

July 07, 2026

MTAR Technologies Limited: Long-term ratings upgraded to [ICRA]A+(Stable) from [ICRA]A (Stable); short-term 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	280.00	530.00	[ICRA]A+ (Stable); Rating upgraded from [ICRA]A (Stable); assigned for enhanced amount
Long-term – Fund-based – Term loan	108.49	248.24	[ICRA]A+ (Stable); Rating upgraded from [ICRA]A (Stable); assigned for enhanced amount
Long-term/ Short-term – Non-fund based	200.00	304.00	[ICRA]A+ (Stable); Long term rating upgraded from [ICRA]A (Stable); [ICRA]A1; Short term rating reaffirmed; assigned for enhanced amount
Long-term/ Short-term – Unallocated	81.51	387.76	[ICRA]A+ (Stable); Long term rating upgraded from [ICRA]A (Stable); [ICRA]A1; Short term rating reaffirmed; assigned for enhanced amount
Total	670.00	1,470.00	

*Instrument details are provided in Annexure-II

Rationale

The rating upgrade factors in a steady increase in MTAR Technologies Limited's (MTL's) scale of operations over the years and an expected, sustainable growth, going forward, supported by its strong order book position owing to favourable export and domestic demand prospects. MTL reported revenues of Rs. 876 crore in FY2026, 30% YoY growth and the top line is projected to grow at a healthy pace in FY2027, backed by continued execution and robust demand across segments. MTL has an outstanding order book of Rs. 2,582 crore as on March 31, 2026. Further, in May 2026, MTL received additional orders worth about Rs. 2,279 crore and Rs. 467 crore from its international customer(s). Additionally, MTL's financial risk profile remains comfortable, characterised by stable operating margins, a healthy capital structure, and adequate debt protection metrics.

The ratings also factor in the extensive experience of MTL's promoters and its track record in the precision engineering industry, which caters to various segments, including clean energy, nuclear, space, aerospace and defence. MTL enjoys established relationships with its renowned clients—who include the Indian Space Research Organisation (ISRO), Bloom Energy Corporation (BEC), Nuclear Power Corporation of India (NPCIL) and Defence Research and Development Laboratory (DRDL), among others—ensuring repeat orders from its customers over the years. Further, the company is developing new products as well as acquiring new clients, both of which are expected to augment its revenues and diversify its presence across sectors, going forward. Moreover, MTL is the key supplier of several products to its clients, indicating its expertise in manufacturing niche and quality products, which limits the competition.

The ratings, however, are constrained by high customer concentration risk as the company derives a major share of its revenues from one client, i.e., BEC, US. Further, the ratings consider the company's working capital intensive operations owing to the long production and receivable cycle inherent to the industry. The ratings also consider the vulnerability of its margins to fluctuations in forex rates to the extent of the unhedged position, and the margins vary, depending on the sector and customer mix.

The Stable outlook reflects ICRA's expectations that the company is likely to sustain its operating metrics. Further, the outlook underlines ICRA's expectation that the entity's incremental capex, which will help expand the product portfolio and support revenue growth, will be funded in a manner that it is able to durably maintain its debt protection metrics commensurate with the existing rating.

Key rating drivers and their description

Credit strengths

Extensive experience of promoters and established track record in engineering industry – MTL, established in 1970, draws comfort from the vast experience of its promoters and has developed strong in-house R&D capabilities over the years. The company has an established presence in the engineering industry, which caters to varied segments, including clean energy, nuclear power, space, aerospace and defence. MTL is the key supplier of several products to its clients, indicating its expertise in manufacturing niche and quality products, which limits the competition. The company has a renowned client base, including reputed players such as BEC, ISRO, NPCIL and DRDL, among others. Its established relationships with its customers have been ensuring repeat orders from them over the years.

Healthy order book position – The company had an unexecuted order book of Rs. 2,582 crore as of March 31, 2026, providing revenue visibility for the medium term. In May 2026, MTL received additional orders worth around Rs. 2,279 crore and Rs. 467 crore from its international customer(s). The company is adding new products to its portfolio and acquiring clients in various segments, which is expected to augment its revenues and diversify its presence, going forward. Further, the favourable demand prospects in the end-user sectors and the Government's thrust on the indigenisation of production augur well for the company's long-term growth prospects.

Comfortable capital structure and healthy debt protection metrics – The company's capital structure continues to be comfortable, with gearing of 0.46 times as on March 31, 2026. The debt protection metrics remain healthy. In FY2026, MTL's revenue increased and the profitability improved over FY2025, leading to relatively stable coverage indicators. The total debt/OPBDITA was at 2.2 times as on March 31, 2026, however, the company has healthy liquidity position with free cash and liquid investments of Rs. 218.5 crore as on March 31, 2026. The interest coverage remains comfortable at 5.8 times in FY2026.

