



TVS Motor Company Limited

Management Call with Axiom Asset Management

February 02, 2023

ANALYST	:	AXIOM ASSET MANAGEMENT
MANAGEMENT	:	MR. K N RADHAKRISHNAN – DIRECTOR & CHIEF EXECUTIVE OFFICER – TVS MOTOR COMPANY LIMITED MR. K GOPALA DESIKAN – GROUP CHIEF FINANCIAL OFFICER – TVS MOTOR COMPANY LIMITED



TVS Motors Limited
February 02, 2023

Gopala Desikan K: Yeah, we are able to hear you.

K. N. Radhakrishnan: Hello.

Don Elefson: Morning. Aaron, can you hear me?

Gopala Desikan K: Yeah, very clear.

Don Elefson: Good.

K. N. Radhakrishnan: Yeah, we can. We can hear you.

Don Elefson: Thank you.

Aaron Lewis: Morning everyone.

K. N. Radhakrishnan: Yeah.

Gopala Desikan K: Morning.

K. N. Radhakrishnan: Good Morning.

Gopala Desikan K: No.

Aaron Lewis: Thanks for the call. It looks like, uh, we have one other my teammates here from Axiom Don, but uh, one of our portfolio managers.

Aaron Lewis: But let's give it another minute or two to see if we have anyone else joining. If not, I'll give you guys a brief introduction and we did get things started.

K. N. Radhakrishnan: I hope all of you know about TVS.

Aaron Lewis: We do, we're minority owners. Uh, across. Yeah, maybe just to give you the brief introduction. So yeah, at Axiom or basically growth focused equity investors, I'm a generalist across. We have two emerging market strategies.

Aaron Lewis: Umm, while it 10 billion in AUM across the two, we've been minority investors and TVS for some time. I'm a generalist, but I do cover TVS if you will. So I'm familiar with the story, been following it for the better part of a year and certainly a lot of admiration for what's been going on with the firm recently. Obviously very strong 2022 FY, you know first half of 2023 FY. But you know excited to finally.

Aaron Lewis: Get a full team on the on the phone today and get a little bit more context around the story.

K. N. Radhakrishnan: Ok.

Aaron Lewis: So yeah.

Aaron Lewis: Yeah, I think that.



TVS Motors Limited
February 02, 2023

K. N. Radhakrishnan: Ok. So better since we have 45 minutes, it may be a good idea to go with your clarifications or questions. Whatever you have, I would like to invite you whenever you are in India. Please do come to Bangalore and we can spend a day here. You can visit the factory. You can interact with us and we can organize that. Kindly let us know in advance when you are planning to be in India.

Aaron Lewis: I like that plan now. I appreciate the invite and yeah, just to give a quick introduction for Welsh join. So Don Ellison. He's been with Axiom for the better part of 10 years. He's a portfolio manager also on our EM strategy. And young Kim is also senior portfolio manager across our EM strategy. So he's on the line as well and and if you could hear us in the background. Thanks so much for arranging the call. We certainly do appreciate it. Yeah, to your point just to jump right into questions so.

Aaron Lewis: I thought a good place to start was just coming out of kind of high level coming out of the January sales result yesterday. Obviously an incrementally, you know, at least in my view more positive month with sales improving both month over month and year over year and EV sales continuing to track up really, really strong call it greater than 700% year over year. So maybe just a start there when you think about that EV sales growth of 700% obviously coming off of a very low base, how do you view the sustainability of those trends? Where do you see EV

Aaron Lewis: Sales going ? any targets internally you know on that team?

K. N. Radhakrishnan: Yeah, EV, you know, we also said in our.

K. N. Radhakrishnan: Q3 results call that EV is our focus and.

K. N. Radhakrishnan: I hope you can all hear me.

Aaron Lewis: Loud and clear.

K. N. Radhakrishnan: Yeah. So we have.

K. N. Radhakrishnan: We have a combination of the product strategy and a series of products. What we have planned for the next eight quarters.

K. N. Radhakrishnan: The two Wheeler side and the three Wheeler side and the IQube as of now, we have put a new 3 variants . They're available only in 200 cities/ towns.

K. N. Radhakrishnan: And there is a great opportunity to scale up in All India level, which goes to almost 800- 900 level.

K. N. Radhakrishnan: So even this 200 places, we have a booking.



TVS Motors Limited
February 02, 2023

- K. N. Radhakrishnan:** Uh, it's on yesterday something like 27 or 28 thousand.
- K. N. Radhakrishnan:** So that one of the reasons why we are not expanding everywhere in India is that consumers are very eager to book it and pay. Then they want the next two day delivery.
- K. N. Radhakrishnan:** So we have we are in the ramp up curve and month after month.
- K. N. Radhakrishnan:** There are challenges that why things are improving still we are not in the plan for example of last month was good 12,500 but we could have easily done another thousand more some something stops on you know some semiconductor not available or some parking not available. It's not that the suppliers doesn't want to support so for example this month we should we should clock beyond 17,000.
- K. N. Radhakrishnan:** Something like that.
- K. N. Radhakrishnan:** And the March I'm looking at can we can we do thousand a day and so that is that that that's the kind of challenge I put to the team and team is responding may not be to my satisfaction but.
- K. N. Radhakrishnan:** The most important thing is customers love this product.
- K. N. Radhakrishnan:** That is most important and always you have to keep the demand ahead of the about the supply. So there are two important strategies. One is to make sure that we cover more and more parts of India and possibly next year move to something like some international market as well because many of the distributors have seen this product, they are also very much interested, OK, this is 1. #2, We have a series of product launches which you will see in the next four to six quarters
- K. N. Radhakrishnan:** In various segments, I may not be able to guide you exactly what kind of products and which segment, but I can promise you that that fairly advanced work is going on once they come, you know that will be different customer segments. So overall we are looking at how do we scale up.
- K. N. Radhakrishnan:** This to much. Much higher level. But my immediate target is to cross the 25,000 in March.



TVS Motors Limited
February 02, 2023

- Aaron Lewis:** Got it. Yeah. And I guess that's broadly in line with the prior guidance that he gave on the last quarter. You know, one thing that you mentioned.
- K. N. Radhakrishnan:** Tell me. I don't.
- Aaron Lewis:** The 25,000 unit target for EV.
- Aaron Lewis:** You're breaking up a little.
- Aaron Lewis:** Yep, sorry the video pausing.
- Aaron Lewis:** Right.
- K. N. Radhakrishnan:** Absolutely. Because there is no point in setting target if you don't achieve that. You know first you achieve that, then you scale up beyond that. In the meantime, you launch the new product, then you look at how much more you have the opportunity, but the good thing is that we believe in customer, we believe in customer delight and customers are responding to that. So that is the that is the good news. So now the ability to scale up and ability to deliver more and more volume.
- Aaron Lewis:** Got it.
- K. N. Radhakrishnan:** That is, that is the challenge, which we are now working on. As we ramp up and we will expand to more and more markets in India.
- K. N. Radhakrishnan:** Maybe by September, October, we may start some international markets.
- K. N. Radhakrishnan:** So that is the kind of strategy we have, of course, a few more products will come the 23-24 financial year.
- K. N. Radhakrishnan:** That we allowed to again look at how we are going to position it, how we are going to launch it in some other cities in Indian markets and how you scale up because.
- K. N. Radhakrishnan:** Uh, every product will have something unique, something connected, something really exciting. Something really.
- K. N. Radhakrishnan:** In terms of digital, which is going to really connect the customer?



TVS Motors Limited
February 02, 2023

- Aaron Lewis:** Got it. When you think of?
- Aaron Lewis:** Sure, Don. Yeah, go ahead.
- Don Elefson:** Hey, Erin, can I? Aaron, can I jump? Can I follow on to what he just said? Thank you.
- Don Elefson:** You're saying with by September, October you might be selling some international, but you have so much demand domestically and it can go from 200 -800 points of sale. Why even go international?
- K. N. Radhakrishnan:** No. See what? What we have to always look at is.
- K. N. Radhakrishnan:** The May September, if you start, it's not that international is going to start like that.
- K. N. Radhakrishnan:** You have to put some products into the market. You have to rightly and understand what is the consumer requirements, what the set up, the infrastructure you know for example even in India as of now the customers are using home charging. So there is a lot to learn in this area from the consumer side and like the ice. So we will scale up slowly and steadily. Maybe we'll start with a couple of international markets and.
- K. N. Radhakrishnan:** Uh, that there is a learning curve like we did it in IQube. We started only with Bangalore, not even Karnataka. It's a state. We went to a small city and then slowly we expanded to urban areas. Now we are going to semi urban area. So every area you need to have that interface with the consumer, how they are using it, how they are, how they are charging it at home, what kind of support we need to provide, what kind of service we need. Because the interface what we provide to the customer is very, very important.
- Don Elefson:** Thank you.
- Aaron Lewis:** Yeah, that, that's helpful. You know, you just kind of alluded to it and mentioned it earlier with the IQube brand and obviously you've been particularly successful in scaling that up off late. Is the plan to continue solely with IQube with all these incremental model launches or is it possible that they'll be like

another, you know, line up and then product launches associated with a sub brand separate from I Qube?

