

December 18, 2025

Rane Holdings Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating Action
Long-term fund-based – Term loans	75.00	75.00	[ICRA]AA- (Stable); Rating reaffirmed
Long-term fund-based – Cash credit	5.00	5.00	[ICRA]AA- (Stable); Rating reaffirmed
Long-term/ Short-term – Unallocated	20.00	20.00	[ICRA]AA- (Stable)/[ICRA]A1+; Ratings reaffirmed
Total	100.00	100.00	

*Instrument details are provided in Annexure-I

Rationale

The reaffirmation of the ratings of Rane Holdings Limited (RHL) factors in the expectation of sustenance of its strong market position within the auto component industry with established relationships with domestic original equipment manufacturers (OEMs), as the flagship holding company of the Rane Group, which is one of the leading players in the Indian auto component industry. The company, through its subsidiaries, has a well-diversified product portfolio spanning steering and linkage products, engine components, brake components, light metal castings and related aftermarket products. The product portfolio is further diversified to include steering gears, air bags, seat belts and steering wheels, considering its joint venture entities. The company derives its entire revenues from the automobile industry, of which around 65% is derived from the passenger vehicle (PV) segment and the remaining from commercial vehicle (CV), two-wheeler (2W) and farm tractor (FT) segments, which exposes the company's earnings to the inherent cyclicity in the automotive industry. However, the company is gradually expanding its aftermarket presence (contributed to around 8% of revenues in H1 FY2026), which coupled with its long-established relationship with OEMs, reduces the risk to an extent.

There have been some restructuring and reorganisations within the Group over the recent past, including the merger of Rane Brake Lining Limited (RBLL) and Rane Engine Valve Limited (REVL) into Rane (Madras) Limited (RML), from April 2024, and the acquisition by RHL of 51% stake held by NSK Limited, Japan in Rane NSK Steering System Private Limited (RNSSPL), and accordingly, RNSSPL became a wholly owned subsidiary of RHL effective from September 19, 2024. RNSSPL was thereafter renamed as Rane Steering Systems Private Limited (RSSPL). There is also a scheme of arrangement underway in the JVs of RHL (ZF Rane Automotive India Private Limited, or ZFRAIPL; rated [ICRA]AA-(Stable)/A1+) as part of the broader reorganisation scheme at the ZF Group globally.

Following the consolidation of RSSPL from September 2024, there has been a healthy growth in RHL's consolidated revenues (23.6% in FY2025 and 56.8% in H1 FY2026), primarily supported by incremental revenues of Rs. 925.3 crore and Rs. 938.0 crore from RSSPL in FY2025 and H1 FY2026, respectively. Consolidated operating profit margins (OPM), on the other hand, contracted to 8.0% in FY2025 (10.0% in FY2024) and 7.3% in H1 FY2026, primarily on account of lower margins in RSSPL's business, and rise in raw material cost in brake components, which could not be fully passed on to customers. However, the better operating leverage and synergies after the merger are expected to support margin recovery, going forward. The company reported moderate debt metrics with Total debt/OPBITDA and interest coverage of 2.6 times and 4.9 times in H1 FY2026, which is likely to improve over the medium term through improvement in operating margins, absence of significant debt-funded capex and reduction of debt through monetisation of non-core assets. The earnings, however, remain exposed to underlying volatilities in commodity prices, foreign exchange rates as well as demand cyclicity of the automotive market, which the company manages through its pricing arrangements, hedging practices and years of experience in the industry.

The Stable outlook on the long-term rating reflects ICRA's expectation that RHL will continue to benefit from its healthy share of business with its customers, sustenance of credit profile with absence of significant debt-funded capex and adequate liquidity position.

Key rating drivers and their description

Credit strengths

Diversified product portfolio and established market position – The company has an established market position as an auto-component manufacturer with a diversified presence across various product segments. The company at the consolidated level derives revenues from steering and suspension products (67% in H1 FY2026), brake components (10% in H1 FY2026), engine components (10% in H1 FY2026) and light metal castings (5% in H1 FY2026). RHL also has a presence in the aftermarket segment, which generated around 8% of consolidated revenues in H1 FY2026. The diversified product offerings across multiple automotive segments, supports its overall market position.

