

Grading report

September 23, 2025, | Mumbai

Crisil assigns Fund Management Grading – 1 to TVS Shriram Growth Fund 4



Crisil has assigned **Crisil Fund Management Grading – 1** to **TVS Shriram Growth Fund 4**, a Category II alternative investment fund (AIF).

Schemes graded Crisil Fund Management Grading – 1 are considered to follow ‘**Very Strong**’ standards in investment processes and management practices.

About the fund

TVS Shriram Growth Fund 4 is part of TVS Shriram Growth AIF Trust II, established under the provisions of the Indian Trusts Act, 1882, and registered with the Securities and Exchange Board of India as a Category II AIF.

The fund aims to earn returns through investing primarily in the financial services and technology sectors. It has a term life of 12 years (from first close), with a target size of Rs 3,000 crore and a greenshoe option of Rs 2,000 crore.

TVS Capital Funds Pvt Ltd is the investment manager (IM) of the fund, TVS Capital Funds Pvt Ltd and Gopal Srinivasan, Chairman and Managing Director are the sponsors, and Axis Trustee Services Ltd is the trustee.

Detailed rationale

The grading factors the strong experience of the fund’s investment committee (IC) and IM board in its focus sectors. The key management personnel of the fund, along with the managing partners in the investment team, have an industry experience of ~26 years on average.

A comprehensive investment process with a robust monitoring mechanism, defined roles and responsibilities of the team members, governance and oversight by the Board, and transparency in client communication are also among supporting factors.

The fund has a Board-approved emergency succession plan in place to address key man risk. Also, the sponsor commitment in the fund is higher than the minimum regulatory requirement.

The fund has a defined investment process that sets out a broad investment framework, from deal origination to evaluation, assessment, investment decision-making, post-investment monitoring, and exit. The investment team comprises 10 members who have experience in fundraising, investing, portfolio management and exits.

The 10-member IM Board maintains oversight but is not involved in the fund's investment process. Further, there are two sub-committees of the IM Board – Audit and Governance Committee and Nomination and Remuneration Committee – that have defined roles and responsibilities.

Members of the investment team are responsible for deal origination and evaluation. The IM has a dedicated research team that tracks macro, and sector trends and supports the investment team in curating investment opportunities. The investment team also tracks potential opportunities that may become available over time. The team seeks intermediary assistance for a few deals as well. The investment team is supported by an in-house research team and a platform team, as well as independent agencies to conduct diligence on the potential investee companies. The team also consults advisors involved in or covering the sector to better understand the proposal.

The investment decisions are made by the IC, which comprises six members, including external members with relevant expertise. The fund has a risk forum comprising four members that share a separate risk note with the investment team highlighting risks with the potential investee company. The investment proposal goes through multiple levels of evaluation and approvals before an investment decision is made by the IC. In case of any conflict of interest with regard to transactions, the fund refers those to the Limited Partner Advisory Committee for approval. The committee also receives regular updates on the fund status.

The investment team meets weekly to discuss deals in the pipeline. The IM team interacts with the management of the investee companies monthly to discuss the companies' financial and business updates. Performance of the investee companies is also discussed with the IC every quarter.

Further, the IM has established strong client-servicing practices, ensuring adequate communication and disclosure. Regular updates are sent to investors, conveying the fund's performance and status updates on each investment. The investment team also interacts with investors every quarter, in addition to an annual investor meet. The fund has a dedicated email address for handling investor grievances.

This is the fourth fund in the private equity strategy by the IM. The first fund launched in 2008, could not return the capital completely and its distribution to paid in capital (DPI) was 0.94. There were four write offs out of 13 investments made by the fund. The second fund, launched in 2012 generated a DPI of 1.91 with one write off out of 10 investments. The third fund with vintage FY 2019 has made 14 investments, of which four have been fully exited and one partially. As of March 2025, the fund had a DPI of 0.59 and post expenses internal rate of return (IRR) of ~16.5%.

Scoring model

The schemes are assigned scores on a five-point scale, ranging from Fund Management Grading – 1 to Fund Management Grading – 5.

Grading level	Definition
Fund Management Grading – 1	The scheme follows very strong standards in investment processes and management practices
Fund Management Grading – 2	The scheme follows strong standards in investment processes and management practices
Fund Management Grading – 3	The scheme follows adequate standards in investment processes and management practices
Fund Management Grading – 4	The scheme follows below average standards in investment processes and management practices
Fund Management Grading – 5	The scheme follows weak standards in investment processes and management practices

Link to related criteria: [Fund management grading methodology](#)

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