

# AUTOMOTIVE AXLES LIMITED

03<sup>rd</sup> April 2025

**The BSE Limited**  
Phiroze Jeejeebhoy Towers  
Dalal Street  
Mumbai - 400 001  
Scrip Code: 505010

**National Stock Exchange of India Limited**  
Exchange Plaza, Plot No. C/1, G- Block  
Bandra (E)  
Mumbai - 400 051  
Scrip Symbol: AUTOAXLES

**Attn: Listing Department**

Dear Sir/Madam,

**Sub: Disclosure under Regulation 30 of SEBI (LODR) Regulations, 2015 - Reaffirmed Credit Rating.**

Pursuant to the Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby inform that ICRA Limited has reaffirmed the rating of the Company as under through its communication letter dated 28<sup>th</sup> March 2025 and the same is received by the Company on 03<sup>rd</sup> April 2025.

Instrument	Rated Amount (Rs. Crore)	Rating outstanding
Long Term - Fund based - Term loan	20.00	[ICRA]AA-(Stable)
Long-term/ Short-term -Fund-based/ Non-fund Based Limits	160.00	[ICRA]AA-(Stable)/ [ICRA]A1+
<b>Total</b>	<b>180.00</b>	

Further, a copy of the Letter issued by ICRA Limited is enclosed for your records.

Kindly take note of the same.

Thanking you,

Yours Truly,

**For Automotive Axles Limited**

**Debadas Panda**  
**Company Secretary & Compliance Officer**

Encl. As mentioned above



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CIN : L51909KA1981PLC004198

ISO 9001:2015 / IATF 16949 : 2016, EMS : ISO : 14001:2015 & OHSAS : ISO : 45001 : 2018



March 28, 2025

## Automotive Axles Limited: Update on material event

### Summary of rating(s) outstanding

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating outstanding
Long Term - Fund based – Term loan	20.00	20.00	[ICRA]AA-(Stable)
Long-term/ Short-term –Fund-based/ Non-fund Based Limits	160.00	160.00	[ICRA]AA-(Stable)/ [ICRA]A1+
<b>Total</b>	<b>180.00</b>	<b>180.00</b>	

\*Instrument details are provided in Annexure I

### Rationale

On March 19, 2025, Automotive Axles Limited (AAL), through a Bombay Stock Exchange (BSE) announcement disclosed that the company has received a notice from the Karnataka State Pollution Control Board (KSPCB) regarding mandatory retrofitting of emission control devices (RECD) or shifting to gas-based generators for diesel generator (DG) sets of capacity 125 KVA and above at the plant situated at Mysuru, Karnataka. As per the said notice, the company is required to ensure compliance with the prescribed emission control measures within the stipulated timeframe and submit an action taken report within seven days from the date of receipt of the notice.

Further, on March 20, 2025, AAL through a BSE announcement disclosed that AAL and Meritor Heavy Vehicle Systems India Limited (MHVSIL) have agreed to a revised commercial understanding wherein, certain customers of MHVSIL would be transferred to the company and will be directly serviced by the AAL, subject to signing of relevant documentation with such customers.

### Impact of the Material Event

In December 2024, ICRA noted that due to rejection of related party transaction (with MHVSIL) by the shareholders, the company was exploring an alternative route for facilitating sales to its customers without any material disruption to its operations. Pursuant to the aforementioned announcement on March 20, 2025, AAL has now announced an arrangement where it would be selling its products directly to end customers and formalising a service agreement with MHVSIL in lieu of marketing, engineering and R&D services offered by MHVSIL.

ICRA understands that AAL will transition to directly selling its products to end customers from April 1, 2025. However, MHVSIL will continue to provide marketing, engineering, and product development support, under a service fee arrangement, which is likely to be formalised in near term. The said agreement and business arrangements are expected to have no material impact on the financial profile of the company, given that no supply disruptions are expected as AAL's customers will be issuing purchase orders (POs) directly to the company, going forward. ICRA also understands that the company is addressing the aforementioned pollution notice from KSPCB by adhering to the requirements mentioned in the notice. The same is not expected to impact the operations at AAL's Mysuru manufacturing facility. ICRA has noted both the events mentioned above and will continue to monitor any development related to the same and take appropriate rating action, if necessary.

