July 29, 2025

Kalyani Maxion Wheels Private Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term, Fund-based Limits	120.00	120.00	[ICRA]A+(Stable); reaffirmed
Short-term, Non-fund Based Limits	269.00	269.00	[ICRA]A1; reaffirmed
Total	**389.00**	**389.00**	

**Instrument details are provided in Annexure-1*

Rationale

The rating reaffirmation for Kalyani Maxion Wheels Private Limited (KMWPL) factors in its strong presence in the domestic steel wheel rim industry with a healthy wallet share of business with prominent automobile majors in the commercial vehicle (CV) segment, and an increasing presence in the passenger vehicle (PV) segment. The company also benefits from strong operational and technological support from its parent entity, Iochpe Maxion S. A., Brazil.

The ratings factor in KMWPL's steady operational performance in CY2024 and H1 CY2025, aided by steady volume offtake from key customers in the domestic automobile industry and a healthy offtake from original equipment manufacturers (OEMs) in the passenger vehicle (PV) industry. While YoY volume growth for CV wheels remained flat in CY2024 for KMWPL, the PV wheels division reported a volume growth of 14% on a YoY basis for the year, aided by healthy volume offtake from key clients, in line with the domestic market trends. With this, the company reported a moderate 10% YoY revenue growth in CY2024. The average realisation level for both CV and PV segments reported a moderate improvement in CY2024, which coupled with cost optimisation measures and higher share of export revenues helped improve the company's operating profit margin to 9.6% in CY2024 from 7.5% in CY2023. While exports contribute 25-30% to revenues (29% in CY2024), sustenance of margins for exports amid global macroeconomic and geopolitical headwinds remains to be seen.

The rating strengths are partially offset by the susceptibility of KMWPL's operating margins to fluctuations in steel prices and foreign exchange (forex) rates as well as stiff competition from other established players in the industry, which limits its pricing power. ICRA also notes the susceptibility of the company's revenues to cyclicality and technological changes in the automobile industry, including increasing penetration of alloy wheels in the PV sector, which poses risks to its business of steel wheel supplies. KMWPL has patented a new style of steel wheel rims (VersaStyle wheels), which can be used as a substitute for alloy wheels, thus strengthening the competitive positioning as well as improving the operating margins. The electrification of the MH&CV industry is a slow process (one of the key segments catered by KMWPL). Nonetheless, ICRA expects the company to cater to different powertrains as the requirement of steel wheels will remain (due to higher structural strength of steel compared to aluminium alloy).

ICRA also notes the sizeable dividend payout of ~Rs. 90 crore by KMWPL in Q1 CY2025. Although the company's comfortable liquidity position aided the said dividend payout, the quantum of dividend payouts, going forward, and its potential bearing on the capital structure and liquidity position will remain key rating monitorables, going forward.

The Stable outlook on the long-term reflects ICRA's opinion that the company will sustain its operating metrics, aided by steady volume offtake from the domestic customers and incremental revenue contribution from export sales. Further, the outlook underlines ICRA's expectation that the entity's incremental capex, if any, to further expand the capacity, and future dividend payouts, 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

Leading manufacturer of steel wheel rims with prominent presence in the domestic M&HCV market – KMWPL is one of the leading manufacturers of steel wheel rims in India, catering to medium and heavy commercial vehicles (M&HCVs), light commercial vehicles (LCVs), PVs, off-road construction vehicles and military vehicles. The company has a good share of business with leading automobile majors in the CV segment, and an increasing presence in the PV segment. While the increasing revenue share from VersaStyle wheels in the PV segment coupled with new client addition in the overseas clientele is expected to provide incremental revenue visibility to the PV segment (in addition to a competitive advantage), KMWPL's light-weight steel wheel offerings to the electric vehicle (EV) bus segment are likely to aid in revenue expansion in the CV segment, going forward.

Operational and technological support from parent entity, which is one of the largest wheel rims and structural components suppliers globally – KMWPL is a subsidiary of Maxion Wheels Konigswinter GmbH, with the ultimate holding company being Iochpe Maxion S. A., Brazil, a major player in the global wheel rims market. The company has benefitted significantly from its parentage through access to technology, which has helped it develop new products and improve operational efficiencies. Apart from technical support, KMWPL also has access to the vast client base of its parent company.

