

November 15, 2023

Maini Precision Products Limited: Placed on rating 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	74.00	74.00	[ICRA]A-; Placed on Rating watch with Developing implication
Long term / Short term – Fund based/non-fund-based – Working capital – Others	241.00	241.00	[ICRA]A-/ [ICRA]A2+; Placed on Rating watch with Developing implication
Total	315.00	315.00	

*Instrument details are provided in Annexure I

Rationale

Material Event

On November 03, 2023, Raymond Limited announced that the Raymond group would be acquiring a majority stake of 59.25% in Maini Precision Products Limited (MPPL/the company) and that it would subsequently consolidate its existing engineering businesses along with MPPL under a new entity. This transaction is expected to provide exit to all existing investors in MPPL apart from the promoters of MPPL.

In the first phase of the transaction, Ring Plus Aqua Limited (a Step-down Subsidiary of Raymond Limited), a wholly-owned subsidiary of JK Files and Engineering (which in turn is a wholly-owned subsidiary of Raymond Limited) will acquire 59.25% stake in MPPL and 40.75% stake will remain with MPPL's promoters.

Under the second phase of the transaction, Raymond Limited will consolidate JK Files and Engineering Limited, Ring Plus Aqua Limited, and MPPL into a New Co and Raymond Limited will own 66.3% stake in in the New Co, 5.20% stake will be held by Ring Plus Aqua Limited and 28.5% of stake will be held by Promoter Group of Maini Precision Products Limited (MPPL).

ICRA notes that both the phases of the aforementioned transaction are subject to various regulatory approvals.

ICRA has currently placed the company's ratings on watch with developing implications based on the above development. ICRA will continue to monitor developments regarding the aforesaid transaction and will take appropriate rating action as required.

Please refer to the following link for the previous detailed rationale that captures Key rating drivers and their description, Liquidity position, Rating sensitivities: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology ICRA's Rating methodology for Auto Component Suppliers

Analytical Approach	Comments
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 presently handled by second-generation promoters. MPPL is a process capability company with a focus on precision machining and related processes like heat treatment, sheet metal work, forming, etc. It mainly supplies machined components to the automotive and aerospace industries. It has 11 plants in Bengaluru and its facilities are approved by large auto and aerospace customers. MPPL operates as a Tier-2 supplier for majority of its customers. Its manufactured products are mainly used in engines (fuel injection, cylinder, cylinder head, crank-shaft assembly, power train, etc).

Key financial indicators

MPPL Standalone	FY2022	FY2023
Operating income (Rs. crore)	625.8	749.4
PAT (Rs. crore)	-18.3	108.2
OPBDITA/OI (%)	12.3%	12.9%
PAT/OI (%)	-2.9%	14.4%
Total outside liabilities/Tangible net worth (times)	-18.6	10.1
Total debt/OPBDITA (times)	7.5	5.2
Net debt excluding CCPS/OPBDITA (times)	3.9	3.3
Interest coverage (times)	3.6	4.1

PAT: Profit after Tax; OPBDITA: Operating Profit before Depreciation, Interest, Taxes and Amortisation; All Amounts as per ICRA calculations

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current rating (FY2024)			Chronology of rating history For the past 3 years			
		Amount Rated (Rs. crore)	Amount outstanding as of Dec 31, 2022 (Rs. crore)	Date & Rating in FY2024	Date & Rating in FY2023	Date & Rating in FY2022	Date & Rating in FY2021	
				Nov 15, 2023	Feb 13, 2023	Dec 07, 2021	Dec 28, 2020	
1	Fund based - Term Loan	Long-term	74.00	74.00	[ICRA]A-; On Rating Watch with Developing Implications	[ICRA]A- (Stable)	[ICRA]A- (Stable)	[ICRA]A (Negative)
2	Fund based/Non fund based – Working Capital – Others	Long- term/ Short- term	241.00	-	[ICRA]A-/ [ICRA]A2+; On Rating Watch with Developing Implications	[ICRA]A- (Stable)/ [ICRA]A2+	[ICRA]A- (Stable)/ [ICRA]A2+	[ICRA]A (Negative)/ [ICRA]A1

