

July 01, 2025

## NTECK Automotive Private Limited: Rating reaffirmed

### Summary of rating action

| Instrument*   | Previous Rated Amount<br>(Rs. crore) | Current Rated Amount<br>(Rs. crore) | Rating Action                  |
|---------------|--------------------------------------|-------------------------------------|--------------------------------|
| Issuer rating | -                                    | -                                   | [ICRA]BBB (Stable); Reaffirmed |
| <b>Total</b>  | -                                    | -                                   |                                |

\*Instrument details are provided in Annexure-I

### Rationale

The rating reaffirmation factors in NTECK Automotive Private Limited's (Nteck) established operational track record as an automotive component supplier and its established relationship with its key customer, Maruti Suzuki India Limited (MSIL), a leading original equipment manufacturer (OEM) in the passenger vehicle (PV) segment. The company also benefits from operational and financial synergies from its strong parentage—Koritu Company Limited (Koritu; holds 92.5% stake in Nteck), an established Japanese automotive component manufacturer. Moreover, steady internal accrual generation with healthy operating margins result in comfortable capital structure and healthy coverage metrics, even in presence of debt funded capex.

However, the rating is constrained by Nteck's high product and customer concentration risks, as it manufactures only two products that are entirely sold to MSIL (partly also routed through Suzuki Motor Gujarat Private Limited; SMG). Coupled with limited backward integration of operations and the competitive nature of the industry, this has resulted in moderate scale of operations and limited scope for margin expansion in profitability. However, the risk is mitigated to an extent by Nteck's healthy share of business with MSIL and the healthy relationship of its parent with Suzuki Motor Corporation (SMC). ICRA has also taken note of the company's capex plans in FY2026 to add new manufacturing lines to widen its product mix. Timely completion of the same along with satisfactory ramp up will be a key monitorable. While there is a raw material cost pass through with its customer, Nteck's margins remain vulnerable to price volatility in the interim period and its ability to completely pass through other manufacturing overheads. The company's performance also remains susceptible to the cyclicity inherent in the industry and over the long-term, its revenue could become vulnerable to risks arising from the impending electrification of vehicles.

The Stable outlook on Nteck's rating reflects ICRA's opinion that the company will continue to benefit from its established relationship with its key customer and steady demand for its products, supporting its growth and accrual generation.

### Key rating drivers and their description

#### Credit strengths

**Technical and operational support emanating from its parentage** - Nteck is owned by Japanese entities, with its parent company, Koritu, holding a majority stake of 92.5%, while the remaining 7.5% is held by Hayashi Kogyo Limited. Koritu is a reputed Japanese manufacturer specializing in automotive components and serves as a global supplier to Suzuki Motor Corporation (SMC). As a subsidiary, Nteck benefits significantly from Koritu's operational and technological support. This strategic relationship enhances Nteck's capabilities in innovation, quality assurance, and process efficiency, aligning its operations with global standards.

**Established relationship with leading OEM, MSIL** - The company has established business relationships with its two customers, MSIL (leading OEM in the PV segment) and SMG (100% subsidiary of SMC). While Nteck only supplies two products (shifter fork and shift tower) for transmission systems, its revenue growth over the years has been driven by healthy share of business

with these customers. Moreover, Nteck's parent, Koritu, has been associated with the Suzuki Group for more than five decades.

**Comfortable capital structure and debt protection metrics** - The company has maintained a stable capital structure through steady additions to reserves and limited dependence on external borrowings. Further, the borrowings are in foreign currency which has resulted lower interest cost. Combined with healthy operating profits, this has helped sustain comfortable credit metrics. As of March 31, 2025, the Total Debt/OPBITDA stood at 0.1x, in line with the previous fiscal levels. Even with additional borrowings planned to fund capital expenditure, steady internal accruals are expected to keep debt coverage indicators at comfortable levels.

### Credit challenges

**Moderate scale of operations** – Over the years, Nteck's revenue has grown consistently, except in FY2025 wherein the revenue witnessed slight moderation, degrowing by 5% to Rs. 246.9 crore (provisionally). Nteck's scale of operations has remained moderate compared to the size of the industry. However, the margins have remained stable at around 12% in recent years. This is supported by pass-through mechanism, wherein the raw material fluctuations are passed through to MSIL.

