August 28, 2025

Rockman Industries 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	200.00	145.00	[ICRA]AA (Positive); reaffirmed
Long-term – Fund based / Term loans	214.50	186.40	[ICRA]AA (Positive); reaffirmed
Short-Term – Fund based limits	190.0	190.00	[ICRA]A1+; reaffirmed
Short-term – Fund based/Non-fund based facilities	50.00	50.00	[ICRA]A1+; reaffirmed
Short-term – Non-fund based limits	90.00	90.00	[ICRA]A1+; reaffirmed
Unallocated Limits	0.00	83.1	[ICRA]AA(Positive)/[ICRA]A1+; reaffirmed
Total	**744.50**	**744.50**	
Commercial paper	75.00	75.00	[ICRA]A1+; reaffirmed

**Instrument details are provided in Annexure-I*

Rationale

The reaffirmation of ratings for Rockman Industries Limited (RIL), along with the continuation of a Positive outlook, reflects expectations of an improvement in the company's credit profile, underpinned by the ongoing diversification of its business risk profile, coupled with the maintenance of robust return and credit metrics. RIL's credit profile has strengthened in the recent past, driven by healthy capacity utilisation across its alloy wheel manufacturing facilities—particularly within the two-wheeler (2W) segment, which accounted for approximately 85% of the company's revenue in FY2025. Meanwhile, performance in the four-wheeler (4W) segment has also remained healthy. Despite the impact of recent capacity expansions on operational efficiency, the company's operating profitability has remained resilient over the past two fiscal years. Looking ahead, operating margins are expected to improve incrementally, supported by steady demand in the automotive sector and increased utilisation of commissioned facilities.

The ratings continue to reflect RIL's established market position as a leading supplier of aluminum die-cast components, including alloy wheels, and its strong business linkage with its key customer and group company, Hero MotoCorp Limited (HMCL; rated [ICRA]AAA(Stable)/A1+). RIL remains the principal supplier of alloy wheels and critical aluminum die-cast engine components—such as crankcases, cylinder heads, and flange panels—to HMCL. In FY2025, HMCL accounted for approximately 61% of RIL's adjusted revenues (adjusted for changes in revenue recognition methodology), marking a steady decline from ~80% in FY2020. This reduction is attributable to RIL's strategic diversification efforts and the ramp-up in supplies to other original equipment manufacturers (OEM), including TVS Motor Company, Eicher Motors Limited (Royal Enfield division) and recently added Honda Motorcycles and Scooters India Limited.

While RIL continues to face client concentration risk, this is partially mitigated by HMCL's dominant position in the 2W market and RIL's long-standing, high share of business with the company. Further, RIL has made significant inroads into the 4W segment over the past two years, thereby reducing its dependence on a single end-user segment. As part of its diversification strategy, RIL has expanded its supply of alloy wheels for both the 2W and PV segments to several new customers. It has also secured new business for other casting-based components from established OEMs and prominent electric 2W manufacturers. The successful ramp-up of these new programmes over the medium term is expected to further mitigate customer concentration risks, enhance revenue contribution from the PV segment, and reduce the company's reliance on the 2W industry, thereby supporting continued improvement in its credit profile.

ICRA notes that RIL's consolidated debt increased to Rs. 481.1 crore as on March 31, 2025, compared to Rs. 318.4 crore a year earlier, driven primarily by elevated capital expenditure and strategic investments in subsidiaries during FY2025. The company incurred capex of around Rs. 325 crore during FY2025, exceeding ICRA projections. The company also made significant investments in its subsidiaries during FY2025, as it infused Rs. 60 crore into Spares Superhero Private Limited (Partnr), its wholly-owned B2B e-commerce platform in the automotive aftermarket and invested Rs. 88 crore in Rockman Advance Composite Pvt. Ltd. (RACPL), raising its stake to 79% from 57%. RIL further invested around Rs. 8 crore in RACPL, increasing its holding in the entity to 82% and in Q1 FY2026, it made an investment of Rs. 40 crore in Partnr. These capital allocations led to a moderation in the debt-to-OPBITDA ratio to 1.1 times in FY2025, compared to 0.7 times in FY2024. Notwithstanding the same, ICRA expects future investments in capex and subsidiaries to be balanced and largely funded via internal accruals. With anticipated debt reduction and steady returns, leverage and coverage metrics are expected to gradually improve over the medium term.

