

April 29, 2025

Q4FY25 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	HOLD		HOLD	
Target Price	2,660		2,431	
Sales (Rs. m)	3,99,649	4,39,578	4,01,874	4,45,699
% Chng.	(0.6)	(1.4)		
EBITDA (Rs. m)	49,357	54,947	49,631	56,158
% Chng.	(0.6)	(2.2)		
EPS (Rs.)	64.1	72.0	65.1	73.9
% Chng.	(1.5)	(2.5)		

Key Financials - Standalone

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. m)	3,17,763	3,62,513	3,99,649	4,39,578
EBITDA (Rs. m)	35,140	44,540	49,357	54,947
Margin (%)	11.1	12.3	12.4	12.5
PAT (Rs. m)	20,829	27,105	30,462	34,229
EPS (Rs.)	43.8	57.1	64.1	72.0
Gr. (%)	39.7	30.1	12.4	12.4
DPS (Rs.)	8.0	10.0	11.0	12.5
Yield (%)	0.3	0.4	0.4	0.4
RoE (%)	30.2	30.7	27.2	24.7
RoCE (%)	28.5	31.6	28.9	27.4
EV/Sales (x)	4.2	3.7	3.4	3.1
EV/EBITDA (x)	38.4	30.4	27.3	24.5
PE (x)	63.7	49.0	43.6	38.8
P/BV (x)	17.2	13.4	10.6	8.7

Key Data TVSM.BO | TVSL IN

52-W High / Low	Rs.2,958 / Rs.1,919
Sensex / Nifty	80,218 / 24,329
Market Cap	Rs.1,327bn / \$ 15,605m
Shares Outstanding	475m
3M Avg. Daily Value	Rs.2078.33m

Shareholding Pattern (%)

Promoter's	50.27
Foreign	21.20
Domestic Institution	19.99
Public & Others	8.54
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	15.4	13.4	38.5
Relative	11.4	13.1	27.3

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Healthy margins aided by PLI benefits

Quick Pointers:

- Recognized previous quarters PLI benefits worth Rs 2bn in Q4FY25
- Expects industry growth rate to mirror FY25

TVS Motor Company reported a healthy set of numbers for Q4FY25, delivering strong margins and profitability expansion, aided by the recognition of PLI. Standalone revenue grew by 16.9% YoY, supported by a 2.1% increase in ASP. Excluding PLI benefits of the previous quarters, revenue increased by 14.4% YoY while realization remained flat. Gross profit increased by 29.6% YoY, with a 295bps expansion in gross margins while EBITDA grew by 43.9% YoY, with EBITDA margins expanding by 262bps YoY. Consequently, this lifted its PAT by 75.5% over Q4FY24.

While PLI benefits supported reported Q4FY25 numbers, underlying operational trends were mixed. Management guides for a mixed H1FY26 due to a high base, however, remains optimistic on wedding season to drive growth. FY26 volume growth is expected to mirror FY25 levels, led by scooters. Export growth will be aided by strong LATAM performance and gradual African market recovery. Factoring this, we assume its revenue/EBITDA/EPS to grow at a CAGR of 10%/11%/12.4% over FY25-27E and retain our "HOLD" rating with a TP of Rs2,660 (including Rs 67 for TVS Credit), valuing its core business at a P/E of 36x on its Mar'27E EPS.

