

## TVS Holdings Limited

February 09, 2026

| Facilities/Instruments          | Amount (₹ crore) | Rating <sup>1</sup> | Rating Action |
|---------------------------------|------------------|---------------------|---------------|
| Non-convertible debentures - I  | 750.00           | CARE AA+; Stable    | Reaffirmed    |
| Non-convertible debentures - II | 200.00           | CARE AA+; Stable    | Assigned      |

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

The rating assigned to the debt instrument of TVS Holdings Limited (TVSHL) factors in the group's strength, which has diversified business investments across sectors. TVSHL is a core investment company and has received its license from Reserve Bank of India (RBI) in March 2024. On October 10, 2024, the company wound up its business of trading in automotive spare parts in compliance with the aforesaid condition stipulated by the Reserve Bank of India (RBI). TVSHL holds importance as the holding entity of TVS Motor Company Limited (TVSM; rated 'CARE AA+; Stable'), the group's flagship entity having strong credit profile and consistent track record of dividend payment. The rating assigned also takes comfort from TVSHL's strong financial flexibility with healthy capital structure driven by investments in group companies and expected sustenance of comfortable cover. TVSHL holds a 50.26% stake in TVSM, valued at ~₹88,699 crore as on February 02, 2026, providing substantial coverage in terms of the market value of holdings relative to outstanding debt.

TVSHL also holds three other entities, Home Credit India Finance Private Limited (HCIF), TVS Digital Limited (TVSDL), and TVS Holdings (Singapore) Pte. Limited. The entities under TVSHL are expected to be self-sustaining and further support is expected to be provided by TVSHL on a need basis. TVSHL successfully completed the acquisition of HCIF on February 03, 2025, integrating HCIF into the TVSHL Group. TVSHL now holds an 81.04% equity stake in HCIF, with the remaining shares owned by Premji Invest and other associates of the group. This acquisition is expected to strengthen the presence of the group in the financial services sector. CARE Ratings Limited (CareEdge Ratings) notes that the group already has a non-banking financial company (NBFC), TVS Credit Services Limited (rated 'CARE AA+; Stable'), which has presence in two-wheelers, tractors, used cars, used commercial vehicles, business loans, consumer durables, and personal loans. CareEdge Ratings expects that TVSHL will consolidate NBFCs in the group within 30 months from the date of RBI approval for HCIF acquisition (November 29, 2024).

On September 22, 2025, TVSHL's Board approved a Scheme of Arrangement to issue 6% cumulative non-convertible redeemable preference shares (NCRPS), offering 46 NCRPS of ₹10 each for every equity share. The proposed issue, estimated at ₹986.52 crore and funded from free reserves, carries a 6% annual coupon and provides for redemption 15 months from allotment, with an early redemption option after 12 months. The scheme remains subject to requisite shareholder, regulatory, and National Company Law Tribunal (NCLT) approvals. The design of the issue is broadly aligned with TVSM's NCRPS issuance in H1FY26, particularly with respect to the coupon and redemption framework. In H1FY26, TVSM issued 6% NCRPS, allotting ₹1,900.35 crore of NCRPS to shareholders on September 01, 2025. The issue carries a 6% annual coupon, is proposed to be listed, and is redeemable on September 01, 2026.

The rating is constrained by the dependence on dividend income from TVSM and exposure to fluctuation in market value of its investments. Going forward, maintaining the holding in TVSM, sustenance of revenue and profitability through Brand royalty and management fee from group companies, regular dividend income from investments and ability to maintain its leverage levels while funding incremental requirement of the group would remain crucial.

### Rating sensitivities: Factors likely to lead to rating actions

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

- Significant improvement in credit risk profile of TVSM.

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

- Significant decline in credit risk profile of TVSM.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

- Substantial increase in debt levels of the company or decline in the market value of investments resulting in debt cover below 10x.

### **Analytical approach:** Standalone.

TVSHL has been assessed based on investment holding company criteria basis of its investment holdings in group entities. For calculation of debt cover over outstanding and proposed borrowings, market value of TVSHL's stake in TVSM has been considered. In its analysis, CareEdge Ratings has also factored in potential support that may be provided to investee companies.

