

October 29, 2025

Mohindra Fasteners Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long Term - Fund Based/ Cash Credit	25.00	25.00	[ICRA]BBB+ (Stable); reaffirmed
Short Term - Non-Fund-Based	20.00	20.00	[ICRA]A2; reaffirmed
Long Term - Fund Based – Term loans	15.00	15.00	[ICRA]BBB+ (Stable); reaffirmed
Total	60.00	60.00	

*Instrument details are provided in Annexure I

Rationale

The ratings reaffirmation factors in the sustained strong financial profile of Mohindra Fasteners Limited (MFL), supported by its healthy profit margin amid more focus on specialised fasteners as well as limited dependence on debt. The share of specialised fasteners within the total revenue mix stood at around 60% in FY2025 and is expected to increase, going forward. Led by healthy profits, MFL's dependence on debt has remained limited, which translated into a robust financial profile. The ratings continue to derive comfort from MFL's established customer base across various end-user industries. The ratings favourably factor in the promoters' extensive experience and MFL's established position as a supplier of fasteners in the global and domestic markets.

The ratings, however, continue to remain constrained by MFL's relatively modest scale of operations that limits its economies of scale. MFL reported a 7% YoY decline in revenues in FY2025 due to muted demand in the export markets. This trend continued in H1 FY2026, when MFL reported a YoY decline of around 2%. ICRA notes the healthy order book position of the company, which stood at Rs. 70 crore as on September 30, 2025, expected to be executed over the next three months. MFL also started catering to the aftermarket segment from H2 FY2025, which will contribute to the revenues further. The ratings also consider the vulnerability of its profitability to any adverse currency fluctuations, given the export dominated revenue profile of MFL and absence of any hedging followed by the company. The profit margins also remain exposed to variation in steel prices and other input costs, though order-backed raw material procurement for most of its orders mitigates the risk to some extent. The ratings also factor in MFL's working capital intensive nature of operations mainly due to its large inventory holding and high credit period offered to the customers.

The Stable outlook on the long-term rating reflects ICRA's opinion that the credit profile of MFL will remain comfortable, supported by healthy profit margins and absence of any large debt-funded capital expenditure (capex) plans.

Key rating drivers and their description

Credit strengths

Experienced management – The operations of the company are managed by Deepak Arnejjaa and Anurag Arneja. The promoters have been involved in the fastener manufacturing industry for more than two decades.

Established customer base across geographies – MFL has been supplying to reputed original equipment manufacturers (OEMs) in the domestic market such as Hero MotoCorp Limited with which it enjoys repeat business. Moreover, it has long associations with its overseas customers, mainly distributors that liaison with end-users as well as tier-I vendors for OEMs. The

concentration towards top five customers stood at 44% of its overall sales in FY2025, though established relationships with these customers provide comfort.

Comfortable financial risk profile – MFL has a comfortable financial risk profile, reflected by its healthy profit margins and debt coverage metrics. The operating profit margin of MFL stood at 14.3% in FY2025, supported by high share of specialised fasteners within the total revenue mix. The same stood at around 60% in FY2025 and is expected to increase, going forward. Led by healthy profits and controlled working capital intensity of operations, MFL's dependence on debt has remained limited, which has translated into a healthy financial profile. The capital structure of the company remained comfortable with a gearing of 0.3 times as on March 31, 2025, and total outside liabilities vis-à-vis the tangible net worth of 0.6 times as on March 31, 2025. Moreover, debt coverage indicators remained comfortable with an interest coverage of 9.6 times in FY2025 and 4.7 times in Q1 FY2026.

Credit challenges

Modest scale of operations – With revenues of Rs. 165.2 crore in FY2025, MFL's scale of operations remains modest, which limits its economies of scale. MFL reported a 7% YoY decline in revenues in FY2025 and a modest 3% YoY revenue growth in FY2024 due to muted demand in the export markets. This trend continued in H1 FY2026. ICRA notes the healthy order book position of the company, which stood at Rs. 70 crore as on September 30, 2025, expected to be executed over the next three months. Moreover, the company operates in a highly fragmented industry, characterised by intense competition, given the low entry barriers in the industry for fasteners. Nonetheless, MFL's focus on specialised fasteners provides some comfort.

