



“TVS Motor Company Limited's 4Q FY'25 Post Results  
Conference Call”

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**MODERATOR: MR. ANNAMALAI JAYARAJ – B&K SECURITIES**



**Moderator:** Ladies and gentlemen, good day and welcome to the Q4 FY'25 Earnings Conference Call for TVS Motor Company Limited.

As a reminder, all participant lines will be in the listen-only mode and there'll be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “\*” and then “0” on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Jayaraj. Thank you and over to you.

**Annamalai Jayaraj:** Thanks, Mike. Welcome to TVS Motor Company's 4Q FY'25 Post-Results Conference Call.

From the Management side, we have with us today, Mr. K N Radhakrishnan – Director and Chief Executive Officer and Mr. K Gopala Desikan – Chief Financial Officer.

I will now hand over the call to “Mr. K.N. Radhakrishnan for the Opening Remarks” to be followed by “Question-and-Answer Session.” Over to you, sir.

**K N Radhakrishnan:** Good evening. Good evening, everyone. Thank you for joining us today. Seasons greetings to all of you and your family members.

On the overall performance of TVS Motor Company this year, we are delighted to share that during the year, the Company surpassed all its previous highs, achieved the highest ever sales of 4.7 million units, posted the highest ever revenue of Rs.36,251 crores, highest ever profit of Rs.3,629 crores. We would like to thank all our customers, all our investors and every employee in the Company for this outstanding achievement.

Combined EV and ICE we have achieved the highest ever operating EBITDA margin of 12.3%. This 12.3% is including the PLI benefits. And consistently if you look at quarter-on-quarter we are at 12.5% EBITDA including the PLI benefits. The report what you will be seeing is about 14% EBITDA because this quarter we have accounted for the year PLI benefits.

Now, coming to sales, the two-wheeler domestic ICE sales grew by 9% over the last year as against industry growth of 7%. The two-wheeler international market, the Company sales grew by 23% against the industry growth of about 21%. Total ICE two-wheeler grew by 12% compared to the last year as against industry growth of 10%.

On EV two-wheeler sales increased by 44% to 2.8 lakh units as against 1 lakh units during last year. For the sales of Three-wheelers are at 1.35 lakh units and last year was 1.45 lakh units..

During the year, the Company's operating revenue grew by 14%. Now it is at Rs.36,251 crores. Last year, the whole year the operating revenue was Rs.31,776 crores.



Coming to profits, during this year, the Company recorded the highest ever operating EBITDA of Rs.4,454 crores, a growth of 27% as against the EBITDA of Rs.3,514 crores during last year. The Company's operating EBITDA improved by 120 basis points at 12.3% as against last financial year's 11.1%. This was primarily possible through the robust growth in revenue, sustained cost reduction initiatives implemented by the Company. As I highlighted this 12.3% includes the PLI benefits for the Company for the year.

PBT for the period grew by 31%, Rs.3,629 crores as against Rs.2,781 crores during the last year. Profit after tax grew by 30% which is Rs.2,711 crores as against last year's Rs.2,083 crores. During the year, the Company has generated operating cash flow post-CAPEX of Rs.2,486 crores.

On Q4, the two-wheeler domestic ICE sales grew by 6% compared to Q4 of last year, while all of us know that the industry was almost flat, there was a marginal decline actually. In two-wheeler international market, Company sales grew by 32% over last year. The total two-wheeler ICE sales grew by 12% compared to Q4 of last year as against the industry growth of 4%.

EV two-wheeler sales increased by 54%. We achieved 76,000 units as against last year's 49,000 units of Q4-to-Q4 this year.

Three-wheeler grew by 21%, this quarter is 37,000 units as against last year's 30,000 units.

This quarter, the Company's operating revenue grew by 17%, which is at Rs.9,550 crores as against Rs.8,169 crores during last year's fourth quarter.

On profits, Company posted operating EBITDA of Rs.1,333 crores during this quarter as against Rs.926 crores in the fourth quarter of last year.

We have recognized the Production-Linked Incentive (PLI) pertaining to the full year based on the progress made in line with the MHI SOP on PLI.

The Company's operating EBITDA margin is at 14% in Q4. Please remember, this 14% includes the PLI benefit for all the previous quarters. If you really look at only for this quarter, the Q4 EBITDA margin will be at 12.5% as against last year's Q4 of 11.3%. We posted the PBT of Rs.1,112 crores during this quarter as against last year's Rs.672 crores. Profit after tax for the quarter is Rs.852 crores as against Rs.485 crores during the fourth quarter of last year.

Coming to TVS Credit, TVS Credit has done extremely well. We have added over 40 lakh new customers, cumulatively TVS Credit has served 1.9 crores customers till date. TVS book size is Rs.26,647 crores. There is good growth over last year. PBT for the year grew by 35% at Rs.1,027 crores as against last year Rs.763 crores. For the quarter, PBT grew by 53% at Rs.302 crores as against last year's Rs.197 crores.



As I highlighted last time, despite slow credit demand, TVS Credit maintains stable disbursements supported by increased market penetration. On TVS Credit, we will continue to focus on steady growth by increasing market penetration and share, expanding product offerings and distribution, driving digital transformation and enhancing customer experience and operational efficiency.

