

April 07, 2025

Surin Automotive Private Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term – Fund-based – Working Capital	79.00	79.00	[ICRA]A (Stable); reaffirmed
Long-term – Fund-based – Term Loan	47.00	47.00	[ICRA]A (Stable); reaffirmed
Short-term – Non-fund Based Limits	40.00	40.00	[ICRA]A1; reaffirmed
Total	166.00	166.00	

**Instrument details are provided in Annexure-I*

Rationale

The reaffirmation of ratings outstanding on the bank lines of Surin Automotive Private Limited (SAPL/the company) considers ICRA's expectation of a sustained financial performance in the near to medium term, supported by its healthy business profile and adequate liquidity. SAPL's business profile remains healthy, supported by its established presence in the body fabrication of products used in commercial vehicles (CVs, and primarily in medium and heavy commercial vehicles, or M&HCVs), construction equipment (CE, mainly in the excavator sub-segment) and tractors. In 9M FY2025, sales from the CV segment constituted ~50% of the total sales followed by ~37% from CE and ~13% from tractors. Further, it has manufacturing footprint in seven locations (Bangalore, Alwar, Pune, Chennai, Sitarganj, Bhopal and Indore), in proximity to original equipment manufacturers' (OEM) plants, providing competitive advantage. SAPL has an established customer profile comprising, Ashok Leyland Limited (ALL), Tata Motors Limited (TML) and VE Commercial Vehicles Limited (VECV) in the CV segment; JCB India Limited, Hyundai Construction Equipment India Private Limited, Kobelco Construction Equipment India Private Limited, Volvo CE India Pvt. Ltd. in the CE segment and TAFE Motors and Tractors Limited in the tractor segment. SAPL's established relationships with its clients has supported repeat orders, and it has been able to add new customers/businesses periodically as well. Its promoters have several decades of experience in the auto component industry and this had also benefitted the company.

However, the ratings are constrained by the company's moderate profit margins and relatively high customer concentration. SAPL's operating margins have been moderate historically (5-6% since FY2023) owing to its limited value addition. ICRA expects the company's margins to remain range-bound over the medium term, although there could be some improvement from the periodic cost-optimisation measures adopted and higher operating leverage with improvement in scale. Also, SAPL derived ~35% of its 9M FY2025 revenues from supplies to ALL. Thus, its performance is dependent on ALL and loss of business to competition, if any. While the company has been gradually diversifying its sales to other customers and it has reduced concentration with ALL from past levels, the extent of further reduction over the medium term remains to be seen. The domestic CV segment drove ~50% of SAPL's overall sales in 9M FY2025, and this exposes the company to the inherent cyclicality in the segment (linked to economic cycles).

For 9M FY2025, SAPL's operating income declined marginally by 4.5% on a YoY basis to Rs. 638.8 crore in 9M FY2025 due to muted end-segment demand and consequent lower offtake from its key customers, amid commodity softening, while its operating margin remained range-bound at 5.3% in 9M FY2025 (5.1% in 9M FY2024). The debt indicators remained stable, with interest coverage at 3.8 times for 9M FY2025 (3.7x for 9M FY2024) and Total Debt/OPBITDA at 2.3 times as on December 31, 2024 (2.4x as on March 31, 2024), despite buyback of Rs. 20.0 crore during the said period.

The 'Stable' outlook on the long-term rating reflects ICRA's expectation that the company will be able to sustain its credit profile, supported by its healthy business profile, cash accruals and adequate liquidity position.

Key rating drivers and their description

Credit strengths

Established operational track record and extensive experience of promoters – Over the years, SAPL has established itself as a leading automotive components supplier for various segments – Commercial vehicles (CV), Construction Equipment (CE) and tractors – supported by its diverse product profile and manufacturing facilities across the country. The company was promoted by members of the Choudhari family, who have extensive experience in the auto components industry.

Established relationships with OEMs – SAPL caters to the requirements of ALL, TML and VECV in the CV segment. In the CE segment, it supplies counterweights, tanks and buckets to OEMs like JCB India Limited, Hyundai Construction Equipment India Private Limited, Kobelco Construction Equipment India Private Limited, Volvo CE India Pvt. Ltd. etc. In the tractor segment, SAPL supplies axles, bumpers, fenders, mudguards, wheel weights etc., to OEMs like TAFE Motors and Tractors Limited. SAPL's established relationships with its clients has supported repeat orders. Also, it has been able to add new customers/businesses periodically.

