August 19, 2025

Aditya Auto Products & Engineering (I) Private Limited: Ratings upgraded; outlook revised to Stable

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term-term loan-fund based	11.32	6.00	[ICRA]A- (Stable); upgraded from [ICRA]BBB+; with change in outlook to Stable from Positive
Long term-cash credit-fund based	83.85	81.35	[ICRA]A- (Stable); upgraded from [ICRA]BBB+ with change in outlook to Stable from Positive
Short term-others-non fund based	16.25	16.25	[ICRA]A2+; Upgraded from [ICRA]A2
Total	**111.42**	**103.60**	

**Instrument details are provided in Annexure I*

Rationale

The upgrade in the ratings of Aditya Auto Products & Engineering (I) Private Limited (Aditya Auto) reflects the marked improvement in its operating scale and profitability in the recent quarters, and expectations that the same would sustain, going forward. On a consolidated basis, the company's operating margins improved significantly to 8.8% in FY2025 from 4.8% in FY2024 and 4.6% in FY2023, supported by increased content per vehicle, a shift towards higher-margin products, sustainable price revisions and pass-through mechanisms and initiatives to improve operating efficiencies, besides improved operating leverage on account of the increased scale of operations. The company's capital structure has also strengthened, aided by private equity infusion in FY2023 and FY2024 and moderate capital expenditure requirements. Consequently, Aditya Auto's consolidated interest coverage improved to 5.6 times in FY2025 from 3.4 times in FY2024 and 2.4 times in FY2023, while its net debt/OPBITDA reduced to 1.3 times in FY2025 from 2.9 times in FY2024 and 3.8 times in FY2023. The debt metrics are expected to remain healthy, supported by the sustained improvement in profitability and reduced reliance on debt-funded investments. The ratings also factor in the extensive experience of the promoters, the powertrain-agnostic nature of the company's product portfolio, and its increasing diversification in terms of product offerings and customer base, which are expected to support its business profile and growth prospects over the medium term.

The ratings continue to remain constrained by the company's moderate scale of operations (albeit scale-up over the past couple of years), with a consolidated operating income of Rs. 692.6 crore in FY2025, which limits its financial flexibility and ability to absorb business shocks. The company also faces high customer concentration risk, with approximately 51% of its revenues in FY2025 derived from its top three customers. This exposes Aditya Auto to potential revenue volatility in case of underperformance by these key customers or loss of business to competitors. Besides, the company's revenues remain susceptible to the inherent cyclicality of the domestic automotive and passenger vehicle (PV) industry, which could impact demand and profitability during downturns. Nonetheless, the risk is partially mitigated by Aditya Auto's long presence in the industry, established relationships with its clientele, ongoing efforts to diversify its customer base, and its product development capabilities, which are expected to support revenue stability and growth over the medium term.

The Stable outlook on the long-term rating reflects ICRA's opinion that the company will continue to benefit from its strong business profile, supported by the established relationships with major automotive players.

Key rating drivers and their description

Credit strengths

Strong operational profile and extensive experience of promoters – The ratings continue to derive comfort from Aditya Auto's established relationships with key domestic original equipment manufacturers (OEMs) and Tier-I suppliers, including Mahindra & Mahindra Limited, Lear Corporation, Maruti Suzuki India Limited, Skoda Auto Volkswagen India Private Limited, and Renault Nissan Automotive India Private Limited, among others. The company enjoys preferred vendor or sole supplier status with several OEMs in the window regulator segment, reflecting its strong market positioning and customer confidence. The recent launch of switched reluctance motors (SRM) and the expansion in window lift motor capacity are expected to further strengthen its product portfolio and drive growth in the motor segment. The company is also expected to benefit from the extensive experience of its promoters, the powertrain-agnostic nature of its offerings, and its increasing product and customer diversification, which collectively improves its business resilience and growth prospects over the medium term.

Improvement in operating margins in FY2025; likely to sustain going forward – The ratings favourably factor in the significant improvement in Aditya Auto's operating profitability in FY2025, with the consolidated operating margins expanding to 8.8% from 4.8% in FY2024 and 4.6% in FY2023. This margin enhancement was driven by a confluence of strategic and operational factors, including increased content per vehicle, a favourable shift in product mix towards new, higher-margin offerings, sustainable price increases and effective pass-through mechanisms and initiatives to improve operational efficiencies. Additionally, improved operating leverage contributed to the margin expansion. The company's ability to sustain these improved margins over the medium term is expected to support its overall financial profile, enhance internal accruals, and reduce reliance on external borrowings, thereby strengthening its credit metrics and liquidity position.

