

November 27, 2025

## Tube Investments of India 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	525.0	525.0	[ICRA]AA+ (Stable); reaffirmed
Short-term – Fund based – interchangeable	(525.0)	(525.0)	[ICRA]A1+; reaffirmed
Short-term – non-fund based – LC/BG	500.0	500.0	[ICRA]A1+; reaffirmed
Commercial Paper	525.0	525.0	[ICRA]A1+; reaffirmed
<b>Total</b>	<b>1550.0</b>	<b>1550.0</b>	

\*Instrument details are provided in Annexure-I

### Rationale

The reaffirmation of the ratings for Tube Investments of India Limited (TIIL) factors in ICRA's expectation of a sustained financial performance in the medium term, supported by its well-entrenched market position across all its operating segments, a diversified revenue base, and strong debt metrics and liquidity. TIIL has a diversified product profile, with several product categories at the standalone level under engineering, metal formed products and mobility (cycles) divisions among others. TIIL benefits at the consolidated level from additional diversity from gearbox manufacturing through Shanthi Gears Limited (rated [ICRA]AA (Stable)/[ICRA]A1+) and power systems and industrial systems through CG Power and Industrial Solutions Limited (CG Power). It has also ventured into other new business areas, including electric vehicles (EV), medical consumables, contract development and manufacturing operations (CDMO) and electronics (although revenues from the same are not material at present). It is also foraying into outsourced semiconductor assembly and testing (OSAT) through a subsidiary of CG Power. In terms of business position, TIIL remains the market leader in cold drawn welded (CDW) tubes in India and continues to be one of the major suppliers of automotive chains in the domestic market and is an established player in fine blanking products. Further, CG Power is a leading player across products in both of its operating segments – power systems and industrial solutions. TIIL's market position is expected to remain stable across its product categories over the medium term.

TIIL has a relatively healthy scale of operations and reported an operating income of Rs. 19,464.7 crore in FY2025 and Rs. 10,831.7 crore in H1 FY2026, aided by growth across segments. Its operating profit margins remained healthy at 10.5% in FY2025 (previous year [PY]: 12.1%) and 10.2% in H1 FY2026 (PY: 10.8%) and the company has remained net debt negative since FY2023, aided by its healthy accruals and effective working capital management. Going forward, the company is expected to witness a healthy revenue growth, aided by its existing and new products and businesses, market share gains and geographic expansions, although the auto component revenues would remain susceptible to the industry cyclicality. TIIL's margins are expected to remain healthy, although further improvement over the medium term is likely to be limited because of the initial gestational losses in the new businesses.

TIIL has an annual capex plan of Rs. 1,200-1,500 crore over the medium term for capacity enhancement in existing businesses (including inorganic growth) and new business ventures such as EV, medical consumables and CDMO. The EV business is expected to be funded primarily through already-raised private equity funds and internal accruals, while the capex in the remaining businesses is likely to be funded primarily through internal accruals. The company is also setting up an outsourced semiconductor assembly and test (OSAT) facility, through its step-down subsidiary, CG Semi Private Limited, at a project cost of Rs. 7,584 crore. The same is being funded by the Central and Gujarat Governments to the extent of Rs. 4,901 crore, while the remaining Rs. 2,683 crore would be funded by the company through internal accruals and qualified institutional placements (QIP) worth Rs. 3,000 crore raised in July 2025. Given the absence of large debt for the planned investments, and anticipated

healthy accruals, ICRA expects the company's debt metrics and liquidity to remain strong over the medium term. TIIL is open to acquisitions in related verticals. The acquisitions, upon materialisation, would be evaluated on a case-by-case basis.

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 cash accruals, strong liquidity position and established market position, despite its proposed investments and gestational losses from the EV business and semiconductor project.

