September 15, 2025

Krishna Penstone Automotive Private Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term/ Short -term – Fund-based/ Non-fund Based	21.00	21.00	[ICRA]AA- (Stable)/ [ICRA]A1+; reaffirmed
Total	**21.00**	**21.00**	

**Instrument details are provided in Annexure I*

Rationale

The reaffirmation of the ratings favourably factors in the steady operational performance of Krishna Penstone Automotive Private Limited (KPAPL, erstwhile Krishna Ishizaki Auto Ltd.), aided by its strong business position as a supplier of outside rear-view mirrors (ORVMs) and inside rear-view mirrors (IRVMs) to Maruti Suzuki India Limited (MSIL), the market leader in the passenger vehicle (PV) industry, and Honda Cars India Limited (Honda). KPAPL caters to 60-70% requirement of ORVMs and IRVMs for MSIL and nearly 100% for Honda. The company has been able to attain incremental business for new models launched by these original equipment manufacturers (OEMs) over the years, which augurs well for its revenue prospects. The ratings favourably factor in KPAPL's technological support from Penstone Corporation (Penstone), which holds a 50% equity stake in the company. Penstone is a leading Japanese rear-view mirror designer and manufacturer of various PV OEMs. Technological support from Penstone underpins the company's ability to adapt to the changing technological requirements of its key customers, thus allowing it to maintain its share of business (SOB) with them. A healthy demand outlook for the PV market, coupled with the entity's steady SOB with the existing customers is expected to help it report a moderate growth in the earnings over the medium term.

The company recorded revenues of Rs. 410.2 crore in FY2025 (as per provisional financials, a YoY growth of 4.7%) with healthy operating profitability (OPM) of 18-19%. The ratings continue to draw comfort from KPAPL's strong financial risk profile, marked by its debt-free status and strong liquidity (reflected in the cash and liquid investments of Rs. 102.5 crore as on March 31, 2025). The company has reported strong return indicators and profitability indicators over the years, benefitting from the backward integration of critical components such as actuator line, glass-processing line and induction moulding, besides the benefits of operating leverage. ICRA notes that the company has planned a capex outlay of Rs. 120-150 crore over the next 3-4 years towards setting up additional production facilities (building mirror shop, paint shop, injection machines, actuator and power folding etc.) at its existing Binola plant for supplying to MSIL's new plant in Kharkhoda (Haryana). The capex is expected to be funded through internal accruals and surplus liquidity, limiting its dependence on external debt.

The above strengths are partially offset by exposure to customer concentration risk with around 85% of KPAPL's revenues generated from MSIL. The company also faces the risk of concentration with the PV segment being its only end user. The customer concentration risk is mitigated to an extent by KPAPL's healthy relationship with MSIL and the OEM's status as the market leader in the Indian PV industry. Moreover, being a single-product company, its scale of operations is limited to an extent. However, the prospects of the PV industry remain favourable, with personal mobility preference aiding volumes. This is likely to ensure healthy revenue visibility for KPAPL over the near-to-medium term.

The Stable outlook on the long-term rating reflects ICRA's opinion that despite material capex plans towards capacity expansion over the medium term, the company's cash accruals are expected to help it maintain limited dependence on external debt and a strong financial risk profile.

Key rating drivers and their description

Credit strengths

Healthy share of business with MSIL – KPAPL is the leading supplier of ORVMs and IRVMs to MSIL and Honda. It commands a healthy market share of 30-35% in the overall Indian PV segment. Overall, the company meets 60-70% requirements of MSIL and nearly 100% of Honda. Over the years, it has been able to gain business for supplies of ORVMs and IRVMs for the new models launched by the OEMs. The company has recently won business for two new models of MSIL, namely e-Vitara (launched in May 2025) and Victoris (launched in September 2025). It is expected to maintain a healthy share of business with its customers, going forward, providing steady revenue visibility over the medium term. The company is also in discussion with other OEMs for additional business.

Strong financial risk profile – The financial risk profile is characterised by strong profit margin (18% in FY2025) and a healthy capital structure (TOL/TNW of 0.4 times as of March 31, 2025). KPAPL has maintained negligible debt position over the years, along with sizeable cash and liquid investments (Rs. 102.5 crore as on March 31, 2025). The company is planning to undertake material capex in the near term, however, the same is planned to be funded through internal accruals and existing cash and liquid investments. Thus, the financial risk profile of the company is expected to continue to remain healthy.

