

Healthy Q3; poised to outperform in 2Ws

Auto & Auto Ancillaries ▶ Result Update ▶ January 29, 2025

TARGET PRICE (Rs): 2,800

TVSL reported a healthy operational performance (revenue up 10% YoY; margins up by 20bps QoQ to 11.9%, a fresh high). TVSL expects the robust momentum in the domestic 2W industry to continue, led by rural green shoots, with exports also seeing sustained recovery; this would be accompanied by TVSL outperforming, led by product actions (like the recently launched *Jupiter 110cc scooter*, *E-2W iQube* portfolio, recently introduced a *E-3W*). The mgmt highlighted further headroom for margin improvement, driven by operating leverage, premiumization, and cost efforts. We note that including PLI incentives, TVSL's margins in 9MFY25 would be higher by ~120bps at 12.9% (guided to start recognizing PLI incentive from Q4), and believe it stands apart as a clear outperformer in 2Ws, based on its consistently improving positioning in growth categories (scooters, premium motorcycles, exports) along with gains in E-2Ws. We marginally trim FY25E EPS (on negative other income in Q3), building-in 27% EPS CAGR over FY25E-27E. **We retain BUY** (refer to our recent report: *Timely revival in exports as domestic slows*) with an unchanged SoTP-based TP of Rs2,800 at 30x Dec-26E core PER + Rs186 for captive finance arm.

Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	263,781	317,764	355,851	416,508	468,115
EBITDA	26,717	35,141	42,572	55,268	64,339
Adj. PAT	14,881	20,830	25,615	34,972	41,517
Adj. EPS (Rs)	31.3	43.8	53.9	73.6	87.4
EBITDA margin (%)	10.1	11.1	12.0	13.3	13.7
EBITDA growth (%)	36.2	31.5	21.1	29.8	16.4
Adj. EPS growth (%)	66.5	40.0	23.0	36.5	18.7
RoE (%)	27.4	30.2	29.7	32.5	30.9
RoIC (%)	77.6	120.1	248.7	264.4	268.8
P/E (x)	74.6	53.3	43.3	31.7	26.7
EV/EBITDA (x)	42.4	31.8	26.1	19.9	16.8
P/B (x)	18.3	14.4	11.7	9.3	7.5
FCFF yield (%)	0.9	2.2	1.9	2.7	3.7

Source: Company, Emkay Research

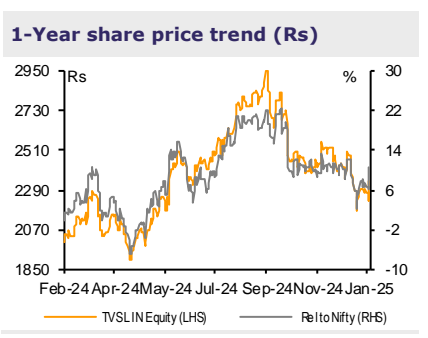
Healthy operational performance; EBITDA margin at a fresh high of 11.9%
 Revenue growth stood at 10% YoY to Rs91bn (in-line), which comprised of 10% volume growth to 1.2mn units and sequentially flat ASPs at Rs75K/unit. EBITDA grew 17% YoY to ~Rs10.8bn, largely in-line; EBITDA margin stood at an all-time high of 11.9%, excluding PLI (vs estimate of 11.7%). Sequential margin improvement was driven by lower other expenses. Other income stood at a negative Rs227mn, impacted by loss on fair value of investments. Thus PAT growth was limited to 4% YoY. PAT stood at Rs6.2bn (Consensus/Emkay estimate: Rs6.5bn/Rs6.9bn).

Earnings call KTAs
 1) The management expects domestic 2W industry momentum seen in 2024 to continue into 2025 as well, driven by improving rural demand after a long time (rural retails have grown 10% in 9MFY25 vs industry growth of 9%), improving purchasing power and higher infra spends, though certain pockets like entry motorcycles and mopeds still have scope for improvement. 2) TVSL has performed better than the industry, and aims to maintain this momentum supported by its diversified product portfolio and strong demand for recent launches like the *Jupiter 110cc scooter*. 3) Scooter salience (including EVs) is rising, and is now rising toward ~40% vs ~32% earlier; TVSL has strong presence in both, ICE and EV scooters, and is well-positioned to outpace industry growth. 4) Demand in international markets is improving, and TVSL anticipates sustained demand revival and outperformance for itself in key export markets like Africa, Asia (excluding Bangladesh), the Middle East, and Latin America; TVSL has recently expanded into Morocco and targets entering Europe as well going ahead. 5) TVSL aims to outpace E-2W industry growth as well, supported by an expanding product lineup and a growing distribution network (now at 900 touchpoints). The 2.2kWh E-2W *iQube* variant (launched in H1FY25) and the entire *iQube* portfolio have received a strong response, with more E-2W launches planned for CY25. Additionally, TVSL has entered the E-3W market recently with the *King EV Max*, positioning itself to become a key player in this rapidly growing segment. 6) TVSL's entire E-2W product portfolio is PLI-compliant and PLI revenue for the entire FY25 would be recognized in the books in Q4FY25, with regular quarterly recognition going forward; EV revenue during Q3FY25 stood at ~Rs8bn (H1 EV revenues at ~Rs16bn). 7) TVSL remains confident of further margin expansion driven by volume growth/operating leverage, continued product mix improvement, and sustained efforts toward material cost reduction. 8) Exports/spares revenue in Q3FY25 stood at Rs20.1bn/Rs9bn, respectively. 9) TVS Credit AUM stands at Rs271bn; while growth is healthy, TVSL is tightening credit norms, particularly on the unsecured front. 10) First product launch from super premium *Norton* brand is expected in FY26, with further launches in FY27 as well; TVSL would also continue investments in E-bike start-ups; European E-bike market is seen recovering in a couple of years. 11) FY25 capex guidance is at Rs14bn with investment spends seen at Rs17bn.

