July 29, 2026

Maxop Engineering Company Private Limited: Ratings reaffirmed and assigned for enhanced amount

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial Sector Regulator#
Long-term – Fund-based limits –Term loan	498.15	620.92	[ICRA]A+ (Stable); reaffirmed and assigned for enhanced amount	RBI
Long-term – Fund-based – Cash-Credit	253.40	271.40	[ICRA]A+ (Stable); reaffirmed and assigned for enhanced amount	RBI
Long-term/short-term –Unallocated	100.00	5.00	[ICRA]A+ (Stable)/ [ICRA]A1; reaffirmed	RBI
Total	**851.55**	**897.32**		

**Instrument details are provided in Annexure I*

#SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

Rationale

The ratings reaffirmation for Maxop Engineering Company Private Limited (MECPL) factors in its established position as a leading supplier in the aluminium automotive die-casting components industry, supported by its long relationships and healthy share of business with major domestic and global automotive original equipment manufacturers (OEMs) and extensive experience of the promoters in the industry. The ratings also consider the financial flexibility, managerial and operational support enjoyed by MECPL from its parent – Fairfax Financial Holdings Limited (Fairfax, which holds a 67% stake in the company through its step-down subsidiaries).

Since FY2021, the company's revenues have increased at a compounded annual growth rate (CAGR) of ~25% to ~Rs. 1,007 crore in FY2026. MECPL has also been able to sustain its operating margins in the range of 20-22% over this period, supported by its increasing economies of scale, backward integration in alloy melting, favourable product mix, strong operational efficiencies, and raw material pass-through mechanisms with customers. Further, increasing customer diversification, expansion of non-automotive applications, and healthy export revenues have strengthened the business profile and reduced dependence on any single customer or product segment.

The ratings further factor in MECPL's strong medium-term growth prospects, supported by a healthy order pipeline, increasing localisation opportunities, and deepening relationships with global customers. The company is undertaking a sizeable capex involving aluminium extrusion, higher-tonnage high-pressure die casting (HPDC), low-pressure die casting (LPDC), counter pressure casting (CPC), and export-oriented manufacturing facilities. ICRA also draws comfort from the significant portion of the proposed capex being backed by customer nominations, letters of intent and identified business opportunities from major global customers, thereby mitigating offtake risks to an extent. The expansion into higher-tonnage castings and extrusion products is expected to enable MECPL to manufacture more value-added components, resulting in improved revenue visibility, higher operating leverage and better earnings generation over the medium term.

The recently commissioned Jaipur facility and the upcoming Bhiwadi facilities are expected to act as key growth drivers in FY2027, with an expected revenue growth of 20-25% (organic growth). Any meaningful revenue contribution is expected from FY2028 with gradual ramp-up of operations. Additionally, the proposed acquisition of 65% stake in Faith Automation Systems & Tooling Private

Limited[1] is expected to strengthen the company's automation capabilities, diversify revenue streams and create synergies across manufacturing and engineering solutions businesses. No material cash outflow is envisaged from MECPL towards this acquisition.

As business has expanded, MECPL has been incurring capital expenditure (capex) towards expanding capacities (to support growth). Its capital allocation has been judicious, reflected in the company's return on capital employed (RoCE), which has remained healthy at 16-18% over the past three fiscals. To support its next phase of growth, MECPL is undertaking a sizeable debt-funded capex programme during FY2027-FY2029, largely funded through a mix of debt and internal accruals. While the substantial debt-funded investments are expected to temporarily elevate leverage levels and moderate debt protection metrics, they are expected to be durably maintained, commensurate with the existing rating. This will be supported by healthy accrual generation, phased project implementation, availability of long-tenure funding with repayment moratoriums, and the anticipated ramp-up of newly commissioned facilities. Nonetheless, timely commissioning of the new facilities and satisfactory ramp-up of operations will be monitored.

The ratings also remain constrained by MECPL's relatively moderate scale compared to larger auto-component peers. The company also remains exposed to working capital-intensive operations, and fluctuations in aluminium prices and the cyclical nature of the automotive industry. However, these risks are partially mitigated through proposed non-recurse receivables factoring facility, pass-through arrangements, operational efficiencies, diversification initiatives and increasing presence in non-automotive segments.