Aaron Lewis: Umm.

K. N. Radhakrishnan: That there will be lineup. I may not be able to share the overall brand strategy but II can give you example of what you have seen in ICE you have Jupiter 125 and Ntorq. So there is a specific consumer segment and consumer usage.

K. N. Radhakrishnan: So, we will be looking at that way and then we definitely want to differentiate.

Aaron Lewis: Got it. And.

K. N. Radhakrishnan: That's a certain customer profiles. They are looking at it and slowly and steadily that starts coming in, you know then we will look at certain brands and certain models for certain type of customer segments and that is the way it works. Price points will be different and the kind of features and the kind of technology while we will leverage many of the common platforms, we will differentiate.

Aaron Lewis: Is it fair to say that, you know there'll be different brand options both in price above and below IQube? And I mean how, how do you think about perhaps a mixed change?

K. N. Radhakrishnan: I don't want to give you any kind of guidance on that.

Aaron Lewis: Got it. Fair enough. OK, cool. Well, we'll be on the lookout for all the lunches.

Aaron Lewis: You, you know, this is a very high level question and we're really seeing this more on the global side in autos. But at the moment we're seeing a lot of price competition and autos between, you know all throughout different OEM and China. Tesla obviously driving a lot of that. Are you seeing any incremental price competition in EV? So really throughout the lineup or is that something that's not necessarily unique to India and?

K. N. Radhakrishnan: I think this price competition is inevitable.

Aaron Lewis: Umm.



TVS Motors Limited
February 02, 2023

- K. N. Radhakrishnan:** Even in ICE, whatever you see, you know, between competitors, there is always the kind of price challenge. But the strategy what we are using in the ICE will be similar strategy will be using it. For example I can give you an indication you know in Jupiter we have a basic model which is pretty against activa, which is the Honda model.
- K. N. Radhakrishnan:** But we have a Jupiter ZX model. We have a Jupiter classic model. We have a Grande model, you know you peg it, and when somebody walks into the showroom or somebody comes through online, he looks at the price point and say I want something just kind of a scooter etc., era. But the moment he looks at it and see three options and if he's typically a retail finance customer.
- K. N. Radhakrishnan:** Then he says, what is the incremental price difference between, let's say it's ₹4,000 or ₹5,000 between basic model and that model?
- K. N. Radhakrishnan:** I think the mindset of the consumer is.
- K. N. Radhakrishnan:** When you give something, is it in line with the competition?
- K. N. Radhakrishnan:** But when he made the purchasing decision, what I have seen is.
- K. N. Radhakrishnan:** They have made the decision.
- K. N. Radhakrishnan:** Then.
- K. N. Radhakrishnan:** When they look at online or when they walk in, they always say that no, I saw another Jupiter ZX or a classic or this one. This will suit me more, you know.
- K. N. Radhakrishnan:** OK, another for ₹5,000 is OK, if it is the retail finance 36 months. Thanks to TVS, he will say incrementally I have to pay another ₹100 which is 1 1/2 dollars. That's OK. His mind is he has already decided Jupiter, but he immediately makes a decision to go to the high end model.
- K. N. Radhakrishnan:** And today.
- K. N. Radhakrishnan:** Confidentially, I can tell you 50% of the Jupiter is in this variance what we said.
- Aaron Lewis:** Got it.



TVS Motors Limited
February 02, 2023

- K. N. Radhakrishnan:** So my opinion comparisons are inevitable. Price competition is inevitable. It is up to us. How do we use the technology? How do we give something more to certain type of customers? How do we differentiate it and how do we?
- K. N. Radhakrishnan:** You know, influence this customer, you know, OK, you have decided then it is for the sales boy sales girl around the online chat. You have decided if this brilliant?
- K. N. Radhakrishnan:** Can I offer you 2 three things? Would you mind looking at it? These are the customer benefits. I'm going to offer. I have seen.
- K. N. Radhakrishnan:** One out of two taking that.
- Aaron Lewis:** That's good. I guess that's an inherently pushing people up. The price curve is the ideal scenario, of course.
- Aaron Lewis:** Umm.
- K. N. Radhakrishnan:** But basic belief is we don't discount.
- Aaron Lewis:** Sure.
- Aaron Lewis:** Mm-hmm.
- K. N. Radhakrishnan:** We don't discount and we always encourage people to look at. OK. You want this price point? Take this product. It is available. OK. But if you want this, this, this, this is you know menu you look at these are the features. These are things I'm adding more value more benefits to you.
- K. N. Radhakrishnan:** I'm always superior to competition. Look at it that way. That is the way I've started. Even in IQube, it's going to be like that even in the future. Competition is going to be like that, products like that.
- Aaron Lewis:** Got it.. Perhaps on the other supply demand side of the equation with your, you know all the inputs you mentioned semi supply easing up and that's become less of a concern. Obviously that was an issue for not just you, but for everyone 12-24 months ago. When you think about input prices and supply whether semis raw materials, what sort of dynamics are you seeing at the moment?



TVS Motors Limited
February 02, 2023

- K. N. Radhakrishnan:** Uh, in ICE, I think. I think situation is far better. I would say that in the ice area.
- K. N. Radhakrishnan:** When I look at Aube, you know everybody has to integrate, so each one is looking at who who's the least common denominator. You know, sometimes people come. So the best way I do is those prognosis I look at next 8 weeks and I tell the people look, I'm going for 25,000, you can be respectful.
- K. N. Radhakrishnan:** Then they will make short term arrangement the moment they see we are in the direction they visit, the plan they see seeing is believing you know.
- K. N. Radhakrishnan:** And they look at the booking. Ah, then they say, OK, we will try to put capacity, we will try to divert something for you because high end auto grade still the demand is continuing.
- Aaron Lewis:** Mm-hmm.
- K. N. Radhakrishnan:** OK, let us in the ICE where it is primarily easy, you those kind of semiconductors, we are seeing much, much better supplies and also we have made some alternatives.
- K. N. Radhakrishnan:** Earlier we had only one supplier. Now we have two suppliers, some areas we have 3 suppliers. So time has given us a little bit of the risky.
- Aaron Lewis:** Got it. And then what about outside of semis just for commodities broadly, any issues there on steel inputs, aluminum, anything like that, copper, etc.,?
- Aaron Lewis:** Sure.
- K. N. Radhakrishnan:** I don't think so far. So far we have seen in the last couple of months that last couple of months may not be the right indicator because November, December is always slow. January. We have seen now uptake in the in the market and our numbers are much, much higher. We did 22% up with the domestic you know and our customer details are pretty good. So we have to see 2-3 months so far I think everybody's.
- K. N. Radhakrishnan:** And head into the schedule.
- Aaron Lewis:** Got it. OK.



TVS Motors Limited
February 02, 2023

- K. N. Radhakrishnan:** In fact, I can say some of them are ahead of the schedule, which is positive.
- Aaron Lewis:** Got it. That that's all that's all helpful. One thing I just wanted to go back for a second. I was just looking at my notes from the last earnings call and I think one of the first questions you got on the call was around your unit guidance for EVs and off the top of my head, I believe like a UBS analyst asked about the EV growth and just looking at his note post quarter, he was kind of implying that you were guiding up the expectation of 25,000 units from March 2023 to something meaningfully higher than it.
- Aaron Lewis:** That amount, but it wasn't entirely clear to me. So is it safe to say that the 25,000 unit guidance for EV's is still the firm guidance for March 2023? ok.
- Aaron Lewis:** Ok.
- Aaron Lewis:** Yeah.
- Aaron Lewis:** Right.
- K. N. Radhakrishnan:** I wish. I wish everybody supports us, you know, demand is not a problem. Demand is not a problem because I'm moderating the number of cities and number of dealers.
- Aaron Lewis:** Right.
- Aaron Lewis:** Yeah.
- Aaron Lewis:** Right.
- Aaron Lewis:** Got it.
- Don Elefson:** Hey Aaron, can.
- K. N. Radhakrishnan:** Like uh, you know, see, there is no point in committing anything beyond 25,000 at this point of time. I have capacity. If you visit here. My left side planned now earlier, I had a smaller plan. Now I'm putting in the main line itself, my scooter production. You can see that. So the more and more people are starting to see that they say yeah.



TVS Motors Limited
February 02, 2023

K. N. Radhakrishnan: Company is moving and when you go to online or somewhere people saying that you have to wait.

Aaron Lewis: Got it.

Don Elefson: Hey Aaron, could I follow up on one of something he just said?

Aaron Lewis: Yeah. Please

K. N. Radhakrishnan: Yeah.

Don Elefson: Your dealer network is how big?

Don Elefson: So you can read.