Working capital intensive nature of operations – MFL's operations remain working capital intensive owing to high inventory levels and credit offered to export clients. As the company's product portfolio comprises a wide variety of fasteners, its inventory requirement remains high. The credit period varies for different customers, which generally remains in the range of 45-60 days. The company does not receive any advance for most of its orders.

Profitability exposed to fluctuations in steel prices and foreign exchange rates – The price of steel, the key raw material, moves in tandem with the commodity cycle and hence is subject to fluctuations, though order-backed raw material procurement for most of the orders mitigates the risk to some extent. In the absence of price variation clauses in its contracts, MFL's ability to pass on any price hike to its customers remains limited. As a result, MFL continues to be exposed to adverse variation in raw material prices. Further, with no formal hedging policy in place, the company's profitability is vulnerable to any significant fluctuation in forex rates, given its export dominated revenues.

Liquidity position: Adequate

MFL's liquidity is adequate, characterised by unencumbered cash and fixed deposits of Rs. 37.7 crore as on March 31, 2025. The average utilisation of bank-sanctioned fund-based working capital limits stood at 84.2% from April 2024 to June 2025. MFL is undertaking capex of Rs. 6.5 crore in FY2026 towards expansion of warehousing capacity and purchase of machinery, which is being funded by internal accruals. The company is expected to generate healthy cash flows, which along with the existing available liquidity would be sufficient to meet its funding requirements and repayment obligations of Rs. 4.9 crore in FY2026.

Rating sensitivities

Positive factors – A sustained improvement in the business risk profile, characterised by improving customer diversification and significant scale up in operations, while maintaining profitability, credit metrics and liquidity profile at the current healthy levels would be critical for an upward rating revision.

Negative factors – Downward pressure on MFL's ratings could arise incase of weakening of the operating metrics leading to a decline in revenues and margins. Significant debt-funded capex weakening the debt servicing indicators and liquidity position, or total debt/OPBDITA deteriorating to above 2.4 times, on a sustained basis, may also result in a rating downgrade.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Auto Component
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of MFL. Refer to Annexure II for the list of entities considered for consolidation.

About the company

Incorporated in 1995, MFL manufactures high-tensile fasteners for the automobile industry and industrial applications. It manufactures various types of hot and cold-forged fasteners, i.e., screws, studs and bolts, etc., at its three manufacturing facilities at Rohtak (Haryana). The company is listed on the Metropolitan Stock Exchange.

Key financial indicators (audited)

MFL Consolidated	FY2024	FY2025	Q1 FY2026*
Operating income	177.5	165.2	32.5
PAT	15.9	14.9	2.3
OPBDIT/OI	15.1%	14.3%	10.8%
PAT/OI	9.0%	9.0%	7.0%
Total outside liabilities/Tangible net worth (times)	0.6	0.6	-
Total debt/OPBDIT (times)	1.4	1.6	-
Interest coverage (times)	8.8	9.6	4.7

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; *Unaudited

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current ratings (FY2026)			Chronology of rating history for the past 3 years						
			FY2025		FY2024		FY2023		
Instrument	Type	Amount rated (Rs. crore)	29-Oct-2025	Date	Rating	Date	Rating	Date	Rating
Fund Based/ Cash Credit	Long Term	25.00	[ICRA]BBB+ (Stable)	24-Oct-2024	[ICRA]BBB (Stable)	06-APR-2023	[ICRA]BBB (Stable)	-	-
				11-Jul-2024	[ICRA]BBB (Stable)	05-JAN-2024	[ICRA]BBB (Stable) ISSUER NOT COOPERATING	-	-
Non-Fund-Based	Short Term	20.00	[ICRA]A2	24-Oct-2024	[ICRA]A3+	06-APR-2023	[ICRA]A3+	29-SEP-2022	[ICRA]A3+
				11-Jul-2024	[ICRA]A3+	05-JAN-2024	[ICRA]A3+ ISSUER NOT COOPERATING	-	-
Fund Based – Term loans	Long Term	15.00	[ICRA]BBB+ (Stable)	24-Oct-2024	[ICRA]BBB (Stable)	06-APR-2023	[ICRA]BBB (Stable)	29-SEP-2022	[ICRA]BBB (Stable)
				11-Jul-2024	[ICRA]BBB (Stable)	05-JAN-2024	[ICRA]BBB (Stable) ISSUER NOT COOPERATING	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long Term - Fund Based/ Cash Credit	Simple
Short Term - Non-Fund-Based	Very simple
Long Term - Fund Based – Term loans	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	Long-term – Fund-based - Cash Credit	NA	NA	NA	25.0	[ICRA]BBB+ (Stable)
NA	Short-term - Non- fund-based - Letter of Credit	NA	NA	NA	20.0	[ICRA]A2
NA	Long-term – Fund-based - Term Loans	FY2023	NA	FY2029	15.0	[ICRA]BBB+ (Stable)