The Stable outlook reflects ICRA's expectations that MECPL will continue to benefit from its established customer relationships, healthy order inflows, strong operating profitability and support from Fairfax, enabling it to report a steady growth in its revenues and earnings and maintain comfortable credit metrics.

Key rating drivers and their description

Credit strengths

Financial flexibility as well as managerial and operational support from majority shareholder, Fairfax – The Fairfax Group holds a majority stake of 67% in MECPL, through its Indian investment holding company, Fairfax India Holdings Corporation. Given Fairfax's successful track record of managing diverse businesses across the globe, MECPL enjoys strong financial flexibility as well as managerial and operational support from Fairfax. MECPL continues to ensure financial prudence through best practices and strong corporate governance standards, enhanced by the support of Fairfax, along with optimisation of its working capital cycle and increased focus on positive cash flow generation. Fairfax has three nominee directors on the board of MECPL.

Extensive track record and experience of promoters in the aluminium casting business – Since commencing its commercial production in 2003, MECPL has been promoted by Mr. Shailesh Arora, who has an experience of over two decades in the aluminium die casting industry. Over the last two decades, MECPL has established strong technical capabilities in high-pressure die casting (HPDC), gravity die casting (GDC), precision machining and alloy melting, enabling it to cater to the stringent quality requirements of global automotive OEMs and Tier-I suppliers. The company currently operates six manufacturing facilities across Manesar and Jaipur with installed HPDC capacity of about 43,455 MTPA, GDC capacity of around 1,956 MTPA and backward-integrated alloy melting capacity of approximately 56,532 MTPA. The operational expertise of the promoters has enabled MECPL to consistently expand its product portfolio, deepen customer relationships, enter export markets, and successfully execute multiple capacity expansion projects while maintaining healthy profitability and operational performance. The company's strong technical know-how and manufacturing expertise are further reflected in its ability to remain a single-source supplier for several critical components and secure repeat business from leading customers.

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[1]Faith Automation Systems & Tooling Private Limited is a leading turnkey solution provider specializing in BIW (Body-in-White) body shop welding line projects, working with global giants, and designing and delivering superior automotive welding line solutions.

Established relationships and healthy share of business with customers – MECPL has developed long relationships with a diversified customer base comprising leading domestic and global OEMs and Tier-I suppliers. The company has maintained relationships exceeding 15 years with several of its key customers, supported by its strong manufacturing infrastructure, precision engineering capabilities, diversified product offerings and consistent product quality. These factors have enabled MECPL to maintain a healthy share of business across its customer base. The company is also the sole Indian supplier of certain aluminium die-cast components to major global electric passenger vehicle OEM, highlighting its technological capabilities and customer stickiness. Customer concentration remains moderate, with no single customer contributing more than about 10-12% of total revenues in FY2026 and the top ten customers accounting for around 74% of sales. Furthermore, MECPL has successfully diversified its customer profile through increasing penetration in the electric vehicle (EV) ecosystem and non-automotive applications. The company has recently secured orders and nominations from global customers, which are expected to support healthy revenue growth and business diversification over the medium term.

Geographical diversification, given its presence in both domestic and export markets – MECPL benefits from a well-diversified geographical revenue profile, with a balanced presence across domestic and export markets, which reduces its dependence on any single geography and lends resilience to its business profile. Despite lower-than-expected offtake from one of the global electric passenger vehicle OEM in FY2026, owing to weaker demand conditions in the US market, the company reported healthy revenue growth, supported by robust domestic demand driven by favourable GST-related measures, increasing localisation and premiumisation trends in the automotive sector, as well as steady business traction across other export markets. The company derives revenues from a diversified customer base across India, North America, Europe and Asia, with exports accounting for ~51% of revenues in FY2026. The remaining is generated from the domestic market, thereby providing stability against region-specific demand fluctuations. Going forward, MECPL's geographical diversification is expected to strengthen further, supported by the ramp-up of export-oriented capacities, increasing wallet share with existing customers, addition of new global customers, and continued expansion across both domestic and international markets.

