

### "TVS Motor Company Limited Analyst/Investor Conference Call hosted by UBS Securities India Private Limited"

## September 13, 2022

Fund name	Contact name
Baroda BNP Paribas	Jigar Shah
Franklin Templeton	Sandeep Manam
GIC	YanLing Tay
Goldman Sachs Asset Management	Rahul Ranade
UBS Asset Management	Kevin Koh
UG Funds	Dennis Chung
UBS Securities India	Pramod Kumar
UBS Securities India	Nikunj Mandowara

# Transcript Speaker 2 Another theatre. Speaker 3 So I think we do a quick note. Speaker 3 Of interest so. You have a source. Speaker 3 I Krishnan, President, CEO. So you've been. Speaker 4 This Presidency or. Speaker 3 For how many years now? Speaker 4 I moved to Director and CEO. You are every time you are introducing. Speaker 4 This guy has. Speaker 4 Been reporting me. Speaker 5 No, that's the strong objection to this, very strong. Speaker 3 We get the CEO when, which yeah. Speaker 4 That is not relevant. Speaker 3

I'm like.

Speaker 2

2006 seven.

Speaker 3

No, no, no, don't do that.

#### Speaker 3

And he is a veteran of the group. He earlier he was with backcourt EVs, the Sundering places, which is the Max of break business with CV joint. He was the President of that before he joined TV S and I think Quality Hawk.

Speaker 4

No, no, no, I was not present. I will set up TQM there and planning.

Speaker 4

When I moved here.

Speaker 4

Well then started with India business and then moved.

Speaker 4

Into this role.

Speaker 3

This work, but even with the group sells campus.

Speaker 3

Yeah, 38 years in the group IP morass.

Speaker 4

At the 38 year.

Speaker 4

With Mr Vossen 38 year.

Speaker 3

And I am.

Speaker 3

I am bad. I am overriding mudra and.

Speaker 3

Mr Daisy and again is with the group for since.

Speaker 5

Yeah, 30 plus years. 35 years now, 34 years.

Speaker 3

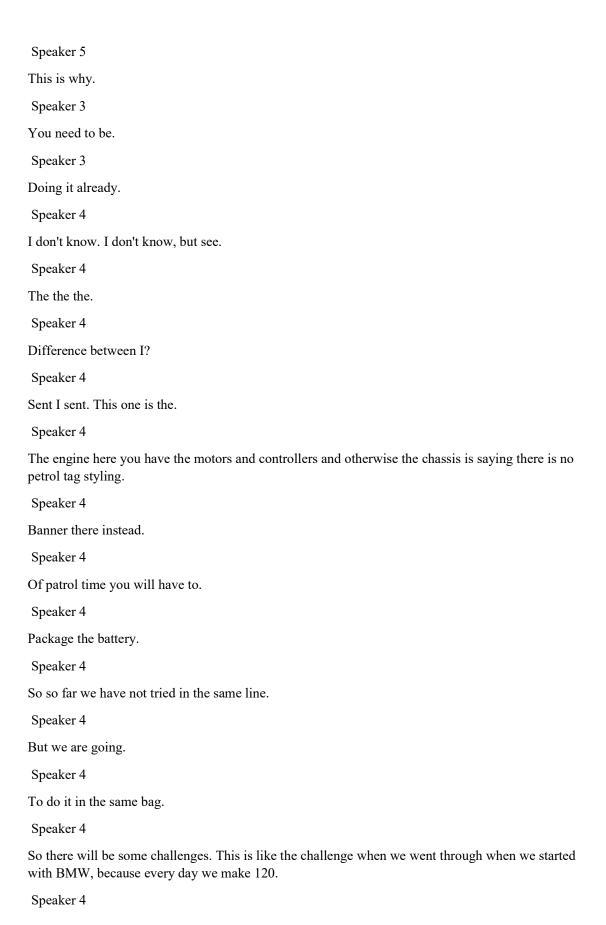
So he is the group CFO, right, so and with investors I think.

Speaker 3

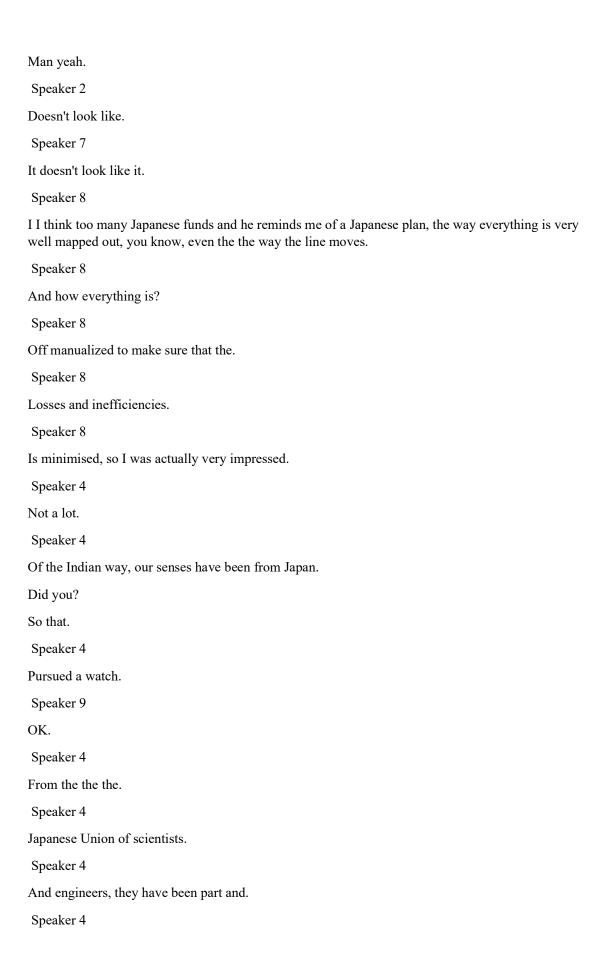
Kevin comes from.

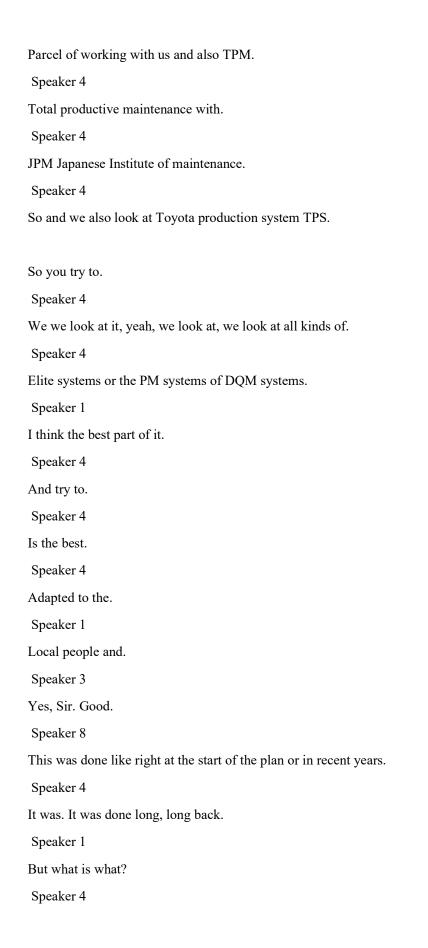
Speaker 3

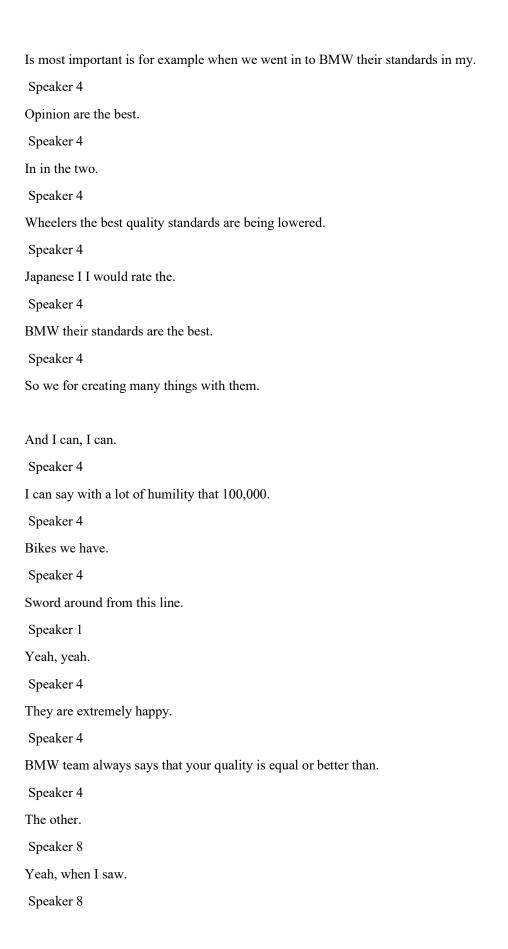
Certain arrogance info. We have yangling again from Singapore GIC, right? And David comes on Pypi from UG funds, so that's his first to the plan I think. All of all. Speaker 3 The three are coming to the plan for the first time. Speaker 3 Then we have liquids there. Who works with me? Speaker 3 And you guess in Bombay? Speaker 3 Then on Jigger on the left. Speaker 3 Hand side from BNP Paribas. Speaker 3 JB between BNP and Bangoura, Rahul comes from Goldman Sachs Asset Management Visa from Mumbai and Sandeep has been to the plant earlier and he's with Franklin Templeton, Chennai. Speaker 4 Oh, you're from German? Speaker 3 So yeah, any any quick? Speaker 4 Impressions of your visit to these two plans? Speaker 4 You would have. Speaker 4 Currently many plans, I promise. So any field. Speaker 3 It is the. Speaker 1 Ability to produce both IC and DD on the same line. Speaker 5 Something special for us or? Speaker 4 Next year, next year.

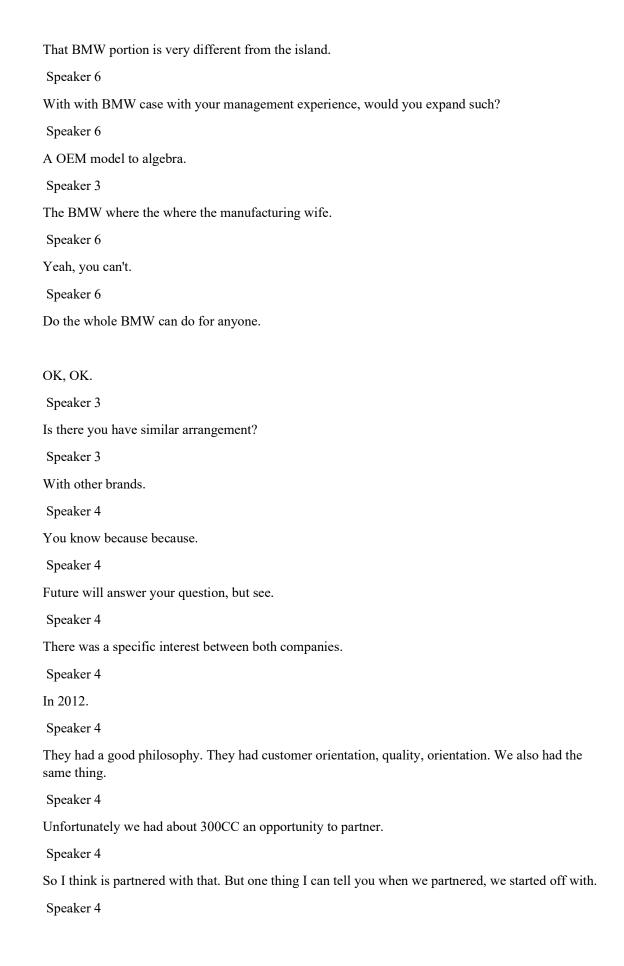


Country specific variants in that line.
Speaker 4
So one to Japan to Canada, to your husband, to you Berlin like that so and each one has got.
Speaker 4
Specific colours and also the.
Speaker 4
The the manual, you know the customer manual is different. So I was very much afraid N equal to 1 because we are a company we look at on a daily basis we produce about 14,000 vehicles.
Speaker 4
And at that mass production here it is N.
Speaker 4
Equal to 1 so.
Speaker 4
I am very sure that people have the ability to look at how to produce in.
Speaker 4
The same line both TV and ICE.
Speaker 4
Next year.
Speaker 1
OK, OK.
Looks like.
It looks like I can do it now.
Speaker 4
Based on possible?
Speaker 6
Yeah, basically that's what you explaining.
Dental cleaning.
Speaker 4
So any impressions about the planet isn't?
Speaker 7
Maybe it's very clean since it's a very old plant and still it's maintained with now.
Speaker 4
40 year old.