Target Price – 12M	Dec-25
Change in TP (%)	-
Current Reco.	BUY
Previous Reco.	BUY
Upside/(Downside) (%)	19.9
CMP (28-Jan-25) (Rs)	2,335.8

Stock Data	Ticker
52-week High (Rs)	2,958
52-week Low (Rs)	1,873
Shares outstanding (mn)	475.1
Market-cap (Rs bn)	1,110
Market-cap (USD mn)	12,824
Net-debt, FY25E (Rs mn)	3,171
ADTV-3M (mn shares)	1
ADTV-3M (Rs mn)	1,615.6
ADTV-3M (USD mn)	18.7
Free float (%)	49.7
Nifty-50	22,957
INR/USD	86.5
Shareholding, Dec-24	
Promoters (%)	50.3
FPIs/MFs (%)	21.2/20.0

(%)	1M	3M	12M
Absolute	(3.5)	(5.1)	20.3
Rel. to Nifty	0.1	0.6	11.9



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Exhibit 1: Q3FY25 – Revenue grew 10% YoY with EBITDA margin expanding to 11.9% (all-time high)

Rs mn	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	YoY (%)	QoQ (%)
Revenue	82,450	81,688	83,756	92,282	90,971	10.3	(1.4)
Expenditure	73,206	72,427	74,154	81,484	80,156	9.5	(1.6)
as % of sales	88.8	88.7	88.5	88.3	88.1		
Consumption of RM	60,756	59,440	59,804	66,017	65,112	7.2	(1.4)
as % of sales	73.7	72.8	71.4	71.5	71.6		
Employee Cost	4,036	4,205	4,788	4,967	4,988	23.6	0.4
as % of sales	4.9	5.1	5.7	5.4	5.5		
Other expenditure	8,414	8,782	9,563	10,499	10,056	19.5	(4.2)
as % of sales	10.2	10.8	11.4	11.4	11.1		
EBITDA	9,244	9,262	9,602	10,799	10,815	17.0	0.1
EBITDA margin (%)	11.2	11.3	11.5	11.7	11.9		
Depreciation	1,781	1,887	1,763	1,806	1,883	5.8	4.3
EBIT	7,464	7,375	7,838	8,993	8,931	19.7	(0.7)
Other Income	734	(287)	363	299	(227)	(130.9)	(175.9)
Interest	448	372	372	319	338	(24.6)	5.8
PBT	7,750	6,716	7,829	8,973	8,367	8.0	(6.8)
Total Tax	1,817	1,862	2,056	2,346	2,182	20.1	(7.0)
Adjusted PAT	5,934	4,854	5,773	6,627	6,185	4.2	(6.7)
Extra ordinary items	-	-	-	-	-		
Reported PAT	5,934	4,854	5,773	6,627	6,185	4.2	(6.7)
Adjusted EPS (Rs)	12.5	10.2	12.2	13.9	13.0	4.2	(6.7)

Source: Company, Emkay Research

Exhibit 2: Estimates – Emkay vs Consensus

(Rs mn)	Actual	Estimated	% Variance	Consensus	Variance
Net sales	90,971	92,092	(1.2)	91,126	(0.2)
EBITDA	10,815	10,775	0.4	10,671	1.3
Margin (%)	11.9	11.7	19 bps	11.7	18 bps
Adj net income	6,185	6,886	(10.2)	6,499	(4.8)

Source: Company, Bloomberg, Emkay Research

Exhibit 3: Margin Analysis – EBITDA margins reached an all-time-high of 11.9%; sequential improvement on lower other expenses

(%)	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	YoY (bps)	QoQ (bps)
EBITDAM	11.2	11.3	11.5	11.7	11.9	68	19
EBITM	9.1	9.0	9.4	9.7	9.8	77	7
EBTM	9.4	8.2	9.3	9.7	9.2	(20)	(53)
PATM	7.2	5.9	6.9	7.2	6.8	(40)	(38)
Effective Tax rate	23.4	27.7	26.3	26.1	26.1	264	(7)

