

December 26, 2025

## Micromatic Grinding Technologies Private Limited: Ratings reaffirmed; rated amount enhanced

### Summary of rating action

| Instrument*  | Previous rated amount (Rs. crore) | Current rated amount (Rs. crore) | Rating action   |
|--|-----------------------------------|----------------------------------|---|
| Long term – Fund based – Cash credit                   | 4.50                              | 4.50                             | [ICRA]BBB+ (Stable); reaffirmed                       |
| Long term/Short term– Fund based/Non-fund based        | 10.00                             | 10.00                            | [ICRA]BBB+ (Stable)/ [ICRA]A2; reaffirmed             |
| Short term – Non-fund based – Bank guarantee           | 11.50                             | 17.50                            | [ICRA]A2; reaffirmed and assigned for enhanced amount |
| Short term – Non-fund based – Foreign letter of credit | 1.00                              | 0.50                             | [ICRA]A2; reaffirmed                                  |
| <b>Total</b>   | <b>27.00</b>                      | <b>32.50</b>                     |   |

\*Instrument details are provided in Annexure I

### Rationale

The reaffirmation of the ratings factors in a steady growth in the operating income over the last few fiscals (from Rs. 143 crore in FY2022 to Rs. 208 crore in FY2025) along with a robust order position of Rs. 223 crore (as of November 2025), providing visibility for a healthy revenue growth in FY2026. The ratings also factor in the company's plans to grow its exports orders and ramp up its operations following the ongoing capacity expansion and modernisation. The ratings continue to reflect the extensive experience of the promoters of Micromatic Grinding Technologies Private Limited (MGTPL) and its long track record of operations in the grinding machines industry. The company is a part of the Ace Micromatic Group, and the association offers benefits such as better bargaining power with vendors and extensive marketing and after-sales services.

The ratings reflect MGTPL's strong market position as the largest domestic manufacturer of precision grinding machines, commanding ~55% share among organised players. The company's margin profile, though moderated to ~9.8% in FY2025 due to an unfavourable product mix, is expected to recover to in FY2026, supported by a higher share of computer numerical control (CNC) machines and export-led growth. The ratings also positively consider the company's strong financial risk profile, marked by a comfortable capital structure and robust debt coverage indicators.

Nonetheless, the ratings remain constrained by MGTPL's high exposure to the cyclical automotive sector, which is the major contributor to the company's revenue. The ratings are further constrained by the company's moderate scale of operations and stiff competition from domestic players in the standard machinery segment and from foreign players in the customised/complex machinery segment. ICRA also takes note of the vulnerability of MGTPL's profitability to the adverse movements in raw material prices due to the fixed-price contracts.

The Stable outlook on the long-term rating reflects ICRA's opinion that the company will maintain its healthy credit profile in the medium term, aided by steady revenue growth, along with registering strong debt protection metrics and a comfortable liquidity profile.

## Key rating drivers and their description

### Credit strengths

**Extensive experience of promoters** - MGTPPL has an established presence in the machine tools industry, with operations dating back to its inception as Micromatic Machines in 1973. The company benefits from the extensive experience of its promoters and the long-standing relationships with customers and suppliers, which have supported a steady scale-up over the years. MGTPPL is part of the Ace Micromatic Group, a leading player in the domestic machine tools segment with a diversified product portfolio comprising CNC lathes, milling, drilling, and grinding machines. Group-level support for marketing and after-sales services provides a competitive advantage. Further, MGTPPL's strong in-house research and development capabilities, complemented by technical collaboration with JTEKT Corporation, enable the company to deliver customised solutions while maintaining cost efficiency.

**Reputed customer profile** - The company caters to a well-established base of reputed OEMs and auto ancillary manufacturers, which have demonstrated repeat business over the years, indicating low counterparty credit risk and supporting revenue visibility. The customer mix remains diversified, with the top five customers accounting for around 20% of the revenues in FY2023 and FY2024; however, the concentration increased to ~50% in FY2025 due to the execution of a single large order.

