March 18, 2026

Toyota Financial Services India Limited: Ratings reaffirmed and rated amount enhanced; rating reaffirmed and withdrawn for matured instruments

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term/Short-term bank facilities	6,796.50	6,796.50	[ICRA]AAA (Stable)/[ICRA]A1+; reaffirmed
Non-convertible debentures	6,650.00	6,650.00	[ICRA]AAA (Stable); reaffirmed
	0.00	1,000.00	[ICRA]AAA (Stable); assigned
	300.00	0.00	[ICRA]AAA (Stable); reaffirmed and withdrawn
Commercial paper	1,800.00	1,800.00	[ICRA]A1+; reaffirmed
Total	**15,546.50**	**16,246.50**	

**Instrument details are provided in Annexure I*

Rationale

The ratings consider Toyota Financial Services India Limited's (TFSIN) strong parentage, given its position as a wholly-owned subsidiary of Toyota Financial Services Corporation (TFSC), which is a wholly-owned subsidiary of Toyota Motor Corporation (TMC/ultimate parent; rated A1 (Stable)/P-1 by Moody's). TFSIN receives significant financial and management support from TFSC and TMC by virtue of its parentage. Its board of directors and senior management team have representatives from TFSC. This, together with the shared brand name and integration with the TMC Group, reflects TFSIN's significance to the Group.

The ratings also factor in TFSIN's comfortable capitalisation profile, supported by timely equity support from the parent, robust underwriting practices and risk management policies, and the diversified borrowing profile. However, margins continue to be under pressure on account of the competitive scenario, resulting in a net profitability {profit after tax (PAT)/average managed assets (AMA)} of 0.5% in 9M FY2026 vis-à-vis 0.04% in FY2025 (0.4% in FY2024).

ICRA has also reaffirmed and withdrawn the long-term rating on the Rs. 300.00 crore non-convertible debentures, in accordance with its policy on the withdrawal of credit ratings, as the instruments have matured and have been fully repaid.

The Stable outlook on the [ICRA]AAA rating reflects ICRA's opinion on TFSIN's comfortable capitalisation and strong liquidity position and the expectation that it would continue to benefit from the support of the TMC Group.

Key rating drivers and their description

Credit strengths

Strong parentage with track record of support – TFSIN derives substantial financial and management support from TFSC and TMC owing to its parentage. TFSC exercises managerial control in TFSIN, which reflects its significance to the Group. Regular operational reporting and monitoring by TFSC's regional headquarters in Singapore, periodic reviews and senior management engagement indicate a high level of integration within the

Group. Moreover, TFSIN receives regular guidance from TFSC in matters pertaining to treasury, debt raising and risk management. It has adequate risk management policies and benefits from TFSC's global best practices.

Comfortable capitalisation profile – TFSIN's capitalisation remains comfortable with a capital adequacy ratio (capital-to-risk weighted assets ratio; CRAR) of 20.1% as on December 31, 2025, supported by regular equity infusions from TFSC. TFSC has infused equity capital of Rs. 3,950 crore in the company since its inception, including Rs. 1,000 crore in Q1 FY2026. ICRA notes the track record of timely aid from TFSC to keep TFSIN comfortably capitalised well in advance to support the loan book growth. The company's gearing stood at 4.1 times as on December 31, 2025 (4.7 times as on March 31, 2025, 4.3 times as on March 31, 2024).

Adequate asset quality – TFSIN's gross and net stage 3 assets continued to be stable at 3.0% and 1.4%, respectively, as of December 2025, remaining similar to the levels reported in March 2025. Credit costs rose to 1.2% in FY2025 from 0.6% in FY2024, mainly due to losses from small-ticket loans and incremental provisioning on the stressed exposure in the leasing segment. However, it remained similar to the FY2025 level of 1.2% in 9M FY2026. The company operates an outsourced collection model, with its in-house collections team actively overseeing and monitoring the performance of external agencies to ensure effective recovery and risk management.

TFSIN's overall provisions stood at 2.6% of the loan book as of December 2025, marginally higher than 2.5% reported in March 2025 as well as March 2024, and down from 3.3% as of March 2023, in line with the reduction in delinquencies; however, the same remains adequate. Given its healthy growth plans for the near-to-medium term, the company's ability to maintain strict underwriting standards, and hence asset quality indicators, would be monitored.

