

# TVS Motor bets on loss-making subsidiaries

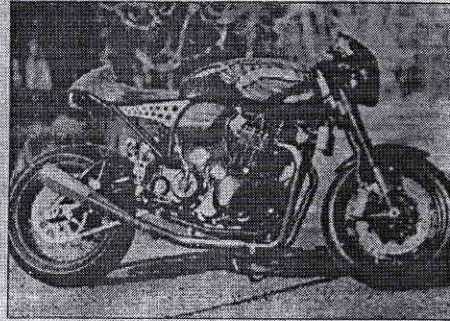
**Steps up investments in Norton, hikes stake in SMEG**

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**TVS MOTOR COMPANY**, India's third-largest two-wheeler manufacturer, is betting on its loss-making subsidiaries bought in recent years by investing more than previously envisaged, to ensure a faster turnaround. For example, it continues to invest in UK cult bike brand Norton despite losses rising by 100% to ₹265 in FY23.

After announcing the infusion of ₹1,000 crore into Norton in 2022, senior management of TVS had guided that investments into Norton were complete. Similarly, it has also hiked stake in Swiss e-mobility Group (SEMG), a Switzerland-based bicycle-making company, to 100% by buying the 25% stake for ₹186 crore. While SEMG is a market leader in the e-bicycle space in Switzerland, it clocked a loss of ₹92 crore in FY23.

In early 2022, TVS bought a controlling stake in SEMG for ₹752 crore with an aim to capture the electric bicycle market of Europe. In a post earnings conference call, KN Radhakrishnan, director and CEO, TVS Motor Company, said, "For a couple of years, there will be challenges because everything needs to be structured and investments in product development have to be made. Geopolitical



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challenges are beyond our control. Norton requires a series of products and for that you need investments in design, development and we have to be a little patient there."

He also added that these investments will yield very good returns going forward. Europe is going through some tough times. In terms of numbers we are able to see slight pick-up now and we are confident that going forward the numbers will come up. "The overall losses in the e-cycle business are coming down quarter after quarter," Radhakrishnan added.

The company's other investments during the quarter include TVS Digital, a Singapore based digital technology start-up and ₹200 crore in TVS Credit, a non-banking finance company, during the quarter. Overall, it made investments of ₹400 crore in the June quarter this year.