

March 27, 2026

## Sundaram Brake Linings Limited: Ratings reaffirmed and outlook revised to Negative

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term fund based – Cash credit	85.00	85.00	[ICRA]BBB+ (Negative); Reaffirmed and outlook revised to Negative from Stable
Long-term fund based – Term loan	25.00	25.00	[ICRA]BBB+ (Negative); Reaffirmed and outlook revised to Negative from Stable
Short-term non-fund based	4.07	4.07	[ICRA]A2; reaffirmed
Short-term fund based – Sublimit	(65.00)	(65.00)	[ICRA]A2; reaffirmed
Short-term non-fund based – Sublimit	(1.50)	(1.50)	[ICRA]A2; reaffirmed
<b>Total</b>	<b>114.07</b>	<b>114.07</b>	

\*Instrument details are provided in Annexure I

### Rationale

The ratings outstanding on Sundaram Brake Linings Limited (SBLL) remain supported by its established market position in the automotive friction material industry, its healthy domestic-export mix, comfortable capital structure and financial flexibility, being a part of the larger TVS Group of Companies. The revision in the outlook on the long-term rating to Negative from Stable reflects the company's subdued performance, with net losses in the last three quarters amid weak export demand sentiments, increased new product development costs, and the vulnerability of its earnings to the macroeconomic environment. The recent geopolitical developments in terms of the conflict in West Asia have not had an impact on the company's operations yet. This is primarily because the majority of exports are on an ex-works basis, limited exports to the affected region and nil dependence on industrial gas for its operations. However, the company's ability to manage its earnings in the current inflationary environment remains monitorable.

The ratings remain constrained by the company's moderate scale of operations and low levels of accruals. The company reported an operating income of Rs. 255.9 crore in 9M FY2026 and Rs. 354.7 crore in FY2025, and its operating profits stood at Rs. 0.4 crore during 9M FY2026 and Rs. 17.1 crore in FY2025. The company is undertaking measures to improve accruals going forward, although the extent of improvement remains to be seen. The company also faces intense competition from industry incumbents and unorganised players in the aftermarket segment.

Notwithstanding these factors, the ratings remain supported by SBLL's strong business profile. It has reputed tier-I automobile suppliers as its customers in the domestic original equipment manufacturers (OEM) segment and distributes through established pan-India players in the aftermarket segment. Apart from this, it derives a material portion of its revenues from exports (41.2% of revenues in 9M FY2026), which provides diversification. Further, SBLL has a conservative capital structure (gearing of 0.4x as on December 31, 2025), supported by moderate working capital borrowings and low reliance on long-term debt. Its liquidity position remains adequate, with a comfortable buffer of Rs. 34.1 crore from unutilised working capital lines as of December 31, 2025, although cash balances remain limited.

## Key rating drivers and their description

### Credit strengths

**Established player in the Indian friction material industry; healthy domestic-export mix** – SBLL is a reputed player in the Indian automobile friction material industry. Its direct and indirect clients include established tier-1 auto component suppliers and auto OEMs catering to the commercial vehicle, two-wheeler, and passenger vehicle segments. In the domestic aftermarket space, SBLL has a pan-India presence with a network of distributors and multiple direct stockists. Apart from this, the company derives a material portion of its revenues from exports, which provides diversification.

**Conservative capital structure** – The company has a comfortable capital structure, as illustrated by a gearing of 0.4x as on December 31, 2025. SBLL did not undertake any major capex in the last several years and its debt primarily consists of working capital borrowings. The company does not have any material debt-funded capex plans in FY2026-FY2028 and ICRA expects SBLL's capital structure to remain comfortable going forward.

**Part of the K Mahesh Group** – SBLL enjoys lender and investor confidence as it belongs to the K Mahesh Group (part of the larger TVS Group of Companies - an established name in the domestic auto ancillary industry). The promoters own a 63.9% stake in the company (as on December 31, 2025), with 32.7% held by Madurai Alagar Enterprises Private Limited and 7.1% by Mr. Krishna Mahesh, SBLL's Managing Director and a fourth-generation member of the TVS family.

### Credit challenges

**Moderate scale of operations; relatively low accruals** – The company has a moderate scale of operations, with an operating income of Rs. 255.9 crore in 9M FY2026 and Rs. 354.7 crore in FY2025. The cash accruals remained negligible in 9M FY2026, impacted by its relatively low operating margins. ICRA understands that SBLL has undertaken various revenue and margin improvement measures, which could improve accruals going forward. However, the extent of improvement remains to be seen. With close to 25% of its revenues derived from the US market, the increase in tariffs in FY2025 had some impact on its margins. Nevertheless, given the long lead time associated with product development and validation in the automotive industry, and the safety-critical nature of the products supplied by the company, substitution risks are relatively limited.

