October 3, 2025

Turbo Energy 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 limits – Term loan	80.63	40.63	[ICRA]AA (Stable); reaffirmed
Long-term fund-based limits – WC facilities	70.00	70.00	[ICRA]AA (Stable); reaffirmed
Short-term fund based limits – WC facilities	90.00	90.00	[ICRA]A1+; reaffirmed
Short term non-fund based limits – LC/BG	30.00	30.00	[ICRA]A1+; reaffirmed
Short term non-fund based limits – Sublimit	(25.00)	(25.00)	[ICRA]A1+; reaffirmed
Long term/short term – unallocated	19.37	59.37	[ICRA]AA (Stable)/[ICRA]A1+; reaffirmed
Total	**290.00**	**290.00**	

**Instrument details are provided in Annexure-I*

Rationale

The ratings on Turbo Energy Private Limited (TEPL/the company) remains supported by its strong business and financial profile. TEPL has an established market position in the domestic turbochargers segment, which find application in automotive and industrial applications, and has a reputed client profile comprising several OEMs in the passenger vehicles (PV) and commercial vehicles (CV) segments. The ratings also derive comfort from the technological and operational flexibility from BorgWarner Inc. and strong financial flexibility being part of the T. S. Santhanam Family (TSF) group. Brakes India Private Limited and Sundaram Finance Holdings Limited hold a 32% stake each in the company, while BorgWarner Turbo Systems Worldwide Headquarters GmbH holds a 31.6% stake.

TEPL's financial profile is strong, marked by a healthy scale of operations with operating income of Rs. 2,960.5 crore in FY2025, stable profit margins, and robust cash reserves. The stable demand for turbochargers across vehicle segments amidst its rising penetration in petrol and CNG powertrains in PVs in the last few years, and higher content per vehicle supports the revenues. The company's operating profit margin (OPM) expanded to 12.2% in FY2025 from 11.8% in FY2024, supported by the cost rationalisation measures taken by it. TEPL remains net-debt negative and has healthy cash and liquid investments of Rs. 986.1 crore as on March 31, 2025, on the back of strong accruals over the years. With no major debt-funded capex going forward, TEPL's debt metrics and liquidity position are expected to remain strong over the near to medium term.

The ratings also consider factors like TEPL's higher concentration towards the diesel powertrain segment, exposing its revenues and earnings to the risks from alternative technologies over the long term, higher share of revenues from the OEM segment which is vulnerable to the inherent cyclicality in the automotive segment and customer concentration-related risks (with over 45% of revenues from its top three customers). Nevertheless, the company has developed new products such as e-blower and e-compressor for non-auto applications like sewage/water treatment plants and cold storage and is scaling-up revenues from the same. Also, the electrification in PV and CVs is expected to only be gradual. This apart, TEPL is working with OEMs to develop turbochargers for hydrogen fuel-cell vehicles, to minimise the potential risks over the medium to long term.

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

Key rating drivers and their description

Credit strengths

Strong financial risk profile – TEPL's financial profile is strong marked by a healthy scale of operations with an operating income of Rs. 2,960 crore in FY2025, reflecting a flattish growth on YoY basis. Its growth in recent years has been aided by increase in turbocharger volumes across vehicle segments with rising penetration of turbochargers in petrol and CNG powertrains in PVs in the last few years, and higher content per vehicle. This apart, the periodical rise in the share of business with top customers supported the overall growth for the company. TEPL's operating and net margins were healthy at 12.2% and 9.3%, respectively, in FY2025 (up 40 bps YoY). It remains net-debt negative and has strong cash and liquid investments of Rs. 986 crore as on March 31, 2025, supported by modest capex and healthy accruals over the years. With no major debt-funded capex on the anvil, ICRA expects the company's capital structure, coverage metrics and liquidity position to remain strong over the medium term.