## Key rating drivers and their description

### Credit strengths

**Diversified revenue base and healthy scale of operations** – TIIL, at standalone level, has three divisions namely engineering, metal formed products and mobility, and it manufactures several products under these divisions. TIIL benefits at the consolidated level from additional diversity from gearbox manufacturing through Shanthy Gears Limited and power systems and industrial systems through CG Power. The company has also recently entered the EV space through its subsidiary, TI Clean Mobility Private Limited (TICMPL). The diversified revenue base mitigates risks arising from cyclicality in demand and technology changes to an extent. The company has also ventured into other business areas, including medical consumables, CDMO and electronics, although revenues from these remain low at present. TIIL has a relatively healthy scale of operations, with a consolidated operating income of Rs. 19,464.7 crore in FY2025 (a YoY increase of 15.2%) and Rs. 10,831.7 crore in H1 FY2026 (a YoY growth of 14.0%), aided by growth in most of the segments.

**Well established market position in all its operating segments** – TIIL remains the market leader in CDW tubes in India – its key product in the engineering division. Under metal formed products division, the company continues to be one of the major suppliers of automotive chains in the domestic market and is an established player in fine blanking products. With a market share of over 20% in the retail cycles segment, the company remains one of the largest organised players in India. Further, CG Power is a leading player across products in both of its operating segments – power systems and industrial solutions. TIIL's market position is expected to remain stable across its product categories over the medium term.

**Strong capital structure and coverage metrics** – TIIL has remained net debt negative from FY2023, supported by its healthy accruals and effective working capital management. As a result, its capital structure and coverage metrics remain strong. ICRA expects the company's debt metrics to remain strong over the medium term, supported by anticipated healthy accruals and absence of sizeable incremental debt, going forward. Also, the company enjoys healthy lender/investor relationships, and this is expected to continue going forward.

### Credit challenges

**Losses expected in new businesses over the medium term due to their nascent stages of operation** – The company has ventured into multiple new business areas including EVs and contract development and manufacturing operations (CDMO) as a part of its strategy to diversify revenues and expand in opportunistic sectors. The company is also setting up an OSAT facility through CG Power. Most of these businesses are in their initial stages of operation and are likely to incur gestational losses over the next few quarters at least.

**Sizeable capex plans over the medium term** – TIIL has an annual capex plan of Rs. 1,200 - 1,500 crore over the medium term for capacity enhancement in existing businesses (including inorganic growth) and new business ventures such as EV, medical consumables and CDMO. The EV business is expected to be funded primarily through already raised private equity funds/internal accruals while the remaining businesses are likely to be funded primarily through internal accruals. This apart, the company, through its step-down subsidiary, CG Semi Private Limited, is setting up OSAT facility in Gujarat, for which both the State and Central Governments have approved the project and grant of subsidy. While the estimated capex on the project is Rs. 7,584 crore over FY2025-FY2029, CG Power's contribution is expected to be only Rs. 2,683 crore, which is beyond the Government assistance of Rs. 3,501 crore from Central Government and Rs. 1,400 crore from the State Government. ICRA draws comfort from the company's strong liquidity position and anticipated healthy accruals from the business. Further, CG

Power had raised Rs. 3,000 crore through QIP, which is expected to be utilised for the semiconductor project, general capex and other corporate purposes, minimising dependence on incremental external borrowings. TIIL is open to acquisitions in related verticals. The acquisitions, upon materialisation, would be evaluated on a case-by-case basis. ICRA will also continue to monitor the progress of the OSAT project and its funding.

**Earnings susceptible to inherent cyclicality in the auto industry** – TIIL derives a sizeable portion of its revenues from the automotive industry, predominantly two-wheelers (2W) and passenger vehicles (PV). Although the proportion of revenues from the automotive industry has reduced from the past level of around 53% in FY2020 to around 25% in H1 FY2026 with the acquisition of CG Power in FY2021, TIIL's earnings remain exposed to the inherent cyclicality in the auto industry.

## Environmental and Social Risks

**Environmental considerations:** Even as TIIL is not directly exposed to climate-transition risks from the likelihood of tightening emission-control requirements, its automotive manufacturing customers remain exposed to the same as their products are used across different fuel powertrains, which may have an impact on the company. Further, it remains exposed to tightening environmental regulations with regard to waste and pollution norms, requiring capital investments. The company has been taking steps to minimise the impact of environmental risks on its operations and carbon footprint, as well as investments in electric vehicles etc. to reduce its vulnerability to energy transition related risks.