**High product and customer concentration risks** – Nteck is exposed to high product concentration risk as its product profile consists of two products at present. However, the company is in the process of adding new manufacturing lines for a new product. Moreover, the customer concentration risk remains high as Nteck's entire sales are to MSIL (partly also routed through SMG). However, Nteck's strong relationship and healthy share of business with MSIL and the latter's leading position in the PV industry mitigate the risks to an extent.

**Vulnerability of revenues to cyclical and impending electrification of the automotive industry** - The company derives its entire revenues from the automotive industry, mainly from the PV segment, which exposes it to competitive intensity and inherent cyclical nature. Moreover, the move towards electrification of automobiles exposes Nteck to the risk of its product becoming obsolete, which could impact its revenues in the long term. However, the company plans to diversify its product portfolio to cater to electric vehicles (EVs) in the future, if required.

### Liquidity position: Adequate

Nteck's liquidity position is adequate supported by steady internal accrual generation, cash and bank balances of Rs. 48.5 crore as on May 31, 2025. The company has undrawn bank lines from Mizuho Bank and SMBC of ~Rs. 30 crore. The repayment in FY2026 is minimal to the tune of Rs. 0.65 crore. However, with the addition of debt to fund the expansion, the repayments are higher in FY2027 at around Rs. 3.7 crore, which are expected to be comfortably serviced through internal accruals.

### Rating sensitivities

**Positive factors** – Nteck's rating could be upgraded in case of healthy revenue growth and internal accrual generation, while maintaining comfortable coverage metrics and adequate liquidity on a sustained basis.

**Negative factors** – Nteck's rating could be downgraded if there is a considerable decline in revenue and profitability, and/or sizeable dividend payout or stretch in the working capital cycle resulting in deterioration in liquidity position and debt protection metrics. Specific credit metric for a rating downgrade includes Total Debt/OPBITDA higher than 2.5 times on a sustained basis.

## Analytical approach

| Analytical Approach             | Comments   |
|---------------------------------|--|
| Applicable rating methodologies | <a href="#">Corporate Credit Rating Methodology</a><br><a href="#">Auto Components</a> |
| Parent/Group support            | NA   |
| Consolidation/Standalone        | Standalone   |

## About the company

Nteck Automotive Private Limited, formerly known as KHM Drive Systems Private Limited, is a tier-1 supplier of automotive components, mainly gear parts, to Maruti Suzuki India Limited (MSIL). The company has two major products – shifter fork and shift tower, which find application in car gear systems and is manufactured by assembly lines and welding process in its sole manufacturing unit in IMT Manesar, Haryana. The company is supported by Japan-based design and machining components manufacturer – Koritu Company Limited (Koritu), and it currently holds majority stake of 92.5% in the company.

## Key financial indicators

| NTECK - Standalone                                   | FY2024 | FY2025* |
|--|--------|---------|
| Operating income                                     | 259.6  | 246.9   |
| PAT  | 20.9   | 20.8    |
| OPBDIT/OI (%)  | 12.2%  | 12.0%   |
| PAT/OI (%)   | 8.1%   | 8.4%    |
| Total outside liabilities/Tangible net worth (times) | 0.3    | 0.3     |
| Total debt/OPBDIT (times)                            | 0.1    | 0.1     |
| Interest coverage (times)                            | 126.0  | 70.4    |

Source: Company, ICRA Research; \*Provisional numbers; All ratios are as per ICRA's calculations; Amount in Rs. Crore.