### **Outlook:** Stable

The stable outlook indicates that TVSHL is expected to maintain its financial flexibility through consistent brand royalty and management fee from group companies, dividend inflows from TVSM and ensure adequate coverage of its outstanding debt relative to market value of its investments in the medium term.

### **Detailed description of key rating drivers:**

#### **Key strengths**

##### **Strong group with diversified business investments**

TVSHL acts as the holding company for several key group entities, including TVSM, HCIF, TVSDL, and TVS Holdings (Singapore) Pte Limited. The group has a strong presence in industries such as manufacturing two-wheelers and three-wheelers, finance sector and others.

In FY24, as part of a Composite Scheme of Arrangement, TVSHL (formerly Sundaram Clayton Limited), TVS Holdings Private Limited, VS Investments Private Limited, and Sundaram-Clayton Limited (formerly Sundaram-Clayton DCD Limited) underwent a reorganisation. Under this scheme, TVS Holdings Private Limited was amalgamated into TVSHL (formerly Sundaram Clayton Limited) effective June 16, 2023, and VS Investments Private Limited followed on August 04, 2023. Following the amalgamation of TVS Holdings Private Limited, the company name "Sundaram-Clayton Limited" was changed to "TVS Holdings Limited," approved by the Registrar of Companies on July 17, 2023.

The entire business of manufacturing non-ferrous gravity and pressure die castings, referred to as the Demerged Undertaking in the scheme, was demerged, transferred, and vested into Sundaram-Clayton Limited (formerly Sundaram-Clayton DCD Limited) effective August 11, 2023. All assets and liabilities, including profits realised up to August 10, 2023, were transferred to the resulting company. Following the demerger, TVSHL retained only its investments in group companies and its trading business in automotive parts. This restructuring led to TVSHL becoming a Core Investment Company (CIC). The company was registered as a CIC from RBI on March 14, 2024. The company has also discontinued the trading businesses since October 10, 2024.

The promoters and promoter group hold 74.45% of the total shareholding of TVSHL as on December 31, 2025. This includes VS Trust (Venu Srinivasan, Trustee) with 66.55%, Sundaram Finance Holding Limited with 3.74%, Srinivasan Trust (VS Trustee Private Limited, Trustee) with 3.07%, and others with 1.09%.

##### **Strong financial flexibility with healthy capital structure driven by investments in group companies**

TVSM is the third-largest two-wheeler manufacturer in India, with a strong credit profile and healthy liquidity position. As on February 02, 2026, the market value of TVSHL's 50.26% stake in TVSM stood at ~₹88,699 crore. The second-largest investee company is HCIF, followed by TVSDL, which TVSHL acquired from TVSM in FY25. In Q3FY25, TVSHL also divested its entire stake in TVS Emerald Limited for a total consideration of ₹485.85 crore, to a promoter-group entity as part of a strategic realignment following its transition to a CIC, enabling a complete exit from the real-estate business and a sharper focus on financial-services and investment holdings.

In H1FY26, TVSM issued NCRPS amounting to ₹1,900.35 crore, with the allotment completed on September 01, 2025. Based on its 50.26% stake, TVSHL received NCRPS valued at ~₹955 crore. These instruments carry a 6% annual coupon with a tenure of 12 months and are scheduled for redemption on September 01, 2026.

##### **Expected sustenance of comfortable cover and likely support from group**

TVSHL's investment in TVSM was valued at ~₹88,699 crore as on February 02, 2026, providing a strong debt cover of around

94x against gross debt of ₹944 crore as on December 31, 2025. Tangible net worth (TNW) increased from ₹1,463 crore as on March 31, 2025, to ₹1,510 crore by December 31, 2025, resulting in gearing (gross debt/TNW) of 0.64x and 0.62x, respectively. As a CIC, capital adequacy ratio (CAR) norms are not applicable to the company. HCIF acquisition was partly funded through debt, contributing to the total borrowings of ₹944 crore as on December 31, 2025. Reductions in debt cover due to new acquisitions, additional investments, or movements in TVSM's share price will remain key monitorable.

## Key weaknesses

### Exposure to fluctuation in market value of investments

TVSHL's investment value in the group companies is vulnerable to economic downturns and decline in the performance of key operating entities within the group. In terms of available cover, financial flexibility largely depends on market sentiments and the share prices of listed entities. Increase in market-related risks that leads to a significant drop in share prices of its investments will be a key rating sensitivity factor.

