



2nd March, 2026



India's Best Performing and Most Customer Centric PMS

TVS Motor Company is a leading global two- and three-wheeler manufacturer with a strong presence across motorcycles, scooters, and electric vehicles. The company has a diversified product portfolio across mass and premium segments, supported by strong in-house R&D and a growing international footprint. TVS Motor continues to expand its presence in EVs and premium motorcycles while strengthening exports across key global markets.

This Quarter at a glance

Operating Revenue: ₹11,905 crore — +29% YoY
 Sales Volume: +23% YoY
 EBITDA: ₹1,509 crore — +40% YoY
 EBITDA Margin: 12.7% (+100 bps YoY; ~+50 bps YoY on normalized PLI basis)
 International Volumes: >400,000 units (highest-ever quarterly)
 Exports Revenue: ₹2,885 crore
 Domestic ICE 2W Growth: +21% YoY (vs industry +8%)
 Total ICE Growth: +23% YoY (vs industry +11%)
 EV 2W Volumes: ~80,000 units — +7% YoY
 EV 3W Market Share: >11%

Operating Performance and Growth Momentum- TVS Motor reported a strong Q2 FY26 performance, driven by broad-based volume growth and operating leverage. Sales volumes grew 23% YoY, while operating revenue increased 29% YoY to ₹11,905 crore. Operating EBITDA rose 40% YoY to ₹1,509 crore, with margins expanding to 12.7%, supported by scale benefits, improved product mix, and cost optimization. After normalizing for prior-year PLI timing, margin expansion remained structurally positive. On a half-year basis, TVS Motor sustained its growth trajectory, with operating revenue rising 25% YoY to ₹21,986 crore in H1 FY26. PBT and PAT grew 36% YoY, indicating consistent operating performance and margin resilience despite ongoing investments in product development, brand building, and international expansion.

Margins, Costs and Operating Leverage- Margin expansion during the quarter was driven by strong top-line growth, favourable product mix, and selective price increases, which offset commodity inflation of 0.6% in Q2. Management emphasized that scale benefits played a key role in improving gross margins despite cost pressures. Other expenses increased due to festive-season logistics costs and higher

investments in R&D and marketing. Packing and freight expenses rose ₹120 crore, R&D spend increased by ₹20–25 crore, and marketing costs rose ₹65 crore due to multiple product launches. These were described as growth investments rather than structural cost increases.

EV Economics and PLI Benefits- Management indicated that the EV business is contribution-margin positive, though EBITDA-level profitability is yet to be achieved due to scale and ongoing investments. EV performance continues to be evaluated at a portfolio level, with overall EBITDA improvement reflecting rising EV contribution alongside ICE profitability. EV revenue during the quarter stood at ₹1,269 crore, with a significant portion eligible for PLI incentives. PLI benefits were estimated at ~0.5–0.6% of total revenue, subject to exclusions for supplier-related components, highlighting the complexity of incentive accounting.

Broader Context- Developments over the past year align closely with management commentary, particularly around EV execution and international expansion. TVS has demonstrated resilience in the EV segment amid industry volatility, reinforcing confidence in scale-led profitability. Strong export momentum supports the strategy of geographic diversification, while continued expansion of the EV product pipeline beyond scooters highlights a platform-led approach to long-term growth.

Stock Data	
CMP (23-01-2026)	Rs. 3549.80
52 Week High/Low	Rs. 3909/ ₹2192.75
Face Value (in Rs.)	Rs. 1
Market Cap (In Crs)	Rs. 1.93L Cr
Enterprise Value (In Crs)	Rs. 1.79L Cr
NSE	TVS MOTOR
BSE	532343
Bloomberg	TVSL IN
Sector	Automobiles

Shareholding Pattern (in %)		
	Sep 25	Sep 24
Promoter	50.27%	50.27%
FII	22.90%	22.33%
DII	18.34%	19.02%
Public	8.46%	8.33%

Price Performance (in%)			
(%)	1M	6M	1Yr
Nifty 50	-3.20%	1.75%	10.00%
TVS Motor	1.13%	26.26%	58.37%

International Business and Exports- International operations delivered a record quarter, with volumes crossing 400,000 units for the first time. Growth was driven by Africa, Latin America, and improving momentum in Sri Lanka and Nepal. The company strengthened its presence in Bangladesh and established a Dubai office to enhance market proximity and customer insights. Exports revenue stood at ₹2,885 crore during Q2, while spare parts revenue was ₹1,073 crore, underscoring the rising contribution of international markets and the aftermarket business.