Technological support from parent entity – KPAPL receives technological support from its parent company, Penstone, a leading Japanese auto component company involved in designing and manufacturing rear-view mirrors to various global OEMs. Technological support from Penstone aids KPAPL in adapting to the changing technological requirements of MSIL/Honda as well as pitch its products to other OEMs. The company pays royalty to Penstone towards the technical know-how.

High level of backward integration – The company has high level of backward integration with actuator line, glass-processing line and induction moulding already manufactured in-house. It has also started in-house production of power folding for Honda's models. This enables higher value addition, which helps it in maintaining a competitive cost structure and stable operating margins. The company has also started manufacturing new technologies such as blind spot indicator, heater function and multi-view camera for ORVMs.

Credit challenges

Exposure to client, segment and geographical concentration risks – KPAPL generates a large share (around 85%) of its business from MSIL, followed by 10-15% from Honda. As a result, the company's performance and prospects are closely linked to that of MSIL. Although significant dependence on MSIL results in increased client concentration risk, this is mitigated to an extent because of the OEM's market leadership in the domestic PV segment and KPAPL's strong relationship with MSIL. While the management has been focusing on ramping up revenues from other OEMs, dependence on MSIL is likely to continue over the medium term. Further, its exports remain negligible because of the logistics-unfriendly nature of the parts, leading to lack of geographical diversity. This exposes KPAPL's revenues to fluctuations in demand prevailing in the domestic PV industry.

Limited scale of operations with a single product line – The company's scale of operations remains at a moderate level, with revenues of Rs. 410.2 crore in FY2025 (as per provisional financials). KPAPL is a single product company and primarily supplies ORVMs and IRVMs to select OEMs and thus, it is constrained because of its presence in a niche market segment. Nevertheless, the company's business position remains strong as the second largest PV mirror manufacturer in the domestic market.

Liquidity position: Strong

KPAPL's liquidity remains strong, characterised by healthy cash flow from operations (Rs. 50-60 crore expected in FY2026), cash and liquid investments of Rs. 102.5 crore and a working capital buffer of Rs. 12 crore as on March 31, 2025. The company has also been sanctioned additional fund-based WC limit of Rs. 25 crore in July 2025. Against the same, it has planned capex outlay of Rs. 60-75 crore in FY2026 towards setting up additional production facility at its existing Binola plant in Haryana (out of the overall capex of around Rs. 150 crore, to be incurred over the next 3-4 years) and maintenance at its existing plants. It is expected to meet its capex requirements from internal accruals and existing liquidity. The company reported nil long-term debt on the books as of August 31, 2025. Moreover, the company has healthy financial flexibility for being a part of the Krishna Group.

Rating sensitivities

Positive factors – ICRA may upgrade KPAPL's long-term rating in the medium-to-long term if it is able to scale up operations through a sustained and material diversification of its product segment and customer profile.

Negative factors – Any significant deterioration of the company's financial risk profile due to debt-funded capex or any inorganic growth initiative could trigger ratings downgrade. Any sizeable dividend payment, which materially impacts the company's liquidity profile on a sustained basis, or a material decline in its share of business with MSIL will also be considered unfavourable. Specific credit metrics for ratings downgrade include total debt/OPBDITA of more than 1.5 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	The ratings are based on the company's standalone financial profile.

About the company

Krishna Penstone Automotive Private Limited (KPAPL) is a part of the Delhi-based Krishna Group, a leading automotive component supplier in the domestic market. KPAPL is a major supplier of outside rear-view mirrors and inside rear-view mirrors to Maruti Suzuki India Limited and Honda Cars India Ltd. The company is a 50:50 joint venture (JV) between Mr. Ashok Kapur of the Krishna Group and Penstone Corporation, Japan. It has a technical knowledge sharing agreement with Penstone, which provides it with access to technology, design, and manufacturing capabilities. KPAPL has two plants, one in Binola (Haryana) with a production capacity to cater up to 15 lakh cars per annum (after ongoing expansion, capacity is expected to touch 25 lakh cars per annum), and the other one in Dalsana (Gujarat), with a production capacity to cater up to 10 lakh cars per annum.