**Social considerations:** Social considerations for TIIL relate primarily to maintaining healthy industrial relations and product safety. Attracting and nurturing skilled manpower is critical as it seeks to keep pace with innovation and technological changes. On the product front, vehicle recalls by original equipment manufacturers (OEMs) because of defective auto parts could be a risk to TIIL. The company also has exposure to changing consumer preferences, including but not restricted to increasing awareness of the potential environmental damage from emissions, shift towards EVs, usage of sustainable materials and societal trends like preference for ride sharing. The company is also vulnerable to data security and data privacy risks. However, its ability to mitigate risks arising from human capital issues in the past and history of no product recalls, provides comfort.

## Liquidity position: Strong

TIIL's liquidity is strong with anticipated healthy cash flow from operations of over Rs. 1,200 crore. The company had unencumbered cash and liquid investments of over Rs. 2,700 crore at the consolidated level as on September 30, 2025. The company further has non-current FDs of Rs. 2,500 crore (unutilised portion of QIP proceeds) for funding the capacity investment for the semiconductor business, other capex and strategic initiatives. TIIL at the standalone level had undrawn working capital lines of around Rs. 750 crore and CG Power also had Rs. 500 crore of unutilised working capital limits as on September 30, 2025. The capex at the consolidated level is estimated at around Rs. 1,200 - 1,500 crore per annum (excluding the semiconductor project), which is expected to be funded through internal accruals. The semiconductor project requires capex of Rs. 7,584 crore, which is to be funded through support from Central Government (Rs. 3,501 crore) and Gujarat Government (Rs. 1,400 crore), and the remaining Rs. 2,683 crore will be funded through internal accruals/QIP proceeds over the next 2-3 years. The debt repayments stand at Rs. 10-12 crore per annum over the medium term on existing loans. Overall, ICRA expects TIIL to be able to meet its medium-term commitments through internal sources of cash and yet be left with healthy cash/liquid investments surplus.

## Rating sensitivities

**Positive factors** – ICRA could upgrade TIIL's long-term rating if the company is able to demonstrate a sustained period of strong cash flow generation and improve its return indicators, amid ongoing large investments in multiple businesses, while preserving its strong credit profile.

**Negative factors** – Pressure on TIIL's ratings could emerge with a material deterioration in the earnings or a significant rise in leverage because of debt-funded investments on a sustained basis. Any material cash outflow related to investee businesses,

exerting pressure on the company's credit profile, would remain monitorable. Further, TIIL is open to acquisitions in related verticals. The acquisitions, upon materialisation, would be evaluated on a case-by-case basis.

## Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Auto Component</a>
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of Tube Investments of India Limited

## About the company

Tube Investments of India Limited (TIIL) is one of the flagship companies of the over Rs. 90,000-crore Chennai-based Murugappa Group. At the standalone level, the company has three divisions – cycles, engineering and metal formed products. The cycles segment manufactures standard and special cycles under the brands BSA, Hercules, Montra to name a few. The engineering division manufactures electric resistance welded tubes, cold drawn welded tubes and cold rolled steel strips. Metal formed products comprise automotive and industrial chains, fine blanking products, doorframes and railway products. In FY2021, TIIL acquired a controlling stake in CG Power and Industrial Solutions Limited, which is among the top five players in India in both of its operating segments – power systems and industrial systems. The power systems segment manufactures electrical products such as transformers, switchgears and circuit breakers, which find application in power transmission. The industrial systems segment manufactures high and low-tension rotating machines (motors and alternators), stampings, as well as railway transportation and signalling products.

