

Retail Equity Research

TVS Motor Company Ltd

Automobile

CMP Rs. ₹ 2779
Rating: Overweight
NSE CODE: TVSMOTOR BSE CODE: 532343

TVS Motor demonstrated resilient operational performance over FY25 despite quarterly demand fluctuations. Sales rebounded 5% QoQ in Mar'25 after a seasonal dip in Dec'24, marking a full-year CAGR of ~4%. Cost efficiencies sustained margin expansion, with operating profit rising 17% QoQ to ₹1,904 crore—up from ₹1,456 crore in Mar'24, indicating successful price-mix optimization and better capacity utilization. Despite volatile other income (notably a loss of ₹57 crore in Mar'25), PBT surged to ₹1,004 crore (+55% YoY), aided by stable depreciation and manageable finance costs. Net profit at ₹648 crore rose 13% QoQ, capping FY25 with consistent double-digit profit growth in three out of four quarters. The underlying margin trajectory and earnings momentum reflect robust execution amid global volatility and domestic consumption shifts. With continued focus on high-margin EVs, rising exports, and lean cost structures, TVS is strategically positioned for further operating leverage and earnings compounding in FY26.

| Company Data | | | |
|--------------------------|----------|-------------|----------|
| Market Cap (cr) | Rs. | 1,32,007.74 | |
| Enterprise Value (cr) | Rs. | 1,25,256.86 | |
| Outstanding Shares (cr) | | 47.51 | |
| 52 week high | Rs. | 2,958.00 | |
| 52 week low | Rs. | 2,069.00 | |
| 1m average volume (lacs) | | 10.05 | |
| Face value | Rs. | 1.00 | |
| | FY22 | FY23 | FY24 |
| Sales | 31973.99 | 39144.74 | 44089.01 |
| Growth(%) | 31% | 22% | 13% |
| EBITDA | 4162.78 | 5605.76 | 6674.07 |
| EBITDA Margin(%) | 13.0% | 14.3% | 15.1% |
| PAT | 1,328.67 | 1,686.37 | 2,235.56 |
| Growth(%) | 76% | 27% | 33% |
| EPS | 28.0 | 35.5 | 47.1 |
| P/E | 38.5 | 60.6 | 51.4 |
| P/B | 9.3 | 15.1 | 13.5 |
| EV/EBITDA | 17.2 | 22.4 | 18.8 |
| ROE(%) | 24% | 24.9% | 26% |
| ROCE(%) | 12% | 14.1% | 24.3% |
| ROIC(%) | 8% | 9.6% | 17.3% |
| D/E | 4.06 | 3.83 | 1.73 |

Record Financial Performance & Market Outperformance:

TVS Motor achieved all-time highs across key metrics: revenue at ₹36,251 crore (+14% YoY), PBT at ₹3,629 crore (+31%), and PAT at ₹2,711 crore (+30%). FY25 EBITDA margin improved to 12.3% (incl. PLI); Q4 underlying margin stood strong at 12.5%. The company posted ₹2,486 crore in post-CAPEX operating cash flow, reflecting robust financial strength.

Strong Volume Growth Across Segments:

TVS outpaced industry growth in both domestic (ICE +9% YoY) and international (ICE +23% YoY) markets. EV two-wheeler volumes surged 44% YoY, while three-wheelers showed Q4 recovery. Exports rose 22% YoY, led by LATAM and Middle East; management anticipates a rebound in Africa and other emerging markets.

Aggressive EV, R&D & Digital Investments:

TVS is expanding its EV portfolio (iQube, EV King Max), launching new products, and investing ₹1,800 crore in CAPEX. The company emphasizes long-term growth through sustained R&D, localization, and digital transformation, with EV revenue touching ₹3,364 crore in FY25.

Key Highlights

1. Diverse Product Portfolio and Market Presence

TVS Motor Company Ltd (TVSM) is one of India's prominent two-wheeler manufacturers and stands out as the only company in the country with a presence across all three categories—motorcycles, scooters, and mopeds. This unique positioning allows it to cater to a wide consumer base both domestically and internationally. Some of its popular scooters include TVS Jupiter, Ntorq, and Scooty Pep+, while the motorcycle segment features models like Apache RTR series, TVS Raider, and TVS Sport. The company also manufactures mopeds and electric vehicles, along with three-wheelers. Notably, TVSM is the only domestic manufacturer with a significant presence in the moped segment, solidifying its leadership in low-cost mobility solutions.