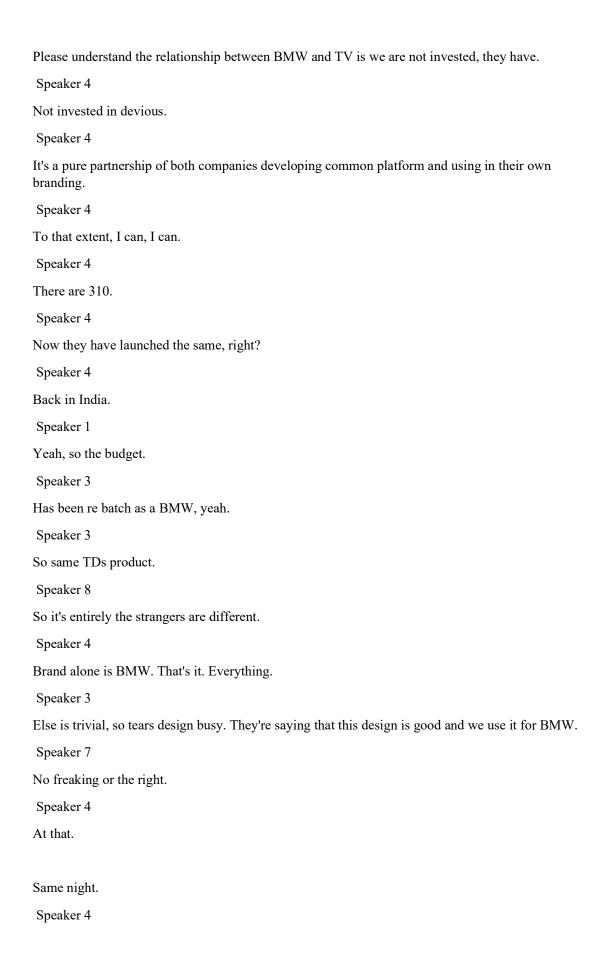


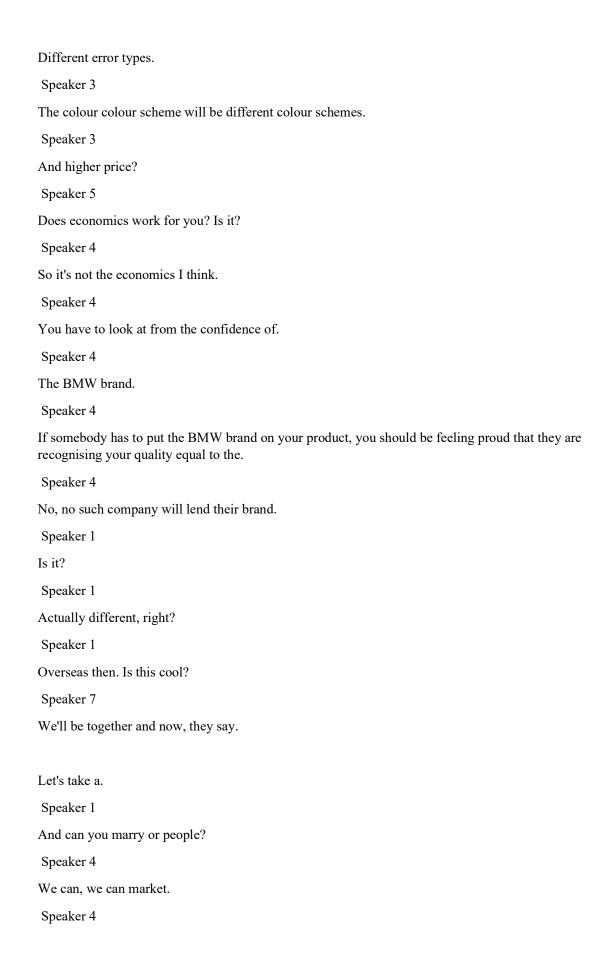


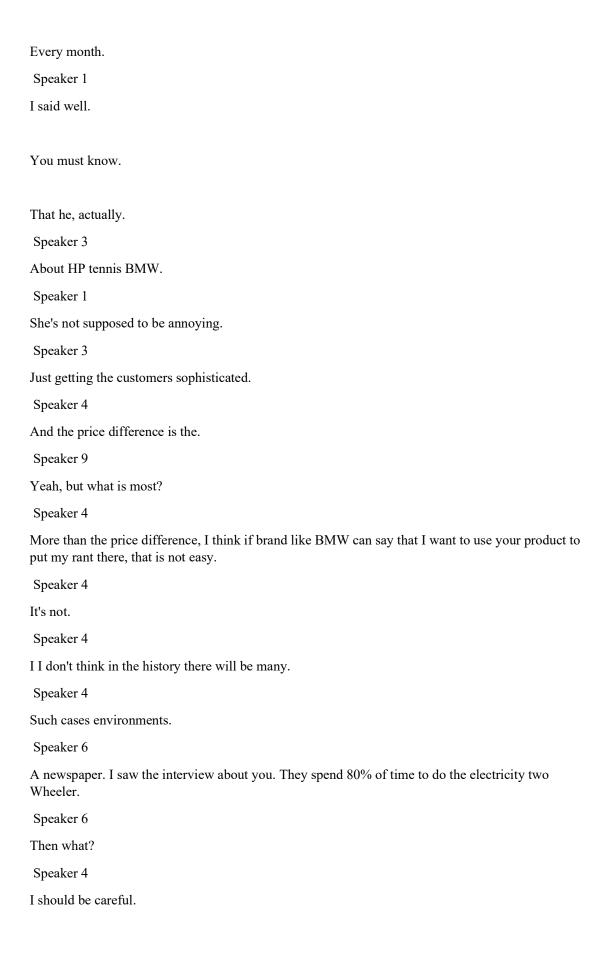




To their design, interior development and the supply chain and manufacturing. And the quality was ours. Speaker 4 We have agreed for another relationship where the interior design is orders. Speaker 4 Or BMW brand. Speaker 4 That is what we're cool, EV bike. Speaker 3 E bike or scooter? Speaker 4 EV2 we'll let me not use the word bike. It means you will think it is. Speaker 3 OK, that's what? Speaker 4 More said. I don't want to say. Speaker 4 The wrong, but it is a two Wheeler. Speaker 4 It's a cool two bigger let me let me tell you it will really really surprised about. Speaker 3 So you guys have done the design development? Speaker 4 Supply chain, manufacturing, everything. Speaker 4 Therefore, the global oil markets, we will have same platform for our TV. Speaker 6 So so more a little bit like moruti and. Speaker 3 Yeah, it's it's their product. Everything is there BMW just. Speaker 4 There, there. There is no Jerry here. Speaker 4







## Speaker 6 And may I know a little bit of how to use banner 80%? And what that is? Speaker 4 Sea ice. Ice, like I say. Speaker 4 Pop management I I think this company knows. Speaker 4 I is very well. Speaker 4 And there are. Speaker 5 Enough people who are. Speaker 4 Trading on products and technology and manufacturing and supply chain. Speaker 4 Yeah, asked me the same question about five years back when you're having the relationship with BMW, I would have said no. Speaker 4 But today, thanks to BMW also, now we know that even in developed markets our engineers know what to design, what to develop, how to deliver, how to deliver the parents quality. Speaker 4 Now he really all of us need to learn. Speaker 4 It is learning and developing and putting into the market. So it's a combination. It's not only for me,

the entire top management of the company understanding EV technology and we believe once you are

Speaker 5

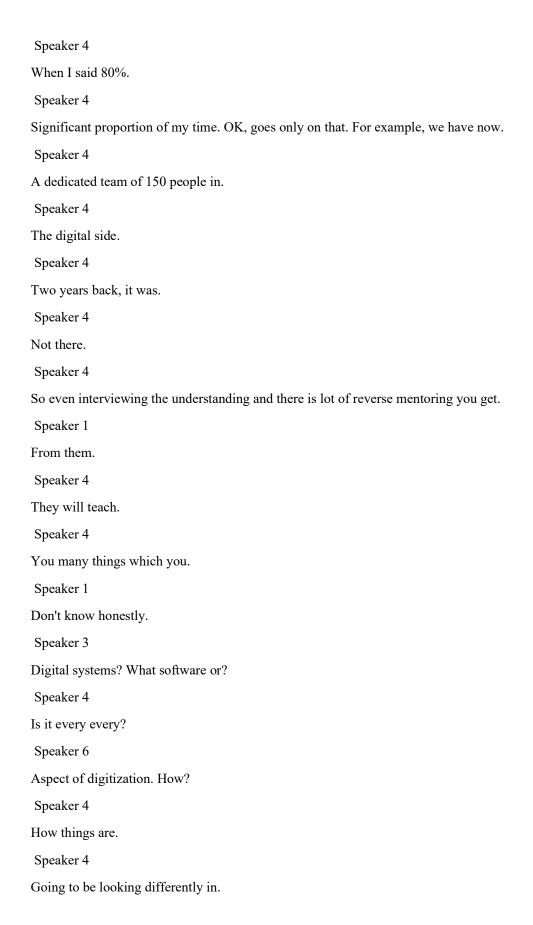
OK, not source a few parts.

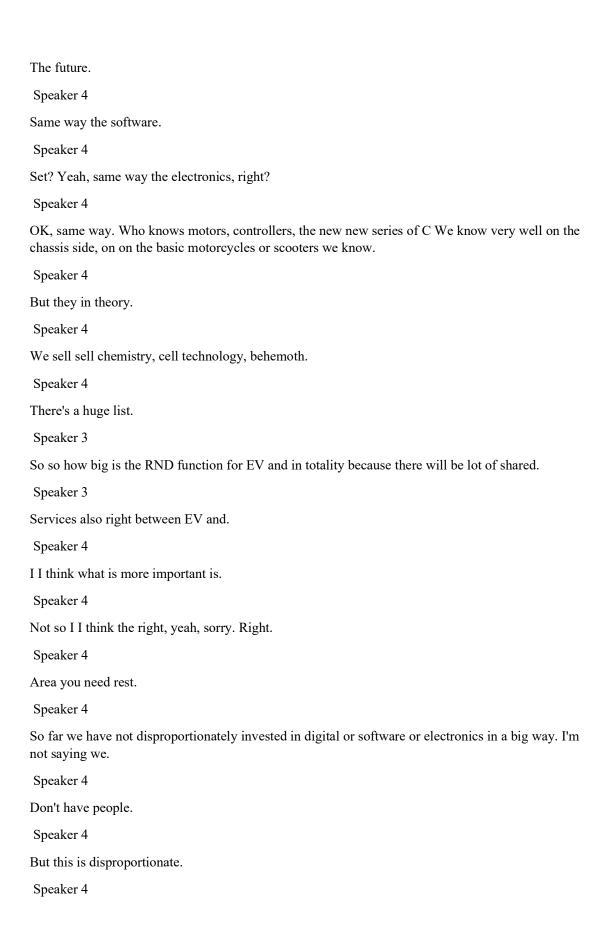
And assemble and give it to the.

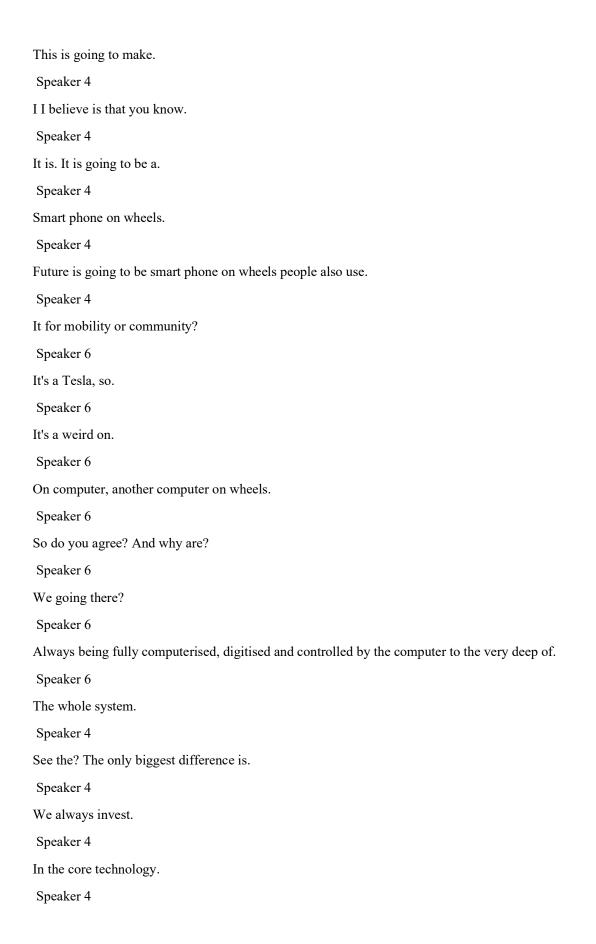
serious you have to design yourself.

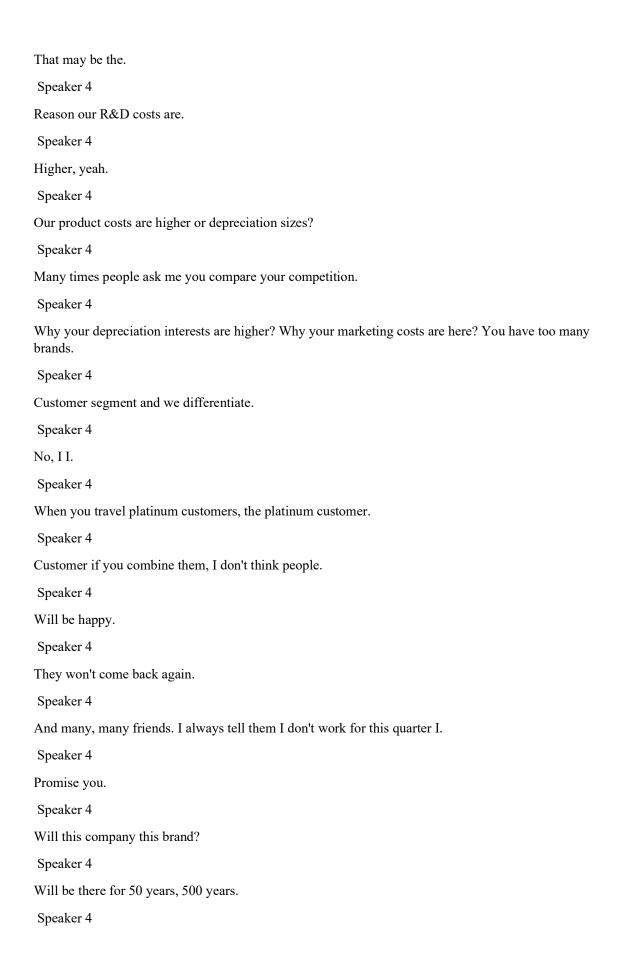
Speaker 4

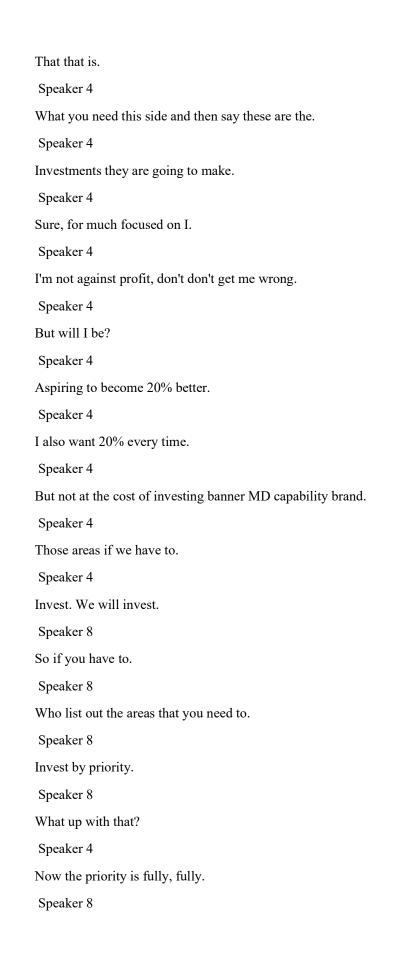
Customer that is not going to make a decision.

