

January 29, 2025

Munjal Kiriu Industries Private Limited: Ratings withdrawn

Summary of rating action

Instrument*			Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term Term Loan	Fund-based Limits		38.38	38.38	[ICRA]A+(Stable); withdrawn
Long-term Cash Credit	Fund-based Limits		60.00	60.00	[ICRA]A+(Stable); withdrawn
Short-term Limits**	Interchangeable		(70.0)	(70.0)	[ICRA]A1; withdrawn
Short-term	Non-fund Based limits		5.25	5.25	[ICRA]A1; withdrawn
Total			103.63	103.63	

*Instrument details are provided in Annexure I; **Sub-limit of cash-credit facility

Rationale

ICRA has withdrawn the ratings assigned to the bank facilities of Munjal Kiriu Industries Private Limited at the request of the company and based on the No Objection Certificate (NDC) received from the bankers, in accordance with ICRA's policy on withdrawal of credit ratings. 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position, Rating sensitivities, and Key financial indicators have not been captured as the rated instruments are being withdrawn.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	Corporate Credit Rating Methodology Auto Components Policy on withdrawal of Credit Ratings
Parent/Group support	Parent Companies: Hero Cycles Limited and Kiriu Corporation (ultimate parent company is Sumitomo Corporation, Japan) ICRA takes comfort from the consistent track record of timely financial support extended by the JV partners to MKIPL, as well as the bank lines guaranteed earlier by Sumitomo Corporation, which highlights its commitment towards the company. Accordingly, ICRA expects them to continue to support MKIPL, should the need arise, given the strategic importance it holds.
Consolidation/Standalone	The ratings are based on the standalone financial profile of the company, and factors in support from the JV partners.

About the company

MKIPL, incorporated in December 2007, was formed when Hero Motors Limited (HML) hived off its foundry business to form a joint venture with Kiriu Corporation, Japan (subsidiary of Sumitomo Corporation, Japan). In February 2011, Kiriu and its ultimate parent company, Sumitomo, increased their stake in the company to 51% from 33% by infusing Rs. 45 crore and also by acquiring stake from HML for a consideration of Rs. 75 crore. In FY2017, when HML was demerged into a division of Hero Cycles Limited, HML's investment in MKIPL was transferred to Hero Cycles.

MKIPL manufactures ferrous castings for the automotive and consumer durables industries. The company manufactures brake discs, drums, flywheels and certain other automotive components for passenger vehicle (PV) original equipment manufacturers (OEMs) in the automotive sector. The company is one of the leading manufacturers of brake discs and drums for the PV industry in India. In the non-automotive sector, the company mainly manufactures non-machined cylinder blocks and crank cases, which primarily find application in compressors for consumer durables. The non-automotive segment contributed ~15% to its FY2023 revenue. The manufacturing facilities of the company are at Manesar, Haryana, with a foundry capacity of 56,000 MT per annum (increased from 48,000 MTPA), and at Mandal, Gujarat with a capacity of 28,000 MTPA (increased from 18,000 MTPA).

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current rating (FY2025)			Chronology of rating history for the past 3 years					
	FY2025			FY2024		FY2023		FY2022	
	Type	Amount Rated (Rs Crore)	Jan 29, 2025	Date	Rating	Date	Rating	Date	Rating
Short term-others-non fund based	Short Term	5.25	[ICRA]A1; withdrawn	15-JAN-2024	[ICRA]A1	07-NOV-2022	[ICRA]A1	09-SEP-2021	[ICRA]A1
Short term-others-interchangeable*	Short Term	(70.00)	[ICRA]A1; withdrawn	15-JAN-2024	[ICRA]A1	07-NOV-2022	[ICRA]A1	09-SEP-2021	[ICRA]A1
Long term-cash credit-fund based	Long Term	60.00	[ICRA]A+ (Stable); withdrawn	15-JAN-2024	[ICRA]A+ (Stable)	07-NOV-2022	[ICRA]A+ (Stable)	09-SEP-2021	[ICRA]A+ (Stable)
Long term-term loan-fund based	Long Term	38.38	[ICRA]A+ (Stable); withdrawn	15-JAN-2024	[ICRA]A+ (Stable)	07-NOV-2022	[ICRA]A+ (Stable)	09-SEP-2021	[ICRA]A+ (Stable)

*Sub-limit of cash-credit facilities

Complexity level of the rated instruments

Instrument	Complexity indicator
Long Term Fund-based Limits Term Loan	Simple
Long Term Fund-based Limits Cash Credit	Simple
Short-term Interchangeable Limits	Simple
Short-term Non-fund Based limits	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	FY2018-FY2021	NA	FY2023-FY2025	38.38	[ICRA]A+ (Stable); withdrawn
NA	Long Term Fund Based Cash Credit	NA	NA	NA	60.00	[ICRA]A+ (Stable); withdrawn
NA	Short-term Interchangeable Limits*	NA	NA	NA	(70.00)	[ICRA]A1; withdrawn
NA	Short-term Non-Fund Based limits	NA	NA	NA	5.25	[ICRA]A1; withdrawn

Source: Company; *Sub-limit of cash-credit facility

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

Annexure II: List of entities considered for consolidated analysis – Not Applicable

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