

February 11, 2026

Motherson Techno Tools Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term/ Short-term – Cash Credit Facilities	12.00	12.00	[ICRA]AA (Stable)/ [ICRA]A1+; Reaffirmed
Long-term/ Short-term – Unallocated Limits	23.00	23.00	[ICRA]AA (Stable)/ [ICRA]A1+; Reaffirmed
Long-term/ Short-term – Non-fund Based Facilities	(10.00)	(10.00)	[ICRA]AA (Stable)/ [ICRA]A1+; Reaffirmed
Total	35.00	35.00	

*Instrument details are provided in Annexure I

Rationale

The ratings reaffirmation for Motherson Techno Tools Limited (MTTL) reflects ICRA's expectations that the company will maintain its steady operational performance, aided by its strong parentage, with the company being a joint venture between the Samvardhana Motherson Group (SMG; 75% stake) and Sumitomo Electric Industries Limited (SEIL; 25% stake; rated A3, Stable by Moody's), a Sumitomo Group company. While the company benefits from the healthy financial flexibility as part of SMG, it also continues to enjoy access to technical assistance for product development activities from SEIL. The support from its parent entities provides comfort regarding the company's ability to continue to generate healthy cash flows, going forward.

The rating reaffirmation continues to factor in the company's strong financial risk profile, characterised by comfortable capital structure and strong debt coverage metrics. It remains debt free (apart from lease liabilities) and has a strong liquidity profile (healthy cash and bank balances of Rs. 86 crore as of March 31, 2025). MTTL recorded a moderate ramp up in operations in FY2025, with revenues of Rs. 324 crore in FY2025 at a consolidated level over Rs. 313 crore in FY2024. The company's profitability metrics witnessed some improvement with an OPBDITA margin of 21.5% in FY2025 over 20.5% in FY2024, led by a healthy product mix and higher share of manufactured product sales compared to traded product sales, wherein manufactured products typically had higher margins. Aided by a steady recovery in the automotive sector as well as increased product offerings across diverse sectors, the company is expected to record a moderate to healthy growth in revenues over the medium; however, increase in raw material prices (particularly tungsten, due to export restrictions by China who controls most of the global tungsten supply) is expected to exert certain pressure on the company's margins. Even as MTTL's margins improve in the medium term, its credit profile is likely to remain healthy.

MTTL has a strong presence in the niche segment of Cubic Boron Nitride (CBN) and Poly-Crystalline Diamond (PCD) tools, with an estimated market share of around 25%. Over the past few years, there has been a continued shift in the company's product mix towards higher value-accretive manufactured goods. The ratings remain constrained by MTTL's modest scale of operations, while its demand prospects remain exposed to any challenges faced by the automotive industry, which still generates most of its revenues. Moreover, the performance cutting tool industry remains highly competitive in nature. Despite the same, however, the company's foray into two new segments, namely, the steel industry and electronics products, should help augment its revenue growth prospects and partially mitigate the risks.

The Stable outlook on the ratings reflects ICRA's expectation that MTTL will continue to maintain a healthy credit profile, aided by its strong parentage and technological capabilities, which would aid it in gaining regular business from its existing customers.

Key rating drivers and their description

Credit strengths

Strong business profile aided by technical support from SEIL – MTTL has a strong presence in the niche CBN and PCD tools segment, with an estimated market share of 25%. The company benefits from its access to SEIL's technical assistance for product development, aiding in its ability to provide a wide range of value-added products. MTTL has regularly invested in capacity expansion, including its in-house manufacturing capabilities with the help of SEIL.

Access to financial support from parent entity – MTTL is promoted by SMG, which holds a 75% stake in the company, mainly through SAMIL, the key holding entity of the Group. The remaining 25% stake in the entity is held by SEIL. Apart from operational benefits, MTTL enjoys access to financial support from its parent group, which is likely to help maintain its robust credit profile and strong financial flexibility.

Healthy financial risk profile – The company's dependence on bank borrowings has remained negligible over the past several years. Additionally, it maintains healthy cash reserves on its books, strengthening its financial risk profile. As on March 31, 2025, the company's total debt outstanding of Rs. 43 crore comprised entirely of operating lease liabilities, resulting in Total Debt/OPBITDA of 0.6 times. Going forward, MTTL's leverage and coverage indicators are anticipated to remain healthy in the absence of any scheduled debt repayments as well as of any major debt-funded capex outlay.