Credit challenges

Competitive business segment and modest profitability – Domestic passenger vehicle sales volume witnessed a healthy pickup in FY2025. Toyota Kirloskar Motors (TKM) also recorded a 28.1%[1] growth in sales volume in the past one year. With TFSIN's financing penetration increasing to around 18% as of February 2026 and its loan book grew by 38.7% year-on-year (YoY) to Rs. 18,760.2 crore as of March 2025. Further, the assets under management (AUM) rose by 17.9% sequentially in 9M FY2026 to Rs. 22,119.2 crore as of December 2025. TFSIN is expected to continue to scale up its loan book through the existing models as well as the launch of new variants by TKM. It has diversified its presence into used cars loans, though the share of AUM derived from this segment would remain modest in the near-to-medium term. Moreover, it is expected to derive benefits from its agreement with Maruti Suzuki India Limited (MSIL), under which it has been providing financial services to MSIL's retail customers in select locations.

The auto financing space is highly competitive and comprises large banks and non-banking financial companies. This has resulted in modest lending spreads over the years. Going forward, TFSIN's ability to offer lending services at competitive rates would be a key monitorable. Its return on average managed assets (RoMA) stood at 0.5% in 9M FY2026 vis-à-vis 0.04% in FY2025 (0.4% in FY2024). Operating expenses were under control and stood at 1.4% in 9M FY2026 and FY2025 vis-à-vis 1.7% in FY2024; the company will continue to invest to support its incremental digitisation initiatives. Going forward, TFSIN's ability to improve its margins while keeping the operating expenses and credit costs under control, amid steep portfolio growth expectations, would be crucial.

Liquidity position: Strong

The company's asset-liability management statement, as on January 31, 2026, reflected positive cumulative mismatches across all buckets within one year. As on January 31, 2026, TFSIN's liquidity position remained strong, supported by free cash and liquid investments of Rs. 886.3 crore and unutilised sanctioned funding lines of Rs.

[1] Source: Society for Indian Automobile Manufacturers (SIAM) data as of February 2026

9,858.4 crore (of which Rs. 4,017.5 crore were committed bank lines). The company has debt repayments of Rs. 3,959.6 crore within the next six months. TFSIN also enjoys strong financial flexibility for mobilising funding at competitive rates on the back of its track record and strong parentage.

As on December 31, 2025, the total borrowing of Rs. 17,966.4 crore was fairly diversified across bank lines (38%), non-convertible debentures (38%), commercial paper (4%) and external commercial borrowing loans (20%).

Rating sensitivities

Positive factors – Not applicable

Negative factors – A significant deterioration in the credit profile of the TMC Group or lower-than-expected support from the Group could lead to a rating downgrade.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	ICRA's Rating Methodology for Non-banking Finance Companies Policy on Withdrawal of Credit Ratings
Parent/Group support	Support from TMC Group
Consolidation/Standalone	The ratings are based on the standalone financial statements of the company

About the company

Toyota Financial Services India Limited (TFSIN) is a non-deposit taking non-banking financial company registered with the Reserve Bank of India. It is primarily involved in the retail financing of Toyota cars. Additionally, it offers financing to Toyota dealers in the form of inventory funding and infrastructure term loans. TFSIN is a wholly-owned subsidiary of Toyota Financial Services Corporation, which is a wholly-owned subsidiary of Toyota Motor Corporation (TMC). The company commenced operations in FY2013.

TMC is one of the world's leading automobile manufacturers with a strong brand and products across categories including cars, trucks and buses. Headquartered in Japan, it has a diversified global presence across Asia, Europe and the United States (US).

Key financial indicators (audited)

Toyota Financial Services India Limited	FY2024	FY2025	9M FY2026
Total income	1,035.8	1,498.0	1,490.2
Profit after tax	54.7	7.6	80.2
Total managed assets	14,567.8	20,025.4	23,384.0
Return on assets	0.4%	0.0%	0.5%
Gross gearing (times)	4.3	4.7	4.1
Gross stage 3	3.0%	3.0%	3.0%
CRAR	19.4%	17.9%	20.1%

