Menon Pistons Limited

July 07, 2026

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	19.90 (Reduced from 21.00)	CARE A-; Stable	Reaffirmed
Long-term / Short-term bank facilities	2.10 (Enhanced from 1.00)	CARE A-; Stable / CARE A2+	LT rating and Stable outlook assigned and ST rating reaffirmed
Long-term bank facilities	-	-	Withdrawn

Details of instruments/facilities in Annexure-1.

The list of facilities / instruments falling under the purview of various financial sector regulators (FSRs), along with the names of respective FSRs has been disclosed under Annexure-7.

Rationale and key rating drivers

Reaffirmation of ratings assigned to bank facilities of Menon Pistons Limited (MPL) factors in stable performance as reflected by growth in its scale of operations in FY26 (FY refers to April 01 to March 31) and the company maintaining healthy profitability despite some moderation.

Ratings continue to derive strength from promoters' extensive experience and the company's long track record, diverse product portfolio, above-average profitability, and comfortable capital structure and debt coverage indicators.
However, these rating strengths are partially offset by moderate scale of operations amidst competitive industry landscape, customer concentration risk, profitability susceptible to raw material price volatility and foreign exchange rate fluctuations, moderate working capital requirements, and susceptibility to the risks associated with regulations in the automotive industry.
CARE Ratings Limited (CareEdge Ratings) has also withdrawn ratings assigned to one of bank facilities, which has been repaid in full and there are no dues outstanding against this facility.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Substantially improving scale of operations resulting in gross cash accruals (GCA) of over ₹100 crore on a sustained basis.
- Improving business profile characterised by customer diversification and new business acquisition from other automotive segments.

Negative factors

- Un-envisaged large debt programme to fund either capital expenditure (capex)/ acquisitions or working capital requirements resulting in total debt to GCA (TD/GCA) of over 1.25x on a sustained basis.
- Significant dip in the revenue or profit before interest, lease rentals, depreciation, and taxation (PBILDT) margins or stretched working capital cycle resulting in weakening liquidity.
- Significantly higher-than-expected dividend payout, adversely impacting the financial position/liquidity.

Analytical approach: Consolidated

CareEdge Ratings has considered consolidated financials of MPL (Standalone), and its two wholly owned subsidiaries as mentioned in Annexure-6. CareEdge Ratings has analysed MPL's credit profile by considering the consolidated financial statements owing to the financial, business, operational, and management linkages between the parent and subsidiaries.

Outlook: Stable

Stable outlook reflects CareEdge Ratings' expectation of MPL's ability to maintain its financial risk profile with sustenance of its scale of operations supported by its diverse product basket and long association with the original equipment manufacturers (OEMs).

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

Detailed description of key rating drivers:

Key strengths

Experienced promoters and long track record of the company

MPL is spearheaded by Sachin Menon, Chairman and Managing director, who has over three decades of experience in the automotive component manufacturing industry. Under his leadership, the company has maintained relationships with its customers and suppliers resulting in repeated orders, establishing a long track record in manufacturing pistons/piston assemblies, gudgeon pins, and plungers. Its group entities also continue to have strong presence in the auto component industry through Menon Piston Rings Private Limited (located in Kolhapur; engaged in manufacturing piston rings), Menon Engineering Services (engaged in providing services related to manufacturing processes), and Menon Exports (exporter of auto components).

Diverse product portfolio

The company has diverse product offering with focus towards tractor, commercial vehicle segment and DG set applications. It caters to the requirement of OEMs and secondary market with presence in domestic and export markets. In FY26, sales to OEMs formed 65% of total operating income (TOI) (61% in FY25), while aftermarket (secondary market) contributed 18% of TOI (20% in FY25), export markets through group entity, Menon Exports contributed 15% of TOI (15% in FY25) and balance through state transport units. This diversification helps the company manage downturn in a particular segment.

Above average profitability

MPL's PBILDT margin remained healthy in range of 15%-18% in last five years owing to the critical nature of auto components manufactured by the company and increased portion of machined components in sales mix. PBILDT margin declined to 15.17% in FY26 from 17.10% in FY25 considering increase in power and raw material cost in Q4FY26 (refer to January 01 to March 31), resulting in moderation in margins. The profit after tax (PAT) margin also declined to 8.36% in FY26, compared to 9.37% in FY25. CareEdge Ratings expects MPL to maintain its profitability, driven by an increased focus on machined components.

Comfortable capital structure and debt coverage indicators

MPL's capital structure continued to remain comfortable, characterised by minimal reliance on debt and working capital requirements. Overall gearing stood comfortable at 0.03x as on March 31, 2026, compared to 0.11x as on March 31, 2025, supported by prepayment of term loan and accretion of profits to reserves.