Long established relationships with OEMs – RHL has enjoyed well-established relationships with top automotive OEMs such as Maruti Suzuki India Limited, Mahindra & Mahindra Limited, Tata Motors Limited, Skoda Volkswagen India Private Limited among others. It has maintained its share of business with its top OEM clients through various product offerings; and given the long lead times in product development and validation as well as the critical nature of the products, this is expected to continue, going forward. The company has been continuously adding new customers across segments to diversify and strengthen its customer base further.

Flagship holding company for Rane Group, a reputed group in the domestic automotive industry – RHL is the flagship holding company of the Rane Group, which is one of the leading players in the Indian auto component industry. The Group reported sales of Rs. 7,413 crore (including joint venture sales) in FY2025. The Group also enjoys strong brand recall and financial flexibility, which benefits the company.

Credit challenges

Moderate debt metrics; expected to improve through margin improvement and non-core asset monetisation – The company reported moderate debt metrics with Total debt/OPBITDA and interest coverage of 2.6 times and 4.9 times, respectively, in H1 FY2026. However, this is expected to improve over the medium term through improvement in operating margins from cost saving measures and expected post-synergy benefits of the merger of RBLL and REVL with RML. Further, RML is monetising its surplus land in Velachery, Chennai, for a consideration of Rs. 361.2 crore (Rs. 115 crore received in H1 FY2026), whose proceeds are likely to be utilised towards debt reduction and fresh capex investments including building construction for new office. Further, absence of any significant debt-funded capex over the medium term provides visibility regarding gradual improvement in debt metrics.

Segment concentration on the passenger vehicle segment – The company derives its entire revenues from the automobile industry, of which around 65% is generated by the PV segment, followed by the CV, 2W and FT segments, which exposes the company's earnings to the inherent cyclicality in the automotive industry. However, RHL is gradually expanding its aftermarket presence (generated around 8% of revenues in H1 FY2026), which coupled with its long-established relationships with OEMs, reduces the risk to an extent.

Earnings exposed to raw material price fluctuations, inherent cyclicality in the auto industry, and forex fluctuations – The company is exposed to fluctuations in raw material prices, which can impact its earnings in case of any inability to pass on the same to its customers. RHL derives its entire revenues from the automotive segment, which exposes it to the inherent cyclicality in the industry. Its margins are also susceptible to any unfavourable movements in forex rates by virtue of its sizeable exports (20.5% of FY2025 revenue from sale of products); however, its hedging mechanism reduces the risk to an extent.

Environmental and Social Risks

Environmental considerations – At a consolidated basis, through its investee companies, RHL remains indirectly exposed to climate-transition risks because of OEM customers who manufacture products that are used across fuel powertrains. Accordingly, the prospects of RHL’s investee entities are linked to the ability of their customers to meet tightening emission requirements. Further, its investee entities who service product segments such as engine and transmission parts specifically face climate transition risks. This is evident as customer demand progressively shifts away from fossil fuel-based powertrains, and the emission standards continue to tighten. RHL’s investee entities also remain exposed to tightening environmental regulations with regard to waste and pollution norms, which can lead to increased operating costs and new capacity installation expenditure. This can also require capital investments for the Group to upgrade its infrastructure to reduce its carbon footprint and waste generation. One of the investee entities manufactures asbestos products as well; although the share of the same to the Group’s top line is low.

Social considerations – Social considerations for RHL relate primarily to maintaining healthy industrial relations and product safety among its investee entities. 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 burdens and liabilities on the investee entities. The Rane Group is also exposed to changing consumer preferences, including but not restricted to increasing awareness of the potential environmental damage from emissions, shift towards electric vehicles (EVs), usage of sustainable materials and social trends such as preference for ride-sharing.

