

May 16, 2024

## Ralson (India) Limited: Ratings withdrawn

### Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term Fund-based – Cash Credit	125.50	125.50	[ICRA]A+ (Stable); withdrawn
Long-term Fund-based – Term Loans	42.41	42.41	[ICRA]A+ (Stable); withdrawn
Short-term – Fund/ Non-fund-based limits	3.09	3.09	[ICRA]A1; withdrawn
Short-term – Non-fund based limits	34.00	34.00	[ICRA]A1; withdrawn
<b>Total</b>	<b>205.00</b>	<b>205.00</b>	

\*Instrument details are provided in Annexure-I

### Rationale

ICRA has withdrawn the ratings assigned to the bank facilities of Ralson (India) Limited at the request of the company and based on the No Objection Certificate received from the bankers, which is in accordance with ICRA's policy on withdrawal. ICRA does not have information to suggest that the credit risk has changed since the time the rating was last reviewed.

The Key rating drivers, Liquidity position, Rating sensitivities have not been captured as the rated instruments are being withdrawn. The previous detailed rating rationale is available at the following link: [Click here](#)

### Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Auto Components</a> <a href="#">Policy on Withdrawal of Credit Ratings</a>
Parent/Group support	Not Applicable
Consolidation/Standalone	The ratings are based on the consolidated financial statements of the rated entity. As on March 31, 2023, the company had one subsidiary, Ralson Tyres Limited.

### About the company

Ralson, incorporated in 1974, was founded by Mr. Om Prakash Pahwa. At present, it is led by his son, Mr. Sanjeev Pahwa, the Managing Director and Chairman of the board of directors. The company started its operations from Ludhiana, Punjab, by manufacturing bicycle tyres and tubes. Over the years, the company has diversified into the automobile tyre segment, primarily for two-wheelers. At present, the company's product range consists of cycle tyres and tubes, auto tyres and tubes, hubs and accessories, sold under the two brands, Ralson and Ralco.

Ralson is the largest bicycle tyre manufacturer in the country with 30-40% share of the organised segment. The company's business is classified into three segments – Replacement Market, OEM and Exports – which contributed 59%, 27% and 14%, respectively to its turnover of Rs. 1,042.9 crore in FY2023. The company has a domestic distribution network of 43 branches and consignee agents, which further supply the company's products to ~4,000 dealers.

Ralson has three manufacturing units in Ludhiana, with a combined annual production capacity of 56.4 million bicycle tyres, 66.5 million bicycle tubes, 4.8 million automotive tyres and 5.4 million automotive tubes. The company has a research and

development ab, equipped with ultra-modern and advanced technology equipment and is recognised by the Department of Science and Industrial Research, Government of India. The lab undertakes research for developing innovative compounds, materials and processes to further enhance the quality of Ralco Tyres.

Ralson had set up a ~90% subsidiary, Ralson Tyres Limited (RTL), in October 2019, for entering the truck and bus tyre market. The manufacturing plant of RTL is in Madhya Pradesh and has a capacity to manufacture 8,52,000 tyres per annum. The plant commenced operations from February 2023.

#### Key financial indicators (audited)

Ralson Consolidated	FY2022	FY2023
<b>Operating income</b>	1,109.7	1,042.9
<b>PAT</b>	37.3	20.7
<b>OPBDIT/OI</b>	8.2%	14.3%
<b>PAT/OI</b>	3.4%	2.0%
<b>Total outside liabilities/Tangible net worth (times)</b>	1.4	1.7
<b>Total debt/OPBDIT (times)</b>	5.0	4.8
<b>Interest coverage (times)</b>	6.8	5.8

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

Instrument	Type	Current rating (FY2025)		Chronology of rating history for the past 3 years			
		Amount rated (Rs. crore)	Amount outstanding as of Mar 31, 2023 (Rs. crore)	Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023	Date & rating in FY2022
				Mar 16, 2024	-	Mar 20, 2023	Jan 31, 2022
1 Cash Credit	Long term	125.50	NA	[ICRA]A+ (Stable); withdrawn	-	[ICRA]A+ (Stable)	[ICRA]A+ (Stable)
2 Fund/Non Fund-based Limits	Short term	3.09	NA	[ICRA]A1; withdrawn	-	[ICRA]A1	[ICRA]A1
3 Term Loans	Long term	42.41	478.17	[ICRA]A+ (Stable); withdrawn	-	[ICRA]A+ (Stable)	[ICRA]A+ (Stable)
4 Non Fund-Based Facilities	Short term	34.00	NA	[ICRA]A1; withdrawn	-	[ICRA]A1	[ICRA]A1
5 Fund Based Limits	Long term and Short Term	-	-	-	-	-	[ICRA]A+ (Stable)/ [ICRA]A1
6 Fund Based Limits	Short term	-	-	-	-	-	[ICRA]A1

## Complexity level of the rated instruments

Instrument	Complexity Indicator
Long term Fund Based Cash Credit	Simple
Short-term Fund/Non Fund-based Limits	Simple
Long-term Term Loans	Simple
Short- term Non Fund-Based Facilities	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	Term Loan-I	FY2019	NA	FY2024	1.62	[ICRA]A+ (Stable); withdrawn
NA	Term Loan-II	FY2019	NA	FY2024	1.11	[ICRA]A+ (Stable); withdrawn
NA	Term Loan-III	FY2022	NA	FY2027	26.39	[ICRA]A+ (Stable); withdrawn
NA	Term Loan-IV	FY2021	NA	FY2024	13.29	[ICRA]A+ (Stable); withdrawn
NA	Cash Credit	NA	NA	NA	125.50	[ICRA]A+ (Stable); withdrawn
NA	Fund/Non Fund-based Limits	NA	NA	NA	3.09	[ICRA]A1; withdrawn
NA	Non Fund-Based Facilities	NA	NA	NA	34.00	[ICRA]A1; withdrawn

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	Ralson Ownership	Consolidation Approach
Ralson (India) Limited	100.00% (rated entity)	Full Consolidation
Ralson Tyres Limited	89.69%	Full consolidation

Source: Annual report FY2023

Note: ICRA has considered consolidated financials of parent (Ralson) and its subsidiary while assigning the ratings

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