Debt coverage indicators continued to remain strong in FY26 with TD/GCA of 0.13x (FY25: 0.47x) and interest coverage of 36.29x (FY25: 21.66x) respectively. MPL's capital structure is expected to remain comfortable in the medium term in the absence of long-term debt.

Key weaknesses

Improved but moderate scale of operations

MPL's TOI improved by ~20% Y-o-Y from ₹254.45 crore in FY25 to ₹305.90 crore in FY26. Performance of standalone operations improved by ~15%, while subsidiaries, LEPL and RMTPL demonstrated over 40% growth in TOI. Performance was supported by healthy demand for pistons and piston assemblies from the tractor and commercial vehicle (CV) segments, and improved demand for machine components. The company developed new product design for Cummins genset applications which has contributed to revenue growth in the year. CareEdge Ratings expects the overall scale of operations to remain moderate in the near term.

Customer concentration risk

Despite having multiple revenue streams, including OEMs, replacement market, and exports, the company derives ~30% of its revenue from its top two customers, which includes Cummins India Limited and MPL's group company, Menon Exports (which derives ~70% of its revenues from only two major customers). This exposes the company's performance to the orders from few customers, which is partially mitigated by its established relationship leading to repeat orders.

Profitability susceptible to raw material price volatility and foreign exchange rate fluctuations

Major raw materials include melting steel (MS) scrap and pig iron. The commodity price volatility can significantly affect MPL's raw material costs and profitability. The company usually has price pass-through mechanism with its clients, which considers the fluctuations in input prices, which occurs with a lag of 3-6 months depending on respective customer. The extent of pass through depends on negotiations. Hence, the time lag and quantum of pass through may partially impact operating profitability.

Moderate working capital requirements

MPL's working capital cycle has improved and remained moderate at 73 days in FY26 (PY: 102 days), supported by improved collection period and inventory levels of 61 days (PY: 87 days) and 54 days (PY: 58 days), respectively. MPL offers open credit to its customers for ~30-45 days to OEMs and domestic transport units and 90 days for export sales, resulting in high collection period of 60-90 days. CareEdge Ratings expects the working capital requirements to remain moderate in the medium term.

Intense competition and susceptibility to risks associated with regulations in automobile industry

MPL faces competition from larger organised players and other unorganised players in the OEM and aftermarket segments, respectively. Pistons/pistons assemblies are critical products in the value chain of automotive manufacturing being engine parts of internal combustion engine (ICE) vehicles. With increasing focus on electric vehicle, there is diminishing utility of pistons and gudgeon pins. Governments in India and abroad have been continuously updating their policies regarding emission norms, safety norms or supporting off-take in electric vehicles through subsidies and standard operating procedures (SOPs).

Liquidity: Adequate

MPL has adequate liquidity as reflected by the GCA of ₹35-40 crore against nil debt repayment obligation. Cash flow from operations remained positive for five years ending FY26 (₹54.04 crore for FY26). The company is generating sufficient cash to meet its daily working capital requirements, resulting in lower working capital utilisation of 11.74% for 12 months ending May 31, 2026. This liquidity strength is further supported by free cash and bank balance of ₹8.95 crore as on March 31, 2026.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

Consolidation
Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Withdrawal Policy
Auto Components & Equipments
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

MPL was incorporated in August 1977 as a private limited company named Menon Pistons Private Limited (MPPL) in Kolhapur (Maharashtra) by the Menon family and was later listed on Bombay Stock Exchange (BSE). Currently spearheaded by Sachin Menon (CMD), the company manufactures pistons/piston assemblies (installed capacity of 36 lakh units), gudgeon pins (installed capacity of 27 lakh units), and plungers (installed capacity of 24 thousand units).

Brief Financials (₹ crore) – Consolidated MPL	March 31, 2025 (A)	March 31, 2026 (A)
Total operating income	254.45	305.90
PBILDT*	43.52	46.40
Profit after tax (PAT)	23.85	25.58
Overall gearing (x)	0.11	0.03
Interest coverage (x)	21.66	36.29

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

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

Brief Financials (₹ crore) – Standalone MPL	March 31, 2025 (A)	March 31, 2026 (A)
Total operating income	212.35	244.43
PBILDT*	32.19	31.39
Profit after tax (PAT)	17.32	17.64
Overall gearing (x)	0.12	0.02
Interest coverage (x)	7.78	9.16