## Status of non-cooperation with previous CRA: Not Applicable

Any other information: None

## Rating history for past three years

| Instrument    | Current (FY2026) |                          |                    | Chronology of rating history for the past 3 years |  |             |                    |        |        |
|---------------|------------------|--------------------------|--------------------|---|--|-------------|--------------------|--------|--------|
|               | Type             | Amount rated (Rs. crore) | July 1, 2025       | FY2025  |  | FY2024      |                    | FY2023 |        |
|               |                  |                          |                    | Date  | Rating                                       | Date        | Rating             | Date   | Rating |
| Issuer rating | Long Term        | -                        | [ICRA]BBB (Stable) | 14-Aug-2024                                       | [ICRA]BBB (Stable)<br>Issuer Not Cooperating | 22-May-2023 | [ICRA]BBB (Stable) | -      | -      |
|               |                  |                          |                    | 08-Oct-2024                                       | [ICRA]BBB (Stable)                           | -           | -                  | -      | -      |

## Complexity level of the rated instruments

| Instrument    | Complexity Indicator |
|---------------|----------------------|
| Issuer rating | NA                   |

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/Sanction | Coupon Rate | Maturity Date | Amount Rated (Rs. crore) | Current Rating and Outlook |
|------|-----------------|---------------------------|-------------|---------------|--------------------------|----------------------------|
| NA   | Issuer rating   | -                         | -           | -             | -                        | [ICRA]BBB (Stable)         |

Source: Company

**Annexure II: List of entities considered for consolidated analysis - NA**

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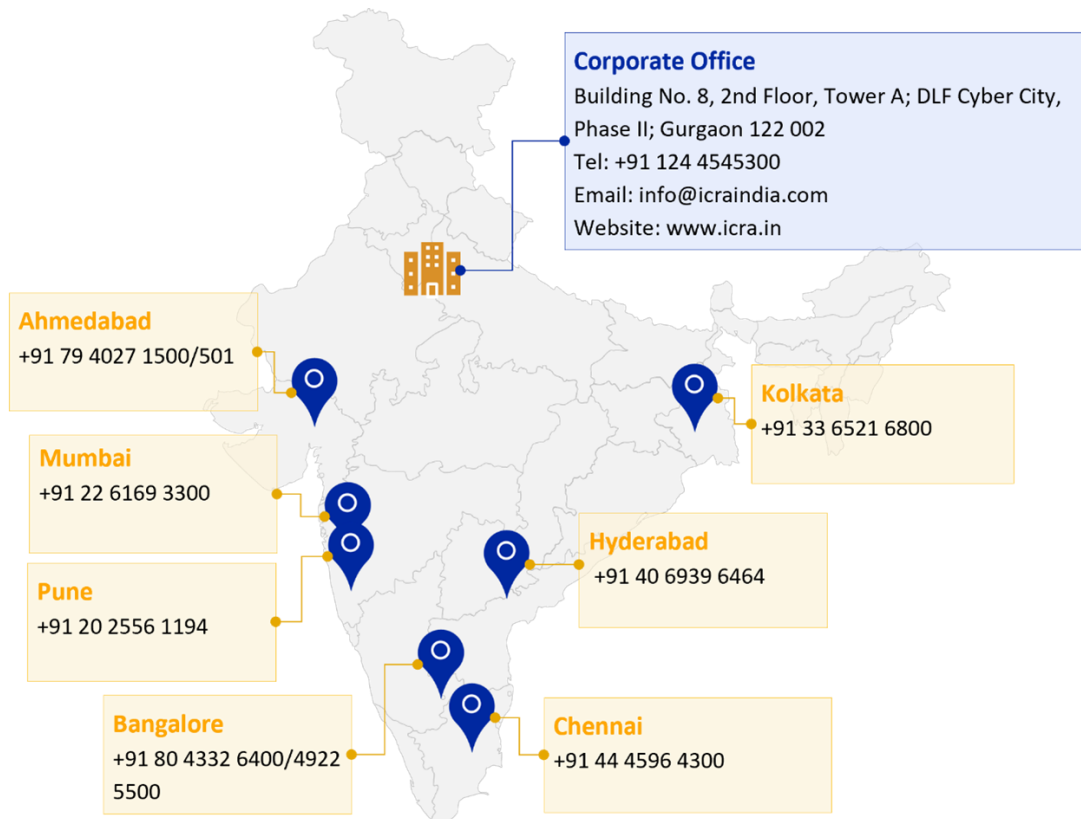
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