

April 30, 2026

Sundaram Industries Private Limited: Placed on Rating Watch with Developing Implications

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Term loans	96.14	56.76	[ICRA]A; placed on Rating Watch with Developing Implications
Long-term – Fund-based facilities	130.00	127.25	[ICRA]A; placed on Rating Watch with Developing Implications
Short-term – Non-fund based facilities	78.00	42.00	[ICRA]A2+; placed on Rating Watch with Developing Implications
Total	304.14	226.01	

**Instrument details are provided in Annexure II*

Rationale

The ratings of Sundaram Industries Private Limited (SIPL) have been placed on ‘Watch with Developing Implications’ following the demerger of one of its divisions (rubber division) and a subsidiary, Shore Auto Rubber Exports Private Limited (Shore Auto) into a new entity, TVS Mobility Polymeric Products Private Limited. The demerger was approved by the National Company Law Tribunal (NCLT) in the last week of March 2026 with the appointed date being April 1, 2024. The rubber division is engaged in the manufacturing of automotive rubber components catering to original equipment manufacturers (OEMs) and the replacement market, while Shore Auto is engaged in the manufacturing and export of automotive rubber hoses and allied rubber products. The demerged businesses accounted for around 34% of SIPL’s consolidated revenues and 37% of consolidated debt in FY2025.

The demerger is aimed at the consolidation of rubber and related operations into a separate entity with focussed growth strategies. While full clarity on the impact of the demerger on SIPL’s financial profile is currently unascertainable, ICRA notes that the post-demerged financials are likely to exhibit sizeable moderation on its revenues, earnings and debt levels. ICRA has limited information on the allocation of gross block, net worth and other assets and liabilities between SIPL and the demerged entity. The rating watch will be resolved as better clarity emerges on the business and financial profile of the residual operations.

The ratings remain supported by SIPL’s established track record spanning several decades and vast experience of the promoter family in the automotive and auto component industry. It is one of the leading players in the organised tyre retreading segment and manufactures solid tyres, of which most are exported. The company is also engaged in the manufacture of defence-related kits and components. The ratings also draw comfort from its strong parentage as it is part of the TS Rajam Group, with TVS Mobility Private Limited (TVS Mobility) holding a 100% stake in the entity and has supported SIPL by way of equity infusions in the past. The ratings are constrained by the vulnerability of the company’s earnings to cyclicity in the automotive industry, fluctuations in raw material prices and foreign exchange (forex) movements. The ratings are also tempered by the relatively lower operating margins which constrain debt coverage metrics.

Based on the information shared, ICRA notes that SIPL’s standalone revenues from the residual business, which formed 55-57% of consolidated revenues, declined by around 13% in 9M FY2026 on account of a 23% contraction in solid tyre division, adversely impacted by higher US tariffs and contraction in revenue from defence segment which was impacted by the deferment of a few orders. Tyre solutions segment recorded a growth of 8% during this period.

Key rating drivers and their description

Credit strengths

Established track record of operations and diversified revenue mix – SIPL has a long and established presence in the Indian automotive industry, with operations spanning multiple automotive-linked segments. Post the demerger, the company primarily operates through two divisions, tyre solutions and solid tyres. SIPL is engaged in tyre retreading for commercial vehicles, tractors, off-road vehicles and passenger vehicles, and is also involved in the manufacture of industrial and off-highway solid tyres, with a significant portion of revenues from the solid tyre segment being derived from exports. In addition, the company is engaged in the manufacture of defence-related kits and components for select defence applications. It is focussing on enhancing its product mix in the tyre solutions division through the introduction of higher-margin products, including an increased share of radial tyre retreading, which is expected to support realisations and profitability over the medium term. SIPL's business profile is further supported by its subsidiaries, which are engaged in solid tyre manufacturing and battery chargers, providing incremental diversification and earnings support at the consolidated level.

Strong parentage – In February 2022, the broader TVS Group underwent a restructuring exercise wherein the ownership and management of various entities were aligned with specific family groups. Following the restructuring, SIPL became a part of the TS Rajam Group. Hence, its profile is supported by a strong parentage, with TVS Mobility holding a 100% stake in the entity. ICRA notes that there has been fund infusion in SIPL by the parent over the years.

Credit challenges

Exposure to cyclicity in automotive industry – Given its large dependence on the automotive segment, SIPL's revenues and earnings remain susceptible to the cyclicity in automotive demand across both domestic and export markets. Any major slowdown in the auto industry can adversely impact the company's business, although a significant portion of its operations is partly insulated by its presence in the replacement segment. Exports are also susceptible to demand fluctuations and regulatory developments in the respective markets; imposition of high tariffs by the US on Indian tyres adversely impacted export demand in the solid tyre segment in FY2026, affecting revenues and margins.