**Vulnerability of revenues and earnings to inherent cyclicity in the CV industry** – CV sales, which constituted a majority of SBLL's domestic OEM revenues in 9M FY2026, remain inherently cyclical in nature, with industry volumes strongly correlated to the level of economic activity, industrial growth and infrastructure investments. Other factors like regulatory changes (emission norms, scrappage policy, etc.) and stiff competition leading to aggressive discounting practices, also impact volumes of industry players. While the company is taking measures to increase its revenues from the non-CV segment, its ability to achieve material segment diversification over the medium term remains to be seen.

**SBLL faces competition from industry incumbents in the unorganised segment in the domestic market; exports remain concentrated in USA** – In the domestic market, SBLL continues to witness competition from industry incumbents such as erstwhile Rane Brake Lining Limited (currently merged into Rane (Madras) Limited), Masu Brakes P Limited and Hindustan Composites Limited, to name a few. It continues to face competition from the unorganised segment in the replacement market as well. However, its established presence in the friction material industry and strong market position mitigates the risk to an extent. While SBLL has a favourable export-domestic mix, it derives a significant portion of its export revenues from the US (19.5% of revenues in 9M FY2026), exposing it to regional risks or slowdown in the market, as well as trade-related developments.

### Environmental and Social risks

**Environmental considerations** – The prospects for SBLL are linked to the ability of its customers to evolve and meet requirements related to emissions, electrification, etc., although its presence in a powertrain-agnostic product segment, and 20-25% of revenues derived from the aftermarket, helps largely mitigate these risks. The company remains exposed to

tightening environmental regulations regarding waste and pollution, which can lead to an increase in operating and new capacity installation costs.

**Social considerations** – Social considerations for SBLL relate primarily to maintaining healthy industrial relations and ensuring 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 OEMs because of defective auto parts could create additional cost burden and liabilities. It is exposed to increasing awareness of the potential environmental damage from emissions and the need for usage of sustainable materials.

### Liquidity position: Adequate

SBLL’s liquidity position remains adequate, with a comfortable buffer of Rs. 34.1 crore in working capital lines as on December 31, 2025, although it had negligible cash balances of Rs. 0.3 crore as on December 31, 2025. The company is expected to generate cashflow from operations of around Rs. 5.0-10.0 crore annually over the near term. Against these sources of cash, SBLL has debt repayment obligations of Rs. 0.5 crore in Q4 FY2026, Rs. 2.3 crore in FY2027 and Rs. 1.1 crore in FY2028 on its existing and sanctioned loans. The company has minimal capex plans apart from maintenance capex of Rs. 7.0 - Rs. 10.0 crore p.a. over FY2027-FY2028, to be funded through internal accruals. ICRA expects SBLL to be able to meet its medium-term commitments through internal sources of cash and available lines of credit.

### Rating sensitivities

**Positive factors** –ICRA could revise the outlook on the long-term rating to stable with sustained recovery in earnings, resulting in improved credit metrics.

**Negative factors** – Negative pressure on the ratings will arise from a significant contraction in revenues and continued pressure on profitability, along with increase in debt levels, leading to moderation in coverage metrics and liquidity position. Any significant impact on the company’s revenues, margins or accruals because of trade-related tensions (tariffs and supply chain), if any, could also be a downward rating trigger.

### Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Auto Components</a>
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

### About the company

Sundaram Brake Linings Limited (SBLL) primarily manufactures asbestos-free friction material such as brake linings, disc pads and clutch facings for the automobile industry. It also manufactures tractor linings and friction material for industrial applications, and trades in rivets. SBLL caters to three broad segments: a) tier-I suppliers of automobile OEMs, b) aftermarket - replacement, state transport units (STUs) and branded spares, and c) exports - to over 60 countries. The company has four operational manufacturing facilities in Padi (Tamil Nadu), Madurai (two plants; Tamil Nadu) and Chengalpattu (Tamil Nadu). As on December 31, 2025, the promoters held a 63.9% stake in the company. SBLL is a part of the K Mahesh Group of the erstwhile TVS group. The company is managed by Mr. Krishna Mahesh, a fourth-generation TVS family member.

### Key financial indicators (Audited)

Standalone	FY2024	FY2025
Operating income	361.5	354.7
PAT	10.1	5.2
OPBDIT/OI	6.0%	4.8%
PAT/OI	2.8%	1.5%
Total outside liabilities/Tangible net worth (times)	1.2	1.3
Total debt/OPBDIT (times)	2.0	3.3
Interest coverage (times)	5.3	3.3