Comfortable financial risk profile, characterised by healthy capital structure and moderate coverage indicators – The capital structure of KMWPL continued to remain comfortable, with a gearing of 0.7 times as on December 31, 2024 (previous year [PY]: 1.0 times), while TD/OPBDITA stood at 2.0 times as on December 31, 2024 (PY: 3.1 times), supported by healthy cash flow generation that has limited KMWPL's dependence on external borrowings. The debt protection indicators also remained healthy, with an interest coverage of 5.4 times and DSCR at 4.9 times for CY2024. The same is expected to remain comfortable and improve further, going forward, in the absence of any large debt-funded capex envisaged over the near-to-medium term. Despite the sizeable dividend payout of around Rs. 90.0 crore undertaken in Q1 CY2025, the company continues to maintain a fairly comfortable liquidity profile (with cash and liquid investment balance of around Rs. 113 crore as on June 30, 2025), aided by healthy accruals. Any further sizeable dividend payouts, which may have a bearing on the capital structure and/or liquidity profile of the company, will remain key monitorables, going forward.

Credit challenges

Profit margins vulnerable to fluctuations in steel prices and exchange rates amid stiff competition in the industry – The company's margins are susceptible to volatility in steel prices, though the same is generally passed on to its customers with a lag. The company faces stiff competition from other established wheel rim suppliers in the Indian market, which limits pricing flexibility. Moreover, its profits are susceptible to the forex rate fluctuations as 25-30% of its total revenues are generated through exports, wherein the company does not follow any defined hedging policy at present. Aided by softening of commodity costs and the cost optimisation measures, the operating margin improved to an extent, from 7.5% in CY2023 to 9.6% in CY2024 and further to 11.3% in H1 CY2025 (provisional), with profitability expected to remain fairly steady over the near-to-medium term, aided by enhanced focus on high value-added products (such as VersaStyle wheels) and increasing revenue share of exports.

Exposure to cyclicality and technological changes in the auto industry – The CV wheel rims business dominates the revenue base of the company with an average contribution of 55-60% to total revenues, followed by the PV segment at 30-35%. The overall exposure to the automobile industry remains high, thereby exposing the company to the cyclical trends in the automobile industry. Besides, increasing penetration of alloy wheels in the PV segment poses risks to the company as its presence is restricted to the steel wheel rim segment. Nevertheless, the company's offerings of VerseStyle wheel rims, which enhance styling and can be used as a substitute for aluminium wheels, mitigate this risk to some extent. Through its sister company, Maxion Wheels Aluminium India Private Limited (rated [ICRA]BBB+(Positive)), KMWPL caters to the alloy wheel requirement of the PV segment.

Liquidity position: Adequate

ICRA expects KMWPL's liquidity position to remain adequate with limited capex plans and no long-term debt repayments in the near term. The company's cash flow from operations has remained healthy in the past, supported by a strong revenue base and improving profitability (ICRA expects the company to generate Rs. 55-65 crore of cash flows from operations in CY2025-CY2026). Additionally, the company had free cash and equivalents of ~Rs. 113 crore as on June 30, 2025, and undrawn fund-based working capital limits of ~Rs. 90 crore as on April 30, 2024, which further supports its liquidity position. The average working capital utilisation remained limited at 29% of the sanctioned limits for the 12-month period ended in April 2025. The company has paid dividends of around Rs. 90 crore in CY2025 so far, with the quantum of future dividend payouts being a monitorable, going forward.

Rating sensitivities

Positive factors – The ratings may be upgraded upon sustained improvement in its scale of operations and profit margins, while maintaining a strong credit profile.

Negative factors – Pressure on the ratings could arise from sustained weakening of performance and a deterioration in liquidity or coverage metrics. Interest coverage falling below 5.5 times on a sustained basis could also exert ratings pressure.

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology Rating Methodology - Auto Components
Parent/Group Support	Not applicable
Consolidation/Standalone	The ratings are based on the standalone financial profile of Kalyani Maxion Wheels Private Limited.

About the company

KMWPL is involved in manufacturing steel wheel rims for M&HCVs, LCVs and utility vehicles (UVs). The company's manufacturing facility is located at Chakan in Pune (Maharashtra). One unit is dedicated to CVs with a manufacturing capacity of 1.2 million steel wheel rims per annum, while the second unit is dedicated to PVs with a manufacturing capacity of 4.0 million steel wheel rims per annum. It is promoted by Maxion Wheels Konigswinter GmbH (an 85% stake, with the ultimate holding company being Iochpe Maxion S. A., Brazil) and Bharat Forge Investment Limited (a 15% stake).