MTL is also expected to report strong revenue growth in FY2027, supported by a healthy order book position of around Rs. 2,582 crore as of March 2026 and strong order inflow in May 2026. Also, the growth momentum is expected to sustain in the medium term, backed by healthy orders in the pipeline from its domestic and international clients. The increase in the OI is likely to support the operating leverage, leading to an improvement in the operating margins and healthy coverage indicators, going forward.

Credit challenges

High customer concentration risk – The company faces high customer concentration, with more than 70% of its revenues being generated from a single customer, BEC, in FY2026. The company's revenues and margins would be adversely impacted if the offtake by the customer declines. Nevertheless, MTL's overall client profile comprises reputed players with repeat orders from them over the years, largely mitigating the counterparty credit risk. A healthy order inflow from domestic clients in the nuclear and space segments and new client acquisitions will be crucial in reducing the concentration risk over the medium term.

Working capital-intensive operations – The company's operations are working capital intensive, reflected in NWC/OI of about 44% in FY2026 (62% as of FY2025) due to the long receivable cycle and high inventory holding requirements. The company extends a credit period of up to 30-120 days to its customers and receives a credit period of 30-120 days from its import suppliers (majority of the period is in transit time). As MTL manufactures products with a long cycle, the inventory levels remain high. Further, the sharp increase in inventory in recent times can be attributed to the raw materials, which were in transit. The

overall working capital intensity is expected to remain high in the medium term due to a growing order book and a relatively long manufacturing cycle and lead time.

Exposure to fluctuations in forex rates – The company’s margins are exposed to the fluctuations in forex rates as MTL is a net exporter. Thus, any sharp adverse movement in the forex rates can impact the realisations and operating margins. The margins also vary, depending on the segment and customer mix. However, the margins have remained healthy over the past few years.

Environmental and Social Risks

Environmental considerations – The precision engineered systems manufacturing sector may face environmental risks due to changing regulations, such as tighter energy and carbon norms. According to the company’s disclosures in its annual report, its operating units are compliant with the applicable environmental laws/regulations and guidelines, as per the national and state-level mandates. Over the years, MTL has strategised to grow in the clean energy sector to manufacture climate-positive products with most of its revenue (nearly 73% of total revenue in FY2026) coming from this segment, including civil nuclear power and fuel cells. Further, the company has been taking steps to reduce its carbon footprint by enhancing its reliance on renewable energy sources.

Social considerations – MTL, like most precision engineered systems suppliers, has a healthy dependence on human capital. Hence, retaining human capital and maintaining healthy employee relations and a supplier ecosystem remains essential for disruption-free operations of the entity. Another social risk that MTL faces pertains to product safety and quality, wherein instances of product recalls may not only lead to financial implication but could also harm its reputation and create a more long-lasting adverse impact. In this regard, MTL’s strong track record in catering to leading players in the industry underscores its ability to mitigate these risks to an extent. The company’s strong technological capabilities are likely to help it align its products with any change in customer preferences.

Liquidity position: Adequate

The company’s liquidity position is adequate with average fund-based working capital utilisation of 39.2% in the 12 months ended in May 2026. As on March 31, 2026, the company had free cash and liquid investments of Rs. 218.5 crore. Moreover, the anticipated annual cash flows are likely to remain healthy against repayment obligations of about Rs. 44.5 crore in FY2027 and Rs. 60 crore in FY2028. Further, the company has capex plans of around Rs. 250–300 crore in the medium term, which would be funded by debt and internal accruals.

Rating sensitivities

Positive factors – ICRA may upgrade the ratings if the company is able to diversify its customer base along with sustained, healthy revenue growth, and improvement in the working capital cycle, while maintaining healthy margins and adequate liquidity position.

Negative factors – ICRA may downgrade the ratings if any significant reduction in margins or lower-than-expected accruals, or if any stretch in the working capital cycle impacts its liquidity position, or if there is a higher-than-anticipated debt-funded capex. Specific credit metrics that may downgrade MTL’s ratings include Interest Coverage of below 5x on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has consolidated the financials of MTL and its wholly-owned subsidiaries (see Annexure III).

