

Federal Mogul Goetze India Limited

April 02, 2026

Facilities	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	50.00 (Reduced from 54.00)	CARE A+; Stable	Reaffirmed
Short-term bank facilities	124.00 (Reduced from 141.00)	CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has reaffirmed ratings assigned to bank facilities of Federal Mogul Goetze (India) Limited (FMGIL) at CARE A+; Stable/ CARE A1+. Ratings continue to derive strength from its established market position and long track of operations in the piston and piston rings business, sound relationship with its customers (original equipment manufacturers, original equipment manufacturers [OEMs]) and a diversified revenue stream with presence across all vehicle segments (commercial vehicles and trucks off highway, passenger vehicles, and two wheelers among others).

Ratings are also underpinned by the company's healthy scale of operations and comfortable financial risk profile, characterised by negligible borrowings (only comprised lease liabilities and acceptances) over the last 3-4 years, leading to comfortable leverage and debt metrics and a strong liquidity position marked by free liquidity of ~₹599 crore (excluding lien marked fixed deposits of ₹114 crore) as on February 28, 2026. CareEdge Ratings expects the company's financial metrics to remain comfortable over the near-to-medium term benefitted from strong relationships with customers, supported by strong internal accruals and the absence of debt-funded capital expenditure plans. The company has reported consistent growth in the total operating income (TOI) in the last 3-4 years. In 9MFY26, the company had achieved ~9.56% year-over-year (y-o-y) growth in TOI with operating margins higher by 100 bps y-o-y. Going forward, margins are expected to remain slightly low in the near term due to inflationary pressure on raw material prices with 3-4 months lag on passing the same to customers.

However, ratings are supported by the improving operating environment for the commercial vehicle (CV) industry in FY26, aided by the resumption of government-led infrastructure spending and GST rate reductions in September 2025, which is expected to support a recovery in CV volumes. (constituting 35% of the company's sale in FY25).

Ratings further factor in the company's strong parentage and the demonstrated support of the Federal Mogul group in terms of FMGIL's access to the group's global managerial and technological expertise.

However, ratings remain constrained by susceptibility of profitability margins to raw material price fluctuations, limited scope of expansion, and auto sector's transition towards electric vehicles (EVs) and the industry's cyclical nature.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Ability to significantly diversify its product portfolio while maintaining low gearing and liquidity position with cash balances on a sustained basis.
- Sustained increase in the TOI with improved profitability on a sustained basis.

Negative factors

- Decline in total income below ₹1300 crore and dip in profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin to below 10%.
- Debt-funded capex leading to overall gearing of over 0.5x and net debt to PBILDT above 1.5x on a sustained basis.

Analytical approach: Consolidated

CareEdge Ratings has considered the consolidated performance of FMGIL with its subsidiary – Federal Mogul TPR India Limited, owing to significant operational, financial, and management linkages, between these entities. Consolidated subsidiary is mentioned in Annexure-6.

Outlook: Stable

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

The stable outlook considers CareEdge Ratings' belief that the company is expected to post steady scaling-up of operations with stable profitability margins in the medium term. The company's financial risk profile is also expected to remain at a comfortable level with strong debt repayment coverage indicators characterised by nil term loan and strong liquidity available in the form of unencumbered cash and cash equivalents.

Detailed description of key rating drivers:

Key strengths

Dominant market position with well diversified revenue streams

FMGIL continues to have strong market position (second-largest player with ~25-30% market share) in the piston, piston ring, and engine valve industry in India, with over seven decades of experience. The company maintains a strong market share across vehicle segments, catering to automotive, heavy-duty, motorcycles, energy, industrial, power generation, railway, and defense industries. FMGIL's well-diversified presence in the OEM, export and replacement markets and across all vehicle segments helps mitigate risks from a slowdown in single segment further supported by strategic location of FMGIL in proximity to the key OEM plants.

It has strong relationships with leading OEMs across segments and has maintained a strong share of business across all major OEMs with repeated orders received from them over the years. FMGIL's key customers include leading automobile players in India like Mahindra & Mahindra Limited, Bajaj Auto Limited, Maruti Suzuki India Limited, Tata Motors Limited, Hero MotoCorp Limited, and Ashok Leyland Limited, ensuring a stable revenue stream. The top 10 customers contributed 55% gross sales in FY25 (PY: 54%), representing a well-diversified customer base. Demand for overall CV industry (constituting 35% of the company's sale in FY25) improved in FY26 due to resumption of infrastructure spending by government and GST rate cuts in September 2025. Thus, overall revenue profile is also expected to improve in medium term going forward.