Presence across various industry sub-segments; presence of manufacturing locations closer to OEMs' plants provides competitive advantage – SAPL's business profile is supported by its established presence in the body fabrication of products used in segments like CVs (primarily M&HCVs), CE (mainly excavators) and tractors. In 9M FY2025, sales from the CV segment constituted ~50% of the total sales followed by ~37% from CE and ~13% from tractors. Further, it has manufacturing footprint in seven locations (Bangalore, Alwar, Pune, Chennai, Sitarganj, Bhopal and Indore), in proximity to OEMs' plants, providing competitive advantage.

Credit challenges

Moderate profit margins – SAPL's operating margins have been moderate historically owing to limited value addition. The company reported operating profit margin of 5.3% in 9M FY2025 (5.1% in 9M FY2024). ICRA expects the company's margins to remain range-bound over the medium term, although there could be some improvement from the periodic cost optimization measures adopted and higher operating leverage with improvement in scale.

High customer concentration risk – SAPL derived ~35% of its 9M FY2025 revenues from supplies to ALL. Thus, its performance is dependent on ALL and loss of business to competition, if any. However, the company's established relationship with ALL for several decades and history of repeat businesses provide comfort. While the company has been gradually diversifying its sales to other customers and this has reduced concentration with ALL from past levels, the extent of further reduction over the medium term remains to be seen.

Exposed to cyclicity of the domestic CV industry – The domestic CV segment drove ~50% of SAPL's overall sales in 9M FY2025. This exposes the company to the inherent cyclicity in the CV segment (linked to economic cycles). Nevertheless, the company's established presence, healthy share of business with customers and periodic addition of new customers largely mitigate the revenue risk and are likely to support healthy medium-term revenue prospects.

Liquidity position: Adequate

SAPL's liquidity position is adequate, supported by supported by healthy anticipated cash accruals and buffer of ~Rs. 67 crore in working capital lines as on February 28, 2025. Its average working capital utilisation stood at 32% of the sanctioned limits and 35% of the drawing power during the 12-month period March 2024 to February 2025. As against these sources of cash, the company has debt repayment obligations of Rs. 18.2 crore each in FY2026 and FY2027 respectively, on its existing loans. Further, the company has capex plans of Rs. 30.0 crore in FY2026 and Rs. 35.0 crore in FY2027, for capacity enhancement and maintenance. A part of the capex is likely to be debt funded.

Rating sensitivities

Positive factors – ICRA may upgrade the ratings if the company demonstrates a healthy growth in its revenues and profitability, strengthening its coverage indicators on a sustained basis. Specific credit metrics that could lead to ratings upgrade include Total Debt to OPBDITA of less than 2.0 times on a sustained basis.

Negative factors – Pressure on SAPL’s ratings could arise in case of a considerable decline in revenue and accrual generation and/or sizeable debt-funded capex, resulting in weakening of debt protection metrics on a sustained basis. Pressure on the ratings could also arise from the weakening of the company’s liquidity position owing to elongation in its working capital metrics. Specific credit metrics that could lead to ratings downgrade include Total Debt/OPBDITA of more than 2.5 times on a sustained basis.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Rating Methodology for Auto Components
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

About the company

Surin Automotive Private Limited is a mid-sized component supplier of body fabrication products used in CVs, tractors and CE, largely for the domestic market. The company has plants in seven locations, catering to the requirements of major OEMs. Its customers include Ashok Leyland Limited, Tata Motors Limited, JCB India Limited amongst others. SAPL’s promoter, Mr. Surinder Choudhari, has over four decades of experience in the automotive industry. Its operations are currently managed by Mr. Aman Choudhari.