As of September 30, 2025, TIIL had 15 subsidiaries/associates/joint ventures as on September 30, 2025. Shanthi Gears Limited (70.46% subsidiary of TIIL) manufactures standard and customised gears for various engineering and industrial segments, while Financiere C10 SAS (95% subsidiary) manufactures engineering and industrial chains, primarily in France. The company acquired a 80.0% stake in two Sri Lankan companies – Creative Cycles (Private) Limited and Great Cycles (Private) Limited – in FY2018 for backward integration of the mass premium and super premium cycles. In the last couple of years, the company has incorporated a wholly-owned subsidiary, TI Clean Mobility Private Limited (TICMPL), for its EV business and acquired stake in three entities under TICMPL (engaged in manufacturing of e-tractors, e-SCV and e-HCVs). In FY2024, TIIL acquired a 67.0% stake in Lotus Surgicals Private Limited, which is involved in the business of producing wound closure products. TIIL has also invested in contract development and manufacturing operations (CDMO) and active pharmaceutical ingredients (API) business as a part of its strategy to diversify into new businesses, relating to which, the company incorporated a subsidiary called 3xper Innoventure Limited. The company, through its step-down subsidiary, CG Semi Private Limited, is setting up an OSAT facility in Gujarat. TIIL acquired a 67% stake in Kcaltech System India Private Limited (Kcal India) for Rs. 62 crore in FY2025, which specialises in manufacturing aluminium tubes and parts for automotive heating, ventilation and air conditioning systems (HVAC). TICL Brands (India) Private Limited was incorporated during FY2025 as a joint venture company for licensing BSA trademarks for the manufacture and/or sale of motorcycles, parts and accessories in India.

## Key financial indicators (audited)

Consolidated	FY2024	FY2025
Operating income	16,890.3	19,464.7
PAT	1,732.9	1,054.7
OPBDIT/OI	12.1%	10.5%
PAT/OI	10.3%	5.4%
Total outside liabilities/Tangible net worth (times)	0.9	1.1
Total debt/OPBDIT (times)	0.4	0.3
Interest coverage (times)	28.1	24.8

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

Current rating (FY2026)			Chronology of rating history for the past 3 years						
Instrument	Type	Amount rated (Rs. crore)	FY2025		FY2024		FY2023		
			Nov 27, 2025	Date	Rating	Date	Rating	Date	Rating
<b>Fund based- Cash Credit</b>	Long term	525.0	[ICRA]AA+ (Stable)	Nov 29, 2024	[ICRA]AA+ (Stable)	Nov 30, 2023 Sep 29, 2023	[ICRA]AA+ (Stable)	Nov 30, 2022	[ICRA]AA+ (Stable)
<b>Fund based – interchangeable</b>	Short term	(525.0)	[ICRA]A1+	Nov 29, 2024	[ICRA]A1+	Nov 30, 2023 Sep 29, 2023	[ICRA]A1+	Nov 30, 2022	[ICRA]A1+
<b>Non-fund based – LC/BG</b>	Short term	500.0	[ICRA]A1+	Nov 29, 2024	[ICRA]A1+	Nov 30, 2023 Sep 29, 2023	[ICRA]A1+	Nov 30, 2022	[ICRA]A1+
<b>Commercial Paper</b>	Short term	525.0	[ICRA]A1+	Nov 29, 2024	[ICRA]A1+	Nov 30, 2023 Sep 29, 2023	[ICRA]A1+	Nov 30, 2022	[ICRA]A1+

### Complexity level of the rated instrument

Instrument	Complexity indicator
<b>Long-term – Fund based- Cash Credit</b>	Simple
<b>Short-term – Fund based – interchangeable</b>	Simple
<b>Short-term – Non-fund based – LC/BG</b>	Very Simple
<b>Commercial Paper</b>	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	Cash Credit	-	-	-	525.0	[ICRA]AA+ (Stable)
NA	EPC/WCDL/STL/Buyers Credit	-	-	-	(525.0)	[ICRA]A1+
NA	LC/BG	-	-	-	500.0	[ICRA]A1+
NA*	Commercial Paper	-	-	-	525.0	[ICRA]A1+

