

November 26, 2025

Stumpp Schuele & Somappa Springs Limited: Ratings downgraded and assigned for enhanced amount

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating Action
Long-term – Term loan	42.09	69.40	[ICRA]BBB- (Stable); downgraded from [ICRA]BBB (Stable) and assigned for enhanced amount
Long-term – Fund-based cash credit	65.50	110.50	[ICRA]BBB- (Stable); downgraded from [ICRA]BBB (Stable) and assigned for enhanced amount
Short-term – Non-fund based LC/BG	60.50	90.50	[ICRA]A3; downgraded from [ICRA]A3+ and assigned for enhanced amount
Long-term – Unallocated	2.91	2.91	[ICRA]BBB- (Stable); downgraded from [ICRA]BBB (Stable)
Total	171.00	273.31	

*Instrument details are provided in Annexure-I

Rationale

For arriving at the ratings, ICRA has considered the consolidated financials of Stumpp Schuele & Somappa Springs Private Limited (4SPL) and included MGM Springs Private Limited (MGMSPL) as a part of the consolidated analysis, considering corporate guarantee extended to MGMSPL from 4SPL besides the common promoters and management, with close operational and financial linkages among these entities.

The ratings action on 4SPL factors in the sizeable corporate guarantees extended by 4SPL to related parties (Rs. 294.8 crore as of March 31, 2025), which has increased its debt servicing obligations and weakened its credit profile. Notwithstanding these corporate guarantees, the coverage metrics remain moderate with total debt/OPBITDA at 5.0 times and interest coverage of 2.1 times in FY2025 (3.4 times and 2.5 times, respectively in FY2024), due to increase in debt-funded capex and working capital intensity. Additionally, new businesses across defence and railways, for which investments have been undertaken in recent years are yet to scale up meaningfully, thereby constraining return metrics and earnings due to gestation period losses. However, the order book position for these new businesses is healthy, which provides visibility regarding scale-up over the near-to-medium term.

The ratings also consider that 4SPL's revenues and earnings are exposed to the inherent cyclicity in automotive demand and fluctuations in commodity prices. The domestic spring industry is highly competitive, given the moderate value addition and presence of multiple players. While competition is expected to remain high, the Group's established presence and diversified product portfolio within the spring business mitigate the risk to an extent.

Despite elevated debt levels, the ratings continue to be supported by the company's strong business profile, with the established presence of the Stumpp Schuele Group as one of the leading players in the domestic spring industry and the vast experience of its promoters. This is reflected in its established relationships with original equipment manufacturers (OEMs) and healthy market share in the domestic springs market. The company's presence across multiple categories of springs used in different parts of a vehicle and across various automotive sub-segments mitigates risks arising from reliance on a single segment/category of spring to a large extent. Given the strength of its business profile and established relationships with clients, the company's consolidated operating income grew by 10.2% to Rs. 966.0 crore in FY2025 (provisional), with healthy growth in volumes. The operating margins also remained healthy at 12.4% in FY2025 (FY2024 – 11.8%), which is supported by

favourable product mix, sustained cost optimisation measures and better operating leverage, despite some gestation period losses in the new businesses. The company is expanding its presence to margin accretive non-automotive businesses such as railway seating and defence, which is expected to support growth in revenues and operating margins over the medium term, although these are yet to contribute meaningfully to the consolidated profile.

The Stable outlook on the long-term rating reflects ICRA's expectations that the company will be able to sustain its credit profile through expected improvement in springs business, aided by its established relationship with clients, adequate liquidity position and gradual scale-up of new businesses, supporting the credit metrics over medium term.

Key rating drivers and their description

Credit strengths

Established presence in the Indian spring industry – The company is one of the leading players in the domestic spring industry, benefitting from the vast experience of its promoters and technological support from globally renowned players. The company manufactures and sells various types of springs including suspension springs, valve springs, clutch springs, tension springs etc. and also manufactures stabiliser bars. The company's presence across multiple categories of springs and various automotive sub-segments mitigates the risks arising from a decline in any single segment/category of spring to a large extent.

