

June 19, 2025

Remsons Industries Limited: Ratings upgraded to [ICRA]BBB+(Stable)/ [ICRA]A2 and assigned for enhanced amount

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term fund-based – cash credit	24.00	27.00	[ICRA]BBB+(Stable); upgraded from [ICRA]BBB (Stable) and assigned for enhanced amount
Long-term – fund-based – overdraft	8.00	8.00	[ICRA]BBB+(Stable); upgraded from [ICRA]BBB (Stable)
Long-term – fund-based – term loans	13.50	32.74	[ICRA]BBB+(Stable); upgraded from [ICRA]BBB (Stable) and assigned for enhanced amount
Short-term – fund-based – invoice discounting	15.00	15.00	[ICRA]A2; upgraded from [ICRA]A3+
Short-term – non-fund based	3.00	3.00	[ICRA]A2; upgraded from [ICRA]A3+
Short-term – unallocated	13.32	1.08	[ICRA]A2; upgraded from [ICRA]A3+
Total	76.82	86.82	

*Instrument details are provided in Annexure I

Rationale

The ratings upgrade on the bank lines of Remsons Industries Limited (RIL) considers the expected improvement in its credit profile over the near-to-medium term, supported by the likely improvement in its scale of operations, earnings and debt metrics. RIL's operating income grew by 21% (on a YoY basis) to Rs. 376.6 crore in FY2025, primarily supported by contribution from the entities acquired in FY2025. RIL's operating margins remained flat at 9.9% in FY2025 due to a modest rise in the overhead costs, offsetting the benefits of an increase in scale. However, the debt metrics were comfortable with Total debt to OPBITDA at 2.3 times, interest coverage at 5.8 times and debt service coverage ratio at 3.1 times, respectively as on March 31, 2025. The ratings also favourably consider product and geographical diversification by establishing two joint ventures and acquiring four subsidiaries over the last 1.5 years. However, the ability of the company to ramp up these to a meaningful scale and generate adequate returns is a key monitorable. The ratings also continue to factor in the extensive experience of the company's promoters in the auto ancillary industry and its established client base, comprising leading domestic and international automobile original equipment manufacturers (OEMs).

The ratings, however, remain constrained by the company's moderate scale of operation and susceptibility of earnings to cyclical in the automotive industry along with volatility in raw material prices. The ability of the company to pass on such raw material increases, in a timely manner, remains critical for protecting its margins. The ratings also factor in the intense competition from domestic and international players in the OEM segment and large unorganised segment in the replacement market.

The Stable outlook on the long-term rating reflects ICRA's opinion that the company will continue to maintain its credit profile, given stable domestic demand and established track record of servicing its clients. Further, the outlook underlines ICRA's expectation that the entity's incremental capex, if any, will be funded in a manner that it is able to durably maintain its debt protection metrics commensurate with the existing rating.

Key rating drivers and their description

Credit strengths

Long and established track record of promoters in auto ancillary industry – Remsons was incorporated by Late V. Harlalka on May 11, 1971, for manufacturing auto ancillary components, mainly auto control cables and gear shift assemblies. The promoters have an extensive track record of over five decades in the auto ancillary business. In FY2024, the company raised equity funds worth Rs. 63 crore. A portion of this fund was utilised for planned diversification into varied product segments. The company has four subsidiaries, three step-down subsidiaries and two joint ventures (JV), manufacturing various components including a broad spectrum of automotive solutions like sensors, tyre mobility kits, infotainment systems, various internal and external lighting systems among others. These acquisitions strengthen RIL's presence in the export market and aids in revenue growth.

Established relationships with reputed clients – The client base of the company includes reputed automobile OEMs in the domestic and export markets such as Hero Moto Corp Limited, Tata Motors Limited, Ashok Leyland Limited, Force Motors Limited and Mahindra & Mahindra Limited, among others. The company has 15-30 years of relationships with its clients. RIL caters to globally reputed players such as Ford Motors Ltd., Jaguar Land Rover (JLR), Ineos Automotive Limited, and Stanley Black & Decker. Established relationships with its customers and limited churning in its customer base have ensured significant repeat business.