Source: Company, Emkay Research

Exhibit 4: Volume Analysis – Volume growth was driven by scooters and exports; realizations were flattish sequentially

Volumes (no of units)	Q3FY25	Q3FY24	% change	Q2FY25	% change
Total volumes	1,211,952	1,100,843	10.1	1,227,923	(1.3)
Motorcycles	555,880	522,882	6.3	560,828	(0.9)
Scooters	492,893	404,019	22.0	490,375	0.5
Mopeds	133,861	135,876	(1.5)	139,106	(3.8)
Three-wheelers	29,318	38,066	(23.0)	37,914	(22.7)
Export volumes	293,856	248,546	18.2	308,572	(4.8)
Realization (Rs)	75,061	74,897	0.2	75,153	(0.1)

Source: Company, Emkay Research

Exhibit 5: Per our workings, TVSL's reported margin of 11.7% in 9MFY25 could have been ~120bps higher, including the PLI incentive benefit

TVSL PLI working (Rs mn)	H1FY25	Q3FY25	9MFY25
EV volumes (no of units)	122,927	74607	197,534
EV ASP (Rs/unit)	130,159	107,229	121,498
EV Revenues	16,000	8000	24,000
PLI incentive assumed at 13% of sales	2,080	1,040	3,120
Reported EBITDA	20,400	10,815	31,215
Reported Revenues	176,038	90,971	267,009
Reported EBITDA margin (%)	11.6	11.9	11.7
EBITDA incl. PLI incentive	22,480	11,855	34,335
EBITDA margin, incl PLI incentive (%)	12.8	13.0	12.9

Source: Company, Emkay Research; Note: Assuming uniform EV ASP through H1; assumed PLI incentive at 13% of EV sales value

Exhibit 6: 2W industry's product mix continues to see a shift toward scooters and exports, amid a fall in share of motorcycles

Industry mix (%)	FY21	FY22	FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25
Domestic Motorcycles	54.5	50.2	52.4	55.5	53.0	55.3	53.7	54.1	51.6	50.8
Up to 110cc	29.3	27.7	26.8	27.2	25.7	27.2	25.3	25.4	24.2	23.9
110-125cc	13.2	12.3	13.8	15.5	14.6	14.8	14.8	15.5	15.5	14.8
125-150cc	2.9	2.1	2.1	2.2	1.9	2.7	3.1	3.0	2.9	3.1
Over 150cc	9.1	8.0	9.8	10.6	10.7	10.6	10.5	10.3	9.0	9.0
Domestic Scooters	24.4	22.4	26.6	26.3	28.5	26.9	27.1	28.2	29.5	28.6
Domestic Mopeds	3.4	2.6	2.3	2.1	2.1	2.4	2.3	2.1	2.2	2.2
Domestic 2Ws	82.2	75.2	81.3	84.0	83.7	84.7	83.1	84.4	83.3	81.6
Export 2Ws	17.8	24.8	18.7	16.0	16.3	15.3	16.9	15.6	16.7	18.4

Source: SIAM, Emkay Research

Exhibit 7: TVSL's 2W product mix – Relatively better vs the industry's, with higher share of scooters and exports

TVSL mix (%)	FY21	FY22	FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25
Domestic Motorcycles	21.4	22.6	25.9	32.2	28.0	31.6	29.4	30.2	25.9	25.6
Up to 110cc	10.2	9.6	9.0	9.4	8.3	9.3	7.0	7.0	8.7	7.2
110-125cc	-	2.4	6.8	10.9	12.4	11.9	12.0	11.2	8.0	8.5
125-150cc	-	-	-	-	-	-	-	-	-	0.0
Over 150cc	11.2	10.5	10.1	11.9	7.3	10.3	10.4	12.0	9.2	9.9
Domestic Scooters	31.4	27.6	35.5	34.8	37.4	35.4	35.7	36.6	39.3	40.3
Domestic Mopeds	21.1	15.1	12.6	11.5	11.4	12.7	12.0	11.6	11.5	11.1
Domestic 2Ws	73.9	65.3	74.0	78.6	76.8	79.7	77.1	78.4	76.7	77.0
Export 2Ws	26.1	34.7	26.0	21.4	23.2	20.3	22.9	21.6	23.3	23.0

Source: SIAM, Emkay Research

Exhibit 8: TVSL's Product Mix – Continued shift toward scooters and exports, with reducing share of domestic motorcycles