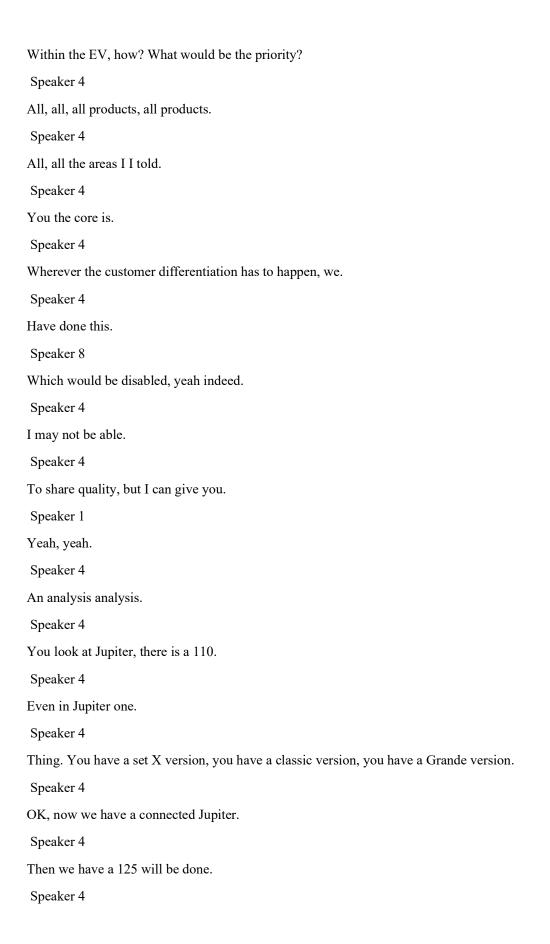


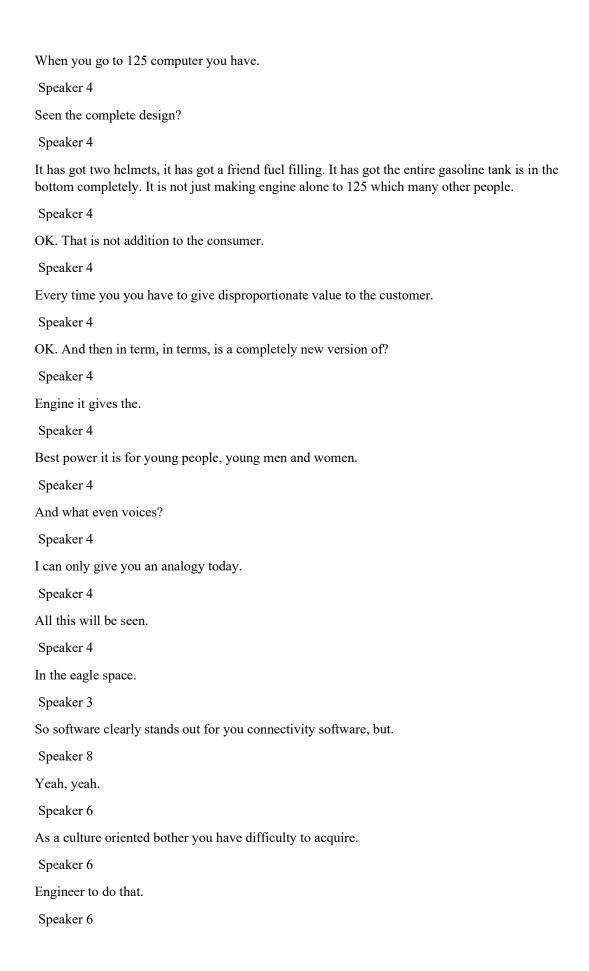


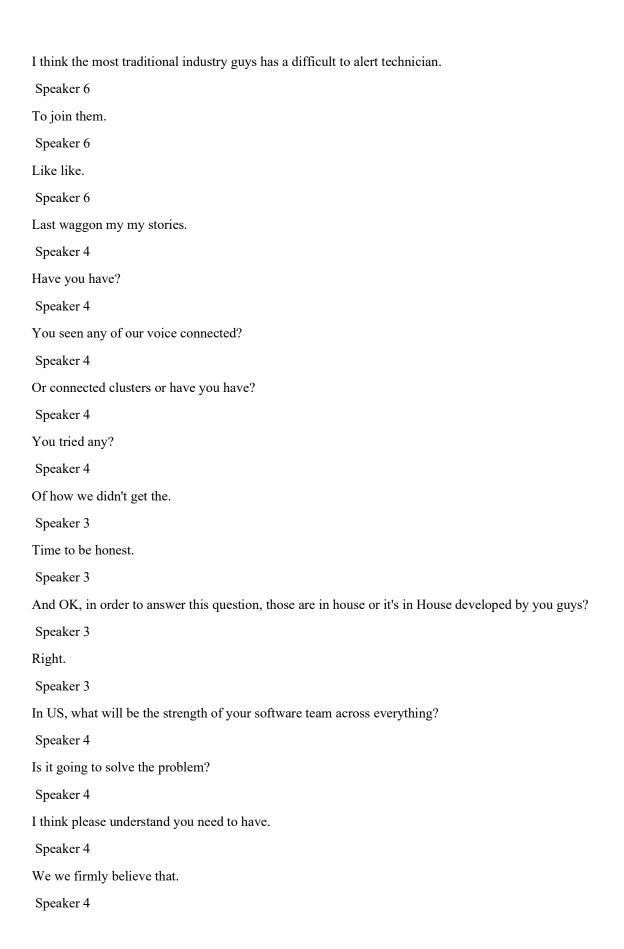


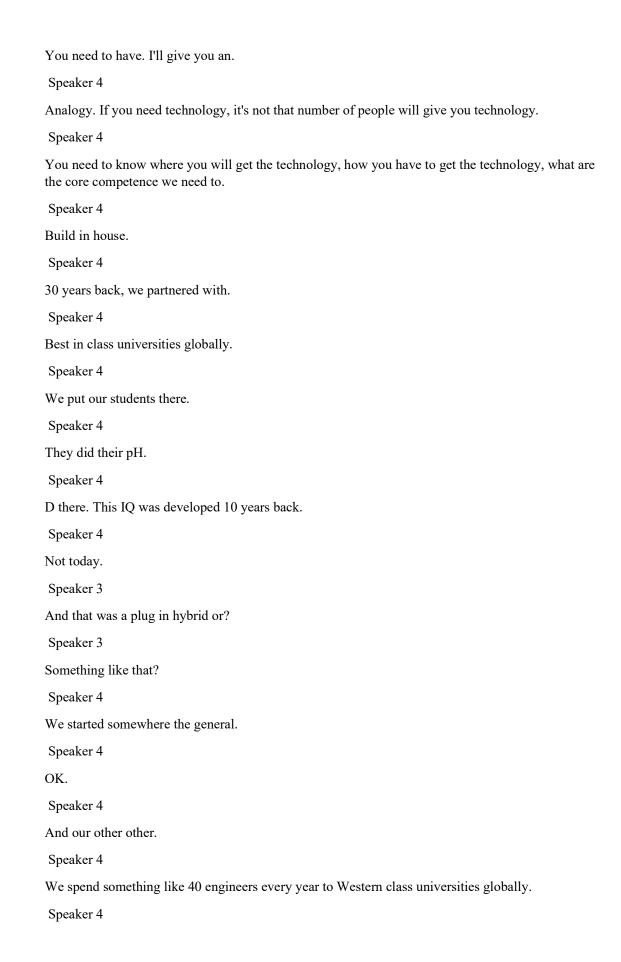






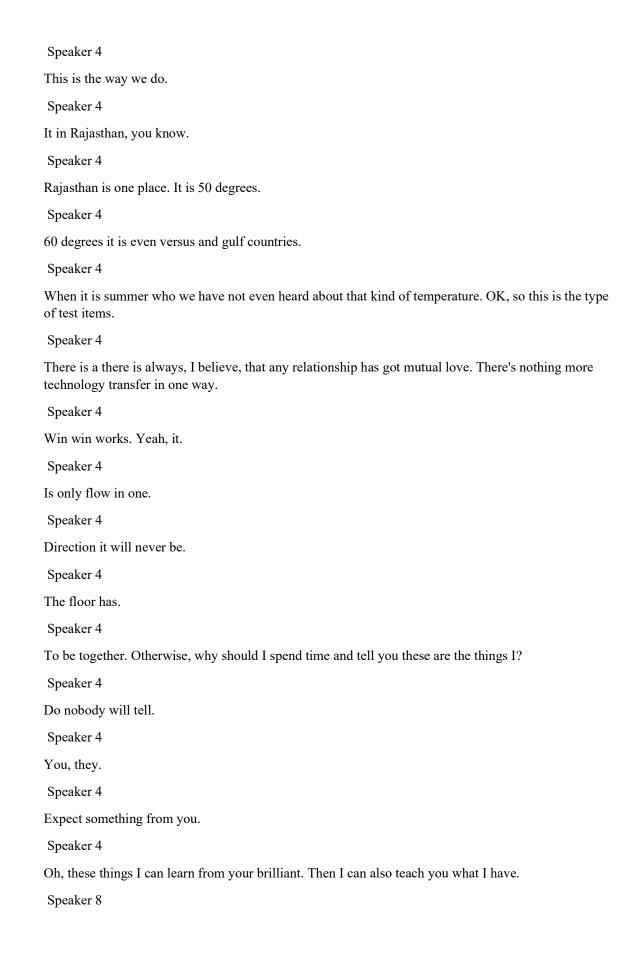


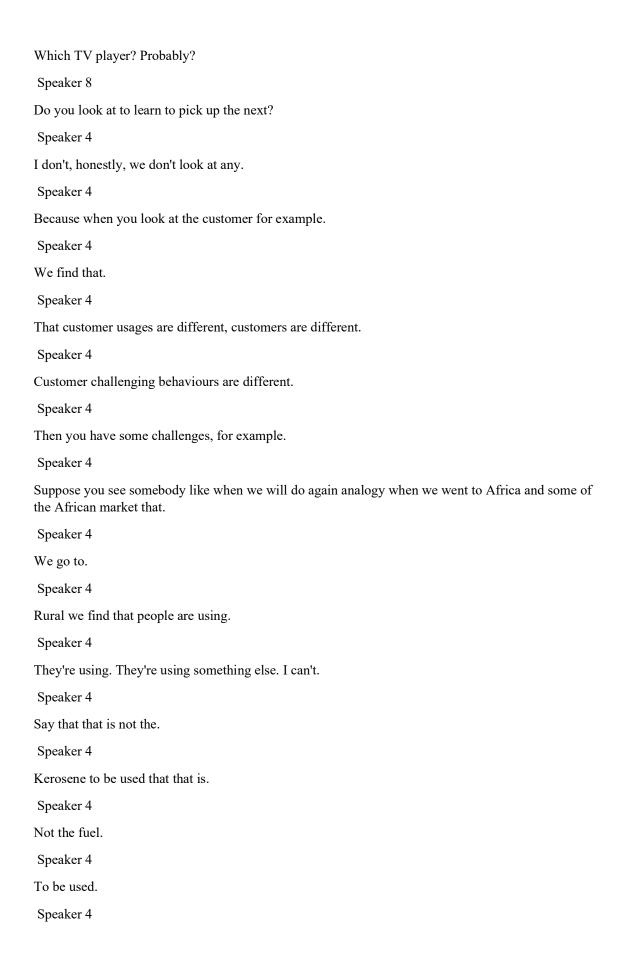




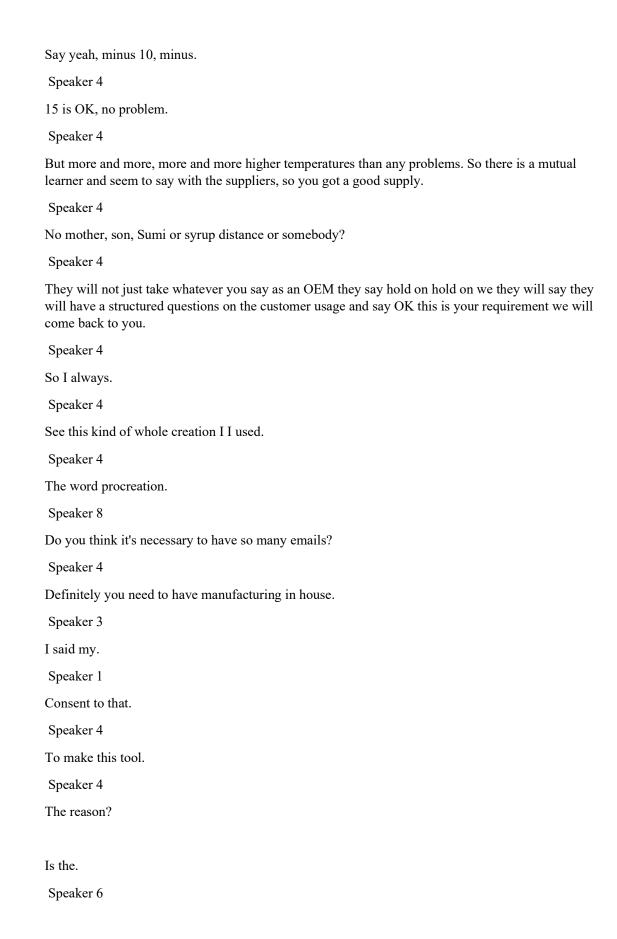
So there is a quite a lot of investment. Speaker 4 In people learning technology that the actual whatever inside the five kilometres from here every day we train about 600 people. Speaker 4 On various subjects, including quality tipm basics. Speaker 4 Two EV advanced future mobility there. Speaker 4 Are there are. Speaker 4 Best in class processes globally. There are best in class consultants globally. We don't mind investing in developing people. Speaker 8 Is there technology transfer between you and BMW on the front? Speaker 8 All the time. Speaker 4 It's not technology. Speaker 4 Transfer I think you learn from each other. Speaker 3 But the core product is yours. It's 8 even. Speaker 4 Yeah, it's a, it's completely. Speaker 3 In outside. Speaker 4 Stand by our team, so they reflect our capability. We have their capability. So there is always enough when people sit together. There is a mutual learning, yeah. Speaker 4 Oh, you tried this testing? No? Or this is a very test. OK, this is the way it is done in Munich. Is the rate is done in your? Oh, these are the things which we will have to look at when somebody will say

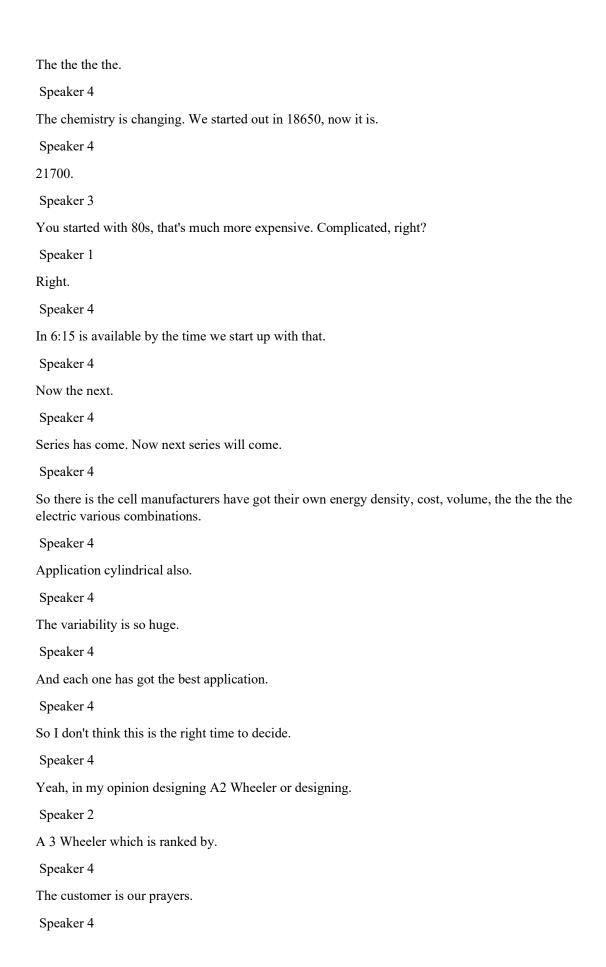
no.