Product Pipeline and Premiumisation- TVS Motor launched multiple products across EV, performance, and premium segments, including the TVS Orbiter EV, TVS King Kargo HD EV, Ntorq 150, and Apache RTX adventure tourer. Limited-edition Apache variants were also introduced to commemorate the brand's 20-year legacy, reflecting a continued focus on performance-led brand building. Premiumisation trends were evident within scooters, with Jupiter 125 accounting for ~35–36% of total Jupiter volumes, indicating rising consumer preference for higher-displacement models.

Norton: Strategic Optionality- The company outlined plans to unveil new Norton superbikes at EICMA, with India launches targeted by April 2026. A differentiated retail strategy is planned for Norton and select premium TVS products. Management positioned Norton as a long-term strategic investment aimed at building presence in the global super-premium motorcycle segment rather than a near-term earnings driver.

Demand Outlook and Macro Environment- Management remains optimistic on H2 FY26 demand, supported by GST rationalisation, improving rural sentiment, and favorable macro indicators. The GST reduction, fully passed on to customers, is expected to benefit entry-level segments, with savings of ₹7,000 per vehicle. Festive season trends were strong, with industry growth of 24% and TVS Motor growing 32%. The company expects the two-wheeler ICE industry to grow 8%, with Q3 and Q4 benefiting from GST-led demand acceleration, above-normal monsoons, and improving consumer sentiment, particularly in rural markets.

Capital Allocation and Strategy- TVS Motor invested ₹550 crore during the quarter, primarily towards Norton, international expansion, and technology capabilities. Management reiterated that FY26 investments are likely to remain in line with the previously indicated ₹1,600–2,000 crore range, reflecting a continued focus on long-term growth drivers.

Strategic Positioning- Management emphasised a customer-centric approach focused on product quality, technology leadership, and sustained market share gains rather than explicit ranking targets. The company remains confident of outperforming industry growth and delivering gradual EBITDA expansion through scale benefits, premiumisation, and cost optimisation, while continuing to invest in EVs and global brands.

Peer Comparison

Growth-led differentiation- TVS Motor reported 34% YoY quarterly sales growth and a 22% 3-year sales CAGR, outperforming mass-market peers such as Hero MotoCorp and Bajaj Auto. Growth is broad-based across scooters, EVs, three-wheelers, and exports, while being broadly comparable to Eicher Motors, albeit driven by a more diversified product mix.

Balanced domestic and international exposure- Unlike Hero MotoCorp's predominantly domestic orientation, TVS benefits from a growing international business, providing diversification across geographies and demand cycles. Bajaj Auto's export-led profitability contrasts with TVS's volume-led growth model, highlighting differing strategic priorities.

ROE strength despite lower ROCE- TVS delivers a strong ROE of 28%, supported by improving operating margins and asset utilisation. While ROCE (15%) remains lower than Bajaj Auto and Eicher Motors due to higher capital intensity and ongoing investments, return improvement is operationally driven rather than leverage-led.

Leverage reflects strategic investment phase- The company operates with higher Debt/Equity (3.89x) compared to peers with net-cash balance sheets, reflecting sustained investments in EV platforms, subsidiaries, international expansion, and premium brands such as Norton. Improving profitability and operating cash flows partially mitigate balance sheet risk.

Valuation embeds growth and optionality- At 65x P/E and 24x EV/EBITDA, TVS trades at a premium to mass-market peers, supported by superior growth visibility, expanding margins, and EV optionality. Valuations remain broadly aligned with premium-focused peers, suggesting elevated but not excessive expectations.