Key financial indicators (audited)

KPAL (Standalone)	FY2024	FY2025*
Operating Income	391.8	410.2
PAT	46.4	46.7
OPBDIT/OI	18.9%	18.0%
PAT/OI	11.8%	11.4%
Total outside liabilities/Tangible net worth (times)	0.3	0.4
Total debt/OPBDIT (times)	0.1	0.2
Interest coverage (times)	67.4	33.4

*PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Amount in Rs. crore; *Provisional financials*

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current ratings (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Sep 15, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Fund-based/ Non-fund Based Facilities	Long term and short term	21.0	[ICRA]AA- (Stable)/ [ICRA]A1+	July 01, 2024	[ICRA]AA- (Stable)/ [ICRA]A1+	May 25, 2023	[ICRA]AA- (Stable)/ [ICRA]A1+	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
LT/ST Fund-based/Non-fund Based Facilities	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	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	**LT/ST - Fund based/ Non-fund Based Facilities**	NA	NA	NA	21.00	[ICRA]AA- (Stable)/ [ICRA]A1+

Source: Company

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

Annexure II: List of entities considered for consolidated analysis – Not Applicable

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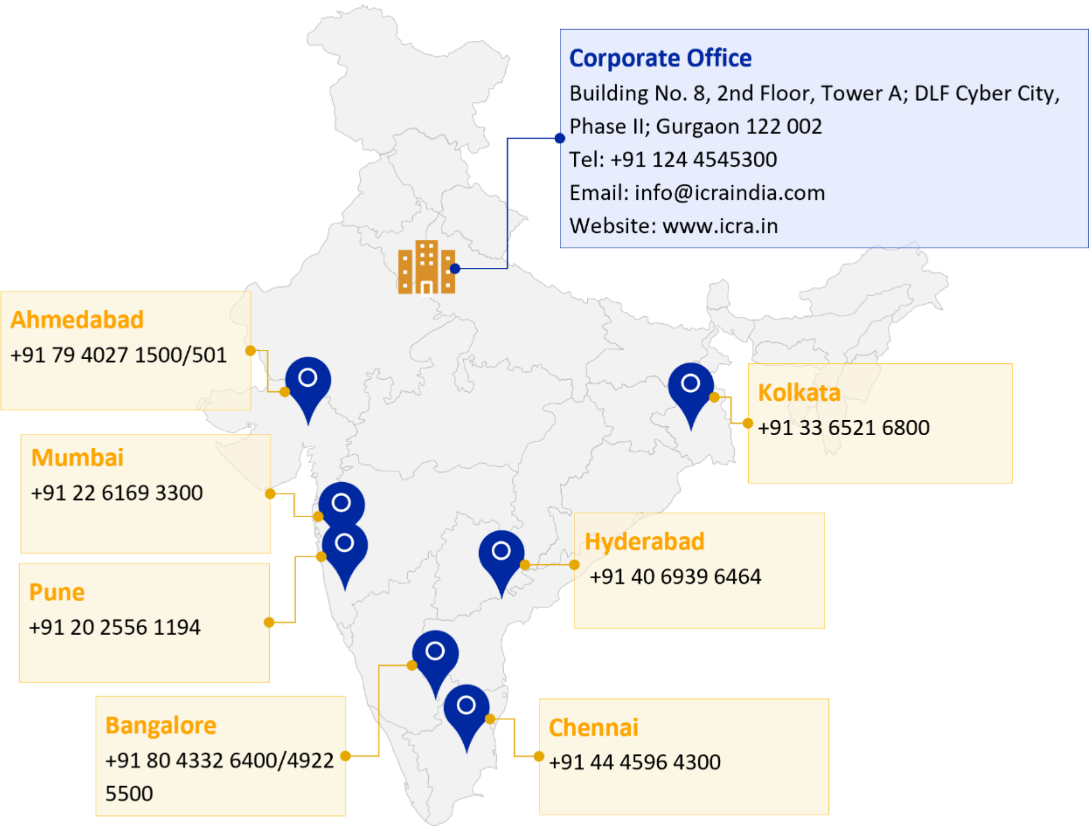

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