

Rare earth constraint could affect margins adversely: Rare earth magnet availability continues to pose challenge in the short-to-medium term for TVS, and higher EV penetration is expected to slightly drag the margins down. Better exports mix and a weaker Rupee is expected to be a tailwind to the revenue. We believe TVS is well placed to outperform the industry, and we slightly tweak our estimates to incorporate the beat on ASP, margin expansion and management commentary.



Exhibit 1: Q2FY26 Result Overview (Rs mn)

Y/e March	2QFY26	2QFY25	YoY gr. (%)	2QFY26E	% Var.	1QFY26	QoQ gr. (%)	1HFY26	1HFY25	YoY gr. (%)
Net Revenues	1,19,054	92,282	29.0	1,14,923	3.6	1,00,810	18.1	2,19,864	1,76,038	24.9
Raw Materials	84,604	66,018	28.2	82,285	2.8	71,754	17.9	1,56,358	1,25,822	24.3
<i>Gross Margin %</i>	<i>28.9</i>	<i>28.5</i>	<i>48 bps</i>	<i>28.4</i>	<i>54 bps</i>	<i>28.8</i>	<i>11 bps</i>	<i>28.9</i>	<i>28.5</i>	<i>36 bps</i>
Personnel	6,047	4,967	21.7	6,091	(0.7)	5,808	4.1	11,855	9,755	21.5
<i>% of Net Sales</i>	<i>5.1</i>	<i>5.4</i>	<i>-30 bps</i>	<i>5.3</i>	<i>-22 bps</i>	<i>5.8</i>	<i>-68 bps</i>	<i>5.4</i>	<i>5.5</i>	<i>-15 bps</i>
Manufacturing & Other Exp	13,317	10,499	26.8	12,067	10.4	10,618	25.4	23,935	20,062	19.3
<i>% of Net Sales</i>	<i>11.2</i>	<i>11.4</i>	<i>-19 bps</i>	<i>10.5</i>	<i>69 bps</i>	<i>10.5</i>	<i>65 bps</i>	<i>10.9</i>	<i>11.4</i>	<i>-51 bps</i>
Total Expenditure	1,03,968	81,485	27.6	1,00,443	3.5	88,180	17.9	1,92,148	1,55,639	23.5
EBITDA	15,086	10,798	39.7	14,480	4.2	12,630	19.4	27,716	20,400	35.9
<i>EBITDA Margin (%)</i>	<i>12.7</i>	<i>11.7</i>	<i>97 bps</i>	<i>12.6</i>	<i>7 bps</i>	<i>12.5</i>	<i>14 bps</i>	<i>12.6</i>	<i>11.6</i>	<i>102 bps</i>
Depreciation	2,144	1,806	18.7	2,110	1.6	2,039	5.1	4,184	3,569	17.2
EBIT	12,942	8,992	43.9	12,370	4.6	10,591	22.2	23,533	16,831	39.8
Interest Expenses	466	319	45.9	350	33.1	403	15.6	869	691	25.7
Non-operating income	-213	299	(171.3)	250		343	(162.2)	130	662	(80.4)
Extraordinary Income	-	-				-		-	-	
Extraordinary Expenses	-	-		0		-	#DIV/0!	-	-	
PBT	12,263	8,972	36.7	12,270	(0.1)	10,531	16.4	22,794	16,801	35.7
Tax-Total	3,202	2,346	36.5	3,150	1.7	2,745	16.7	5,947	4,402	35.1
<i>Tax Rate (%) - Total</i>	<i>26.1</i>	<i>26.1</i>	<i>-4 bps</i>	<i>25.7</i>	<i>44 bps</i>	<i>26.1</i>	<i>5 bps</i>	<i>26.1</i>	<i>26.2</i>	<i>-11 bps</i>
Reported PAT	9,061	6,626	36.7	9,120	(0.7)	7,786	16.4	16,847	12,399	35.9
Adj. PAT	9,061	6,626	36.7	9,120	(0.7)	7,786	16.4	16,847	12,399	35.9
<i>PAT Margin</i>	<i>7.6</i>	<i>7.2</i>	<i>43 bps</i>	<i>7.9</i>	<i>-33 bps</i>	<i>7.7</i>	<i>-11 bps</i>	<i>7.7</i>	<i>7.0</i>	<i>62 bps</i>