Positioning versus EV-only peers- Compared to loss-making EV-focused players such as Ather Energy and Ola Electric, TVS offers a more balanced profile, combining scale, profitability, and EV exposure, positioning it as a differentiated incumbent within the 2W/3W OEM universe.

Financial Analysis

Strong revenue growth driven by volume expansion- Revenue from operations grew 29% YoY to ₹11,905 crore in Q2 FY26, supported by a 23% YoY increase in overall sales volumes to 15.1 lakh units. Growth was broad-based across motorcycles, scooters, three-wheelers, and international markets. On an H1 FY26 basis, revenue increased 25% YoY to ₹21,986 crore, reflecting sustained demand momentum.

Operating leverage led to meaningful margin expansion- Operating EBITDA rose 40% YoY to ₹1,509 crore, with EBITDA margins expanding 100 bps YoY to 12.7%. Margin improvement was driven by operating leverage, favorable product mix, and price actions, partially offset by higher logistics, marketing, and R&D spends. H1 FY26 EBITDA grew 36% YoY to ₹2,772 crore, with margins improving to 12.6%, indicating structural profitability improvement.

Profit growth resilient despite non-operating headwinds- PBT grew 37% in H1 to ₹1,226 crore, despite a ₹31 crore fair value loss on investments, compared to a fair value gain in the base period. PAT increased 37% H1 to ₹906 crore, translating into a net profit margin of 7.6%. For H1 FY26, PBT and PAT grew 36% YoY to ₹2,279 crore and ₹1,685 crore respectively.

Cost structure reflects growth investments, not inefficiency- Other expenses increased due to higher freight and packing costs, elevated marketing spends linked to multiple product launches, and higher R&D investments. Employee costs and depreciation rose in line with scale expansion. These cost pressures were more than offset by gross margin expansion and operating leverage, supporting net margin accretion.

Balance sheet remains conservatively leveraged- Standalone net worth stood at ₹9,733 crore as of September 30, 2025. Net debt-to-equity remained low at 0.25x, reflecting a conservative capital structure. Operating margins were sustained at 12.7%, while net profit margins stood at 7.6%, indicating healthy profitability and balance sheet strength.

Strong operating cash flow generation- Cash flow from operating activities for H1 FY26 stood at ₹3,019 crore on a standalone basis, driven by higher profitability and working capital discipline. Elevated investing cash outflows reflected continued investments in capacity expansion and subsidiaries rather than deterioration in cash generation.

Capital allocation focused on long-term growth platforms- The company invested ₹552 crore in subsidiaries during Q2 FY26, aligned with its strategic focus on EVs, premium motorcycles, technology, and international expansion. Financing cash outflows primarily reflected debt repayments and lease obligations, indicating disciplined capital management.

Consolidated performance reinforces group-level strength- On a consolidated basis, H1 FY26 revenue grew 25% YoY to ₹26,261 crore, while PAT attributable to owners stood at ₹1,406 crore. Asset growth was driven by investments in subsidiaries and global operations, while leverage remained manageable.

Overall financial assessment- Q2 FY26 demonstrated TVS Motor's ability to deliver industry-beating growth, expanding margins, and strong cash flows while continuing to invest aggressively in future growth areas. The financial profile reflects improving operating efficiency, balance sheet resilience, and disciplined capital allocation.

Du Pont Analysis

TVS Motor's return profile in Q2 FY26 reflects a quality-led improvement in ROE, driven primarily by operating performance rather than financial leverage. Net profit margins strengthened to 7.6%, supported by operating leverage, favorable product mix, and disciplined cost control, indicating improving profitability at the core business level. Asset turnover improved sequentially, as revenue growth of 29% YoY outpaced the expansion of the asset base, reflecting better asset utilization amid strong volume growth. The equity multiplier remained stable, with net debt-to-equity at a conservative ~0.25x, underscoring prudent balance sheet management. Overall, the DuPont decomposition indicates that ROE expansion is operationally driven and sustainable, rather than leverage-induced, reinforcing the quality of earnings and capital efficiency.

