TVS Motor Company Limited
July 23, 2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Commercial paper	RBI	500.00	CARE A1+	Reaffirmed
Long-term/Short-term bank facilities	RBI	950.00	CARE AAA; Stable / CARE A1+	Reaffirmed
Long-term bank facilities	RBI	2,100.00	CARE AAA; Stable	Reaffirmed
Non-convertible debentures	SEBI	325.00	CARE AAA; Stable	Reaffirmed
Non-convertible debentures	SEBI	675.00	CARE AAA; Stable	Assigned
Short-term bank facilities	RBI	608.00	CARE A1+	Reaffirmed
Non-convertible redeemable preference shares	SEBI	1,900.35	CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities and instruments of TVS Motor Company Limited (TVSM) continue to reflect its strong business risk profile, supported by its established position in the domestic two-wheeler and three-wheeler industry, diversified product portfolio across multiple segments, improving presence in the electric vehicle (EV) business, and geographically diversified revenue profile. Ratings also factor the company's sustained improvement in operating performance and profitability in the last few years, driven by healthy volume growth, favourable product mix, premiumisation, and continued focus on operational efficiencies. Ratings derive comfort from TVSM's strong financial risk profile, characterised by healthy cash flow generation, comfortable leverage, robust debt protection metrics, and strong liquidity.

Ratings also consider the expected improvement in the performance of the company's overseas businesses following the sale of a part of its loss-making European e-bike retail business and expected commercialisation of Norton motorcycles. These developments are expected to reduce investment intensity and support stronger free cash flow generation in the medium term. Further, redemption of the ₹1,900 crore non-convertible redeemable preference shares (NCRPS), during FY27 is expected to strengthen the company's capital structure and improve leverage metrics.

These rating strengths largely offset the TVSM's exposure to commodity price fluctuations, intense competition in the automobile industry, susceptibility of demand to macroeconomic conditions, and sizeable investments in overseas subsidiaries, some of which continue to report weak operating performance. The expected moderation in investment requirements for these businesses and improvement in their operating performance remain key monitorable.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors: Not applicable

Negative factors

- Debt-funded capex/investments leading to deterioration in adjusted net debt (excluding TVS Credit Services Limited [TVS Credit] debt)/PBILDT to above 1x on a sustained basis.
- Significant decline in market share and operating profitability on a sustained basis.

Analytical approach: CARE Ratings Limited (CareEdge Ratings) has considered TVSM’s consolidated financials, excluding non-banking financial company (NBFC) subsidiary – TVS Credit, and its three subsidiaries: TVS Housing Finance Private Limited, Harita Two-Wheeler Mall Private Limited, and Harita ARC Private Limited. However, the analysis considers ongoing and future funding support likely to be extended by TVSM to TVS Credit. Entities consolidated are listed under Annexure-5.

Outlook: Stable

CareEdge Ratings believes that TVSM’s strong market position and operating performance shall lead to sustenance of its strong credit profile.

[1]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority.
[2]Complete definitions of ratings assigned are available at www.careratings.com and in other CARE Ratings Limited’s publications.

Detailed description of key rating drivers:

Key strengths

Improving presence in the two-wheeler/three-wheeler industry with diversified product profile

Over the years, TVSM has established itself as one of the leading players in two-wheeler/three-wheeler industry and is the only company to have presence in all three two-wheeler categories - motorcycles, scooters, and mopeds, catering to customers across value segments in domestic and international markets. TVSM is also the only company to have a presence in moped segment in India. TVSM manufactures a wide range of two-wheelers and three-wheelers from its facilities at Hosur, Tamil Nadu; Mysuru, Karnataka; Nalagarh, Himachal Pradesh; Karawang, Indonesia; and Solihull, United Kingdom.

TVS has consistently outperformed industry from many years driven by its strong and diversified product portfolio, regular new product/variant launches and its strong supply chain; positioning it as third and second largest player in the two-wheeler and three-wheeler industry, respectively.