Coming to '25-26, the GDP is estimated to grow around 6.5% over last year. This is primarily driven by the increase in consumption and improvement in the agricultural sector.

In FY'25, we have seen overall retail grew by about 7% even though Q4 was flat. There is a reduction in the benchmark repo rate of 50 basis points in the last three months. This definitely translates into lower EMI for consumers. It is going to help enhancing the affordability for two-wheelers across the board.

Another major impetus, which is in the Union Budget is income tax rebate under the new tax regime which is hiked from 7,00,000 to 12,00,000. There is an additional savings is also likely to support the consumer sentiments. Consistent infrastructure improvement by government, that is also going to vitalize the economy and improve the quality of life in the mid-term and the long-term.

We are expecting a normal monsoon which is going to also improve the rural sentiment and economy.

We are expecting a positive sentiment with an uptick in the replacement cycle this year. Overall growth momentum in the domestic market, we are expecting is likely to be like last year. The first quarter could be moderate. I think all of us should remember that last April there was a base effect benefit. But May and June will be good. Marriage season has started off well and May and June this year there are many marriage days.

On EV industry retail, VAHAN reached 1.2 million units in financial year '25. This is from 0.5 million to 1.2 million, 31% growth. Average penetration for EV two-wheelers for the year stood at 6.8%.

The continued focus and the support of EV adoption extended by the central government in the form of PM E-DRIVE, PLI are making EVs more affordable for consumers.

As all of you know, TVS iQUBE has established as a very strong brand in the EV segment with its technology and its features and best-in-class quality. During the year, Company introduced new variants at 3 battery options, 2.2 kilowatts, 3.4 kilowatts and 5.1 kilowatts. We are getting very good response. We are also expanding the network.

Some of our EV products are in the final stages. You will see these products in the coming quarters.

Our recently launched Three-wheeler TVS EV King Max, which comes within best-in-class features including Bluetooth connectivity through TVS Smart Connect combined with innovative technology,



eco-friendly solution. It is definitely going to cater to growing demand for sustainable urban mobility. So far we are getting very good response and we will be scaling up in the coming quarters.

The Three-wheeler EV industry penetration has grown quickly; in Q4, it is around 26%. This I am talking about is L5. Like I said in the last meeting like Two-wheeler E-Mobility with TVS King EV Max, we will aim to become a prominent player in this category.

Coming to international business, in financial year '25 exports from India stood at 4.2 million units at a growth rate of 22.1%. H1 saw a healthy growth rate of 16.5%. H2 reported a faster growth rate of 30%. We have done well and we will continue to keep up the momentum.

Exports to LATAM region experienced higher growth with strong demand in many markets starting from Mexico, Colombia, Guatemala. While there were some challenges in Middle East, now Company's exports reached 1.25 million units as against 1.01 million units with a growth rate of 24.5% increase driven by strong growth in Asia, and this year we are happy that Sri Lanka has opened up, while Bangladesh has got some challenges, I am pretty sure going forward it will settle down.

LATAM has done well last year. In the African markets, we observed a mixed momentum where growth in the key countries decelerated on account of economic slowdown driven by higher inflation and currency devaluation, but we are quite optimistic because many of these African markets it has reached almost the bottom and there is only upward revisions possible this year. We are optimistic about the industry's recovery and expect positive trends and we will grow ahead of the industry in the EV market.

And as you know, the Company has been continuously improving its EBITDA margin year-over-year, almost a decade now. During 2014-15 Company's EBITDA was at 6% and now this year we are closing with 12.3%. We are confident that the Company will continue to leverage its top line growth, better product mix, sustained cost reduction initiatives, and improve profitability going forward.

With the strong range of brands, Company is confident of growing ahead of the industry both in domestic, international markets across ICE and EV. Thank you.

**Moderator:** We will begin the question-and-answer session. We have the first question line of Vinay from Morgan Stanley. Please go ahead.

**Vinay:** Hi, team, thanks for the opportunity. My first question is what exactly is the PLI benefit that we have in the fourth quarter margin like we understand 12.5% will include PLI for that quarter, so how much is that?