Consistent increase in scale of operations with improvement in profitability margins

The company's operating income consistently grew over the years and had achieved cumulative annual growth rate (CAGR) of over 15% over FY21-FY25 and growth of 6.03% y-o-y in FY25 to reach ₹1,800 crore. In 9MFY26, TOI increased by 9.56% y-o-y to reach ₹1,469 crore. Driven by range-bound raw material prices and cost saving measures undertaken by the company, PBILDT margins also improved consistently by ~500 bps over the last four years from 11.5% in FY21 to 16.32% in FY25 and further reached to 15.01% in 9MFY26, though a sequential decline was observed in Q3FY26 on a quarter-on-quarter basis due to elevated raw material costs. The profit after taxation (PAT) margin also improved from 6.56% in FY23 to 9.2% in FY25. Going forward, revenue growth is expected to fuel by uptick in infrastructure spend, favourable government policies and rise in the replacement market. The impact of electrification in India remains minimal, as the transition is primarily focused on the 2-3 wheeler segment, where the company revenue share is ~10%. FMGIL's profitability margins are expected to remain low in near term due to inflationary pressures and lag in pass on the hikes to customers. However, margins are expected to improve gradually driven by continued cost-saving measures undertaken by the company primarily towards reducing employee costs and operational efficiencies from stable production growth, leading to higher capacity utilisation.

Stable financial risk profile with low dependence on borrowed funds

FMGIL's credit profile has remained comfortable over the years as the company's debt obligation remained minimal and only comprised of lease liabilities and acceptances while the company's net worth keeps growing and stood at a healthy level. Resultantly, overall gearing was strong at 0.04x as on March 31, 2025 (PY: 0.04x). The debt coverage indicators also remained strong marked by total debt/ PBILDT of 0.19x (PY: 0.17x) as on March 31, 2025. Going forward, FMGIL's capital structure and debt coverage indicators are expected to remain comfortable considering its large net worth base and no debt-funded capex plans.

Strong parentage of the Federal-Mogul group

Federal-Mogul group (FMG) holds 74.98% stake in FMGIL as on December 31, 2025, with Federal Mogul Holdings Limited, Mauritius, immediate holding company, holding 60.05% stake and Federal Mogul Vermögensverwaltungs-GmbH, holding 14.93% stake. The group's ultimate holding company, Federal Mogul LLC, was acquired by Tenneco Inc., USA in 2018. In November 2022, fund managed by Apollo Global Management Inc has completed the acquisition of Tenneco, with the entire shareholding earlier owned by Tenneco now being held by the Apollo group of funds. FMGIL business profile continuous to strengthened by the support received from the parent group, FMG in the form of technical and managerial expertise and financial assistance.

Key weaknesses

Susceptibility of margins to raw material price fluctuations

Aluminium, steel, steel alloys are the key raw materials (raw material cost contributed ~44% of the cost of sales in FY25 against ~43% in FY24) used for manufacturing piston and piston rings. The company procures raw materials at prevailing market prices. Demand for metals is cyclical with prices driven by demand and supply conditions in the domestic market, which has strong linkages with the global market. For majority OEMs, the company can fully pass on the increase or decrease in raw material rates, since they are procured from OEM-approved suppliers. However, for the residual portion and also for after market segment, the company remains exposed to the raw material price risk.

Exposure to cyclical demand in automobile industry

The company's revenue remains closely aligned to the performance of key customers and exposed to cyclical demand patterns inherent to the automobile industry and ability of the OEMs to sustain their operating performance. The company sales significantly constitute towards commercial vehicles and trucks off highway. The demand for commercial vehicles and trucks off highway is highly cyclical, closely tied to the overall economic activity. In periods of economic growth, demand for CVs and trucks off highway rises due to increased industrial production and transportation needs. Conversely, in economic downturns, demand declines as businesses cut back on spending and transportation needs decrease. Factors such as interest rates, fuel prices, and regulatory changes also influence the cyclical nature of demand in this industry. Following the economic fallout led by the COVID-19 pandemic, domestic and global auto sales were impacted. Subsequently, supply chain constraints such as the semiconductor shortage resulted in temporary hiccups in the past.