Operating margins susceptible to fluctuations in raw material prices and forex movements – SIPL's margins are exposed to volatility in the prices of synthetic and natural rubber, as well as the forex movement as intense competition limits the pricing power. While the indexing of input price and partial hedging mitigate the risk to an extent, any sharp movement in raw material prices and forex rates will continue to influence its margins. The company's operating margins declined in FY2025 owing to the sharp increase in natural and synthetic rubber prices. While raw material prices moderated in 9M FY2026, increasing crude oil prices owing to the West Asia crisis remain a key challenge in the near term. A meaningful increase in margins will be imperative to improve debt coverage metrics, going forward.

Liquidity position: Adequate

SIPL's liquidity is Adequate, with ICRA's estimated retained cash flows of Rs. 25-35 crore (for the residual business) in FY2027, and a buffer against working capital limits of ~Rs. 68.0 crore, as on February 28, 2026. In relation to these sources of cash, SIPL has capital expenditure (capex) commitments of Rs. 25-30 crore in FY2027 and debt repayment obligations of Rs. 11-12 crore in the next 12 months, for the residual business.

Rating sensitivities

Positive factors – The ratings could be upgraded upon a material growth in SIPL's revenue and earnings, aided by profitable scale-up of the tyre retreading division and continued growth in the solid tyre division, leading to an improvement in debt coverage metrics. Material improvement in the credit profile of the parent entity will also be a positive factor for ratings upgrade.

Negative factors – The ratings could be downgraded if the extent of debt reduction post demerger is not enough to offset the weakening of the business profile caused by the transfer of the rubber business to another group entity (earlier carried out both on a standalone basis as well as through a subsidiary), resulting in increase in credit risk. Any major debt-funded capex or acquisition, leading to a sustained deterioration of the credit metrics, could also exert pressure on the ratings. Further, any material weakening of the parent’s credit profile or of SIPL’s linkages with its parent could also trigger a negative rating action.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Auto Components
Parent/Group support	Parent company: TVS Mobility Private Limited. The ratings assigned to SIPL factors in the likelihood of support from its parent.
Consolidation/Standalone	The ratings are based on the consolidated financial profile of the company.

About the company

Sundaram Industries Private Limited (SIPL) was originally incorporated in Pudukkottai, Tamil Nadu, in 1943 and historically held stakes in multiple entities within the TVS Group. Following the restructuring of the TVS Group, the company’s business was demerged into a newly incorporated entity with the same name, Sundaram Industries Private Limited, as a wholly owned subsidiary of TVS Mobility Private Limited (TVS Mobility) in FY2023. TVS Mobility is held by members of the TS Rajam family group and is part of the TS Rajam Group, a faction of the larger TVS Group, which has an established presence in the domestic auto-ancillary industry. Subsequently, in March 2026, the NCLT approved the demerger of SIPL’s Rubber division and Shore Auto (subsidiary) into TVS Mobility Polymeric Products Private Limited, with the scheme being effective from April 1, 2024. Post the demerger, SIPL’s operations are focussed on tyre retreading services and the sale of industrial and solid tyres, with the rubber division no longer forming part of the company’s business profile.

Key financial indicators (audited)

Sundaram Industries Private Limited (consolidated)	Standalone*		Consolidated*	
	FY2024	FY2025	FY2024	FY2025
Operating income (OI)	825.7	908.4	988.5	1,107.8
PAT	7.3	-5.1	24.5	7.1
OPBDITA/OI	4.7%	3.3%	9.4%	6.1%
PAT/OI	0.9%	-0.6%	2.5%	0.6%
Total outside liabilities/Tangible net worth (times)	2.5	2.7	1.8	1.9
Total debt/OPBDITA (times)	7.1	8.4	3.3	4.8
Interest coverage (times)	1.5	1.2	3.2	2.2

Source: Company, ICRA Research; All ratios as per ICRA’s calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDITA: Operating profit before depreciation, interest, taxes and amortisation; *Key financial indicators of the entity prior to demerger