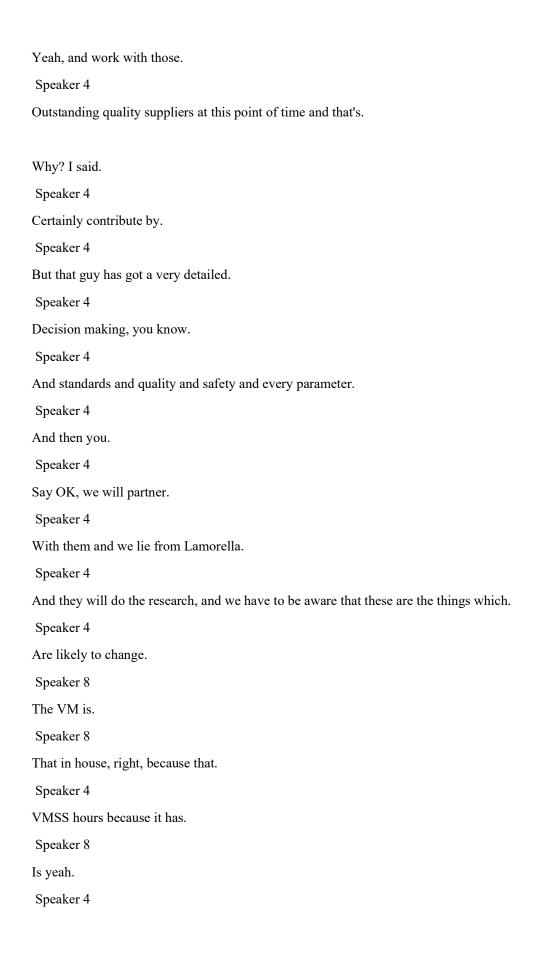


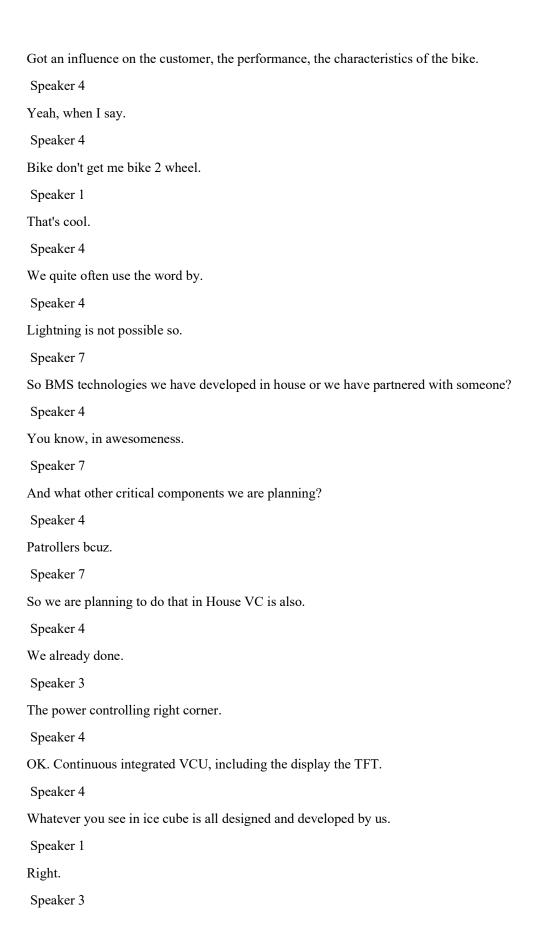


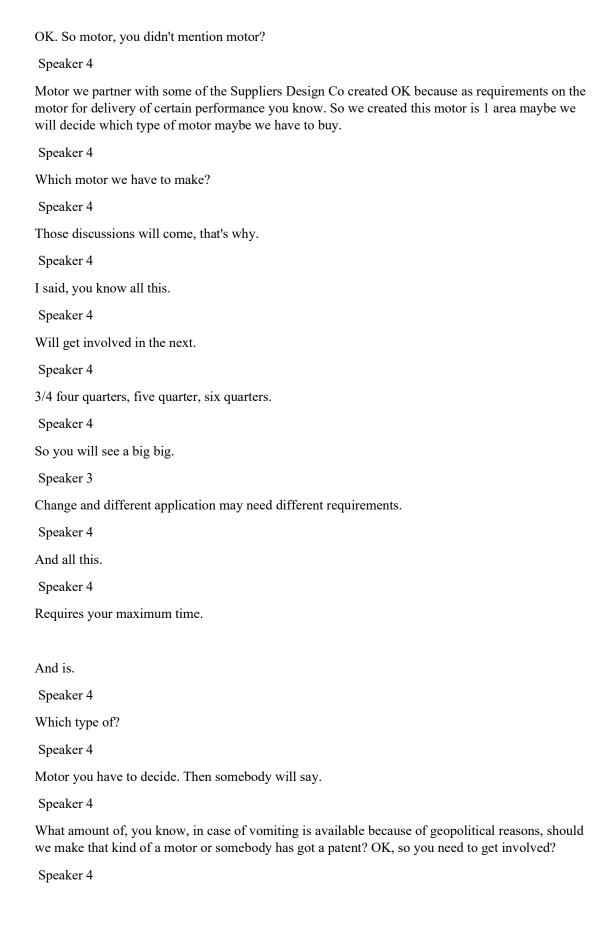
OK, the dust levels are different. Speaker 4 I can't say that you know my wife will work only in. Speaker 4 This this condition. Speaker 4 How to make your bike work in those conditions? Speaker 4 Windows oil, windows things. Put the dust. See what kind of filtration you need to have. Speaker 4 So to me everything is customer. Customer use a. Speaker 4 Temperature, I said. You know? Speaker 4 You won't see anybody talking about 50 degrees and 60 degrees. The moment somebody said oh, Pakistan is like that. We have never heard about Rajasthan. We know only Gulf countries which goes it is in India. Speaker 4 So you, you right there during peak summer? Speaker 4 Then you realise, oh. Speaker 4 And this and also during that you know that two fun what you called the Sandstorm in the peak summer you get it. Speaker 4 You know, you get it like that. Wonderful. Speaker 4 But you go to. Speaker 4 These people, they will tell you minus 10 -, 15. Speaker 4 Which many people will. Speaker 4

