September 30, 2025 (Revised)

Mungi Metalcraft LLP: Ratings reaffirmed

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term – Fund-based – Term Loan	124.81	55.74	[ICRA]A- (Stable); reaffirmed
Long-term/Short-term – Fund-based – Working Capital Facilities	55.00	55.00	[ICRA]A- (Stable)/[ICRA]A2+; reaffirmed
Short-term – Non-fund Based Facilities	1.00	9.00	[ICRA]A2+; reaffirmed
Total	**180.81**	**119.74**	

**Instrument details are provided in Annexure-I*

Rationale

While arriving at the ratings, ICRA has taken a consolidated view of Mungi Engineers Private Limited (MEPL) and its Group company, Mungi Metalcraft LLP (MMLLP), together referred to as the company/the Group. The entities have close operational, management and financial linkages as they operate in the auto components business, share common management and close financial ties with MEPL holding a 40% stake in MMLLP. Additionally, MEPL has also provided a corporate guarantee for the bank debt availed by MMLLP.

The rating action reflects the Group's established operational track record and the extensive experience of its promoters in the domestic auto component industry. Its long relationships with leading original equipment manufacturers (OEMs), including Mahindra & Mahindra Ltd. (M&M) and Tata Motors Ltd. (TML), have supported healthy growth momentum over the years. The Group's revenues have increased at a compounded annual growth rate (CAGR) of 23% over FY2021-FY2025, driven by increasing volumes, capacity expansions, and a strong share of business (SOB) with key customers. Despite some moderation in revenue due to softening steel prices and heightened competitive pressures, the Group has maintained stable operating profitability at approximately 8% in FY2025. This has been supported by its margin-accretive tooling segment, cost rationalisation initiatives, and the presence of a pass-through mechanism for raw material price fluctuations. The company is estimated to report revenue growth of about 18% in FY2026, driven by healthy volumes, increasing content per vehicle and addition of new customers.

Historically, the Group's manufacturing operations have been concentrated in Maharashtra. However, it is currently in the process of establishing a new facility in Haridwar, which is expected to be commissioned over the next few quarters and will cater to a key client, M&M. The anticipated increase in volumes from major customers, along with ongoing capacity expansion, are expected to support the Group's scale and earnings trajectory. Given the capital-intensive nature of its operations, which involve regular debt-funded capital expenditure, sustaining growth momentum and ensuring a timely ramp-up of new capacities will be critical to meeting near-term debt obligations. These factors will remain key monitorable. ICRA also notes that MEPL has extended corporate guarantees to certain related parties. However, any crystallisation of these contingent liabilities and their impact on the Group's liquidity position will remain a key rating sensitivity.

The ratings are, however, constrained by the high competitive intensity and limited value addition inherent in the sheet metal business, which restricts pricing flexibility and has resulted in moderate operating margins over the years. The Group also faces high customer concentration risk, with its top two customers accounting for approximately 70% of revenues in recent fiscal years. Additionally, it remains exposed to the cyclicality of the automotive industry, particularly the passenger vehicle (PV) and commercial vehicle (CV) segments. Nevertheless, the Group's established relationships and healthy SOB with leading OEMs provide some mitigation against these risks.

The Stable outlook on the rating reflects ICRA's opinion that the Group will continue to benefit from its established relationships with its key customers with a healthy SOB, along with sustenance of its operating profitability.

Key rating drivers and their description

Credit strengths

Established operational track record of the Group and extensive experience of the promoters in the auto ancillary industry – The Group has an established operational track record in the domestic auto ancillary industry, supported by a strong manufacturing set-up, healthy clientele of leading domestic OEMs and qualified management. The company is being promoted by Mr. Vivek Mungi and family, who has an extensive experience of more than four decades in the industry, supporting the Group's growth momentum over the years.