2. Strong Market Share and Global Footprint

As of the first half of FY24, TVSM holds an impressive ~25% market share in the domestic two-wheeler segment. Geographically, in FY23, 72% of the company's revenue came from India while the remaining 28% was contributed by international markets. Its growing global footprint includes exports of electric scooters like the iQube to Nepal and three-wheelers to markets such as Nigeria, Bangladesh, Ethiopia, Guinea, UAE, Kenya, and Congo. This diversified market strategy helps cushion the company against domestic slowdowns and enhances revenue stability.

3. Robust Manufacturing and Revenue Structure

TVSM operates manufacturing plants in Hosur (Tamil Nadu), Mysore (Karnataka), and Nalagarh (Himachal Pradesh), with an annual production capacity of 5.5 million two-wheelers and 200,000 three-wheelers. The company derives a majority of its revenue from automotive vehicles and parts, contributing 94% in FY21, a jump from 87% in FY20. Financial services and automotive components made up the rest. This revenue mix showcases TVSM's strong core operations, with a growing emphasis on its finance arm and components segment.

4. Focused Investment in EV and Future Technologies

TVSM is strategically transitioning toward electric mobility. It plans to roll out a diverse EV portfolio in the 5-25kW power range and is expected to launch electric three-wheelers in FY24. The company was the first in the industry to introduce dual fuel injection platforms—Eco Thrust FI and Race Tuned FI—to meet BS-VI norms, highlighting its innovation-led approach. TVSM has also signed an MoU with the Tamil Nadu Government to invest ₹1,200 crore in electric vehicles and future technologies, focusing on design, R&D, and manufacturing capacity expansion in the EV space.

5. Strategic Partnerships and Collaborations

TVSM has made strategic alliances to bolster its EV and international business. It has expanded its cooperation with BMW Motorrad to jointly develop electric and future mobility solutions. It also partnered with Tata Power to build electric vehicle charging infrastructure across India and integrate solar power at its manufacturing units. Further strengthening its global footprint, the company has teamed up with Grupo Q in Central America and incorporated the what3words navigation system into its vehicles to enhance customer experience.

6. Financial Decisions and Promoter Activity

In recent years, TVSM has made significant financial investments through its Singapore-based arm. It invested ₹1,200 crore during FY22-FY23 in subsidiaries such as TVS Credit and TVS Motor Singapore. These investments now constitute nearly 87% of the company's reported net worth as of FY23, signaling a strong commitment to scaling and diversification. On the financing front, it issued ₹500 crore in non-convertible debentures in May 2020 with a 3-year tenure at 7.5% interest. Additionally, a minor change in promoter holding occurred in February 2022 when Sundaram-Clayton Ltd reduced its stake from 52.26% to 50.26% via an open market transaction.

Quarterly Financial Consolidated

Profit and loss account

(Rs Cr)

| | Mar-24 | Jun-24 | Sep-24 | Dec-24 | Mar-25 |
|--------------------------|----------|-----------|-----------|-----------|-----------|
| Sales | 9,942.48 | 10,406.86 | 11,301.68 | 11,034.88 | 11,542.00 |
| Growth(%) | -2% | 5% | 9% | -2% | 5% |
| Expenses | 8,487.40 | 8,959.98 | 9,678.14 | 9,401.91 | 9,638.36 |
| Operating Profit | 1,455.08 | 1,446.88 | 1,623.54 | 1,632.97 | 1,903.64 |
| Growth(%) | -1% | -1% | 12% | 1% | 17% |
| Other Income | -33.87 | 40.77 | 32.31 | 69.61 | -57.35 |
| Depreciation | 263.38 | 246.50 | 259.29 | 258.43 | 291.80 |
| Interest | 510.82 | 502.62 | 509.04 | 536.09 | 550.80 |
| Profit before tax | 647.01 | 738.53 | 887.52 | 908.06 | 1,003.69 |
| Tax | 235.48 | 253.71 | 299.39 | 298.71 | 306.18 |
| Net profit | 386.98 | 460.88 | 560.49 | 566.03 | 648.16 |
| Growth(%) | -24% | 16% | 18% | 1% | 13% |

