

Home Credit India Finance Private Limited

October 09, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	4,000.01 (Enhanced from 3,602.13)	CARE AA; Stable	Upgraded from CARE AA-; Stable
Long-term bank facilities – working capital limits	-	-	Withdrawn

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Upgrade in ratings assigned to bank facilities of Home Credit India Finance Private Limited (HCIF) reflects the continued strategic advantages of being part of the TVS Holding Limited (TVSHL) Group, including sustained capital, operational, and managerial support. Following its acquisition by TVSHL in Q4FY25, HCIF received an equity infusion of ₹310 crore till H1FY26. As a majority owned subsidiary, HCIF benefits from strong group oversight and aligned risk management practices, leading to improved asset quality and access to funding at competitive rates.

CARE Ratings Limited (CareEdge Ratings) expects that TVS Holding Limited will consolidate NBFCs in the group within 30 months from the date of RBI approval for HCIF acquisition (November 29, 2024). Going forward, CareEdge Ratings envisages continued financial, operational and management support from the TVSHL group.

Ratings also factor in HCIF's growing scale of operations, adequate capitalisation and gearing levels, and stable profitability. While the company reported notional losses of ₹530 crore in FY25, primarily due to adjustments towards one-time deferred tax asset and app impairment costs majorly due to shareholding change, it has not impacted the Tier1 Capital and the company continued to be operationally profitable.

However, ratings remain constrained by HCIF's exposure to a riskier borrower segment, a largely unsecured loan portfolio, limited diversification in funding profile, and moderate asset quality. Asset quality has shown improvement, with gross non-performing assets (NPA) declining from 5.36% as on December 31, 2024, to 4.63% as on June 30, 2025, following the acquisition.

CareEdge Ratings has withdrawn the rating assigned to bank facilities (working capital limits) aggregating to ₹397.9 crore with immediate effect. This action has been taken, as the company has repaid the bank facility in full and there is no amount outstanding under this issue as on date.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors – Factors that could, individually or collectively, lead to positive rating action/upgrade:

- Improving credit profile of the parent, TVSHL.
- Continued demonstrated support from the TVSHL group.
- Significant scale-up of operations with geographical diversity, while keeping asset quality and credit costs under control.

Negative factors – Factors that could, individually or collectively, lead to negative rating action/downgrade:

- Deteriorating credit profile of the parent TVSHL.
- Any material changes in parent support and/or changes in the shareholding of the company, with TVSHL group's stake declining below 51%.
- Deterioration in capitalisation with CAR (%) below 17% on a sustained basis.
- Deterioration in asset quality with credit cost above 15% on a sustained basis.

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Analytical approach:

Standalone; factoring financial, operational and managerial linkages with the parent, TVSHL (rated 'CARE AA+; Stable').

Outlook: Stable

The stable outlook factors in CareEdge Ratings expectation that HCIF will be able to grow its scale of operations, while maintaining adequate capitalisation levels supported by the parent.

Detailed description of key rating drivers:**Key strengths****Benefits derived from being part of TVSHL Group**

TVSHL completed the acquisition of HCIF, making it part of the TVSHL group. TVSHL serves as the holding company for several key entities, including TVS Motor Company Limited (TVSM), TVS Digital Limited (TVSDL), and TVS Holdings (Singapore) Pte Limited. The group has a strong presence in industries such as manufacturing two-wheelers, and auto components among others. TVSHL is also the ultimate parent of TVS Credit. HCIF's acquisition enhances the group's presence in the financial services sector and allows them to leverage synergies between the two NBFCs. TVSHL holds an 81.04% equity stake in HCIF, while Premji Invest and other associates of TVSHL hold remaining shares.

Post the acquisition in Q4FY25, existing shareholders have infused ₹310 crore into the company. Additionally, the company has been able to raise funds at competitive rates. CareEdge Ratings expects that TVS Holding Limited will consolidate NBFCs in the group within 30 months from the date of RBI approval for Home Credit acquisition (November 29, 2024).

Expected growth in scale of operations

HCIF reported loan portfolio (own book) of ₹5,566 crore as on March 31, 2025, compared to ₹5,535 crore as on March 31, 2024. As on June 30, 2025, loan portfolio (own book) stood at ₹5,741 crore. The company expects a significant portion of growth to occur in H2FY26, driven by the festive season.