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Current rating (FY2026)					Chronology of rating history for the past 3 years					
	FY2026			FY2026		FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Mar 18, 2026	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Long-term/Short-term bank facilities	Long term/Short term	6,796.50	[ICRA]AAA (Stable)/[ICRA]A1+	Apr 07, 2025	[ICRA]AAA (Stable)/[ICRA]A1+	Jun 25, 2024	[ICRA]AAA (Stable)/[ICRA]A1+	May 11, 2023	[ICRA]AAA (Stable)/[ICRA]A1+	Dec 20, 2022	[ICRA]AAA (Stable)/[ICRA]A1+
				Oct 03, 2025	[ICRA]AAA (Stable)/[ICRA]A1+	Dec 19, 2024	[ICRA]AAA (Stable)/[ICRA]A1+	Aug 01, 2023	[ICRA]AAA (Stable)/[ICRA]A1+	Feb 24, 2023	[ICRA]AAA (Stable)/[ICRA]A1+
				-	-	-	-	Dec 27, 2023	[ICRA]AAA (Stable)/[ICRA]A1+	-	-
Commercial paper	Short term	1,800.00	[ICRA]A1+	Apr 07, 2025	[ICRA]A1+	Jun 25, 2024	[ICRA]A1+	May 11, 2023	[ICRA]A1+	Dec 20, 2022	[ICRA]A1+
				Oct 03, 2025	[ICRA]A1+	Dec 19, 2024	[ICRA]A1+	Aug 01, 2023	[ICRA]A1+	Feb 24, 2023	[ICRA]A1+
				-	-	-	-	Dec 27, 2023	[ICRA]A1+	-	-
Non-convertible debentures	Long term	6,650.00	[ICRA]AAA (Stable)	Apr 07, 2025	[ICRA]AAA (Stable)	Jun 25, 2024	[ICRA]AAA (Stable)	May 11, 2023	[ICRA]AAA (Stable)	Dec 20, 2022	[ICRA]AAA (Stable)
				Oct 03, 2025	[ICRA]AAA (Stable)	Dec 19, 2024	[ICRA]AAA (Stable)	Aug 01, 2023	[ICRA]AAA (Stable)	Feb 24, 2023	[ICRA]A1+
				-	-	-	-	Dec 27, 2023	[ICRA]AAA (Stable)	-	-
Non-convertible debentures	Long term	1,000.00	[ICRA]AAA (Stable)	-	-	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term/Short-term bank facilities	Simple
Non-convertible debentures	Simple
Commercial paper	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click here

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity date	Amount rated (Rs. crore)	Current rating and outlook
NA	Long-term/Short-term bank facilities	NA	NA	NA	6,796.5	[ICRA]AAA (Stable)/[ICRA]A1+
INE692Q07415	NCD	Apr-28-23	8.10%	May-28-26	300.0	[ICRA]AAA (Stable)
INE692Q07407	NCD	Mar-20-23	8.35%	Jun-19-26	150.0	[ICRA]AAA (Stable)
INE692Q07423	NCD	Jul-05-23	8.00%	Jul-03-26	375.0	[ICRA]AAA (Stable)
INE692Q07431	NCD	Jul-28-23	8.09%	Jul-28-28	250.0	[ICRA]AAA (Stable)
INE692Q07449	NCD	Sep-07-23	8.15%	Sep-07-26	500.0	[ICRA]AAA (Stable)
INE692Q07464	NCD	Nov-21-23	8.25%	Nov-21-28	150.0	[ICRA]AAA (Stable)
INE692Q07480	NCD	Jan-19-24	8.36%	Mar-19-27	325.0	[ICRA]AAA (Stable)
INE692Q07472	NCD	Jan-19-24	8.32%	Jan-19-29	150.0	[ICRA]AAA (Stable)
INE692Q07498	NCD	Feb-26-24	8.30%	Jan-25-27	200.0	[ICRA]AAA (Stable)
INE692Q07506	NCD	May-31-24	8.17%	May-21-27	265.0	[ICRA]AAA (Stable)
INE692Q07514	NCD	Jul-16-24	8.20%	Jul-16-29	125.0	[ICRA]AAA (Stable)
INE692Q07522	NCD	Sep-29-24	8.18%	Sep-29-27	300.0	[ICRA]AAA (Stable)
INE692Q07530	NCD	Dec-19-24	7.99%	Dec-17-27	200.0	[ICRA]AAA (Stable)
INE692Q07548	NCD	Jan-21-25	8.06%	Mar-21-28	500.0	[ICRA]AAA (Stable)
INE692Q07555	NCD	Mar-27-25	8.05%	Feb-22-28	500.0	[ICRA]AAA (Stable)
INE692Q07563	NCD	Apr-16-25	7.69%	Jun-13-28	500.0	[ICRA]AAA (Stable)
INE692Q07571	NCD	Aug-28-25	7.38%	Aug-28-28	300.0	[ICRA]AAA (Stable)
INE692Q07589	NCD	Sep-30-25	7.24%	Dec-15-27	300.0	[ICRA]AAA (Stable)
INE692Q07597	NCD	Oct-30-25	7.30%	Jan-15-29	250.0	[ICRA]AAA (Stable)
INE692Q07605	NCD	Nov-28-25	7.28%	Dec-28-28	300.0	[ICRA]AAA (Stable)
INE692Q07621	NCD	Dec-17-25	7.08%	Nov-18-27	200.0	[ICRA]AAA (Stable)
INE692Q07613	NCD	Dec-17-25	7.22%	Nov-17-28	300.0	[ICRA]AAA (Stable)
INE692Q07639	NCD	Jan-19-26	7.14%	Jan-10-28	200.0	[ICRA]AAA (Stable)
-	NCD – Proposed	-	-	-	1,010.0	[ICRA]AAA (Stable)
INE692Q14BS5	CP	13-Mar-25	NA	13-Mar-26	75.0	[ICRA]A1+
INE692Q14BT3	CP	28-Jul-25	NA	22-Jun-26	160.0	[ICRA]A1+
INE692Q14BU1	CP	25-Nov-25	NA	24-Apr-26	300.0	[ICRA]A1+
	CP – Proposed				1,265.0	[ICRA]A1+
INE692Q07373	NCD	Sep-26-22	7.55%	Sep-26-25	150.0	[ICRA]AAA (Stable); reaffirmed and withdrawn
INE692Q07456	NCD	Nov-21-23	8.25%	Jan-21-26	150.0	

