

June 17, 2026

## HMC MM Auto Limited: Rating reaffirmed

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Short-term – Fund based / Non-fund-based limits	40.00	40.00	[ICRA]A1+ reaffirmed
<b>Total</b>	<b>40.00</b>	<b>40.00</b>	

\*Instrument details are provided in Annexure II

### Rationale

The rating reaffirmation of HMC MM Auto Limited (HMC MM) factors in the steady operational performance, aided by its strong parentage, as the company is a 60:40 joint venture (JV) between Hero MotoCorp Limited (HMCL, rated [ICRA]AAA(Stable)/[ICRA]A1+) and Marelli Europe S.p.A. (Marelli; erstwhile Magneti Marelli S.p.A.). ICRA notes the company's strategic importance to HMCL as a supplier of electronic fuel injection (EFI) systems. The company derives technical support from Marelli, a leading player in EFI systems for two-wheelers (2Ws) globally. In addition to lending significant financial flexibility to HMC MM as a parent entity, HMCL remains the company's key customer, offering steady business volumes as well as insights into technology adaptation suited to Indian conditions.

The company's financial risk profile has improved in the recent past, aided by the addition of new models, cost optimisation measures and an increased scale of operations. HMC MM has a 100% share of business for 5-7 models of HMCL and gained a partial share of business (SOB) in supplies for some additional models in the past two-three years. The company supplied about 10.1 lakh kits to HMCL, which moderated from 10.4 lakh kits supplied during FY2024, thereby marginally diluting its share of business (SoB) with HMCL. This was mainly on account of shortages of key raw material components like rare earth magnets during H1 FY2026, leading to business loss for the entity. The supply shortage abated in H2 FY2026, aiding the company in recording strong volumes from H2 FY2026 onwards. The entity is expected to sustain healthy performance in the current financial year as well, aided by expectations of steady demand.

The company remains strategically important to HMCL as the latter maintains management and operational control over it. HMC MM is expected to supply 18-20% of HMCL's EFI requirement. Therefore, with HMCL's market leadership position in the 2W industry as well as the expected improvement in demand prospects for 2Ws over the medium term, HMC MM's business prospects remain healthy. The rating also factors in HMC MM's access to financial support from both the JV partners, as evident from the periodic equity infusion into the company, which provides comfort.

The rating, however, remains constrained by customer and product concentration risks, as HMC MM derives most of its revenues from the supply of a single product to a single customer. Additionally, HMC MM will be vulnerable to product obsolescence risk over the medium to long term, given the increasing shift in customer preference from conventional 2Ws to electric 2Ws. The customer concentration risk is primarily mitigated by HMCL's dominant position in the Indian 2W motorcycle market and the original equipment manufacturers' (OEMs') need to be compliant with BS-VI emission norms with respect to their products. ICRA would continue to monitor the company's planned scale-up of production, and the same would remain critical for capex requirements for subsequent phases of localisation.

## Key rating drivers and their description

### Credit strengths

**Demonstrated operational and financial support from HMCL and Marelli** – HMC MM is a 60:40 JV between HMCL and Marelli. While parentage from Marelli helps the company in terms of technical know-how and product development (Marelli is a leading player in 2W EFI technology), HMCL's presence assures healthy revenue visibility for the company. The JV partners have supported HMC MM financially through equity infusion in the past (Rs. 25 crore received in the latest round of funding support over FY2024 and FY2025). The JV partners will continue to support HMC MM in case of any requirements for funds.

**Strategic importance to HMCL to support business growth** – HMC MM is a key supplier of EFIs to HMCL, with the latter having management control. Pursuant to the transition of the Indian 2W market to BS-VI emission norms (from April 2020), which mandates the use of EFI systems by 2Ws, HMCL's investment in HMC MM gained strategic importance. The ramp-up for BS-VI-compliant vehicles has resulted in strong revenue visibility for HMC MM (albeit the decline in scale on a YoY basis due to weak demand in the industry). Although the company's share of business in supplies of EFI to HMCL has moderated to ~16% in FY2026 (from 18% in FY2025) due to raw material shortage-led production lags, the company still enjoys healthy SoB for various key models of HMCL. In addition, HMC MM is in the process to have onboard other OEMs as well for its product line.

