



Press Release

Nagata Auto Engineering India Private Limited

March 26, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	50.00	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)	-	Assigned	Simple
Total	50.00	Rupees Fifty Crore Only			

Details of Facilities/Instruments are in Annexure 1.

Facility wise lender details are at Annexure 2.

Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Valuation and Rating Limited (Formerly Infomerics Valuation and Rating Private Limited) (IVR) has assigned its rating for long term facility as IVR BBB- with stable outlook for the bank facilities of Nagata Auto Engineering India Private Limited (NAEIPL).

The rating draws comfort from the extensive industry experience of the promoters and reputed client base, improvement in scale of operations, healthy orderbook position and comfortable operating cycle. However, these strengths are partially offset by average financial risk profile, revenue concentration risk, intense competition in automotive component industry and exposure to cyclical nature inherent in auto industry.

The 'Stable' outlook indicates a low likelihood of rating change over the medium term. IVR believes that the NAEIPL's business & financials risk profile will be maintained over the medium term on the back of its experienced promoter and established relationships with reputed clients.

IVR has principally relied on the audited financial results of NAEIPL up to FY24 (refers to period from April 01 to March 31) and projected financials for FY25, FY26 and FY27, along with publicly available information/ clarifications provided by the company's management.

Key Rating Sensitivities:



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Upward Factors

- Sustained growth in scale of operations with further improvement in profitability, and cash on a sustained basis.
- Improvement in capital structure and debt protection metrics.

Downward Factors

- Moderation in total operating income and/or moderation in profitability leading to deterioration in gross cash accruals on a sustained basis.
- Deterioration in the capital structure and/or deterioration in debt protection metrics.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Extensive industry experience of the promoters and reputed client base

NAEIPL is a subsidiary company of Nagata Auto Parts Co Ltd (Japan) (NAPCL). NAPCL has its presence of over 25 years in the manufacture of automotive parts to OEM's. The promoters have more than three decades of experience in the automotive industry which has enabled the company to establish and maintain a healthy relationship with major players such as Maruti Suzuki India Ltd, Suzuki Motor Gujarat Pvt Ltd. etc. Promoters are well supported by an experienced team of professionals. who have experience and expertise of decades into the manufacturing industry of the auto component market.

Improvement in scale of operations

NAEIPL's scale of operations grew by compounded annual growth rate (CAGR) of 43% in the last three years ended FY24. In FY24, NAEIPL reported a TOI of Rs. 331.13 crore improved from Rs. 267.78 crore in FY23. This growth was driven by higher sales volumes due to continued demand in the auto industry. The profitability margins of the company have remained sustained, marked by EBITDA and PAT margins of 9.52% and 3.32% respectively in FY24 as against 9.41% and 2.86% respectively, in FY23. The company reported a TOI of Rs. 293.32 crore in the period April- December'24. Further, the continued ramp-up of operations at the new unit at Luhari is expected to significantly enhance the company's topline in the coming years.

Healthy orderbook position



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The total value of unexecuted orders across all three manufacturing plants is approximately Rs. 500.00 crore, which is to be completed by March 2026. Of this, the company expects to fulfil orders worth Rs. 130.00 crore by March 2025. This provides revenue visibility in short to medium term.

Comfortable operating cycle

The operations of the firm stood comfortable as marked by operating cycle of 28 days in FY24. The company is required to maintain adequate inventory in the form of raw material to ensure smooth production process as well as maintain stock of finished products to meet the immediate demand resulting in an average inventory holding period of 48 days in FY24. The average collection period of the firm stood at 29 days, and it receives an average credit period of 49 days on purchases.

Key Rating Weaknesses

Average Financial risk profile

NAEIPL has average financial risk profile, with TOL/TNW and the overall gearing ratio of the company stood at 3.12x and 2.70x, respectively as on March 31, 2024, as against 2.42x and 1.96x, respectively on March 31, 2023. The debt protection parameters reflected by interest coverage ratio is moderate at 9.36x and DSCR stood at 1.11x, in FY24. Further, the Total debt to GCA has declined from 14.39x in FY23 to 17.89x in FY24. The financial risk profile is expected to deteriorate in the upcoming years due to debt funded capex by the company.