In FY26, TVSM recorded strong volume growth of 24% and 26% for motorcycle and scooters, while the industry grew by 11% and 19%, respectively. In three-wheelers, TVSM recorded volume growth of 63% while industry grew by 24%. TVSM's EVs sale grew from 0.97 lakh units in FY23 to 3.71 lakh units in FY26, where its market share grew from 11.7% in FY23 to a market leading share of 24.4% in FY26.

Geographically diversified revenue stream

TVSM's top export destinations include countries, such as Guinea, Nigeria, Congo, Colombia, Brazil, and Mexico among others, where it provides a diversified product portfolio consisting of motorcycles, scooters, mopeds, and three-wheelers across all value segments. CareEdge Ratings notes that exports accounted for ~23% of TVSM's standalone revenue in FY26 (PY: ~23%). Exports grew by ~30% in FY26 (PY: ~13%). With continuous product innovation, new launches, and brand building, TVSM has been able to expand its presence beyond south and currently has significant presence/sales in across India, with pan-India network of 6,094 dealers for two-wheelers as on March 31, 2026 (PY: 5,563).

Substantial improvement in operating performance in FY26, expected to continue

TVSM achieved consistent growth in its automobile business revenue, which grew at a CAGR of 21% in for three years ended FY26, with a growth of 30% year-over-year (y-o-y) in FY26 (PY: 13%), due to improvement in volumes and realisations supported by its improving market share. Driven by premiumisation of product mix, and cost reduction initiatives, its operating profit margin for automobile business improved from 8.62% in FY23 to 10.84% in FY26. The company maintained its strong growth momentum in Q1FY27, with income from operations increasing to ₹14,415 crore.

Strong financial risk profile; expected to strengthen significantly in FY27

TVSM's automobile business overall gearing (on a net basis) remained comfortable at 0.83x as on March 31, 2026 (PY: 0.69x), while net debt/PBILDT improved from 0.88x in FY25 to 0.81x in FY26, despite issuance of NCRPS of ₹1,900 crore in September 2025, which is due for repayment in September 2026.

TVSM's automobile business PBILDT improved substantially by ₹1,481 crore in FY26. TVSM sold its loss-making European e-bike retail business in May 2026, whereas Norton motorcycle is expected to launch its products in Q2FY27. This is expected to significantly reduce investment intensity/losses for these businesses going forward. Accordingly, CareEdge Ratings expects TVSM's automobile business net debt/PBILDT to substantially improve to below 0.6x in FY27, backed by sustained improvement in operating performance and profitability.

Liquidity: Strong

TVSM's automobile business has strong liquidity, primarily considering strong operational cash flow and free cash and liquid investments of ₹1,196 crore as on March 31, 2026. On a standalone basis, TVSM had unutilised fund-based working capital limits of ₹1,688 crore as on March 31, 2026.

Key weaknesses

Significant investments in overseas businesses with weak operational performance; despite expected to improve significantly from FY27 onwards

As on March 31, 2026, TVSM's overall investment in its subsidiaries and associates stood at ₹11,647 crore against its standalone net worth of ₹11,234 crore. Of this, majority investment of ₹7,172 crore is in TVS Motor (Singapore), an overseas investment holding company, and ₹2,515 crore in TVS Credit, a NBFC arm whose assets under management (AUM) stood at ₹31,216 crore as on March 31, 2026. TVSM's high investment in TVS Motor (Singapore) is primarily due to acquisitions, capex requirements, and loss funding in its overseas businesses. However, considering sale of its loss-making e-bike retail business in Europe in May 2026 and expected launch of Norton's products in Q2FY27, TVSM's investment intensity for these businesses is expected to reduce significantly going forward. Expected improvement in performance of key overseas subsidiaries and investment intensity will be a key rating monitorable.

Exposure to commodity price fluctuations amidst strong competition
Two-wheeler original equipment manufacturers (OEMs) key raw materials include commodities, including steel, aluminium, among others. Prices of commodities have elevated significantly post commencement of West Asia war. Accordingly, most OEMs have increased their prices to mitigate the impact of higher input costs. However, passing on increase in input prices entirely to the end consumer is challenging due to intense competition. Thus, OEMs margins are subject to variations in input prices.
However, despite fluctuations witnessed in prices of commodities in last few years, TVSM has been able to improve its profitability margins, considering its pricing strategy supported by diversified product portfolio.