Comfortable financial risk profile – The financial profile of RIL is comfortable with healthy coverage indicators. With focus on high-margin clients, the operating margins also increased over the last three years, which led to an improvement in its debt protection metrics. RIL's interest cover and debt service coverage ratio improved to 5.8 times and 3.1 times, respectively as of March 31, 2025 from 4.6 times and 2.8 times, respectively as of March 31, 2024. Supported by Rs. 63-crore fund infusion in FY2024, the gearing has improved and remained comfortable at 0.6 times as of March 31, 2025. As RIL has no major debt-funded capex plan over the near-to-medium term, the debt protection metrics are expected to remain comfortable.

Product and geographical diversification through investments in joint ventures and subsidiaries – Between FY2024 and FY2026 (till May 2025), RIL invested in two joint ventures and acquired four subsidiaries with some of its investments spread across Turkey, Poland, and the UK. Through these strategic investments, RIL expanded its product portfolio to segments including railway brake systems, steering systems and a broad spectrum of automotive solutions.

Credit challenges

Moderate scale of operations; profit margins remain susceptible to volatility in raw material prices and labour costs – The company's scale of operations remains moderate. RIL has invested in two joint ventures and acquired four subsidiaries to diversify its product base, going forward. As some of these entities at present are at very nascent stage of operations, the company's ability to scale these up meaningfully, and achieve sound growth at the consolidated level, remain important from the credit perspective. The key raw materials used by the company include steel, plastic, PVC, zinc and other consumables. In addition, labour and other operating overheads also constitute a significant part of the company's overall cost structure. Given its limited ability to pass on the increase in labour and manufacturing expenses to its customers due to its low bargaining power and intense competition, the profitability remains vulnerable to such price movements. Moreover, any rise in key input costs will also keep the margin under pressure. Hence, the ability of the company to seek price revision in a timely manner from its key OEM customers remains critical.

Stiff competition from organised players in OEM segment and large unorganised segment in the replacement market – The company faces stiff competition from other auto component manufacturers in the domestic as well as export markets in case of OEM sales. Further, the replacement market remains largely unorganised in India at present, limiting the company's bargaining power to some extent.

Considerable client concentration within the domestic OEM segment – Sales to domestic OEMs accounted for 80-85% of the total revenue over the years. In the domestic OEM segment, the company's dependence on its top three customers continues, which accounted for more than 70% of the segment revenues in FY2025. The company's clientele consists of reputed OEMs in the domestic market. Its established relationships with them for over a decade, ensuring repeat business, provide comfort to some extent.

Environmental and social risks

Environmental considerations: RIL is not directly exposed to climate transition risks from the likelihood of tightening emission control requirements, but its automotive manufacturing customers remain exposed 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 and this could require capital investments. However, the company has been taking steps to minimise the impact of environmental risks on its operations and carbon footprint by enhancing its reliance on renewable sources and other energy-saving efforts. Besides, the company has undertaken initiatives to safeguard the environmental and ecological balance as a part of its CSR activities.

Social considerations: Social considerations for RIL relate primarily to maintaining healthy industrial relations and product safety. Attracting and nurturing skilled manpower are 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 be a risk to RIL. The company also has exposure to changing consumer preferences, including but not restricted to increasing awareness about 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, provides comfort. Further, RIL's strong track record of catering to leading automotive manufacturers underscore its ability to mitigate these risks to an extent. The company's strong technological capabilities are likely to help it align its products with any change in customer preferences.