**K N Radhakrishnan:** 0.5%.

- Vinay:** Okay. So, it means that even adjusted for that, you've seen some bit of margin improvement. And sir, secondly like one sort of longer-term question, one change that we have seen in last year is that the scooter growth including electric vehicle has almost been twice of motorcycle growth at the industry level. How do you see this trend, in your view what is driving that and do you see this continuing? Happy to hear your thoughts. That's it. Thanks.
- K N Radhakrishnan:** Brilliant. Brilliant question. I think every time when I look at because I used to say that with EV coming in for the scooter industry the category share will go up. I think that is exactly what is happening. If you look at the scooter category share it's now somewhere around 38%. It is likely to go up further because scooter has got its own convenience, its own benefit, and with EV scooters, almost 1.2 million whatever we have seen I think we are expecting scooters will definitely grow. Another important thing according to me is even in scooter there are different, different brands, different, different sections. This is also going to propel growth faster than the other sectors when you look at the economy motorcycles or executive motorcycles or premium motorcycles.
- Vinay:** Right. So, sir, in that sense, when you look at a market like Indonesia, we have a very wide range of scooter models, right, wide range of CC, vehicle weight and all. So, when you plan your product in the future, you are also sort of thinking in that direction?
- K N Radhakrishnan:** We have to always look at how the customers are preferring, what customer segments are there. For example, we have Zest which is like an entry level scooter, then we have Jupiter 110. This is more of like the executive kind of thing. Then you have 125CC in that. Then you have Ntorq which is completely different. It is for more young, more powerful. So, if I say like middle income group, more of salaries class, it may be Jupiter 110 and 125 depending upon the preference of the customers. But if you look at young wants a little bit peppy ride, faster ride, little bit better pick up, kicker, they go for something like Ntorq. I always say that you look at our motorcycle segment, there are different, different products for different, different customer usage. With now almost 38%, 39% and according to me scooters category will grow further, more and more segments will come and you have to come up with products which will play in these segments, and we will do that.
- Vinay:** Right. Great, great. Thanks. I will come back in the queue.
- Moderator:** Thank you. We have the next question line of Chandramouli M from Goldman Sachs. Please go ahead.
- Chandramouli M:** Hi, good evening and thank you for taking my questions. My first question is just to follow up on the PLI scheme incentive that you have accrued this quarter. So, I just want to understand what percentage of our EV scooter portfolio are we currently accruing these incentives on -- is it on the entire portfolio? You mentioned there's 2-3 and 5 kilowatt hours. So, just want to understand which products there have qualified? And also if you could just share what the split within electric two-wheeler portfolio is percentage wise between the two, three and five kilowatt hour?

**K N Radhakrishnan:** See, I think we have to look at the total benefits what the Company is accruing. You should not look at which segment is giving how much, because we are a completely focused Company on customer and customer segments. Just now I answered to the other colleague that there are customers who want 5.2 kilowatts, there are customers who want 3.4 kilowatts, customers who want 3.2 kilowatts. So, we have to look at whatever is the requirement, and the government has been very forward-looking at the PLI. So, we look at PLI in totality, we don't look at which is 0.5% on the total turnover. It's a brilliant incentive according to me.

**Chandramouli M:** Got it, got it. That's helpful. My second question is just around product launches. So, I think historically we have targeted to do one product launch per quarter, and you mentioned in your opening remarks that many of your EVs are in the final stages of development. So, just going forward, the next sort of 12 to 18 months if you could give us some clarity on is this sort of similar run rate of one product launch per quarter and just heading into this whole stimulus period, lower interest rates, more favorable income tax rates for the customers, what is the sort of cadence to expect in terms of product launches as you plan for the next couple of years?

**K N Radhakrishnan:** See, if you recollect, we have a very strong R&D and we will continue to invest in looking at the segments and coming up with the products both in ICE and EV and products are getting ready. But what is equally more important is the timing of these product launches. We launched Jupiter 110. All of you know that and it has been very well accepted and thanks to all the customers in India. Now, we are looking at how do we leverage it fully. Same way iQube, we are now present in about 950 dealerships. Still we can expand that. And we want to systematically expand in every market, and it is doing extremely well. We are a very prominent player in EV. So, we look at the timing. Even though the products are ready, we will make sure that the product gets what it deserves because we will be investing quite a lot of investment in people as well as money. So, every product should get the best return for the Company. So, while sometimes the products are ready, sometimes we take a very strategic call of timing it into the market.

**Chandramouli M:** Got it. That's helpful. And just my last question is around your view of two-wheeler industry growth in India next year. You mentioned that you think that you will have different bases for different quarters. But I just want to understand overall how you're thinking about two-wheeler industry volume growth for FY'26 and also just if you could share the export and the spares revenue for the quarter?

**K N Radhakrishnan:** Sure, sure. See, if I look at the industry growth this year April so far it's little flattish. But if you compare last year base and a year before last year, year before was bad, last year was much better and we are building on the last year very good numbers, that's number one. And when I look at this year May and June likely to be, the marriage season is going to be much better because number of marriage days is much, much higher this year, #1. #2, monsoon is likely to be normal. #3, lot of investments have gone in supporting the infrastructure, roads, and currently especially in the last year Q4, we have seen little bit of slowness in the two-wheeler industry primarily according to me because

last year during the Diwali season the growth was excellent and rural went up against urban for the first time. And the retail financing companies possibly would have taken advantage of that and there was a little bit of restriction in terms of retail finance in the last quarter. I am very sure the reflections are getting much more refined this year. So, a combination of the base effect plus May and June you will be seeing more marriage days. And number three overall, the investments in the economy, I said very clearly while the first quarter maybe a moderate growth, but a year as a whole, we are looking at like last year, this is on the domestic side. On the international side we expect healthy growth, primarily because Africa, which was very low last year, it has reached really the bottom, so you will see upward improvements this year. Of course, there are challenges in terms of how the geopolitical things are taking shape, but the need for two-wheeler is still there. And always you have to be having that caution because there are many things which we have to be closely monitoring, but TVS Motor is positive and with our product range, we will definitely go ahead of the industry. And you asked two things, right. Spare parts for this quarter is about Rs.907 crores. And, you asked for international business, correct? International business revenue for the Quarter 4 is for Rs.2,391 crores.