K. N. Radhakrishnan: Or we have if you ask me, my network in the ICE, it's almost 1200 main dealers and 3500 sub dealers. So that is not a problem. And currently I'm dealing with. about 200 dealers.

Don Elefson: Ok.

Don Elefson: So.

K. N. Radhakrishnan: ICE dealers for this, I've, I've and of course online and I'm not gone beyond that 100 cities. I have not gone away. Yeah.

Don Elefson: So what you're saying is of your 3000 ICE dealers, 200 are selling the EV?

K. N. Radhakrishnan: No 300 you I think you should understand I have 1200 main dealers.

Don Elefson: Mm-hmm.

K. N. Radhakrishnan: Under every main dealer there may be 3-4 sub dealers.

K. N. Radhakrishnan: Ok.

Don Elefson: Yeah

K. N. Radhakrishnan: So you should you should take 1200 as the as the main dealer off that I have given only 200 main dealers.

K. N. Radhakrishnan: Currently, IQube.

Don Elefson: And what would cause you to give more dealers IQube?

Don Elefson: Ok

K.N. Radhakrishnan Sometimes I have to produce more. I have to produce beyond 25,000.

Don Elefson So what you're saying is you?

Don Elefson Got it.

K. N. Radhakrishnan: But first I have to produce 25,000 because there is no point in no point in, you know, waiting, making the customer wait. That is that the that they that becomes bigger still dissatisfied

Don Elefson So what you're saying is you have the infrastructure in place to double or triple at least easy. Your dealer network for electric.

K. N. Radhakrishnan: Yeah, yeah, we have. We, these are all our ice network. I'm not even in inducting 9 new network. I'm not looking at new network.

Don Elefson How long does it take to set up a new dealer?

Don Elefson Ok

K. N. Radhakrishnan: New dealer may be 3 months, three months, six months, six months. If he has got his own facility, you know, if he has got his own land, his own building.

K. N. Radhakrishnan: Otherwise, if somebody is going to set up new normally in this kind of businesses when somebody is approaching us, they will have their own their own building. They have infrastructure, everything. It's only branding and interiors and all that. Then it's three months.

Don Elefson And your existing structures can be set up immediately. They can just flip the switch and go.

Don Elefson Ok



TVS Motors Limited
February 02, 2023

K. N. Radhakrishnan: Yeah, absolutely. Absolutely. In fact, all my thousand dealers are ready to buy from me.

Don Elefson Good.

Don Elefson It's a good problem to have.

K. N. Radhakrishnan: Giving the

Don Elefson Thanks.

Aaron Lewis: One just high level question I had and it was a big impact last year to sales after some like notable fires in the press at pure firms. I know Ola had a few fires. I feel like Ether might have as well, but perhaps I'm wrong, but I feel like Ola was the notable one and there was some you know, big splashy headlines in the press in India about this and certainly we saw that in the sales trend you know reflected in the sales trends where consumers were really moving away from them, they were viewing as a newer brand less trustworthy and moving towards you and more legacy players that you know my perception they viewed is more trustworthy the higher quality.

Aaron Lewis Umm, so yeah, I guess when you think about that dynamic and how it played out last year, how do you think consumers are currently viewing the space from a quality perspective and where do you see TVS sitting in that mix?

K. N. Radhakrishnan: I think we always believe in, you know giving good quality and safety and good quality are very, very critical.

K. N. Radhakrishnan: That's also one of the reasons we are scaling up slowly. That is also one of the reasons I said even in international market you start it will take six months to nine months.

K. N. Radhakrishnan: Because every country has got certain customer usages.

K. N. Radhakrishnan: Ok, India, why the public charging infrastructure all getting built? Currently we are seeing 80-85% of the consumers charging at home.

K. N. Radhakrishnan: So but that you need to be in my opinion we have to be a little bit patient you know that's why I'm also a little bit patient in this new technology new usage

conditions how to be around them how to understand them how to support them you know any new technology has got lot of failure modes so you have to analyze the failure modes and keep looking at it. So we firmly believe in that.

Aaron Lewis Have you seen any fire issues? Product quality issues with the EV's? Any you know with the IQube brand any you know, even if it's just idiosyncratic examples?

Aaron Lewis Sure.

K. N. Radhakrishnan: See, It's a part of testing and proving journey. We have got excellent facilities. We have a lot of testing facilities. We kept it, keep testing and testing and testing. And this is a learning curve you know.

Aaron Lewis Got it.

K. N. Radhakrishnan: Loading up and the fact that consumers are looking at is more positive.

K. N. Radhakrishnan: I'm having a good quality and safety. It's only an order qualifier.

K. N. Radhakrishnan: They should start feeling that this is also like a Jupiter or a Ntorq. My entire family. You know in the Indian typical style they the minimum 2 + 2 four people.

K. N. Radhakrishnan: And good roads, bad roads, rainy roads.

K. N. Radhakrishnan: Uh, you have huge traffic jams, you have flyovers.

K. N. Radhakrishnan: Everywhere it should go technology agnostic. They won't look at which technology only thing is this is silent and it is connected. It has got so many features. OK so in consumers mind.

K. N. Radhakrishnan: They look at.

K. N. Radhakrishnan: My usage. OK, so it has to be robust. So it's multiple factors. They look at multiple factor. It's not one factor they look at.

Aaron Lewis Got it. Got it. Uh, maybe just back to guidance, I know that you know TVS and you and your management team don't necessarily provide too much forward-

looking comments. But one thing that I know you mentioned on the last call was that you're viewing a positive inflection in 4Q and the international segment. Obviously that's been an area that's been lagging relative to domestics, if you wouldn't mind spending maybe a couple minutes on the dynamics that you're seeing there. Perhaps just highlighting a couple of markets that you view is particularly interesting.

K. N. Radhakrishnan: See we always believe in.

K. N. Radhakrishnan: In India, I always believe in a 25 to 30 days of stock based on the 4th month sales. Ok, I don't keep more than that stock. I don't allow my team to push extra stock like from the customer point of view, because customer wants you know fresh dosa. I will always say that you go to typically Indian people, take the Vada like donut you know they always want fresh, hot and Crispy.

K. N. Radhakrishnan: Talk like that. Ideally the customer wants directly from the plant and you buy it.

K. N. Radhakrishnan: So the more stocks the dealer keeps, you know, the more.

K. N. Radhakrishnan: Less fresh. He will be able to give to the consumer.

K. N. Radhakrishnan: So that is one of the reasons we said we will not give any credit from the company.

K. N. Radhakrishnan: Most of, not most everyone in India. All our competitors give credit. So I give you money and in that money I charge you interest.

K. N. Radhakrishnan: We stopped that we completely stopped that. So the dealer has to bring in its money completely like international visa cash and carry. When dealer is bringing the money, he will buy only what is being sold.

K. N. Radhakrishnan: When we give money, you know, in a truck, 40 vehicles, I can put whatever I want to also put.

K. N. Radhakrishnan: Ok, here that that option is not there for my sales and marketing team.

K. N. Radhakrishnan: Purely what is selling he will buy.



TVS Motors Limited
February 02, 2023

K. N. Radhakrishnan: Or if that money he will put, I want more and more that kind of a pull from the market. OK, with a very clear condition that I don't want to lose any retail because the dealer doesn't have stock but.

K. N. Radhakrishnan: He can keep a very good working capital, so I'm really proud that you know, we have less than 30 days off. So same principle. I use it in the international market. Only thing is you have a transportation time or a shipping time from India to various countries. So you add that stock plus and the distribution stock there.

K. N. Radhakrishnan: So for example, last month our retailers are far from here.

K. N. Radhakrishnan: I thought cut down the stock. Don't worry. 2-3 months. You cut it down, then the dealer will be on top of my head to take more and more, you know.

K. N. Radhakrishnan: And most importantly.

K. N. Radhakrishnan: Customer will get the fresh vehicle.

K. N. Radhakrishnan: So I'm always proactive. You know, I don't look at dispatch.

K. N. Radhakrishnan: I look at customer retail.

Aaron Lewis: Got it. And as far as the demand dynamics in these markets, any trends that you're viewing in particular, you know, regardless of the legacy ICE or EV's, any markets that you're particularly intrigued by interested by concerned on at the moment?

K. N. Radhakrishnan: Uh.

K. N. Radhakrishnan: Fortunately, you know, one good thing about TVS is we have the best range.

K. N. Radhakrishnan: So we are looking at a very good even in the international market. I'm pretty confident that you will see a better February better March. In fact, I'm trying to bring in the same systems what we use in the domestic in every international market because most of the international markets are developing markets.

K. N. Radhakrishnan: Here the distribution is I have 1200 dealers. In international market, I have a distributor. You know it goes there from the distributor. He has got dealers and he also had multi brand outlets, multi brand outlets uses all competitor products

etc.,. So it takes time to bring in the TVS way of the customer, you know experience and all this. So that is the journey we are now going through.

K. N. Radhakrishnan: So we put it that way and I see our products have got a good pool. Indian brand and TVS brand has got a good pool in the market.