About the company

MTL started as a partnership firm in 1970 and was incorporated as a private limited company in 1999 by the Late P. Ravindra Reddy, Sri K. Satyanarayana Reddy and Sri P. Jayaprakash Reddy. The company completed its Initial Public Offer (IPO) and was publicly listed on the exchanges in March 2021. MTL has eight manufacturing units in Hyderabad. It specialises in the design and fabrication of complex precision engineered systems such as:

1. Fuelling machine head, Bridge and column, Fuel transfer system, Coolant channel assemblies, Drive mechanisms, Fuel locator assembly, sealing & shielding doors, etc, for core nuclear reactors.
2. Liquid propulsion engines, Cryogenic engine sub systems, Electro-pneumatic modules, Satellite valves, Grid fin structures, etc, for space launch vehicles, and precision engineered assemblies for various MNC aerospace companies.
3. Gear boxes, aerostructures, actuation systems, ball screws, etc, for various applications in defence.
4. Solid oxide fuel cell & hydrogen units for Fuel cells, sheet metal assemblies, enclosures, and electrolyzers in the Clean Energy sector.
5. Import substitutes such as ball screws, water lubricated bearings, roller screws, ASP assemblies that find various applications in Clean energy, Civil nuclear power, Space & Defence sectors.
6. Specialised fabricated structures such as draft tube, spiral casing, Rotar and stator assemblies for various Hydro power and Wind energy applications.

MTL's units have been accredited with ISO 9001:2015 and AS9100D for quality management systems. The facilities at Units 1, 2, 3, 6, and export oriented unit have been certified for Environmental Management System, Occupational Health & Safety, and Information Security Management System. MTL has received NADCAP certification for its facilities at Units 5, 7, and Gee-Pee Aerospace (a wholly-owned subsidiary).

Key financial indicators (audited)

Anthem Consolidated	FY2025	FY2026
Operating income	676.0	876.2
PAT	52.9	94.0
OPBDITA/OI	17.9%	19.5%
PAT/OI	7.8%	10.7%
Total outside liabilities/Tangible net worth (times)	0.6	1.1
Total debt/OPBDITA (times)	1.5	2.2
Interest coverage (times)	5.4	5.8

Source: Company, ICRA Research; Amount in Rs. crore; PAT: Profit after tax; OPBDITA: 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 (FY2027)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Jul 07, 2026	FY2026		FY2025		FY2024	
				Date	Rating	Date	Rating	Date	Rating
1 Term loan	Long term	248.24	[ICRA]A+ (Stable)	Oct 13, 2025	[ICRA]A (Stable)	Sept 23, 2024	[ICRA]A (Stable)	Jun 16, 2023	[ICRA]A (Stable)
								Apr 04, 2023	[ICRA]A (Stable)
2 Working capital facility	Long term	530.00	[ICRA]A+ (Stable)	Oct 13, 2025	[ICRA]A (Stable)	Sept 23, 2024	[ICRA]A (Stable)	Jun 16, 2023	[ICRA]A (Stable)
								Apr 04, 2023	[ICRA]A (Stable)
3 Bank guarantee	Long term/ Short term	150.00	[ICRA]A+ (Stable)/ [ICRA]A1	Oct 13, 2025	[ICRA]A (Stable)/ [ICRA]A1	Sept 23, 2024	[ICRA]A (Stable)/ [ICRA]A1	Jun 16, 2023	[ICRA]A (Stable)/ [ICRA]A1
								Apr 04, 2023	[ICRA]A (Stable)/ [ICRA]A1
4 Letter of credit	Long term/ Short term	150.00	[ICRA]A+ (Stable)/ [ICRA]A1	Oct 13, 2025	[ICRA]A (Stable)/ [ICRA]A1	Sept 23, 2024	[ICRA]A (Stable)/ [ICRA]A1	Jun 16, 2023	[ICRA]A (Stable)/ [ICRA]A1
								Apr 04, 2023	[ICRA]A (Stable)/ [ICRA]A1
5 Derivatives/ Credit exposure	Long term/ Short term	4.00	[ICRA]A+ (Stable)/ [ICRA]A1	-	-	Sept 23, 2024	[ICRA]A (Stable)/ [ICRA]A1	Jun 16, 2023	[ICRA]A (Stable)/ [ICRA]A1
6 Unallocated	Long term/ Short term	387.76	[ICRA]A+ (Stable)/ [ICRA]A1	Oct 13, 2025	[ICRA]A (Stable)/ [ICRA]A1	-	-	Jun 16, 2023	[ICRA]A (Stable)
								Apr 04, 2023	[ICRA]A (Stable)
7 Standby limit	Short term	-	-	-	-	Sept 23, 2024	[ICRA]A1	Jun 16, 2023	[ICRA]A1
								-	-

Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10,2026

ICRA-rated instruments fall under the regulatory purview of various Financial Sector Regulators (FSRs), as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$))	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026, and accordingly, investor side FSRs have been mentioned.

Other activities offered by ICRA fall under the regulatory purview of various FSRs, as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Disclosure: SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of FSRs other than SEBI.