Liquidity position: Adequate

The company’s consolidated liquidity position is adequate, with anticipated comfortable cash flows of Rs. 150-200 crore annually, unencumbered cash and liquid investments of Rs. 80.4 crore as of September 30, 2025 and undrawn working capital lines of around Rs. 50 crore as of September 30, 2025, at consolidated level. The company has moderate annual capex plans of Rs. 300 crore over the medium term, which is expected to be funded through internal accruals. It has repayment obligations of Rs. 40-45 crore in H2 FY2026, Rs. 65-70 crore in FY2027 and Rs. 45-50 crore in FY2028, at the consolidated level. It is in the process of selling a portion of its land bank for Rs. 361.2 crore (Rs. 115 crore received as advance as of September 2025), which is likely to support cash flows and further debt reduction over the next 12-18 months. Overall, ICRA expects RHL to be able to meet its medium-term commitments through internal sources of cash and yet be left with a cash surplus.

Rating sensitivities

Positive factors – The long-term rating could be upgraded if the company, on a consolidated basis, is able to demonstrate a sustained expansion in scale of operations, profitability and improvement in debt metrics.

Negative factors – The ratings could be downgraded if there is material deterioration in scale of operations, profitability or debt metrics, on account of any large, debt-funded capex or weakening of its competitive position with customers.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Auto Components Investment Companies
Parent/Group support	Not applicable
Consolidation/Standalone	The ratings are based on the consolidated financials of Rane Holdings Limited. See Annexure II for list of entities considered for consolidated analysis.

About the company

RHL is the holding company of the Rane Group (including ZF Rane Automotive India Private Limited) with total aggregate revenues of Rs. 7,413 crore in FY2025. As of September 30, 2025, the promoters held 46.55% share in RHL, through which the promoter group holds all its stakes in group companies. In addition to acting as a holding company, RHL also provides various support services to the group companies such as training, infrastructure and Information technology (IT) support. RHL holds strategic investments in subsidiaries and joint ventures that primarily manufacture automotive components. Its key investee companies are Rane (Madras) Limited and Rane Steering Systems Private Limited. RHL holds 63.8% stake in RML as of September 30, 2025, which further has two step-down overseas subsidiaries. In addition, RHL holds 100% shares in RSSPL and 49% in ZFRAIPL, which further has three wholly-owned subsidiaries.

RHL also has two wholly-owned subsidiaries, namely Rane Holdings America Inc. and Rane Holdings Europe GmbH, which are the Group's marketing arms. Through its subsidiaries, the company enjoys a diversified product presence across divisions such as steering and linkages, brake components, engine components, light metal castings and aftermarket. Around 65% of its sales are derived from the PV segment.

Key financial indicators (audited)

Consolidated	FY2024	FY2025
Operating income	3,529.8	4,361.6
PAT	92.1	185.6
OPBDIT/OI	10.0%	8.0%
PAT/OI	2.6%	4.3%
Total outside liabilities/Tangible net worth (times)	1.1	1.6
Total debt/OPBDIT (times)	2.4	3.0
Interest coverage (times)	5.0	4.1

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 amortization; Total debt includes lease liabilities

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current ratings (FY2026)			Chronology of rating history for the past 3 years						
Instrument	Type	Amount rated (Rs. crore)	FY2025		FY2024		FY2023		
			Dec 18, 2025	Date	Rating	Date	Rating	Date	Rating
Fund-based-Term Loans	Long term	75.00	[ICRA]AA-(Stable)	Dec 16, 2024 Jul 10, 2024	[ICRA]AA-(Stable)	Feb 20, 2024 Dec 04, 2023	[ICRA]AA-(Stable)	Dec 14, 2022	[ICRA]AA-(Stable)
Fund-based Cash credit	Long term	5.00	[ICRA]AA-(Stable)	Dec 16, 2024 Jul 10, 2024	[ICRA]AA-(Stable)	Feb 20, 2024 Dec 04, 2023	[ICRA]AA-(Stable)	Dec 14, 2022	[ICRA]AA-(Stable)
Unallocated	Long term and Short term	20.00	[ICRA]AA-(Stable)/ [ICRA]A1+	Dec 16, 2024 Jul 10, 2024	[ICRA]AA-(Stable)/ [ICRA]A1+	Feb 20, 2024 Dec 04, 2023	[ICRA]AA-(Stable)/ [ICRA]A1+	Dec 14, 2022	[ICRA]AA-(Stable)/ [ICRA]A1+