Aaron Lewis: Just maybe just spend a minute on guidance again, I know it's obviously fine if you're not comfortable in formalizing certain things. So you mentioned that the 25,000 unit target you mentioned, the sequential improvement in international markets. But just looking at like consensus and Bloomberg right now, I see, you know, revenue growth and FY2024 and to 2025 of like kind of mid teens, if you will 15-12% and then net income growth a little bit be high that above that call it 30.

Aaron Lewis: You know, 30s to 20% this year and next margins, mid 20s percent. Do you view all of that as broadly achievable? Any context on those numbers?

K. N. Radhakrishnan: I think that plenty of people making predictions about us, I appreciate all of them.

K. N. Radhakrishnan: Ok, I am a firm believer that focus on the consumer rest will follow. I always say that first is consumer, consumer, consumer.

K. N. Radhakrishnan: The next is the revenue. Revenue is there if consumer is there. You can get the revenue once you have the top line, every line will follow' I'm a firm believer on that, so rest assured.

K. N. Radhakrishnan: That would, you know, in my opinion, even the international market, the severity, what we were looking at Europe or see African markets is getting affected because of this war and the inflation and all the situations you know, the depreciation of the currency. I think there is a, there is a huge in-direct impact, some direct impact, all these are little bit eased out. I won't say completely out but what everyone thought and what likely happening is little bit soft.

Aaron Lewis: Umm.

- K. N. Radhakrishnan:** When I talk to the distributor they saying yeah, we thought it was going to be very tough actually. I anticipate that's why I cut sharply in January. But people are saying, yeah, it is not that bad. You know, customers are coming, customers are buying you know.
- K. N. Radhakrishnan:** Of course there are currency issues, there are devaluation issues, but demand is there, this is a very healthy thing. And I always believe that when a consumer comes.
- K. N. Radhakrishnan:** He says, why won't you wait for one week immediately the pickup goes up.
- K. N. Radhakrishnan:** You know it's the Psychology. I always believe that little bit demand ahead of supply is always good.
- K. N. Radhakrishnan:** That how much it should be, that's the feeling'.
- Aaron Lewis:** And.
- K. N. Radhakrishnan:** As long as you won't miss the customer and he goes, yeah, no' I'm going to the competition. Then you lost it.
- Aaron Lewis:** I guess changing the topic a little bit, pretty exciting announcement back in 4Q of calendar year with Amazon.
- Aaron Lewis:** Umm, how do you view the partnership as progressing? Maybe if you could also just maybe comment on the logistics of working through that partnership, how you view it as developing over time, the nature of it really, really just any color, it's obviously a great opportunity.
- K. N. Radhakrishnan:** I think that that this, these are these are partnerships is just definitely going to grow disproportionately because Amazon as a partnership, you know how they are expanding in markets like India and.
- K. N. Radhakrishnan:** Uh e-commerce how it is?
- K. N. Radhakrishnan:** Thanks to the lockdown, I think today's consumers deliver at home. He, you know, including the number of people who buy items from home not visiting, you know, typical Indian mentality is to go to the shop and shop. Now, sit at home and shop online shop.



TVS Motors Limited
February 02, 2023

K. N. Radhakrishnan: So I'm of the view I cannot put a number, but it is going to grow disproportionately. Yeah, I don't. I can tell you. So this these are the kind of partnerships which is going to help us at the moment. They see my principle is they know us, we know them.

K. N. Radhakrishnan: Amazon is a global network, you know.

K. N. Radhakrishnan: Huge.

K. N. Radhakrishnan: Huge.

Aaron Lewis: Got it. And I guess the obvious opportunity here is just use IQube for loss less mile delivery.

Aaron Lewis: Yeah.

K. N. Radhakrishnan: Huge, and see one most important thing about EV according to me so far.

K. N. Radhakrishnan: Even in the international market, we are present only in the developing markets.

K. N. Radhakrishnan: You know we have, we are in the African market, we're in the Asian market, we are in the Latin American market where Middle East we are not yet there in Europe or US or all the developing markets.

K. N. Radhakrishnan: This gives us a huge platform and an opportunity.

Aaron Lewis: Yeah, no disagreement.

K. N. Radhakrishnan: You know that that that, that I said last time also

K. N. Radhakrishnan: Well.

K. N. Radhakrishnan: Uh.

K. N. Radhakrishnan: The new platform, whatever we are designing and developing for BMW is going to be a cool I can't give you the specification, but it is going to be an amazing TVS bike.

Aaron Lewis: Yeah.



TVS Motors Limited
February 02, 2023

- K. N. Radhakrishnan:** And that is going to be a partnership which is going to really excite the market.
- Aaron Lewis:** Got it.
- K. N. Radhakrishnan:** And our product is also equally going to excite the market. So I see it as a huge opportunity.
- Aaron Lewis:** Got it. I was under the next thing I was actually in comment on was to ask you about BMW and if you had any updates on that partnership. Obviously that was announced, what back in 2021?
- K. N. Radhakrishnan:** Uh.
- Aaron Lewis:** I'm yeah.
- Aaron Lewis:** Ok.
- K. N. Radhakrishnan:** Closer to launch, I'll tell you because there is an agreement between both the companies that we will jointly announce and also you know that's fair.
- Aaron Lewis:** Got it.
- Aaron Lewis:** Got it.
- Aaron Lewis:** I do have a few more questions and I also wanna highlight ESG and those sorts of topics before we finish. But young, do you have any questions you know you always like jumping in or Don, obviously if there's anything else, I don't want to steal all the Thunder here.
- Aaron Lewis:** Ok.
- Don Elefson:** No, I'm well. I'm gonna be signing off here in a second to catch a train. So, but thank you so much for your time and.
- K. N. Radhakrishnan:** Young before you sign up. You plan the next visit to Bangalore and be with us.
- Don Elefson:** I would love to take a ride on an IQube.

- K. N. Radhakrishnan:** Please, come here. I will post you some good dinner and you can have a good visit to the plant and you can spend some time and you can see some very good birds which come internationally from various places. We have an amazing, you know, bird Park inside the plant. You'll be amazed.
- Don Elefson:** Wow, that's neat. Thank you for the invite. Bye, Aaron. Thanks for the meeting.
- Aaron Lewis:** Awesome. Thanks Don.
- K. N. Radhakrishnan:** Yeah. Thank you.
- Young Kim:** Thanks. I have just one area that I would like to get some more clarity on so.
- Young Kim:** Demand is there. Just supply an issue. You know how much is this a function of just conservative nature from you? You know, can you just?
- Young Kim:** Maybe expound on a little bit further kind of supply chain strategy. You know there any changes that you are pursuing to?
- K. N. Radhakrishnan:** Not the real see. There is no way.
- K. N. Radhakrishnan:** Of you know, I disagree on the we are conservative, we have fairly aggressive I think the approach we have now used is we are directly in touch with the big semiconductor suppliers that we have in line with them. And unlike in the past where we go through some of the key suppliers and their suppliers semiconductor now we are directly inviting the semiconductor suppliers and they come they see seeing is believing now they are partnering with us. You know I have.
- K. N. Radhakrishnan:** The suppliers, who are completely supporting us and I'm very sure once you see this 25,000 happening then then it is a question of time because.
- K. N. Radhakrishnan:** But the everyone wants to be partnered here.
- K. N. Radhakrishnan:** OK, last year, same time you were struggling to convince people.
- K. N. Radhakrishnan:** But this year, when I, when I'm looking at it, you know, it's completely different.



TVS Motors Limited
February 02, 2023

- K. N. Radhakrishnan:** But please understand I need same day production if I have to produce 800 I want all the match the material today morning.
- K. N. Radhakrishnan:** If I missed today, I can't make up tomorrow.
- K. N. Radhakrishnan:** So that is the kind of. So ideally I have to look at every day how do I present thousand per day.
- K. N. Radhakrishnan:** Then 25,000 will happen.
- K. N. Radhakrishnan:** So that is the level of, you know maturity. We are looking at with some of the suppliers and they're completely now.
- K. N. Radhakrishnan:** Reorienting with our requirement so.
- K. N. Radhakrishnan:** I think that will be a brilliant, brilliant change.
- Aaron Lewis:** Maybe just to ask, you know, Young's question a little bit differently. Is there any incremental CapEx investment that you guys need to make at the moment to scale in any line of business or?
- Aaron Lewis:** Ok.
- K. N. Radhakrishnan:** Not for 25,000. We already got the investments. Everything done.
- Aaron Lewis:** Ok.
- K. N. Radhakrishnan:** When we go beyond, for example, the new products, also we have invested, but when we go, let us say from 25,000 to 50,000.
- Aaron Lewis:** Yeah.
- K. N. Radhakrishnan:** That may require some incremental investments not in the building because that's why I said when you come here, you will see suddenly the same factory producing ICE and EV.
- K. N. Radhakrishnan:** But, you know battery management system.