Key rating drivers and their description

Credit strengths

Strong and established relationship with HMCL – RIL supplies aluminium die-casting components such as alloy wheels, cylinder heads, crank cases, and flange panels, among others, to HMCL, across its manufacturing facilities. The company had set up a facility in Gujarat to cater to HMCL's Gujarat plant, which helped strengthen its share of business with the OEM. Overall, it is estimated to have 55-60% share of business with HMCL, which is likely to sustain, going forward, benefitting from the industry-wide trend of alloy wheel localisation and strong relationship with HMCL.

Leading manufacturer of 2W alloy wheels and improving capacities for 4W in India – RIL is the largest domestic manufacturer of 2W alloy wheels in India, with an installed annual manufacturing capacity of around 17 million units per annum. At present, it enjoys the majority share of business with HMCL and is increasing its business with other 2W OEMs in India. Further, the company has an installed capacity of 1.7 million units for 4W alloy wheel per annum as of August 2025 and caters to big OEMs like Hyundai Motors India Limited, Kia Motors India Pvt. Ltd., Mahindra & Mahindra Limited, etc. A ramp-up in supplies to these OEMs is further expected to diversify its business profile and reduce the concentration on HMCL.

Comfortable capital structure and healthy debt coverage metrics; financial flexibility supported by Group linkages – The company's financial risk profile is well supported by its large scale of operations and healthy cash accruals. RIL's credit metrics moderated to an extent in FY2025 (Total Debt/OPBITDA at 1.1 times over 0.7 times in FY2024) led by aggressive capital expenditure and investment in subsidiaries during the fiscal. However, ICRA expects future investments in capex and subsidiaries to be balanced and largely funded via internal accruals. With anticipated debt reduction and steady returns, the leverage and coverage metrics are expected to improve gradually over the medium term. Additionally, with strong inter-group linkages as a part of the Hero Group, the company maintains a healthy financial flexibility in accessing financial institutions and the debt market for any funding requirement.

Credit challenges

Customer and segment concentration risks; diversification initiatives to mitigate the same – HMCL drove approximately 61-63% of RIL's revenues in FY2025 (adjusted for the change in revenue construct). Nevertheless, the customer concentration has been reducing over the years, aided by the company's diversification initiatives. In addition, the customer concentration risk is mitigated to an extent by HMCL's strong market position in the domestic 2W market and the company's strategic importance as a key vendor of aluminium die-cast components to the OEM. Aided by a ramp-up in supplies for various new businesses, the company's customer and segment concentration risks are expected to further reduce over the medium term.

Ongoing expansion and investment plans to keep return indicators under check – RIL's consolidated debt rose to Rs. 481.1 crore as on March 31, 2025, from Rs. 318.4 crore a year earlier, primarily due to higher-than-expected capex and strategic investments in subsidiaries. These included Rs. 60 crore in Spares Superhero Private Limited (Partnr), its B2B auto aftermarket platform, and Rs. 88 crore in Rockman Advance Composite Pvt. Ltd. (RACPL), increasing its stake to 79% from 57%. In Q1 FY2026, RIL further invested Rs. 40 crore in Partnr and Rs. 15 crore in RACPL and is expected to make an additional investment of around Rs. 40 crore in Partnr. These allocations led to a rise in the debt-to-OPBITDA ratio to 1.1x in FY2025 (vs. ~0.7x in FY2024). Nonetheless, ICRA expects future investments to be largely internally funded, with the leverage and coverage metrics likely to gradually improve, supported by steady returns and declining debt levels.