Demand susceptible to macroeconomic factors
Two-wheeler/three-wheeler demand is prone to macroeconomic factors especially income level, and hence, displays variation in demand basis economic cycle. However, CareEdge Ratings expects demand to remain healthy in the near-medium term due to improving incomes and growing demand for personal mobility.

Environment, social, and governance (ESG) risks

Environmental:

- The company's policy and actions are principally aimed to reduce CO_2 emission intensity through active development of EVs with focus for increasing share of business, development of alternate fuel compatible vehicles, reduction of weight of products, and improving fuel efficiency of products.
- TVSM is firmly committed to achieving Net Zero emissions as a key pillar of its long-term sustainability strategy and has developed a scientific decarbonisation roadmap that reflects international best practices.
- The company ensures to reduce usage of hazardous chemicals in its products. Hazardous waste generated in the factory through paint sludge, chemical sludge generated from wastewater treatment plant, waste containing traces of oil are being co-processed in cement industry for over 15 years. The company has tied with battery recyclers for environmentally friendly disposal of end-of-life batteries. The company aims to make all its operations Zero Waste to Landfill (ZWL) and has taken significant steps towards this goal.
- The company achieved reduction in usage of raw water through the deployment of advanced water technologies.

Social:

- The company’s corporate social responsibility (CSR) activities are directed towards empowering women, promotion of education, enhancing vocation skills, eradicating poverty, promoting preventive healthcare and sanitation, and making available safe drinking water, ensuring environment sustainability, ecological balance, animal welfare, agroforestry, conservation of natural resources and maintain quality of soil, air, and water.

Governance:

- The company has been practicing the principles of good corporate governance over the years and lays strong emphasis on transparency, accountability, and integrity. In its board of directors, four of seven directors are independent, including one-woman director.

Applicable criteria

Rating Outlook and Rating Watch
Definition of Default
Manufacturing Companies
Consolidation
Financial Ratios – Non financial Sector
Liquidity Analysis of Non-financial Sector Entities
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Automobile and auto components	Automobiles	2/3 Wheelers

TVSM is among the largest two-wheeler and three-wheeler manufacturers in India. It currently manufactures a wide range of two-wheelers and three-wheelers at its manufacturing facilities at Hosur, Tamil Nadu; Mysuru, Karnataka; and Nalagarh, Himachal Pradesh, with a total installed manufacturing capacity of 74 lakh two-wheelers and 2.8 lakh three-wheelers per annum as on March 31, 2026. TVSM has a presence in all three categories of two-wheeler industry, including scooters, motorcycles, and mopeds. It is the only player in moped segment.

Brief Financials (₹ crore) Automobile business*	FY25 (UA)	FY26 (UA)	Q1FY27 (UA)
Total operating income	37,578	49,031	14,415
PBILDT	3,833	5,314	1,599
PAT	1,612	2,273	849
Overall gearing (times)	0.85	1.06	NA
Net overall gearing (times)	0.69	0.83	NA
Interest coverage (times)	16.67	17.98	15.38

*TVSM (Consolidated) minus TVS Credit (Consolidated); NA: Not available; Note: These are latest available financial results.

Brief Standalone Financials (₹ crore)	FY25 (A)	FY26 (A)	Q1FY27 (UA)
Total operating income	36,251	47,270	13,896
PBILDT	4,450	6,079	1,779
PAT	2,634	3,615	1,174
Overall gearing (times)	0.24	0.37	NA
Interest coverage (times)	32.05	29.82	23.41

A: Audited; UA: Unaudited; NA: Not available; Note: These are latest available financial results.

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

For complexity level of instruments rated refer to Annexure-1.