Reputed client profile; proximity of plants to OEMs provides competitive advantage – The company has a reputed client base of OEMs and tier-1 auto component suppliers. Some major customers include Maruti Suzuki India Limited, Hero MotoCorp Limited, Honda Cars India Limited, TVS Motor Company Limited, Endurance Technologies Limited and Brakes India Private Limited. The company is the single source for several products/models for these OEMs, and its manufacturing plants are strategically located across multiple locations in India, in proximity to most of its customers. In contrast, its close competitors have limited presence in terms of geographical footprint and capacity. This advantage has supported the company in maintaining its position as one of the largest spring manufacturers in India.

Healthy revenue growth in the last few years – The company's consolidated operating income grew by 10.2% to Rs. 966.0 crore in FY2025 (provisional), driven by healthy growth in volumes in the automobile industry. The operating margins also remained healthy at 12.4% in FY2025 (FY2024-11.8%), which is supported by favourable product mix, sustained cost optimisation measures and better operating leverage, despite some gestation period losses in the new businesses. The company is expanding its presence to margin accretive non-automotive businesses such as railway seatings and defence, which is expected to support growth in revenues and operating margins over the medium term, although these are yet to contribute meaningfully to the consolidated profile.

Credit challenges

Moderate coverage metrics; high quantum of corporate guarantees extended to related parties – The company's coverage metrics remain moderate with total debt/OPBITDA at 5.0 times and interest coverage of 2.1 times in FY2025 (3.4 times and 2.5 times respectively in FY2024), due to increase in debt-funded capex and working capital intensity. The company has extended sizeable corporate guarantees to its related parties to the tune of Rs. 294.8 crore as of March 31, 2025 (Rs. 267.8 crore as of March 31, 2024). The high quantum of corporate guarantees has increased the company's debt servicing obligations and weakened its credit profile.

New businesses are yet to scale up and remain a drag on overall earnings/return indicators – The company is expanding its presence to margin accretive non-auto businesses such as railway seatings and defence, which is expected to support its top line and operating margins over the medium term. Over the past few years, around Rs. 75 crore of investments/advances were made in these businesses, but meaningful returns are yet to be generated by these investee entities. However, at present, the order book position is adequate and the gradual ramp-up is expected, going forward. Gestational period losses are expected

in the near term, however, these businesses are expected to generate high returns once they scale up. Incremental funding support/investments to these entities and returns generated from the same would remain key monitorable.

Revenue and earnings vulnerable to cyclical demand and volatility in input prices – The company derives over 90% of its revenues from the automotive segment, with the bulk of its revenues coming from the domestic OEM segment. As the replacement share of revenues is minimal, any slowdown or cyclical demand in automotive would impact the company’s revenues and earnings. The earnings also remain vulnerable to any sharp volatility in raw material prices, if the company is unable to pass it on to its customers.

High competitive intensity – The domestic spring industry is highly competitive owing to moderate value addition and presence of multiple players. While the competition is expected to remain high, the company’s established presence and diversified product portfolio within the spring business mitigate the risk to an extent.

Liquidity position: Adequate

The company’s consolidated liquidity position is adequate, with anticipated moderate cash flow from operations and unencumbered cash and bank balances of Rs. 25.9 crore as on March 31, 2025, in addition to a buffer of around Rs. 80.0 crore from unutilised working capital facilities at a consolidated level as on March 31, 2025. Against these, the company has principal repayment obligations of Rs. 39.2 crore in FY2026, Rs. 37.0 crore in FY2027 and Rs. 31.5 crore in FY2028 for its existing total term loans. Further, it has total capex plans of around Rs. 200 crore for the period FY2026-FY2028, which is expected to be funded through a mix of debt and internal accruals. Overall, ICRA expects the company to meet its medium-term commitments through internal sources of cash, and avail additional long-term and short-term borrowings to meet its capex and working capital requirements.

Rating sensitivities

Positive factors – ICRA could revise the ratings upward if the Group exhibits a healthy scale-up in revenues (including scale-up of new businesses), while maintaining profitability metrics along with a significant improvement in debt metrics and liquidity profile on a sustained basis. In addition, reduction in financial support extended to Group entities (including corporate guarantees) will also be considered favourably.

