

April 16, 2025

## Trichur Sundaram Santhanam & Family 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 - Cash credit	50.00	50.00	[ICRA]AA+ (Stable); reaffirmed
Short term - Fund Based - e-DFS	15.00	0.00	-
Short term-Non fund based-BG	25.00	25.00	[ICRA]A1+; reaffirmed
Long term/Short term -Unallocated	20.00	35.00	[ICRA]AA+ (Stable)/ [ICRA]A1+; reaffirmed
<b>Total</b>	<b>110.00</b>	<b>110.00</b>	

\* Instrument details are provided in Annexure I

### Rationale

The rating action on the bank limits of Trichur Sundaram Santhanam & Family Private Limited (TSSFPL) considers ICRA's expectation that the company will maintain its credit profile on the back of expected steady growth in earnings, leading to moderation in debt levels and aiding the company in maintaining comfortable debt metrics. TSSFPL is part of the TS Santhanam family (TSF) Group, which has interests in automotive and financial services sector. ICRA has consolidated the financials of TSSFPL, its subsidiary, Brakes India P Limited (BIPL), and its investee entities, Wheels India Limited (WIL) and India Motor Parts & Accessories Limited (IMPAL) for arriving at the ratings. TSSFPL is involved in automobile part manufacturing, and dealership, distribution and service of automotive vehicle and spare parts across the country. The consolidated revenue and earnings growth is expected to be largely flat or witness some moderation in FY2025 and is likely to recover in FY2026.

The ratings draw comfort from TSSFPL's established position as an authorised dealer of Mercedes-Benz in Tamil Nadu and Karnataka. It was also an authorised dealer of Volkswagen cars in Tamil Nadu till March 31, 2025 (the same has been discontinued since then). It has a long experience and a wide distribution network for auto spare parts distribution segment. The ratings consider its subsidiary, BIPL's position as a leading player in the domestic auto braking systems, and its diversified revenues across domestic original equipment manufacturers (OEMs), replacement and export markets, and its presence across passenger vehicles, commercial vehicles, tractors and off-road segments. WIL is among the largest manufacturers of automotive steel wheel rims in India and earthmover steel wheel rims globally. It has established relationships with automotive and construction equipment OEMs in India and globally. WIL enjoys a dominant domestic market share in steel rims segments and is among the larger manufacturers of air suspension products used in both buses and trucks and has a healthy market share with domestic OEMs. IMPAL is an established automotive spare parts and accessories distributor with pan-India presence and it has a diverse product portfolio (brake systems, steering, fasteners, power train components, engine parts, lubricants, etc)

The ratings are, however, constrained by the inherent competition in the spare parts distributions business and vulnerability of its earnings to the cyclicity in the automotive industry, especially commercial vehicles. Moreover, given its material exposure to the export markets, it is vulnerable to demand dynamics, regulatory risks (including tariffs), and economic situation in overseas markets.

The Stable outlook on the long-term rating reflects ICRA's opinion that the company's credit profile will remain supported by comfortable debt metrics while achieving healthy growth in revenues and earnings, supported by new product and customer additions, benefiting from its market position in the automotive component industry.

## Key rating drives and their description

### Credit strengths

**Established presence in the automotive components and dealership businesses** – TSSFPL is part of the TSF Group (which has interests in automotive and financial services segments) and it inherited the auto component parts distribution business and Mercedes-Benz and Volkswagen (discontinued in March 2025) dealership operations. In the vehicle dealership business, it has a long operational track record and is one of the critical dealers for Mercedes-Benz (in Tamil Nadu and Karnataka). The change to the ROTF<sup>1</sup> business model by Mercedes-Benz since October 2021 entails enhanced transparency in the overall sales process, limited stock holding risk and working capital dependence. This coupled with the favourable demand for the luxury car segment augurs well for the company. In parts dealership business, it has long presence across the country. Going forward, its revenues will remain supported by stable demand growth, diversified product portfolio, established relationship with component suppliers and penetration into new markets. Its subsidiary, BIPL, has a strong market share in auto braking systems and diversified revenues across markets and segments. WIL is one of the largest manufacturers of automotive steel wheel rims in India and earthmover steel wheel rims globally and has established relationships with automotive and construction equipment OEMs in India and overseas. IMPAL is an established automotive spare parts and accessories distributor with pan-India presence and has a diversified product portfolio.

