

October 31, 2025

Maini Precision Products Limited: Ratings continue on Watch with Developing Implications

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term – Fund based - Term Loan	44.50	44.50	[ICRA]A; Rating continues on Watch with Developing Implications
Long term / Short term – Fund based/non-fund-based – Working capital – Others	241.00	241.00	[ICRA]A; Rating continues on Watch with Developing Implications/ [ICRA]A2+; Rating continues on Watch with Developing Implications
Long term / Short term – Unallocated Limits	29.50	29.50	[ICRA]A; Rating continues on Watch with Developing Implications/ [ICRA]A2+; Rating continues on Watch with Developing Implications
Total	315.00	315.00	

*Instrument details are provided in Annexure-I

Rationale

The ratings of Maini Precision Products Limited (MPPL / the company) remain on Watch with Developing Implications in view of the ongoing scheme of arrangement between MPPL and the Raymond Group. The ratings were initially placed on Watch with Developing Implications in November 2023, following the announcement of Raymond Group's intent to acquire a majority stake (59.25%) in MPPL, and consolidate its existing engineering businesses along with MPPL under newly formed entities. In the first phase of the transaction, completed in March 2024, Ring Plus Aqua Limited (RPAL), a step-down subsidiary of Raymond Limited and a wholly owned subsidiary of JK Files and Engineering Limited (JKFEL, which is in turn a wholly owned subsidiary of Raymond Limited or RL), acquired a 59.25% stake in MPPL for a consideration of Rs. 682 crore. The remaining 40.75% stake continued to be held by the promoters of MPPL. This transaction facilitated a complete exit for MPPL's non-promoter investors, including private equity investors.

Under the second phase of the transaction, RL is undertaking the consolidation of the auto and the engineering businesses of JKFEL, RPAL and MPPL into a newly formed entity, JK Maini Precision Technology Limited. Concurrently, the defence and aerospace businesses of MPPL are being transferred to another entity, JK Maini Global Aerospace Limited. After the completion of this scheme, MPPL and RPAL will cease to exist. The shareholding in the new entities will be held by RL and its promoters (66%), MPPL promoters (28.5%) and the balance by other minority shareholders.

The National Company Law Tribunal (NCLT) has approved the demerger of the engineering and aerospace businesses of MPPL into JK Maini Precision Technology Limited and JK Maini Global Aerospace Limited, respectively, along with the engineering businesses of the Raymond Group. The order was filed with the Registrar of Companies (RoC) on July 31, 2025, with the effective date being August 1, 2025. Consequently, the demerger process is largely complete, with the entire business and operations having been transferred from MPPL to the newly formed entities. However, a few other formalities are currently in progress, including the migration of banking facilities from MPPL to the new entities. Once these are concluded, the ratings of MPPL would be withdrawn. Meanwhile, MPPL's business has continued to report a stable operating performance in the interim.

Key rating drivers and their description¹

Credit strengths

Established position with experienced promoter group, supported by a strong management team – Founded by Dr. S. K. Maini in 1973, MPPL has an established track record as a manufacturer of high-precision components for the automotive industry. Second-generation leadership is now at the helm, with over 25 years of experience in the automotive domain, which has supported the company's established relationships with original equipment manufacturers (OEMs) and suppliers. Leveraging its core engineering capabilities, the company diversified into the aerospace segment in FY2004 and has since been engaged in the manufacturing and supply of components for aircraft engines and aero structures.

Financial flexibility arising from being a part of Raymond Group – Raymond is a diversified group with major business interests in textile and apparel sectors and has presence across various segments such as consumer care, realty and engineering in national and international markets. Consequently, the company enjoys strong financial flexibility from being a part of the Raymond Group.

Reputed client profile with established relationships and healthy order book –MPPL has established relationships with key customers across both the aerospace and automotive segments. The company's customer profile comprises reputed Tier-I suppliers and OEMs such as Bosch, Eaton, Magneti Marelli, Volvo, Safran, and Marshall Aerospace, among others. MPPL has maintained relationships for over a decade with the majority of its customers, reflecting its strong execution track record and customer retention abilities.

Stable debt metrics – The company's debt remains a mix of term debt and working capital debt. Its operations remain working capital intensive, essential for its growth, as MPPL has to maintain sufficient inventory levels at its warehouses to have unfettered supplies to its customers. The company's total debt increased to Rs. 389.5 crore on March 31, 2025 from Rs. 325.2 crore on March 31, 2024, resulting in a slight increase in total debt/OPBIDTA to 2.8 times in FY2025 from 2.6 times in FY2024.

Credit challenges

High working capital intensity – The company's net working capital intensity (NWC/Operating Income) increased to 43.0% in FY2025 from 38.7% in FY2024, with working capital intensity remaining elevated, primarily due to the higher share of export revenues and the need to maintain adequate inventory levels across its warehouses to ensure uninterrupted supplies to customers.

Moderate RoCE levels – MPPL had undertaken significant capital expenditure between FY2018 and FY2020 to augment its manufacturing capacities. However, the returns from these investments were deferred due to the Covid-19 pandemic-induced disruptions, cyclicity in the automotive segment, and a decline in aerospace revenues in FY2021. While the company has witnessed a gradual improvement in revenues and operating margins over the years, the return on capital employed (RoCE) continues to remain moderate at 13.6% in FY2025 and 17.3% in FY2024.