Limited scope of expansion amidst automobile industry transition to EVs

Pistons and piston assemblies are vital components in the automotive manufacturing value chain, as they are essential engine parts for internal combustion engine (ICE) vehicles. However, with the growing emphasis on EVs, the relevance of pistons is diminishing. FMGIL faces risks related to regulatory changes within the automotive sector, particularly concerning the shift to EVs, which may include increased acquisitions or higher research and development costs. The company derives a significant portion of its revenue from the two-wheeler segment, one of the first automotive sectors to experience greater electrification. Governments in both India and abroad are consistently updating policies on emission and safety standards and offering subsidies and establishing standard operating procedures (SOPs) to promote EV adoption. While EV adoption in India is still in its early stages, CareEdge Ratings anticipates a gradual shift across automotive segments, meaning the risk associated with this transition is more relevant in the medium-to-long term. A critical factor to monitor is FMGIL's ability to diversify its product offerings (since it currently holds a leading position in the ICE segment, which has limited growth potential) to include products more compatible with EVs, or its ability to expand into new geographical markets, particularly export regions. This will be further supported by the company's strong, long-standing relationships with OEMs, especially as the EV market continues to develop both in India and internationally. These factors remain key considerations for rating assessments.

Liquidity: Strong

FMGIL has strong liquidity position as reflected by gross cash accruals (GCA) of ₹248 crore in FY25, and expectations of ~₹250 crore for FY26, which will be sufficient to cover its capex plans in absence of long-term debt repayments. The liquidity is well supported by free liquidity of ₹599.54 crore as on February 28, 2026 and ₹608 crore as on March 31, 2025, which will be sufficient to fund its growth plans in future, if any. With a gearing of 0.04x as on March 31, 2024, the issuer has additional headroom to raise additional debt if required. The company's average fund-based working capital limit utilisation stood nil for the trailing 12 months ended December 2025, also reflecting its strong liquidity position with nil reliance on external borrowings. Operating cycle of the company also remains comfortable and stable at 33 days in FY25 (PY:27 days).

Environment, social, and governance (ESG) risks

Environmental: FMGIL maintain a pollution free environment by reduction/ elimination of waste, optimum utilisation of power.

- The company uses 95% of Wheeling Energy (Wind/Hydro/Solar Energy), thus, focus is on reduction of green-house gases. The manufacturing facility is upgraded to use of PNG gas from traditional LPG.
- For waste management, the company recycles 10-15% waste and focus is on waste reduction programmes by treating water from the effluent treatment plant and sewage treatment plant for gardening, disposal of waste to cement industries for coprocessing to avoid land fill, reduction in water consumption by process improvements, reduction in hazardous waste generation by process improvements.

Social: CSR projects currently aim to promote basic education, environment plantation drive, protection of wildlife, and preventive healthcare, rural development project, employment enhancing vocational skills, and women empowerment.

- The company has Corporate Social Responsibility (CSR) Committee constituted by the Board. The Company has adopted a well-defined Policy on CSR on the recommendations of CSR Committee per the requirement of Section 135 of the Companies Act, 2013.
- In FY25, the company took up activities in the field of providing education, employability enhancement, skill development, environment conservation and women empowerment, gender diversity, environment conservation and health benefits.
- The company also partnered with Manav Charities for providing two-wheeler mechanic skill training to boys with an aim to support the cause of male empowerment in the society.

Governance-

The company is committed to good corporate governance practices. The board adheres to the standards set out by the Securities and Exchange Board of India (SEBI), corporate governance practices and, accordingly, has implemented major stipulations prescribed.

- The company is committed to good corporate governance practices. The Board adheres to the standards set out by the Securities and Exchange Board of India (SEBI), corporate governance practices and, accordingly, has implemented major stipulations prescribed.

- There is audit committee, Nomination and remuneration committee, Stakeholders relationship committee; Corporate social responsibility committee; Risk management committee.
- The company is managed by professional board of directors who have extensive experience in Auto Ancillary industry. As on March 31, 2025, the company's board had eight Directors comprising five Executive Director (including one Woman Executive Director), and three non-executive Independent Directors.

Applicable criteria

[Consolidation](#)

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Nonfinancial Sector](#)

[Auto Components & Equipment's](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Automobile and auto components	Auto components	Auto components and equipment's

FMGIL was established in 1954 as a joint venture with Goetze-Werke of Germany. In 2006, the majority shareholding of FMGIL was acquired by Federal-Mogul Corporation (FMC) USA through its two subsidiaries Federal Mogul Holdings Limited and Federal-Mogul Vermögensverwaltungs-GmbH GMBH. FMGIL is engaged in manufacturing auto components, primarily focusing on pistons and piston rings. Federal Mogul TPR (India) Limited, subsidiary of Federal Mogul Goetze India Limited, is in technical collaboration with Teikoku Piston Ring Company Limited, Japan and Federal Mogul UK Investments Limited, a group company of Tenneco Inc., USA (from October 01, 2018, erstwhile parent Federal Mogul LLC, USA), manufactures steel rings used in passenger vehicle automobiles.