Negative factors – Pressure on the ratings could arise from a sharp deterioration in debt protection metrics on a sustained basis on the back of weak earnings and/or large investments in other Group entities. Any further extension of financial support to other Group businesses will also remain a monitorable.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Auto components
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of 4SPL, and consolidated the financials of MGM Springs Private Limited as well, considering the operational/managerial/financial linkages

The approach has been changed from consolidated view of 4SPL (standalone), 5SPL and MGMSPL to consolidated financials of 4SPL, along with line by line addition of MGMSPL to arrive at ratings. While the operations of the other subsidiaries numbers were not material earlier, given the expected scale up in the new businesses the approach has been updated.

About the company

Mr. Somappa (promoter) along with two German partners, namely Stumpp and Schuele, established the business in 1960 under the name Stumpp Schuele & Somappa Private Limited (3SPL). Later, Stumpp & Schuele sold their shares to M/s Kern

Leibers GmbH, which was later acquired by Mr. M.R. Ramesh (nephew of Mr. Somappa) in 2007. Since then, the Group is handled by Mr. M.R. Ramesh and his family members and there are no linkages to Stumpp & Schuele. 3SPL is closely held but is entirely managed by seasoned industry professionals. Over the years, 3SPL acquired various land banks to expand its operations. Stumpp Schuele & Somappa Springs Limited (4SPL) was incorporated as a 100% subsidiary of 3SPL, which was handling springs business. However, the Group subsequently decided to demerge the auto component business from real estate operations, resulting in 3S LLP acquiring a 100% stake of 4SPL from 3SPL in September 2023. At present, the Group is managed by the third generation of the family, with Mr. R. Satish serving as the current Chairman and leading the business.

Key financial indicators (provisional)

Consolidated	FY2024	FY2025
Operating income	876.8	966.0
PAT	27.8	15.2
OPBDIT/OI	11.8%	12.4%
PAT/OI	3.2%	1.6%
Total outside liabilities/Tangible net worth (times)	3.9	5.2
Total debt/OPBDIT (times)	3.4	5.0
Interest coverage (times)	2.5	2.1

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 amortization; Above figures are based on consolidated financials of 4SPL, along with line by line addition of MGMTSP

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current ratings (FY2026)			Chronology of rating history for the past 3 years						
Instrument	Type	Amount rated (Rs. crore)	Nov 26, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Term loan	Long term	69.40	[ICRA]BBB-(Stable)	Aug 12, 2024	[ICRA]BBB (Stable)	Apr 18, 2023	[ICRA]BBB (Stable)	Sept 30, 2022	[ICRA]BBB-(Stable)
				Jul 31, 2024	[ICRA]BBB (Negative)				
Fund based cash credit	Long term	110.50	[ICRA]BBB-(Stable)	Aug 12, 2024	[ICRA]BBB (Stable)	Apr 18, 2023	[ICRA]BBB (Stable)	Sept 30, 2022	[ICRA]BBB-(Stable)
				Jul 31, 2024	[ICRA]BBB (Negative)				
Non-fund based LC/BG	Short term	90.50	[ICRA]A3	Aug 12, 2024	[ICRA]A3+	Apr 18, 2023	[ICRA]A3+	Sept 30, 2022	[ICRA]A3
Unallocated	Long term	2.91	[ICRA]BBB-(Stable)	Aug 12, 2024	[ICRA]BBB (Stable)	Apr 18, 2023	[ICRA]BBB (Stable)	Sept 30, 2022	[ICRA]BBB-(Stable)
				Jul 31, 2024	[ICRA]BBB (Negative)				

Complexity level of the rated instrument

Instrument	Complexity indicator
Long term - Term loan	Simple
Long term - Fund based cash credit	Simple
Short term - non-fund-based LC/BG	Very simple
Long 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 - Term loan	FY2024	9.5-13%	FY2030	69.40	[ICRA]BBB- (Stable)
NA	Long term - Fund based cash credit	NA	NA	NA	110.50	[ICRA]BBB- (Stable)
NA	Short term - non-fund-based LC/BG	NA	NA	NA	90.50	[ICRA]A3
NA	Long term – Unallocated	NA	NA	NA	2.91	[ICRA]BBB- (Stable)

