July 29, 2026

Munjal Auto Industries Limited: BLR Ratings reaffirmed and CP ratings reaffirmed and withdrawn

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action	Financial Sector Regulator#
Long-term - Fund based - Term loans	79.90	110.40	[ICRA]AA- (Stable); reaffirmed	RBI
Long-term - Fund based - Cash credit	30.00	50.00	[ICRA]AA- (Stable); reaffirmed	RBI
Short-term - Non-fund based limits	35.84	19.60	[ICRA]A1+; reaffirmed	RBI
Long term/Short term - Unallocated	34.26	0.00	-	RBI
Total bank loan limits	**180.00**	**180.00**		
Commercial paper	15.00	0.00	[ICRA]A1+; reaffirmed and withdrawn	RBI

**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 reaffirmation of the ratings for Munjal Auto Industries Limited (MAIL) factors in its established track record and an extensive experience of its promoters in the auto components industry, supported by its long-standing relationship with leading two wheeler (2W) Original Equipment Manufacturer (OEM), Hero MotoCorp Limited (HMCL; rated [ICRA]AAA(Stable)/[ICRA]A1+). MAIL continues to remain a key supplier of exhaust systems to HMCL, with a high share of business in the components supplied. HMCL's leadership position in the domestic two-wheeler industry supports steady demand visibility for MAIL's products, although the company remains exposed to HMCL's production plans and market share movement. HMCL retained its leadership in FY2026, though competitive intensity increased, with its domestic market share reported at around 28%.

On a standalone basis, MAIL reported healthy revenue growth in FY2026, supported by favourable momentum in the domestic two-wheeler industry, particularly from H2 FY2026 onwards driven by GST rationalisation, boosting the demand for 2W in the domestic market. Furthermore, at the consolidated level, MAIL's business profile is supported by the scale-up in its subsidiary, Indutch Composites Technology Pvt. Ltd., which provides diversification into the advanced composite-based engineering and components business, primarily for the wind energy sector. Indutch's revenue growth in FY2026 has been supported by higher business from reputed wind turbine OEMs, improved capacity utilisation and favourable demand for wind blades, moulds and allied products. The scale-up in Indutch is expected to support MAIL's consolidated revenue growth and provide diversification away from the auto component business over the medium term. The ratings also continue to factor in MAIL's comfortable liquidity position as marked by cash/cash equivalents and investments of around Rs. 128 crore and unutilised working capital limits of Rs. 30-40 crore on a consolidated basis, as of March 2026.

The ratings are, however, constrained by MAIL's high dependence on HMCL and the domestic two-wheeler industry. A significant portion of MAIL's standalone revenues continues to be derived from HMCL, primarily from exhaust system/muffler assemblies. This exposes the company to customer concentration risk, limited product diversification and cyclicality in the two-wheeler industry. To mitigate the concentration risk, the company has onboarded OEMs like Tata for components for

Passenger Vehicle (PV) segment which has witnessed a scale-up over the recent years, along with the company being able to onboard Honda Motorcycle and Scooter India Pvt. Ltd. as a customer in FY2026 as well, among others.

Furthermore, on a consolidated basis, leverage levels increased in FY2026 along with moderation in the operating profitability, resulting in Net debt/OPBITDA of 2.3x in FY2026, on the back of higher working capital borrowings at Indutch and lower standalone profitability at MAIL. While MAIL's standalone capital structure remains comfortable, consolidated credit metrics remain sensitive to Indutch's working capital cycle, driven by elongated receivable terms with some customers, higher inventory levels and long production, inspection and customer acceptance cycles, especially in the blade mould business. Improvement in the working capital cycle during the current fiscal and reduced reliance on external debt will remain key rating monitorable. The ratings also consider the long-term demand risk arising from increasing electrification in the two-wheeler industry, given MAIL's exposure to Internal Combustion Engine (ICE) linked products, particularly exhaust systems. Accordingly, MAIL's long-term business growth will hinge on its ability to enhance revenue contribution from its product portfolio beyond exhaust systems.

The Stable outlook on the long-term rating reflects ICRA's expectation that MAIL's credit profile will be supported by steady increase in revenue and earnings, along with sustenance of comfortable liquidity position.

ICRA has also withdrawn the short-term rating of [ICRA]A1+ assigned to the Commercial Paper (CP) programme of Rs. 15 Crore of Munjal Auto Industries Limited (MAIL). The rating is withdrawn in accordance with ICRA's policy on withdrawal at the request of the company, as the CP was not placed and there is no amount outstanding against the same.

Key rating drivers and their description

Credit strengths

Established track record of operations and extensive experience of the promoters in the industry – MAIL has an established operating track record in the auto components industry, supported by the long-standing experience of its promoters and management in manufacturing automotive assemblies and components. Over the years, the company has developed sizeable capabilities in exhaust systems, spoke rims, steel wheel rims, fuel tanks, Body in White (BIW) parts and other automotive components.