Healthy debt metrics – The company's debt metrics have improved in FY2025, aided by fund infusion in FY2023 and FY2024, improvement in margins and accruals, and moderate capex. The company received Rs. 60 crore equity from private equity firms in FY2024, which was largely utilised towards reduction in working capital debt and capex. Coupled with expansion in operating profits in FY2025, this supported improvement in debt metrics with consolidated interest coverage of 5.6 times in FY2025 (against 3.4 times in FY2024 and 2.4 times in FY2023) and consolidated net debt/OPBITDA of 1.3 times in FY2025 (against 2.9 times in FY2024 and 3.8 times in FY2023). The debt metrics are expected to remain healthy, going forward, with sustenance of the improved operating margins and minimal debt-funded capex/investments.

Credit challenges

Exposed to high customer concentration risk – The company's revenue profile remains exposed to customer concentration risk, with its top three customers accounting for approximately 51% of the consolidated revenues in FY2025. This dependence heightens vulnerability to any adverse development such as underperformance by key customers or potential loss of business to competitors, which could materially impact revenue visibility and cash flows. Nevertheless, the risk is partially mitigated by the company's long operational track record, entrenched relationships with its clientele, and demonstrated product development capabilities. The company's ongoing efforts to diversify its customer base and expand its product portfolio are expected to provide incremental revenue streams and support business stability over the medium term.

Moderate scale of operations, despite healthy improvement in the last three years – The company reported a moderate operating income of Rs. 692.6 crore in FY2025 with a CAGR of 12% for the period FY2020-FY2025. A higher scale would enhance resilience to volatility in demand and enable better cost absorption. The company's healthy order book and strong demand prospects for its products are likely to support revenue growth, going forward.

Exposure to cyclicality inherent in domestic automobile industry – The domestic market contributed approximately 85% to Aditya Auto's revenues in FY2025. Further, with over 90% of its top line derived from passenger vehicles (PV), the company's revenues and earnings are vulnerable to the cyclicality of the domestic automobile and PV industry.

Liquidity position: Adequate

The company's liquidity position is adequate, characterised by healthy anticipated cash flow from operations, consolidated free cash and bank balances of around Rs. 10 crore as of March 2025 and undrawn working capital lines of close to Rs. 40 crore as of March 2025. Against these sources of cash, the company has debt repayments of Rs. 5.7 crore in FY2026 and negligible repayments from FY2027. Further, the company is expected to spend close to Rs. 60 crore towards capacity expansion and maintenance capex in FY2026, which is likely to be met from the aforementioned sources of cash. Overall, ICRA expects the company to be able to meet its near-term commitments through internal sources of cash.

Rating sensitivities

Positive factors – The ratings would be upgraded if the company demonstrates a sustained improvement in its scale of operations and margins, while keeping debt levels under control and enhancing its liquidity profile.

Negative factors – The ratings could be revised downward in case of pressure on the credit metrics, arising from lower profit margins or a longer working capital cycle, impacting the liquidity profile. Any large debt-funded capital expenditure/acquisition, weakening the credit metrics, will also trigger a negative rating action. Specific metrics that could lead to a rating downgrade includes Total Debt/OPBITDA of more than 2.3 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Auto Components
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of Aditya Auto. Refer to the Annexure II for the list of entities considered for consolidation.

About the company

Aditya Auto manufactures and sells door and access systems, wiring harness assemblies and connectors primarily for automotive applications. The company was set up in 1996 by Mr. C Jayaraman and commenced operations in 2000 for the export of wiring harness assemblies to OEMs in Europe. It subsequently diversified into the manufacturing of door and access systems (automatic/manual window regulators and door latches) through the acquisition of related businesses of Arvin Meritor in 2001. The company has also actively focused on backward integration for manufacturing input components for door and access systems and has a separate components division for supplying input materials. The components division includes—(i) injection moulding, cold forging, and fine blanking processes at its Trichy plant, which was commissioned in 2008; (ii) manufacturing of window regulator motors at its Doddaballapur plant, which was commissioned in 2010; and (iii) a stamping facility at the Doddaballapur plant, which was commissioned in 2010. From FY2012, Aditya Auto backward integrated further into manufacturing tools and dies with the acquisition of the facilities of Nettur Technical Training Foundation in Bengaluru, an erstwhile vendor of the company. The promoter family owns an equity stake of 68.2% in the company while the major portion of the remaining stake is held by private equity firms.

Key financial indicators (audited)

Consolidated	FY2024	FY2025*
Operating income	644.3	692.6
PAT	2.7	16.3
OPBDIT/OI (%)	4.8%	8.8%
PAT/OI (%)	0.4%	2.4%
Total outside liabilities/Tangible net worth (times)	1.1	1.1
Total debt/OPBDIT (times)	3.8	1.5
Interest coverage (times)	3.4	5.6

*Amount in Rs. crore; Source: Company, ICRA Research; Financial ratios in this document are ICRA adjusted figures and may not be directly comparable with numbers reported by the company in some instances; PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation; *provisional*