Lender details: Annexure-4

Disclosure on facilities/instruments and name of regulators:
A list of facilities / instruments falling under the purview of financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Commercial Paper-Commercial Paper (Standalone)	RBI	Simple	Proposed	-	-	-	500.00	CARE A1+
Debentures-Non Convertible Debentures	SEBI	Simple	Proposed	-	-	-	175.00	CARE AAA; Stable
Debentures-Non	SEBI	Simple	Proposed	-	-	-	125.00	CARE AAA; Stable

Name of the Instrument	Name of the Regulator	Complexity Level	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Convertible Debentures								
Debentures-Non Convertible Debentures	SEBI	Simple	Proposed	-	-	-	25.00	CARE AAA; Stable
Debentures-Non Convertible Debentures	SEBI	Simple	Proposed	-	-	-	675.00	CARE AAA; Stable
Fund-based - LT-Term Loan	RBI	Simple	-		-	March 2030	2100.00	CARE AAA; Stable
Fund-based - LT/ ST-Packing Credit in Foreign Currency	RBI	Simple	-		-	-	950.00	CARE AAA; Stable / CARE A1+
Non-fund-based - ST-BG/LC	RBI	Simple	-		-	-	450.00	CARE A1+
Non-fund-based-Short Term	RBI	Simple	-		-	-	158.00	CARE A1+
Preference Shares-Non Convertible Redeemable Preference Shares	SEBI	Complex	INE494B04019	01-Sep-2025	6%	01-Sep-2026	1900.35	CARE A1+

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 2026-2027	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
1	Fund-based - LT-Term Loan	LT	2100.00	CARE AAA; Stable	1)CARE AAA; Stable (03-Jul-26)	1)CARE AA+; Stable (05-Sep-25) 2)CARE AA+; Stable (23-Jun-25)	1)CARE AA+; Stable (27-Sep-24)	1)CARE AA+; Stable (28-Sep-23)
2	Fund-based - LT/ ST-Cash Credit	LT/ST	-	-	-	-	1)Withdrawn (27-Sep-24)	1)CARE AA+; Stable / CARE A1+ (28-Sep-23)
3	Non-fund-based - ST-BG/LC	ST	450.00	CARE A1+	1)CARE A1+ (03-Jul-26)	1)CARE A1+ (05-Sep-25) 2)CARE A1+ (23-Jun-25)	1)CARE A1+ (27-Sep-24)	1)CARE A1+ (28-Sep-23)
4	Non-fund-based-Short Term	ST	158.00	CARE A1+	1)CARE A1+ (03-Jul-26)	1)CARE A1+ (05-Sep-25) 2)CARE A1+ (23-Jun-25)	1)CARE A1+ (27-Sep-24)	1)CARE A1+ (28-Sep-23)
5	Commercial Paper-Commercial	ST	500.00	CARE A1+	1)CARE A1+ (03-Jul-26)	1)CARE A1+ (05-Sep-25) 2)CARE A1+	1)CARE A1+ (27-Sep-24)	1)CARE A1+ (28-Sep-23)

Sr. No.	Name of the Instrument/ Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2026-2027	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
	Paper (Standalone)					(23-Jun-25)		
6	Debentures-Non Convertible Debentures	LT	-	-	-	-	-	1)Withdrawn (28-Sep-23)
7	Fund-based - LT/ ST-Packing Credit in Foreign Currency	LT/ST	950.00	CARE AAA; Stable / CARE A1+	1)CARE AAA; Stable / CARE A1+ (03-Jul-26)	1)CARE AA+; Stable / CARE A1+ (05-Sep-25) 2)CARE AA+; Stable / CARE A1+ (23-Jun-25)	1)CARE AA+; Stable / CARE A1+ (27-Sep-24)	1)CARE AA+; Stable / CARE A1+ (28-Sep-23)
8	Debentures-Non Convertible Debentures	LT	175.00	CARE AAA; Stable	1)CARE AAA; Stable (03-Jul-26)	1)CARE AA+; Stable (05-Sep-25) 2)CARE AA+; Stable (23-Jun-25)	1)CARE AA+; Stable (27-Sep-24)	1)CARE AA+; Stable (28-Sep-23)
9	Debentures-Non Convertible Debentures	LT	25.00	CARE AAA; Stable	1)CARE AAA; Stable (03-Jul-26)	1)CARE AA+; Stable (05-Sep-25) 2)CARE AA+; Stable (23-Jun-25)	-	-
10	Preference Shares-Non Convertible Redeemable Preference Shares	ST	1900.35	CARE A1+	1)CARE A1+ (03-Jul-26)	1)CARE A1+ (05-Sep-25)	-	-
11	Debentures-Non Convertible Debentures	LT	-	-	1)Withdrawn (03-Jul-26)	-	-	-
12	Debentures-Non Convertible Debentures	LT	125.00	CARE AAA; Stable	1)CARE AAA; Stable (03-Jul-26)	-	-	-
13	Debentures-Non Convertible Debentures	LT	675.00	CARE AAA; Stable				