A: Audited; 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-Cash Credit		-	-	-	18.90	CARE A-; Stable
Fund-based - LT/ ST-Working Capital Demand loan		-	-	-	2.10	CARE A-; Stable / CARE A2+
Non-fund-based - LT-Bank Guarantee		-	-	-	1.00	CARE A-; Stable
Term Loan-Long Term		-	-	30/09/2029	0.00	Withdrawn

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 2026-2027	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
1	Fund-based - LT-Cash Credit	LT	18.90	CARE A-; Stable	-	1)CARE A-; Stable (18-Jul-25)	1)CARE A-; Stable (27-Sep-24)	1)CARE A-; Stable (03-Oct-23)
2	Fund-based - LT/ ST-Working Capital Demand loan	LT/ST	2.10	CARE A-; Stable / CARE A2+	-	1)CARE A2+ (18-Jul-25)	1)CARE A2+ (27-Sep-24)	1)CARE A2+ (03-Oct-23)
3	Non-fund-based - LT-Bank Guarantee	LT	1.00	CARE A-; Stable	-	1)CARE A-; Stable (18-Jul-25)	1)CARE A-; Stable (27-Sep-24)	1)CARE A-; Stable (03-Oct-23)
4	Fund-based - LT-Term Loan	LT	-	-	-	-	-	1)Withdrawn (03-Oct-23)
5	Term Loan-Long Term	LT	-	-	-	1)CARE A-; Stable (18-Jul-25)	1)CARE A-; Stable (27-Sep-24)	-

LT: Long 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-Cash Credit	Simple
2	Fund-based - LT/ ST-Working Capital Demand loan	Simple
3	Non-fund-based - LT-Bank Guarantee	Simple
4	Term Loan-Long 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.	Rapid Machining Technologies Private Limited	Full	Wholly owned subsidiary
2.	Lunar Enterprises Private Limited	Full	Wholly owned subsidiary

Annexure-7: List of facilities/instruments and FSRs

As required by SEBI Circular dated February 10, 2026, to Credit Rating Agencies (CRAs), the list of activities or instruments falling under the purview of various FSRs, along with the names of respective FSRs, is disclosed below:

Sr. No.	Facilities/Instruments Name	Regulator of the Instruments[2]
1.	Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities)	SEBI
2.	Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (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 Banks / NBFCs / NHB / FIs ^	RBI
9.	External Commercial Borrowings and Other Similar Borrowings	RBI
10.	Certificates of Deposit	RBI
11.	Fixed Deposits Raised by Banks, NBFCs, HFCs, FIs	RBI
12.	Fixed Deposits Raised by Corporates Other Than Banks, NBFCs, HFCs, FIs	MCA
13.	Inter Corporate Deposits / Loans Extended by Corporates	MCA
14.	Borrowing Programme ~	-
15.	Issuer Ratings #	-
16.	Credit Ratings for Capital Protection Oriented Schemes (By Mutal Funds and AIFs)	SEBI
17.	Credit Quality Ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18.	Listed Security Receipts	SEBI
19.	Unlisted Security Receipts	RBI
20.	Independent Credit Evaluation (ICE)	RBI
21.	Expected Loss Ratings (For Loan Facilities (Fund / Non-Fund Based) from Banks / NBFCs / NHB / FIs)	RBI

[2]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority

Sr. No.	Facilities/Instruments Name	Regulator of the Instruments[2]
22.	Expected Loss Ratings (Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities))	SEBI
23.	Expected Loss Ratings (Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities))	MCA
24.	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.

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), among others. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In the press releases subsequent to issuance(s), CareEdge Ratings shall separately capture the rated quantum details along with names of respective regulators.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

@ These ratings were assigned in regulatory regime prior to introduction of SEBI CRA Circular dated February 10, 2026, and the investor side regulators have accordingly been included.

Note: For facilities / instruments falling under the purview of FSRs other than SEBI, the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

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

Media Contact	Analytical Contacts
Mradul Mishra Director **CARE Ratings Limited** Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Akhil Goyal Director **CARE Ratings Limited** Phone: +91-22-6754 3590 E-mail: akhil.goyal@careedge.in
Relationship Contact Ankur Sachdeva Senior Director **CARE Ratings Limited** Phone: +91-22-6754 3444 E-mail: Ankur.sachdeva@careedge.in	Ashish Kashalkar Associate Director **CARE Ratings Limited** Phone: +91-20-4000 9009 E-mail: Ashish.Kashalkar@careedge.in Yash Bhide Analyst **CARE Ratings Limited** E-mail: Yash.bhide@careedge.in

About us:

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