Revenue concentration risk

The company is exposed to revenue concentration risk as its top 5 customers accounted for ~79% of the total operating income in FY24. However, the customer concentration risk is mitigated to some extent as the major revenue contributors of the company are OEM's and Tier- 1 company's and NAEIPL has long established relationships with them.

Intense competition in automotive component industry and exposure to cyclicity inherent in auto industry

The company is exposed to intense competition in the automotive component industry due to the presence of other automotive component manufacturers, which exerts pricing pressures and is likely to weigh on the company's operating margins. With the increasing presence of



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domestic as well as international players in the automotive ancillary business, the competition had increased over the years. Additionally, the company's business is susceptible to inherent cyclicity in the automotive industry, as it is vulnerable to economic cycles and is highly sensitive to the movement in interest rates and fuel prices.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Manufacturing Companies.](#)

[Criteria on assigning rating outlook](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

[Financial Ratios & Interpretation \(Non- Financial Sector\)](#)

Liquidity: Adequate

NAEIPL has earned gross cash accrual of Rs. 27.27 crore in FY24 as against debt repayment obligation of Rs. 24.18 crore for the same period. Further, the firm is expected to earn gross cash accruals in the range of ~ Rs. 30.00 to 73.00 crore as against its debt repayment obligation around ~ Rs. 30.00 to 55.00 crore during FY25-27. Accordingly, the liquidity position of the firm is expected to remain adequate in the near to medium term. The current ratio was adequate 1.34x as on March 31, 2024. The average fund-based utilisation for the twelve months ended October 2024, remained moderate at ~72% indicating an adequate liquidity buffer.

About the Company

Nagata Auto Engineering India Private Limited (NAEIPL) was incorporated on August 22, 2012. Its registered office is located at Plot No. 154-155, Sector 3I, Manesar, Gurgaon, Haryana, India, 122050. NAEIPL is a subsidiary of Nagata Auto Parts Co. Ltd, Japan (holding 82% stake). The company is engaged in manufacturing sheet metal auto components and sheet metal press dies. It majorly supplies its product to Maruti Suzuki India Ltd, Suzuki Motor Gujarat & M.G. Motor Ltd, Gujarat etc. The company has manufacturing facility each in Bilaspur (Haryana) and Sadatpura (Gujarat). It has set up a third plant in Luhari, Jhajjar (Haryana), which is commissioned from December 2024.



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The company is managed by Mr. Mittul Soni (Director) and Mr. Kazuhisa Nagata (Director).

Financials (Standalone):

(Rs. crore)

For the year ended/ As on*	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	267.78	331.13
EBITDA	25.21	31.53
PAT	7.66	11.00
Total Debt	303.96	485.51
Tangible Net Worth	155.33	179.87
EBITDA Margin (%)	9.41	9.52
PAT Margin (%)	2.86	3.32
Overall Gearing Ratio (x)	1.96	2.70
Interest Coverage (x)	7.31	9.36

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (Year 2024-2025)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-2024	Date(s) & Rating(s) assigned in 2022-2023	Date(s) & Rating(s) assigned in 2021-2022
1.	Fund Based	Long Term	50.00	IVR BBB-/ Stable	-	-	-

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About Infomerics:

Infomerics Valuation and Rating Limited (Infomerics) (Formerly Infomerics Valuation and Rating Private Limited) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External



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Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

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Annexure 1: Instrument/Facility Details

Name of Facility/ Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan	-	-	-	March 2032	45.00	IVR BBB-/Stable
Cash Credit	-	-	-	-	5.00	IVR BBB-/Stable

Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-NagataAuto-mar25.pdf>



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Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.