Complexity level of the rated instrument

Instrument	Complexity indicator
Long-term fund based - Term loans	Simple
Long-term fund based- Cash Credit	Simple
Long term/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	Long-term fund based - Term loans	May 2024	9.25%	FY2031	75.00	[ICRA]AA- (Stable)
NA	Long-term fund based- Cash Credit	FY2021	NA	NA	5.00	[ICRA]AA- (Stable)
NA	Long term/short term- Unallocated	NA	NA	NA	20.00	[ICRA]AA- (Stable) / [ICRA]A1+

Source: Company

Annexure II: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
Rane (Madras) Limited	63.80%	Full Consolidation
Rane Steering Systems Private Limited	100.00%	Full Consolidation
Rane Holdings America Inc.	100.00%	Full Consolidation
Rane Holdings Europe GmbH	100.00%	Full Consolidation
ZF Rane Automotive India Private Limited	49.00%	Equity Method

Source: Annual report

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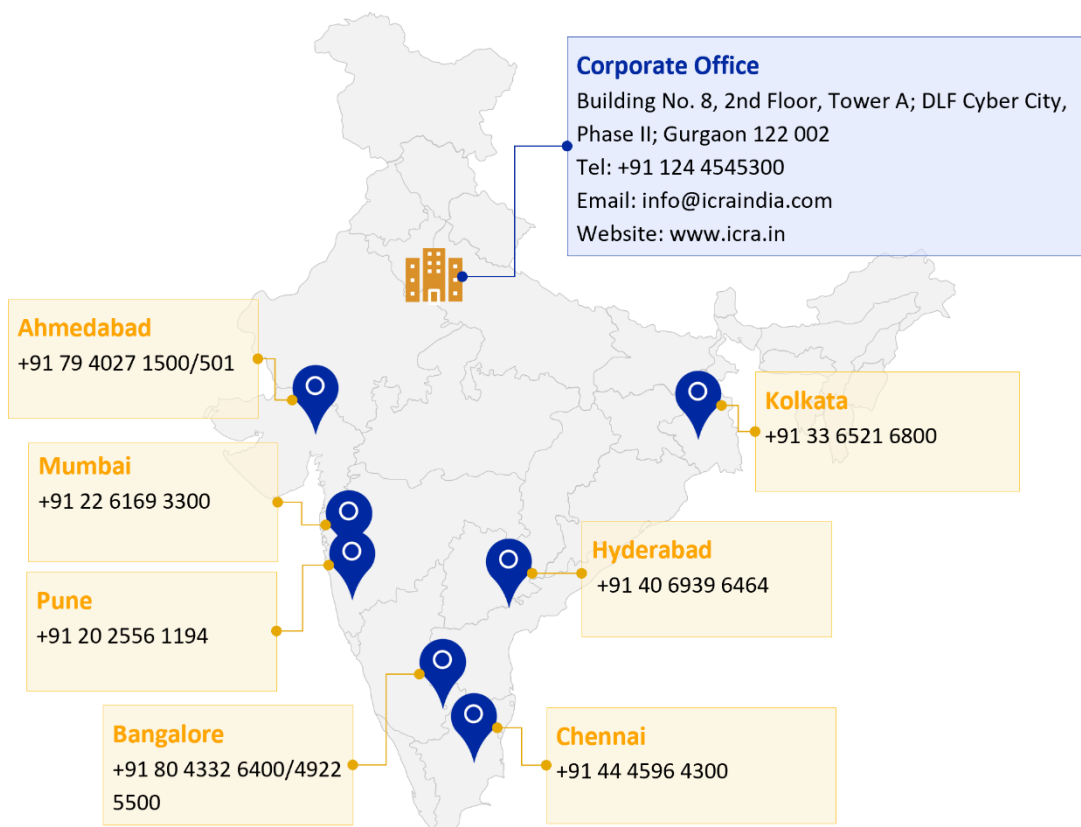
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