Mix (%)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25
Domestic 2Ws	62.3	70.6	71.5	78.2	75.7	73.7	76.9	74.9	76.2	74.3	75.2
Domestic Motorcycles	16.8	24.5	27.9	29.9	31.1	26.9	30.5	28.6	29.3	25.1	25.0
Domestic Scooters	33.2	34.7	31.6	35.7	33.6	35.9	34.2	34.7	35.6	38.0	39.3
Domestic Mopeds	12.3	11.3	11.9	12.5	11.0	11.0	12.3	11.7	11.3	11.2	10.8
Exports 2Ws	32.6	24.5	23.5	18.5	20.7	22.2	19.6	22.2	21.0	22.6	22.4
Total 2Ws	94.9	95.1	95.1	96.7	96.4	96.0	96.5	97.1	97.2	96.9	97.6
Domestic 3Ws	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.6	0.5	0.6	0.6
Export 3Ws	4.7	4.5	4.5	2.9	3.2	3.5	3.0	2.3	2.3	2.5	1.8
Total 3Ws	5.1	4.9	4.9	3.3	3.6	4.0	3.5	2.9	2.8	3.1	2.4
Total domestic	62.7	71.0	72.0	78.6	76.1	74.2	77.4	75.5	76.7	74.9	75.8
Total exports	37.3	29.0	28.0	21.4	23.9	25.8	22.6	24.5	23.3	25.1	24.2

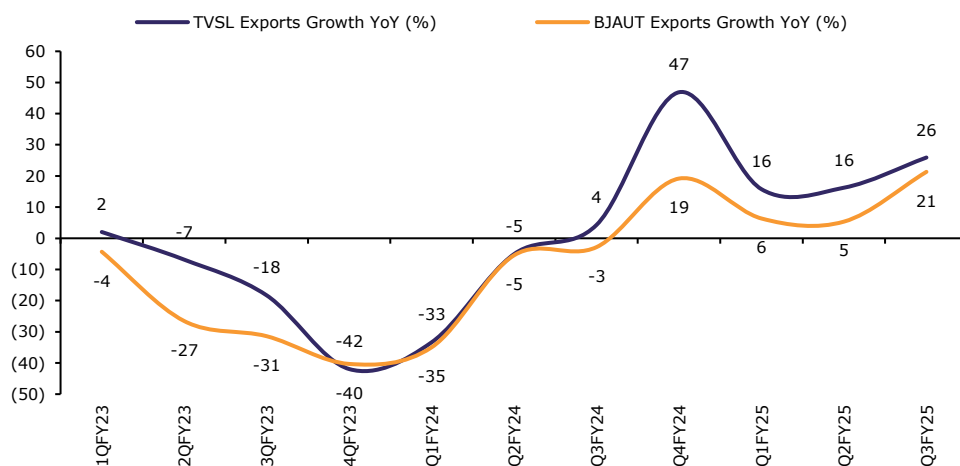
Source: Company, Emkay Research

Exhibit 9: TVSL’s domestic scooters and overall 2Ws market share has improved further, amid recovery in the 125cc segment market share

TVSL market share (%)	FY21	FY22	FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25
Domestic Motorcycles	6.3	7.9	8.9	10.8	9.9	10.8	10.4	10.0	9.6	10.0
Up to 110cc	5.5	6.1	6.1	6.5	6.1	6.5	5.3	4.9	6.9	6.0
110-125cc	-	3.5	8.9	13.1	15.9	15.3	15.4	12.9	9.8	11.3
125-150cc	-	-	-	-	-	-	-	-	-	-
Over 150cc	19.6	22.9	18.6	20.9	12.7	18.6	18.9	21.0	19.6	21.9
Domestic Scooters	20.5	21.6	24.0	24.7	24.6	25.0	25.1	23.2	25.5	27.9
Domestic Mopeds	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Domestic 2Ws	14.3	15.2	16.4	17.4	17.2	17.9	17.7	16.6	17.6	18.7
Export 2Ws	23.3	24.5	25.1	24.9	26.7	25.2	25.8	24.7	26.8	24.6
Total 2Ws	15.9	17.5	18.0	18.6	18.8	19.0	19.0	17.9	19.2	19.8
Domestic 3Ws	3.8	3.4	3.3	3.0	2.6	2.8	3.7	3.2	3.4	3.8
Export 3Ws	29.3	32.6	41.9	41.5	46.4	43.8	34.6	35.8	37.5	29.5
Total 3Ws	20.2	22.6	19.8	16.0	15.5	14.5	12.9	13.0	13.0	11.1