TVS Motors Limited
February 02, 2023

K. N. Radhakrishnan: How do we create more controllers? More, you know, assembly facilities, more testing facilities.

K. N. Radhakrishnan: So there are incremental CapEx which are not so big, but the real investment is in the product creation.

K. N. Radhakrishnan: The new product creation.

Aaron Lewis: Got it.

Aaron Lewis: I apologize. It looks like Young just got dropped. I think he had a bad connection. But if you wouldn't mind just commenting. So obviously we've spent a lot of time on the semi supply chain broadly and it sounds like you've broadly improved your relationships with suppliers throughout. You know during COVID and post. But any areas of bottleneck, any areas of improvement within the supply chain?

K. N. Radhakrishnan: It is, there is bottleneck. That's why you know we had some problems in the Chargers. Now they are debottlenecking. There was one supplier earlier, now there are two suppliers. So this is you know and we are a company where once we're committed capacity to a supplier we will honor that when it goes to the next level we'll inject another supplier so that is the way because there is something called trust in in TVS we always say that the T stands for trust you know.

K. N. Radhakrishnan: So this happened today, tomorrow, that supplier's quality will get affected because the system of PPAP, there is a system for process quality proving, part quality proving, subassembly proving, they understand as we understand some there is a there is a very clear process.

Aaron Lewis: Got it. And it's just to be clear, you said the bottleneck that you're seeing a little bit that's still exists is on the charging side.

K. N. Radhakrishnan: No charging. Thanks to a couple of people more inducting and proving the quality. So like that, I gave an example of charging, that's all.

Aaron Lewis: I see.



TVS Motors Limited
February 02, 2023

Aaron Lewis: Ok.

K. N. Radhakrishnan: Yeah, like that I can. I can talk about many, many suppliers. Each one is now improving.

Aaron Lewis: I see. So is there any? I guess maybe just final question on this point is there?

Aaron Lewis: Yeah.

Aaron Lewis: Yep.

Aaron Lewis: Prove it.

K. N. Radhakrishnan: That that the best way, the best way to answer you. Maybe first week of April when I when I'm able to deliver maybe close to 25,000 and every day happening I think most of you will get answered.

Aaron Lewis: Cool. So there there's really no.

K. N. Radhakrishnan: Both have proof of the pudding is in eating.

Aaron Lewis: That's well said. So just to put a pin in it, there's really no area of the supply chain that you're particularly still nervous about. Would that be accurate?

K. N. Radhakrishnan: No, I'm not nervous. I'm how do I make sure that?

K. N. Radhakrishnan: The daily supplies happen. You know, there is no delay today. I don't have the luxury of keeping stocks. If I look at ICE, you know, I request my supplies to keep seven days talk. I keep one days stock. That luxury has not yet come anyway.

Aaron Lewis: I see.

Aaron Lewis: I see. Ok.

K. N. Radhakrishnan: And I saw that that's supplying to production today.

K. N. Radhakrishnan: So you know you have to build stocks at every level. OK, not all parts. You know, some parts are getting built up, some parts are there. So this is



TVS Motors Limited
February 02, 2023

something a journey. Because when you are in scaling up this journey, I have seen in a we even in Rider or Jupiter 125, you know, new product. So this happens it's happens.

Aaron Lewis: I see. I see. Ok.

Aaron Lewis: Umm.

Aaron Lewis: ESG and by to chat about that for a minute. So one thing that we look at a lot internally here at axioms, just a way for us to look at the portfolio holistically because we look at so many companies is to use like third party ESG providers MSCI SUSTAINALYTICS. There's one that we use called Reprise all sorts of different platforms and probably the main one is MSCI. So I guess when we started doing the research on TVS a year or so ago and you know we were I guess pleasantly surprised to learn that the firm was ranked AA or A or you know objectively a very.

Aaron Lewis: Strong rank. So when you think about?

Aaron Lewis: Yes, I guess maybe just very high level when you think about ESG, how does it factor into your calculus for the firm?

Aaron Lewis: Or how?

K. N. Radhakrishnan: They think of you.

Gopala Desikan K: That's alright.

Aaron Lewis: Sorry, how do you how? I was just basically.

Gopala Desikan K: I couldn't understand the question.

Aaron Lewis: Yeah, sorry. So basically all I'm trying to ask is ESG's important from our perspective, when you think about ESG as a business concern for the firm, how does it factor into your calculation for, for planning for reporting?

K. N. Radhakrishnan: Oh, Ok, yes. Yeah. You're asking about ESG.

Aaron Lewis: Environmental social governance.

Aaron Lewis: Ok.

K. N. Radhakrishnan: Yeah. I think you should come here and see. OK. So the best way is we have on one side to sustainability maturity model on one side, we are looking at safety in a high level. I think when you come here and because I can't give you a maturity score, the moment you come here and spend 2 hours and then come and meet me, you will get an answer.

K. N. Radhakrishnan: But I can tell you we are one of the best in India.

Aaron Lewis: Got it. So that's your viewing that specifically on like a safety of workers perspective, any other areas that you think?

Aaron Lewis: You're focused on.

Aaron Lewis: Sure.

K. N. Radhakrishnan: Even when we partner with somebody like BMW, they have their own standards, you know, some of the partners, they, they look at all this global standards. And are we align with that and you know it's already there.

Aaron Lewis: Got it. So, one thing that I noticed in this MSCI report is that they say that you have not engaged specifically with MSI. So our understanding of how it works is like MSI. So this third party rating agency will reach out to all sorts of firms that they cover TVS and otherwise. And you know with a questionnaire of sorts and they seek a response from the company. If the company responds, they're able to more holistically get an understanding of the data and come up with ranks and such. And so one thing this seems like very.

Aaron Lewis: Low hanging fruit, if you will. An easy thing to fix is that they noted that you have not engaged with them, so I guess does your IR team or any sustainability style employees at the management level have plans to engage?

Aaron Lewis: Ok.

K. N. Radhakrishnan: No issue. I think we can. We can engage with any such rating agency that's not a problem.

Aaron Lewis: Ok, so I guess so.



TVS Motors Limited
February 02, 2023

- Aaron Lewis:** Purpose, yeah.
- K. N. Radhakrishnan:** But there has to be there has to be purpose. There has to be purpose, we want to understand what is the purpose and we can we can always do that. That's not a problem.
- Aaron Lewis:** Ok. Typically in like example this happens all the time. Obviously tons of firms are specially in in India and similar markets are obviously ramping up their thinking on ESG as it becomes more important globally. So typically our response would this be, yeah.
- Aaron Lewis:** Ok.
- K. N. Radhakrishnan:** ESG as I said. I have a maturity model and we are one of the best in India as of now, but we are also looking at which are the areas to improve on the global standards and you know we are also working on that.
- Aaron Lewis:** Ok. Yeah, I'll probably send, you know, maybe through Andy and Macquarie like a link to you all, uh for ways to engage with MSCI. It's something that we always encourage the firms that we're invested in. So to the extent that you're willing to engage, it's something that we look at very favourable.
- K. N. Radhakrishnan:** Ok, ok.
- Aaron Lewis:** Cool. Is there anything internally as far as targets, even like carbon emissions or safety standards or different like quantitative metrics that you think about as a firm?
- Aaron Lewis:** Ok
- K. N. Radhakrishnan:** We have, all 100 standards. It is a separate.
- K. N. Radhakrishnan:** Sustainability book calls the published by the company and there are standards. Also we look at.
- K. N. Radhakrishnan:** Whatever. Not only we did. Now we are, for example. You know, we use between wind and solar, almost 90% is from that in Hosur plant other plants are at 80% level. So same way water, water discharge 0 disturb. So there are many parameters.



TVS Motors Limited
February 02, 2023

- K. N. Radhakrishnan:** Many parameters and on safety there are many parameters, so that's why I said the biggest way. You know I can. I don't know whether I can send it, but I can show you how we have developed a bird park behind our R&D.
- Aaron Lewis:** Ok.
- K. N. Radhakrishnan:** That shows and it's all the discharged. We were discharged water from the plant.
- Aaron Lewis:** Got it. That's good.
- K. N. Radhakrishnan:** And we have fish and we have 87 varieties of birds
- K. N. Radhakrishnan:** The coming here every year and even today you can see that so.
- Aaron Lewis:** Got it.
- K. N. Radhakrishnan:** Yes.
- Aaron Lewis:** Got it. You know, one thing I noticed, I think it's on your IR page or somewhere buried on the TV S website is that you publish a business or responsibility report. I think that's perhaps just part of like reporting requirements, but do you have is there any intention to publish say like a broader ESG, corporate social Responsibility Sustainability report?
- K. N. Radhakrishnan:** Here, here. So for example in the corporate social we are, we are already covered more than 2500 religious.
- K. N. Radhakrishnan:** Srinivasan Services Trust is one of the best in India. See we are little bit conservative; we don't share some of the achievements because we say that we are doing it for social, not to get publicity.
- Aaron Lewis:** I see.
- K. N. Radhakrishnan:** It's not TVS. We don't publicize the good work. What we are doing for the common man. For example, if you had come here during COVID period every day we used to make 50,000 food packets and delivering to every hospital in Karnataka every police station because they were not getting food.