Please refer to the following link for the previous detailed rationale that captures Key rating drivers and their description, Liquidity position, Rating sensitivities: [Click here](#)

## Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Auto Components</a>
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the standalone financials of AAL.

## About the company

Incorporated in 1981, Automotive Axles Limited is a joint venture between MHVS USA and BFL, with the JV partners holding a 35.52% stake each. In February 2022, Cummins Inc. (rated Moody's A2) acquired a 100% stake in Meritor, making AAL an indirect JV of Cummins Inc.

AAL is the largest independent manufacturer of rear drive axle assemblies for CVs (primarily M&HCVs) in India at present. Its product portfolio includes a wide range of axles catering to haulage trucks, tippers, tractor trailers and other off-highway vehicles used for special purposes. The company also supplies drum and disc brake assemblies for trucks, trailers, buses and coaches, and is the second largest brake manufacturer in India after Brakes India Private Limited. Its manufacturing plants are in Mysore (Karnataka), Pantnagar (Uttarakhand), Jamshedpur (Jharkhand) and Hosur (Tamil Nadu).

## Key financial indicators (audited)

AAL Standalone	FY2023	FY2024	H1 FY2025*
Operating income	2,323.7	2,229.2	987.2
PAT	162.0	166.2	70.0
OPBDIT/OI	11.1%	11.0%	10.1%
PAT/OI	7.0%	7.5%	7.1%
Total outside liabilities/Tangible net worth (times)	0.5	0.4	0.4
Total debt/OPBDIT (times)	0.3	0.2	0.1
Interest coverage (times)	88.3	92.8	60.0

Source: Company, ICRA Research; \* Provisional numbers; 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

Instrument	Current rating (FY2025)					Chronology of rating history for the past 3 years					
	Type	Amount Rated (Rs Crore)	March 28, 2025	FY2025		FY2024		FY2023		FY2022	
				Date	Rating	Date	Rating	Date	Rating	Date	Rating
Term Loan	Long Term	20.00	[ICRA]AA-(Stable)	Jan 13, 2025	[ICRA]AA-(Stable)	Jan 23, 2024	[ICRA]AA-(Stable)	Mar 03, 2023	[ICRA]AA-(Stable)	Feb 28, 2022	[ICRA]A+(Stable)
				Dec 26, 2024	[ICRA]AA-(Stable)	May 26, 2023	[ICRA]AA-(Stable)			Oct 20, 2022	[ICRA]A+(Stable)
Fund based	Long Term	-	-	-	-	-	-	-	-	Feb 28, 2022	[ICRA]A+(Stable)
		-	-	-	-	-	-	-	-	Oct 20, 2022	[ICRA]A+(Stable)
Non-Fund based	Short-term	-	-	-	-	-	-	-	-	Feb 28, 2022	[ICRA]A1+
		-	-	-	-	-	-	-	-	Oct 20, 2022	[ICRA]A1+
Fund based/ Non-fund-based limits	Long-term/ short-term	160.00	[ICRA]AA-(Stable)/ [ICRA]A1+	Jan 13, 2025	[ICRA]AA-(Stable)/ [ICRA]A1+	Jan 23, 2024	[ICRA]AA-(Stable)/ [ICRA]A1+	Mar 03, 2023	[ICRA]AA-(Stable)/ [ICRA]A1+	-	-
			-	Dec 26, 2024	[ICRA]AA-(Stable)/ [ICRA]A1+	May 26, 2023	[ICRA]AA-(Stable)/ [ICRA]A1+	-	-	-	-
Unallocated	Long-term	-	-	-	-	-	-	Mar 03, 2023	[ICRA]AA-(Stable)	Feb 28, 2022	[ICRA]A+(Stable)
		-	-	-	-	-	-	-	-	Oct 20, 2022	[ICRA]A+(Stable)