Liquidity position: Adequate

The liquidity position remains adequate, supported by an expected healthy cash flow from operations of around Rs. 16-18 crore, against the annual debt repayment obligations of Rs. 3.4 crore (including Rs. 1.6 crore pertaining to debt in subsidiary) in FY2026. The average working capital utilisation of the entity stood at around 66% of the sanctioned working capital limit of Rs. 50 crore (on a standalone basis) during the last six months ending in March 2025. Besides, the undrawn working capital limit of the entity stood at Rs. 14.8 crore (on a standalone basis) as on March 31, 2025 and the entity also had healthy free cash and liquid investments of Rs. 8 crore as of March 31, 2025 (on a consolidated basis).

Rating sensitivities

Positive factors – ICRA could upgrade RIL's ratings if steady and sustained improvement in its scale of operations, along with increase in profitability and working capital cycle, strengthens the overall financial profile and liquidity position.

Negative factors – Pressure on RIL's ratings could arise, if there is any substantial decline in its scale of operations or profitability, resulting in a deterioration in key credit metrics (marked by Total Debt/OPBITDA above 2.5 times) on a sustained basis. Further, any large debt-funded capex or a stretch in the receivables, affecting the liquidity profile, would also put pressure on RIL's ratings.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Rating Methodology for auto Components
Parent/Group support	Not Applicable
Consolidation/Standalone	ICRA has considered the consolidated profile of Remsons Industries Limited and its subsidiaries/JVs, details of which are listed in Annexure-2.

About the company

Remsons Industries Limited was incorporated in 1971 by Late V. Harlalka as Remsons Cables Industries Private Limited (RCPL). In May 1984, RCPL took over the auto component trading business of Remsons India, a partnership concern, which was initially a proprietorship concern of Late V. Harlalka. Subsequently, RCPL was converted into a public limited company in October 1986 and was renamed as Remsons Industries Limited in November 1986. Further, Daman Auto Industries Ltd., Rems Auto Engineers Ltd., and Remsons Auto Industries Pvt. Ltd. were amalgamated with the company with effect from April 2005.

Remsons manufactures auto components such as auto control cables, flexible shafts, gear shift systems, push-pull cables and parking brake mechanisms. The company caters to domestic OEMs and exports auto control cables to Europe and the US, with Europe accounting for the bulk of the exports. Remsons also supplies various auto control cables in the replacement market. The company has manufacturing plants across Gurgaon (Haryana), Daman, Pardi (Gujarat), Pune (Maharashtra) and Stourport (UK). The design and validation facilities are in Gurgaon, Pune and Mumbai. All the facilities are ISO/TS 16949: 2009 and ISO 9001: 2008 certified. The Gurgaon unit is additionally ISO 14001: 2004 certified. In September 2020, the company acquired a UK-based company, Magal Cables Limited, over which it assumed control from October 15, 2020. The UK company is ISO/TS16949:2009, Ford Q1, JLRQ and Renault Ases certified. RIL established two joint ventures and acquired four subsidiaries between FY2024 and FY2026 (till date) to diversify its product offerings.

Key financial indicators (audited)

Consolidated	FY2024	FY2025*
Operating income (Rs. Crore)	312.3	376.6
PAT (Rs. Crore)	13.3	17.0
OPBDIT/OI (%)	9.9%	9.9%
PAT/OI (%)	4.3%	4.5%
Total outside liabilities/Tangible net worth (times)	1.1	1.3
Total debt/OPBDIT (times)	2.2	2.3
Interest coverage (times)	4.6	5.8