Investment Rationale

Sustained industry-beating growth anchored in diversified portfolio- TVS Motor has consistently outperformed the industry, delivering 24% YoY quarterly sales growth and a 22% 3-year sales CAGR, driven by a diversified presence across scooters, motorcycles, EVs, three-wheelers, and international markets. This broad-based growth reduces dependence on any single segment and positions the company favorably versus mass-market peers with narrower exposure.

Improving profitability supported by operating leverage and mix- Strong volume growth translated into 29% YoY revenue growth to ₹11,905 crore and 40% YoY EBITDA growth to ₹1,509 crore, with EBITDA margins expanding to 12.7%. Margin improvement was driven by operating leverage, favorable product mix, and selective pricing actions, partially offset by higher logistics, R&D, and marketing spends, which were positioned as growth investments rather than structural cost pressures.

Quality earnings with operationally driven return expansion- Profitability improved meaningfully, with PBT and PAT growing 37% YoY, despite a fair value loss on investments. DuPont analysis indicates that ROE expansion (28%) is driven by margin improvement and better asset utilisation, while leverage remains stable. This highlights quality-led return generation rather than balance-sheet-driven enhancement.

Strategic investments underpin medium-term growth visibility- The company continues to invest aggressively across EV platforms, premium motorcycles, international expansion, and technology capabilities. Investments during the quarter and guidance for FY26 reflect a deliberate focus on long-term value creation, even at the cost of near-term margin moderation, supporting scalability and competitive positioning over the medium term.

EV business adds optionality without diluting core profitability- The EV business has achieved positive contribution margins, with EBITDA-level profitability expected to improve as scale builds. EV revenues of ₹1,269 crore and eligibility for PLI incentives provide incremental upside, while EV performance continues to be evaluated at a portfolio level alongside a profitable ICE base.

International business strengthens growth resilience- International operations delivered a record quarter, with volumes crossing 400,000 units and export revenues of ₹2,885 crore, supported by growth across Africa, Latin America, and Asia. Rising international contribution enhances geographic diversification and reduces exposure to domestic demand cyclicality.

Balanced risk–reward relative to peers- While TVS Motor trades at a premium valuation relative to mass-market peers, this is supported by superior growth visibility, improving margins, strong ROE, and EV optionality. Compared to premium-focused OEMs, TVS offers broader scalability, and relative to EV-only peers, it provides a more balanced mix of profitability, growth, and optionality.

Financial profile supports sustained execution- Strong operating cash flows (₹3,019 crore in H1 FY26) and a conservatively managed balance sheet underpin continued investments without compromising financial stability. Despite higher leverage than peers, improving profitability and cash generation mitigate balance sheet risk.

Key Risks

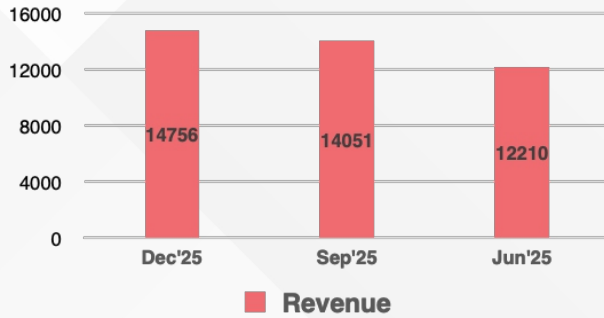
EV execution and supply-side constraints- Management has highlighted ongoing magnet availability challenges impacting EV volumes. Any prolonged disruption in critical components or delays in supply-chain normalization could restrict near-term EV growth and slow the pace of scale-driven margin improvement.

Margin sensitivity amid elevated investment phase- While operating margins have expanded, TVS continues to incur higher R&D, marketing, and launch-related costs to support future growth. Combined with potential volatility in logistics and input costs, this could exert pressure on margins if operating leverage or pricing actions fall short.