### High dependence on TVSM for dividend income

TVSHL's income is primarily derived from dividends received from TVSM, supplemented by royalties and management fees from group entities. Dividend inflows from TVSM remain the company's key revenue driver and provide stable recurring income. In FY25, TVSHL received ₹239 crore in dividends compared to ₹191 crore in FY24, reflecting continued strong payout support from TVSM.

### Liquidity: Strong

Per the asset liability management (ALM) statement dated September 30, 2025, TVSHL had no cumulative negative mismatches in time buckets up to one year. The company had cash and bank balance of ₹3.78 crore as on December 31, 2025. Currently, TVSHL has a ₹944 crore non-convertible debenture (NCD) outstanding, with annual coupon payments and a bullet principal repayment at the end of a 5-year tenure. TVSHL's liquidity is supported by healthy dividend income inflows, brand royalties and management fees paid by the group companies. Given the group's ability to raise funds from the market, TVSHL's liquidity is expected to remain strong in the medium term.

## Environment, social, and governance (ESG) risks

In line with the company's policies, practices and processes of the company, it engages with its stakeholders and strives to resolve differences with them in a just, fair, equitable and consistent manner and if warranted takes corrective measures. Considering the nature of business of the company, there are no material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity for the company.

## Applicable criteria

[Definition of Default](#)

[Investment Holding Companies](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios - Financial Sector](#)

## About the company and industry

### Industry classification

| Macroeconomic indicator | Sector             | Industry | Basic industry     |
|-------------------------|--------------------|----------|--------------------|
| Financial services      | Financial services | Finance  | Investment company |

TVSHL (formerly Sundaram-Clayton Limited) is a registered CIC as on March 14, 2024. Part of the group, it has four direct subsidiaries: TVSM (holding 50.26%), HCIF (81.04%), TVSDL (wholly owned), and TVS Holdings (Singapore) Pte Limited (wholly owned).

| Brief Financials (₹ crore)         | 31-03-2024 | 31-03-2025 | 31-12-2025 |
|------------------------------------|------------|------------|------------|
| Standalone                         | A          | A          | UA         |
| Total income                       | 1,647      | 644        | 170        |
| Profit after tax (PAT)             | 339        | 352        | 53         |
| Assets under management (AUM)      | NA         | NA         | NA         |
| On-book gearing (x)                | 0.38       | 0.64       | 0.62       |
| AUM / tangible net-worth (TNW) (x) | NA         | NA         | NA         |

|   |       |       |       |
|---|-------|-------|-------|
| Gross non-performing assets (NPA) / gross stage 3 (%) | NA    | NA    | NA    |
| Return on managed assets (ROMA) (%)                   | 10.14 | 14.01 | 2.75* |
| Capital adequacy ratio (CAR) (%)                      | NA    | NA    | NA    |

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

\*ROMA (%) for FY24 and FY25 includes dividend income from TVSM; no dividend has been declared by TVSM as on December 31, 2025, resulting in lower ROMA (%) in 9MFY26.

**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 |
|--|--------------|-------------------------------|-----------------|----------------------------|-----------------------------|------------------------------------|
| Debentures-Non-convertible debentures - I  | INE105A08030 | 22-01-2025                    | 8.75%           | 22-01-2030                 | 300.00                      | CARE AA+; Stable                   |
|  | Proposed     | -                             | -               | -                          | 450.00                      | CARE AA+; Stable                   |
| Debentures-Non-convertible debentures - II | Proposed     | -                             | -               | -                          | 200.00                      | CARE AA+; Stable                   |

#### 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       | Debentures-Non-convertible debentures  | LT              | 750.00                       | CARE AA+; Stable | 1)CARE AA+; Stable (25-Nov-25)              | 1)CARE AA+; Stable (26-Nov-24)              | -   | -   |
| 2       | Debentures-Non-convertible debentures  | LT              | 200.00                       | CARE AA+; Stable |   |   |   |   |

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       | Debentures-Non-convertible debentures | 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](mailto:care@careedge.in) for clarifications.

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