Credit challenges

Moderate scale of operations – Despite the steady growth in revenues, the company's scale of operations remains moderate with an operating income of Rs. 324 crore in FY2025. Although MTTL is expected to record moderate revenue growth over the medium term, aided by expectation of customer additions and continuation of business with old customers, its near-term growth prospects remain exposed to challenges faced by the automotive industry.

High competitive intensity in the performance cutting tool industry – The performance cutting tool industry remains highly competitive with numerous global players, such as Kennametal India Limited, Sandvik Asia Private Limited, TaeguTec India Private Limited and MMC Hardmetal India Private Limited (a Mitsubishi Group company) as well as unorganised players, which limits the company's pricing power and growth prospects. While this provides a challenge to MTTL's expansion prospects, it has successfully focussed on niche products and continually increased its product range to ensure steady growth in revenues.

Liquidity position: Strong

The company's liquidity position remains strong, supported by cash and liquid investments of Rs. 86 crore (as of March 31, 2025, Rs. 25 crore in free cash and Rs. 61 in FD with maturity longer than 12 months) along with Rs. 67 crore of investments with group companies in the form of ICDs and loans (which are liquid in nature and can be withdrawn, as and when required), as well as its Rs. 12.0 crore working capital facility (as on March 31, 2025; nil utilisation over the past year). The liquidity sources remain more than sufficient to cover its capex requirements. MTTL does not have any long-term debt repayments.

Rating sensitivities

Positive factors – The long-term rating may be upgraded if the company significantly expands its operations while improving its profitability indicators, aided by diversification of its revenue profile and scale-up of new product and service offerings.

Negative factors – Any significant debt-funded capex, resulting in weakening of debt servicing indicators and liquidity position of the company, may result in a ratings downgrade. A deterioration in the credit profile of the parent entity, or weakening of linkages with the parent, could also lead to a downward trigger. Specific credit metrics that may result in a rating downgrade include Total Debt/OPBITDA above 1.8 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Auto Components
Parent/Group support	Parent company: Samvardhana Motherson International Limited The ratings assigned to MTTL factors in the very high likelihood of its parent entity, SAMIL, extending financial support to it because of the close business linkages between them. ICRA also expects SAMIL to be willing to extend financial support to MTTL out of its need to protect its reputation from the consequences of a Group entity's distress.
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of MTTL. As on March 31, 2025, the company had one subsidiary, which is enlisted in Annexure-II.

About the company

Motherson Techno Tools Limited is a manufacturer and supplier of performance cutting tools, which are consumed in various production processes involving cutting, milling, turning, boring, grinding and precision tool holding. The company operates through a manufacturing facility in Noida (Uttar Pradesh) and is promoted by the Samvardhana Motherson Group (75%) and Sumitomo Electric Industries Limited (25%), a company of Sumitomo Corporation. The company derives most of its revenues from supplies to various players in the domestic automotive sector, including various original equipment manufacturers (OEMs) and auto ancillaries. SEIL provides technology as well as technical assistance through regular technology transfers to the company and has two members on MTTL's eight-member Board of Directors.

The company's products are categorised into three segments—viz., coated carbide inserts and drills, coated CBN inserts, and PCD inserts, tools and reamers. From October 2015, the company started in-house production of some of the carbide tools that were earlier imported. Over the years, the company has also invested in increasing the capacity of its physical vapour deposition (PVD) line, which has aided in improving its product mix.

Key financial indicators (audited)

MTTL (consolidated)	FY2024	FY2025	H1FY2026*
Operating income	313.4	324.1	163.5
PAT	45.4	50.8	27.2
OPBDIT/OI	20.5%	21.4%	16.0%
PAT/OI	14.5%	15.7%	-
Total outside liabilities/Tangible net worth (times)	0.5	0.4	-
Total debt/OPBDIT (times)	0.7	0.6	-
Interest coverage (times)	15.2	19.0	-