Credit challenges

Moderate scale of operations relative to the auto component industry – Despite reporting healthy CAGR of ~25% for past five fiscals ending FY2026, MECPL's scale of operations remains relatively moderate. Going forward, with Rs. 180 crore of revenue reported in 2M FY2027, the company is expected to witness a 20-25% revenue growth (organic growth) in FY2027, supported by commercialisation of Jaipur plant and revenue generation from aluminium extrusion. The company is undertaking a sizeable capacity expansion and technology diversification programme across aluminium extrusion, higher-tonnage HPDC, LPDC and CPC segments, which is expected to support a significant increase in scale, customer diversification and revenue generation over the medium term. However, any delays in project implementation, slower-than-expected customer offtake or ramp-up could exert pressure on the company's return metrics and the same shall remain a key monitorable.

Sizeable debt-funded capex to increase leverage levels over the medium term – MECPL is undertaking a sizeable capex during FY2027-FY2029 towards expansion of existing capacities and diversification into new manufacturing capabilities, including aluminium extrusion, higher-tonnage HPDC (1,600-2,500 tonnes), LPDC and CPC technologies, as well as export-oriented manufacturing facilities. These investments are expected to significantly enhance the company's manufacturing capabilities, increase its addressable market and support revenue diversification through entry into higher-value and technologically advanced products. While the capex is expected to strengthen MECPL's business profile and growth prospects over the long term, it is likely to result in elevated debt levels and moderation in leverage indicators during the project implementation phase. However higher expected cash flow generation and elongated repayment tenure (moratorium period of ~2 years) of the new term loans availed for funding the proposed capex is expected to lead to comfortable debt coverage metrics, with estimated DSCR above 2 times between FY2027 and FY2029.

High working capital intensity – MECPL's operations remain working capital intensive, primarily driven by the relatively high inventory requirements associated with its integrated manufacturing operations, diversified product portfolio, multiple manufacturing facilities and ongoing capacity expansion. The inventory levels are expected to remain elevated over the near to medium term as the company ramps up newly commissioned facilities and builds inventory to support higher operational scale and anticipated growth in business volumes. Nevertheless, liquidity support is expected from the expected sanctioning of non-recourse accounts receivable factoring facility, which is expected to accelerate receivables realisation, improve cash conversion and reduce dependence on conventional working capital borrowings to an extent as operations scale up.

Exposed to raw material price volatility and cyclicality inherent in the automotive sector – MECPL remains exposed to fluctuations in aluminium prices, which constitute a significant portion of its raw material costs. However, the impact of raw material price volatility is mitigated to a large extent through pass-through arrangements with customers. Additionally, the company's backward-integrated alloy melting operations, strong operational controls and focus on cost efficiencies provide further cushion against raw material cost fluctuations. Further, given that a substantial portion of MECPL's revenues is derived from the automotive sector, particularly the passenger vehicle segment, its performance remains susceptible to demand cyclicality inherent in the industry. However, increasing diversification into non-automotive applications, exports, EV-related components and new customer segments is expected to partially mitigate this risk over the medium term.

Liquidity position: Adequate

MECPL's liquidity position is adequate, supported by unencumbered cash/bank balances of ~Rs. 14 crore and undrawn working capital limits of ~Rs. 50 crore as on March 31, 2026. The company has debt repayment obligations of Rs. 40-80 crore p.a. over FY2027-FY2029, which can be comfortably serviced through its steady internal accrual generation. However, MECPL has plans of incurring sizeable debt-funded capex over the medium term, which is expected to elevate the leverage levels and increase debt repayment obligations. However, steady internal accrual generation, capitalisation of interest costs in the initial years and moratorium of two years on the debt repayments are expected to result in comfortable debt coverage metrics over the near-to-medium term.

Rating sensitivities

Positive factors – ICRA could upgrade MECPL's ratings, if the company reports healthy revenue growth and internal accrual generation aided by timely commercialisation and ramp up of new facilities, thus strengthening its financial profile. A specific credit metric that could result in an upgrade is if Total Debt/OPBDITA is less than 1.5 times, on a sustained basis.

