TVS Holdings Limited

September 08, 2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Cumulative non-convertible redeemable preference share	SEBI	930.68	CARE AA+; Stable	Assigned
Non-convertible debentures - I	SEBI	750.00	CARE AA+; Stable	Reaffirmed
Non-convertible debentures - II	SEBI	200.00	CARE AA+; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

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 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 condition stipulated by RBI. TVSHL holds importance as the holding entity of TVS Motor Company Limited (TVSM; rated CARE AAA; Stable / CARE A1+), the group's flagship entity having strong credit profile and consistent track record of dividend payment. The rating also takes comfort from TVSHL's strong financial flexibility with healthy capital structure driven by investments in group companies. TVSHL holds a 50.26% stake in TVSM, valued at ~₹1,03,456 crore as on September 02, 2026, providing substantial coverage in terms of the market value of holdings relative to outstanding debt.

TVSHL holds three other entities apart from TVSM Home Credit India Finance Private Limited (HCIF), TVS Digital Limited (TVSDL), and TVS Holdings (Singapore) Pte. Limited. Entities under TVSHL are expected to operate independently, with support from TVSHL extended as needed. TVSHL successfully completed the acquisition of HCIF in February 2025, integrating it into the TVS Group. Following the acquisition, TVSHL holds a 74.45% equity stake in HCIF, while the remaining shares are held by Premji Invest and others. This acquisition has enhanced the group's presence and also strengthened its position 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. TVSHL, through its stock exchange filing dated July 15, 2026, announced the proposed acquisition of 100% of the issued, subscribed and paid-up share capital of Varthana Finance Private Limited (Varthana) by HCIF. Subsequently, vide its stock exchange filing dated August 05, 2026, TVS Credit announced that its Board of Directors had approved a Composite Scheme of Amalgamation involving HCIF, STPL Trading and Services Private Limited and TVS Housing Finance Private Limited with TVS Credit. CareEdge Ratings expects that the Composite Scheme of Amalgamation to be completed within 30 months from the date of RBI approval for the acquisition of HCIF, which was received on November 29, 2024.

On September 22, 2025, TVSHL's Board approved a Scheme of Arrangement to issue 6% cumulative non-convertible redeemable (NCD) preference shares (NCRPS), offering 46 NCRPS of ₹10 each for every equity share. The proposed issue, estimated at ₹930.68 crore and funded from free reserves, carries a 6% annual coupon and provides for redemption at 15 months from allotment, with an early redemption option after 12 months. The scheme has since been sanctioned by the National Company Law Tribunal (NCLT) on August 18, 2026, following receipt of the requisite shareholder and regulatory approvals. The design of the issue is broadly aligned with NCRPS issuance of TVSM done in H1FY26, particularly with respect to the coupon and redemption framework.

However, the rating is constrained by the company's dependence on TVSM's dividend income and its exposure to fluctuations in the market value of its investments. Going forward, the company's ability to maintain its stake in TVSM, sustain revenue and profitability through brand royalty and management fees from group entities, generate regular dividend income from investments, and maintain its leverage levels while supporting the group's incremental funding requirements will remain crucial.

[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.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors: Factors that could individually or collectively lead to positive rating action/upgrade:
- Continuing strong linkages with TVSM.

Negative factors: Factors that could individually or collectively lead to negative rating action/downgrade:
- Significant decline in credit risk profile of TVSM.
- 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 under the investment holding company criteria, based on its investment holdings in various group entities. For evaluating debt coverage against its outstanding and proposed borrowings, the market value of TVSHL's stake in TVSM has been considered. Additionally, CareEdge Ratings has factored in the potential financial support that TVSHL may extend to its investee companies in its analysis.

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 automative parts. This restructuring led to TVSHL becoming a core investment company (CIC). The company was registered as a CIC with RBI on March 14, 2024. The company has also discontinued the trading businesses since October 10, 2024.

Promoters and promoter group hold 74.45% of the total shareholding of TVSHL as on June 30, 2026. This includes VS Trust (Venu Srinivasan, Trustee) with 66.55%, TSF Investments Limited (Formerly known as Sundaram Finance Holdings Limited) with 3.74%, Srinivasan Trust (VS Trustee Private Limited, Trustee) with 3.07%, and others with 1.10%.

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 September 02, 2026, the market value of TVSHL's 50.26% stake in TVSM stood at ~₹1,03,456 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. 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 were redeemed in September 2026. Subsequently, TVSHL has now proposed the issuance of NCRPS aggregating ₹930.68 crore under a Scheme of Arrangement. The proposed NCRPS carry a 6% cumulative annual coupon and are redeemable 15 months from the date of allotment, with an option for early redemption after 12 months. The scheme has since received the requisite approvals, including sanction by the NCLT on August 18, 2026, paving the way for the issuance of the NCRPS from TVSHL's general reserves/retained earnings. The structure of the proposed issuance is broadly aligned with TVSM's NCRPS issuance in terms of the coupon and redemption framework.