Liquidity position: Adequate

RIL's liquidity position is **adequate**, supported by expectations of healthy cash flow from operations, cash and liquid investments of ~Rs. 23 crore as on March 31, 2025, and availability of unutilised working capital limits (buffer of ~Rs. 210 crore as of June 2025). The company is expected to generate Rs. 200-250 crore of retained cash flows to help meet the debt repayment obligations of ~Rs. 79 crore in FY2025. Further, the company has an estimated capex/investment requirement of Rs. 300-350 crore in FY2026, which is expected to be met from internal accruals, available lines of credit and additional term loans. The company also continues to benefit from healthy financial flexibility for being a part of the larger Hero Group.

Rating sensitivities

Positive factors - A material diversification in the segment mix with reduced dependence on the 2W segment along with material growth in scale of operations would augur well for a positive rating action. Total Debt/OPBDITA improving to below 1.0 times on a sustained basis, will be considered favourably for a long-term rating upgrade.

Negative factors - ICRA could revise the outlook to Stable in case of a material deterioration in its share of business with HMCL or a weakening of revenue growth, resulting in weakening of credit metrics. Specific credit metrics that could trigger a downward rating action include TD/OPBDITA remaining above 2.0 times on a sustained basis. Sizeable incremental investments in the non-automotive business, resulting in a deterioration in the credit metrics, could also exert pressure on the ratings.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Auto components
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of RIL, details of which are enlisted in Annexure-II.

About the company

Established in 1961, Rockman Industries Limited (RIL) is one of the leading auto component manufacturing entities of the Hero Group with presence in aluminium die-cast components. Rockman is the major supplier of key engine components and alloy wheels to Hero MotoCorp Limited (HMCL, [ICRA]AAA(Stable)/[ICRA]A1+), a key customer[1] of the company. RIL caters to 45-

[1] In FY2023, RIL changed its business contract with HMCL to a 'job-work' model, resulting in reduced contribution from the OEM on an absolute basis (down to ~31% of revenues in FY2025 from ~70% till FY2022). RIL continues to procure raw materials for the other OEMs, which gets included in the COGS and revenue numbers.

50% of HMCL's alloy wheel requirement and is also one of the leading suppliers of other aluminium die-cast components such as crank case, crank case covers and cylinder heads.

Over the past decade, the company has implemented a strategy to diversify its exposure and has made both organic and inorganic investments to secure businesses outside the 2W industry. Some of its key inorganic investments were Sargam Die Castings (in 2014) and Moldex Composites Private Limited (2018). Sargam Die Castings, involved in aluminium die-casting for customers such as Ford and Bosch, was renamed as Rockman Industries Chennai Private Limited after the acquisition. It was subsequently amalgamated with RIL with effect from April 1, 2018. The other acquired entity, Moldex, later rechristened as Rockman Advanced Composites Private Limited [rated [ICRA]BBB+(Stable)/[ICRA]A2], manufactures carbon composites for super luxury and racing vehicles.

RIL has invested in non-automotive businesses with focus on electronics and semi-conductor testing facilities. These investments were held by its 45% stake in the co-group company, Hero Electronix Private Limited (HEPL). The company is not listed at present, and its promoters (Hero Group) own a 100% stake. The company has also ventured in the e-commerce space for selling spare parts in FY2024 under Spares Superhero Private Limited, a 100% stake of which is held by RIL.

RIL's manufacturing facilities in Ludhiana (Punjab), Bawal (Haryana), Haridwar (Uttarakhand) and Chennai (Tamil Nadu) produce a range of aluminium die-cast components using high-pressure, low-pressure and gravity die-casting technologies. Additionally, it has a dedicated auto-chain manufacturing plant at Mangli (Punjab). The company has also set up greenfield facilities in Tirupati (Andhra Pradesh) and Gujarat for manufacturing alloy wheels for PV and 2W OEMs over the past few years.