Amount in Rs. Crore

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	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 No	Instrument Name	Date of Issuance	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Long term – Fund based - Term Loan	FY2018/FY2022	~8-8.25%	FY2026	74.00	[ICRA]A-; On Rating Watch with Developing Implications
NA	Long term / Short term – Fund based/non-fund-based – Working capital – Others	NA	NA	NA	241.00	[ICRA]A-/ [ICRA]A2+; On Rating Watch with Developing Implications

Source: Company; Note: Amounts in Rs. crore

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

ANALYST CONTACTS

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Shamsher Dewan

+91 124 4545 5328

shamsherd@icraindia.com

Mythri Macherla

+91 22 6114 3435

mythri.macherla@icraindia.com

Kinjal Shah

+91 22 6114 3442

kinjal.shah@icraindia.com

Akshit Goel

+91 80 4332 6416

Akshit.goel@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

About ICRA Limited:

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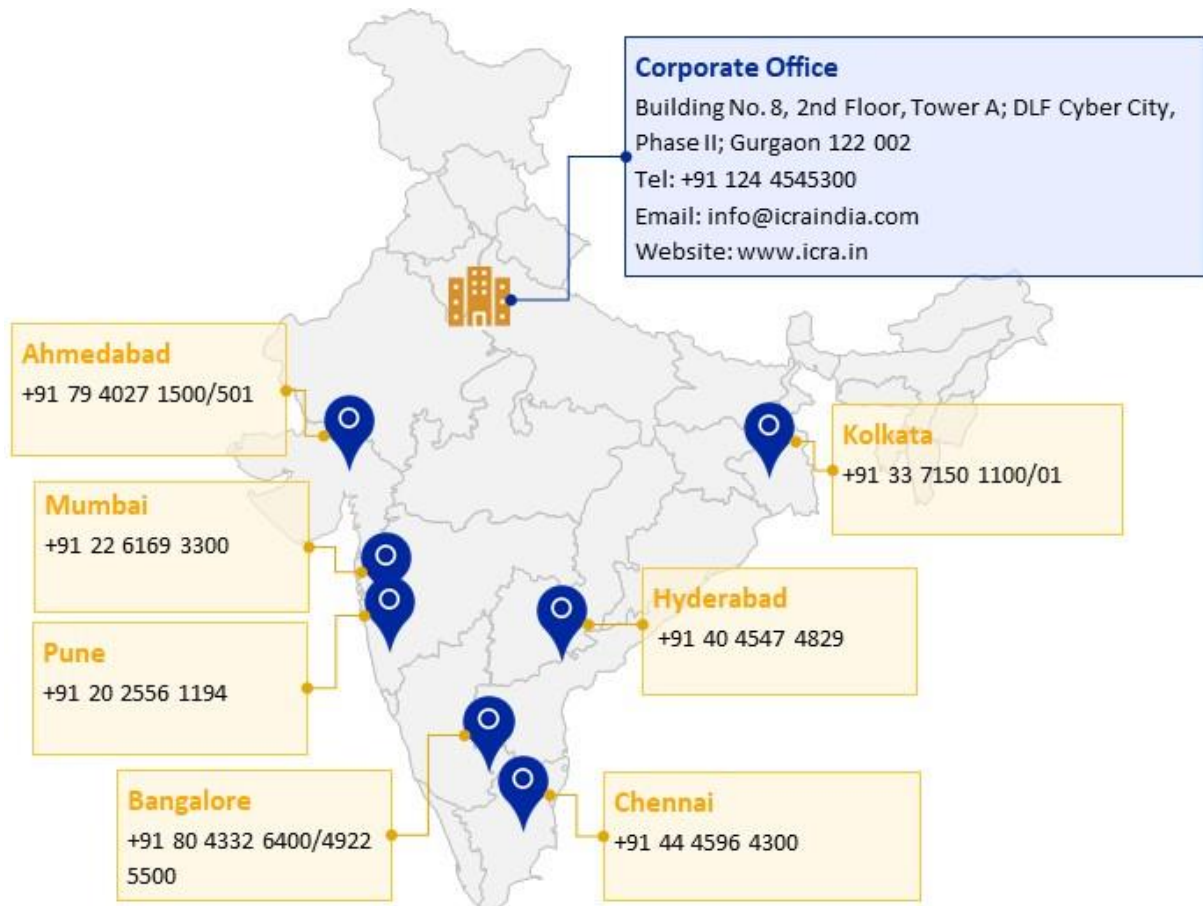
Registered Office

B-710, Statesman House, 148, Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



Branches



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