**Chandramouli M:** Got it. That's very helpful. Thank you very much and all the best.

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

**Moderator:** Thank you. We have the next question, the line of Pramod Kumar from UBS. Please go ahead.

**Pramod Kumar:** Yes. Thanks a lot for the opportunity, sir. Sir, my first question is on the PLI only. Before I ask the question, just wanted the number on revenue side for fourth quarter excluding the PLI incentive for the previous quarter? So, you shared the margin at 12.5 for the quarter recurring margin. So, if you can just share what are the recurring revenue run rate for 4Q without the PLI incentive for the previous quarter, sir?

**K N Radhakrishnan:** Like you wanted to know the PLI number, right? It is 0.5% of the revenue in the quarter is this one. So, you can deduct it from the overall revenue, you will get without that. That's 12%.-

**Pramod Kumar:** I am looking for the previous quarter PLI incentive, sir. So, okay, let me put it this way. Revenue for this quarter including PLI is Rs.9,412 crores, is that understanding right, or you can give the response to this during the course of the call if you want to have a look at the numbers, that's okay. Can I move the question on PLI?

**K N Radhakrishnan:** It's about Rs.9,342 crores somewhere around that.

**Pramod Kumar:** My question is on the incentive side because there is a domestic value add hurdle which you need to meet and then the incentives need to be –

**K N Radhakrishnan:** We have put all the PLI only accounted in this Q4 -

- Pramod Kumar:** Yes, which is fine sir.
- K N Radhakrishnan:** Only related to this quarter, you should consider. So, Q4 underlying EBITDA is 12.5.
- Pramod Kumar:** Yes, yes. Perfect, sir. Perfect. I understand that. My question is that do we see more headroom for PLI incentives improving as we improve our domestic value added quotient of the products, do more localization, ramp up the scale and sourcing. So, how should one look at PLI incentives from the 4Q levels when you look at the next two years, sir?
- K N Radhakrishnan:** See, we have to look at in three things. One, I continue to believe in focusing on the customer. Thanks to the government, they are giving this PLI benefit. And as we grow, with more products added into the new product launches, EV will grow, and the revenue will grow, you will get more PLI benefit. Recently, we have launched the Three-wheeler EV. Very well accepted. Now PLI benefit on that will also come. So, our job is to look at various customer segments and delighting the customer. This is #1. #2, as we put the products and as we grow the top line that I told you recently PLI benefits will come. So, going forward continuously quarter-after-quarter you will see these benefits flowing through.
- Pramod Kumar:** Okay. So, in nutshell, you expect the PLI incentives to continue to keep getting better from here on, is that understanding right, sir?
- K N Radhakrishnan:** Top line will grow. Every new product we will launch, we will get the PLI benefit. Electric Three-wheeler, we have applied for everything, and we are likely to get the PLI also there. So, according to me, the PLI benefits will continue.
- Pramod Kumar:** Okay. That's good to hear, sir. On the electric Three-wheeler side because I just looked at the numbers, you're practically closing on Piaggio on the E3 wheelers volumes pan India. So, if you can just help us understand where are we on the network side because Piaggio, Mahindra, Bajaj has been in this market for a while and you entered this market only recently? So, if you can just help us understand the journey so far, how has been the customer acceptance, how many markets you are present, and in those addressable markets you are present, how has been the market share ramp up, because you're kind of getting the number three position now and how big the opportunity could be, say one or two years down the line and also what are the products launches or action in the e-Three-wheeler space?
- K N Radhakrishnan:** First, let me give you three things. One, the E-Three-wheeler whatever we have launched, we are extremely happy. The response has been very positive from the customer side. This is number one. And it has got so much of attractive quality and the features and customers are really, really loving it. #2, as I highlighted, this E-Three-wheeler in the L5 category is growing at a very, very good rate. Now practically the penetration levels are close to 28% and it is likely to go, maybe 35%, some very quick numbers you can say, that is the speed at which it is growing. Our focus is to become a very prominent player. Like you highlighted, we have only launched in a few markets in North, we have

just put some markets in East and there is a huge opportunity all India. And we definitely respect all the three competitors, whomever you have highlighted, they are a great Company, I never compare with my competitor, I look at always the customer.

**Pramod Kumar:** Sir, if you can quantify how much of the network addressable market you've covered, how much is the potential just like you said, like your iQube is there in only 900 outlets, you got a network footprint of 4,000 plus, yes.

**K N Radhakrishnan:** I have to see some time because I have not really looked at it, but I can tell you few markets in North only we have launched and very few markets in East we have launched because we are -

**Pramod Kumar:** Last question to Desikan sir. Employee costs and other expenses have grown by 23% and 26% in FY'25. Revenue growth is 14%. So, there's been absolutely no operating loss, there's an operating deleverage because of the accelerated investments what you're doing on R&D and technology and all that. So, if you can just help us understand how do you see this cadence in FY'26, because mind you this is not only in FY'25 that's been the case for the last 3-4 years now, there has been no operating leverage, the gross margin improvement has happened from portfolio level and the kind of success we have found with the products. So, can we expect FY26 you will see some operating leverage coming back to the business because of all the investments which you have already done?