**Strong financial risk profile** - The company's financial risk profile continues to be strong, marked by a comfortable capital structure and robust debt coverage indicators. This is reflected from a gearing of 0.30 times as on March 31, 2025, total debt/OBDITA of 1.78 times, interest coverage of 7.88 times and NCA/TD of 42% in FY2025. Further, the company's return indicators remain comfortable, evident from an operating profit margin (OPM) of 9.76% and RoCE of 13.98% in FY2025. ICRA expects the company's revenues and earnings to witness a steady improvement going forward, resulting in a healthy financial risk profile.

### Credit challenges

**Moderate scale of operations** - The company's topline remains moderate but has witnessed steady growth over the years. Its revenue stood at Rs. 208.07 crore in FY2025 against Rs. 183.10 crore in FY2024. The company's pending order book as of November 2025 was around Rs. 223 crore, of which Rs. 157 crore will be executed within FY2026 and Rs. 66 crore is slated for FY2027, providing healthy revenue assurance for FY2026. MGTPPL's low value-added machinery faces intense price competition from domestic players, while its high value-added machinery has to compete with imports from China, Germany, Japan and Italy.

**High dependence on auto sector** - The company derives majority of its revenue from the automotive sector, making it susceptible to sectoral cyclicity. The demand scenario is impacted by the general economic or industry conditions. While any demand slowdown in the automotive sector can adversely impact the company's revenue (as witnessed in the past), its presence in diverse industries such as commercial vehicles, passenger vehicles, two-wheelers, three-wheelers, construction equipment, aerospace, defence, and general engineering should mitigate the risk to some extent.

**Margins susceptible to volatility in raw material prices** - The contracts executed by the company are fixed price in nature and the order execution time for manufacturing machines is two to six months, depending on the type of machine. This exposes the company to sharp fluctuation in raw material prices.

### Liquidity position: Adequate

MGTPPL's liquidity remains adequate, supported by healthy operating accruals and moderate debt servicing obligations. The cash and bank balances stood at Rs. 25.33 crore as on March 31, 2025, alongside unutilised working capital limits of Rs. 2.37 crore, providing financial flexibility. The company's working capital cycle is high but stable, with receivables largely within 140 days and no material overdue accounts. A planned capex of Rs. 15–16 crore for FY2026 will be funded through a balanced mix of internal accruals and sanctioned bank lines, limiting the reliance on incremental borrowings. Overall, the liquidity is expected to remain comfortable, aided by strong order book visibility and minimal repayment obligations.

## Rating sensitivities

**Positive factors** – ICRA could upgrade MGTPL’s ratings if the company significantly scales up its operations by securing new orders while demonstrating an improvement in profitability and maintaining healthy debt coverage metrics and a comfortable liquidity position.

**Negative factors** – Pressure on MGTPL’s rating could arise if there is a significant decline in the scale and profitability due to increase in competition or demand slowdown. Further, higher-than-anticipated dividend payouts that lower the cash accruals, or a stretch in working capital cycle that adversely affects the liquidity, or any large debt-funded capex that deteriorates the capital structure and coverage indicators (TOL/TNW of 1.7 times or higher) could exert pressure on the ratings.

## Analytical approach

| Analytical Approach             | Comments   |
|---------------------------------|--|
| Applicable rating methodologies | <a href="#">Corporate Credit Rating Methodology</a>              |
| Parent/Group support            | Not Applicable   |
| Consolidation/Standalone        | The ratings are based on the standalone financials of the entity |

## About the company

MGTPL was set up in 1973 as a partnership firm promoted by two engineer entrepreneurs with experience in the designing and manufacturing of machine tools. The company manufactures grinding machines that are used extensively in industries such as automobiles, printing, pumps, steel mills, defence and aerospace for giving finishing touches to components such as fuel injections, engine valves, bearings, power trains, cutting tools etc. The company is a part of the Ace Micromatic Group, which has a diversified presence in the machine tools industry, with products such as computer numerical control (CNC) lathes and milling and drilling and grinding machines. MGTPL at present operates three units – two in Ghaziabad, Uttar Pradesh, and one in Bengaluru, Karnataka.