## Complexity level of the rated instrument

Instrument	Complexity indicator
Long Term - Fund based – Term loan	Simple
Long-term/ Short-term –Fund-based/ 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 I: Instrument details**

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Term Loan*	FY2025	-	-	20.00	[ICRA]AA-(Stable)
NA	Fund based/ Non fund based limits	NA	NA	NA	160.00	[ICRA]AA-(Stable)/[ICRA]A1+

Source: Company; \* As of December 31, 2024, the sanctioned term loan has not been utilised by the company and hence the maturity and coupon rates are not available.

[Please click here to view details of lender-wise facilities rated by ICRA](#)

**Annexure II: List of entities considered for consolidated analysis: Not Applicable**

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## 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](http://www.icra.in)

## ICRA Limited

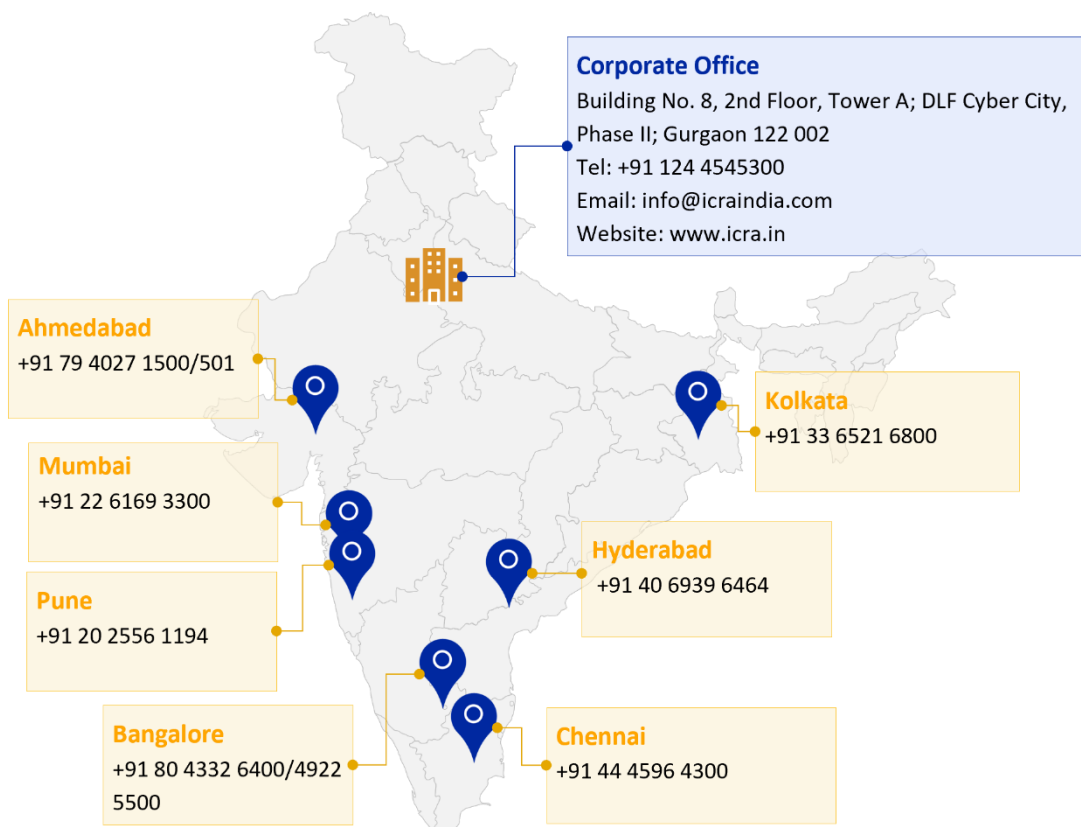


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### Branches



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