Rico Jinfei Wheels Limited (Revised)

November 28, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term Bank Facilities	65.30 (Reduced from 78.01)	CARE BBB+; Stable	Reaffirmed
Long Term / Short Term Bank Facilities	24.61 (Enhanced from 11.90)	CARE BBB+; Stable / CARE A2	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The ratings assigned to the bank facilities of Rico Jinfei Wheels Limited (RJWL) derive strength from its strong parentage (being a 96.31% subsidiary of Rico Auto Industries Limited (RAIL)) where the company benefits from group synergies in the form of common business relationships, Rico group's brand identity and centralized finance, marketing and procurement functions and operational support. Moreover, the company has leveraged RAIL's longstanding relationship with Hero MotoCorp Limited, which contributed significantly to RJWL's top line in FY25 (FY refers to April 01 to March 31). Further, the ratings factor in improved credit risk profile of RJWL post the completion of merger with Rico Fluidtronics Limited from July 01, 2025, with the appointed date as April 01, 2023. RFL was a wholly owned subsidiary of Rico Auto Industries Limited and engaged in manufacturing of oil and water pumps for the automotive industry. The ratings, however, continue to remain constrained by the company's moderate financial risk profile as reflected by highly leveraged capital structure though the same improved post-merger, low bargaining power leading to susceptibility to profitability margins from volatile raw material prices and the cyclical nature of the auto industry.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increase in scale of operations with PBILDT margin above 12% on sustained basis.
- Improvement in capital structure thereby leading to overall gearing below 1.00x.

Negative factors

- Any deterioration in credit risk profile of Rico Auto Industries Limited.
- Decline in scale of operations with PBILDT margin below 8% on a sustained basis.

Analytical approach: Standalone, after factoring linkages with the parent i.e. Rico Auto Industries Limited

Outlook: Stable

CARE Ratings Limited (CareEdge Ratings) expects that the group will continue to benefit from the experience of its promoters and register improvement in its operational performance in the near-to-medium-term.

Detailed description of key rating drivers:

Key strengths

Strong Parentage

RAIL is the flagship company of the RICO group and is engaged in the business of manufacturing over 500 aluminium and ferrous-based automotive components in India. Arvind Kapur, Chairman, Chief Executive Officer (CEO) and Managing Director, RAIL, is a graduate from Harvard Business School and has over four decades of experience in the automotive industry. The group has established relationships with leading auto manufacturers and original equipment manufacturers (OEMs) such as Hero MotoCorp Limited, Maruti Suzuki India Limited, BMW, Renault and Toyota. Moreover, RAIL has a track record of supporting Rico Jinfei Wheels Limited through infusion of unsecured loans over the years. RAIL (on a consolidated basis) reported total operating income of ₹2,214.11 crore in FY25 (FY refers to April 01 to March 31) (PY: ₹2,163.37 crore), thereby reporting y-o-y growth of ~2%. However, the profit before interest, lease rentals, depreciation and taxation (PBILDT) margin moderated by 154 bps and stood at

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

8.90% in FY25 (PY: 10.44%) owing to continuous compression in exports whereby the company sold high-margin components which were substituted with lower-margin domestic sales. The profit after tax (PAT) margin moderated slightly by 84 bps and stood at 0.97% in FY25 (PY: 1.81%) owing to a decline in non-operating income, which included a loss on the sale of fixed assets. However, the group expects recovery in operating margins in the current year backed by effective churning in component mix and efficiency improvement through automation in processes.

Reputed customer base

RJWL is the major supplier of alloy wheels to Bajaj Auto Limited and Hero MotoCorp Limited, and after merging with Rico Fluidtronics Limited, has also become a major supplier of oil and water pumps to Maruti Suzuki India Limited and Renault. These four customers contributed ~94% to the total operating income in FY25 (PY: ~88%). Hero MotoCorp Limited was added as a new customer for RJWL in FY21 (FY refers to April 01 to March 31) as it is one of the major clients for Rico Auto Industries Limited (the ultimate holding company of the group) and its share has increased from 25% of total sales in FY21 to ~61% of total sales in FY25. Though there is customer concentration risk, it is mitigated to an extent as these players enjoy a significant market position in the automobile industry.

Improved credit profile following Rico Fluidtronics Merger

As of March 31, 2023, Rico Fluidtronics Limited (a subsidiary of Rico Auto Industries) held a 19.36% stake in Rico Jinfei Wheels Limited. Pursuant to the NCLT Chandigarh order dated July 1, 2025, the approved amalgamation scheme made the merger effective from July 1, 2025, with an appointed date of April 1, 2023. Consequently, Rico Fluidtronics was dissolved without winding up, and its oil and water pump manufacturing business was transferred to Rico Jinfei Wheels Limited.

Owing to the above, the scale of Rico Jinfei Wheels Limited has increased from Rs.300.67 crore in FY23 on a standalone basis to Rs.643.24 crore in FY25 (PY: Rs.532.65 crore). The improvement in scale during FY25 by ~21% has been primarily owing to higher volumes sold, particularly for Hero Moto Corp Limited.

The operating margins, though improved post-merger continue to remain moderate at 8.69% in FY25 (PY: 9.66%) as the price settlements long due from Hero Moto Corp Limited have been done in Q3/Q4 and will have prospective effect FY26 onwards.