Expected sustenance of comfortable cover and likely support from group

TVSHL's investment in TVSM was valued at ~₹1,03,456 crore as on September 02, 2026, providing a strong debt cover of ~49x against gross debt of ₹2,093 crore as on June 30, 2026. Tangible net worth (TNW) increased from ₹1,463 crore as on March 31, 2025, to ₹1,606 crore as on March 31, 2026, and further to ₹1,613 crore as on June 30, 2026, resulting in gearing (gross debt/TNW) of 0.99x as on March 31, 2026 (PY:0.64x) and 1.30x as on June 30, 2026. As a CIC, capital adequacy ratio (CAR) norms are not applicable to the company. Increase in debt is majorly attributed to capital infusion in HCIF, where HCIF has received aggregate equity infusion of ₹940 crore in FY26 and ₹630 crore in year-to-date (YTD) in FY27 from TVSHL and other shareholders. 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 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 FY26, TVSHL received ₹287 crore in dividends compared to ₹239 crore in FY25, reflecting continued strong payout support from TVSM.

Liquidity: Strong

The company's liquidity is supported by strong financial flexibility derived from market value of its investment in TVSM (~₹1,03,456 crore as on September 02, 2026), leading to a cover of 49x over its outstanding external debt. CareEdge Ratings expects the company to maintain a healthy debt cover (the market value of its unencumbered equity shares of listed companies and cash and cash equivalents to total external debt) going forward. As on June 30, 2026, TVSHL had ₹1,593 crore NCD outstanding, with annual coupon payments and a bullet principal repayment at tenure-end. The proposed NCRPS has a redemption obligation of ~₹986.52 crore, including principal and coupon payment, which is expected to be funded primarily through ₹1012.44 crore of redemption proceeds receivable from TVSM and from the company's regular income, providing adequate coverage for the redemption requirement. The company had unencumbered cash and bank balance of ₹185 crore as on March 31, 2026. TVSHL's liquidity is further 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, 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 company's nature of business, 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 (74.45%), TVSDL (wholly owned), and TVS Holdings (Singapore) Pte Limited (wholly owned).

Brief Financials (₹ crore)	31-03-2025	31-03-2026	30-06-2026
Standalone	A	A	UA
Total income	644	517	93
Profit after tax (PAT)	352	322	9
Tangible Net-worth (TNW)	1,463	1,606	1,613
On-book gearing (x)*	0.64	0.99	1.30
Interest Coverage (x)	7.51	5.39	1.25

A: Audited UA: Unaudited; Note: these are latest available financial results
*Total debt/TNW

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
Debentures-Non Convertible Debentures - I	SEBI	Simple	INE105A08030	22-01-2025	8.75%	22-01-2030	300.00	CARE AA+; Stable
Debentures-Non Convertible Debentures - II	SEBI	Simple	INE105A08048	23-03-2025	8.10%	24-06-2029	650.00	CARE AA+; Stable
Preference Shares-Non Convertible Redeemable Preference Share	SEBI	Complex	Proposed	-	-	-	930.68	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 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	Debentures-Non Convertible Debentures	LT	750.00	CARE AA+; Stable	-	1)CARE AA+; Stable (09-Feb-26) 2)CARE AA+; Stable (25-Nov-25)	1)CARE AA+; Stable (26-Nov-24)	-
2	Debentures-Non Convertible Debentures	LT	200.00	CARE AA+; Stable	-	1)CARE AA+; Stable (09-Feb-26)	-	-
3	Preference Shares-Non Convertible Redeemable Preference Share	LT	930.68	CARE AA+; Stable				

LT: Long 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

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**
Mradul Mishra Director **CARE Ratings Limited** Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in **Relationship Contact** Pradeep Kumar V Senior Director **CARE Ratings Limited** Phone: 044-28501001 E-mail: pradeep.kumar@careedge.in	Vineet Jain Senior Director **CARE Ratings Limited** Phone: +91-22-6754 3623 E-mail: vineet.jain@careedge.in Hardik Manharbhai Shah Director **CARE Ratings Limited** Phone: +91-22-6754 3591 E-mail: hardik.shah@careedge.in Akansha Akshay Jain Associate Director **CARE Ratings Limited** Phone: +91-22-6754 3491 E-mail: akansha.jain@careedge.in

About us:

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