

June 18, 2024

Mahindra Heavy Engines Limited: Ratings withdrawn

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Fund-based – Working Capital Facilities	20.00	20.00	[ICRA]AA+; Rating watch with positive implications; withdrawn
Long-term / Short-term, Fund-based / Non-fund Based Facilities	5.00	5.00	[ICRA]AA+; Rating watch with positive implication/ [ICRA] A1+; withdrawn
Total	25.00	25.00	

*Instrument details are provided in Annexure-I

Rationale

ICRA has withdrawn the ratings outstanding on the bank facilities of Mahindra Heavy Engines Limited (MHEL) post completion of its merger with Mahindra & Mahindra Limited (M&M, rated [ICRA] AAA/ [ICRA] A1+), and in line with ICRA's policy on withdrawal of ratings. The key rating drivers, liquidity position, rating sensitivities, key financial indicators have not been captured as the rated instruments are being withdrawn. The previous detailed rating rationale is available at the following link: [Click here](#).

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Rating Methodology for Auto Components Policy on Withdrawal of Credit Ratings
Parent/Group support	Parent / Group Company: Mahindra & Mahindra Limited (M&M). The ratings assigned to MHEL factor in the high likelihood of its parent, M&M, extending financial support, given the high strategic importance that MHEL holds for it. We also expect M&M to be willing to extend financial support to MHEL out of its need to protect its reputation from the consequences of a Group entity's distress. There is also a consistent track record of M&M extending timely financial support to MHEL, whenever a need has arisen.
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the standalone financials of MHEL.

About the company

Mahindra Heavy Engines Limited (erstwhile Mahindra Navistar Engines Private Limited) was incorporated as a 51:49 joint venture (JV) between M&M and Navistar. Thereafter, M&M acquired Navistar's 49% stake in the JV in 2013, making MHEL its wholly-owned subsidiary. MHEL has set up a facility to manufacture engines in the 180–315HP range at Chakan, Maharashtra, with an annual production capacity of 18,000 M&HCV engines. It has been operating as a captive supplier for M&M's M&HCV division (erstwhile Mahindra Navistar Automotives Limited's foray into M&HCVs). In FY2016, the company commissioned an assembly line for smaller engines, which are used in M&M's smaller UVs. The facility is located adjacent to MVML's greenfield unit for light commercial vehicles (LCVs), M&HCVs and sports utility vehicles (SUVs). In FY2020, MHEL also started supplying transmission assemblies for M&M's ICV range.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current rating (FY2025)		Chronology of rating history for the past 3 years				
		Amount rated (Rs. crore)	Amount outstanding (Rs. crore)	Date & rating in FY2025	Date & rating in FY2024		Date & rating in FY2023	Date & rating in FY2022
				Jun 18, 2024	Jan 05, 2024	Aug 16, 2023	Nov 28, 2022	Aug 16, 2021
1 Fund-based Work Capital Facilities	Long-term	20.00	-	[ICRA]AA+ Rating Watch with positive implications ; withdrawn	[ICRA]AA+ Rating Watch with positive implications	[ICRA]AA+ Rating Watch with positive implications	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)
2 Fund-based / Non-fund Based Facilities	Long-term	-	-	-	-	-	-	[ICRA]AA+ (Stable)
3 Fund-based / Non-fund Based Facilities	Long-term / Short term	5.00	-	[ICRA]AA+ Rating Watch with positive implications/ [ICRA]A1+; withdrawn	[ICRA]AA+ Rating Watch with positive implications s/ [ICRA]A1+	[ICRA]AA+ Rating Watch with positive implications / [ICRA]A1+	[ICRA]AA+ (Stable) / [ICRA]A1+	[ICRA]AA+ (Stable) / [ICRA]A1+
4 Unallocated amount	Long-term / Short term	-	-	-	-	-	-	[ICRA]AA+ (Stable) / [ICRA]A1+