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Current ratings (FY2026)			Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
Instrument	Type	Amount Rated (Rs. crore)	Aug 19, 2025	Date	Rating	Date	Rating	Date	Rating
Short term-unallocated-	Short-Term	-	-	-	-	Sep 26, 2023	[ICRA]A2	-	-
Short term-others-non fund based	Short Term	16.25	[ICRA]A2+	Dec 31, 2024	[ICRA]A2	Sep 26, 2023	[ICRA]A2	Jun 27, 2022	[ICRA]A2
Long term-term loan-fund based	Long Term	6.00	[ICRA]A- (Stable)	Dec 31, 2024	[ICRA]BBB+ (Positive)	Sep 26, 2023	[ICRA]BBB+ (Stable)	Jun 27, 2022	[ICRA]BBB+ (Stable)
Long term-cash credit-fund based	Long Term	81.35	[ICRA]A- (Stable)	Dec 31, 2024	[ICRA]BBB+ (Positive)	Sep 26, 2023	[ICRA]BBB+ (Stable)	Jun 27, 2022	[ICRA]BBB+ (Stable)

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term-Term Loan	Simple
Long Term-Fund based/CC	Simple
Short Term-Non- fund based	Very Simple

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	**Long term-Term Loan**	Jan 2021	NA	FY2027	6.00	[ICRA]A- (Stable)
NA	**Long term-Fund based/CC**	NA	NA	NA	81.35	[ICRA]A- (Stable)
NA	**Short term-Non- fund based**	NA	NA	NA	16.25	[ICRA]A2+

Source: Company

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
Synedyne Systems Private Limited	81.40%	Full Consolidation
Rehans Graphics Private Limited	99.97%	Full Consolidation
Aditya Avartan Technologies Private Limited	95.90%	Full Consolidation
Edscha Aditya Automotive Systems Private Limited	50.00%	Proportional Consolidation
Aditya Entuple Traction Technologies Private Limited	72.70%	Full Consolidation
Fees Mechatronik GmbH	51.00%	Full Consolidation

Source: Company

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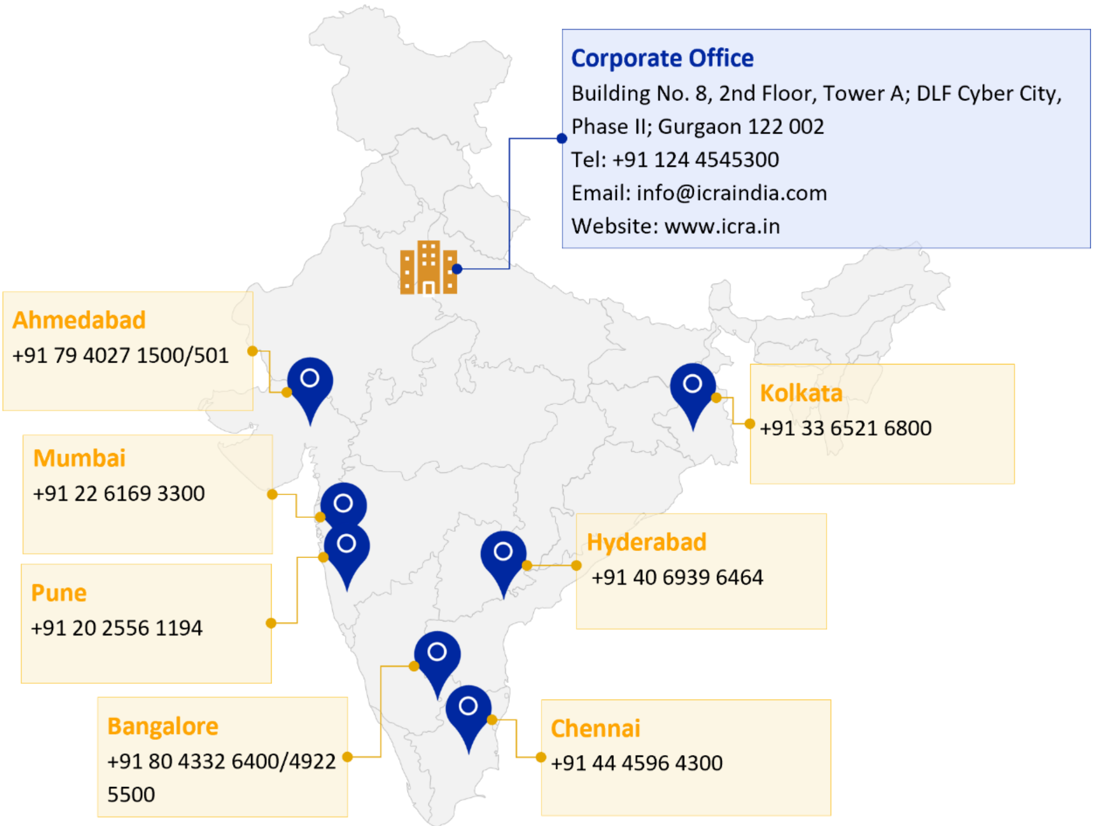

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