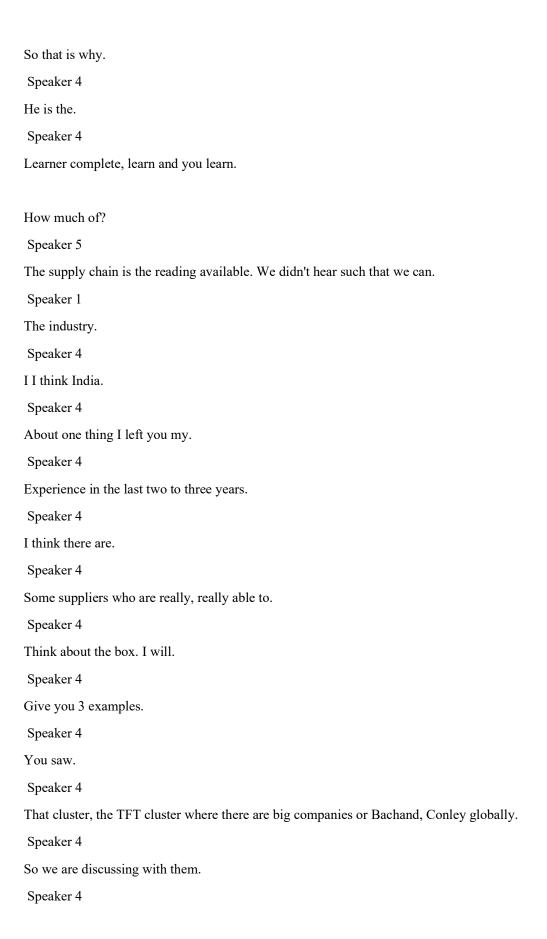


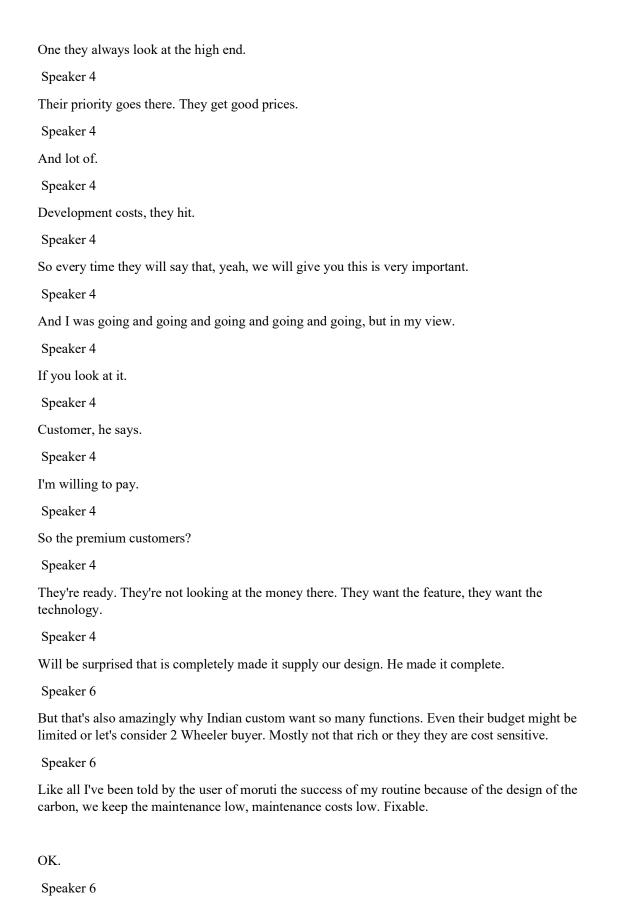


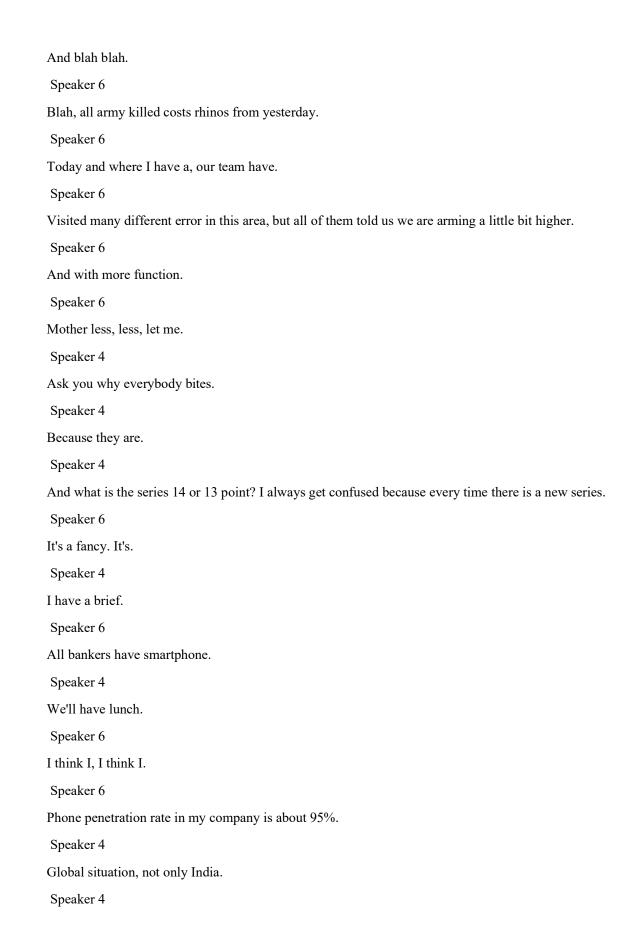








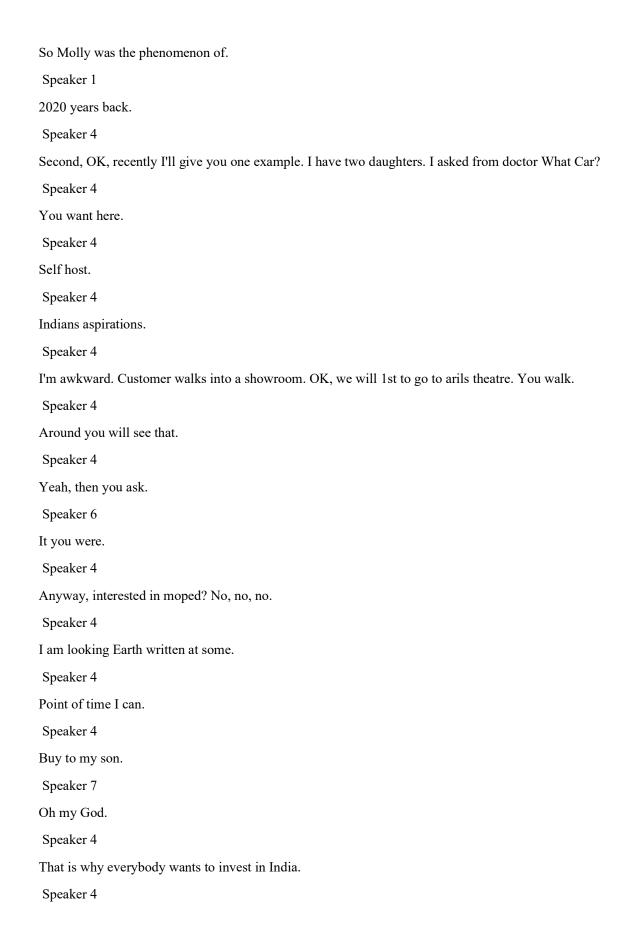


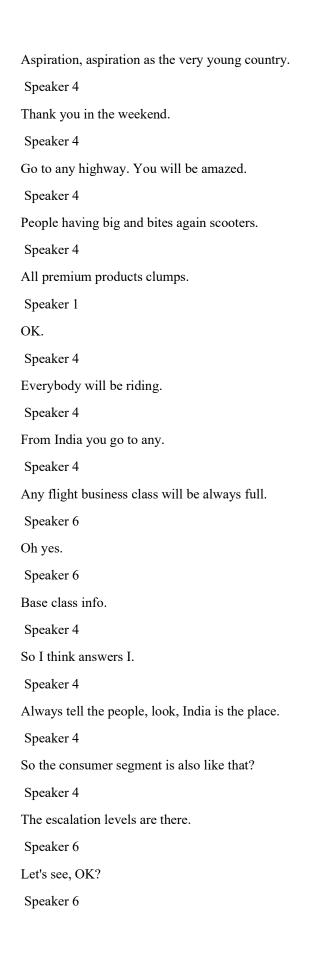


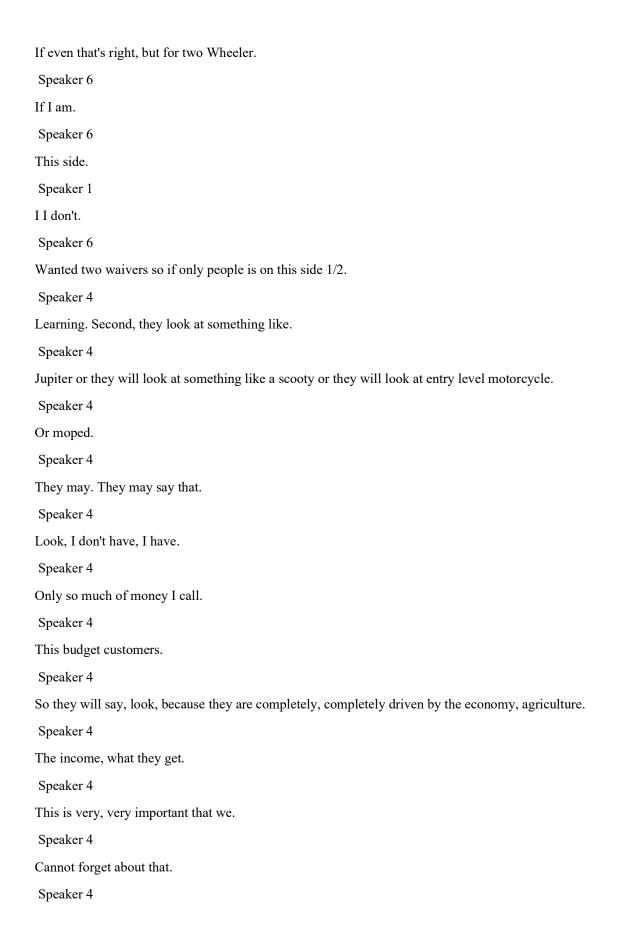
Speaker 4 Been dealing with premiums. Speaker 1 OK. Speaker 4 We discussed about issues in the. Speaker 4 Entry level, more paired and motorcycles. Speaker 4 You go to my market. Speaker 4 My meals doesn't have Apache. Speaker 4 And LS doesn't have Raider might users doesn't have high end any of the product. Speaker 4 Rich people are rich. Speaker 4 In India. Speaker 4 OK. Speaker 4 Even 1% is a huge market. Speaker 4 OK. Speaker 4 This is not only for two minutes. Speaker 1 Even more cost. Speaker 6 OK, that that way. Period. Speaker 4

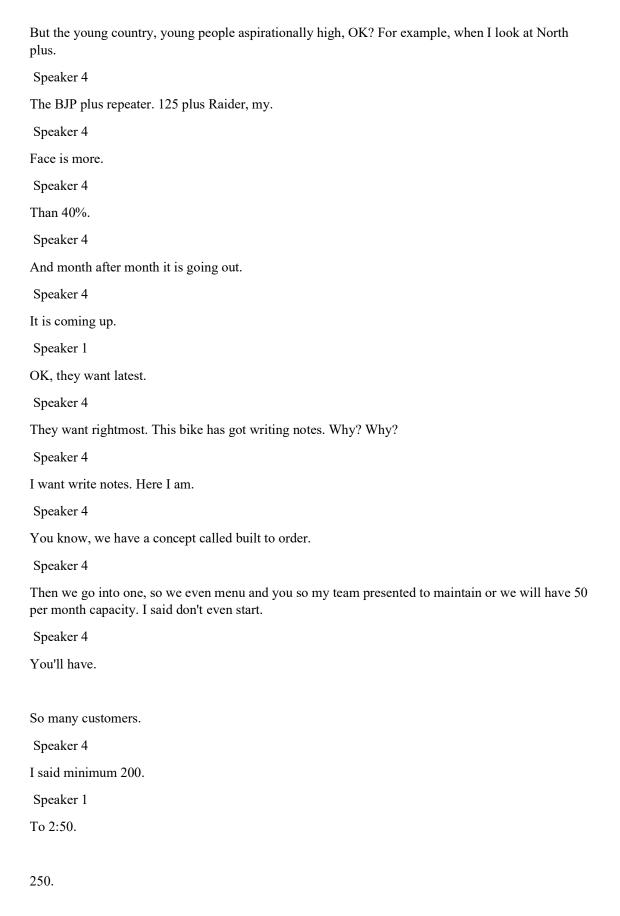
Everyone thought that the pandemic is going to create more problem, but every company in my

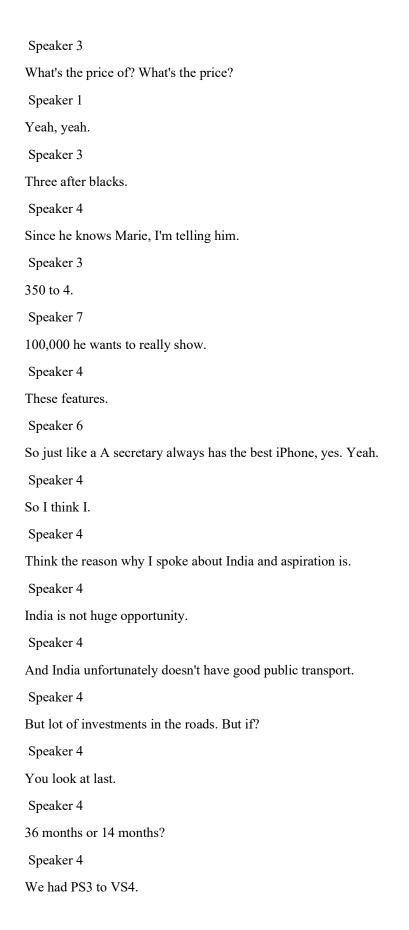
understanding had an extremely well whoever has.

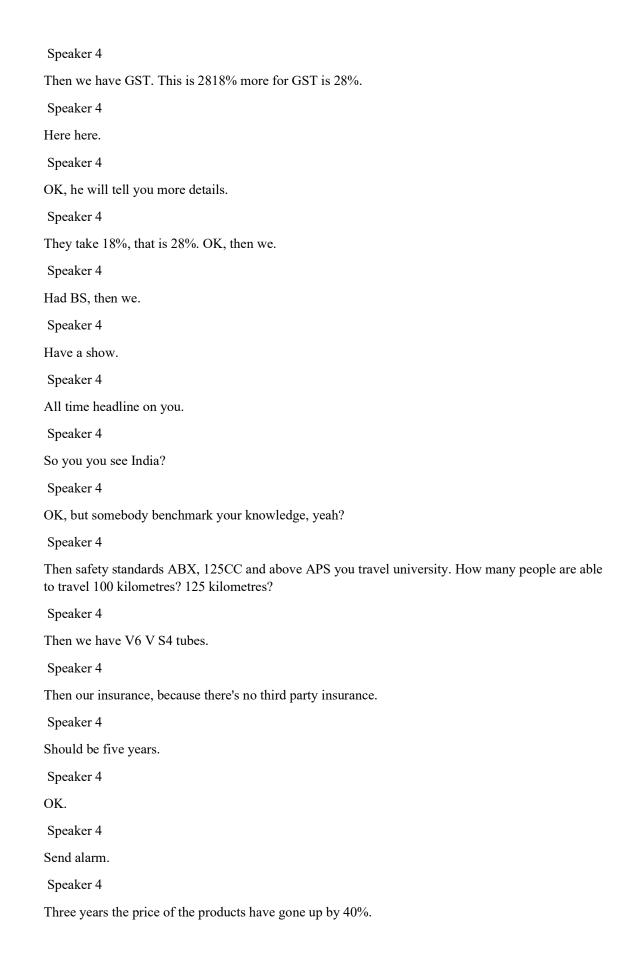












## Speaker 4

But during this period we have almost 24 months of lockdown, no income for the 50% of the self-employed in the rule.

Speaker 7

That is what we are going through.

Speaker 4

But I'm pretty confident that give some time.

Speaker 4

This civilization will be good.

Speaker 4

And give some time. Give some time because these consumers are very aspirational.

Speaker 4

They want to buy the bike because they don't. They reach mobility needs.

Speaker 4

Half of them they are either plumber, Carpenter, electrician. They go home to home, they repair.

Speaker 4

They get the.

Speaker 4

Money they supply, they deliver some parts.

Speaker 4

That is the job.

Speaker 8

Confirm something like this, like his point is that is that if if you want to target the aspirational segment under each segment, they will be buying a four Wheeler high end. So if you look at the people who are buying 2 Wheeler, it's people who can't wear affordability.

Speaker 4

I said no. I see people use four Wheeler.

Speaker 4

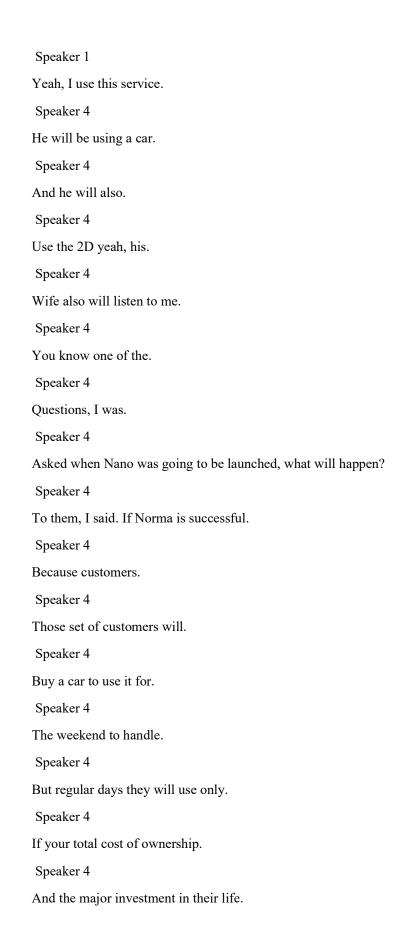
Majority of the people. I'm not talking about the high end BMW 7 Series.

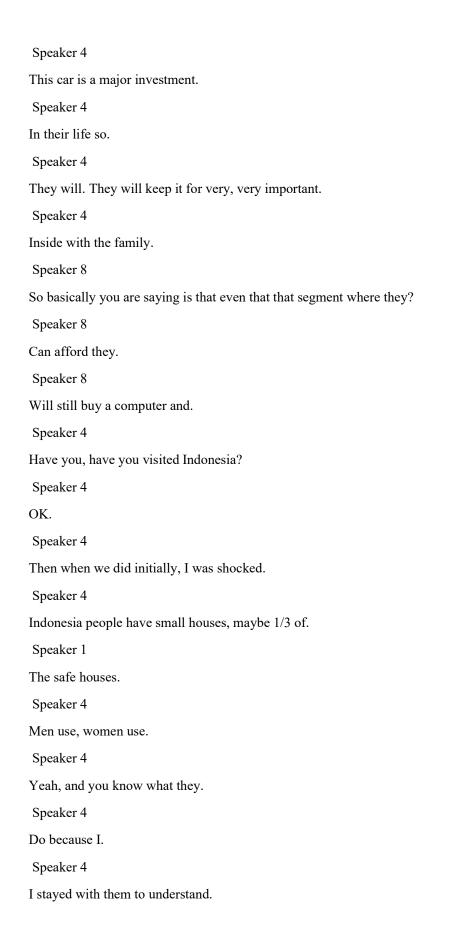
Speaker 4

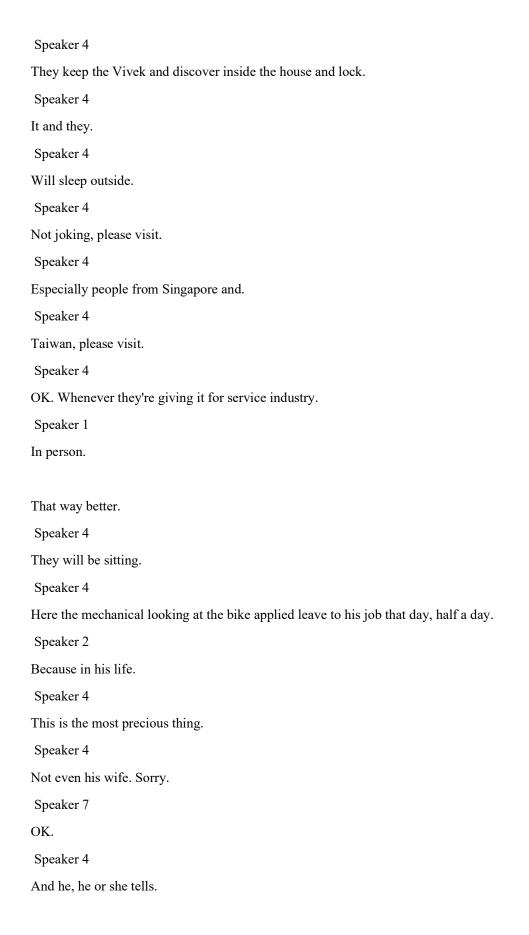
I'm talking about a common man.

