

TVS Motor bets on rural demand to fuel industry growth in Q3; posts highest-ever revenue, profits in Q2

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TVS Motor Company, leading manufacturer of two and three-wheelers, expects to see continued improvements in two-wheeler demand in rural markets.

The company projects high single-digit growth for the industry in the third quarter of this fiscal year, supported by strong demand from these regions.

"We're seeing promising responses from the rural market. In the previous quarter, there was a slight slowdown in overall industry performance but during Navratri, we observed a resurgence in demand. I anti-



KN Radhakrishnan, Director and CEO, TVS Motor BJOY GHOSH

cipate robust performance in the upcoming quarter, especially given the favourable monsoon conditions, which should positively impact reservoirs and drive rural demand growth," KN Radhakrishnan, Director and CEO of TVS Motor Com-

pany, said during the Q2 FY25 earnings call.

RURAL PERFORMANCE

The next week will be critical in shaping the market dynamics, and Radhakrishnan expects reasonable growth in Q3, with hopes that rural performance will more closely match urban growth this year.

"Overall, I predict the industry will grow by around 7-8 per cent, and TVS Motor is well-positioned to outperform the market in Q3," he added.

During the first half of this fiscal year, rural growth was about 9 per cent, while urban growth reached around 7 per cent. "This is significant as it's the first time we're wit-

nessing rural growth catching up to urban levels, even if the differences are slight. The performance of the rural market relies on factors such as monsoon conditions and agricultural productivity. Continued improvements in rural areas could positively influence the four-wheeler industry," he explained.

EV REACH

Radhakrishnan also noted an increase in electric vehicle (EV) penetration in the two-wheeler segment in the country, which stood at 7 per cent in Q2. The company achieved highest-ever quarterly electric two-wheeler sales of 75,000 units in the September quarter. The company generated rev-

enue of ₹1,600 crore from EV sales during the first half of this fiscal year.

On pricing strategies in the EV segment, Radhakrishnan said the company aims to deliver products at competitive prices without relying on discounts.

In the September 2024 quarter, TVS reported highest-ever quarterly net profit of ₹663 crore, an increase from ₹537 crore in the same period last year. The company also achieved its highest-ever operating revenue of ₹9,228 crore for the quarter, reflecting a 13 per cent rise compared to ₹8,145 crore in Q2 2023.

Operating EBITDA reached a record ₹1,080 crore.