

## TVS Motor (TVSL) - ADD

### Q4FY26 Result Update

Current Market Price (CMP) <b>Rs.3,356</b>	Fair Value (FV) <b>Rs.3,925</b>
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### Rationale:

- Q4FY26 EBITDA was 0.6% above our estimates, driven by better-than-expected ASPs and lower-than-expected other expenses, offset by higher-than-expected staff costs.
- We believe domestic 2W demand trends should sustain momentum in coming quarters.
- We expect TVS Motor to continue to outperform and gain market share.
- We expect export growth momentum to sustain in FY27E.
- We are building in 11% volume CAGR over FY26-29E for the company.
- We increase our FY27-28E EBITDA estimates by 0-3% on higher volume assumptions.
- We retain our ADD rating with an FV of Rs3,925 based on the DCF methodology.

### 👍 Positives:

- Revenues increased 34% yoy, led by 28% yoy increase in volumes.
- EBITDA margin was 13.1% (+60 bps yoy adjusted for PLI), in line with our estimates.
- Company maintains leadership in the EV 2W segment; network expansion to propel growth in EV 3W.

### 👎 Negatives:

- Adjusted PAT was Rs998 cr, 4% below estimates (lower-than-expected other income).
- Sharp rally in raw material prices and crude oil derivatives pose cost headwind.
- Subsidiary EBIT loss (excluding TVS Credit Services) stood at Rs350 cr (higher yoy).

(EBITDA: Earnings Before Interest, Tax, Depreciation and Amortization; ASP: Average Selling Price; EV: Electric Vehicle; DCF: Discounted Cash Flow; CAGR: Compound Annual Growth Rate; 2W: Two-Wheeler; 3W: Three-Wheeler; PLI: Production Linked Incentive; PAT: Profit After Tax; EBIT: Earnings Before Interest and Tax)



The content of this document has been derived from KIE research report. Kotak's PCG Research has summarized the report (Research Team: shrikant.chouhan@kotak.com). Readers who wish to access the complete report are kindly requested to contact their respective Relationship Manager. Further, the recipient of this material should take their own professional advice before investing.

Holding Period: 12 months