H1FY26 (refers to the period from April 01 to Sep 30) performance: The company reported total operating income of Rs.328.09 crore. The operating margin stood at 10.13% in H1FY26 whereby the improvement has been primarily on account of the various process improvement measures undertaken by the company including transition from gas-fired tower furnaces to electric furnaces, introduction of a modular cell-concept & automation through robotic pouring.

Key weaknesses

Moderate financial risk profile though improved post-merger

The company's overall gearing ratio improved , from 11.24x as on March 31, 2023 to 2.45x as on March 31, 2025 (PY: 2.29x as on March 31, 2024), though continues to remain leveraged. Debt coverage indicators also strengthened, with the interest coverage ratio (PBIDLT/Interest) rising to 4.26x and 3.89x as on March 31, 2024 and March 31, 2025 respectively, compared to 1.59x as on March 31, 2023. Similarly, total debt to GCA improved to 3.95x and 4.81x for FY24 and FY25, against 13.89x in FY23. While these improvements reflect a significant enhancement in the financial risk profile post-merger with RFL, the profile continues to remain moderate considering relatively lower net-worth base of Rs.56.58 crore and modest profitability.

Susceptibility of profitability margins to volatile raw material prices

Aluminium is the key raw material used for manufacturing of alloy wheels. RJWL mainly procures its raw material from domestic market, thereby reducing the lead time for delivery. Some of the major suppliers of the company include Bharat Aluminium Company Limited, Hydro Aluminium Asia Pte Limited and GAIL India Limited with whom it enjoys credit period ranging between 45 to 90 days. The demand for metals, especially aluminium, is cyclical, the prices of which are driven by demand and supply conditions prevalent in the market coupled with strong linkage with the global LME-driven prices. The company has a mechanism wherein any revision in the raw material prices is reset by the OEMs based on last billing and change in prices is accommodated with a lag of one quarter. Major raw material of the company is aluminium, price of which is very volatile in nature.

Cyclical nature of auto industry

The automobile industry is highly cyclical in nature and automotive component suppliers' sales are directly linked to sales of auto OEMs. Furthermore, the auto-ancillary industry is highly competitive with the presence of a large number of players in the organized as well as unorganized sector. While the organized segment majorly caters to the OEM segment, the unorganized segment mainly caters to the replacement market and to tier II and III suppliers

Liquidity: Adequate

The liquidity position of the company is adequate as reflected by projected gross cash accruals to the tune of Rs.52.50 crore in FY26 against scheduled term loan repayments of Rs.22.15 crore. Further, the average utilization of the working capital borrowings

of RJWL stood moderate at ~56% for the trailing 12 months ended September 30, 2025. The company is planning to incur routine capex of ~Rs. 5.00 crore in FY26, which is expected to be incurred from internal accruals.

Applicable criteria

Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Auto Components & Equipments
Short Term Instruments
Notching by factoring linkages in Ratings

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Automobile and Auto Components	Auto Components	Auto Components & Equipments

Rico Jinfei Wheels Limited (RJWL), incorporated in 2007, is a joint venture of Rico Auto Industries Limited (96.31% stake as on March 31, 2025) and Jinfei Holding Group (2.24%). Pursuant to the NCLT order dated July 1, 2025, Rico Fluidtronics Limited (earlier holding 19.36% in RJWL) was merged into RJWL with an appointed date of April 1, 2023, transferring its oil and water pump business to RJWL; the merger does not impact the consolidated analysis of the parent entity. RJWL manufactures alloy wheel rims for leading 2-W OEMs such as Bajaj Auto and Hero MotoCorp, and post-merger, also produces oil and water pumps for customers like Maruti Suzuki, with installed capacities of 12.75 lakh MTPA and 33.54 lakh MTPA respectively. Its manufacturing facilities are located in Gurugram, Haryana, with alloy wheel capacity of 3 million pieces annually, while pump operations from Dharuhera are being relocated to Gurugram for operational synergies.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	H1FY26 (UA)
Total operating income	532.65	643.24	328.09
PBILDT	51.44	55.91	33.25
PAT	19.77	15.22	NA
Overall gearing (times)	2.29	2.45	NA
Interest coverage (times)	4.26	3.89	5.55

A: Audited UA: Unaudited; Note: these are latest available financial results; NA: Not Available

Status of non-cooperation with previous CRA: NA
Any other information: NA
Rating history for last three years: Annexure-2
Detailed explanation of covenants of rated instrument / facility: Annexure-3
Complexity level of instruments rated: Annexure-4
Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan		-	-	September, 2029	65.30	CARE BBB+; Stable
Fund-based - LT/ ST-Working Capital Limits		-	-	-	24.61	CARE BBB+; Stable / CARE A2

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT/ ST-Working Capital Limits	LT/ST	-	-	-	-	-	1)Withdrawn (28-Mar-23)
2	Non-fund-based - ST-BG/LC	ST	-	-	-	-	-	1)Withdrawn (28-Mar-23)
3	Fund-based - LT-Term Loan	LT	-	-	-	-	-	1)Withdrawn (28-Mar-23)
4	Fund-based - LT/ ST-Working Capital Limits	LT/ST	24.61	CARE BBB+; Stable / CARE A2	-	1)CARE BBB+; Stable / CARE A2 (03-Jan-25) 2)CARE BBB+; Stable (17-Apr-24)	-	-
5	Fund-based - LT-Term Loan	LT	65.30	CARE BBB+; Stable	-	1)CARE BBB+; Stable (03-Jan-25) 2)CARE BBB+; Stable (17-Apr-24)	-	-

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: NA

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based - LT/ ST-Working Capital Limits	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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