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current rating			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	April 30, 2026	FY2026		FY2025		FY2024	
				Date	Rating	Date	Rating	Date	Rating
Term loans	Long-term	56.76	[ICRA]A; Rating Watch with Developing Implications	-	-	Jan 30, 2025	[ICRA]A (Positive)	Nov 29, 2023	[ICRA]A (Positive)
Fund-based facilities	Long-term	127.25	[ICRA]A; Rating Watch with Developing Implications	-	-	Jan 30, 2025	[ICRA]A (Positive)	Nov 29, 2023	[ICRA]A (Positive)
Non-fund based facilities	Short-term	42.00	[ICRA]A2+; Rating Watch with Developing Implications	-	-	Jan 30, 2025	[ICRA]A2+	Nov 29, 2023	[ICRA]A2+

Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10, 2026

ICRA-rated instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other activities offered by ICRA fall under regulatory purview of various FSR as under:

Sr. No.	Activity name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI

10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA
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(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Disclosure: SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of FSR other than SEBI.

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Term loans	Simple
Long-term – Fund-based facilities	Simple
Short-term – Non-fund-based facilities	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 II: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Term loan	FY2021	NA	FY2031	56.76	[ICRA]A; Rating Watch with Developing Implications
NA	Long-term – Fund-based	-	-	-	127.25	[ICRA]A; Rating Watch with Developing Implications
NA	Short-term – Non-fund based	-	-	-	42.00	[ICRA]A2+; Rating Watch with Developing Implications

Source: Company

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

Annexure III: List of entities considered for consolidated analysis

Company name	Ownership	Consolidation approach
Sundaram Industries Private Limited	100.00%	Full Consolidation
Sundaram Lanka Tyres Limited	100.00%	Full Consolidation
Sun Industrial Tyres Private Limited	100.00%	Full Consolidation
Sirius Controls Private Limited	100.00%	Full Consolidation

Source: Company

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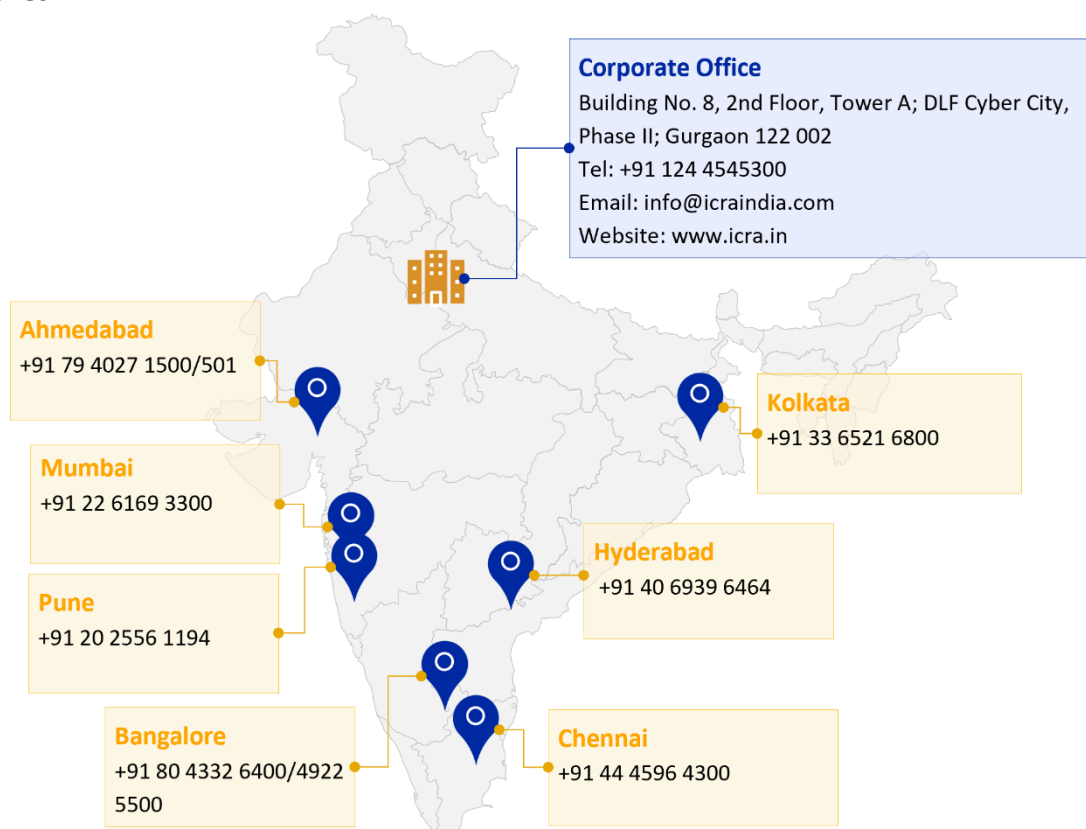
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