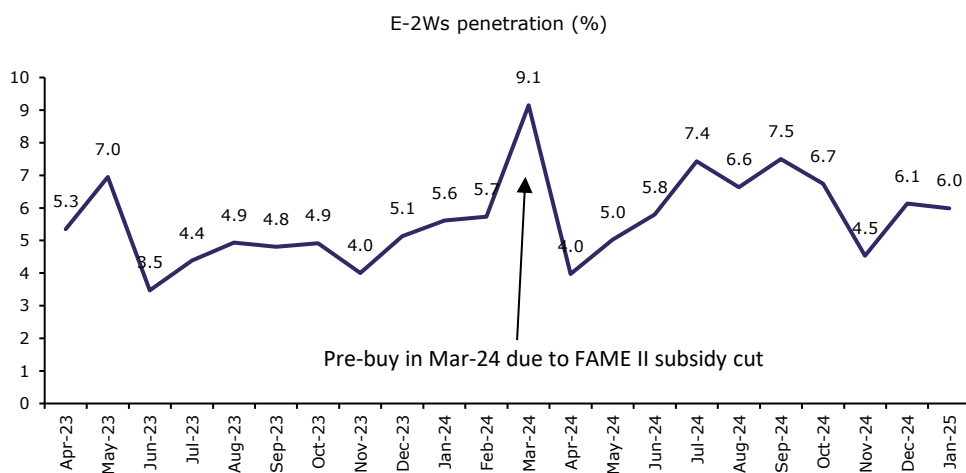
Source: SIAM, Emkay Research

Exhibit 10: TVSL continues to outperform larger peer BJAUT in exports as well



Source: Company, Emkay Research; Note: FY25YTD till Dec-24

Exhibit 11: E-2W industry penetration has been stagnant at 6%



Source: Vahan, Emkay Research; Note: Jan-25 is on MTD basis till 27-Jan

Exhibit 12: TVSL has consistently gained market share over the past 10 months and has surpassed Ola and BJAUT's to become the E-2W leader

E-2Ws (no of units)	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25
Ola Electric	34,131	35,854	56,463	35,960	39,355	38,797	43,997	29,073	26,038	43,963	30,727	14,388	16,822
TVS Motor	16,166	15,409	28,046	8,171	12,489	14,766	20,688	18,594	19,202	31,640	28,391	18,118	19,446
Ather Energy	9,872	9,575	18,345	4,361	6,477	6,543	10,756	11,626	13,582	16,993	13,586	10,969	10,468
Bajaj Auto	11,464	12,382	19,040	7,957	9,736	9,525	18,697	17,695	20,220	29,837	27,744	19,238	17,569
Hero MotoCorp	1,574	1,849	4,299	1,006	2,589	3,243	5,333	5,011	4,547	7,719	7,726	1,074	1,204
Industry	86,469	87,096	147,719	69,004	81,396	84,204	113,304	93,716	95,131	147,078	125,183	77,175	76,347

Market Share (%)	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25
Ola Electric	39.5	41.2	38.2	52.1	48.3	46.1	38.8	31.0	27.4	29.9	24.5	18.6	22.0
TVS Motor	18.7	17.7	19.0	11.8	15.3	17.5	18.3	19.8	20.2	21.5	22.7	23.5	25.5
Ather Energy	11.4	11.0	12.4	6.3	8.0	7.8	9.5	12.4	14.3	11.6	10.9	14.2	13.7
Bajaj Auto	13.3	14.2	12.9	11.5	12.0	11.3	16.5	18.9	21.3	20.3	22.2	24.9	23.0
Hero MotoCorp	1.8	2.1	2.9	1.5	3.2	3.9	4.7	5.3	4.8	5.2	6.2	1.4	1.6
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Vahan, Emkay Research; Note: Figures are adjusted for Telangana (not part of the Vahan portal)

Exhibit 13: Revenue Model – We build in 15%/27% revenue/EPS CAGR over FY24-27E

(Rs mn)	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Domestic 2Ws (no of units)	2,164,228	2,047,564	2,597,936	3,157,040	3,519,218	3,816,331	4,124,560
Growth (%)	(10.2)	(5.4)	26.9	21.5	11.5	8.4	8.1
Scooters including EV (no of units)	919,325	866,851	1,245,993	1,451,409	1,783,370	1,958,577	2,138,272
Growth (%)	(9.7)	(5.7)	43.7	16.5	22.9	9.8	9.2
Motorcycles (no of units)	627,656	707,563	910,376	1,223,828	1,210,638	1,304,621	1,405,498
Growth (%)	(16.9)	12.7	28.7	34.4	(1.1)	7.8	7.7
Mopeds (no of units)	617,247	473,150	441,567	481,803	525,211	553,133	580,789
Growth (%)	(3.1)	(23.3)	(6.7)	9.1	9.0	5.3	5.0
Domestic 3Ws (no of units)	8,266	8,823	16,075	20,791	27,028	28,109	29,234
Growth (%)	(30.7)	6.7	82.2	29.3	30.0	4.0	4.0
Domestic Total (no of units)	2,172,494	2,056,387	2,614,011	3,177,831	3,546,247	3,844,441	4,153,794
Growth (%)	(10.3)	(5.3)	27.1	21.6	11.6	8.4	8.0
Export 2Ws (no of units)	764,039	1,090,139	915,018	887,774	1,047,573	1,278,039	1,405,843
Growth (%)	12.6	42.7	(16.1)	(3.0)	18.0	22.0	10.0
Export 3Ws (no of units)	115,330	163,052	153,039	125,379	102,811	128,513	154,216
Growth (%)	(28.8)	41.4	(6.1)	(18.1)	(18.0)	25.0	20.0
Export Total (no of units)	879,369	1,253,191	1,068,057	1,013,153	1,150,384	1,406,553	1,560,060
Growth (%)	4.6	42.5	(14.8)	(5.1)	13.5	22.3	10.9
Volumes (no of units)	3,051,863	3,309,578	3,682,068	4,190,984	4,696,631	5,250,994	5,713,853
Growth (%)	(6.5)	8.4	11.3	13.8	12.1	11.8	8.8
ASP (Rs/unit)	54,886	62,819	71,639	75,821	75,767	79,320	81,926
Growth (%)	9.1	14.5	14.0	5.8	(0.1)	4.7	3.3
Revenues	167,505	207,905	263,781	317,764	355,851	416,508	468,115
Growth (%)	2.0	24.1	26.9	20.5	12.0	17.0	12.4
EBITDA	14,286	19,617	26,717	35,141	42,572	55,268	64,339
EBITDA margin (%)	8.5	9.4	10.1	11.1	12.0	13.3	13.7
EBITDA growth (%)	6.1	37.3	36.2	31.5	21.1	29.8	16.4
EBITDA/unit (Rs)	4,681	5,927	7,256	8,385	9,064	10,525	11,260
EBIT	9,678	13,693	21,411	29,623	35,989	48,370	56,897
EBIT margin (%)	5.8	6.6	8.1	9.3	10.1	11.6	12.2
EPS (Rs)	12.9	19.4	31.3	43.8	53.9	73.6	87.4

