

DUE DILIGENCE EXERCISE UNDERWAY

TVS EV Co may Get \$350m from ADIA, Goldman, Carlyle

Unit could become most-valuable electric 2-wheeler as deal seen at \$3-3.5 b valuation

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Mumbai: Abu Dhabi Investment Authority (ADIA), Goldman Sachs and Carlyle are in active discussions with TVS Motor Co to invest \$300-350 million in its electric vehicle (EV) arm at a potential \$3-3.5 billion valuation, said people with knowledge of the matter. If the deal takes place at this valuation, it will become the most valuable two-wheeler EV company in the country. The current market value of TVS Motor is Rs 51,238.15 crore.

Due diligence is currently underway.

TVS had appointed Citi to manage the capital-raising exercise last year. With its range of iQube models, TVS has emerged as the second-largest selling brand in the electric two-wheeler market in volume terms after Ola Electric.

The TVS Motor board had approved the creation of a new arm to house its electric mobility business in October 2021. TVS

Electric Mobility was incorporated in December as a subsidiary with an investment plan of Rs 1,000 crore.

TVS and ADIA didn't respond to queries. Goldman Sachs and Carlyle declined to comment.

The deal structure is said to be broadly similar to that of Tata Motors EV with TPG's investment in that company being part equity and partly linked to performance-based milestones.

One of the first legacy manufacturers to enter the EV segment in January 2020, the Hosur-based firm has seen its volumes climb month-on-month. Bajaj Auto, which entered the market with e-Chetak scooters around the same time, has struggled to achieve scale amid a semiconductor shortage.

TVS is the third-largest two-wheeler company in terms of domestic volumes. It sold 10,404 electric two-wheelers in January 2023 against 1,157 in the corresponding month a year ago. It expects total e-scooter numbers to cross 100,000 this fiscal year.

In January, the two-wheeler maker was able to post record operating profit per vehicle of Rs 7,500, with revenue growth driven by a higher average selling price (ASP). This was a result of price increases as well as the rising share of higher-priced models such as EV scooters, the Jupiter 125 and the Raider.