Key financial indicators

KMWPL	CY2023	CY2024
Operating Income (Rs. crore)	977.1	1,078.2
PAT (Rs. crore)	32.3	57.7
OPBDIT/OI (%)	7.5%	9.6%
PAT/OI (%)	3.3%	5.4%
Total Outside Liabilities/Tangible Net Worth (times)	1.4	1.2
Total Debt/OPBDIT (times)	3.1	2.0
Interest Coverage (times)	4.2	5.4

Source: KMWPL, ICRA Research; 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	Current ratings (FY2026)			Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
	Type	Amount Rated (Rs Crore)	29-JUL-2025	Date	Rating	Date	Rating	Date	Rating
Long Term-Cash Credit-Fund Based	Long Term	120.00	[ICRA]A+ (Stable)	04-APR-2024	[ICRA]A+ (Stable)	-	-	16-FEB-2023	[ICRA]A+ (Stable)
Short Term-Others-Non Fund Based	Short Term	269.00	[ICRA]A1	04-APR-2024	[ICRA]A1	-	-	16-FEB-2023	[ICRA]A1

Source: Company

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long Term, Fund-based Limits	Simple
Short Term, Non-fund-based Limits	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-1: Instrument details

ISIN	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. Crore)	Current Rating and Outlook
NA	Long Term, Fund-based Limits	NA	NA	NA	120.00	[ICRA]A+(Stable)
NA	Short Term, Non-fund-based Limits	NA	NA	NA	269.00	[ICRA]A1

Source: *Company*

Please click here to view details of lender-wise facilities rated by ICRA

Annexure-2: List of entities considered for consolidated analysis: Not applicable

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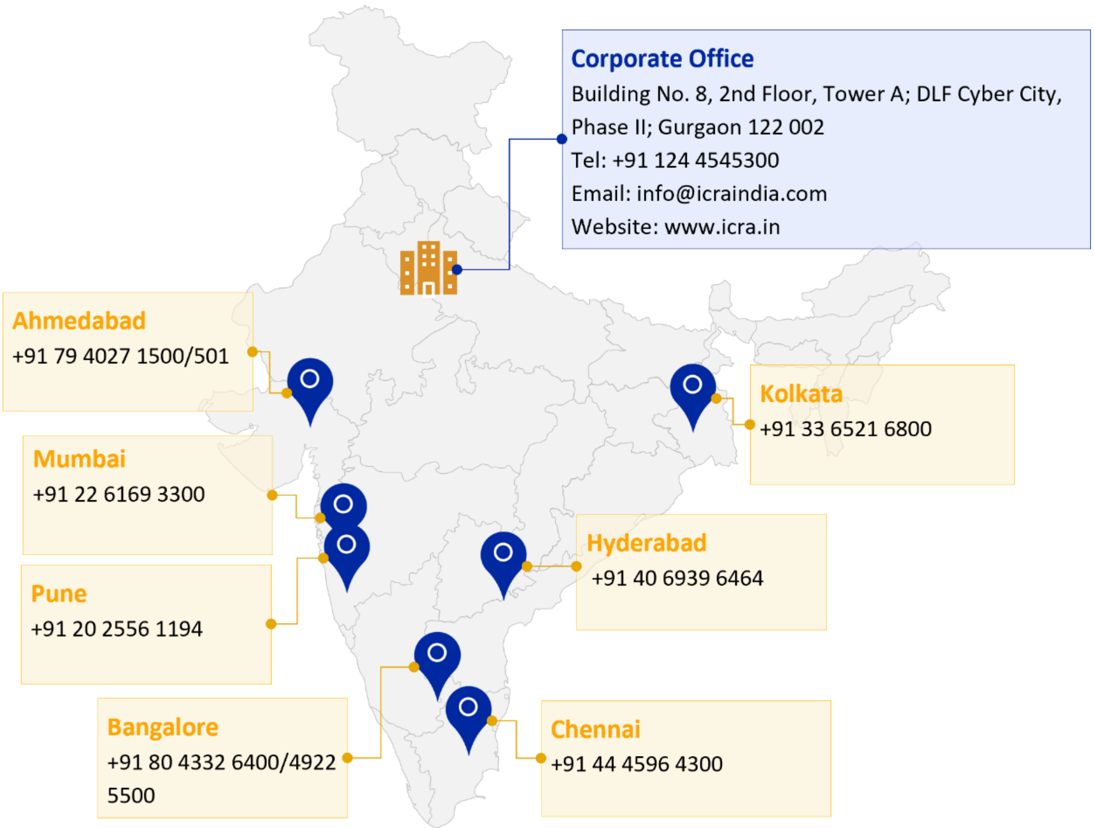

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