TVS Motors Limited
February 02, 2023

- K. N. Radhakrishnan:** Breakfast, lunch and dinner. And we never had any problem for getting any ICU beds in the hospital. They were saying anything for TVS we will do. We were the company we imported the oxygen saturation kits and gave it to the all the hospital.
- Aaron Lewis:** I don't.
- K. N. Radhakrishnan:** So we are much proactive in in this kind of social service and this 2500 villages we went and did vaccination free of cost.
- Aaron Lewis:** Umm.
- K. N. Radhakrishnan:** So.
- Aaron Lewis:** Got it.
- Gopala Desikan K:** Anything else so.
- Aaron Lewis:** Umm yeah.
- Aaron Lewis:** No, I appreciate it. It's great.
- K. N. Radhakrishnan:** Only thing is, we don't. Since you asked me, I'm sharing it normally. You won't see this represented by TVS anywhere.
- Aaron Lewis:** Excellent. Excellent. No.
- K. N. Radhakrishnan:** Because Mr. Venu Srinivasan doesn't like publicizing this.
- K. N. Radhakrishnan:** This.
- Aaron Lewis:** Yeah, no. Understood. We really appreciate your openness to discuss all these topics. I know they could be a little sensitive and uncomfortable these sorts of things. So no thank you very much. Is there anything else? I know we're on up on time. Is there anything else that you know you and your team would like to highlight here at the end? Anything exciting that you want to point out? Yeah, I like that.
- Aaron Lewis:** Ok.



TVS Motors Limited
February 02, 2023

K. N. Radhakrishnan: Visit TVS OK. All your questions will be answered by seeing the eyes of my employees in the shop floor. All will be answered, I promise you that.

Aaron Lewis: Excellent. Well look, thank you so much again for speaking with us. Hopefully we can continue the dialogue.

Aaron Lewis: Please.

K. N. Radhakrishnan: I will, before I close. I will only give you one thing about my employees.

Aaron Lewis: Yeah.

K. N. Radhakrishnan: Average I get one improvement by employee in his work area every day, every week.

K. N. Radhakrishnan: Ok. And that is 52 improvements either on productivity, quality, cost, delivery, waste or fires or safety whichever area. Now there are 700 families.

K. N. Radhakrishnan: There is a home Kaizen.

K. N. Radhakrishnan: These family members have shared this and their spouses run this on energy saving safety, environment, pollution, water conservation, education in and around their society in their home.

K. N. Radhakrishnan: Ok. Thank you.

Gopala Desikan K: Thank. Thank you so much.

Aaron Lewis: Awesome. Well, look, thank you again. Thank you to uh, Andy and Macquarie for arranging and uh yeah. Be well thanks. Thank you.

K. N. Radhakrishnan: Thank you.

Gopala Desikan K: Thank you so much. Bye bye.

Aaron Lewis: Yep. Bye, bye.

Ashish Jain: Thank you, Sir. Thanks a lot for taking time out.



TVS Motors Limited
February 02, 2023

Gopala Desikan K: Thank you. Bye.

K. N. Radhakrishnan: Thank you. Thank you. Thank you. Thank you.



TVS Motors Limited
February 02, 2023



TVS Motor Company Limited

Management Call with Axiom Asset
Management

February 02, 2023

Analyst

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TVS Motors Limited
February 02, 2023

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		P A N Y L I M I T E D
		MR. K GOPALA
		D E S I K A N — g R O U P C H I E F



TVS Motors Limited
February 02, 2023

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			I M I T E D
<p>Gopala Desikan K: Yeah, we are able to hear you.</p> <p>K. N. Radhakrishnan: Hello.</p> <p>Don Elefson: Morning. Aaron, can you hear me?</p> <p>Gopala Desikan K: Yeah, very clear.</p> <p>Don Elefson: Good.</p> <p>K. N. Radhakrishnan: Yeah, we can. We can hear you.</p>			



TVS Motors Limited
February 02, 2023

Don Elefson:	Thank you.
Aaron Lewis:	Morning everyone.
K. N. Radhakrishnan:	Yeah.
Gopala Desikan K:	Morning.
K. N. Radhakrishnan:	Good Morning.
Gopala Desikan K:	No.
Aaron Lewis:	Thanks for the call. It looks like, uh, we have one other my teammates here from Axiom Don, but uh, one of our portfolio managers.
Aaron Lewis:	But let's give it another minute or two to see if we have anyone else joining. If not, I'll give you guys a brief introduction and we did get things started.
K. N. Radhakrishnan:	I hope all of you know about TVS.
Aaron Lewis:	We do, we're minority owners. Uh, across. Yeah, maybe just to give you the brief introduction. So yeah, at Axiom or basically growth

	focused equity investors, I'm a generalist across. We have two emerging market strategies.
Aaron Lewis:	Umm, while it 10 billion in AUM across the two, we've been minority investors and TVS for some time. I'm a generalist, but I do cover TVS if you will. So I'm familiar with the story, been following it for the better part of a year and certainly a lot of admiration for what's been going on with the firm recently. Obviously very strong 2022 FY, you know first half of 2023 FY. But you know excited to finally.
Aaron Lewis:	Get a full team on the on the phone today and get a little bit more context around the story.
K. N. Radhakrishnan:	Ok.
Aaron Lewis:	So yeah.
Aaron Lewis:	Yeah, I think

that.

K. N. Radhakrishnan: OK, OK. So better since we have 45 minutes, it may be a good idea to go with your clarifications or questions. Whatever you have, I would like to invite you whenever you are in India. Please do come to Bangalore and we can spend a day here. You can visit the factory. You can interact with us and we can organize that. Kindly let us know in advance when you are planning to be in India.

Aaron Lewis: I like that plan now. I appreciate the invite and yeah, just to give a quick introduction for Welsh join. So Don Ellison. He's been with Axiom for the better part of 10 years. He's a portfolio manager also on our EM strategy. And young Kim is also senior portfolio manager across our EM strategy. So he's

on the line as well and and if you could hear us in the background. Thanks so much for arranging the call. We certainly do appreciate it. So yeah, I think with that I think would be great. Yeah. To your point just to jump right into questions so.

Aaron Lewis:

I thought a good place to start was just coming out of kind of high level coming out of the January sales result yesterday. Obviously an incrementally, you know, at least in my view more positive month with sales improving both month over month and year over year and EV sales continuing to track up really, really strong call it greater than 700% year over year. So maybe just a start there when you think about that EV sales growth of 700% obviously coming off of a very low base,

how do you view the sustainability of those trends? Where do you see EV?

K. N. Radhakrishnan: Hey, Ev.

Aaron Lewis: Was going any targets internally you know on that team?

K. N. Radhakrishnan: Yeah, EV, you know, we also said in our.

K. N. Radhakrishnan: Q3 the cells called that EV server is our focus and.

K. N. Radhakrishnan: I hope you can all hear me.

Aaron Lewis: Loud and clear.

K. N. Radhakrishnan: Yeah. So we have.

K. N. Radhakrishnan: We have a combination of the product strategy and a series of products. What we have planned for the next eight quarters.

K. N. Radhakrishnan: The two Wheeler side and the three Wheeler side and the IQube as of

now, we have put a new 3 variants . They're available only in 200 cities/towns.

K. N. Radhakrishnan: And there is a great opportunity to scale up in All India level, which goes to almost 800- 900 level.

K. N. Radhakrishnan: So even this 200 places, we have a booking.

K. N. Radhakrishnan: Uh, it's on yesterday something like 27 or 28 thousand.

K. N. Radhakrishnan: So that one of the reasons why we are not expanding everywhere in India is that consumers are very eager to book it and pay. Then they want the next two day delivery.

K. N. Radhakrishnan: So we have we are in the ramp up curve and month after month.

K. N. Radhakrishnan: There are challenges that why things are improving

still we are not in the plan for example of last month was good 12,500 but we could have easily done another thousand more some something stops on you know some semiconductor not available or some parking not available. It's not that the suppliers doesn't want to support so for example this month we should we should clock beyond 17,000.

K. N. Radhakrishnan: Something like that.

K. N. Radhakrishnan: And the March I'm looking at can we can we do thousand a day and so that is that that that's the kind of challenge I put to the team and team is responding may not be to my satisfaction but.

K. N. Radhakrishnan: The most important thing is customers love this product.

K. N. Radhakrishnan: That is most important and always

you have to keep the demand ahead of the about the supply. So there are two important strategies. One is to make sure that we cover more and more parts of India and possibly next year move to something like some international market as well because many of the distributors have seen this product, they are also very much interested, OK, this is 1. #2, We have a series of product launches which you will see in the next four to six quarters

K. N. Radhakrishnan: In various segments, I may not be able to guide you exactly what kind of products and which segment, but I can promise you that that fairly advanced work is going on once they come, you know that will be different customer segments. So overall we are looking at how do we scale up.