Complexity level of the rated instrument

Instrument	Complexity indicator
Long Term – Fund Based – Cash Credit	Simple
Long Term – Fund Based – Term Loan	Simple
Long Term/Short Term – Non-Fund Based	Simple
Long term/Short term – Unallocated	Not applicable

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 II: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Cash credit	-	-	-	530.00	[ICRA]A+(Stable)
NA	Term loan I	FY2026	-	FY2030	20.88	[ICRA]A+(Stable)
NA	Term loan II	FY2026	-	FY2030	30.00	[ICRA]A+(Stable)
NA	Term loan III	FY2024	-	FY2028	10.12	[ICRA]A+(Stable)
NA	Term loan IV	FY2026	-	FY2029	14.36	[ICRA]A+(Stable)
NA	Term loan V	FY2027	-	FY2030	14.00	[ICRA]A+(Stable)
NA	Term loan VI	FY2025	-	FY2029	8.88	[ICRA]A+(Stable)
NA	Term loan VII	FY2026	-	FY2031	80.00	[ICRA]A+(Stable)
NA	Term loan VIII	FY2026	-	FY2033	70.00	[ICRA]A+(Stable)
NA	Non-fund based	-	-	-	304.00	[ICRA]A+ (Stable)/ [ICRA]A1
NA	Unallocated limits	-	-	-	387.76	[ICRA]A+ (Stable)/ [ICRA]A1

Source: Company

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

Annexure III: List of entities considered for consolidated analysis

Company name	MEPL ownership	Consolidation approach
MTAR Technologies Limited	Rated entity	Full consolidation
Magnatar Aero Systems Private Limited	100%	Full consolidation
Gee Pee Aerospace & Defence Private Limited	100%	Full consolidation

Source: MTAR's shareholding pattern ended March 31, 2026

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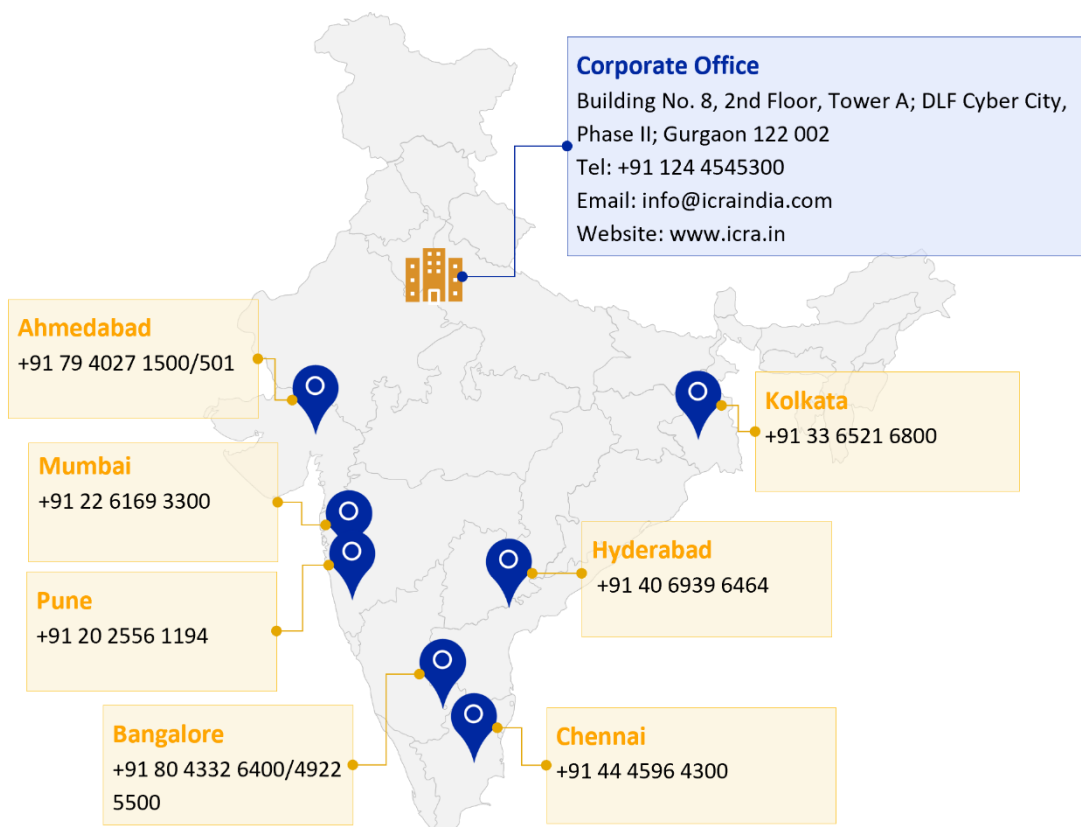


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