In 2008, MGTPL entered into a JV, namely Toyoda-Micromatic Machinery India Limited, with JTEKT Corporation (formerly Toyoda Machine Works), Japan, for marketing and servicing the latter’s grinding machines in India. MGTPL also manufactures machinery under this JV which is sold under the brand name of Toyoda-Micromatic and Toyoda in India and South-East Asia. This collaboration was a step towards gradually entering the Japanese market and implementing the technology from JTEKT in the Indian market.

## Key financial indicators (audited)

|  | FY2024 | FY2025 | H1 FY2026* |
|--|--------|--------|------------|
| Operating income                                     | 183.1  | 208.1  | 102.3      |
| PAT  | 13.2   | 12.2   | 3.8        |
| OPBDIT/OI  | 11.5%  | 9.8%   | 8.1%       |
| PAT/OI   | 7.2%   | 5.9%   | 3.7%       |
| Total outside liabilities/Tangible net worth (times) | 0.9    | 0.8    | 1.0        |
| Total debt/OPBDIT (times)                            | 0.9    | 1.8    | 2.8        |
| Interest coverage (times)                            | 17.9   | 7.9    | 4.7        |

Source: Company, ICRA Research; All ratios as per ICRA’s calculations; \*Unaudited; 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 (FY2026)      |                          |                               | Chronology of rating history for the past 3 years |                               |              |                               |              |                     |
|---|-----------------------|--------------------------|-------------------------------|---|-------------------------------|--------------|-------------------------------|--------------|---------------------|
|   | Type                  | FY2026                   |                               | FY2025  |                               | FY2024       |                               | FY2023       |                     |
|   |                       | Amount rated (Rs. crore) | Dec 26, 2025                  | Date  | Rating                        | Date         | Rating                        | Date         | Rating              |
| Short term bank guarantee non-fund based                  | Short term            | 17.50                    | [ICRA]A2                      | Oct 25, 2024                                      | [ICRA]A2                      | Jul 21, 2023 | [ICRA]A2                      | May 31, 2022 | [ICRA]A2            |
| Long term cash credit fund based                          | Long term             | 4.50                     | [ICRA]BBB+ (Stable)           | Oct 25, 2024                                      | [ICRA]BBB+ (Stable)           | Jul 21, 2023 | [ICRA]BBB+ (Stable)           | May 31, 2022 | [ICRA]BBB+ (Stable) |
| Long term/ short term overdraft-fund based/non-fund based | Long term/ Short term | -                        | -                             | -   | -                             | Jul 21, 2023 | [ICRA]BBB+ (Stable)/ [ICRA]A2 | -            | -                   |
| Long term/ short term others fund based/non-fund based    | Long term/ Short term | 10.00                    | [ICRA]BBB+ (Stable)/ [ICRA]A2 | Oct 25, 2024                                      | [ICRA]BBB+ (Stable)/ [ICRA]A2 | -            | -                             | -            | -                   |
| Long term/ short term unallocated-unallocated             | Long term/ Short term | -                        | -                             | -   | -                             | Jul 21, 2023 | [ICRA]BBB+ (Stable)/ [ICRA]A2 | -            | -                   |
| Short term letter of credit non-fund based                | Short term            | 0.50                     | [ICRA]A2                      | Oct 25, 2024                                      | [ICRA]A2                      | Jul 21, 2023 | [ICRA]A2                      | May 31, 2022 | [ICRA]A2            |

### Complexity level of the rated instruments

| Instrument   | Complexity indicator |
|--|----------------------|
| Long term – Fund based – Cash credit                   | Simple               |
| Long term/Short term – Fund based/Non-fund based       | Simple               |
| Short term – Non-fund based – Bank guarantee           | Simple               |
| Short term – Non-fund based – Foreign letter of credit | 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   | Cash credit               | NA               | NA          | NA       | 4.50                     | [ICRA]BBB+ (Stable)              |
| NA   | Fund based/Non-fund based | NA               | NA          | NA       | 10.00                    | [ICRA]BBB+ (Stable)/<br>[ICRA]A2 |
| NA   | Bank guarantee            | NA               | NA          | NA       | 17.50                    | [ICRA]A2                         |
| NA   | Foreign letter of credit  | NA               | NA          | NA       | 0.50                     | [ICRA]A2                         |

Source: Company

[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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