Key financial indicators (audited)

Standalone	FY2023	FY2024
Operating income	984.6	940.4
PAT	26.5	16.0
OPBDIT/OI	5.4%	5.5%
PAT/OI	2.7%	1.7%
Total outside liabilities/Tangible net worth (times)	1.5	1.3
Total debt/OPBDIT (times)	2.1	2.4
Interest coverage (times)	5.3	4.3

Amount in Rs crore; Source: Company, ICRA Research; Financial ratios in this document are ICRA adjusted figures and may not be directly comparable with results reported by the company in some instances; PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation; total debt includes lease liabilities

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			
		Type	Amount rated (Rs. Crore)	Date & Rating in FY2026	Date & Rating in FY2025	Date & rating in FY2024	Date & rating in FY2023
				April 07, 2025	-	March 28, 2024	January 31, 2023
1	Fund based – Working Capital	Long-term	79.0	[ICRA]A (Stable)	-	[ICRA]A (Stable)	[ICRA]A (Stable)
2	Fund based – Term loans	Long-term	47.0	[ICRA]A (Stable)	-	[ICRA]A (Stable)	[ICRA]A (Stable)
3	Non-Fund based Limits	Short-term	40.0	[ICRA]A1	-	[ICRA]A1	[ICRA]A1

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term – Fund-based – Working Capital	Simple
Long-term – Fund-based – Term Loan	Simple
Short-term – Non-Fund based limits	Very 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	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Fund based – Working Capital	-	-	-	79.00	[ICRA]A (Stable)
NA	Fund based – Term loans	FY2016-FY2021	8-9%	FY2022-FY2027	47.00	[ICRA]A (Stable)
NA	Non-fund based limits	-	-	-	40.00	[ICRA]A1

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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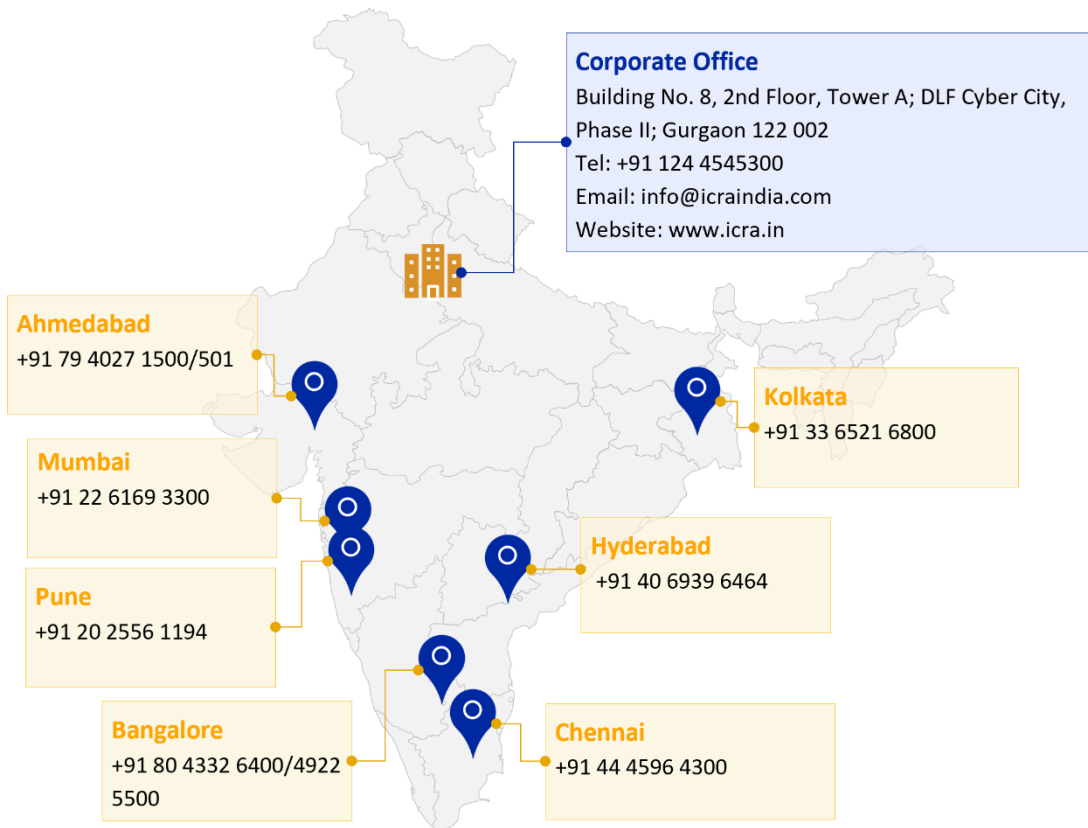
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