Financial Consolidated

Profit & Loss

(Rs Cr)

| | Mar-21 | Mar-22 | Mar-23 | Mar-24 | Mar-25 |
|--------------------------|-----------|-----------|-----------|-----------|-----------|
| Sales | 19,420.82 | 24,355.31 | 31,973.99 | 39,144.74 | 44,089.01 |
| Growth(%) | 3% | 25% | 31% | 22% | 13% |
| Expenses | 17,188.78 | 21,600.68 | 27,947.34 | 33,644.80 | 37,514.41 |
| Operating Profit | 2,232.04 | 2,754.63 | 4,026.65 | 5,499.94 | 6,574.60 |
| Growth(%) | -1% | 23% | 46% | 37% | 20% |
| Other Income | 35.90 | -4.76 | 136.13 | 105.82 | 99.47 |
| Depreciation | 564.82 | 742.86 | 858.86 | 975.12 | 1,045.56 |
| Interest | 881.49 | 940.22 | 1,367.89 | 1,927.72 | 2,093.25 |
| Profit before tax | 821.63 | 1,066.79 | 1,936.03 | 2,702.92 | 3,535.26 |
| Tax | 214.13 | 335.91 | 626.57 | 924.38 | 1,155.45 |
| Net profit | 594.26 | 756.82 | 1,328.67 | 1,686.37 | 2,235.56 |
| Growth(%) | -5% | 27% | 76% | 27% | 33% |

Balance Sheet

(Rs Cr)

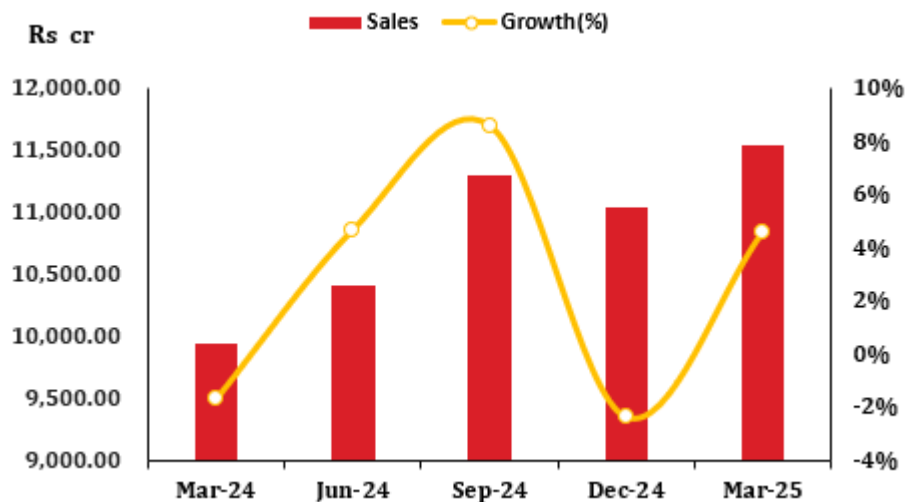
| Report Date | Mar-21 | Mar-22 | Mar-23 | Mar-24 | Mar-25 |
|--------------------------|------------------|------------------|------------------|------------------|------------------|
| Equity Share Capital | 47.51 | 47.51 | 47.51 | 47.51 | 47.51 |
| Reserves | 3,779.10 | 4,351.94 | 5,457.49 | 6,736.00 | 8,455.87 |
| Borrowings | 12,179.16 | 15,827.21 | 22,375.58 | 26,005.70 | 14,676.03 |
| Other Liabilities | 5,859.30 | 6,692.44 | 7,143.96 | 9,234.79 | 24,757.50 |
| Total | 21,865.07 | 26,919.10 | 35,024.54 | 42,024.00 | 47,936.91 |
| Net Block | 4,221.05 | 5,974.64 | 5,748.03 | 5,890.82 | 8,446.12 |
| Capital Work in Progress | 1,040.77 | 551.53 | 743.45 | 1,032.95 | 663.78 |
| Investments | 468.01 | 604.56 | 967.25 | 1,123.19 | 1,247.38 |
| Other Assets | 16,135.24 | 19,788.37 | 27,565.81 | 33,977.04 | 37,579.63 |
| Total | 21,865.07 | 26,919.10 | 35,024.54 | 42,024.00 | 47,936.91 |