**K Gopala Desikan:** The most important thing according to me is overall as a Company, our EBITDA has been growing extremely well. I am very sure. Hope you get it. Please understand, I highlighted that we are investing in the right areas of software, digital and analytics because these are the areas which is likely to become bigger and bigger going forward and we have strengthened our R&D and new product development significantly higher. All this cost money. And I am very sure these are all investments for growing the top line ahead of the industry going forward. Now I don't want to give any prognosis for the next year because we will look at investing in the right areas, whether it is on employees or on the other things.

**Pramod Kumar:** Thanks, sir.

**Moderator:** We have the next question from the line of Gunjan from Bank of America. Please go ahead.

**Gunjan:** Yes, hi. Thanks for taking my question. Just a quick clarification on your prior comments like can you give the EV revenues for the quarter and the year fiscal '25? And also you mentioned somewhere that financing probably has tightened a bit. If you can like sort of share what does it mean for our portfolio, have you seen some change in or how much is the portfolio which is financed in Quarter 4, has there been any let down on that?

**K N Radhakrishnan:** See, I said, during the Diwali season this is the first year rural came back in a big way, urban was well. So, overall what has happened is a little bit of good financing has happened. And whenever there is good financing, sometimes what happens is you have to look at the collection efficiency and

many of the retail financing companies look at. However, in the case of TVS, we have been always prudent, for example, whether it is our GNPA or NNPA, they are extremely good. Because we are always prudent in terms of looking at what is the right financing and we look at the quality customers. So, that way TVS Credit has done extremely well.

**Gunjan:** On EV revenues, if you can share numbers on that?

**K N Radhakrishnan:** EV revenues for the year it's about Rs.3,364 crores.

**Gunjan:** And the quarter?

**K N Radhakrishnan:** Quarter is about Rs.889 crores.

**Gunjan:** Okay. And sir, just second question I have is on a lot of items that you've mentioned in terms of dividend income from subsidiary, mark-to-market. Can you give us a little bit color on where this dividend income is from? Where are we seeing this fair valuation losses? And again the investments that we have made in this quarter around Rs.600 crores. Where has that gone? Some color on all these footnotes regarding the subsidiaries.

**K N Radhakrishnan:** There are too many questions. Let me try to recollect one-by-one and try to answer you. Other income, we had dividend income from SACL and we had a notional loss on the previous investment made in Supply Chain. So, these are the predominant ones. And your next question on the investments during this quarter, correct? Investments are primarily as we highlighted earlier, one is Norton, then small investments in some of the investments related to Moto, TVS Digital. I think these are the most important ones.

**Gunjan:** You said Rs.2,000 crores-odd. Is that going to be the base of investments in fiscal '26 as well or any change there?

**K N Radhakrishnan:** For this financial year also please understand like I said, Norton will continue because Norton products will be available by end of this financial year. We are looking at products getting ready to launch into the market. So, that investments will continue. Some investments in the TVS Credit will be there this year also because it is doing extremely well and there will be some investments related to the SEMG, that is the electric cycles. So, these are the broad investments we are looking at this year. So, the number will be around whatever we have done this year.

**Gunjan:** Okay, got it. Thank you, sir. I will join back in the queue.

**Moderator:** We have the next question from the line of Vipul from HSBC. Please go ahead.

**Vipul:** Yes. Hi, sir. Thank you for taking my question. This is about the CNG scooters. Please correct me if I am wrong there. Getting incremental weight is a challenge what we are seeing in the CNG two-

wheelers. So, typically motorcycles are used to carry more weight than scooters. So, will it be fair to assume that CNG tech is more suitable for scooters than motorcycles?

**K N Radhakrishnan:** I can't say like that because we have to look at the customer usage again, because customers are agnostic about the technology. CNG is a good technology. So, we have to look at in totality how the customer preferences are moving. Sometimes you have to also a little bit time it. So, I don't want to come and conclude which is better. But you would have seen our scooter with CNG. Appropriate time we will look at it and see whenever the market is ready, we will be ready for because we have the capability in terms of product, technology and delivery capability and excellent network.

**Vipul:** So, I am trying to understand like for example in rural India, typically two to three people sit on a motorcycle, so the weight becomes almost 200 Kg or 220 Kg per vehicle. So, I think over there the incremental top to carry that weight become reduced significantly in a CNG motor cycle rather than a petrol motor cycle. Typically in a scooter normally one or two people will sit at max. So, I am trying to understand that if CNG is a case more for like one or two person being driving the vehicle or can it carry like three people weight as well like with the typical requirement of a rural market?