**Strong financial and investment profile** – TSSFPL's financial profile is strong and is characterised by a large scale of operations with revenues supported by a steady growth in the auto component, vehicle dealership and spare parts distribution segments on the back of favourable demand. While the consolidated revenue witnessed a healthy increase of 8% in FY2024, its growth is expected to be muted in FY2025 due to slowdown in the foundry division of its key subsidiary, BIPL. Margins are expected to moderate owing to moderation in revenues of the high-margin segment. However, with an interest cover of over 12 times and Total debt to OPBDITA of less than 1 times (as of FY2025 [estimated]), the consolidated coverage and leverage metrics are comfortable and are supported by a steady reduction in debt levels. The net debt to OPBDITA ratio is estimated at 1.0-1.5 times for FY2026. The liquidity position is strong and has investments in other entities within the TSF Group (Turbo Energy Limited), credit profile of which is robust.

### Credit challenges

**Vulnerability of earnings to cyclicity in automotive industry** – TSSFPL's earnings and cash flows (at the consolidated level) are exposed to the vagaries of domestic auto industry cycles, especially commercial vehicles. Moreover, given its material exposure to the export markets, it is vulnerable to demand dynamics, regulatory risks (including tariffs), and economic situation in overseas markets. In the vehicle dealership business, the operations are restricted to a single OEM in two states. Nevertheless, its established relationship with its customers, healthy order book, and increase in the share of business with existing customers as a part of vendor diversification initiatives by global OEMs partly mitigate these risks and are likely to support revenue prospects.

**Competition in the spare parts distributions business** – Inherent to the nature of the industry, the parts distribution business is competitive and hence there exists pricing pressure from other original equipment spares and other organised and unorganised players. ICRA notes that the company is relatively insulated, given its long presence, diversified product offerings and a pan-India presence.

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<sup>1</sup> ROTF Model – Retail of the Future wherein the invoicing is done by Benz while the dealership operations are handled by TSSFPL

## Liquidity position: Strong

TSSFPL's liquidity is strong. The company has healthy cash reserves of Rs. 145 crore as of December 2024 (standalone) and is expected to generate steady retained cash flow of Rs. 500-600 crore per annum. Its working capital utilisation in the last 12 months stood at ~34% and has sizeable undrawn working capital lines of Rs. 50-55 crore (standalone) against sanctioned facilities. At the consolidated level, the cash balance stood at Rs. 867 crore as of March 2024 and is expected to remain strong with sustained improvement in earnings and cash flows. Against these sources of cash, the company, on a consolidated basis, has a repayment obligation of Rs. 80-100 crore and capex requirements of Rs. 300-350 crore over the next 12 months.

## Rating sensitivities

**Positive factors** – A healthy improvement in TSSFPL's scale of operations, along with a sustained improvement in margins, coverage metrics and liquidity position, shall trigger a positive rating action.

**Negative factors** – The ratings could be downgraded if TSSFPL's revenues and margins deteriorate on a sustained basis, thus stretching its cash flows or weakening its credit metrics on a sustained basis. Any large debt-funded capex / acquisitions, resulting in moderation of debt metrics on a sustained basis, might trigger a negative rating action. Specific credit metrics resulting in ratings downgrade include Total debt to OPBDITA of higher than 1.5 times on a sustained basis.

## Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Rating Methodology for Automobile Dealerships</a> <a href="#">Auto component Methodology</a>
Parent/Group support	Not applicable.
Consolidation/Standalone	The ratings are based on the consolidated financial profile of the company. Details of subsidiary / associate have been provided in Annexure-2

## About the company

Trichur Sundaram Santhanam & Family P Limited (TSSFPL) is part of the TS Santhanam family (TSF) Group, which has business interests in the automotive and financial services sectors. At the standalone level, TSSFPL houses dealership business, which includes dealership, distribution and service of automotive vehicle and spare parts across regions in the country. In the vehicle dealership segment, TSSFPL sells Mercedes-Benz in Tamil Nadu and Karnataka. It was also the authorised dealer of Volkswagen cars in Tamil Nadu. However, it discontinued this dealership since March 31, 2025 on account of continued losses. In the auto spare distribution segment, TSSFPL distributes various auto components like suspension parts, brake parts, transmission and steering parts, electrical spares, lubes, engine spares, bearings, and other components.