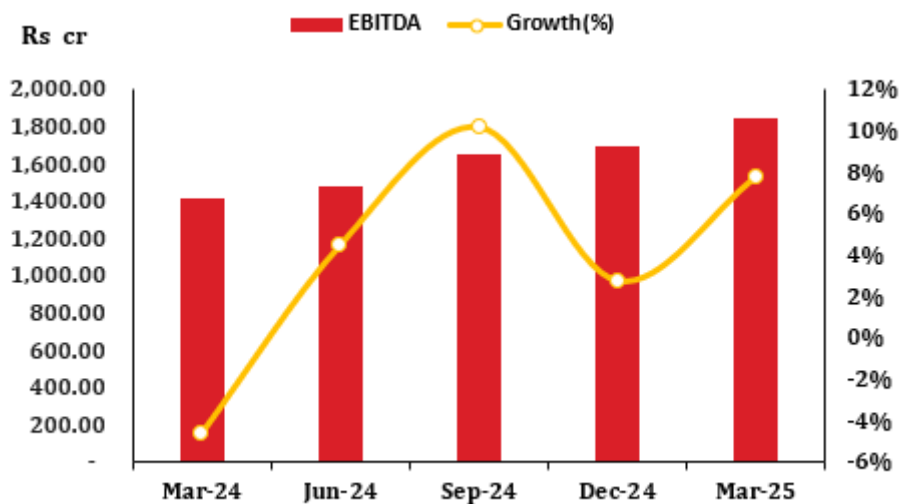
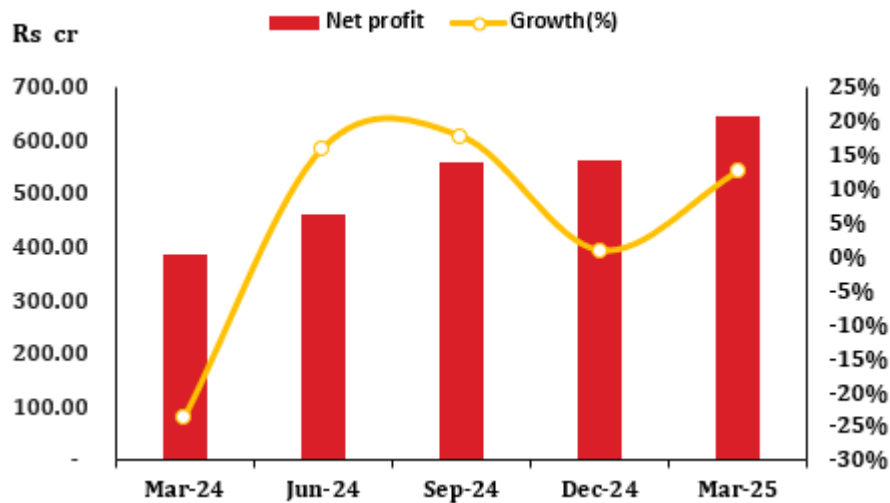
Cash Flow

(Rs Cr)

| | Mar-21 | Mar-22 | Mar-23 | Mar-24 | Mar-25 |
|------------------------------|---------|----------|----------|----------|----------|
| Cash from Operating Activity | 1151.29 | -1575.19 | -4404.81 | -1252.67 | 3502.92 |
| Cash from Investing Activity | -882.37 | -1470.91 | -1307.76 | -1001.36 | -2898.96 |
| Cash from Financing Activity | 263.5 | 2918.02 | 6118.08 | 2758.64 | 1155.24 |
| Net Cash Flow | 532.42 | -128.08 | 405.51 | 504.61 | 1759.2 |