Key financial indicators (audited)

RIL Consolidated	FY2024	FY2025
Operating income	2,389.5	2,804.5
Adjusted operating income**	4,304.2	4,723.9
PAT	159.7	195.5
OPBDIT/OI	18.0%	16.3%
PAT/OI	6.7%	7.0%
Total outside liabilities/Tangible net worth (times)	0.5	0.6
Total debt/OPBDIT (times)	0.7	1.1
Interest coverage (times)	12.0	14.6

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 amortisation

***Refer footnote 1*

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current (FY2025)				Chronology of rating history for the past 3 years					
	Type	Amount Rated (Rs Crore)	FY2026		FY2025		FY2024		FY2023	
			Date	Rating	Date	Rating	Date	Rating	Date	Rating
Cash Credit	Long-term	145.00	Aug 28, 2025	**[ICRA]AA (Positive)**	Aug 30, 2024	[ICRA]AA (Positive)	Aug 10, 2023	[ICRA]AA (Stable)	Oct 21, 2022	[ICRA]AA (Negative)
Term Loans	Long-term	186.40	Aug 28, 2025	**[ICRA]AA (Positive)**	Aug 30, 2024	[ICRA]AA (Positive)	Aug 10, 2023	[ICRA]AA (Stable)	Oct 21, 2022	[ICRA]AA (Negative)
Fund/ Non Fund-based Limits	Short-term	50.00	Aug 28, 2025	**[ICRA]A1+**	Aug 30, 2024	[ICRA]A1+	Aug 10, 2023	[ICRA]A1+	Oct 21, 2022	[ICRA]A1+
Fund Based Limits	Short-term	190.00	Aug 28, 2025	**[ICRA]A1+**	Aug 30, 2024	[ICRA]A1+	Aug 10, 2023	[ICRA]A1+	Oct 21, 2022	[ICRA]A1+
Non Fund Based Limits	Short-term	90.00	Aug 28, 2025	**[ICRA]A1+**	Aug 30, 2024	[ICRA]A1+	Aug 10, 2023	[ICRA]A1+	Oct 21, 2022	[ICRA]A1+
Unallocated	Long-term / Short-term	83.10	Aug 28, 2025	**[ICRA]AA(Positive)/ [ICRA]A1+**	-	-	-	-	Oct 21, 2022	[ICRA]AA (Negative)/ [ICRA]A1+
Commercial Paper	Short-term	75.00	Aug 28, 2025	**[ICRA]A1+**	Aug 30, 2024	[ICRA]A1+	Aug 10, 2023	[ICRA]A1+	Oct 21, 2022	[ICRA]A1+

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term – Fund-based limits	Simple
Long-term – Fund based / Term loans	Simple
Short-Term – Fund based limits	Simple
Short-term – Fund based/Non-fund based facilities	Simple
Short-term – Non-fund based limits	Very Simple
Unallocated Limits	Not Applicable
Commercial Paper Programme	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 I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Term Loan-I	FY2020	NA	FY2027	20.00	[ICRA]AA(Positive)
NA	Term Loan-II	FY2019	NA	FY2027	37.50	[ICRA]AA(Positive)
NA	Term Loan-II	FY2025	NA	FY2032	128.90	[ICRA]AA(Positive)
NA	Cash Credit	NA	NA	NA	145.00	[ICRA]AA(Positive)
NA	Fund Based limits	NA	NA	NA	190.00	[ICRA]A1+
NA	Fund/ Non fund based limits	NA	NA	NA	50.00	[ICRA]A1+
NA	Non fund-based limits	NA	NA	NA	90.00	[ICRA]A1+
NA	Unallocated Limits	NA	NA	NA	83.10	[ICRA]AA(Positive)/ [ICRA]A1+
NA	Commercial Paper Programme*	Yet to be placed			75.00	[ICRA]A1+

*Source: Company; *Not issued by the company currently*

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

Annexure II: List of entities considered for consolidated analysis

Company Name	RIL Ownership	Consolidation approach
Rockman Industries Limited	(rated entity)	Full Consolidation
Rockman Advanced Composites Private Limited	79.07%	Full Consolidation
Rockman Advanced Composites (UK) Limited	100.00%	Full Consolidation
Rockman Technologies Private Limited	100.00%	Full Consolidation
Rockman Precision Private Limited	100.00%	Full Consolidation
Spares Superhero Private Limited	100.00%	Full Consolidation
Hero Electronix Private Limited	45.16%	Equity method
MCT Engineering Limited	27.00%	Equity method

Source: RIL Consolidated Annual report FY2025

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