Source: Company, PL

Exhibit 2: Operating Metrics

Y/e March	2QFY26	2QFY25	YoY gr. (%)	2QFY26E	% Var.	1QFY26	QoQ gr. (%)	1HFY26	1HFY25	YoY gr. (%)
Sales Volume (nos)	15,06,950	12,28,223	22.7	15,06,950	-	12,77,172	18.0	27,84,122	23,15,398	20.2
Net Realisation/Vehicle	79,003	75,135	5.1	76,262	3.6	78,932	0.1	78,970.8	76,029.4	3.9
Material cost / vehicle	56,142	53,751	4.4	54,604	2.8	56,182	(0.1)	56,160.7	54,341.4	3.3
Gross Profit / vehicle	22,861	21,384	6.9	21,658	5.6	22,750	0.5	22,810.1	21,688.0	5.2
Employee cost /vehicle	4,013	4,044	(0.8)	4,042	(0.7)	4,547	(11.8)	4,257.9	4,213.1	1.1
Other expenses / vehicle	8,837	8,548	3.4	8,008	10.4	8,314	6.3	8,597.0	8,664.4	(0.8)
EBITDA/vehicle	10,011	8,791	13.9	9,609	4.2	9,889	1.2	9,955.2	8,810.4	13.0
Net Profit/vehicle	6,013	5,395	11.5	6,052	(0.7)	6,096	(1.4)	6,051.0	5,355.2	13.0

Source: Company, PL

Conference Call Highlights

- In Q2'26, 2W domestic ICE sales for TVS grew by 21% (industry grew by 8%), 2W international sales grew by 31% (industry grew by 26%) YoY. Total 2W ICE sales of TVS grew by 23% while the industry grew by 11%
- For the Dusshera-Diwali festive season, as per Vahan sales Industry grew by 24% (rural grew by 22%, urban by 26%) while TVS grew by 32% YoY
- Had it not been for the rare earth magnet constraints the industry and TVS' EV sales would have grown higher
- EBITDA margin of 12.7% in Q2FY26 includes PLI benefits of ~Rs0.6bn, excluding which the normalized EBITDA margin improved by ~50bps YoY to 12.2%. PLI benefit of Rs 2.1bn for the whole FY25 was received in Q4'25 itself. The management expects scale, premiumization, improved product mix and cost reduction to help EBITDA improve going forward. TVS has started getting PLI benefit for almost all products
- Other expenses: variable costs, packing and freight had gone up due to festive season (should normalize in coming quarters). Marketing expenses were also higher for new launches
- The management expects domestic 2W ICE industry in H2'26 to grow by 8% YoY even on a higher base. With better monsoon, GST2.0 impetus and infra investments, it expects rural growth to catch-up with urban growth
- The management expects very small increase in commodity costs sequentially in the next quarter, but it will be lower than the 0.6% increase that was seen for Q2
- EVs are loss making at EBITDA level although contribution margins are positive for TVS, but with improved scale margins will also go up. EV penetration for the quarter was 7.8% (mainly from urban market) and EV revenue was Rs12.69bn. Sales in rural market has recently started and is expected to grow, iQube crossed 700k sales in domestic market. Vahan share in e-3W already crossed 11% (almost doubled YoY) and the company aspires to be prominent in e-3W like in e-2W
- International business: saw strong growth in major markets. Demand in Africa, Sri Lanka and Nepal is growing sequentially along with strengthening network in Bangladesh. Strong demand has been seen in many LatAm markets as well where TVS is a nascent player but will keep growing ahead of industry, expecting to become a prominent player in coming time. Exports revenue for the quarter was Rs28.85bn. Exports penetration will continue to grow as aided by EV exports
- Inventory levels have been around 25 days, with some shortage seen in production and supply of EVs due to REM constraints
- Revenue from spares for the quarter was Rs10.7bn (+15% YoY), contributing 9% to the operating revenue