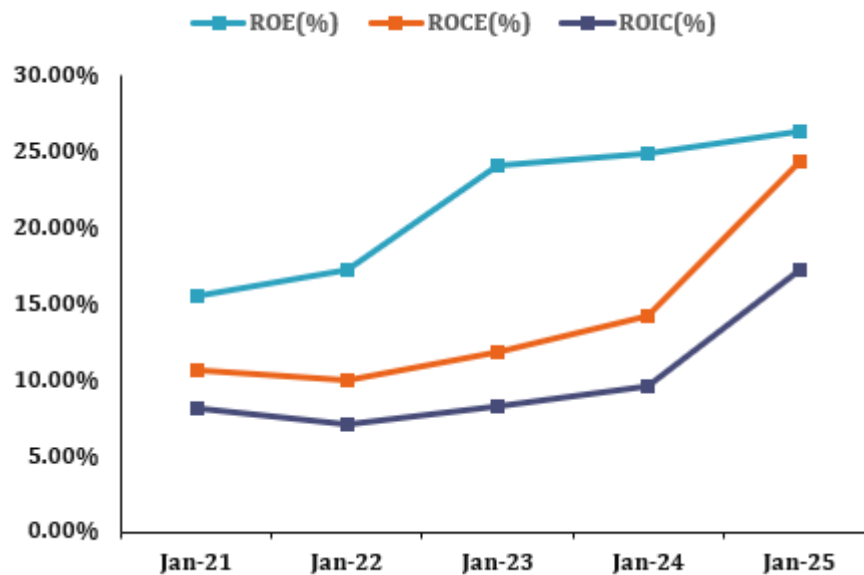
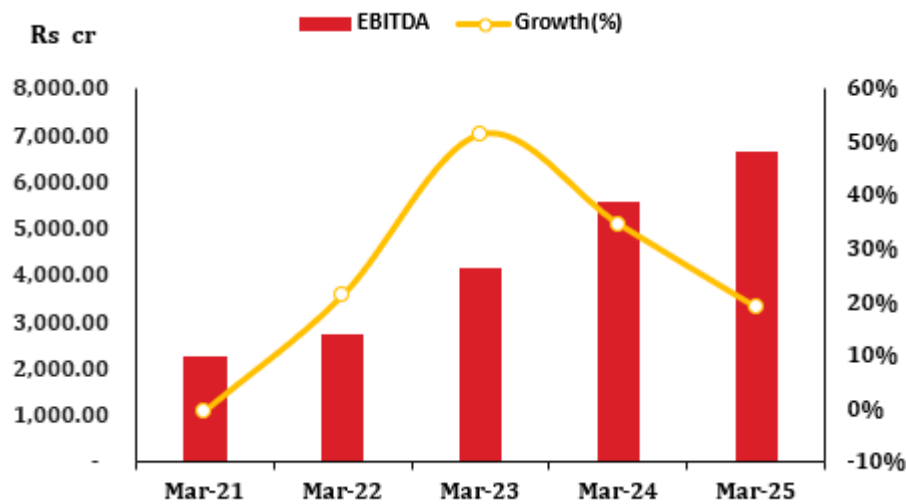
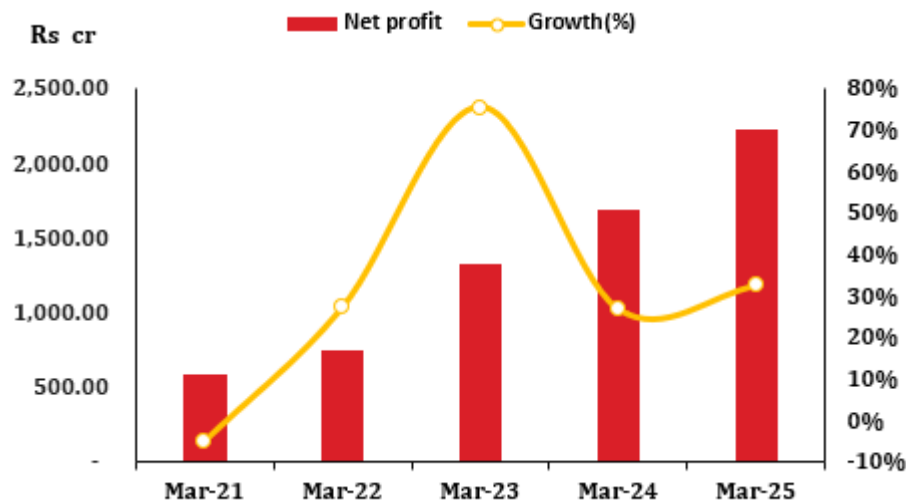
Key Metrics: Quarterly