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
Stumpp Schuele and Somappa Auto Suspension Systems Private Limited	74.00%	Full Consolidation
Ramesh Sunwire Private Limited	51.00%	Full Consolidation
Stumpp Schuele & Somappa USA Inc.	100.00%	Full Consolidation
Aerovite Aero Defence Private Limited	100.00%	Full Consolidation
Stumpp Schuele Casings Private Limited	51.00%	Full Consolidation
Stumpp Schuele Lewis Machine Tools Private Limited	100.00%	Full Consolidation
Machani Ramesh Engineering Private Limited	77.30%	Full Consolidation
SSS Chuhatsu Private Limited	50.00%	Equity Method
M.G.M Springs Private Limited (Group company with common promoters)	NA	Full Consolidation

Source: Company data, ICRA Research

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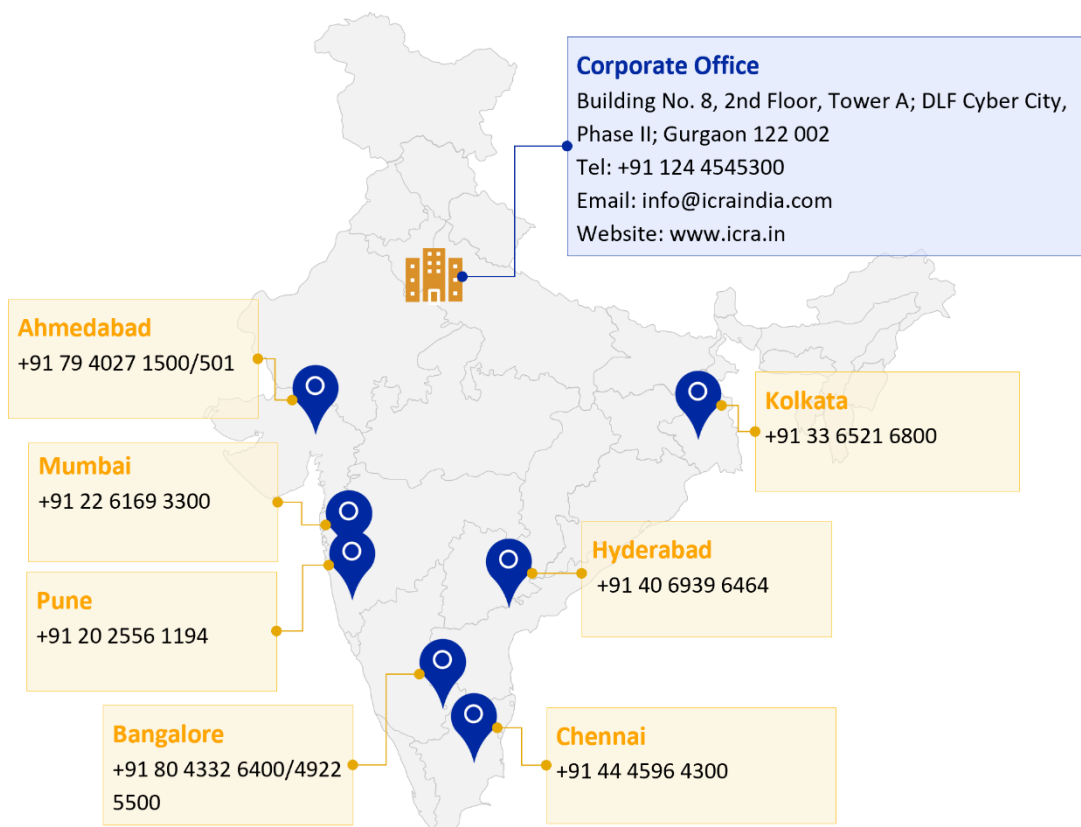
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