**K N Radhakrishnan:** In the rural, urban, in my opinion, the usage I have seen even in scooters, three people and four people sitting. That is unique to our country because they use it. But what is most important, my understanding is that motorcycles generally people use more kilometers per day. We have seen motorcycles, average usage maybe about 40 kilometers, whereas in a scooter it is about 20 to 25 kms. And urban-rural split when you go through that again the usage cycles are little different. But usage different irrespective of the fuel I think we have to closely look at it. I think there may be many factors. One is the usage, another one is number of CNG, today how many real outlets are there, how much time people have to stand in the queue to get the CNG. Because customers are very sensitive. Practically, I would say that if somebody has to wait for a little longer time, they don't have the patience because always time is very, very important for people. So, we have to look at in totality. But according to me CNG is a very good option. When and how and which models and what we need to look at it. I think this is a very important work which we are studying very closely.

**Vipul:** And sir one more question if I can take on exports. You touched upon Africa on your initial comments. Your exposure just to a couple of countries like your exposure to Guinea, Tanzania and Congo was relatively higher in your portfolio. So, if you can talk a bit about like economic growth drivers in those countries and what are the key models being sold or like it's like mid size, mid variance or cheap variance being sold over there.

**K N Radhakrishnan:** It is primarily HLX series, HLX 110 is there, 125 is there, now we have put the 150 also. I think these are all taxi market. Of course, these markets we have also started selling some of the products from Indonesia. The response has been pretty good. So, these markets are doing very well, the entire markets whatever you highlighted, and the infrastructure development is also happening. The most important thing is from taxi at some point of time you will start commuting customers to come in.

- Vipul:** Actually, I was asking more of economic growth drivers. So, are any different economic growth drivers for these countries or how does it work like?
- K N Radhakrishnan:** See country-by-country there are certain common economic drivers, there are different economic drivers and we have a very strong team which drives country-by-country whatever the economic drivers are. If you ask me straight away, I may not be able to share with you because it will take more time to share with you. Country-by-country there are economic factors, we have to closely look at it. And there are factors which also influence the local inflation, there are factors also decide on the currency fluctuation, currency rate, because all these factors are very, very critical from the customer point of view on the on the road price. And there is also another factor because in these markets the financing, who is able to give the financing, who is not able to give the financing, there are organized, there are dealer driven, so multiple factors are there, and your distributor strength and your dealer strength, network strength. And another important point is please understand in a taxi market, service is very, very important because they don't want any unproductive hours. So, if somebody is able to do extremely good service, there are markets which the two-wheelers run for almost 200 kilometers a day. So, multiple factors are there.
- Vipul:** Understood, sir. Thanks a lot.
- Moderator:** Thank you. We have the next question from the line of Sonal Gupta from HSBC. Please go ahead.
- Sonal Gupta:** Hi. Good evening, sir and thanks for taking my question. Just going back to CAPEX and investment in subsidiaries, so we have seen a big jump in CAPEX. I am just talking standalone numbers. So, Rs.1,800 crores of CAPEX versus say roughly Rs.1,100 crores last year. So, could you sort of give us some more detail into where is this investment spend going, is there some capacity expansion as well and how do you expect this for next year?
- K N Radhakrishnan:** See, most of the CAPEX I would say is all related to new product and technology related. And there are of course for example Jupiter 110, there are investments related to capacity also, because this product originally we looked at 50,000, now we are doing almost 65,000 because when the market pull is there that is the time we have to look at in terms of investing in the manufacturing capacity, supplier capacity. Second, please remember, this also includes all the two-wheeler and Three-wheeler EV. These are definitely going to help the Company in the future. So, it is new product development, technology and some areas for capacity increase, 4.7 million we have done last year. We are expecting much better growth this year than industry. And some are related to existing products doing better, some are related to new product launches.
- Sonal Gupta:** Right. Because in the past we have said that we will look to internalize some of the EV components. So, is there a lot of investment related to that in this number?
- K N Radhakrishnan:** No. Like I said last time, there are many things we make it in-house and we also buy. So, it is a make and buy strategy we look at, primarily because of the technology capability we want to also make

and in certain areas for example, the Three-wheeler EV what we have launched the motor is from our Company. It is designed, developed and inside manufactured. So, it is a very prudent strategy of make and buy.

**Sonal Gupta:**

Right. Because I mean, the way to look at it, if I look at combined right like because a lot of our investments which is going into subsidiaries is also, I mean other than Norton really and TVS Credit is really again technology for the Company itself, right, on an overall basis. So, I mean like last year we roughly spent about Rs.2,450 crores. If I include subsidiary investments and that is including whatever is put into TVS Credit and Norton and that number has gone to almost Rs.4,000 crores this year. So, there's a substantial jump. I am just trying to understand right like the pace at which we're investing I mean it seems a very large number. Could you sort of highlight how much is TVS Credit this year?

**K N Radhakrishnan:**

Yes, let us go one-by-one. You have seen TVS credit numbers and predominant investments have gone behind TVS Credit, and the book size is almost 27,000 crores now and it is extremely profitable also and there is huge room for growing that business is #1. #2, Norton, I told you whatever we have invested is all behind the products and products are likely to be seen in the market in Q4 of this year, that is financial year '26. Then there are investments related to lot of technology, new technology including digital. This is even though we are focusing many on the EV side, but it is going to be very useful for some of the products in the ICE side. So, these technologies capabilities we are investing behind for the total two-wheeler, Three-wheeler business and like I said last time we have also started and entered into Delhi market. There's a huge opportunity to look at many of the European markets. So, Company is looking at investment behind products for all the developing markets, including now we started looking at the developed markets. So, combination of new product, technology and certain technologies in digital and analytics which are going to be across all products for all regions.