Reputed client profile and established market position – The company's clientele includes reputed PV and CV OEMs such as Hyundai Motor India Limited, Tata Motors Limited (rated [ICRA]AA+ (Stable)/[ICRA]A1+), Ashok Leyland Limited (rated [ICRA]AA (Stable)/[ICRA]A1+), and Mahindra & Mahindra Limited (rated [ICRA]AAA (Stable)/[ICRA]A1+), among others. TEPL enjoys an established market position in the domestic turbochargers market and is one of the major suppliers of its products to its customers. The company has had repeat orders and periodic increase in the share of business with customers over the years. This, along with anticipated increase in turbocharger penetration in PV, especially in PV and CNG segments, is expected to support TEPL's growth going forward.

Technological and operational flexibility from BorgWarner Inc.; strong financial flexibility from being part of T. S. Santhanam Group – TEPL derives technological and operational flexibility from BorgWarner Inc., which holds 31.6% in the company. BorgWarner Inc. is a reputed player in the global turbocharger market and provides TEPL with periodic technological assistance, which has contributed to market share gains and new business wins for the company. This apart, the company also imports some of its raw materials from BorgWarner and its affiliates and in turn, supplies components to its Group companies, for usage in its turbochargers. TEPL enjoys strong financial flexibility and lender comfort by belonging to the T.S. Santhanam Group (a faction of the larger TVS Group of companies – an established name in the domestic auto ancillary industry). TSF Group companies – Brakes India P Limited and Sundaram Finance Holdings Limited – each hold a 32.0% stake in TEPL.

Credit challenges

Revenue concentration with diesel powertrain – The company derives over 85% of its revenues from the diesel segment, exposing its revenues and earnings to the risks from alternative technologies over long term, especially in the light of regulatory and voluntary measures undertaken for automobile emission reduction. However, ICRA notes that the proportion of revenues for TEPL from turbochargers supplied for vehicles using diesel powertrains has declined from 98.1% in FY2020, with the increase in penetration of turbochargers in petrol and CNG powertrains in PVs in the last few years, after implementation of BS VI norms in April 2020.

Exposed to cyclicality of the automotive industry; impending electrification may impact revenues – TEPL, being a tier-I auto component supplier, and with a large share of revenue derived from OEMs, is exposed to the cyclicality inherent to the automobile industry. Further, the move towards electrification of automobiles, particularly in the PV segment, could impact the company's revenues over the medium to long term due to the absence of turbochargers in EVs. However, the company has developed new products such as e-blower and e-compressor for non-auto applications like sewage/water treatment plants and cold storage and is scaling-up revenues from the same. Also, the electrification in PV and CVs is expected to only be gradual. This apart, TEPL is working with OEMs to develop turbochargers for hydrogen fuel-cell vehicles.

Relatively high customer concentration – TEPL derives around 45% of its revenues from the top three customers exposing the company's revenues to volatility arising from any slowdown in orders from its key customers. However, its established market position in the domestic turbocharger industry, long relationships with reputed OEMs, repeat orders from the existing customers, and expansion in customer base and share of business over the years partly mitigates the risk.

Liquidity position: Strong

TEPL's liquidity position is strong with strong retained cash flows in FY2026, free cash and investments of Rs. 986.1 crore as on March 31, 2025, and undrawn working capital lines of Rs. 160.0 crore as on June 30, 2025. Against these sources of cash, the company has principal repayment obligations of Rs. 40.3 crore in FY2026 for existing loans. Further, the company has annual capex plans of Rs. 70.0-80.0 crore in FY2026-FY2028 towards maintenance, new product development and capacity expansion, which are likely to be funded through internal accruals. Overall, ICRA expects TEPL to be able to meet its medium-term commitments comfortably through its internal sources of funds and yet be left with sufficient cash surplus.

Rating sensitivities

Positive factors – ICRA could upgrade TEPL's long-term rating if the company demonstrates significant growth in its scale of operations and profitability on a sustained basis, along with material product and customer diversification.