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Lender details

To view lender-wise details of bank facilities please click here

Annexure-5: List of entities consolidated as on March 31, 2026

Sr. No.	Name of the entity	Extent of consolidation	Rationale for consolidation
1	TVS Motor Company (Europe) B.V. Amsterdam	Full	Subsidiary
2	PT TVS Motor Company Indonesia, Jakarta	Full	Subsidiary
3	TVS Motor (Singapore) Pte. Limited, Singapore	Full	Subsidiary
4	TVS Motor Services Limited, Chennai	Full	Subsidiary
5	The Norton Motorcycle Co. Limited, UK	Full	Subsidiary

Sr. No.	Name of the entity	Extent of consolidation	Rationale for consolidation
6	Norton Motorcycle Private Limited, Chennai (w.e.f 22-08-2025)	Full	Subsidiary
7	Norton USA LLC, Delaware (w.e.f 06-11-2025)	Full	Subsidiary
8	TVS Digital Pte Limited, Singapore	Full	Subsidiary
9	EGO Movement Stuttgart, GmbH, Germany	Full	Subsidiary
10	TVS Electric Mobility Limited, Chennai	Full	Subsidiary
11	TVS Ebike Company AG, Switzerland	Full	Subsidiary
12	TVS Ebike Company GmbH, Germany, Nuremberg (erstwhile Colag E-Mobility GmbH, Germany, Nuremberg)	Full	Subsidiary
13	TVS EBike Company Limited, UK (erstwhile EBCO Limited, UK)	Full	Subsidiary
14	TVS Motor GmbH, Germany (erstwhile Celerity Motor GmbH, Germany)	Full	Subsidiary
15	DriveX Mobility Private Limited, Coimbatore	Full	Subsidiary
16	TVS Motor Company DMCC, Dubai	Full	Subsidiary
17	Engines Engineering S.p.A, Castenaso, Italy (w.e.f 03-10-2025)	Full	Subsidiary
18	Swiss E-mobility Group (österreich) Gmbh, Austria	Full	Subsidiary
19	The GO Corporation, Switzerland (GO AG) (merged with TVS Ebike Company AG, Switzerland on 30-06-2025)	Full	Subsidiary
20	Swiss E-Mobility Group (Schweiz) AG Switzerland, Zurich (merged with TVS Ebike Company AG, Switzerland on 30-06-2025)	Full	Subsidiary
21	Alexand'Ro Edouard'O Passion Vélo Sàrl, Switzerland (merged with TVS Ebike Company AG, Switzerland on 30-06-2025)	Full	Subsidiary
22	Ultraviolette Automotive Private Limited, Bengaluru	Moderate	Associate
23	Predictronics Corp, USA	Moderate	Associate
24	Altizon Inc, USA #	Moderate	Associate
25	Kilwatt GmbH, Germany	Moderate	Associate

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.

Contact us

Media Contact	Analytical Contacts
Name: Mradul Mishra Director **CARE Ratings Limited** Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in **Relationship Contact** Name: Saikat Roy Senior Director **CARE Ratings Limited** Phone: +91-22-6754 3404 E-mail: saikat.roy@careedge.in	Name: Ranjan Sharma Senior Director **CARE Ratings Limited** Phone: +91 - 22 - 6754 3453 E-mail: ranjan.sharma@careedge.in Name: Hardik Shah Director **CARE Ratings Limited** Phone: +91-22-6754 3591 E-mail: hardik.shah@careedge.in Name: Arti Roy Associate Director **CARE Ratings Limited** Phone: +91-22-6754 3657 E-mail: arti.roy@careedge.in

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