Negative factors – Pressure on MECPL's ratings could arise if a considerable decline in cash flow from operations or higher-than-anticipated debt-funded capex, result in weakening of the company's credit metrics and liquidity position. Specific credit metrics that could lead to ratings downgrade include DSCR below 2.0 times on a sustained basis. The weakening of financial flexibility, which the company enjoys from Fairfax, may also result in a downgrade of 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 MECPL. As on March 31, 2026, the company had four subsidiaries, which are enlisted in Annexure II.

About the company

MECPL manufactures aluminium alloy, precision HPDC and gravity die castings (GDC) components, which find application in automotive and non-automotive industries. The company's commercial production started in 2003. It has been promoted by Mr. Shailesh Arora, who currently holds a 33% stake with a majority (67%) stake held by Fairfax India (a part of the Fairfax Financial Holdings Group).

Fairfax India had acquired a 51% stake in MECPL in November 2021, which was subsequently increased to 67% in September 2022. MECPL operates from its manufacturing units in Manesar (Haryana) and Jaipur (Rajasthan).

Key financial indicators (audited)

MECPL – Consolidated	FY2025	FY2026
Operating income	861.4	1,007.0
PAT	69.1	91.3
OPBDIT/OI	21.2%	21.1%
PAT/OI	8.0%	9.1%
Total outside liabilities/Tangible net worth (times)	1.3	1.5
Total debt/OPBDIT (times)	2.3	3.1
Interest coverage (times)	6.2	7.4

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

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Current rating (FY2027)			Chronology of rating history for the past 3 years					
	FY2027			FY2026		FY2025		FY2024	
Instrument	**Type**	**Amount rated (Rs crore)**	**July 29, 2026**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**
Fund-based-Cash credit	Long-term	271.40	[ICRA]A+ (Stable)	May 12, 2025	[ICRA]A+ (Stable)	Apr 05, 2024	[ICRA]A+ (Stable)	-	-
				Sep 19, 2025	[ICRA]A+ (Stable)	-	-	-	-
Unallocated limits-	Long-term/ short-term	5.00	[ICRA]A+ (Stable)/ [ICRA]A1	May 12, 2025	[ICRA]A+ (Stable)/ [ICRA]A1	Apr 05, 2024	[ICRA]A+ (Stable)/ [ICRA]A1	-	-
				Sep 19, 2025	[ICRA]A+ (Stable)/ [ICRA]A1	-	-	-	-
Fund-based-Term loan	Long-term	620.92	[ICRA]A+ (Stable)	May 12, 2025	[ICRA]A+ (Stable)	Apr 05, 2024	[ICRA]A+ (Stable)	-	-
				Sep 19, 2025	[ICRA]A+ (Stable)	-	-	-	-

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
Long-term/ Short-term – Unallocated	NA

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	Financial Sector Regulator#
NA	**Long-term – Fund-based limits – Term loan**	FY2022-FY2026	6.50-9.00%	FY2027-FY2033	620.92	[ICRA]A+ (Stable)	RBI
NA	**Long-term – Fund-based limits – Cash Credit**	NA	NA	NA	271.40	[ICRA]A+ (Stable)	RBI
NA	**Long-term/ Short-term - Unallocated**	NA	NA	NA	5.00	[ICRA]A+ (Stable)/ [ICRA]A1	RBI

Source: Company

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

Annexure II: List of entities considered for consolidated analysis

Company name	ownership	Consolidation approach
Maxop Synergies Private Limited	100.00%	Full Consolidation
Maxop Engineering USA Inc.	100.00%	Full Consolidation
Maxop Extrusion Private Limited	100.00%	Full Consolidation
Maxop Aluminium Private Limited	100.00%	Full Consolidation

Source: Company

ANALYST CONTACTS

Jitin Makkar
+91 124 4545368
jitinm@icraindia.com

Kinjal Shah
+91 22 6114 3442
kinjal.shah@icraindia.com

Deepak Jotwani
+91 124 4545328
deepak.jotwani@icraindia.com

Chaya Walia
+91 124 4545 394
chaya.walia@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

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ICRA Limited

Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45

Branches