**Sonal Gupta:**

Okay. No, basically where I am coming from is that your EBITDA is effectively if I take the fact that tax payment as well, right, like you're not generating any free cash flow I mean after your investments in subsidiaries and CAPEX, so that's where I am coming from. But anyways I will take it more offline. Thank you, sir.

**K N Radhakrishnan:**

See, we invested in TVS credit, we invested in Indonesia, we invested in many of the new technologies including EV and in Three-wheeler. Because we invested, you have seen the kind of revenues whatever you have seen and because of that overall EBITDA has grown from 6% about a few years back, now we are at 12.5% this quarter. So, the objective is to look at invest in the right technologies, right areas, right new products, grow the top line ahead of the industry. And free cash flow will automatically come. If you grow your top line and invest in the right technology.... please understand, each of the technologies requires really one or two years or sometimes even three years to fructify into top line.

**Sonal Gupta:** Sure, sure, sir, that point is well taken. But if you could just later on clarify how much has gone into TVS Credit and Norton that will be helpful?

**K N Radhakrishnan:** In TVS Credit, significant investment has been behind and is doing extremely well. Norton, average, which I always tell you, about Rs.500 crores.

**Sonal Gupta:** That is an annual number?

**K N Radhakrishnan:** Yes, yes.

**Sonal Gupta:** Great, sir. Thank you so much.

**K N Radhakrishnan:** Thank you.

**Moderator:** Thank you. We have the next question from the line of A Pirani from J.P. Morgan. Please go ahead.

**A Pirani:** Yes, hi, thanks for the opportunity. Sir, my first question is on the motorcycles. This year we have seen some moderation in the growth of the Raider. We had a refresh. So, any plans of any product in the 125CC or any plans on the Raider or any other launch that we should look forward for motorcycles as a whole?

**K N Radhakrishnan:** See, Raider has done extremely well overall if you look at it from the day it was launched. And I am pretty confident this is going to be an all-India market...not only all India market, it is going to be a product for the global market. Sometimes you have to wait a little bit, be patient because when we started Apache for example it took some time and Apache is a great brand. In Raider, I am pretty confident that this year we will see a significant growth in Raider. When we started Jupiter 110, it was slow, steady, now Jupiter 110, plus 125 is doing extremely well. So, many times you have to be a little bit cautious and you have to be investing behind the consistent products as well as brand and it's a prudent decision we have to look at and I am pretty confident that the customers who buy Raider are extremely happy in the 125 CC and the overall motorcycles if I look at the economy is not so great, economy has not been growing due to many reasons, we know that, because the buying power in that category at the entry level is a little difficult. It's not fully gone, but the executive category is the category which is growing very well and Raider in that category in the last couple of years, what position it has taken is excellent and I am pretty confident that you will see a significant growth this year. Of course, we have done certain upgrades, certain technology products, although we have launched this quarter, all are having very good pull in the market.

**A Pirani:** Understood, sir. And just on the investments, one clarification. This quarter also, I think there is some investment in TVS Supply Chain. So, I mean, we understand the investment in the subsidiaries and all those things, but in TVS Supply Chain, we just want to understand the rationale for this investment because we have already had some investments, and I think we are doing further investment in that as well.

- K N Radhakrishnan:** What is most important thing is we look at it in totality and then we go behind certain investments which are for medium term, short term, long term.
- A Pirani:** Okay. But I am guessing that Supply Chain is more of a financial investment, right, because I mean, unlike your other subsidiaries, you only have a small stake?
- K N Radhakrishnan:** Yes. Correct.
- A Pirani:** Understood. Thank you. I will come back in the queue.
- Moderator:** Thank you. We have the next line of Kumar Rakesh from BNP Paribas. Please go ahead.
- Kumar Rakesh:** Hi, good evening. Thank you for taking my question. My question was around TVS Credit. So, while you spoke about the PBT growth, can you speak about the credit quality, how that has moved sequentially terms of NNPA, GNPA credit cost that you can share on that?
- K N Radhakrishnan:** GNPA year as a whole is about 2.9% and even the March quarter is excellent, actually 2.8%.
- K Gopala Desikan:** As you rightly said, the quality of the book is improving. That's one of the reasons. Otherwise we could have even grown at 30,000 crores. We were very cautious in the lending disbursal. The GNPA as you very rightly said is 2.9% and the quality of the book is very good today, but our collection costs have gone up because we want to collect from everybody and therefore the collections are quite healthy around close to Rs.7,000 crores we have collected in Q4 as against the comparable quarter of around Rs.5,700 crores. So, this is what it is.
- K N Radhakrishnan:** What we are always looking at in TVS Credit Services is quality profitable growth.
- Kumar Rakesh:** Okay. Thanks for that. And on the subsidiary losses, So, what drove in this quarter and how do you see that panning out in FY26? Now that you spoke about that Norton should have a product by the end of this year. So, how would you be expecting the subsidiaries as a whole to perform in FY26? Thanks.
- K N Radhakrishnan:** It will be better, definitely because Norton is all about products. When we bought Norton, nothing was there practically, it was only the brand which we bought, and it took time to invest and create these products and we're really looking forward to this financial year and I am pretty confident the products will do well. Second, this year, the SEMG, there are many initiatives we have taken, but unfortunately, the European markets are going through very, very tough times. So, sometimes you have to be patient, but what is most important is we have taken many actions in the e-cycle business, which is helping us. So, I am more positive about e-business this year. And other investment in TVS Credit you have already seen. These are predominant businesses, and all the remaining investments are behind technologies which are used for our two-wheeler EV, two-wheeler ICE and Three-