Long association with HMCL and its strong market share in the domestic 2W industry augurs well for MAIL – MAIL continues to benefit from its long-standing association with Hero MotoCorp Limited, for which it remains a key supplier of exhaust system components. The company enjoys a high share of business with HMCL for the components supplied, which supports steady order flow and revenue visibility. HMCL's established position in the domestic two-wheeler industry and its strong market share provide comfort to MAIL's business prospects, given the direct linkage of MAIL's standalone performance with HMCL's production volumes and demand trends.

Revenue diversification aided by business scale up in the subsidiary, Indutch – MAIL's consolidated business profile has benefited from the scale-up in its subsidiary, Indutch Composites Technology Pvt. Ltd., which provides diversification into the renewable energy components segment. Indutch's improving scale, widening customer base, established positioning in wind blade/mould manufacturing and better capacity utilisation are expected to support its revenues and earnings over the medium term. The growing contribution from Indutch partly reduces MAIL's dependence on the auto component business to an extent at the consolidated level and supports diversification of the overall credit profile.

Comfortable liquidity position – MAIL's liquidity position remains comfortable, supported by steady internal accrual generation and no significant outflow towards capex in recent years. The company has historically maintained low utilisation of its working capital limits, providing an adequate liquidity buffer. The comfortable standalone liquidity provides financial flexibility to fund routine operations, planned capex and any need-based support to subsidiaries, while maintaining a prudent capital structure.

Credit challenges

High dependence on a single customer and product segment – MAIL's standalone revenue profile remains concentrated, with a significant share of 90-95% revenues derived from supplies to HMCL, primarily in the exhaust system/muffler segment. This exposes the company's performance to HMCL's production volumes, market share movement and demand trends in the domestic two-wheeler industry. The concentration is further accentuated by the company's relatively limited contribution from other OEMs and product segments at present. The risk is partly mitigated by MAIL's long-standing relationship with HMCL, its established supplier position and HMCL's strong market position in the domestic two-wheeler industry. Further, the gradual scale-up in supplies to other OEMs and increasing contribution from Indutch at the consolidated level are expected to support diversification over the medium term.

Modest profit margins – Even though Indutch's operating margins have remained higher at 11-12% in recent years, MAIL's consolidated margins are constrained at 5-6% over this period due to lower operating margins at a standalone level. This is on account of limited pricing flexibility with key customer, given the high competitive intensity of the industry. However, some improvement in margins is expected over the medium term aided by increased revenue contribution from Indutch and diversification of the customer base at a standalone level.

Increase in leverage levels on a consolidated basis – MAIL's consolidated leverage has moderated because of higher working capital borrowings and funding requirements at Indutch, along with moderation in standalone profitability. While MAIL's standalone capital structure remains comfortable, the consolidated credit metrics remain sensitive to Indutch's working capital cycle and debt levels. Any sustained increase in borrowings at Indutch or weaker-than-expected improvement in profitability may continue to weigh on MAIL's consolidated leverage and coverage indicators. Nevertheless, ICRA expects that the improvement in earnings at both MAIL and Indutch will support gradual improvement in consolidated credit metrics over the medium term.

Transition towards vehicle electrification poses long-term demand risks – MAIL remains exposed to long-term demand risks arising from increasing electrification in the two-wheeler industry, given its dependence on conventional ICE-related components, particularly muffler assemblies. However, the risk is expected to play out gradually, as ICE two-wheelers are likely to remain relevant over the medium term, supported by existing consumer preference, infrastructure constraints for electric vehicles and the continued presence of ICE platforms. MAIL's diversification efforts include investments in the composites product space through Indutch, which has growth potential not only in renewable energy space but also as a potential supplier of composite parts for other industries such as defence.

Environmental and Social Risks

Environmental considerations: MAIL's key customer, HMCL, witnesses a significant portion of its demand from the rural segment. Adverse climatic conditions, such as droughts and floods, may impact farm income and, consequently, rural demand for entry-level 2Ws, affecting MAIL's revenues. To mitigate this risk, MAIL has been diversifying its revenue streams. With the ramp-up of Indutch, dependence on HMCL's revenue share is expected to decrease. As MAIL's revenues primarily come from exhaust systems or mufflers, the company is exposed to climate transition risks due to tightening emission control requirements. However, there is a track record of HMCL providing operational support to MAIL during its transition to BS-VI emission norms in FY2021.