### Credit challenges

**Exposed to significant product and customer concentration risks** – Given its dependence on a single product (EFI systems for 2Ws) for revenues, any delay in design approvals for new 2W models or unanticipated changes in any emission regulations could adversely impact the ramp-up of HMC MM's operations. Further, the company remains dependent on favourable 2W industry demand as well as on HMCL for most of its revenues. The customer concentration risk is partially mitigated by the fact that HMCL is the principal JV partner and the market leader in the Indian 2W industry (especially the motorcycle segment).

**Vulnerable to structural transition to electric vehicles over medium-to-long term** – In recent years, the 2W industry has been witnessing a gradual shift from conventional, internal combustion-based technology towards battery-powered mobility solutions. While EFI is a critical component for conventional 2Ws, battery technology will render the same obsolete. Thus, HMC MM remains exposed to product obsolescence risk due to the ongoing structural shift in customers' preferences towards EVs over the medium-to-long term.

### Liquidity position: Adequate

HMC MM's liquidity is likely to remain adequate, supported by expected retained cash flows of about Rs. 25-30 crore per annum and a buffer in the sanctioned working capital limits (about Rs. 93.0 crore as of April 2026). The company has modest capex plans of about Rs. 10-15 crore per annum over the near term and no repayment obligations in the absence of term debt. ICRA also takes comfort from the track record of timely funding support by the JV partners to meet any funding gaps. ICRA expects HMC MM's strategic importance to HMCL and financial flexibility with its lenders (because of its strong parentage) to continue supporting its refinancing options.

### Rating sensitivities

**Positive factors** – Not applicable

**Negative factors** – Pressure on the company's rating could arise due to weakening in the credit profile of the parent company, HMCL, or an adverse change in HMC MM's ownership structure, or its reduced strategic importance to HMCL. Further, a material reduction in the scale of operations or cash flow generation and lack of timely and adequate financial support from the promoters could also trigger a rating revision.

## Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Auto Components</a>
Parent/Group support	The reaffirmed rating of HMC MM factors in the very high likelihood of its promoter entity, HMCL, extending financial support to it because of its strategic importance and close business linkages. ICRA also expects the promoter entity to be willing to extend financial support to HMC MM out of its high reputation sensitivity.
Consolidation/Standalone	Standalone

## About the company

Incorporated in November 2013, HMC MM Auto Limited is a 60:40 JV between Hero MotoCorp Limited (owning a 60% stake) and Marelli Europe S.p.A. (owning a 40% stake; erstwhile Magneti Marelli S.p.A.). The company is involved in designing, developing, and manufacturing electronic fuel injection systems, their sub-assemblies, and related components. The agreement between the two JV partners was executed on November 11, 2013, and the company commenced commercial operations from April 2016. HMC MM's product range includes EFI systems, featuring mechatronic integrated unit (MIU) systems, and state-of-the-art ride-by-wire (RBW) systems (for higher engine capacity) covering 2Ws. The company's sole plant is in Manesar, Haryana, with a manufacturing capacity of ~2.2 million units per annum (as of March 31, 2026).

### Key financial indicators (audited)

HMC MM	FY2025	FY2026
Operating income	469.0	482.4
PAT	9.9	13.6
OPBDIT/OI	8.3%	9.6%
PAT/OI	2.1%	2.8%
Total outside liabilities/Tangible net worth (times)	3.6	3.1
Total debt/OPBDIT (times)	2.3	1.6
Interest coverage (times)	3.8	6.0

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 year (FY2027)				Chronology of rating history for the past 3 years					
				FY2026		FY2025		FY2024	
Instrument	Type	Amount rated (Rs. crore)	Jun 17, 2026	Date	Rating	Date	Rating	Date	Rating
Fund/Non fund based limits	Short term	40.00	[ICRA]A1+	May 21, 2025	[ICRA]A1+	Jun 04, 2024	[ICRA]A1+	Jun 14, 2023	[ICRA]A1+

**Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10,2026**

ICRA-rated instruments fall under the regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(\*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other activities offered by ICRA fall under the regulatory purview of various FSR as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

**Disclosure:** 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 FSR other than SEBI.

## Complexity level of the rated instruments

Instrument	Complexity indicator
Fund/Non-Fund-based limits	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 II: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Fund based/ Non-fund based limits	NA	NA	NA	40.00	[ICRA]A1+

Source: Company

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

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