Source: Company, Emkay Research

Exhibit 14: We marginally trim FY25E EPS owing to negative other income in Q3; FY26E/27E EPS is largely unchanged

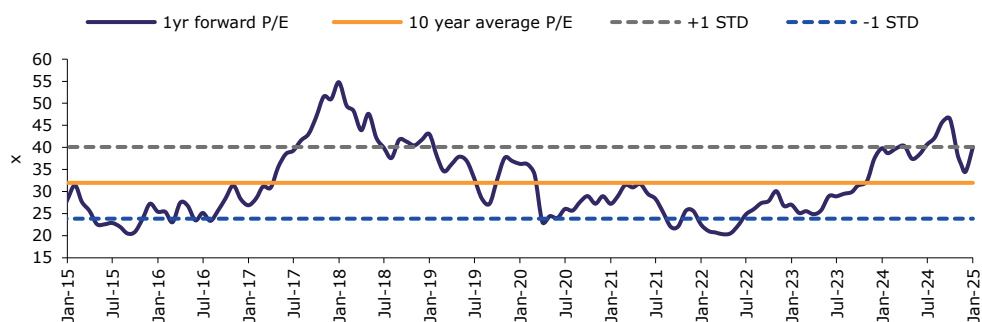
Rs mn	FY25E				FY26E				FY27E			
	Earlier	Revised	% Change	% YoY	Earlier	Revised	% Change	% YoY	Earlier	Revised	% Change	% YoY
Domestic 2Ws	3,545,933	3,519,218	(0.8)	11.5	3,823,192	3,816,331	(0.2)	8.4	4,130,966	4,124,560	(0.2)	8.1
Domestic 3Ws	27,028	27,028	-	30.0	28,109	28,109	-	4.0	29,234	29,234	-	4.0
Total Domestic	3,572,962	3,546,247	(0.7)	11.6	3,851,302	3,844,441	(0.2)	8.4	4,160,200	4,153,794	(0.2)	8.0
Export 2W	1,047,573	1,047,573	-	18.0	1,278,039	1,278,039	-	22.0	1,405,843	1,405,843	-	10.0
Export 3W	102,811	102,811	-	(18.0)	128,513	128,513	-	25.0	154,216	154,216	-	20.0
Total Exports	1,150,384	1,150,384	-	13.5	1,406,553	1,406,553	-	22.3	1,560,060	1,560,060	-	10.9
Total Volumes	4,723,346	4,696,631	(0.6)	12.1	5,257,855	5,250,994	(0.1)	11.8	5,720,259	5,713,853	(0.1)	8.8
ASP (Rs/unit)	75,408	75,767	0.5	(0.1)	78,995	79,320	0.4	4.7	81,593	81,926	0.4	3.3
Sales (Rs mn)	356,177	355,851	(0.1)	12.0	415,344	416,508	0.3	17.0	466,733	468,115	0.3	12.4
EBITDA (Rs mn)	41,487	42,572	2.6	21.1	54,603	55,268	1.2	29.8	63,581	64,339	1.2	16.4
Margin (%)	11.6	12.0	32bps	90bps	13.1	13.3	12bps	131bps	13.6	13.7	12bps	47bps
Net Profit (Rs mn)	26,015	25,615	(1.5)	23.0	35,271	34,972	(0.8)	36.5	41,683	41,517	(0.4)	18.7
EPS (Rs)	54.8	53.9	(1.5)	23.0	74.2	73.6	(0.8)	36.5	87.7	87.4	(0.4)	18.7

Source: Emkay Research

Exhibit 15: Emkay Vs Consensus

(Rs mn)	Emkay Estimates			Bloomberg estimates			Difference		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Net revenue	355,851	416,508	468,115	363,720	417,502	462,131	-2.2%	-0.2%	1.3%
EBITDA	42,572	55,268	64,339	43,203	52,102	60,873	-1.5%	6.1%	5.7%
EBITDA margin (%)	12.0	13.3	13.7	11.9	12.5	13.2	9 bps	79 bps	57 bps
EPS (Rs)	53.9	73.6	87.4	55.8	69.2	82.4	-3.3%	6.4%	6.0%