Vulnerability of margins to foreign exchange rate fluctuations – With exports contributing 65-70% to the company's revenues, MPPL's profitability is susceptible to exchange rate fluctuations. The company is exposed to the volatility in the US dollar, Euro, Swedish krona, Canadian dollar and British pound. However, the company is a net exporter and has an active hedging policy of covering one-third of its net open exposure, which has aided it to generate healthy foreign exchange gains over the past few years and mitigates the forex risk to a certain extent.

Exposed to cyclicity in automotive industry and moderate customer concentration risk – In FY2025, MPPL derived 68% of its revenues from the automotive segment and 32% from the aerospace segment, exposing its revenues to the cyclicity in

¹ The credit strengths and challenges captured in this section pertain to MPPL's position prior to conclusion of the ongoing scheme of arrangement. With the conclusion of the scheme, the entity would cease to exist, with entire business and operations moving to two new entities.

demand from these segments. While the company has a wide base of customers, it is exposed to moderate customer concentration. That said, MPPL’s well-established relationships with major OEMs also partly mitigate this risk.

Liquidity position: Adequate

MPPL’s liquidity position remains adequate, with free cash and liquid investments of Rs. 14.3 crore and undrawn working capital limits of Rs. 38.6 crore as on March 31, 2025, in addition to cash flows generated from operations (Rs. 12.8 crore in FY2025). Against this, the company has repayment obligations of Rs. 20.9 crore in FY2026 for its existing term loans, and minimal capex and term debt obligations subsequently, given the ongoing scheme of arrangement.

Rating sensitivities

Reproducing below the rating sensitivities that ICRA had outlined in its previous rating rationale. Now that the scheme of arrangement has been concluded and the entity would likely cease to exist soon, the rating may soon be withdrawn.

Positive factors – ICRA could upgrade the ratings, if there is any substantial growth in revenue and profitability, better working capital management, and improvement in capitalisation and coverage indicators. A specific credit metric for an upgrade is if total debt /OPBDITA is less than 1.8 times, on a sustained basis.

Negative factors – The company’s ratings could be downgraded, if there is substantial reduction in cash accruals, or if any major capital expenditure, or inability to improve its working capital cycle weakens liquidity.

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 taken standalone financial statement of MPPL

About the company

MPPL, incorporated in 1973 by the late Dr S. K. Maini, is currently managed by the second-generation promoters. MPPL is a process capability company, with a focus on precision machining and related processes such as heat treatment, sheet metal work, and forming. It primarily supplies machined components to the automotive and aerospace industries. The company has 11 plants in Bengaluru, and its facilities are approved by major automotive and aerospace customers. MPPL operates as a Tier-2 supplier for most of its customers. Its manufactured products are mainly used in engines (fuel injection, cylinder, cylinder head, crankshaft assembly, powertrain, etc.). In March 2024, a majority stake of 59.25% in the company was acquired by the Raymond Group, with the remaining stake held by its earlier promoters.

Key financial indicators

MPPL Standalone	FY2024	FY2025
Operating income	911.1	984.1
PAT	60.5	42.8
OPBDIT/OI	13.5%	13.9%
PAT/OI	6.6%	4.4%
Total outside liabilities/Tangible net worth (times)	1.8	1.8
Total debt/OPBDIT (times)	2.6	2.8
Interest coverage (times)	4.9	4.6

Source: Company, PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Amount in Rs. crore

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current rating (FY2026)			Chronology of rating history for the past 3 years					
	FY2026			FY2025		FY2024		FY2023	
	Type	Amount rated (Rs. crore)	Oct 31,2025	Date	Rating	Date	Rating	Date	Rating
Fund based/Non fund based – Working Capital – Others	Long Term/ Short Term	241.00	[ICRA]A; Rating Watch with Developing Implications / [ICRA]A2+; Rating Watch with Developing Implications	Aug 19, 2024	[ICRA]A; Rating Watch with Developing Implications / [ICRA]A2+; Rating Watch with Developing Implications	Nov 15, 2023	[ICRA]A-; Rating Watch with Developing Implications/ [ICRA]A2+; Rating Watch with Developing Implications	Feb 13, 2023	[ICRA]A- (Stable)/ [ICRA]A2+
Unallocated Limits	Long Tem/ Short Term	29.50	[ICRA]A; Rating Watch with Developing Implications / [ICRA]A2+; Rating Watch with Developing Implications	Aug 19, 2024	[ICRA]A; Rating Watch with Developing Implications / [ICRA]A2+; Rating Watch with Developing Implications	-	-	-	-
Fund based - Term Loan	Long Term	44.50	[ICRA]A; Rating Watch with Developing Implications	Aug 19, 2024	[ICRA]A; Rating Watch with Developing Implications	Nov 15, 2023	[ICRA]A-; Rating Watch with Developing Implications	Feb 13, 2023	[ICRA]A- (Stable)

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long term – Fund based - Term Loan	Simple
Long term / Short term – Fund based/non-fund-based – Working capital – Others	Very Simple
Long term / Short term – Unallocated Limits	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 Loan	FY2018/FY2022	~8-8.25%	FY2026	44.50	[ICRA]A; Rating continues on Watch with Developing Implications
NA	Long term / Short term – Fund based/non-fund-based – Working capital – Others	NA	NA	NA	241.00	[ICRA]A; Rating continues on Watch with Developing Implications/ [ICRA]A2+; Rating continues on Watch with Developing Implications
NA	Long term / Short term – Unallocated Limits	NA	NA	NA	29.50	[ICRA]A; Rating continues on Watch with Developing Implications/ [ICRA]A2+; Rating continues on Watch with Developing Implications

Source: Company

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

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