As on March 31, 2025, cash loans accounted for 72% of loan portfolio (own book); compared to 79% as on March 31, 2024), while consumer durable loans made up the remaining 28% (21% as on March 31, 2024). As on June 30, 2025, cash loans constituted 70% of the loan portfolio (own book) with the balance being consumer durables. Cash loans are extended only to credit-tested customers with a satisfactory repayment history on consumer durable loans with the company. As on June 30, 2025, 99% of the cash loan portfolio had a CIBIL score above 700. CareEdge Ratings expects improvement in the scale of operations in the near term.

HCIF's operations span 21 states, with the top three states contributing 47% of the portfolio outstanding as on June 30, 2025. With the company's increasing focus on digitising its lending operations, state-level concentration in the loan portfolio has improved accordingly.

Modest profitability levels along with one-time loss due to shareholding change

HCIF reported a net loss of ₹530 crore in FY25, compared to a PAT of ₹142 crore in FY24. The loss was primarily due to the de-recognition of deferred tax assets amounting to ₹506 crore, due to change in shareholding and the consequent change in the calculation methodology. Additionally, there was an impairment of intangible assets amounting to ₹63 crore related to the mobile application used by the company, which was decided to be discontinued. The losses reported were notional and had no impact on the company's Tier1 capital.

The company also saw an increase in impairment on loans and advances in the year, primarily due to macroeconomic challenges, affecting the personal loan segment. However, there has been no rise in delinquency levels.

Net interest margin (NIM), measured on average adjusted total assets, remained largely stable at 24% in FY25, though it declined to ~23% in Q1FY26 due to reduction in customer pricing across products.

Operating expenses (Opex), also measured on average adjusted total assets, stood at 14.73% in FY25, compared to 14.84% in FY24. Despite improvement in 0+ days past due (DPD) to 12.4% in FY25 compared to 16.0% in FY23—credit costs remained elevated at 13.50% in FY25, primarily due to a shift in the write-off policy from 270 days to 180 days. Going forward, HCIF's ability to manage credit costs and enhance operational efficiency will be key drivers of profitability.

Adequate capitalisation and gearing levels

HCIF maintains a comfortable capitalisation profile, with capital adequacy ratio (CAR) at 19.23% as on March 31, 2025, compared to 18.70% as on March 31, 2024. This improvement was supported by a degrowth in assets under management (AUM) and a ₹50 crore capital infusion by existing shareholders in Q4FY25. Subsequently, TVSHL and other shareholders infused an additional ₹260 crore in H1FY26. The company's overall gearing stood at 3.1x as on March 31, 2025, and reduced to 2.7x as on June 30, 2025. CareEdge Ratings expects capitalisation levels to remain adequate, supported by regular capital infusions from the group as needed.

Key weaknesses

Moderate asset quality

With a major presence in the unsecured personal loan segment, HCIF's asset quality remains moderate, with credit costs continuing to be elevated. Despite moderate asset quality, HCIF has shown improvement post-acquisition by the TVSHL Group, driven by tighter control in underwriting practices. GNPA and Net NPA (NNPA) stood at 4.97% and 1.01%, respectively, as on March 31, 2025, compared to 4.64% and 0.95%, respectively, as on March 31, 2024. As on June 30, 2025, GNPA and NNPA stood at 4.63% and 0.89%, respectively. HCIF maintained a Stage 3 provision coverage ratio of 80.51% in FY25, slightly higher than 80.28% in FY24.

The 30+ days past due (DPD) as a percentage of gross loans stood at 8.56% as on March 31, 2025, compared to 8.25% as on March 31, 2024, and improved to 8.02% as on June 30, 2025. The company's ability to manage asset quality remains critical, and CareEdge Ratings expects asset quality to remain moderate given the relatively riskier credit profile of its customer base.

Relatively riskier borrower segment and largely unsecured nature of the loan book

HCIF provides loans for the purchase of consumer durables—primarily mobile phones—and unsecured personal loans in the form of cash loans. The company also offers add-on products in the form of non-credit value-added services. HCIF caters to a mix of borrowers, including those with an existing credit history and those new to credit, particularly in the consumer durables segment. Borrower mix comprises salaried and self-employed individuals in a ratio of 60:40. Going forward, with enhancements made by HCIF in borrower eligibility criteria—such as improved CIBIL score requirements and a stronger digital footprint—the overall borrower profile is expected to improve gradually.