Source: Bloomberg, Emkay Research

Exhibit 16: TVSL is currently trading at 1SDA above its LTA

Source: Bloomberg, Emkay Research

TVS Motor: Standalone Financials and Valuations

Profit & Loss					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	263,781	317,764	355,851	416,508	468,115
Revenue growth (%)	26.9	20.5	12.0	17.0	12.4
EBITDA	26,717	35,141	42,572	55,268	64,339
EBITDA growth (%)	36.2	31.5	21.1	29.8	16.4
Depreciation & Amortization	6,312	7,004	7,349	8,199	8,897
EBIT	20,405	28,138	35,224	47,069	55,442
EBIT growth (%)	51.1	37.9	25.2	33.6	17.8
Other operating income	0	0	0	0	0
Other income	1,006	1,485	766	1,301	1,456
Financial expense	1,407	1,816	1,328	1,046	717
PBT	20,004	27,807	34,662	47,323	56,180
Extraordinary items	0	0	0	0	0
Taxes	5,123	6,977	9,047	12,351	14,663
Minority interest	0	0	0	0	0
Income from JV/Associates	0	0	0	0	0
Reported PAT	14,881	20,830	25,615	34,972	41,517
PAT growth (%)	66.5	40.0	23.0	36.5	18.7
Adjusted PAT	14,881	20,830	25,615	34,972	41,517
Diluted EPS (Rs)	31.3	43.8	53.9	73.6	87.4
Diluted EPS growth (%)	66.5	40.0	23.0	36.5	18.7
DPS (Rs)	5.0	8.0	16.2	22.1	26.2
Dividend payout (%)	16.0	18.2	30.0	30.0	30.0
EBITDA margin (%)	10.1	11.1	12.0	13.3	13.7
EBIT margin (%)	7.7	8.9	9.9	11.3	11.8
Effective tax rate (%)	25.6	25.1	26.1	26.1	26.1
NOPLAT (pre-IndAS)	15,179	21,078	26,030	34,784	40,971
Shares outstanding (mn)	475.1	475.1	475.1	475.1	475.1

Source: Company, Emkay Research

Cash flows					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
PBT	20,004	27,807	34,662	47,323	56,180
Others (non-cash items)	13,621	(1,879)	5,103	6,958	8,043
Taxes paid	(4,826)	(6,162)	(8,938)	(12,203)	(14,488)
Change in NWC	(8,870)	16,407	3,037	247	3,578
Operating cash flow	19,929	36,173	33,863	42,324	53,314
Capital expenditure	(9,847)	(11,787)	(13,000)	(13,000)	(13,000)
Acquisition of business	(13,222)	(8,601)	(17,000)	(13,000)	(16,000)
Interest & dividend income	0	0	0	0	0
Investing cash flow	(23,118)	(18,963)	(30,000)	(26,000)	(29,000)
Equity raised/(repaid)	0	0	0	0	0
Debt raised/(repaid)	7,918	(6,622)	(3,842)	(1,757)	(1,794)
Payment of lease liabilities	(692)	(1,068)	0	0	0
Interest paid	(1,407)	(1,816)	(1,328)	(1,046)	(717)
Dividend paid (incl tax)	(2,376)	(3,801)	(7,684)	(10,492)	(12,455)
Others	(1,890)	(2,457)	3,884	2,807	1,964
Financing cash flow	2,245	(14,696)	(8,970)	(10,488)	(13,002)
Net chg in Cash	(944)	2,515	(5,107)	5,836	11,311
OCF	19,929	36,173	33,863	42,324	53,314
Adj. OCF (w/o NWC chg.)	28,799	19,766	30,826	42,077	49,736
FCFF	10,081	24,386	20,863	29,324	40,314
FCFE	8,675	22,569	19,535	28,278	39,597
OCF/EBITDA (%)	74.6	102.9	79.5	76.6	82.9
FCFE/PAT (%)	58.3	108.4	76.3	80.9	95.4
FCFF/NOPLAT (%)	66.4	115.7	80.1	84.3	98.4