Established relationships with key OEMs; healthy SOB in most components supplied – The company enjoys established relationships with a reputed client base of leading automotive OEMs of the domestic market, such as M&M and TML, who also drive a sizeable part of its revenues. The Group has a healthy SOB with M&M (33%) and TML (50%) and an established presence in most of the OEMs' product offerings in the PV and CV segments. The Group is a key supplier for many of the OEMs' upcoming models, also a testimony to their strong relationships.

Diversified revenue profile aided by presence across various segments – The Group enjoys a diversified business profile across multiple automotive segments such as CV, PV, construction equipment (CE), three-wheelers, farm division, public transport and electric vehicles. The PV segment (including utility vehicles) drove 58% of its revenues in FY2025, followed by the CV at 18%, farm division at 5% and electric vehicles (battery trays) at 2%, thereby lending diversity to its revenue stream. The Group had also diversified its business toward heavy fabrication for non-auto sectors, such as construction and windmills.

Credit challenges

Moderate profit margins due to limited value addition in sheet metal product and competitive intensity – The major portion of the Group's revenue is derived from the manufacturing of sheet metal components, which has limited value addition. Moreover, high competitive intensity of the business in the domestic market had led to limited bargaining power with its customers. This has resulted in moderate profitability of 7-8% over the years. The Group has, however, diversified its product profile by adding new higher value-added products, along with some variable cost savings, which has resulted in an improvement of its operating profit margins in the past two fiscals.

High customer concentration risk with business operations vulnerable to the performance of principal OEMs – The Group faces high client concentration risk with its top two customers, M&M and TML, accounting for 56% and 14% of total revenues in FY2025, respectively. The business performance is, thus, vulnerable to the performance and market share of these OEMs. However, the healthy SOB and strong relations with these clients mitigate this risk to an extent. Additionally, the management remains focused on enhancing customer diversification and supplies for electric vehicles, owing to which reliance on the top customer is expected to reduce to some extent over the medium term.

Exposed to cyclicality inherent in the automotive industry – The Group derives a majority of its revenue from the auto sector, mainly from PVs and CVs, thereby exposing its revenues to the demand cyclicality inherent in the auto industry. The Group has started to diversify into sectors other than automotive, such as construction equipment and windmills for its heavy fabrication business, which limits this risk to an extent. The revenues from the non-auto sector, however, remain minimal at present.

Liquidity position: Adequate

The Group's liquidity position is **adequate**, supported by cash and equivalent balance of Rs. 5-7 crore, and undrawn working capital limits of Rs. 15-20 crore as of August 2025. The company has capex plans of Rs. 160-170 crore over FY2026, which are expected to be funded by term loans of Rs. 130-140 crore, and the balance by internal accruals. Although the long-term debt repayment obligations remain relatively high (Rs. 80-90 crore p.a.) over the next two fiscals, the Group's cash flows are expected to remain adequate for servicing the same.

Rating sensitivities

Positive factors – ICRA may upgrade the ratings if the Group demonstrates steady accrual generation, while maintaining its debt protection metrics and improving its liquidity position on a sustained basis. Specific credit metrics that could lead to a ratings upgrade is Total Debt/OPBITDA of less than 2.0 times on a sustained basis.

Negative factors – Pressure on the Group's ratings could arise in case of a sharp deterioration in its credit profile and liquidity position due to factors including pressures on revenue and accrual generation, stretch in the working capital cycle and any material delays in receipt of incentives. A specific credit metric that could lead to a ratings downgrade is if DSCR is below 1.4 times on a sustained basis.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Rating Methodology for Auto Components
Parent/Group support	Not applicable
Consolidation/Standalone	The ratings are based on the consolidated financials of MEPL and MMLLP. The details of consolidation are provided in Annexure II.

About the company

MEPL, the flagship company of the Mungi Group, was incorporated in 2004 and commenced commercial operations in 2006, with its first manufacturing facility at Nashik (Maharashtra). The entity is being promoted by Mr. Vivek Mungi and his family. The company is involved in the manufacturing of sheet metal components, assemblies, and aggregates, with a diverse product profile of door assemblies, floor assemblies, axle tubes and banjo beam assemblies, which it supplies to OEMs such as M&M and TML. At present, the company has manufacturing facilities at Nashik (Maharashtra), Zaheerabad (Telangana) and Chakan (Maharashtra).