Source: Company \*Yet to be placed

[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
Shanthi Gears Limited	70.46%	Full Consolidation
Financiere C10 SAS (FC 10) and its subsidiaries	95.00%	Full Consolidation
Great Cycles (Private) Limited	80.00%	Full Consolidation
Creative Cycles (Private) Limited	80.00%	Full Consolidation
CG Power and Industrial Solutions Limited and its subsidiaries	56.29%	Full Consolidation
TI Clean Mobility Private Limited and its subsidiaries	99.99%	Full Consolidation
Aerostrovilos Energy Private Limited	27.78%	Equity Method
Moshine Electronics Private Limited	94.07%	Full Consolidation
X2Fuels and Energy Private Limited	50.00%	Equity Method
TI Medical Private Limited	67.00%	Full Consolidation
3xper Innoventure Limited and its subsidiaries	95.00%	Full Consolidation
KCAL Tech System India Private Limited	67.00%	Full Consolidation
TICL Brands (India) Private Limited	50.00%	Equity Method
Chola Foundation	50.00%	Equity Method

Source: Company's Annual report for FY2025 and Company Press Releases

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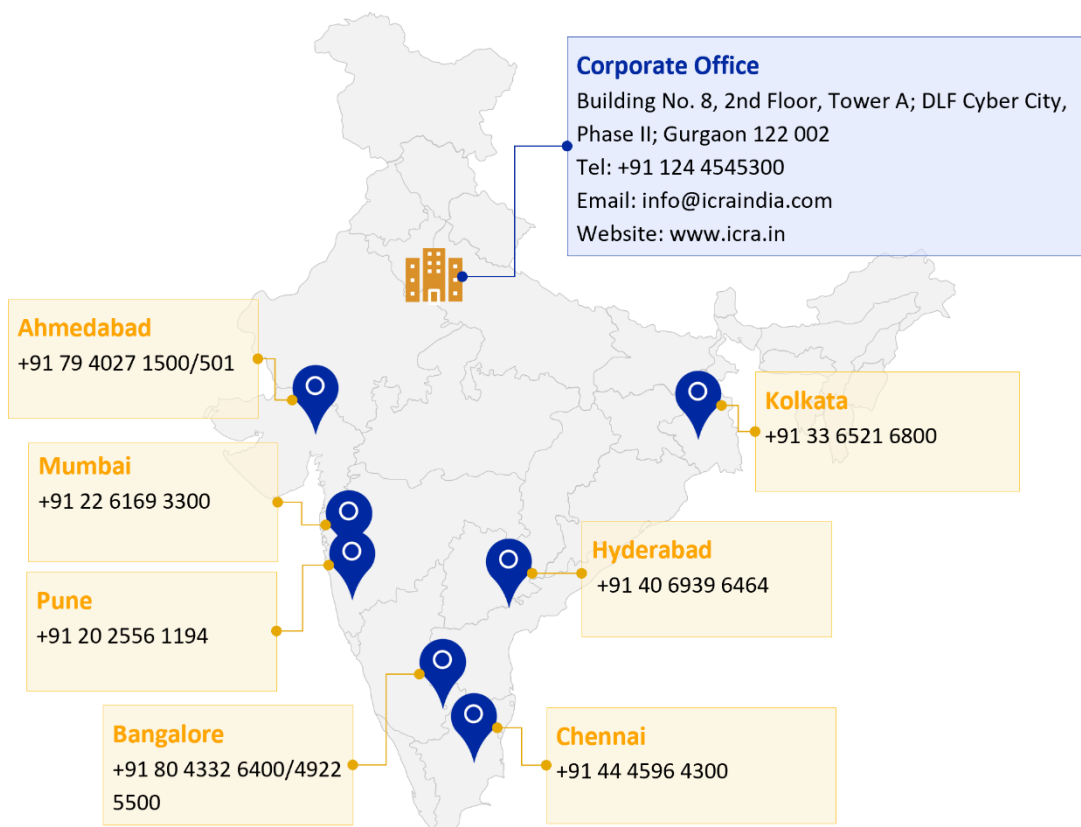
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