Source: Company

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

Annexure II: List of entities considered for consolidated analysis

Company name	MFL Ownership	Consolidation Approach
Mohindra Fasteners Limited	100% (rated entity)	Full Consolidation
KK Mohindra Fastenings Private Limited	49%	Equity Method

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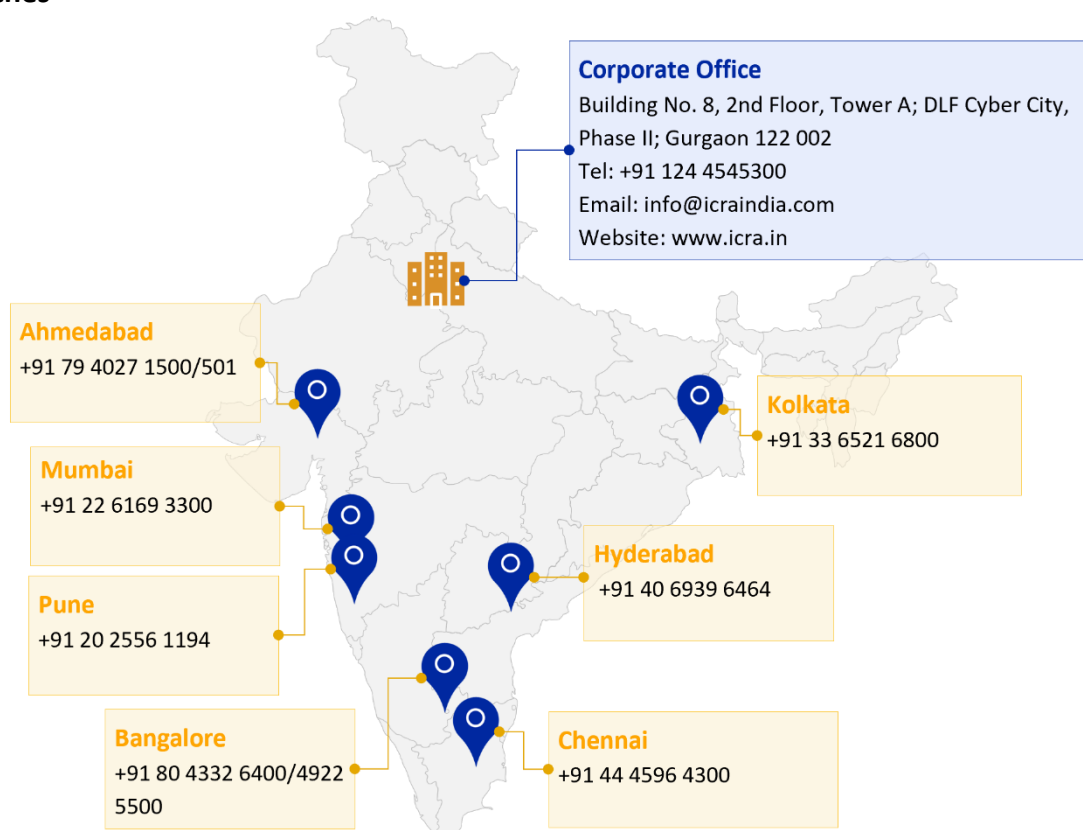
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