Key Metrics: Yearly





Key Ratio:

| Leverage Ratios | Mar-21 | Mar-22 | Mar-23 | Mar-24 | Mar-25 |
|-------------------------|--------|--------|--------|--------|--------|
| D/E | 3.18 | 3.60 | 4.06 | 3.83 | 1.73 |
| Debt/Assets | 0.56 | 0.59 | 0.64 | 0.62 | 0.31 |
| Debt/Ebitda | 5.37 | 5.76 | 5.38 | 4.64 | 2.20 |
| Debt/Capital Ratio | 76% | 78% | 80% | 79% | 63% |
| Cash flow/Debt | 0.09 | -0.10 | -0.20 | -0.05 | 0.24 |
| Interest coverage ratio | 1.93 | 2.13 | 2.42 | 2.40 | 2.69 |
| Sales Change | 3% | 25% | 31% | 22% | 13% |
| Ebit Change | -1% | 18% | 65% | 40% | 22% |
| Operating Leverage | -0.47 | 0.92 | 1.48 | 1.63 | 1.55 |
| Financial Leverage | 5.71 | 6.12 | 6.36 | 6.20 | 5.64 |

Efficiency ratios

| | | | | | |
|---------------------------|-------|-------|-------|-------|-------|
| Receivable days | 19 | 18 | 14 | 17 | 14 |
| Receivable turnover | 18.87 | 20.69 | 25.45 | 21.28 | 25.68 |
| Inventory days | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Inventory turnover | 13 | 13 | 15 | 15 | 16 |
| Net Fixed assets turnover | 4.60 | 4.08 | 5.56 | 6.65 | 5.22 |
| Sales/capital employed | 1.21 | 1.20 | 1.15 | 1.19 | 1.90 |
| Total Asset Turnover | 0.89 | 0.90 | 0.91 | 0.93 | 0.92 |

Profitability ratios

| | | | | | |
|---------------------|---------|---------|----------|----------|----------|
| Ebitda | 2267.94 | 2749.87 | 4162.78 | 5605.76 | 6674.07 |
| Ebitda margin | 12% | 11% | 13% | 14% | 15% |
| Gross Profit | 6256.99 | 7810.5 | 10784.76 | 14350.33 | 17365.17 |
| Gross Profit Margin | 32% | 32% | 34% | 37% | 39% |
| EBIT | 1703.12 | 2007.01 | 3303.92 | 4630.64 | 5628.51 |
| EBIT Margin | 9% | 8% | 10% | 12% | 13% |
| ROE | 16% | 17% | 24% | 25% | 26% |
| Net profit margin | 3% | 3% | 4% | 4% | 5% |
| EPS | 12.51 | 15.93 | 27.97 | 35.50 | 47.05 |
| DU Pont ROE | 16% | 17% | 24% | 25% | 26% |
| Net Profit Margin | 3% | 3% | 4% | 4% | 5% |
| Sales/Total assets | 0.89 | 0.90 | 0.91 | 0.93 | 0.92 |
| Financial Leverage | 5.71 | 6.12 | 6.36 | 6.20 | 5.64 |
| DU PONT ROA | 3% | 3% | 4% | 4% | 5% |
| Net Profit Margin | 3% | 3% | 4% | 4% | 5% |
| Sales/Total assets | 0.89 | 0.90 | 0.91 | 0.93 | 0.92 |

| Capital Allocation Ratios | Mar-21 | Mar-22 | Mar-23 | Mar-24 | Mar-25 |
|---------------------------|----------|----------|----------|----------|----------|
| ROCE | 10% | 9% | 10% | 12% | 21% |
| EBIT Margin | 9% | 8% | 10% | 12% | 13% |
| Sales/cap employed | 1.21 | 1.20 | 1.15 | 1.19 | 1.90 |
| NOPAT | 1259.26 | 1375.04 | 2234.65 | 3046.99 | 3788.91 |
| Capital employed | 16005.77 | 20226.66 | 27880.58 | 32789.21 | 23179.41 |
| ROIC | 8% | 7% | 8% | 9% | 16% |

| Valuation Ratios | | | | | |
|------------------|-----------|-----------|-----------|-------------|-------------|
| Price/Earnings | 46.77 | 39.28 | 38.52 | 60.62 | 51.43 |
| Price/Book | 7.26 | 6.76 | 9.30 | 15.07 | 13.52 |
| Marketcap | 27,795.73 | 29,724.63 | 51,177.77 | 1,02,234.39 | 1,14,967.07 |
| Enterprise Value | 38,318.04 | 44,016.23 | 71,674.24 | 1,25,814.36 | 1,25,256.86 |
| EV/EBITDA | 16.90 | 16.01 | 17.22 | 22.44 | 18.77 |

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