K. N. Radhakrishnan: This to much.
Much higher level.
But my immediate
target is to cross the
25,000 in March.

Aaron Lewis: Got it. Yeah.
And I guess that's
broadly in line with
the prior guidance
that he gave on the
last quarter. You
know, one thing that
you mentioned.

K. N. Radhakrishnan: Tell me. I
don't.

Aaron Lewis: The 25,000
unit target for EV.

Aaron Lewis: You're
breaking up a little.

Aaron Lewis: Yep, sorry the
video pausing.

Aaron Lewis: Right.

K. N. Radhakrishnan: Absolutely.
Because there is no
point in setting target
if you don't achieve
that. You know first
you achieve that, then
you scale up beyond

that. In the meantime, you launch the new product, then you look at how much more you have the opportunity, but the good thing is that we believe in customer, we believe in customer delight and customers are responding to that. So that is the that is the good news. So now the ability to scale up and ability to deliver more and more volume.

Aaron Lewis: Got it.

K. N. Radhakrishnan: That is, that is the challenge, which we are now working on. As we ramp up and we will expand to more and more markets in India.

K. N. Radhakrishnan: Maybe by September, October, we may start some international markets.

K. N. Radhakrishnan: So that is the kind of strategy we have, of course, a few more products will come the 23-24 financial year.

K. N. Radhakrishnan: That we allowed to again look at how we are going to position it, how we are going to launch it in some other cities in Indian markets and how you scale up because.

K. N. Radhakrishnan: Uh, every product will have something unique, something connected, something really exciting. Something really.

K. N. Radhakrishnan: In terms of digital, which is going to really connect the customer?

Aaron Lewis: Got it. When you think of?

Aaron Lewis: Sure, Don. Yeah, go ahead.

Don Elefson: Hey, Erin, can I?
Aaron, can I jump?
Can I follow on to
what he just said?
Thank you.

Don Elefson: You're saying
with by September,
October you might be
selling some
international, but you
have so much
demand domestically
and it can go from
200 -800 points of
sale. Why even go
international?

K. N. Radhakrishnan: No. See what?
What we have to
always look at is.

K. N. Radhakrishnan: The May
September, if you
start, it's not that
international is going
to start like that.

K. N. Radhakrishnan: You have to
put some products
into the market. You
have to rightly and
understand what is
the consumer

requirements, what the set up, the infrastructure you know for example even in India as of now the customers are using home charging. So there is a lot to learn in this area from the consumer side and like the ice. So we will scale up slowly and steadily. Maybe we'll start with a couple of international markets and.

K. N. Radhakrishnan: Uh, that there is a learning curve like we did it in IQube. We started only with Bangalore, not even Karnataka. It's a state. We went to a small city and then slowly we expanded to urban areas. Now we are going to semi urban area. So every area you need to have that interface with the consumer, how they are using it, how they are, how they are charging it at home,

what kind of support we need to provide, what kind of service we need. Because the interface what we provide to the customer is very, very important.

Don Ellefson: Thank you.

Aaron Lewis: Yeah, that, that's helpful. You know, you just kind of alluded to it and mentioned it earlier with the Aube brand and obviously you've been particularly successful in scaling that up off late. Is the plan to continue solely with IQube with all these incremental model launches or is it possible that they'll be like another, you know, line up and then product launches associated with a sub brand separate from IQube?

Aaron Lewis: Umm.

K. N. Radhakrishnan: That there will be lineup. I may not be able to share the overall brand strategy

but II can give you example of what you have seen in ICE you have Jupiter,Jupiter 125 and Ntorq. So there is a specific consumer segment and consumer usage.

K. N. Radhakrishnan: So, we will be looking at that way and then we definitely want to differentiate.

Aaron Lewis: Got it. And.

K. N. Radhakrishnan: That's a certain customer profiles. They are looking at it and slowly and steadily that starts coming in, you know then we will look at certain brands and certain models for certain type of customer segments and that is the way it works. Price points will be different and the kind of features and the kind of technology while we will leverage many of the common platforms, we will differentiate.

Aaron Lewis: Is it fair to say

that, you know there'll be different brand options both in price above and below IQube? And I mean how, how do you think about perhaps a mixed change?

K. N. Radhakrishnan: I don't want to give you any kind of guidance on that.

Aaron Lewis: Got it. Fair enough. OK, cool. Well, we'll be on the lookout for all the lunches.

Aaron Lewis: You, you know, this is a very high level question and we're really seeing this more on the global side in autos. But at the moment we're seeing a lot of price competition and autos between, you know all throughout different OEM and China. Tesla obviously driving a lot of that. Are you seeing any incremental price competition in EV?

So really throughout the lineup or is that something that's not necessarily unique to India and?

K. N. Radhakrishnan: I think this price competition is inevitable.

Aaron Lewis: Umm.

K. N. Radhakrishnan: Even in ICE, whatever you see, you know, between competitors, there is always the kind of price challenge. But the strategy what we are using in the ICE will be similar strategy will be using it. For example I can give you an indication you know in Jupiter we have a basic model which is pretty against activa, which is the Honda model.

K. N. Radhakrishnan: But we have a Jupiter ZX model. We have a Jupiter classic model. We have a Grande model, you know you peg it, and when somebody walks into the showroom or

somebody comes through online, he looks at the price point and say I want something just kind of a scooter etc.,era. But the moment he looks at it and see three options and if he's typically a retail finance customer.

K. N. Radhakrishnan: Then he says, what is the incremental price difference between, let's say it's ₹4,000 or ₹5,000 between basic model and that model?

K. N. Radhakrishnan: I think the mindset of the consumer is.

K. N. Radhakrishnan: When you give something, is it in line with the competition?

K. N. Radhakrishnan: But when he made the purchasing decision, what I have seen is.

K. N. Radhakrishnan: They have made the decision.

K. N. Radhakrishnan: Then.

K. N. Radhakrishnan: When they look at online or when they walk in, they always say that no, I saw another Jupiter ZX or a classic or this one. This will suit me more, you know.

K. N. Radhakrishnan: OK, another for ₹5,000 is OK, if it is the retail finance 36 months. Thanks to TVS, he will say incrementally I have to pay another ₹100 which is 1 1/2 dollars. That's OK. His mind is he has already decided Jupiter, but he immediately makes a decision to go to the high end model.

K. N. Radhakrishnan: And today.

K. N. Radhakrishnan: Confidentially, I can tell you 50% of the Jupiter is in this variance what we said.

Aaron Lewis: Got it.

K. N. Radhakrishnan: So my opinion comparisons are inevitable. Price competition is inevitable. It is up to

us. How do we use the technology? How do we give something more to certain type of customers? How do we differentiate it and how do we?

K. N. Radhakrishnan: you know, influence this customer, you know, OK, you have decided then it is for the sales boy sales girl around the online chat. You have decided if this brilliant?

K. N. Radhakrishnan: Can I offer you 2 three things? Would you mind looking at it? These are the customer benefits. I'm going to offer. I have seen.

K. N. Radhakrishnan: One out of two taking that.

Aaron Lewis: That's good. I guess that's an inherently pushing people up. The price curve is is the ideal scenario, of course.

Aaron Lewis: Umm.

K. N. Radhakrishnan: But basic

belief is we don't discount.

Aaron Lewis: Sure.

Aaron Lewis: Mm-hmm.

K. N. Radhakrishnan: We don't discount and we always encourage people to look at. OK. You want this price point? Take this product. It is available. OK. But if you want this, this, this, this is you know menu you look at these are the features. These are things I'm adding more value more benefits to you.

K. N. Radhakrishnan: I'm always superior to competition. Look at it that way. That is the way I've started. Even in IQube, it's going to be like that even in the future. Competition is going to be like that, products like that.

Aaron Lewis: Got it.. Perhaps on the other supply demand side of the equation with your,

you know all the inputs you mentioned semi supply easing up and that's become less of a concern. Obviously that was an issue for not just you, but for everyone 12-24 months ago. When you think about input prices and supply whether semis raw materials, what sort of dynamics are you seeing at the moment?

K. N. Radhakrishnan: Uh, in ICE, I think. I think situation is far better. I would say that in the ice area.

K. N. Radhakrishnan: When I look at IQube, you know everybody has to integrate, so each one is looking at who who's the least common denominator. You know, sometimes people come. So the best way I do is those prognosis I look at next 8 weeks and I tell the people look, I'm going for 25,000, you can be respectful.

K. N. Radhakrishnan: Then they will make short term arrangement the moment they see we are in the direction they visit, the plan they see seeing is believing you know.

K. N. Radhakrishnan: And they look at the booking. Ah, then they say, OK, we will try to put capacity, we will try to divert something for you because high end auto grade still the demand is continuing.

Aaron Lewis: Mm-hmm.