- Healthy profitability aided by PLI benefits:** TVSL revenue for Q4FY25 came in at Rs 95.5bn, as against PLI: Rs 95.5bn; BBGe: Rs92.8bn. The growth in revenue was primarily driven by healthy volume expansion and healthy spares revenue. Spares revenue grew by 11.3% YoY to Rs 9.1bn with a contribution of 9.5% of its overall revenue. Gross profit was Rs 28.8bn; against PLI: Rs 26.9bn, while gross margin expanded by 295bps YoY to 30.2% (PLI: 28.1%), mainly driven by PLI benefits. EBITDA was Rs 13.3bn, against PLI: Rs 11.7bn; BBGe: Rs 11.4bn. PAT was reported at Rs 8.5bn; against PLI: Rs 7.1bn; BBGe: Rs 7.3bn.
- Mixed trend of realization:** TVSL's volume during Q4FY25 increased by 14.5% to 1.22mn. TVSL's blended realization increased by 2.1% YoY to Rs 78,521/unit, aided by PLI benefits. Excluding PLI benefits, realizations remained flat as compared to Q4FY24. Domestic revenue increased by 16.8% YoY while realization grew by 6.9% YoY to Rs 81,657/unit. Export revenue increased by 17.3% YoY to Rs 23.9bn however export realization declined by 10.1% YoY to Rs 70,425/unit, indicating to an inferior mix of products in the export volume.
- EV performance continues to accelerate:** In Q4FY25, its EV sales increased by 67.2% YoY to 76,147 units with a revenue of ~Rs 9bn with a realization of ~Rs 116,748/unit. TVSL plans to further expand its EV portfolio to penetrate deeper into urban and semi-urban markets coupled with strategic dealer network expansion. Furthermore, as the E-3W market is expanding at a rapid pace, it aims to capture the growth trend with the introduction of the new launches in the category.

Exhibit 1: Q4FY25 Result Overview (Rs mn)

Y/e March	Q4FY25	Q4FY24	YoY gr. (%)	Q4FY25E	% Var.	Q3FY25	QoQ gr. (%)	FY25	FY24	YoY gr. (%)
Net Revenues	95,504	81,688	16.9	95,534	(0.0)	90,971	5.0	3,62,513	3,17,764	14.1
Raw Materials	66,672	59,440	12.2	68,647	(2.9)	65,112	2.4	2,57,607	2,34,290	10.0
% of Net Sales	69.8%	72.8%	-295 bps	71.9%	-204 bps	71.6%	-176 bps	71.1%	73.7%	-267 bps
Personnel	4,959	4,205	17.9	5,015	(1.1)	4,988	(0.6)	19,703	15,959	23.5
% of Net Sales	5.2%	5.1%	4 bps	5.2%	-6 bps	5.5%	-29 bps	5.4%	5.0%	41 bps
Manufacturing & Other Exp	10,546	8,782	20.1	10,487	0.6	10,056	4.9	40,664	32,374	25.6
% of Net Sales	11.0%	10.8%	29 bps	11.0%	7 bps	11.1%	-1 bps	11.2%	10.2%	103 bps
Total Expenditure	82,178	72,427	13.5	84,149	(2.3)	80,156	2.5	3,17,973	2,82,623	12.5
EBITDA	13,326	9,262	43.9	11,385	17.1	10,815	23.2	44,540	35,141	26.7
EBITDA Margin (%)	14.0%	11.3%	262 bps	11.9%	204 bps	11.9%	207 bps	12.3%	11.1%	123 bps
Depreciation	1,994	1,887	5.7	2,007	(0.6)	1,883	5.9	7,446	7,004	6.3
EBIT	11,333	7,375	53.7	9,378	20.8	8,931	26.9	37,094	28,138	31.8
Interest Expenses	358	372	(3.8)	342	4.6	338	6.0	1,387	1,816	(23.7)
Non-operating income	145	-287	(150.6)	892	(83.7)	-227	(163.9)	580	1,485	(60.9)
PBT	11,120	6,716	65.6	9,928	12.0	8,367	32.9	36,288	27,807	30.5
Tax-Total	2,599	1,862	39.6	2,800	(7.2)	2,182	19.1	9,183	6,977	31.6
Tax Rate (%) - Total	23.4%	27.7%	-435 bps	28.2%	-484 bps	26.1%	-271 bps	25.3%	25.1%	21 bps
Reported PAT	8,521	4,854	75.5	7,128	19.5	6,185	37.8	27,105	20,830	30.1
PAT Margin	8.9%	5.9%	298 bps	7.5%	146 bps	6.8%	212 bps	7.5%	6.6%	92 bps

Source: Company, PL

Exhibit 2: Operating Metrics – Excluding PLI benefits, blended realization remained flat