MMLLP was incorporated in June 2016 (operational from June 2019) as a limited liability partnership, wherein MEPL holds a 40% stake, and the balance is held by the Mungi family. MMLLP is engaged in heavy fabrication and paint shop activities for key customers of the Group.

Key financial indicators (audited)

Mungi Group - Consolidated	FY2024	FY2025*
Operating income	2137.8	1947.6
PAT	61.9	41.8
OPBDITA/OI	8.3%	8.6%
PAT/OI	2.9%	2.1%
Total outside liabilities/Tangible net worth (times)	2.4	2.2
Total debt/OPBDITA (times)	2.7	3.1
Interest coverage (times)	4.4	3.7

*Source: Company, ICRA Research; *Provisional financials; All ratios as per ICRA's calculations; Amount in Rs. Crore; PAT: Profit after tax; OPBDITA: 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

	Instrument	Current rating (FY2026)			Chronology of rating history for the past 3 years					
					FY2025		FY2024		FY2023	
		Type	Amount rated (Rs. crore)	Sep 30, 2025	Date	Rating	Date	Rating	Date	Rating
1	Term Loan	Long-term	55.74	[ICRA]A-(Stable)	Jun 21, 2024	[ICRA]A-(Stable)	Feb 02, 2024	[ICRA]BBB+ (Positive)	Dec 19, 2022	[ICRA]BBB+ (Stable)
2	Fund-based – Working capital facilities	Long-term/ Short-term	55.00	[ICRA]A-(Stable)/ [ICRA]A2+	Jun 21, 2024	[ICRA]A-(Stable)/ [ICRA]A2+	Feb 02, 2024	[ICRA]BBB+ (Positive)/ [ICRA]A2	Dec 19, 2022	[ICRA]BBB+ (Stable)/ [ICRA]A2
3	Non-fund based facilities	Short-term	9.00	[ICRA]A2+	Jun 21, 2024	[ICRA]A2+	Feb 02, 2024	[ICRA]A2	Dec 19, 2022	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term – Fund-based – Term Loan	Simple
Long-term/Short-term – Fund-based – Working Capital Facilities	Simple
Short-term – Non-fund Based Facilities	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	FY2019-FY2023	8.5%-9.0%	FY2026-FY2030	55.74	[ICRA]A- (Stable)
NA	Fund-based – Working capital facilities	NA	NA	NA	55.00	[ICRA]A- (Stable)/[ICRA]A2+
NA	Non-fund based facilities	NA	NA	NA	9.00	[ICRA]A2+

Source: Company

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

Annexure II: List of entities considered for consolidated analysis

Company Name	MMLLP Ownership	Consolidation Approach
Mungi Engineers Private Limited	-	Full Consolidation

Source: *Company*

Corrigendum

The Total outside liabilities/Tangible net worth (times) ratio in the KFI table on Page 3 was rectified.

ANALYST CONTACTS

Jitin Makkar
+91 124 4545 368
jitinm@icraindia.com

Kinjal Shah
+91 022 6114 3400
kinjal.shah@icraindia.com

Deepak Jotwani
+91 124 4545 870
deepak.jotwani@icraindia.com

Charvi Sagar
+91 022 6114 3441
Charvi.sagar@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

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited

Registered Office

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

Branches

Corporate Office
Building No. 8, 2nd Floor, Tower A; DLF Cyber City, Phase II; Gurgaon 122 002
Tel: +91 124 4545300
Email: info@icraindia.com
Website: www.icra.in

Ahmedabad
+91 79 4027 1500/501

Mumbai
+91 22 6169 3300

Pune
+91 20 2556 1194

Bangalore
+91 80 4332 6400/4922 5500

Kolkata
+91 33 6521 6800

Hyderabad
+91 40 6939 6464

Chennai
+91 44 4596 4300

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.