K. N. Radhakrishnan: OK, let us in the ICE where it is primarily easy, you those kind of semiconductors, we are seeing much, much better supplies and also we have made some alternatives.

K. N. Radhakrishnan: Earlier we had only one supplier. Now we have two suppliers, some areas we have 3 suppliers. So time has given us a little bit of the risky.

Aaron Lewis: Got it. And then what about outside of semis just for commodities broadly, any issues there on steel inputs, aluminum, anything like that, copper, etc.,?

Aaron Lewis: Sure.

K. N. Radhakrishnan: I don't think so far. So far we have seen in the last couple of months that last couple of months may not be the right indicator because November, December is always slow. January. We have seen now uptake in the in the market and our numbers are much, much higher. We did 22% up with the domestic you know and our customer details are pretty good. So we have to see 2-3 months so far I think everybody's.

K. N. Radhakrishnan: And head into the schedule.

Aaron Lewis: Got it. OK.

K. N. Radhakrishnan: In fact, I can say some of them are ahead of the schedule, which is positive.

Aaron Lewis: Got it. That that's all that's all helpful. One thing I just wanted to go back for a second. I was just looking at my notes from the last earnings call and I think one of the first questions you got on the call was around your unit guidance for EVs and off the top of my head, I believe like a UBS analyst asked about the EV growth and just looking at his note post quarter, he was kind of implying that you were guiding up the expectation of 25,000 units from March 2023 to something meaningfully higher than it.

Aaron Lewis: That amount, but it wasn't entirely clear to me. So is it safe to say that the 25,000 unit guidance for EV's is still the firm guidance for March

2023? OK.

Aaron Lewis: OK.

Aaron Lewis: Yeah.

Aaron Lewis: Right.

K. N. Radhakrishnan: I wish. I wish everybody supports us, you know, demand is not a problem. Demand is not a problem because I'm moderating the number of cities and number of dealers.

Aaron Lewis: Right.

Aaron Lewis: Yeah.

Aaron Lewis: Right.

Aaron Lewis: Got it.

Don Elefson: Hey Aaron, can.

K. N. Radhakrishnan: Like uh, you know, see, there is no point in committing anything beyond 25,000 at this point of time. I have capacity. If you visit here. My left side planned now earlier, I had a smaller plan. Now I'm putting in the

main line itself, my scooter production. You can see that. So the more and more people are starting to see that they say yeah.

K. N. Radhakrishnan: Company is moving and when you go to online or somewhere people saying that you have to wait.

Aaron Lewis: Got it.

Don Elefson: Hey Aaron, could I follow up on one of something he just said?

Aaron Lewis: Yeah. Please

K. N. Radhakrishnan: Yeah.

Don Elefson: Your dealer network is how big?

Don Elefson: So you can read.

K. N. Radhakrishnan: Or we have if you ask me, my network in the ICE, it's almost 1200 main dealers and 3500 sub dealers. So that is not a problem. And currently I'm dealing

	with. about 200 dealers.
Don Elefson:	Ok.
Don Elefson:	So.
K. N. Radhakrishnan:	ICE dealers for this, I've, I've and of course online and I'm not gone beyond that 100 cities. I have not gone away. Yeah.
Don Elefson:	So what you're saying is of your 3000 ICE dealers, 200 are selling the EV?
K. N. Radhakrishnan:	No 300 you I think you should understand I have 1200 main dealers.
Don Elefson:	Mm-hmm.
K. N. Radhakrishnan:	Under every main dealer there may be 3-4 sub dealers.
K. N. Radhakrishnan:	OK.
Don Elefson:	Yeah
K. N. Radhakrishnan:	So you should you should take 1200 as the as the main dealer off that I have given only 200 main

dealers.

K. N. Radhakrishnan: Currently,
IQube.

Don Elefson: And what
would cause you to
give more dealers
IQube?

Don Elefson: Ok

K.N. Radhakrishnan Sometimes I
have to produce
more. I have to
produce beyond
25,000.

Don Elefson So what
you're saying is you?

Don Elefson Got it.

KN Radhakrishnan But first I have to
produce 25,000
because there is no
point in no point in,
you know, waiting,
making the customer
wait. That is that the
that they that
becomes bigger still
dissatisfied

Don Elefson So what you're
saying is you have the
infrastructure in place
to double or triple at
least easy. Your
dealer network for

electric.

KN Radhakrishnan Yeah, yeah, we have. We, these are all our ice network. I'm not even in inducting 9 new network. I'm I'm not looking at new network.

Don Elefson How long does it take to set up a new dealer?

Don Elefson OK

KN Radhakrishnan New dealer may be 3 months, three months, six months, six months. If he has got his own facility, you know, if he has got his own land, his own building.

KN Radhakrishnan otherwise, if somebody is going to set up new normally in this kind of businesses when somebody is approaching us, they will have their own their own building. They have infrastructure, everything. It's only branding and interiors

	and all that. Then it's three months.
Don Elefson	And your existing structures can be set up immediately. They can just flip the switch and go.
Don Elefson	OK
KN Radhakrishnan	Yeah, absolutely. Absolutely. In fact, all my thousand dealers are ready to buy from me.
Don Elefson	Good.
Don Elefson	It's a good problem to have.
KN Radhakrishnan	Giving the the the.
Don Elefson	Thanks.
Aaron Lewis:	One just high level question I had and it was a big impact last year to sales after some like notable fires in the press at pure firms. I know Ola had a few fires. I feel like Ether might have as well, but perhaps I'm

wrong, but I feel like Ola was the notable one and there was some you know, big splashy headlines in the press in India about this and certainly we saw that in the sales trend you know reflected in the sales trends where consumers were really moving away from them, they were viewing as a newer brand less trustworthy and moving towards you and more legacy players that you know my perception they viewed is more trustworthy the higher quality.

Aaron Lewis

Umm, so yeah, I guess when you think about that dynamic and how it played out last year, how do you think consumers are currently viewing the space from a quality perspective and where do you see TVS sitting in that mix?

KN Radhakrishnan

I think we always believe in, you know

giving good quality and safety and good quality are very, very critical.

KN Radhakrishnan That's also one of the reasons we are scaling up slowly. That is also one of the reasons I said even in international market you start it will take six months to nine months.

KN Radhakrishnan Because every country has got certain customer usages.

KN Radhakrishnan OK, India, why the public charging infrastructure all getting built? Currently we are seeing 80-85% of the consumers charging at home.

KN Radhakrishnan So but that you need to be in my opinion we have to be a little bit patient you know that's why I'm also a little bit patient in this new technology new usage conditions how how to be around them how to understand

them how to support them you know any new technology has got lot of failure modes so you have to analyze the failure modes and keep looking at it. So we firmly believe in that.

Aaron Lewis

Have you seen any fire issues? Product quality issues with the EV's? Any you know with the IQube brand any you know, even if it's just idiosyncratic examples?

Aaron Lewis

Sure.

KN Radhakrishnan

See, It's a part of testing and proving journey. We have got excellent facilities. We have a lot of testing facilities. We kept it, keep testing and testing and testing. And this is a learning curve you know.

Aaron Lewis

Got it.

KN Radhakrishnan

Loading up and the fact that consumers are looking at is more positive.

KN Radhakrishnan I'm having a good quality and safety. It's only an order qualifier.

KN Radhakrishnan They should start feeling that this is also like a Jupiter or a Ntorq. My entire family. You know in the Indian typical style they the minimum 2 + 2 four people.

KN Radhakrishnan And good roads, bad roads, rainy roads.

KN Radhakrishnan Uh, you have huge traffic jams, you have flyovers.

KN Radhakrishnan Everywhere it should go technology agnostic. They won't look at which technology only thing is this is silent and it is connected. It has got so many features. OK so in consumers mind.

KN Radhakrishnan They look at.

KN Radhakrishnan My usage. OK, so it has to be robust. So it's multiple factors. They look at multiple factor. It's not one

factor they look at.

Aaron Lewis Got it. Got it. Uh, maybe just back to guidance, I know that you know TVS and you and your management team don't necessarily provide too much forward-looking comments. But one thing that I know you mentioned on the last call was that you're viewing a positive inflection in 4Q and the international segment. Obviously that's been an area that's been lagging relative to domestics, if you wouldn't mind spending maybe a couple minutes on the dynamics that you're seeing there. Perhaps just highlighting a couple of markets that you view is particularly interesting.

KN Radhakrishnan See we always believe in.

KN Radhakrishnan In India, I always believe in a 25 to 30 days of stock based on the 4th month sales. OK, I don't

keep more than that stock. I don't allow my team to push extra stock like from the customer point of view, because customer wants you know fresh dosa. I will always say that you go to typically Indian people, take the Vada like donut you know they always want fresh, hot and Crispy.

KN Radhakrishnan Talk like that. Ideally the customer wants directly from the plant and you buy it.

KN Radhakrishnan So the more stocks the dealer keeps, you know, the more.



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