Speaker 4

People like him.



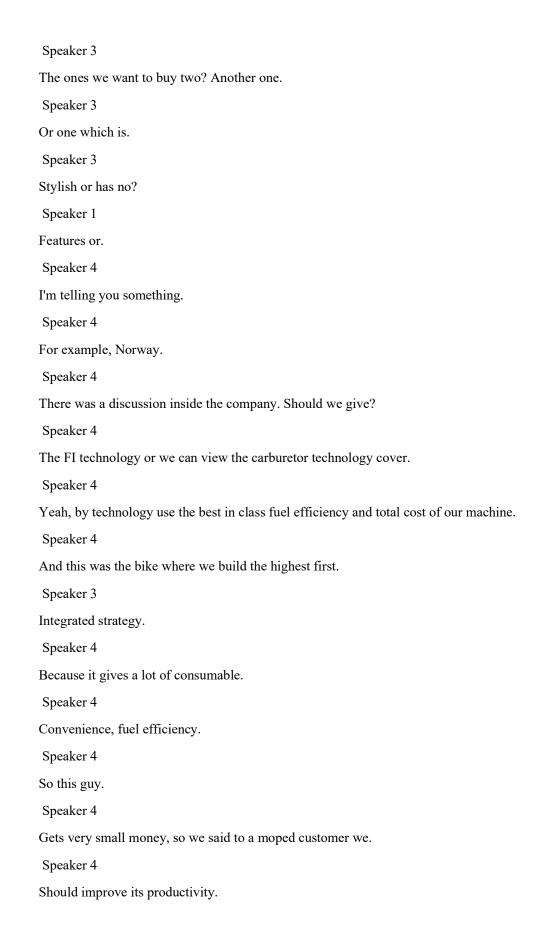


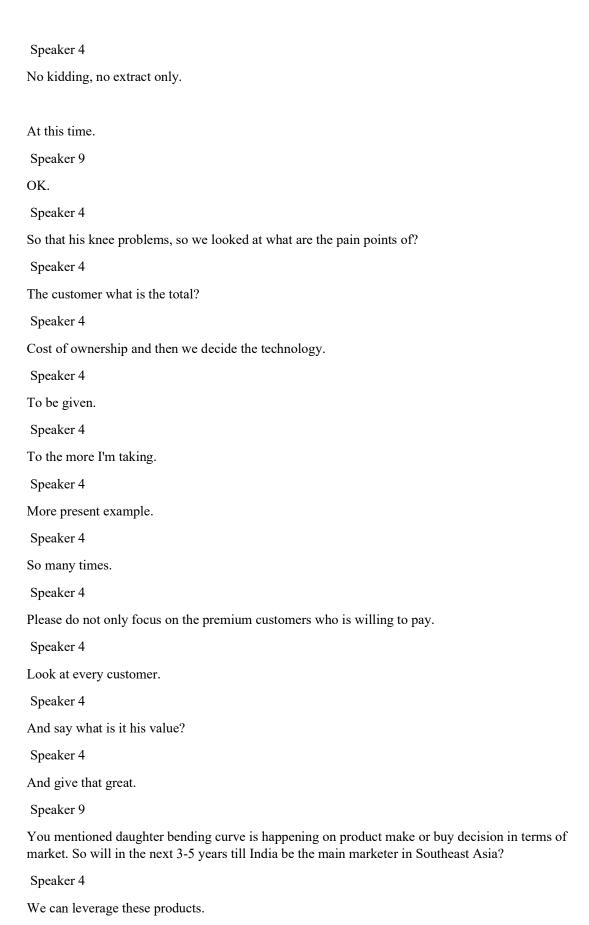


## That this is the most important investment. In their life. Speaker 4 It cannot be stolen. Speaker 4 And hopefully mechanic cannot. Speaker 8 Move any. Speaker 3 But I want to see. Speaker 4 What does that mean? Speaker 4 India may not be so so. Speaker 4 Much attachment to the two Wheeler, but some rural it's so much attached. Speaker 1 You know they give. Speaker 4 So much importance for a 2 Wheeler in their. Speaker 4 Life it's a. Speaker 4 Very, very important, important investment in somebody life. Speaker 6 Some majority people even you buy a two Wheeler. Speaker 6 Still want to go toilet style? Speaker 6

With something you precious or product.

Speaker 4



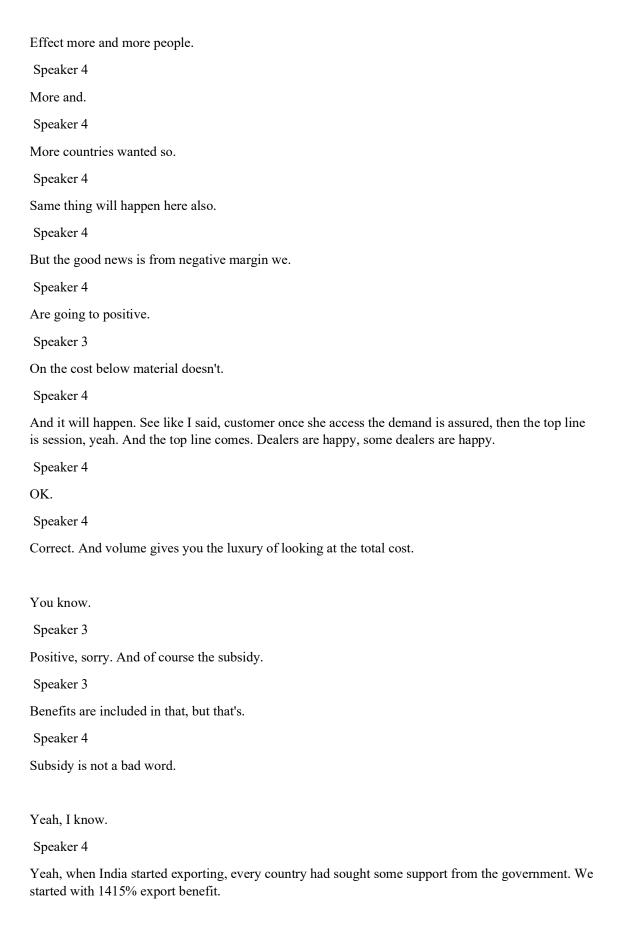


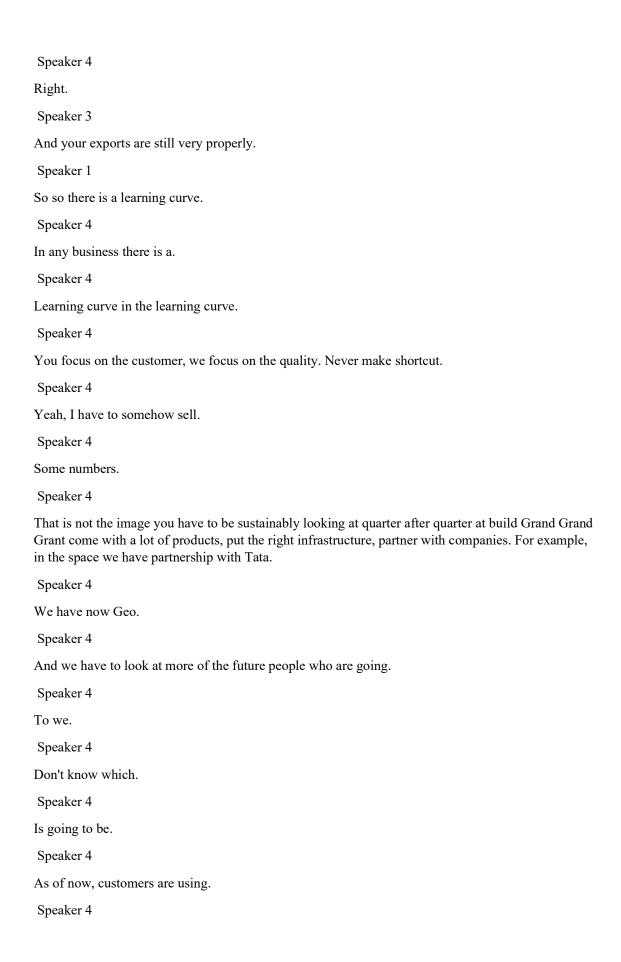
Speaker 4 For example, say my cube can be sold both in all export markets and even the development. Speaker 4 But after today the constraint is. Speaker 4 Any market you enter, you have fulfilled the wall. Speaker 4 So I don't see that we started with Bangalore. Speaker 4 And we expand. Speaker 4 We went to 33 cities, now we are in 88. Speaker 4 Already booking is more than 25,000. I don't want to. Speaker 4 Book because still booking everybody will be. Speaker 4 Gentlemen, the moment you take some money from him, then he. Speaker 4 Will say no I. Speaker 4 Why every semiconductor company is trying? Speaker 4 To improve it is. Speaker 4 Still not up to the level what we want. Speaker 4 We want immediately. Speaker 4 10,000 to be delivered, you know, 2-3 months of 10,000 or 15,000, then we may enter into one or two markets. But you're right, absolutely right. There is a great opportunity. Speaker 4

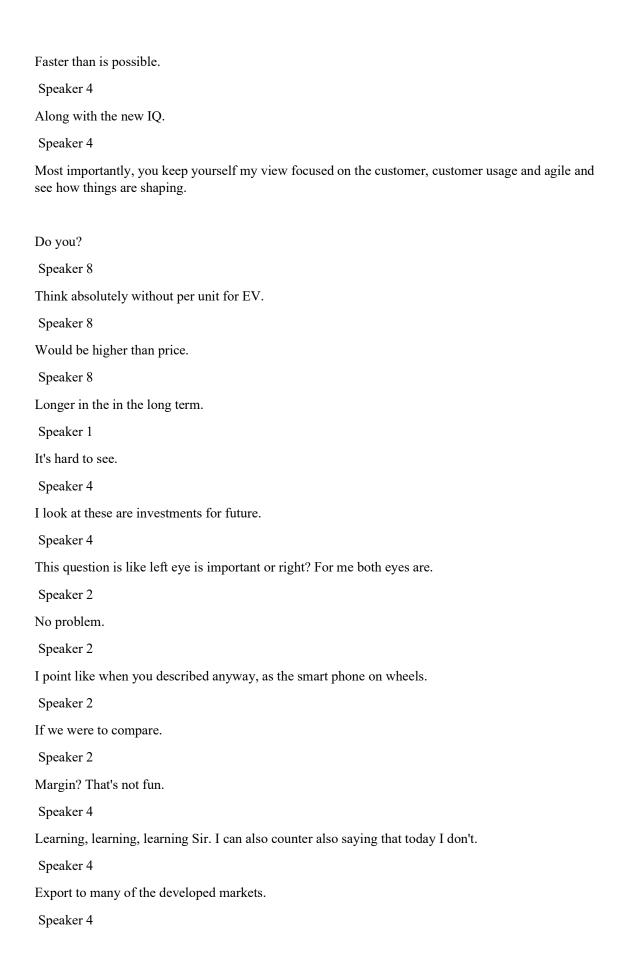
We may have to have certain modifications on certain parts based on the level. I won't say that the same predominantly the same platform will be used in the mountains. Speaker 9 In any of these markets you are seeing some adoption. I'm in Southeast Asia. Speaker 4 I think there are, there are, there are. Speaker 4 For example, every market. Speaker 4 Is going through the journey what, India? Speaker 4 Is going through. Speaker 4 Every market is talking about TV, for example Indonesia. I know some people are also testing. We are there. Speaker 4 Yeah, our dealerships are there, but I don't have today the capacity, not capacity delivery capability, but it will happen. Speaker 3 And on the sticking with CVS. Speaker 3 How do you think about the viability and because there's a lot of companies are using lot of money especially the startup. So how you look at it as a philosophy and as EV ramps up? Speaker 4 So to me this will. Speaker 4 Also, what we? Speaker 4 Did to devious credit services or ingredients? Speaker 4 Anyways, when we invested about 8-9 years back, we have to come up with completely new set of products. Neo talks that none of themselves in India.