Negative factors – Pressure on TEPL's ratings could arise if the company's gross debt levels increase significantly, resulting in deterioration of total debt/OPBITDA to over 1.5 times on a sustained basis. Any significant and sustained decrease in free cash and liquid investments stemming from higher dividend payout or other reasons could lead to a downgrade.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Rating Methodology for Auto Components
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of TEPL. Details are provided in Annexure-II.

About the company

TEPL is a leading player in turbochargers for automotive and industrial applications. The company largely caters to the domestic market, with exports of components to BorgWarner and its affiliates, accounting for 10.7% of revenues in FY2025. TEPL is part of the T. S. Santhanam Group (a faction of the larger TVS Group of companies – an established name in the domestic auto ancillary industry), with Brakes India Private Limited and Sundaram Finance Holdings Limited each holding a 32.0% stake in the company. BorgWarner Inc., a reputed global player in the turbocharger segment, holds a 31.6% stake in the company. TEPL has three manufacturing units – two in Chennai and one in Baroda (Gujarat) – with an annual capacity of 2.0 million units.

Key financial indicators (audited)

Consolidated	FY2024	FY2025
Operating income	2,982.6	2,960.5
PAT	265.2	275.4
OPBDIT/OI	11.8%	12.2%
PAT/OI	8.9%	9.3%
Total outside liabilities/Tangible net worth (times)	0.3	0.3
Total debt/OPBDITA (times)	0.6	0.3
Interest coverage (times)	48.4	69.4

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					
	FY2026			FY2025		FY2024		FY2023	
	Type	Amount rated (Rs crore)	Oct 3, 2025	Date	Rating	Date	Rating	Date	Rating
Fund Based-Term Loan	Long Term	40.63	[ICRA]AA (Stable)	Sep 10, 2024	[ICRA]AA (Stable)	-	-	-	-
Fund Based – WC facilities	Long Term	70.00	[ICRA]AA (Stable)	Sep 10, 2024	[ICRA]AA (Stable)	-	-	-	-
Fund Based limits – WC facilities	Short Term	90.00	[ICRA]A1+	Sep 10, 2024	[ICRA]A1+	-	-	-	-
Non-fund based limits – LC/BG	Short Term	30.00	[ICRA]A1+	Sep 10, 2024	[ICRA]A1+	-	-	-	-
Non-fund based limits – Sublimit	Short Term	(25.00)	[ICRA]A1+	Sep 10, 2024	[ICRA]A1+	-	-	-	-
Unallocated Limits	Long Tem / Short Term	59.37	[ICRA]AA (Stable)/ [ICRA]A1+	Sep 10, 2024	[ICRA]AA (Stable)/ [ICRA]A1+	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term fund-based – Term loan	Very Simple
Long-term fund-based limits – WC facilities	Simple
Short-term fund-based limits – WC facilities	Simple
Short-term non-fund-based limits – LC/BG	Very simple
Short-term non-fund-based limits – Sublimit	Very simple
Long-term/short term – Unallocated	Not applicable

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	**Long term fund-based limits – Term loan**	NA	NA	FY2026	40.63	[ICRA]AA (Stable)
NA	**Long term fund-based limits – WC facilities**	NA	NA	NA	70.00	[ICRA]AA (Stable)
NA	**Short term fund-based limits – WC facilities**	NA	NA	NA	90.00	[ICRA]A1+
NA	**Short term non-fund-based limits – LC/BG**	NA	NA	NA	30.00	[ICRA]A1+
NA	**Short term non-fund-based limits – Sublimit**	NA	NA	NA	(25.00)	[ICRA]A1+
NA	**Long term/short term – Unallocated**	NA	NA	NA	59.37	[ICRA]AA (Stable) / [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

Company Name	Ownership	Consolidation Approach
Turbo Energy Germany GmbH	100.0%	Full consolidation

Source: Company

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ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

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