Social considerations: MAIL encounters social risks pertaining to product safety and quality, wherein instances of product recall and high warranty costs may not only lead to financial implications but could also harm the company's reputation and create a more long-lasting adverse impact on demand. As on March 31, 2024, the reported warranty provisions were low and did not pose any significant credit risk. The company also remains exposed to any major shift in consumer preferences/ demographics/ technology. In the 2W market, there is growing traction in terms of e-2W development, especially in the scooter segment. As the company has a significant dependence on the muffler business, the adoption of e2Ws could impact its business prospects in the long term. The investments in the composites space through Indutch lend some diversity in business.

Liquidity position: Adequate

MAIL's liquidity position is adequate, supported by cash/cash equivalents and investments of around Rs. 128 crore and unutilised working capital limits of Rs. 30-40 crore on a consolidated basis, as of March 2026. Going forward, the company has moderate debt repayment obligations at a consolidated level of Rs. 30-35 crore p.a. over FY2027 and FY2028. On a consolidated basis, MAIL has a planned capex of Rs. 70-75 crore over FY2027 and Rs. 30-35 crore over FY2028, which will be funded by a mix of debt and internal accruals. MAIL's internal accrual generation and surplus liquidity are expected to be sufficient to meet these obligations.

Rating sensitivities

Positive factors – Any sustained improvement in the company's operational profile through material diversification of its customer and product profiles could trigger rating upgrade.

Negative factors – The ratings could be downgraded by a significant deterioration in the company's standalone operational profile due to a reduced share of business and/or a lower-than-expected ramp-up in the subsidiary, leading to a material weakness in margins/cash accruals at the consolidated level. A specific credit metric that could lead to rating downgrade includes net debt/OPBDITA at the consolidated level over 2.0 times on a sustained basis.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Auto Components Policy on withdrawal of ratings
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financial statements of MAIL, including its subsidiaries, as per details given in Annexure II

About the company

MAIL is a leading auto component manufacturing company in India producing exhaust systems (or mufflers), spoke rims, steel wheel rims, passenger vehicles (PVs) fuel tanks, Body in White (BIW) parts and other automotive assemblies. MAIL has a technical collaboration with Lafranconi Italy for exhaust systems of the 2W industry. At present, the company has an installed annual manufacturing capacity of around 94.5 lakh mufflers, 12.5 lakh rims, 15 lakh scooter wheels and 2 lakh fuel tanks. The manufacturing units of the company are at Vadodara (Gujarat), Sanand (Gujarat), Bawal (Haryana), Dharuhera (Haryana) and Haridwar (Uttarakhand). At present, MAIL is the sole supplier for HMCL's muffler requirement across all 2W segments, except 100 cc motorcycles where it has a sizeable share of business (SoB), as one out of two preferred vendors. MAIL fulfils about 85-90% of HMCL's muffler requirement. It also has non-Hero customers such as Piaggio, Tata Motors Limited, Honda Motorcycle and Scooter India Pvt. Ltd. along with several other customers.

Indutch Composites Technology Pvt. Ltd (68% subsidiary of MAIL): Established in 2010, Indutch is an ISO 9001 certified manufacturer of composite-based products primarily, wind turbine blades and blade moulds. The company started by doing the job work for manufacturing windmill blades for WTG OEMs. Later, it developed competence in the design and manufacturing of complex contoured composite patterns, moulds, finished products, jigs & fixtures and commissioned a mould manufacturing unit on the outskirts of Vadodara (Waghodia) in FY2021. Currently, the company has various manufacturing facilities, across Vadodara (Halol and Waghodia) and South India (Sullurpeta and Mappedu). Munjal Auto Industries Limited (rated [ICRA]AA-/Stable/A1+) acquired 68% stake in ICTPL in Q1 FY2019 and became its holding company.

Key financial indicators (audited)

MAIL - Consolidated	FY2025	FY2026*
Operating income	2,066.4	2,295.2
PAT	39.3	46.2
OPBDIT/OI	5.7%	5.6%
PAT/OI	1.9%	2.0%
Total outside liabilities/Tangible net worth (times)	1.8	2.1
Total debt/OPBDIT (times)	3.0	3.3
Interest coverage (times)	3.8	3.3

*PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes, and amortisation; Amount in Rs. crore, *abridged audited results*
Note: All financial ratios as per ICRA's calculation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current year (FY2027)			Chronology of rating history for the past 3 years					
	Type	Amount Rated (Rs Crore)	FY2027	FY2026		FY2025		FY2024	
			Jul 29, 2026	Date	Rating	Date	Rating	Date	Rating
Term Loan	Long Term	110.40	[ICRA]AA- (Stable)	Jul 28, 2025	[ICRA]AA- (Stable)	Jul 31, 2024	[ICRA]AA- (Stable)	Jul 20, 2023	[ICRA]AA- (Stable)
Cash Credit	Long Term	50.00	[ICRA]AA- (Stable)	Jul 28, 2025	[ICRA]AA- (Stable)	Jul 31, 2024	[ICRA]AA- (Stable)	Jul 20, 2023	[ICRA]AA- (Stable)
Non-Fund based	Short Term	19.60	[ICRA]A1+	Jul 28, 2025	[ICRA]A1+	Jul 31, 2024	[ICRA]A1+	Jul 20, 2023	[ICRA]A1+
Unallocated	Long Term / Short Term	0.00	-	Jul 28, 2025	[ICRA]AA- (Stable)/ [ICRA]A1+	Jul 31, 2024	[ICRA]AA- (Stable)/ [ICRA]A1+	Jul 20, 2023	[ICRA]AA- (Stable)/ [ICRA]A1+
Commercial Paper	Short Term	0.00	[ICRA]A1+; Reaffirmed and withdrawn	Jul 28, 2025	[ICRA]A1+	Jul 31, 2024	[ICRA]A1+	Jul 20, 2023	[ICRA]A1+

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long Term: Fund Based Term Loans	Simple
Long Term: Fund Based Cash Credit	Simple
Short Term: Non-Fund Based limits	Simple
Commercial paper	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	Financial Sector Regulator#
NA	Term loans	Apr-2019	7.20%	June-2029	110.40	[ICRA]AA- (Stable)	RBI
NA	Cash Credit	NA	NA	NA	50.00	[ICRA]AA- (Stable)	RBI
NA	Non-fund based	NA	NA	NA	19.60	[ICRA]A1+	RBI
NA	Commercial Paper	Yet to be placed			15.00	[ICRA]A1+; Reaffirmed and withdrawn	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	MAIL Ownership*	Consolidation Approach
Munjal Auto Industries Limited	NA**	Full Consolidation
Indutch Composites Technology Pvt. Ltd.	68.0%	Full Consolidation

*Source: MAIL Annual report, *as on March 31, 2026 **parent entity*

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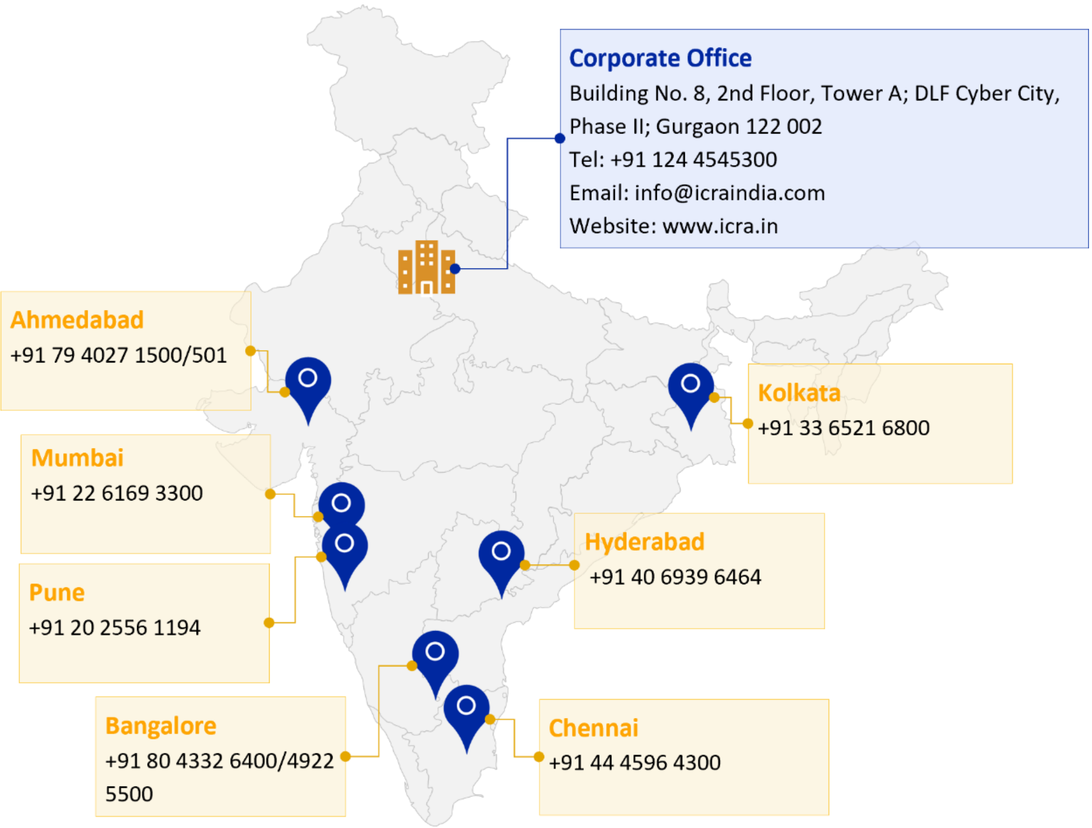

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