Source: Company, Emkay Research

Balance Sheet					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Share capital	475	475	475	475	475
Reserves & Surplus	60,003	76,835	94,766	119,246	148,308
Net worth	60,479	77,310	95,241	119,721	148,783
Minority interests	0	0	0	0	0
Deferred tax liability (net)	1,982	1,871	1,979	2,127	2,302
Total debt	28,376	15,134	11,293	9,535	7,742
Total liabilities & equity	90,837	94,315	108,512	131,383	158,827
Net tangible fixed assets	28,901	30,661	35,355	40,156	44,259
Net intangible assets	3,668	3,668	3,668	3,668	3,668
Net ROU assets	3,390	3,390	3,390	3,390	3,390
Capital WIP	6,277	9,301	10,258	10,258	10,258
Goodwill	0	0	0	0	0
Investments [JV/Associates]	54,920	68,281	78,993	85,993	95,993
Cash & equivalents	4,339	6,942	8,122	19,958	37,269
Current assets (ex-cash)	38,429	38,380	42,981	53,730	60,388
Current Liab. & Prov.	49,087	66,307	74,255	85,771	96,398
NWC (ex-cash)	(10,658)	(27,927)	(31,274)	(32,041)	(36,010)
Total assets	90,837	94,315	108,512	131,383	158,827
Net debt	24,037	8,193	3,171	(10,423)	(29,528)
Capital employed	90,837	94,315	108,512	131,383	158,827
Invested capital	25,301	9,792	11,139	15,173	15,306
BVPS (Rs)	127.3	162.7	200.5	252.0	313.2
Net Debt/Equity (x)	0.4	0.1	0.0	(0.1)	(0.2)
Net Debt/EBITDA (x)	0.9	0.2	0.1	(0.2)	(0.5)
Interest coverage (x)	0.1	0.1	0.0	0.0	0.0
RoCE (%)	20.1	24.0	26.6	30.2	29.4

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E Mar	FY23	FY24	FY25E	FY26E	FY27E
P/E (x)	74.6	53.3	43.3	31.7	26.7
P/CE(x)	52.4	39.9	33.7	25.7	22.0
P/B (x)	18.3	14.4	11.7	9.3	7.5
EV/Sales (x)	4.3	3.5	3.1	2.6	2.3
EV/EBITDA (x)	42.4	31.8	26.1	19.9	16.8
EV/EBIT(x)	55.6	39.7	31.6	23.4	19.5
EV/IC (x)	44.8	114.2	99.9	72.4	70.6
FCFF yield (%)	0.9	2.2	1.9	2.7	3.7
FCFE yield (%)	0.8	2.0	1.8	2.5	3.6
Dividend yield (%)	0.2	0.3	0.7	0.9	1.1
DuPont-RoE split					
Net profit margin (%)	5.6	6.6	7.2	8.4	8.9
Total asset turnover (x)	3.3	3.4	3.5	3.5	3.2
Assets/Equity (x)	1.5	1.3	1.2	1.1	1.1
RoE (%)	27.4	30.2	29.7	32.5	30.9
DuPont-RoIC					
NOPLAT margin (%)	5.8	6.6	7.3	8.4	8.8
IC turnover (x)	10.4	32.5	31.9	27.4	30.6
RoIC (%)	77.6	120.1	248.7	264.4	268.8
Operating metrics					
Core NWC days	(14.7)	(32.1)	(32.1)	(28.1)	(28.1)
Total NWC days	(14.7)	(32.1)	(32.1)	(28.1)	(28.1)
Fixed asset turnover	3.5	3.8	3.8	3.9	3.9
Opex-to-revenue (%)	14.1	15.2	16.7	15.8	15.3

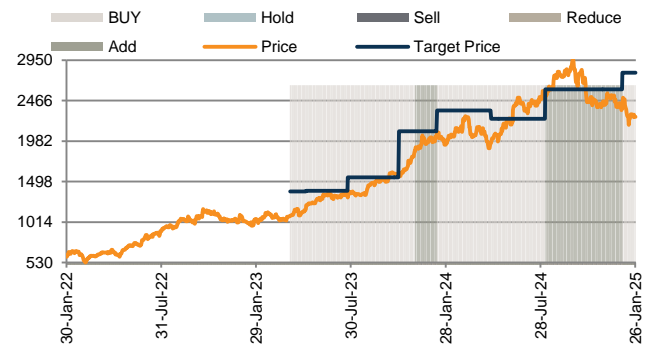
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
21-Jan-25	2,292	2,800	Buy	Chirag Jain
10-Jan-25	2,283	2,800	Buy	Chirag Jain
01-Jan-25	2,407	2,800	Buy	Chirag Jain
24-Oct-24	2,482	2,600	Add	Chirag Jain
06-Aug-24	2,479	2,600	Add	Chirag Jain
09-May-24	2,064	2,250	Buy	Chirag Jain
24-Apr-24	1,964	2,250	Buy	Chirag Jain
24-Jan-24	2,001	2,350	Buy	Chirag Jain
11-Jan-24	2,087	2,350	Buy	Chirag Jain
30-Nov-23	1,865	2,100	Add	Chirag Jain
31-Oct-23	1,591	2,100	Buy	Chirag Jain
30-Oct-23	1,609	2,100	Buy	Chirag Jain
24-Jul-23	1,307	1,550	Buy	Chirag Jain
05-May-23	1,215	1,390	Buy	Chirag Jain
04-Apr-23	1,085	1,380	Buy	Chirag Jain

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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BUY	>15% upside
ADD	5-15% upside
REDUCE	5% upside to 15% downside
SELL	<15% downside

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