wheeler. So, this year definitely you will start seeing the returns coming in, it may take one or two more years to see really good benefits coming in.

**Kumar Rakesh:** Great. Just a clarification. We have not taken any write-off in any of the European investments that we have made or do not see that to be happening in this year, right?

**K Gopala Desikan:** We don't need to provide for. Again you spoke about losses in the subsidiaries. Norton is an investment. What is happening there is only the development-related expenditure being incurred there and therefore there is no reason for any impairment provisions required and we are confident about all our investments.

**Kumar Rakesh:** Great. Thanks a lot.

**Moderator:** We have the question from the line of Mr. Pramod Amte from InCred Equities. Please go ahead.

**Pramod Amte:** Yes. Thanks for taking my question. Sir, the first question is with regard to the industry sub-segment. Considering that you are the largest listed player in this quarter, can you give some clarity in terms of what's the rural versus urban mix now, how it has grown in last year, especially considering that rural has come back, but scooters have outperformed drastically versus typically motorcycles are understood to be more a rural product?

**K N Radhakrishnan:** See, rural did well in last year Q2 and Q3. Q4 bit of a blip in rural. Even this month when I look at it, rural is a little bit lower than urban. We have VAHAN which can give a very quantitative measure and all of you can see that also. However, I am of the view that May and June we have to closely look at it. The number of marriage days are more this year and monsoon expectations are normal, agriculture is doing well, these are positive sentiments. So, I am of the view that this year you will see rural holding up. We saw Q2 and Q3 last year rural coming back in a big way. I am expecting rural should respond more positively and retail finance will definitely come back definitely in this quarter and next quarter. And this year, as you know, the predominant season is in September and October. So, it is between Puja and Diwali in September and October. So, according to me, rural will start improving going forward because last year we saw only two quarters and then a little bit subdued, it should come back, this is on the rural.

**Pramod Amte:** And what's the scooter mix for rural and urban now for the industry?

**K N Radhakrishnan:** Rural, I don't have exact number because VAHAN doesn't give that and if I make a judgment that may not be fair. But urban is more on the scooter definitely, but the rural is definitely picking up.

**Pramod Amte:** Okay. And the second one is with regard to PLI. When you look at your localization, that was the entire initiative to incentivize the localization through PLI. So, in your journey, where are you in terms of localization for EV as a proportion of import versus the local produced as a percentage of

value? And what is your target for next year and later on and what are the products or sub-segments or the parts which you are looking to drive this localization?

**K N Radhakrishnan:** The localization has been the strength of our Company because we have worked on always DVA more than 50% and we will continue to work on this because this is something and you know that cell at this point of time is imported and there are cells which are going to be made in India and we are also partnering with some of them. So, it is going to be a journey... the entire EV is going to be a journey and we are very positive that the volumes will grow and we are doing the right make and buy decision. That's why I use the word make and buy decision. So, it's a continuous journey.

**Pramod Amte:** Sure, sir. Thanks and all the best.

**K N Radhakrishnan:** Thank you. Thank you, everyone. Thank you everyone for joining. So, if I can summarize, we are extremely happy that we posted the highest ever revenue of Rs.36,251 crores and the PBT of Rs.3,629 crores in the financial year just closed. And with our unwavering focus on consumers, quality and customer delight, we are confident of continuing to grow ahead of the industry. Like I said, we will continue to invest in people, technology to develop more new products, develop the right technologies for not only India, developing markets and developed markets. With the kind of product range, what we have starting from the brands like Apache, Jupiter, iQUBE, Raider, Ntorq, Star Range, HLX, Radeon, TVS Ronin, TVS King and the recently launched TVS EV Max, we will grow faster than the industry, both in domestic and international market. We will become a prominent player in the EV Three-wheeler in India. As you are aware, we are extremely happy that the EBITDA margin has been consistently growing in the last five years. We are confident that as we delight our customer, grow the top line ahead of the industry, with leveraging its the overall growth, scale benefits, better product mix and sustained cost reduction initiatives, will continuously improve profitability going forward. Thank you for your time and your continued trust on the Company.

**Moderator:** Thank you. sir. On behalf of TVS Motor, that concludes this conference. Thank you for joining us and you may now disconnect your lines.