As on March 31, 2025, cash loans accounted for 72% of loan portfolio (own book) compared to 79% as on March 31, 2024), while consumer durable loans made up the remaining 28% (21% as on March 31, 2024). As on June 30, 2025, cash loans constituted 70% of the loan portfolio (own book), with the balance being consumer durables.

Limited diversification in the resource profile

Prior to its acquisition by the TVSHL Group, HCIF primarily relied on credit support from Home Credit Group B.V., with external commercial borrowings (ECBs) serving as the main source for its long-term funding needs. Following the acquisition, the company transitioned to bank borrowings, which accounted for ~92% of total borrowings as on June 30, 2025, with the remaining portion raised through securitisation. CareEdge Ratings expects HCIF to diversify its funding profile further by leveraging the pedigree of the TVSHL Group.

Liquidity: Adequate

Per the asset-liability maturity statement as on June 30, 2025, HCIF liquidity profile remained adequate with no negative cumulative mismatch in time buckets up to one year. The company expects inflows of ₹3,631 crore from advances in the next one year, against which it has debt obligations of ₹2,451 crore in the same period. As on June 30, 2025, HCIF maintained a liquidity buffer of ₹305 crore in the form of Unencumbered cash and bank balances, and ₹505 crore in undrawn sanctioned limits. Capital support from the TVSHL Group provides further comfort to the company.

Applicable criteria

[Definition of Default](#)

[Factoring Linkages Parent Sub JV Group](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios - Financial Sector](#)

[Withdrawal Policy](#)

[Non Banking Financial Companies](#)

About company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Financial Services	Financial Services	Finance	Non Banking Financial Company (NBFC)

HCIF is a non-deposit-taking systemically important non-banking financial company (NBFC-ND-SI) registered with the Reserve Bank of India (RBI). HCIF has become a subsidiary of TVSHL effective January 31, 2025, TVSHL owns 81.04% equity stake of HCIF, and the remaining 18.96% equity is held by Premji Invest and other associates of TVS Holdings as on June 30, 2025. HCIF was the Indian arm of the international consumer finance provider Home Credit N.V. with operations spanning Europe and Asia. In 2012, the Home Credit Group acquired Rajshree Auto Finance Private Limited (incorporated in October 1997) for its entry into the Indian market, and on June 05, 2013, the company's name changed to its present name. HCIF is engaged in providing loans to the retail segment for consumer durables (primarily mobile phones) and cash loans. HCIF also offers add on products in the form of non-credit value-added services. HCIF operates through the point of sales (POS) model and online model with ~33,000 POS across 21 states as on June 30, 2025.

Brief Financials (₹ crore) (Standalone)	March 31, 2024 (A)	March 31, 2025 (A)	June 30, 2025 (UA)
Total Income	1932	2101	495
PAT	142	-530	15
Interest coverage (times)	1.47	1.07	1.23
Total Assets	5463	5661	5715
Net NPA (%)	0.95	1.01	0.89
ROTA (%)	2.81	NM	1.06

A: Audited UA: Unaudited; Note: these are latest available financial results

NM: Not Meaningful

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based-Long Term	-	-	-	July, 2026	4000.01	CARE AA; Stable
Fund-based - LT-Working Capital Limits	-	-	-	-	0.00	Withdrawn
Fund-based - LT-Working Capital Limits	-	-	-	-	0.00	Withdrawn

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based-Long Term	LT	4000.01	CARE AA; Stable	-	1)CARE AA-; Stable (28-Feb-25) 2)CARE BBB+ (RWD) (21-May-24)	1)CARE BBB+; Stable (07-Jul-23)	1)CARE BBB+; Stable (05-Dec-22) 2)CARE BBB+; Negative (07-Jul-22)
2	Fund-based - LT-Working Capital Limits	LT	-	-	-	1)CARE AA-; Stable (28-Feb-25) 2)CARE BBB+ (RWD) (21-May-24)	1)CARE BBB+; Stable (07-Jul-23)	1)CARE BBB+; Stable (05-Dec-22) 2)CARE BBB+; Negative (07-Jul-22)
3	Fund-based - LT-Working Capital Limits	LT	-	-	-	1)CARE AA-; Stable (28-Feb-25) 2)CARE BBB+ (RWD) (21-May-24)	1)CARE BBB+; Stable (07-Jul-23)	1)CARE BBB+; Stable (05-Dec-22) 2)CARE BBB+; Negative (07-Jul-22)

LT: Long term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Working Capital Limits	Simple
2	Fund-based-Long Term	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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