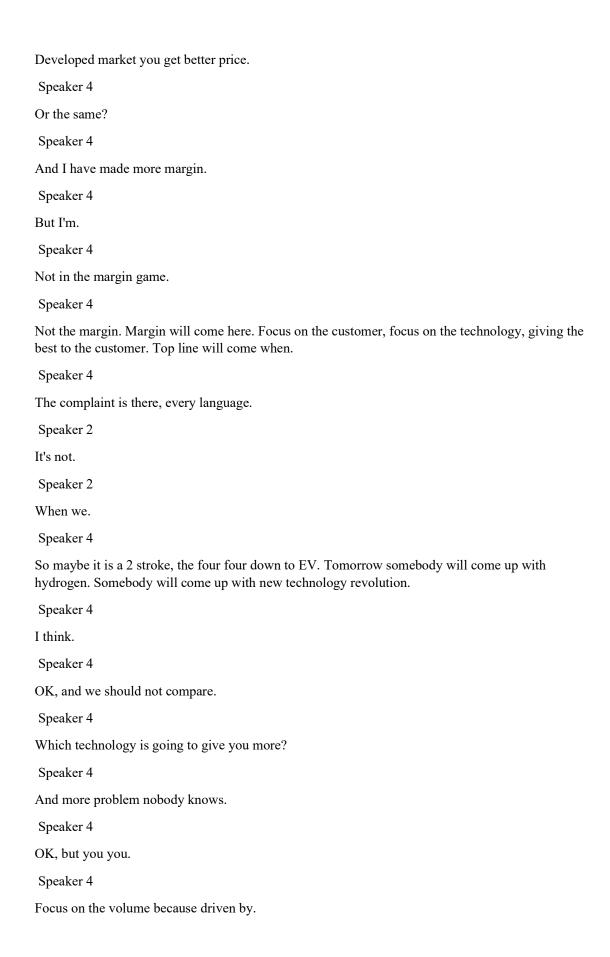
Speaker 3

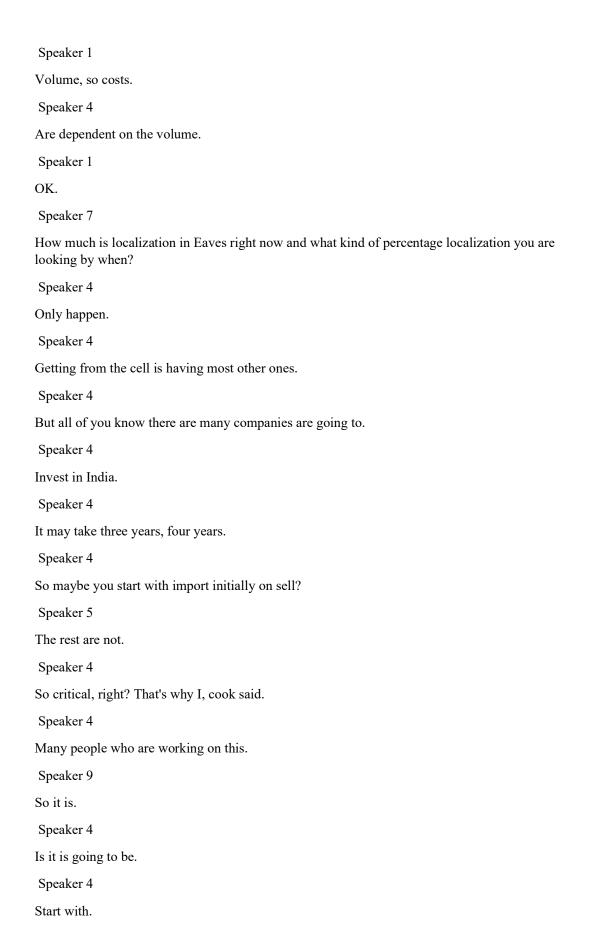
Scuba Webex. Go back. Can be next.
Speaker 4
So we design, develop and we have a full Time Team in Indonesia. We have a plan to there may not be so big but smaller size band, but we there is a main shock, but there are basic things we don't compromise on quality.
Speaker 4
Customer is important for us, so we treated.
As an investment.
Speaker 4
And we had some challenges, you know, because.
Speaker 4
98% Japanese and almost.
Speaker 4
95% is.
Speaker 4
Retail finance and the retail finance terms the dependent on the volume whether it is the.
Speaker 4
The initial you know when they might interest.
Speaker 4
Exactly like India. So we had some challenges.
Speaker 4
But we stayed back. The good news is we stand back and said customers like our product, but there are challenges. No competition is going.
Speaker 4
To be easily.
Speaker 4
Allow us to succeed.
Speaker 1
But today?
Speaker 4
Now we're able to see the multiplier.
Speaker 4



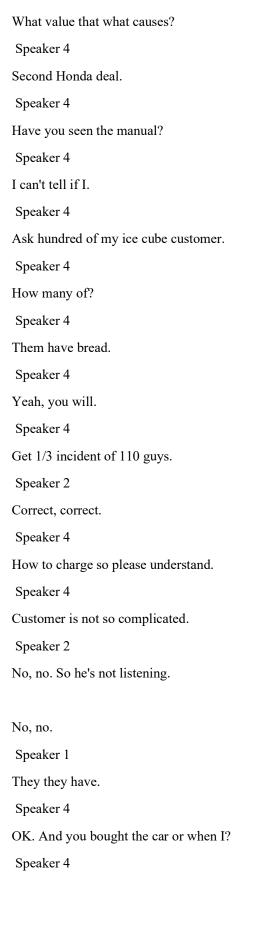


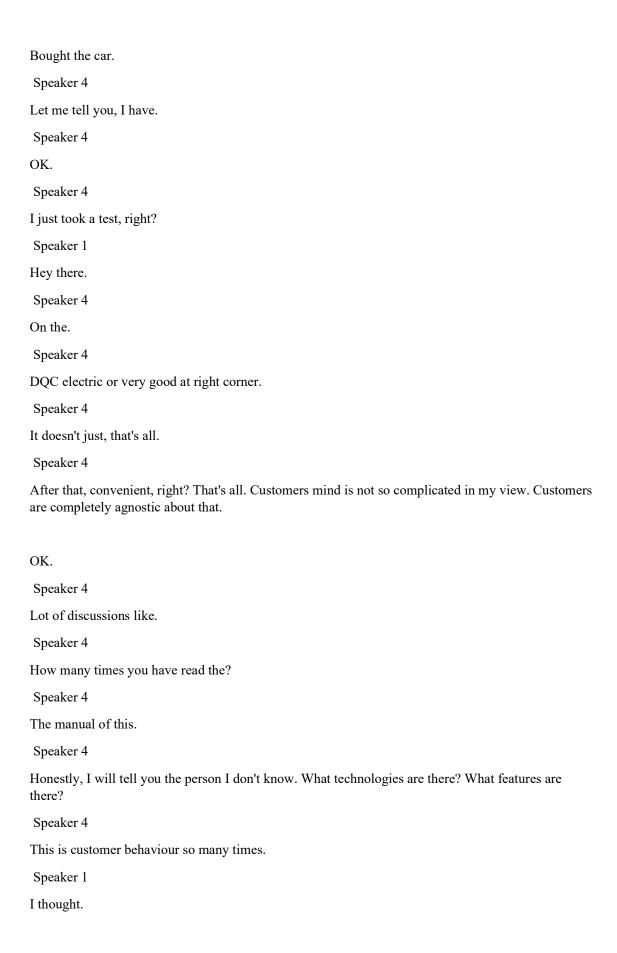


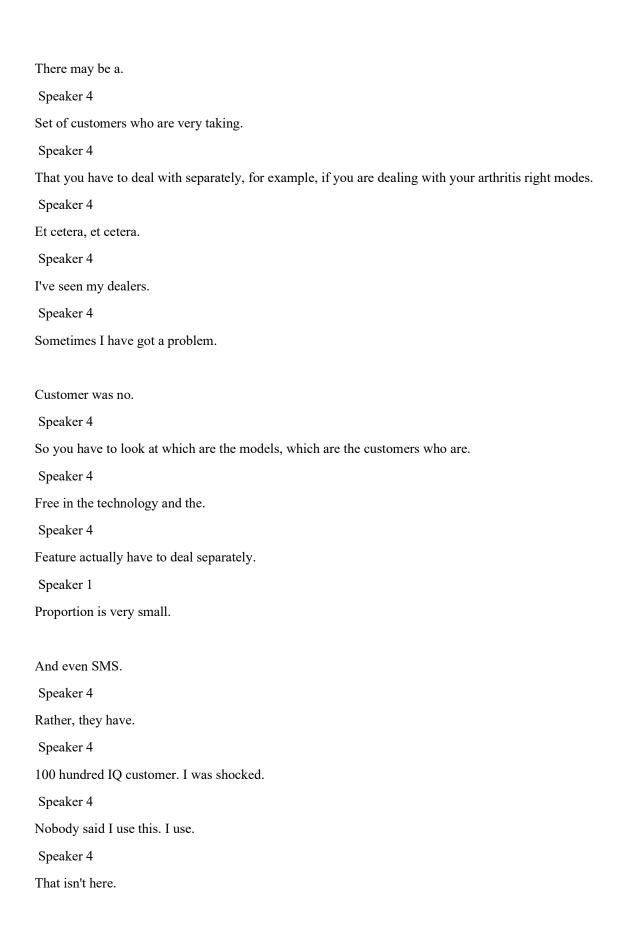


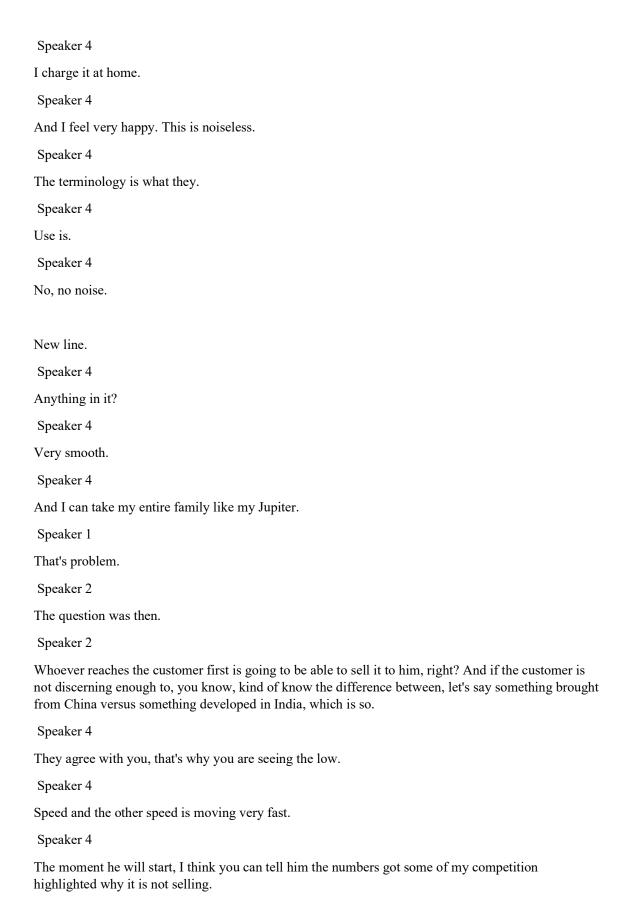


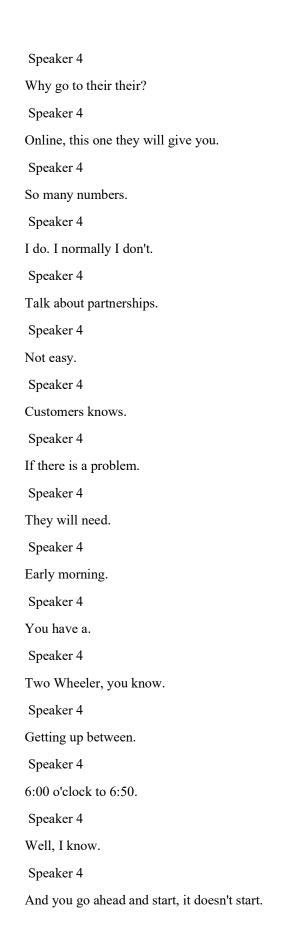
Speaker 4
And like important, but over a period.
Speaker 4
Of maybe three years 4.
Speaker 4
Years, many things will be completely in India.
Speaker 4
In House investments to succeed or Indian investments volunteer.
Speaker 4
What is needed?
Speaker 4
Customers have access your product.
Speaker 4
That's why it comes back. Cover examples, the customer.
Speaker 4
Acceptance. Is there any?
Speaker 4
Technology will not work.
Speaker 2
So interesting in.
Speaker 2
Terms of TV is like, you know, you were mentioning that.
Speaker 2
No, so I'm saying that, you know, you know, big change like this which is happening in terms of the entire industry getting, you know.
Speaker 2
Let's say getting a big turn.
Speaker 2
Answer How do you think about, you know, customer education where you say you know they want to buy whatever is going to be?
Speaker 2
Sold to them, right?
Speaker 1

