November 25, 2026

Munjal Auto Industries Limited: Ratings reaffirmed; rated amount enhanced

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	110.40	140.38	[ICRA]AA- (Stable); reaffirmed and assigned for enhanced amount	RBI
Long-term: Fund-based cash credit	50.00	50.00	[ICRA]AA- (Stable); reaffirmed	RBI
Short-term: Non-fund based limits	19.60	19.60	[ICRA]A1+; reaffirmed	RBI
Long/ Short-term: Unallocated	0.00	20.02	[ICRA]AA- (Stable)/ [ICRA] A1+; assigned	RBI
Total	**180.00**	**230.00**		

**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 rating action 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 be 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 2W 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, despite increasing competitive intensity, with its domestic market share reported at around 28%.

On a standalone basis, MAIL reported healthy revenue growth in FY2026 and H1 FY2027, supported by favourable momentum in the domestic 2W industry, particularly from H2 FY2026, driven by GST rationalisation. 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. 114.5 crore and unutilised working capital limits of Rs. 30-40 crore on a consolidated basis, as of September 2026.

The ratings are, however, constrained by MAIL's high dependence on HMCL and the domestic 2W 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 2W industry. To mitigate the concentration risk, the company has onboarded OEMs like Tata Motors for components for the passenger vehicle (PV) segment, which has scaled up over 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 remain elevated, with Net debt/OPBITDA of 2.0x as of September 2026. However, the metrices have improved on the back of growth in H1 FY2027 with sustenance in profitability. 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 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 2W 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.

Key rating drivers and their description

Credit strengths

Established track record of operations and extensive experience of 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 HMCL, 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 2W 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, 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 2W 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 2W 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 2W industry, given its dependence on conventional ICE-related components, particularly muffler assemblies. However, the risk is expected to play out gradually, as ICE 2Ws 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 the 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 Electric 2-Wheeler (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. 114.5 crore and unutilised working capital limits of Rs. 30-40 crore on a consolidated basis, as of September 2026. Going forward, the company has moderate debt repayment obligations of Rs. 30-35 crore p.a. over FY2027 and FY2028 at a consolidated level. MAIL has a planned capex of Rs. 70-75 crore over FY2027 and Rs. 30-35 crore over FY2028 on a consolidated basis, 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 – A sustained improvement in the company's operational profile through material diversification of its customer and product profiles could trigger ratings 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 ratings 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
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 vehicle fuel tanks, BIW parts and other automotive assemblies. The company has a technical collaboration with Lafranconi, Italy, for exhaust systems of the 2W industry. In addition, the company has a technical collaboration with Samsung Industries Ltd., South Korea, for fuel tanks of PVs. 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), 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 as one of two preferred vendors. MAIL fulfils about 85-90% of HMCL's muffler requirement. MAIL is a Hero Group company, with the Satyanand Munjal family holding almost 75% of its equity, and public shareholders the rest. It also has non-Hero customers such as Piaggio, Tata Motors Limited and Honda, 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 at 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	H1 FY2027*
Operating income	2,066.4	2,295.2	1,508.3
PAT	39.3	46.2	37.6
OPBDIT/OI	5.7%	5.7%	5.9%
PAT/OI	1.9%	2.0%	2.5%
Total outside liabilities/Tangible net worth (times)	1.9	2.1	2.3
Total debt/OPBDIT (times)	3.0	3.2	2.6
Interest coverage (times)	3.8	3.4	4.3

*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, *basis unaudited results for H1 FY2027*

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Current (FY2027)					Chronology of rating history for the past 3 years					
				FY2027		FY2026		FY2025		FY2024	
Instrument	Type	Amount rated (Rs. crore)	Nov 25, 2026	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Term Loan	Long-term	140.38	[ICRA]AA-(Stable)	Jul 29, 2026	[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 29, 2026	[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 29, 2026	[ICRA]A1+	Jul 28, 2025	[ICRA]A1+	Jul 31, 2024	[ICRA]A1+	Jul 20, 2023	[ICRA]A1+
Unallocated	Long-term/ Short-term	20.02	[ICRA]AA-(Stable)/ [ICRA] A1+	Jul 29, 2026	-	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	-	Jul 29, 2026	[ICRA]A1+	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
Long Term/Short Term: Unallocated Limits	NA

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 - 7.75%	Oct 2031	140.38	[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	**Unallocated**	NA	NA	NA	20.02	[ICRA]AA- (Stable)/ [ICRA] A1+	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.	68.00%	Full consolidation

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

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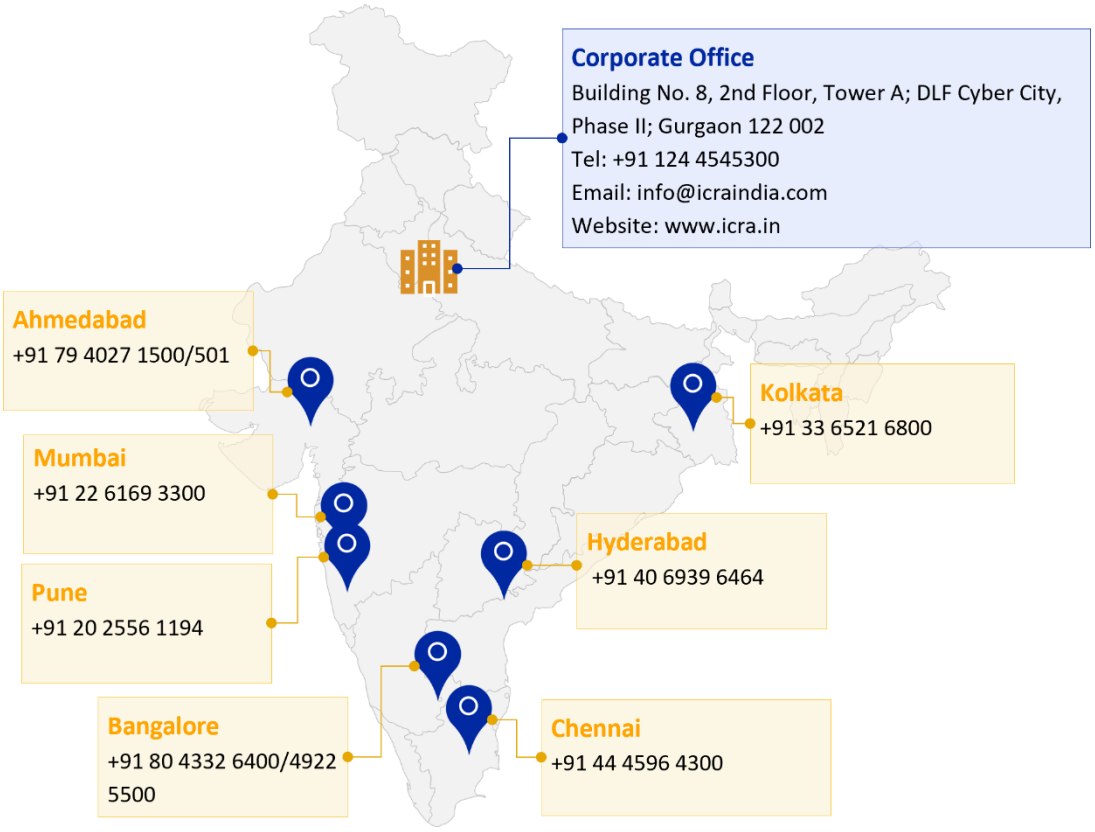

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