- Recent new launches include TVS Orbiter (EV scooter), Ntorq 150 (hyper-sport scooter), Apache RTX (Adventure rally tourer) & limited-edition variants of Apache, and King Kargo HD EV (focused on urban logistics). All these models are garnering good customer interest
- The full range of Norton super-premium category bikes will be revealed at EICMA next week in Milan and in Europe it has already started distribution planning. Launch in India is expected by Apr'26 and will follow differentiated strategy and superior experience.
- TVS Credit Ltd's book size as of Q2'26 was Rs278.07bn (Q1'26: Rs269bn) and the customer base was more than 2.13Cr (Q1'26 at 2.1Cr). Its PBT for Q2'26 grew by 28% YoY to Rs2.77bn

Financials

Income Statement (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Revenues	3,62,513	4,46,743	4,96,882	5,46,740
YoY gr. (%)	14.1	23.2	11.2	10.0
Cost of Goods Sold	2,57,607	3,19,421	3,55,270	3,89,825
Gross Profit	1,04,907	1,27,322	1,41,611	1,56,914
Margin (%)	28.9	28.5	28.5	28.7
Employee Cost	19,703	23,677	25,838	28,430
Other Expenses	40,664	46,461	50,682	54,674
EBITDA	44,540	57,183	65,091	73,810
YoY gr. (%)	26.8	28.4	13.8	13.4
Margin (%)	12.3	12.8	13.1	13.5
Depreciation and Amortization	7,446	8,647	9,755	10,494
EBIT	37,094	48,536	55,336	63,316
Margin (%)	10.2	10.9	11.1	11.6
Net Interest	1,387	1,381	1,177	997
Other Income	580	1,256	913	1,332
Profit Before Tax	36,288	48,411	55,072	63,651
Margin (%)	10.0	10.8	11.1	11.6
Total Tax	9,183	12,103	13,768	15,913
Effective tax rate (%)	25.3	25.0	25.0	25.0
Profit after tax	27,105	36,308	41,304	47,738
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	27,105	36,308	41,304	47,738
YoY gr. (%)	30.1	34.0	13.8	15.6
Margin (%)	7.5	8.1	8.3	8.7
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	27,105	36,308	41,304	47,738
YoY gr. (%)	30.1	34.0	13.8	15.6
Margin (%)	7.5	8.1	8.3	8.7
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	27,105	36,308	41,304	47,738
Equity Shares O/s (m)	475	475	475	475
EPS (Rs)	57.1	76.4	86.9	100.5

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	1,17,083	1,29,883	1,42,683
Tangibles	1,01,833	1,17,083	1,29,883	1,42,683
Intangibles	-	-	-	-
Acc: Dep / Amortization	58,370	67,017	76,772	87,266
Tangibles	58,370	67,017	76,772	87,266
Intangibles	-	-	-	-
Net fixed assets	43,464	50,066	53,111	55,417
Tangibles	43,464	50,066	53,111	55,417
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	24,479	28,588	32,954
Trade receivables	12,801	18,359	23,142	28,460
Cash & Bank Balance	5,583	7,605	11,098	18,925
Other Current Assets	17,753	20,416	23,479	27,001
Total Assets	1,99,629	2,40,947	2,80,639	3,27,178
Equity				
Equity Share Capital	475	475	475	475
Other Equity	98,891	1,29,973	1,65,338	2,08,326
Total Network	99,366	1,30,448	1,65,813	2,08,801
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	73,437	80,318	85,381
Other current liabilities	4,401	4,049	3,846	3,654
Total Equity & Liabilities	1,99,629	2,40,947	2,80,639	3,27,178