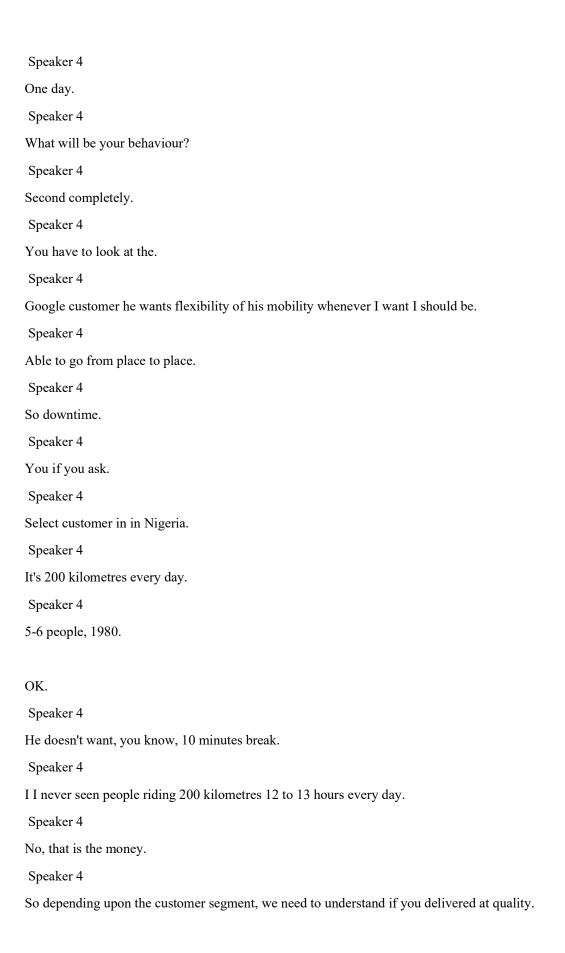


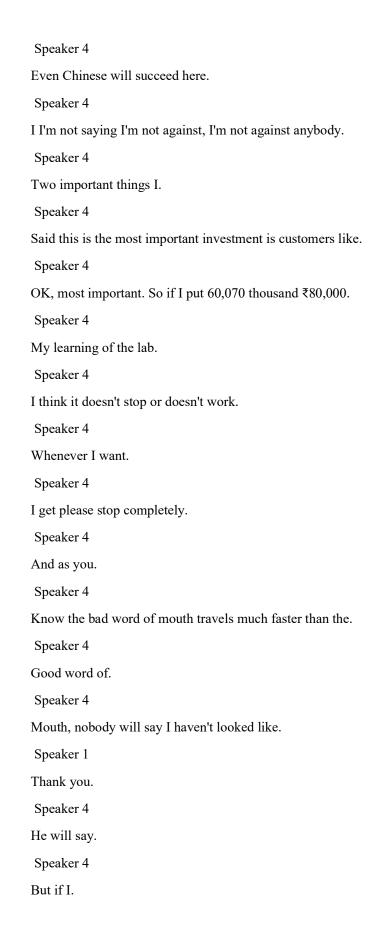


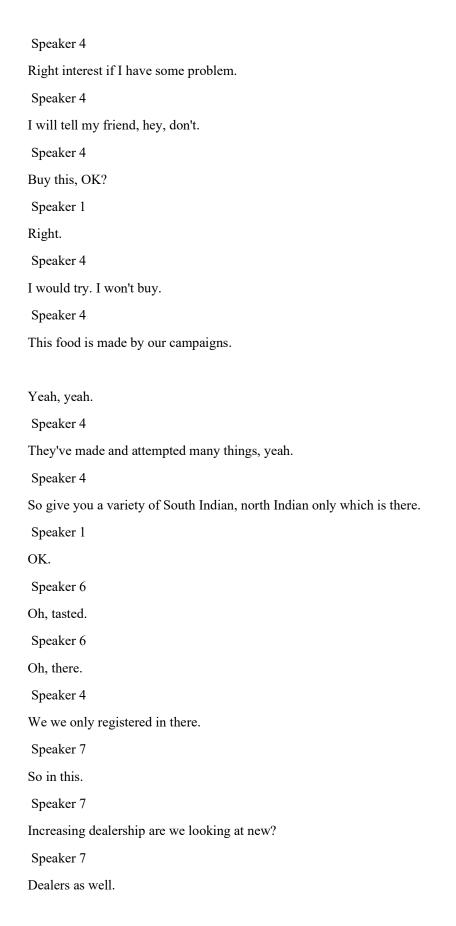




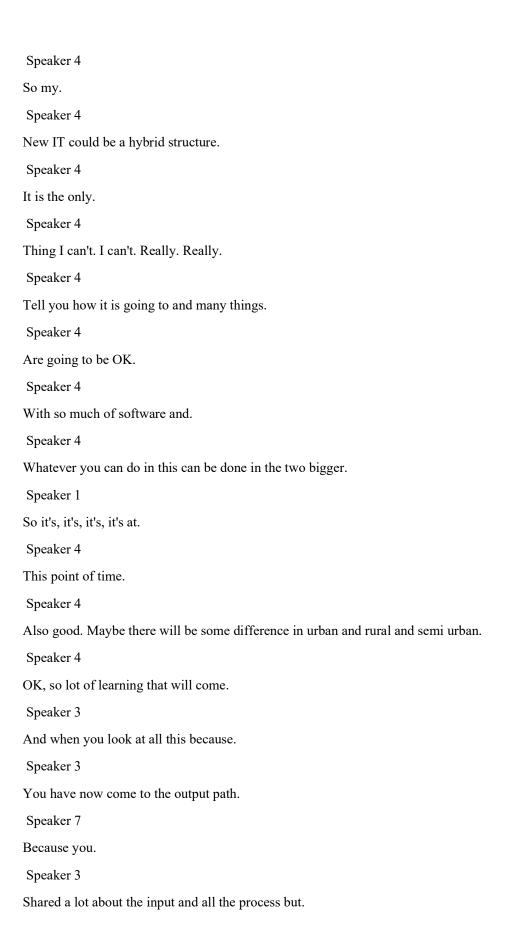


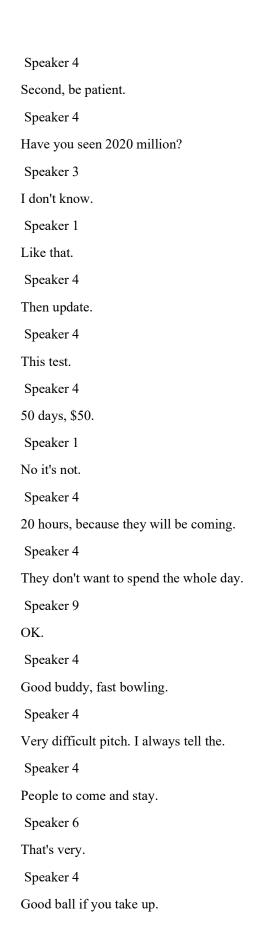


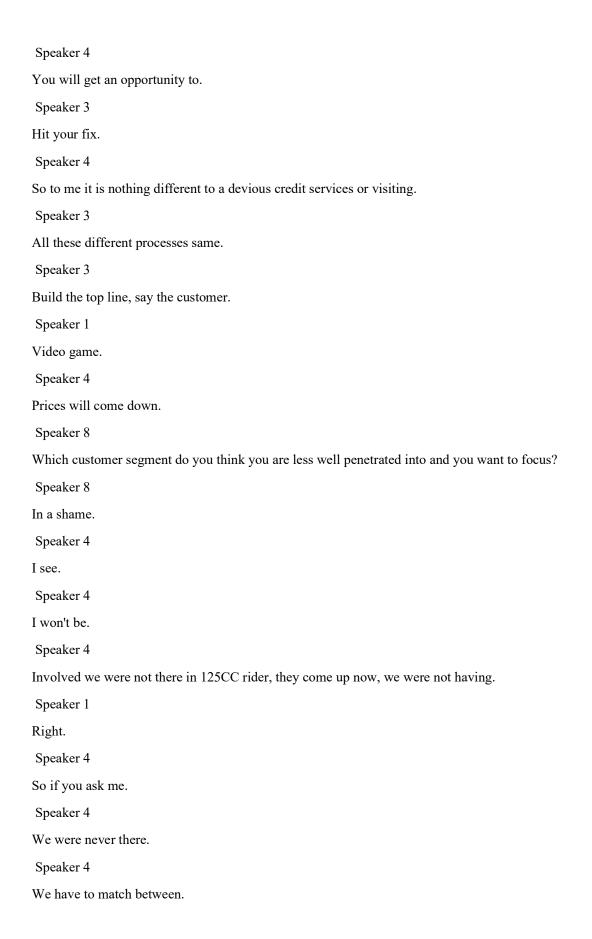


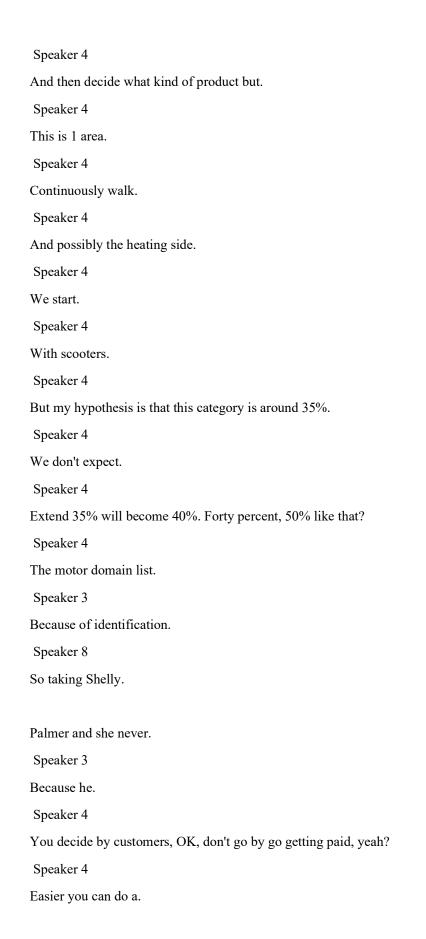


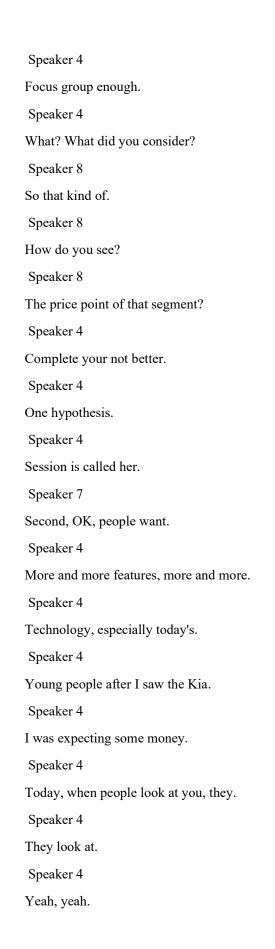
Speaker 7
Or are we giving more old DBZ guys the scripts?
Speaker 4
It is not a hold of me becoming bigger.
Speaker 4
How do how do I evaluate?
Speaker 4
Performance is based on.
Speaker 4
On one side, we look at the service.
Speaker 1
Coming back.
Speaker 4
What side I look at the Saints care and how they treat their customers, so we have a comprehensive score.
Speaker 4
And both dealers who are very pro customer, customer friendly such Steelers, we will continue.
Speaker 4
OK, and here honestly I don't know how it is going to pan out the distribution. Maybe there are set of?
Speaker 4
Customers who completely believes in online.
Speaker 4
I hate this.
Speaker 4
A TV or a PC or?
Speaker 4
A consumer durable is a moving vehicle, yeah.
Speaker 4
And moving way too will have.
Speaker 4
So it requires some kind of service.
Speaker 4
But there is no engine.

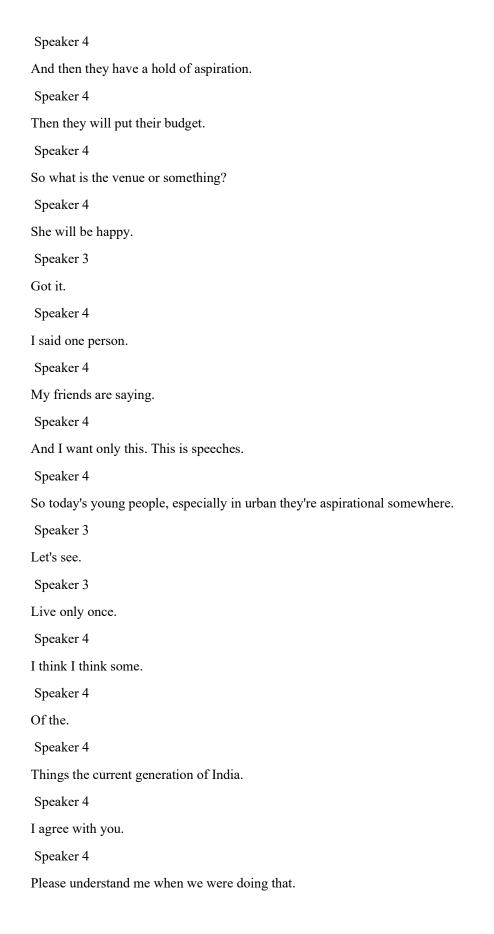


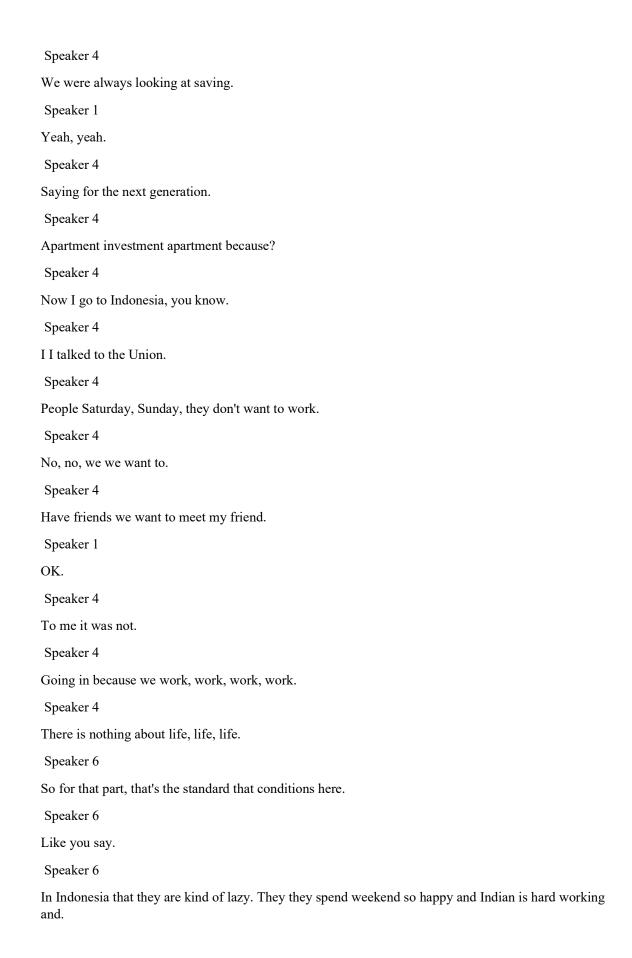


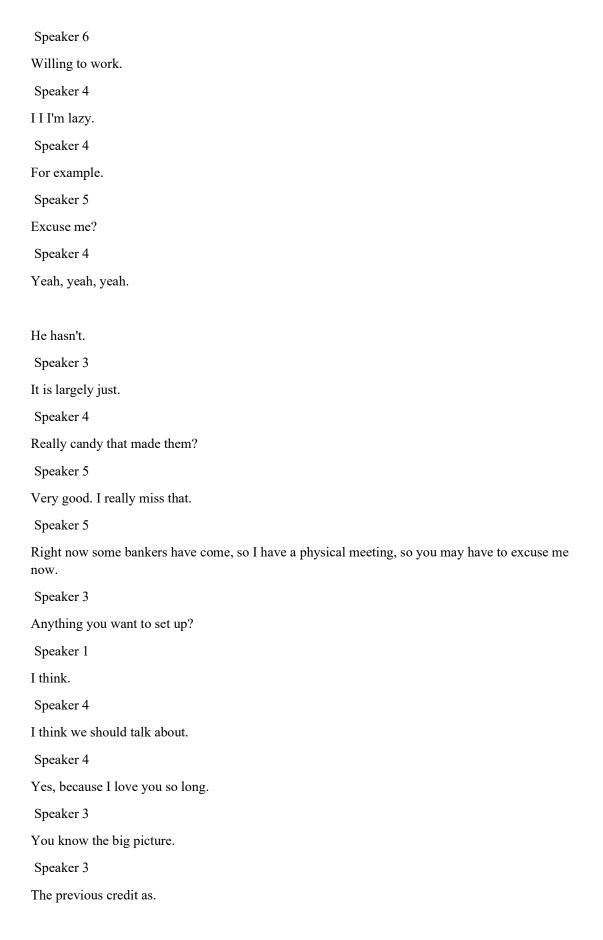












Speaker 3

Songs and doing update last.

Speaker 3

Night was great.

Speaker 3

But how the business checking?

Speaker 5

Joshua English credit selling sense is a subsidiary to TV's Motor Company TV Motor Company holds close to 85% eighty 586% in TV's credit service as well as the book size is concerned. They have recently crossed 16,000 crores of both sides.

Speaker 5

Very profitable, very healthy book there. There are no provisions for the non performing assets to the last four or five months continuously. The collections are better than the pre COVID level today.

Speaker 5

In fact, earlier QS Credit Services used to depend on 100% business from previous Motor Company when it was started. Now the dependency is as low as 30% we are doing for others.

Speaker 5

Uh business including consumer durables, trucks, used tractors, cars, everything today.

Speaker 5

Uh, we have close to.

Speaker 5

More than 10,000 people on ground for collection, though the collection cost is slightly high, but it is really helping us solve the collections.

Speaker 5

There are no provisions today. That's the, that's the news and we are quite cautious in deployment. Otherwise you would have even crossed 17,000 plus by now.

Speaker 5

That's the reason, but otherwise it's really doing very well.

Speaker 3

And so plans or conversation still also we did talk about plans to.

Speaker 3

Plans to bring an external investor for TV's credit? Yes.

Speaker 5

Yeah, yes. We are exploring all options. There will be uh fundraise programme, probably let you know very soon.