Amounts 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

Instrument	Current rating (FY2026)				Chronology of rating history for the past 3 years						
	Type	Amount rated (Rs crore)	March 27, 2026	FY2026		FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating	Date	Rating
<b>Fund-based-Cash credit</b>	Long Term	85.00	[ICRA]BBB+ (Negative)	Apr 07, 2025	[ICRA]BBB+ (Stable)	Apr 26, 2024	[ICRA]BBB+ (Stable)	Mar 31, 2024	[ICRA]BBB+ (Stable)	Jul 04, 2022	[ICRA]BBB+ (Stable)
				Sep 23, 2025	[ICRA]BBB+ (Stable)	-	-	-	-	Mar 02, 2023	[ICRA]BBB+ (Stable)
<b>Fund-based-Term loan</b>	Long Term	25.00	[ICRA]BBB+ (Negative)	Apr 07, 2025	[ICRA]BBB+ (Stable)	Apr 26, 2024	[ICRA]BBB+ (Stable)	Mar 31, 2024	[ICRA]BBB+ (Stable)	Mar 02, 2023	[ICRA]BBB+ (Stable)
				Sep 23, 2025	[ICRA]BBB+ (Stable)	-	-	-	-	-	-
<b>Interchangeable limits-Others</b>	Short Term	(66.50)	[ICRA]A2	Apr 07, 2025	[ICRA]A2	Apr 26, 2024	[ICRA]A2	Mar 31, 2024	[ICRA]A2	Jul 04, 2022	[ICRA]A2
				Sep 23, 2025	[ICRA]A2	-	-	-	-	Mar 02, 2023	[ICRA]A2
<b>Non-fund based-Others</b>	Short Term	4.07	[ICRA]A2	Apr 07, 2025	[ICRA]A2	Apr 26, 2024	[ICRA]A2	Mar 31, 2024	[ICRA]A2	Jul 04, 2022	[ICRA]A2
				Sep 23, 2025	[ICRA]A2	-	-	-	-	Mar 02, 2023	[ICRA]A2

### Complexity level of the rated instruments

Instrument	Complexity Indicator
Cash credit	Simple
Term loans	Simple
LC/CEL	Simple
Working capital facilities – Sublimit	Simple
Bank Guarantee – Sublimit	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	NA	NA	NA	85.00	[ICRA]BBB+ (Negative)
NA	Term loan – I	FY2023	8.5%-9.0%	FY2028	10.00	[ICRA]BBB+ (Negative)
NA	Term loan – II	FY2024	8.5%-9.0%	FY2031	15.00	[ICRA]BBB+ (Negative)
NA	LC/CEL	NA	NA	NA	4.07	[ICRA]A2
NA	Working capital facilities – Sublimit	NA	NA	NA	(65.00)	[ICRA]A2
NA	Bank Guarantee – Sublimit	NA	NA	NA	(1.50)	[ICRA]A2

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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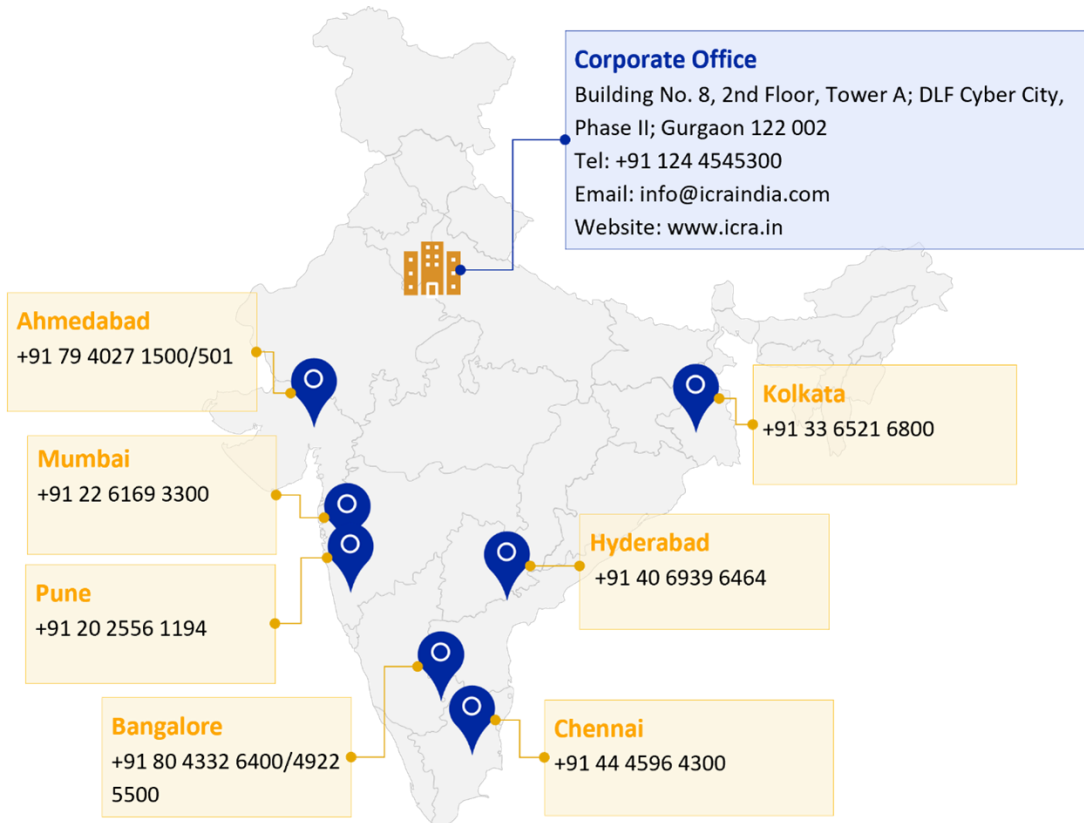


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