Y/e March	Q4FY25	Q4FY24	YoY gr. (%)	Q4FY25E	% Var.	Q3FY25	QoQ gr. (%)	FY25	FY24	YoY gr. (%)
Sales Volume (nos)	12,16,286	10,62,529	14.5	12,16,286	-	12,11,952	0.4	47,43,636	41,90,994	13.2
Net Realisation/Vehicle	78,521	76,881	2.1	78,546	(0.0)	75,061	4.6	76,421	75,821	0.8
Material cost / vehicle	54,816	55,942	(2.0)	56,440	(2.9)	53,725	2.0	54,306	55,903	(2.9)
Gross Profit / vehicle	23,705	20,940	13.2	22,106	7.2	21,336	11.1	22,115	19,917	11.0
Employee cost /vehicle	4,077	3,958	3.0	4,124	(1.1)	4,116	(0.9)	4,153	3,808	9.1
Other expenses / vehicle	8,671	8,265	4.9	8,622	0.6	8,297	4.5	8,572	7,725	11.0
EBITDA/vehicle	10,957	8,717	25.7	9,360	17.1	8,923	22.8	9,390	8,385	12.0
Net Profit/vehicle	7,006	4,569	53.3	5,860	19.5	5,103	37.3	5,714	4,970	15.0

Source: Company, PL

Conference Call Highlights

- EBITDA margin of 14% in Q4FY25, which includes the impact of PLI benefits recognized for previous quarters (~150bps) and the current quarter (~50bps). Excluding the PLI impact, the underlying EBITDA margin improved by ~70bps YoY to 12%.
- PLI amount in the overall revenue was Rs 2.1bn, excluding PLI benefit Q4FY25 revenue stood at Rs 93.4bn. The company expects the PLI benefits to be consistent in the upcoming quarter.
- Management expects moderate growth in Q1FY26 due to a high base effect, but anticipates normal monsoon, marriage season demand, and infra investments to drive volume recovery in H2FY26. The FY26 growth trend should be like FY25.
- TVS reported EV revenues of Rs33.6bn for FY25 and Rs 9bn for Q4FY25. New EV launches and network expansion are expected to sustain growth momentum.
- TVS' newly launched e3 wheeler, King Max, has received a strong market response. Penetration of electric three-wheelers has already touched ~28%, and the company aims to become a prominent player.
- While multiple EV and ICE products are ready, management is strategically timing launches to maximize returns. Focus remains on steady dealership expansion, particularly for EVs.
- Significant investments during FY25 were primarily directed toward TVS Credit, Norton Motorcycles, new technologies especially EVs, and capacity expansion.
- LATAM remains a strong growth region, while Africa is at a bottoming phase with expected recovery in FY26. TVS focuses on HLX series products in African taxi markets, supported by strong aftersales and financing networks.
- TVS Credit GNPA was 2.9% for FY25 and 2.8% for Q4FY25.

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Net Revenues	3,17,763	3,62,513	3,99,649	4,39,578
YoY gr. (%)	20.5	14.1	10.2	10.0
Cost of Goods Sold	2,34,290	2,57,607	2,86,748	3,16,057
Gross Profit	83,473	1,04,907	1,12,901	1,23,521
Margin (%)	26.3	28.9	28.3	28.1
Employee Cost	15,959	19,703	21,581	23,737
Other Expenses	32,374	40,664	41,963	44,837
EBITDA	35,140	44,540	49,357	54,947
YoY gr. (%)	31.4	26.8	10.8	11.3
Margin (%)	11.1	12.3	12.4	12.5
Depreciation and Amortization	7,004	7,446	8,197	9,164
EBIT	28,137	37,094	41,159	45,784
Margin (%)	8.9	10.2	10.3	10.4
Net Interest	1,816	1,387	1,381	1,268
Other Income	1,485	580	837	1,123
Profit Before Tax	27,806	36,288	40,615	45,639
Margin (%)	8.8	10.0	10.2	10.4
Total Tax	6,977	9,183	10,154	11,410
Effective tax rate (%)	25.1	25.3	25.0	25.0
Profit after tax	20,829	27,105	30,462	34,229
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	20,829	27,105	30,462	34,229
YoY gr. (%)	39.7	30.1	12.4	12.4
Margin (%)	6.6	7.5	7.6	7.8
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	20,829	27,105	30,462	34,229
YoY gr. (%)	39.7	30.1	12.4	12.4
Margin (%)	6.6	7.5	7.6	7.8
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	20,829	27,105	30,462	34,229
Equity Shares O/s (m)	475	475	475	475
EPS (Rs)	43.8	57.1	64.1	72.0