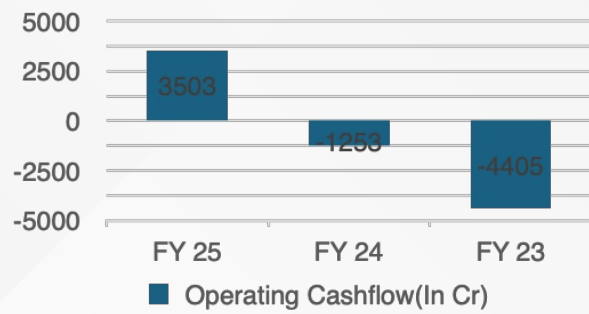
Relatively higher balance-sheet leverage- TVS Motor operates with higher leverage than most listed peers, reflecting sustained investments in EVs, international subsidiaries, and premium brands. Although supported by strong operating cash flows, any demand slowdown or execution delays could increase balance-sheet sensitivity relative to net-cash peers.

Competitive intensity and valuation expectations- Competition in the EV and premium two-wheeler segments is intensifying as incumbents and new entrants accelerate launches. At the same time, the stock trades at a premium valuation, leaving limited room for execution slippage or normalization in growth and margins.

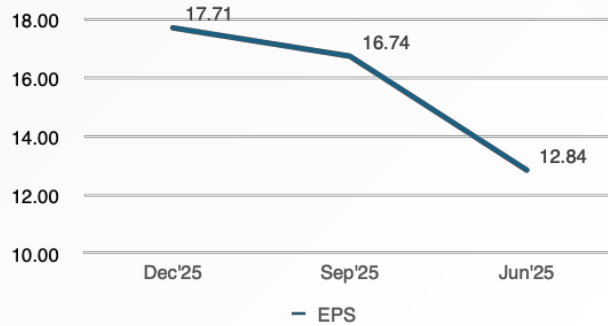
Revenue (In Cr)



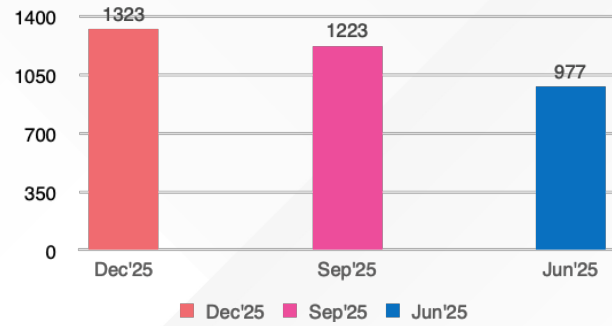
Operating Cashflow



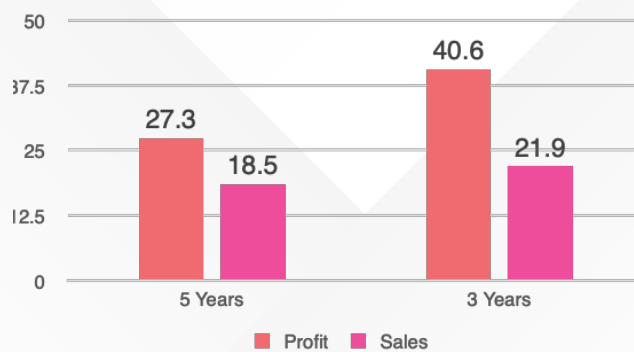
EPS



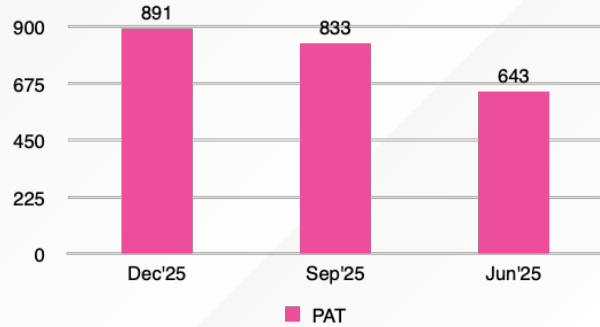
PBT (In Cr)