The company has three manufacturing units which are strategically in Patiala (Punjab), Bengaluru (Karnataka), and Bhiwadi (Rajasthan). The company has presence across segments, including CVs and trucks off highway (33% of the total sales in FY24), two wheelers (10%), passenger vehicles (31%), and aftermarket and OES (26%). The majority sales are made in the domestic market with a strong presence in Northern India.

Brief Financials- Consolidated (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	9MFY26 (UA)
Total operating income	1,698	1,800	1,470
PBILDT*	245	294	221
Profit after tax (PAT)	133	165	127
Overall gearing (x)	0.04	0.04	NM
Interest coverage (x)	43.6	43.9	44.9

A: Audited UA: Unaudited; Note: these are latest available financial results

*PBILDT: Profit before interest, lease rentals, depreciation, and tax

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Working Capital Limits		-	-	-	50.00	CARE A+; Stable
Fund-based - ST-Bill Discounting/ Bills Purchasing		-	-	-	10.00	CARE A1+
Non-fund-based-Short Term		-	-	-	114.00	CARE A1+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Working Capital Limits	LT	50.00	CARE A+; Stable	1)CARE A+; Stable (08-Apr-25)	-	1)CARE A+; Stable (11-Mar-24)	1)CARE A+; Stable (27-Mar-23)
2	Non-fund-based-Short Term	ST	114.00	CARE A1+	1)CARE A1+ (08-Apr-25)	-	1)CARE A1+ (11-Mar-24)	1)CARE A1+ (27-Mar-23)
3	Fund-based - ST-Bill Discounting/ Bills Purchasing	ST	10.00	CARE A1+	1)CARE A1+ (08-Apr-25)	-	1)CARE A1+ (11-Mar-24)	1)CARE A1+ (27-Mar-23)

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Working Capital Limits	Simple
2	Fund-based - ST-Bill Discounting/ Bills Purchasing	Simple
3	Non-fund-based-Short Term	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Federal Mogul TPR India Limited	Full	Subsidiary

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

<p>Media Contact</p> <p>Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in</p> <p>Relationship Contact</p> <p>Saikat Roy Senior Director CARE Ratings Limited Phone: 912267543404 E-mail: saikat.roy@careedge.in</p>	<p>Analytical Contacts</p> <p>Ravleen Sethi Director CARE Ratings Limited Phone: 91-120-4452016 E-mail: ravleen.sethi@careedge.in</p> <p>Sahil Goyal Assistant Director CARE Ratings Limited Phone: 91-120-4452000 E-mail: Sahil.goyal@careedge.in</p> <p>Muskan Agarwal Analyst CARE Ratings Limited E-mail: Muskan.agarwal@careedge.in</p>
--	--

About us:

Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

Disclaimer:

This disclaimer pertains to the ratings issued and content published by CARE Ratings Limited ("CareEdge Ratings"). Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. Any opinions expressed herein are in good faith and are subject to change without notice. The rating reflects the opinions as on the date of the rating. A rating does not convey suitability or price for the investor. The rating agency does not conduct an audit on the rated entity or an independent verification of any information it receives and/or relies on for the rating exercise. CareEdge Ratings has based its ratings/outlook on the information obtained from reliable and credible sources. CareEdge Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. The users of the rating should rely on their own judgment and may take professional advice while using the rating in any way. CareEdge Ratings shall not be liable for any losses that user may incur or any financial liability whatsoever to the user of the rating. The use or access of the rating does not create a client relationship between CareEdge Ratings and the user.

CAREEDGE RATINGS DISCLAIMS WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR OTHER WARRANTIES OR CONDITIONS, TO THE EXTENT PERMITTED BY APPLICABLE LAWS, INCLUDING WARRANTIES OF MERCHANTABILITY, ACCURACY, COMPLETENESS, ERROR-FREE, NON-INFRINGEMENT, NON-INTERRUPTION, SATISFACTORY QUALITY, FITNESS FOR A PARTICULAR PURPOSE OR INTENDED USAGE.

Most entities whose bank facilities/instruments are rated by CareEdge Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CareEdge Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. CareEdge Ratings does not act as a fiduciary by providing the rating. The ratings are intended for use only within the jurisdiction of India. The ratings of CareEdge Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades. CareEdge Ratings has established policies and procedures as required under applicable laws and regulations which are available on its website.

Privacy Policy applies. For Privacy Policy please refer to https://www.careratings.com/privacy_policy

© 2026, CARE Ratings Limited. All Rights Reserved.

This content is being published for the purpose of dissemination of information required as per applicable law and regulations and CARE Ratings Limited holds exclusive copyright over the same. Any reproduction, retransmission, modification, derivative works or use or reference to the contents, in whole, in part or in any form, is prohibited except with prior express written consent from CARE Ratings Limited.

**For detailed Rating Report and subscription information,
please visit www.careratings.com**