Complexity level of the rated instruments

Instrument	Complexity Indicator
Fund-Based Working Capital Facilities	Simple
Fund-Based / Non-Fund Based Facilities	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	Fund-based Working Capital Facilities	NA	NA	NA	20.00	[ICRA]AA+; Rating watch with positive implication; withdrawn
NA	Fund-based / Non-fund Based Facilities	NA	NA	NA	5.00	[ICRA] AA+; Rating watch with positive implication; / [ICRA]A1+; withdrawn

Source: Company

Annexure II: List of entities considered for consolidated analysis – Not applicable

ANALYST CONTACTS

Shamsher Dewan

+91 124 4545328

shamsherd@icraindia.com

Kinjal Shah

+91 22 6114 3442

kinjal.shah@icraindia.com

Sahil Udani

+91 22 6114 3465

sahil.udani@icraindia.com

Trisha Agarwal

+91 22 6114 3457

trisha.agarwal@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

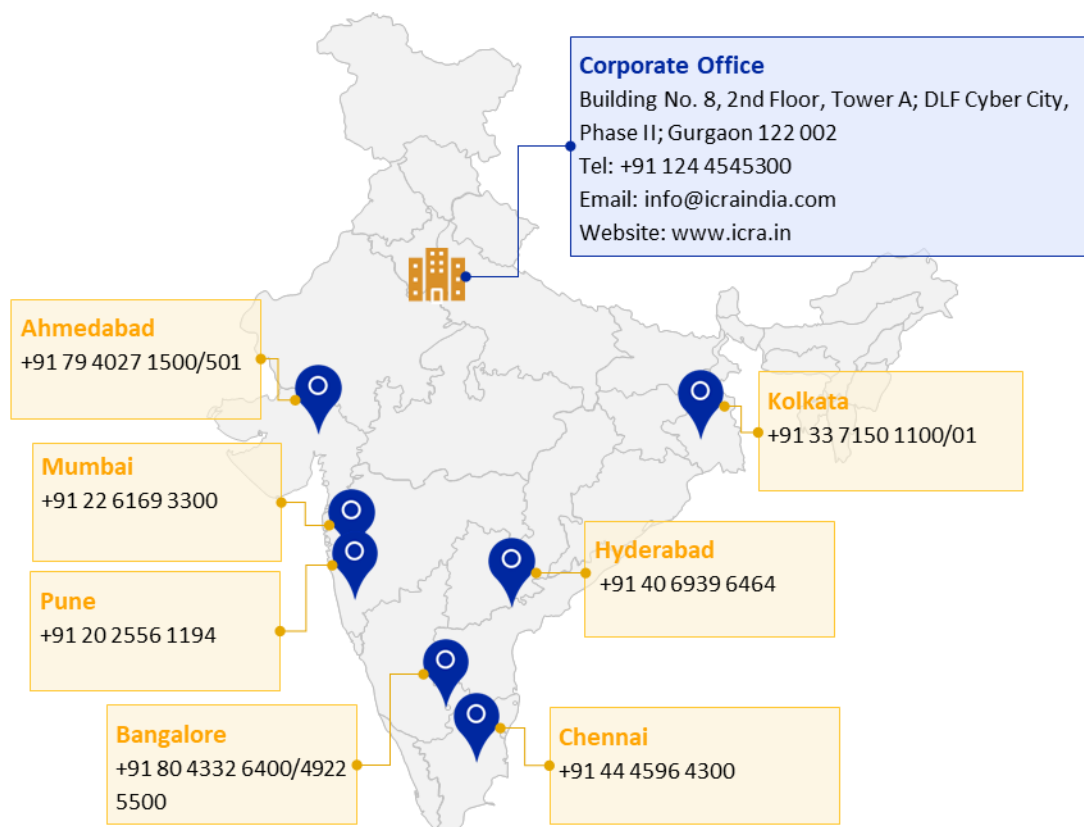


Registered Office

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



Branches



© Copyright, 2024 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

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.