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; *Provisional numbers

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current rating (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Feb 11, 2026	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Cash Credit	Long term and short term	12.00	[ICRA]AA (Stable)/ [ICRA]A1+	Jan-31, 2025	[ICRA]AA (Stable)/ [ICRA]A1+	Dec-14-2023	[ICRA]AA-(Stable)/ [ICRA]A1+	Nov-07-2022	[ICRA]AA-(Stable)/ [ICRA]A1+
Unallocated Limits	Long term and short term	23.00	[ICRA]AA (Stable)/ [ICRA]A1+	Jan-31, 2025	[ICRA]AA (Stable)/ [ICRA]A1+	Dec-14-2023	[ICRA]AA-(Stable)/ [ICRA]A1+	Nov-07-2022	[ICRA]AA-(Stable)/ [ICRA]A1+
Non-Fund Based Facilities	Long term and short term	(10.00)	[ICRA]AA (Stable)/ [ICRA]A1+	Jan-31, 2025	[ICRA]AA (Stable)/ [ICRA]A1+	Dec-14-2023	[ICRA]AA-(Stable)/ [ICRA]A1+	Nov-07-2022	[ICRA]AA-(Stable)/ [ICRA]A1+

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term/ Short-term – Cash Credit	Simple
Long-term/ Short-term – Unallocated Limits	NA
Long-term/ Short-term – 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	Cash Credit	NA	NA	NA	12.0	[ICRA]AA(Stable)/ [ICRA]A1+
NA	Unallocated Limits	NA	NA	NA	23.0	[ICRA]AA(Stable)/ [ICRA]A1+
NA	Non-fund Based Facilities	NA	NA	NA	(10.0)	[ICRA]AA(Stable)/ [ICRA]A1+

Source: Company

Annexure II: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
Motherson Techno Tools Limited	Rated entity	Full Consolidation
Motherson Techno Tools Mideast (FZE)	100.00%	Full Consolidation

Source: Company Annual Report

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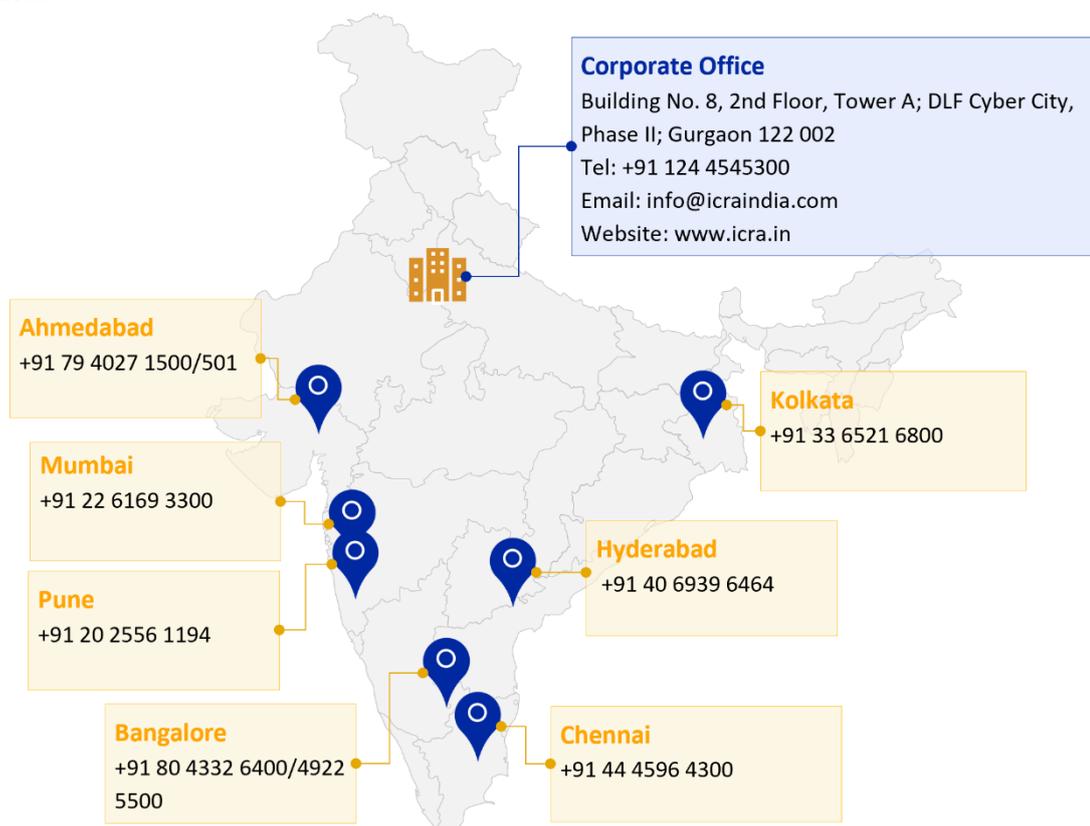
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Branches



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