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	36,288	48,411	55,072	63,651
Add. Depreciation	7,446	8,647	9,755	10,494
Add. Interest	1,387	1,381	1,177	997
Less Financial Other Income	580	1,256	913	1,332
Add. Other	(580)	(1,256)	(913)	(1,332)
Op. profit before WC changes	44,540	57,183	65,091	73,810
Net Changes-WC	1,890	(3,894)	(5,276)	(8,335)
Direct tax	(9,183)	(12,103)	(13,768)	(15,913)
Net cash from Op. activities	37,247	41,186	46,048	49,562
Capital expenditures	(16,278)	(16,000)	(12,000)	(12,000)
Interest / Dividend Income	-	-	-	-
Others	(14,420)	(15,244)	(19,087)	(20,668)
Net Cash from Invst. activities	(30,698)	(31,244)	(31,087)	(32,668)
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)	(1,381)	(1,177)	(997)
Others	-	-	-	-
Net cash from Fin. activities	(5,441)	(7,858)	(9,116)	(6,748)
Net change in cash	1,108	2,085	5,844	10,146
Free Cash Flow	20,970	25,186	34,048	37,562

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	76.4	86.9	100.5
CEPS	72.7	94.6	107.5	122.6
BVPS	209.2	274.6	349.0	439.5
FCF	44.1	53.0	71.7	79.1
DPS	10.0	11.0	12.5	10.0
Return Ratio(%)				
RoCE	31.6	33.4	31.3	29.6
ROIC	24.8	26.4	25.1	24.4
RoE	30.7	31.6	27.9	25.5
Balance Sheet				
Net Debt : Equity (x)	0.3	0.2	0.1	0.0
Net Working Capital (Days)	(32)	(25)	(21)	(16)
Valuation(x)				
PER	62.4	46.6	41.0	35.4
P/B	17.0	13.0	10.2	8.1
P/CEPS	49.0	37.6	33.1	29.1
EV/EBITDA	38.6	30.0	26.2	23.0
EV/Sales	4.7	3.8	3.4	3.1
Dividend Yield (%)	0.3	0.3	0.4	0.3

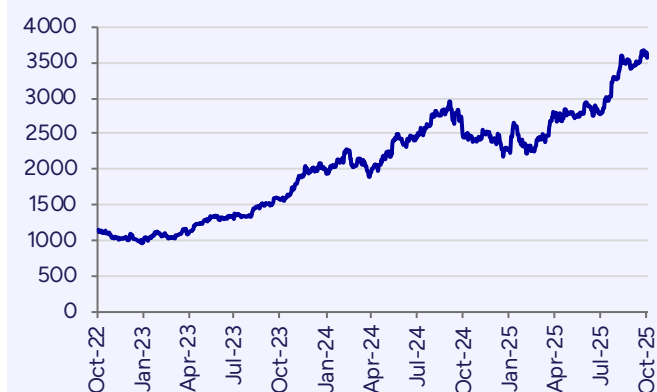
Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Scooter volume (units)	19,03,508	23,61,304	25,29,443	26,55,915
Motorcycle volume (units)	21,95,228	25,64,762	27,57,410	29,66,131
Moped volume (units)	5,10,237	5,20,455	5,42,170	5,59,722
Total two-wheeler volume (units)	46,08,973	54,46,521	58,29,023	61,81,769
Three-wheeler volume (units)	1,34,663	1,90,021	2,11,915	2,33,107
Total volume (units)	47,43,636	56,36,542	60,40,939	64,14,876
Realisation per unit (Rs)	76,421	79,258	82,252	85,230

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Oct-25	Accumulate	3,908	3,483
2	29-Apr-25	Hold	2,660	2,793
3	08-Apr-25	Hold	2,431	2,438
4	29-Jan-25	Hold	2,461	2,336
5	09-Jan-25	Hold	2,650	2,362

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Bajaj Auto	Hold	9,117	8,792
2	Eicher Motors	Hold	6,729	6,903
3	Hero Motocorp	Accumulate	6,049	5,513
4	Mahindra & Mahindra	Accumulate	3,845	3,427
5	Maruti Suzuki	Hold	15,764	16,012
6	TVS Motor Company	Accumulate	3,908	3,483

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

ANALYST CERTIFICATION

(Indian Clients)

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