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Non-Current Assets				
Gross Block	88,642	1,01,833	1,11,083	1,23,883
Tangibles	88,642	1,01,833	1,11,083	1,23,883
Intangibles	-	-	-	-
Acc: Dep / Amortization	50,924	58,370	66,567	75,731
Tangibles	50,924	58,370	66,567	75,731
Intangibles	-	-	-	-
Net fixed assets	37,719	43,464	44,516	48,153
Tangibles	37,719	43,464	44,516	48,153
Intangibles	-	-	-	-
Capital Work In Progress	9,301	12,388	13,138	14,338
Goodwill	-	-	-	-
Non-Current Investments	69,940	90,382	1,06,882	1,28,382
Net Deferred tax assets	(2,209)	(3,033)	(3,185)	(3,344)
Other Non-Current Assets	-	-	-	-
Current Assets				
Investments	-	-	-	-
Inventories	13,708	17,258	19,026	20,927
Trade receivables	13,021	12,801	16,424	18,065
Cash & Bank Balance	5,310	5,583	7,489	6,929
Other Current Assets	11,651	17,753	19,884	22,866
Total Assets	1,60,649	1,99,629	2,27,359	2,59,659
Equity				
Equity Share Capital	475	475	475	475
Other Equity	76,835	98,891	1,24,127	1,52,417
Total Network	77,310	99,367	1,24,602	1,52,893
Non-Current Liabilities				
Long Term borrowings	13,027	10,271	9,021	7,021
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	13,487	21,021	20,806	20,296
Trade payables	51,122	61,537	65,696	72,259
Other current liabilities	3,495	4,401	4,049	3,846
Total Equity & Liabilities	1,60,649	1,99,629	2,27,359	2,59,659

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	27,806	36,288	40,615	45,639
Add. Depreciation	7,004	7,446	8,197	9,164
Add. Interest	1,816	1,387	1,381	1,268
Less Financial Other Income	1,485	580	837	1,123
Add. Other	(1,485)	(580)	(837)	(1,123)
Op. profit before WC changes	35,140	44,540	49,357	54,947
Net Changes-WC	10,616	1,890	(3,715)	(163)
Direct tax	(6,977)	(9,183)	(10,154)	(11,410)
Net cash from Op. activities	38,779	37,247	35,488	43,374
Capital expenditures	(11,787)	(16,278)	(10,000)	(14,000)
Interest / Dividend Income	-	-	-	-
Others	(3,515)	(14,420)	(15,663)	(20,377)
Net Cash from Invst. activities	(15,302)	(30,698)	(25,663)	(34,377)
Issue of share cap. / premium	-	-	-	-
Debt changes	(6,970)	696	(1,250)	(2,000)
Dividend paid	(3,801)	(4,751)	(5,226)	(5,939)
Interest paid	(1,816)	(1,387)	(1,381)	(1,268)
Others	-	-	-	-
Net cash from Fin. activities	(12,588)	(5,441)	(7,858)	(9,206)
Net change in cash	10,890	1,108	1,968	(209)
Free Cash Flow	26,992	20,969	25,488	29,374

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Net Revenue	83,756	92,282	90,971	95,504
YoY gr. (%)	16.0	13.3	10.3	16.9
Raw Material Expenses	59,804	66,018	65,112	66,672
Gross Profit	23,952	26,264	25,858	28,832
Margin (%)	28.6	28.5	28.4	30.2
EBITDA	9,602	10,798	10,815	13,326
YoY gr. (%)	25.7	20.0	17.0	43.9
Margin (%)	11.5	11.7	11.9	14.0
Depreciation / Depletion	1,763	1,806	1,883	1,994
EBIT	7,838	8,992	8,931	11,333
Margin (%)	9.4	9.7	9.8	11.9
Net Interest	372	319	338	358
Other Income	363	299	(227)	145
Profit before Tax	7,829	8,972	8,367	11,120
Margin (%)	9.3	9.7	9.2	11.6
Total Tax	2,056	2,346	2,182	2,599
Effective tax rate (%)	26.3	26.1	26.1	23.4
Profit after Tax	5,773	6,626	6,185	8,521
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	5,773	6,626	6,185	8,521
YoY gr. (%)	23.4	23.5	4.2	75.5
Margin (%)	6.9	7.2	6.8	8.9
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	5,773	6,626	6,185	8,521
YoY gr. (%)	23.4	23.5	4.2	75.5
Margin (%)	6.9	7.2	6.8	8.9
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	5,773	6,626	6,185	8,521
Avg. Shares O/s (m)	477	477	477	477
EPS (Rs)	12.1	13.9	13.0	17.9