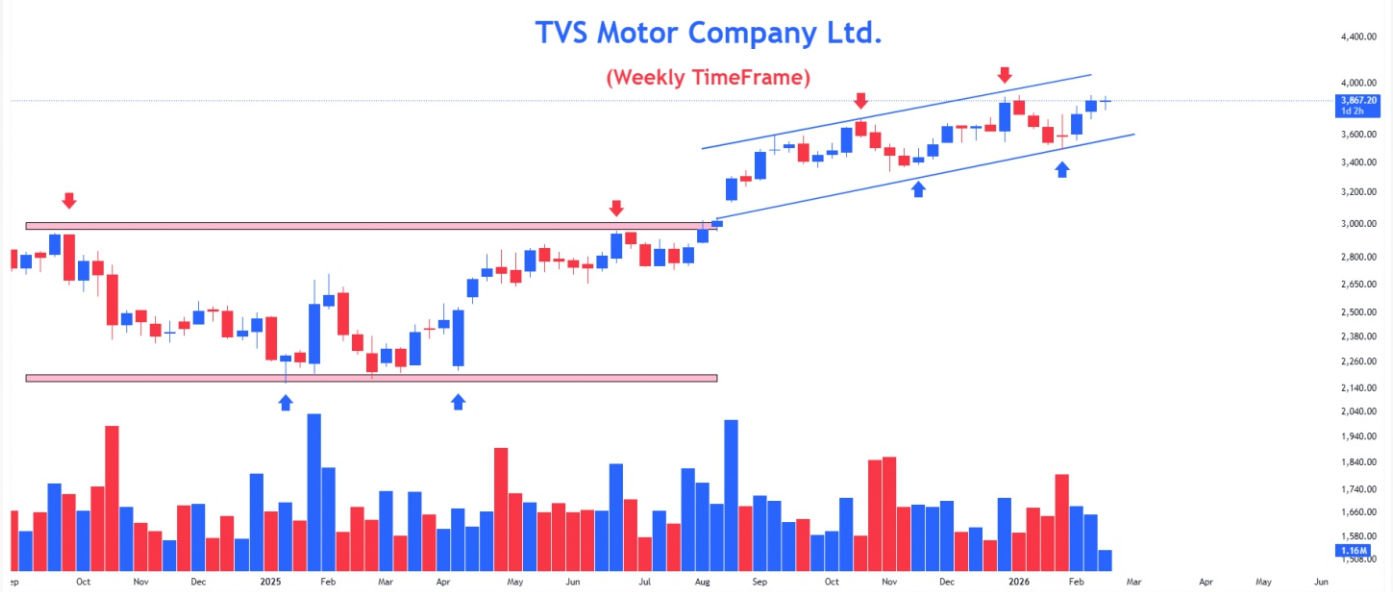
Compounded Growth(In %)



PAT (In Cr)



Technical Outlook



The weekly chart of TVS Motor shows a strong bullish structure following a prolonged consolidation phase. After forming a broad base in the ₹2,200–₹3,000 zone, the stock delivered a decisive breakout above the resistance band, marking the start of a fresh upward leg.

Post-breakout, the price has been trading within a well-defined ascending channel, consistently forming higher highs and higher lows. Each pullback has found support near the rising lower trendline, reflecting sustained buying interest and structural strength.

Recently, the stock has moved toward the upper boundary of the channel, indicating continued momentum. While some consolidation near current levels cannot be ruled out, the broader trend remains positive as long as the price holds above the rising support zone.

Overall, the weekly setup remains constructive, with the breakout structure intact and higher levels achievable over time, subject to interim corrections.

Moving Averages Days	Simple Moving Average	Exponential Moving Average
5	3,714.14	3,716.72
10	3,679.33	3,693.77
20	3,673.02	3,684.48
50	3,674.14	3,651.14
100	3,588.06	3,540.58
200	3,255.77	3,301.11

Pivot Levels : FIBONACCI							Daily	Weekly	
R3	R2	R1	Pivot (PP)	S1	S2	S3	Relative Strength Index (RSI)	56.99	73.27
3,838.77	3,798.31	3,773.32	3,732.87	3,692.41	3,667.42	3,626.97			

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