TVS Holdings Limited

November 04, 2026

TVS Motor Company Limited (TVS Motor, rated CARE AAA; Stable / CARE A1+) has approved a Composite Scheme of Arrangement for the demerger of its consumer finance and related business undertaking (TVS Credit Services Limited [TVS Credit, rated CARE AA+; Stable]) into a separate company, through its stock exchange announcement dated October 28, 2026. Under the proposed scheme, shareholders of TVS Motor will receive an equivalent number of shares in the resulting company, enabling participation in future growth of automotive and financial services businesses.

The recently announced demerger follows earlier announced Composite Scheme of Amalgamation involving Home Credit India Finance Private Limited (HCIF, rated CARE AA; Stable), STPL Trading and Services Private Limited (STPL), and TVS Housing Finance Private Limited (TVS HF) with TVS Credit as the surviving entity. The amalgamation is aimed at consolidating the group's consumer finance operations under a single platform, improving operational efficiencies, enhancing capital allocation, and aligning the group structure with the Reserve Bank of India's regulatory requirements for NBFC groups. The proposed demerger represents the next phase of this strategic restructuring and is intended to house the consolidated consumer finance business under a dedicated holding platform.

In connection with the proposed demerger, TVS Motor has acquired 100% stake in Harita ARC, a non-operating entity, from TVS Credit Services. Harita ARC is proposed to be the resulting company under the demerger scheme. On completion of the amalgamation and demerger, the group's NBFC interests, including TVS Credit, HCIF and Varthana Finance Private Limited (subject to relevant regulatory approvals for acquisition of Varthana Finance by HCIF), are expected to be housed under Harita ARC, with TVS Holdings Limited (TVS Holdings, rated CARE AA+; Stable) ultimately holding a majority stake of over 50% directly or indirectly. The group plans to list Harita ARC and undertake a rebranding exercise incorporating the 'TVS' brand name. The proposed demerger is expected to become effective from July 2027, subject to receipt of requisite statutory, regulatory and shareholder approvals.

Prior to the demerger, the group intends to complete the merger of TVS Credit, HCIF and Varthana Finance into TVS Credit within the RBI-stipulated timeline of May 2027. Following the proposed restructuring, TVS Holdings is expected to emerge as the ultimate parent of the merged TVS Credit entity apart from being the parent of TVS Motor.

Analytical View

CARE Ratings Limited (CareEdge Ratings) understands that the proposed demerger will result in a reorganisation of the ownership structure, with TVS Holdings becoming the ultimate parent of the merged TVS Credit entity apart from being the parent of TVS Motor, subject to the receipt of all requisite regulatory approvals. Given the strategic importance of the consumer finance business within the TVS group and the demonstrated track record of shareholder support, CareEdge Ratings expects continued support to the TVS Credit entity post-restructuring. Accordingly, the proposed transaction is not expected to materially impact the capitalisation, leverage, liquidity, or overall credit profile of TVS Credit while need-based support is expected to now come from TVS Holdings in place of TVS Motor, in a timely manner.

CareEdge Ratings will continue to monitor the progress of the proposed amalgamation and demerger, including receipt of requisite approvals, implementation of the revised group structure, and consequent changes in the support framework. Given the presence of multiple non-banking financial company (NBFC) entities within the TVS Holdings group, the eventual group structure and additional consolidation or reorganisation undertaken to comply with applicable regulatory requirements will remain key monitorable from a credit perspective.

Please refer to the following link for CareEdge Ratings' previous press release on TVS Holdings, which captures, among other things, rationale and key rating drivers with their detailed description, rating sensitivities, liquidity position, and brief financial indicators.
Click here

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.

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