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Per Share(Rs)				
EPS	43.8	57.1	64.1	72.0
CEPS	58.6	72.7	81.4	91.3
BVPS	162.7	209.1	262.3	321.8
FCF	56.8	44.1	53.6	61.8
DPS	8.0	10.0	11.0	12.5
Return Ratio(%)				
RoCE	28.5	31.6	28.9	27.4
ROIC	22.5	24.8	22.9	21.4
RoE	30.2	30.7	27.2	24.7
Balance Sheet				
Net Debt : Equity (x)	0.3	0.3	0.2	0.1
Net Working Capital (Days)	(28)	(32)	(28)	(28)
Valuation(x)				
PER	63.7	49.0	43.6	38.8
P/B	17.2	13.4	10.6	8.7
P/CEPS	47.7	38.4	34.3	30.6
EV/EBITDA	38.4	30.4	27.3	24.5
EV/Sales	4.2	3.7	3.4	3.1
Dividend Yield (%)	0.3	0.4	0.4	0.4

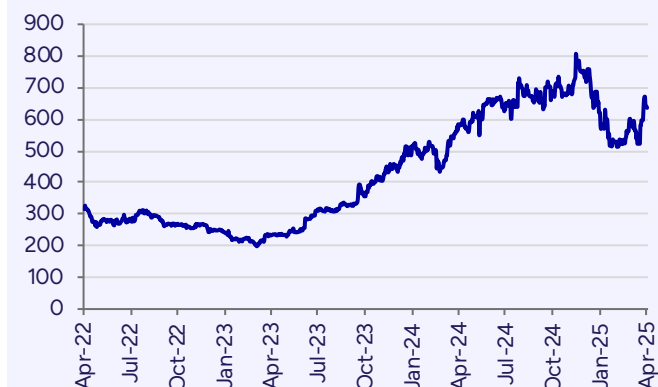
Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Scooter volume (units)	15,67,240	19,11,560	19,96,247	21,75,661
Motorcycle volume (units)	19,93,053	21,90,144	24,62,510	26,17,837
Moped volume (units)	4,84,531	5,07,270	5,35,259	5,62,281
Total two-wheeler volume (units)	40,44,824	46,08,973	49,94,016	53,55,779
Three-wheeler volume (units)	1,46,170	1,34,663	1,31,690	1,40,216
Total volume (units)	41,90,994	47,43,636	51,25,706	54,95,995
Realisation per unit (Rs)	75,820	76,421	77,969	79,982

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Apr-25	Hold	2,431	2,438
2	29-Jan-25	Hold	2,461	2,336
3	09-Jan-25	Hold	2,650	2,362
4	24-Oct-24	Hold	2,628	2,563
5	07-Oct-24	Hold	2,784	2,638
6	07-Aug-24	Hold	2,484	2,479
7	08-Jul-24	Hold	2,300	2,429
8	09-May-24	Accumulate	2,179	2,064

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Ashok Leyland	Accumulate	226	202
2	Bajaj Auto	BUY	8,845	7,520
3	Bharat Forge	Hold	910	970
4	CEAT	Hold	2,700	2,692
5	Divgi Torqtransfer Systems	Reduce	400	438
6	Eicher Motors	BUY	5,835	5,231
7	Endurance Technologies	BUY	2,193	1,828
8	Exide Industries	Hold	350	358
9	Hero Motocorp	Accumulate	4,036	3,574
10	Mahindra & Mahindra	BUY	3,218	2,524
11	Maruti Suzuki	BUY	14,001	11,698
12	Tata Motors	Hold	578	589
13	TVS Motor Company	Hold	2,431	2,438

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

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