Dated: 22 July 2026

TVS Motor (TVSL) - ADD

Q1FY27 Result Update

Current Market Price (CMP)	Fair Value (FV)
Rs.3792	**Rs.4150**

Rationale:

- Q1FY27: Strong all-round performance; standalone EBITDA beats estimate by 7.1%.
- Company has raised its guidance to double-digit growth from the high single-digit growth for the domestic 2W industry.
- Demand trends in export market remain robust; company has guided for the export 2W momentum to continue in the coming quarters.
- Market leadership in EV 2W; network expansion to propel growth in EV 3W.
- TVS Motor remains well placed to outperform the industry and continue gaining market share across key product segments.
- We retain ADD rating with an FV of Rs4,150 based on DCF methodology.

Positives:

- Revenues increased by 38% yoy, 28% yoy increase in volumes, 8% yoy increase in ASPs.
- EBITDA margin came in at 12.8% (+30 bps yoy, -30 qoq), 60 bps above our estimates.
- Adjusted PAT (+51% yoy), was 14% above estimates.

Negatives:

- Sharp rally in RM prices/crude oil derivatives remained cost headwind during Q1FY27.
- Gross margin declined by 140 bps on a qoq basis in Q1FY27.
- Subsidiary EBIT loss (excluding TVS Credit Services) stood at Rs380 cr in Q1FY27 vs loss of Rs230 cr in Q1FY26.

(EBITDA: Earnings Before Interest, Tax, Depreciation and Amortization; EBIT: Earnings Before Interest and Tax; 2W: Two-Wheeler' 3W: Three-Wheeler; EV: Electric Vehicle; DCF: Discounted Cash Flow; ASP: Average Selling Price; RM: Raw Material)

Holding Period: 12 months

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RATING SCALE (PRIVATE CLIENT GROUP)

Definitions of ratings

BUY – We expect the stock to deliver more than 15% returns over the next 12 months

ADD – We expect the stock to deliver 5% - 15% returns over the next 12 months

REDUCE – We expect the stock to deliver -5% - +5% returns over the next 12 months

SELL – We expect the stock to deliver < -5% returns over the next 12 months

NR – **Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.

SUBSCRIBE – We advise investor to subscribe to the IPO.

RS – **Rating Suspended.** Kotak Securities has suspended the investment rating and price target for this stock, either because there is not a sufficient fundamental basis for determining, or there are legal, regulatory or policy constraints around publishing, an investment rating or target. The previous investment rating and price target, if any, are no longer in effect for this stock and should not be relied upon.

NA – **Not Available or Not Applicable.** The information is not available for display or is not applicable

NM – **Not Meaningful.** The information is not meaningful and is therefore excluded.

NOTE – Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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