Tolins Tyres Private Limited

December 26, 2023

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term Bank Facilities	36.57	CARE BB-; Stable; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category
Short Term Bank Facilities	17.93	CARE A4; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.
*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

Tolins Tyres Private Limited (TTPL) has not paid the surveillance fees for the rating exercise agreed to in its Rating Agreement. In line with the extant SEBI guidelines, CARE Ratings Ltd.'s rating on Tolins Tyres Private Limited's bank facilities will now be denoted as **CARE BB-/CARE A4; ISSUER NOT COOPERATING***.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

The ratings assigned to the bank facilities of Tolins Tyres Private Limited are constrained by moderate scale of operations, weak capital structure and debt coverage metrics, profit margins exposed to volatility in raw material prices. The ratings however derive strength from the vast experience of the promoters in the business, the long track record of the company and diversified clientele.

Analytical approach: Standalone

Outlook: Stable

Detailed description of the key rating drivers:

At the time of last rating on November 9, 2022 the following were the rating strengths and weaknesses.

Key weaknesses

Moderate scale of operations

The scale of operations for TTPL remained moderate with income from operations in the range of Rs. 82 crores to Rs. 120 crores during the four years ended FY23 (refers to the period April 1 to March 31). The capacity utilization of the reclaim rubber division stood low in the range of 19.07 % to 26.52 % over the past three years ended FY23 while that of the Tyre division also stood low in the range of 19.57% to 44.05% over the above period on account of higher raw material costs and lower demand following covid pandemic.

Weak capital structure and debt coverage metrics

The capital structure of TTPL stood weak, however improved with an overall gearing of 2.53x (PY: 4.80x) as on March 31, 2023 due to higher working capital borrowings. The debt coverage metrics also improved marked by Total debt/ GCA ratio at 7.30x as on March 31, 2023 (PY: 20.19x).

Profit margins exposed to volatility in raw material prices

The major raw material for TTPL is natural rubber and rubber compounds. The high price volatility and fluctuations in supply of natural rubber due to international trade policies, fluctuations in demand and supply of natural rubber and fluctuation in oil prices and political changes can have a direct impact on the margins of the company and affect its production capacity. The PBILDT margin has been volatile in the range of 5% to 11% over the past three years ended FY23.

Key strengths

Vast experience of the promoters in the business

Tolins Tyres Private Limited was started by late Mr. K.P. Varkey in the year 1982. Dr. K.V. Tolin, son of the founder late Mr.K.P. Varkey and Managing Director of the company is associated with the company since the early 1990's. Dr. K.V. Tolin holds a Doctorate in Production Management with Special Relation to Tire Industry from Colombo University, Sri Lanka. Mrs. Annie Varkey, wife of the founder is also a promoter of the company and has been associated with the company's business since 1985.

[1]Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications
*Issuer did not cooperate; Based on best available information

Long track record of the company
The operations of TTPL commenced in the year 1982 and the company has track record of over 4 decades. The company which commenced operations by setting up a tread rubber manufacturing unit at Mattoor, Kalady with a monthly capacity of 50 tons per month has expanded its business by getting into manufacture and sale of tyres and other tyre related products like tyres, vulcanising solutions, Repair kit, Curing Bag etc under its Brand "Tolins".

Diversified clientele
The long track record of the company has aided it in establishing a strong and diversified client base with the top 10 clients of the company contributing to less than 20% of total sales with most of the clients being dealers and distributors. The company also supplies its agricultural tyres product range to OEMs like VST Tillers & Tractors, Kirloskar group and Kerala Agro Machinery Corporation Ltd (KAMCO) etc. The company also exports to around 40 foreign countries, including the Middle East, East Africa, Jordan, Israel, Kenya and Egypt.

Assumptions/Covenants – Not applicable

Environment, social, and governance (ESG) risks - Not applicable

Applicable criteria

Policy in respect of Non-cooperation by issuer
Policy on default recognition
Financial Ratios – Non financial Sector
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Credit Watch
Short Term Instruments
Auto Ancillary Companies
Manufacturing Companies

About the company and industry

Industry classification

Macro Economic Indicator	Sector	Industry	Basic Industry
Consumer Discretionary	Automobile and Auto Components	Auto Components	Auto Components & Equipments

Tolins Tyres Private Limited was established in the year 1982 by late Mr. K.P. Varkey. The company is being headed by the Managing Director Dr. K.V. Tolin, who is the son of Mr. K.P. Varkey. The company has established itself as a major tyre retreading solutions provider across India and as many as 40 foreign countries, including the Middle East, East Africa, Kenya, Jordan, and Egypt. The major products of the company include two-wheeler, three-wheeler, light commercial vehicle and agricultural tyres, Precured Tread rubber and other accessories including bonding gum, curing bag, tyre flap, repair kit etc.

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)	March 31, 2023 (A)
Total operating income	105.67	113.36	118.61
PBILDT	5.51	6.01	12.70
PAT	0.37	0.56	4.74
Overall gearing (times)	4.97	4.80	2.52
Interest coverage (times)	1.60	1.46	2.89

A: Audited; Note: 'the above results are latest financial results available'

Status of non-cooperation with previous CRA: Nil

Any other information: Not applicable

Rating history for last three years: Please refer Annexure-2

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	19.07	CARE BB-; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan		-	-	November 2031	17.50	CARE BB-; Stable; ISSUER NOT COOPERATING*
Fund-based - ST-Packing Credit in Foreign Currency		-	-	-	12.93	CARE A4; ISSUER NOT COOPERATING*
Non-fund-based - ST-BG/LC		-	-	-	5.00	CARE A4; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type*	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021
1	Fund-based - LT-Term Loan	LT	17.50	CARE BB-; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB-; Stable (09-Nov-22)	-	-
2	Fund-based - LT-Cash Credit	LT	19.07	CARE BB-; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB-; Stable (09-Nov-22)	-	-
3	Fund-based - ST-Packing Credit in Foreign Currency	ST	12.93	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4 (09-Nov-22)	-	-
4	Non-fund-based - ST-BG/LC	ST	5.00	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4 (09-Nov-22)	-	-

*Issuer did not cooperate; based on best available information.
*Long term/Short term.

Annexure-3: Detailed explanation of covenants of the rated instruments/facilities Not applicable

Annexure-4: Complexity level of the various instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Fund-based - ST-Packing Credit in Foreign Currency	Simple
4	Non-fund-based - ST-BG/LC	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on the complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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About us:
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