The company's key subsidiary, Brakes India P Limited, manufactures brake systems and ferrous castings, which is the major revenue driver at the consolidated level. It is one of the largest players in the braking systems business, with a leading market share across segments. and with high share of business with most of domestic OEMs. It also has investments in Wheels India Limited (WIL) and India Motor & Associated Parts Limited (IMPAL). WHL is the largest manufacturer of steel wheel rims in the country and is present across automotive (except 2W), tractor and earthmover segments. It also manufactures air suspension systems for luxury buses in India, supplies fabricated and machined parts for windmills, and produces bogie frame and bogie bolsters for Indian Railways. IMPAL is an established automotive spare parts and accessories distributor with pan-India presence.

## Key financial indicators (audited)

TSSFPL	Consolidated		Standalone	
	FY2023	FY2024	FY2023	FY2024
Operating income	7,819.9	8,454.3	1,217.2	1,262.8
PAT	541.0	719.8	196.6	197.8
OPBDIT/OI (%)	12.4%	13.9%	10.4%	7.8%
PAT/OI (%)	6.9%	8.5%	16.2%	15.7%
Total outside liabilities/Tangible net worth (times)	0.7	0.6	0.3	0.4
Total debt/OPBDIT (times)	1.1	0.9	0.5	1.6
Interest coverage (times)	8.2	16.1	40.9	21.7

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. Crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

**Status of non-cooperation with previous CRA: Not Applicable**

**Any other information: None**

## Rating history for past three years

Instrument	Current rating (FY2026)				Chronology of rating history for the past 3 years					
	Type	Amount Rated	FY2026		FY2025		FY2024		FY2023	
		(Rs Crore)	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund based – Cash Credit	Long Term	50.00	16-Apr-25	[ICRA]AA+ (Stable)	-	-	31-Mar-24	[ICRA]AA+ (Stable)	03-Jan-23	[ICRA]AA (Stable)
Unallocated Limits	Long Term/ Short Term	35.00	16-Apr-25	[ICRA]AA+ (Stable)/ [ICRA]A1+	-	-	31-Mar-24	[ICRA]AA+ (Stable)/ [ICRA]A1+	03-Jan-23	[ICRA]AA (Stable)/ [ICRA]A1+
Fund based – Others	Short Term	0.00	16-Apr-25	-	-	-	31-Mar-24	[ICRA]A1+	03-Jan-23	[ICRA]A1+
Non-Fund based – Bank Guarantee	Short Term	25.00	16-Apr-25	[ICRA]A1+	-	-	31-Mar-24	[ICRA]A1+	03-Jan-23	[ICRA]A1+

## Complexity level of the rated instruments

Instrument	Complexity Indicator
Long term - Fund based - Cash credit	Simple
Short term-Non fund based-BG	Very Simple
Long term/Short term -Unallocated	NA

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 - Cash credit	NA	9.1%	NA	50.00	[ICRA]AA+ (Stable)
NA	Non fund based – BG	NA	NA	NA	25.00	[ICRA] A1+ (Stable)
NA	Long term/Short term - Unallocated	NA	NA	NA	35.00	[ICRA]AA+ (Stable)/[ICRA]A1+

Source: Company data

[Please click here to view details of lender-wise facilities rated by ICRA](#)

## Annexure II: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
Trichur Sundaram Santhanam & Family Private Limited	100% (rated entity)	Full Consolidation
Brakes India P Limited	70.4%	Full Consolidation
India Motor Parts & Accessories Limited	21.9%	Full Consolidation
Wheels India Limited (quoted)	29.9%	Full Consolidation
Sundaram Composite Structures P Ltd	51.0%	Full Consolidation

Source: Company; As per TSSFPL's published consolidated financial statements, the financials of the associate entities have been consolidated as per the equity method. However, for analytical purposes, ICRA has fully consolidated these entities.

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