Source: Company

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis

Not applicable

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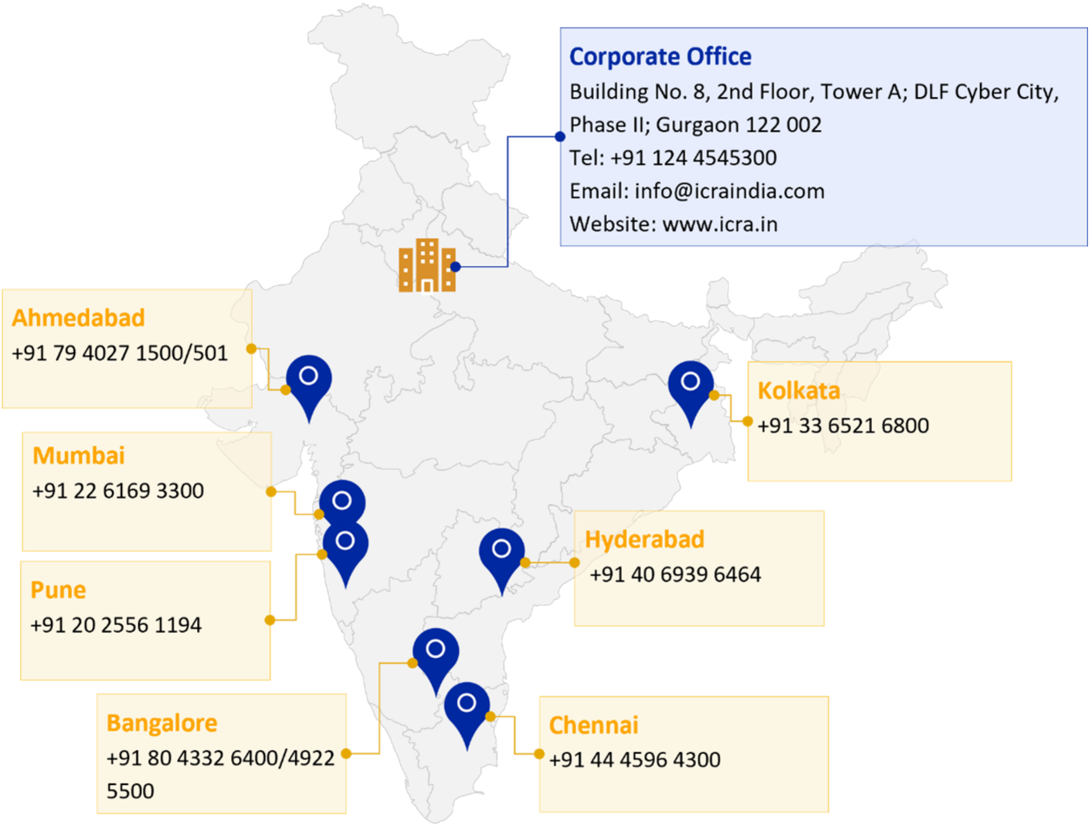

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