Source: Company, ICRA Research; *Results; All ratios as per ICRA's calculations

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 (FY2026)		Chronology of rating history for the past 3 years					
		Amount rated (Rs. crore)	June 19, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Long term-cash credit-fund based	Long Term	27.00	[ICRA]BBB+ (Stable)	Sept 09, 2024	[ICRA]BBB (Stable)	Jul 06, 2023	[ICRA]BBB- (Stable)	June 22, 2022	[ICRA]BBB- (Stable)
				-	-	-	-	Jan 02, 2023	[ICRA]BBB- (Stable)
Long term-others-fund based	Long Term	0.00	-	-	-	Jul 06, 2023	[ICRA]BBB- (Stable)	June 22, 2022	[ICRA]BBB- (Stable)
				-	-	-	-	Jan 02, 2023	[ICRA]BBB- (Stable)
Short term-Bill discounting (channel financing)-fund based	Short Term	15.00	[ICRA]A2	Sept 09, 2024	[ICRA]A3+	Jul 06, 2023	[ICRA]A3	June 22, 2022	[ICRA]A3
				-	-	-	-	Jan 02, 2023	[ICRA]A3
Short term-others-non fund based	Short Term	3.00	[ICRA]A2	Sept 09, 2024	[ICRA]A3+	Jul 06, 2023	[ICRA]A3	June 22, 2022	[ICRA]A3
				-	-	-	-	Jan 02, 2023	[ICRA]A3
Short term-unallocated-	Short Term	1.08	[ICRA]A2	Sept 09, 2024	[ICRA]A3+	Jul 06, 2023	[ICRA]A3	June 22, 2022	[ICRA]A3
				-	-	-	-	Jan 02, 2023	[ICRA]A3
Long term-overdraft-fund based	Long Term	8.00	[ICRA]BBB+ (Stable)	Sept 09, 2024	[ICRA]BBB (Stable)	Jul 06, 2023	[ICRA]BBB- (Stable)	June 22, 2022	[ICRA]BBB- (Stable)
				-	-	-	-	Jan 02, 2023	[ICRA]BBB- (Stable)
Long term-term loan-fund based	Long Term	32.74	[ICRA]BBB+ (Stable)	Sept 09, 2024	[ICRA]BBB (Stable)	Jul 06, 2023	[ICRA]BBB- (Stable)	June 22, 2022	[ICRA]BBB- (Stable)
				-	-	-	-	Jan 02, 2023	[ICRA]BBB- (Stable)

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term - Fund-based – Cash Credit	Simple
Long-term – Fund-based – Overdraft	Simple
Long-term – Fund-based – Term loans	Simple
Short term -Fund based-Bill discounting	Simple
Short-term – Non-fund Based	Very Simple
Short-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	Cash Credit	NA	NA	NA	27.00	[ICRA]BBB+(Stable)
NA	Overdraft	NA	NA	NA	8.00	[ICRA]BBB+(Stable)
NA	Term Loan	Jun-2024	NA	Jun-2039	32.74	[ICRA]BBB+(Stable)
NA	Bill Discounting	NA	NA	NA	15.00	[ICRA]A2
NA	Non-fund based	NA	NA	NA	3.00	[ICRA]A2
NA	Unallocated	NA	NA	NA	1.08	[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

Company name	Ownership	Consolidation approach
Remsons Holdings Limited (RHL)	100.00%	Full Consolidation
Remsons Properties Ltd (Step Down Subsidiary of RIL); (erstwhile Woolford Properties Ltd.)	100.00%	Full Consolidation
Remsons Automotive Ltd (Step Down Subsidiary of RIL); (erstwhile Magal Automotive Ltd.)	100.00%	Full Consolidation
BEE Lighting Limited (Step Down Subsidiary of RIL)	51.00%	Full Consolidation
Remsons-Uni Autonics Private Limited	55.00%	Full Consolidation
Remsons Edge Technologies Private Limited	51.00%	Full Consolidation
Astro Motors Private Limited	51.00%	Full Consolidation
Aircor Remsons Automotive Private Limited (JV)	26.00%	Equity Method
Daiichi Remsons Electronics Private Limited (JV)	50.00%	Equity Method

Source: Company

ANALYST CONTACTS

Jitin Makkar

+91 0124 4545 368

jitinm@icraindia.com

Srikumar Krishnamurthy

+91 44 4596 4318

ksrikumar@icraindia.com

Ramakrishnan G S

+91 44 4596 4300

g.ramakrishnan@icraindia.com

Geetika Mamtani

+91 22 6169 3329

geetika.mamtani@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar

+91 22 6114 3406

shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited



Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



Branches



© Copyright, 2025 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.