

October 29, 2025

## Napino Auto and Electronics Limited: Long-term rating reaffirmed, short-term rating upgraded to [ICRA]A1+

### Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term/ Short-term – Fund based– Cash Credit*	220.00	220.00	[ICRA]A+ (Stable)/[ICRA]A1+; long term rating reaffirmed, and short-term rating upgraded from [ICRA]A1
Long-term- Fund based – Term Loan	25.00	25.00	[ICRA]A+ (Stable); Reaffirmed
Long-term/ Short-term – Non fund based**	5.00	5.00	[ICRA]A+ (Stable)/ [ICRA]A1+; long term rating reaffirmed, and short-term rating upgraded from [ICRA]A1
<b>Total</b>	<b>250.00</b>	<b>250.00</b>	

\*Instrument details are provided in Annexure-I; \* sublimit includes WCCL, \*\*capex letter of credit.

### Rationale

The upgrade in the short-term rating of Napino Auto and Electronics Limited (Napino) factors in its continued strong liquidity position, supported by steady cash flow generation, healthy cash and bank balances, liquid investments, and undrawn bank lines. Moreover, the liquidity position was further strengthened by the fund infusion from the International Finance Corporation (IFC) in 2024. Additionally, the reaffirmation of the long-term rating takes into consideration Napino's established business position, the extensive experience of its promoters in the domestic automotive components industry, and its established relationship with Hero MotoCorp Limited (HMCL), India's largest two-wheeler (2W) original equipment manufacturer (OEM). Over the years, Napino has maintained a strong market position supported by its sizeable manufacturing set-up, robust technical capabilities, and product development expertise, reinforced by its status as a key supplier to HMCL. The ratings also factor in Napino's diversified presence across different product categories, including e-mobility/electric vehicle (EV) components, and its healthy share of business with its principal customers. The company's product portfolio is characterised by the presence of both traditional and e-mobility segments, mitigating potential risks associated with changes in the powertrain mix, particularly in the 2W segment.

Notwithstanding some moderation in consolidated revenue in FY2025, Napino continues to maintain a healthy financial risk profile supported by strong cash flow generation, sizeable net worth, and relatively lower external debt, resulting in a comfortable capital structure and robust debt protection metrics. The company plans to incur a sizeable capital expenditure of around Rs. 200 crore over FY2026-FY2027, on a group level, to enhance its manufacturing capacities and product base, as well as increase the share of EV components. ICRA expects this investment to be financed through internal accruals and funds raised (Rs. 250 crore through compulsory convertible debentures; CCDs) from IFC. The steady ramp-up of production and the scale-up in the EV business, owing to contracts secured from new and existing customers, are expected to support Napino's growth prospects over the near to medium term.

ICRA also notes that the company had filed three Schemes of Arrangement ('the Schemes') on 26 July 2023, amongst the Company, Vraheja Trading Private Limited, Vishnu Vaibhav Industries Private Limited, Napino Digital Solutions Private Limited and Napino Tech Ventures Private Limited, along-with their respective shareholders and creditors ('the Schemes') with National Company Law Tribunal (NCLT) under Sections 230 to 232 read with other applicable provisions of the Companies Act, 2013. The Schemes cover mergers of Vraheja Trading Private Limited, the demerged business of the Vishnu Vaibhav Industries Private

Limited and Napino Digital Solutions Private Limited (wholly owned subsidiary company) with the Company, and demerger of the Internet of Things (“IOT”) product business of the Company and vesting thereof into Napino Tech Ventures Private Limited. The NCLT Chandigarh bench, vide its order dated 09 April 2025 had approved the aforesaid Schemes which filed with the Registrar of Companies in April 2025 and May 2025. The Company has given accounting effect in accordance with the accounting treatments as prescribed in such schemes.

The ratings, however, remain constrained by competitive pressures in the auto component industry and the vulnerability of Napino’s profitability to inherent fluctuations in the prices of key raw materials, primarily in the EV segment, given the company’s limited ability to pass on raw material price increases to customers. This, coupled with high R&D expenses, has led to moderate operating margins (OPM) and return indicators in recent years. Nonetheless, these metrics are expected to improve over the near to medium term, supported by increasing economies of scale and the commercialisation of new products. Napino is also exposed to relatively higher customer concentration risk, with its top customer accounting for a significant portion of total revenue. However, the healthy share of business, key supplier status, and HMCL’s leading market position in the industry provide some comfort. ICRA notes the company’s considerable efforts to diversify its business profile by increasing its share of business from other customers. Additionally, the company remains exposed to the cyclicity of the automotive industry, with significant concentration in the 2W industry.

The Stable outlook on the long-term rating reflects ICRA’s expectation that Napino’s credit profile will continue to be supported by healthy cash flow generation and a comfortable capital structure, while maintaining a strong liquidity position.

## Key rating drivers and their description

### Credit strengths

**Established track record and extensive experience of promoters in the automotive components industry** - Incorporated in 1991, Napino has established itself as a prominent manufacturer of electronic and electrical automotive components, especially for the 2W industry. This has been supported by its established relationships with HMCL and other key OEMs, a diverse product profile, and a sizeable manufacturing set-up. The company is promoted by Mr. Vipin Raheja (Founder and Managing Director), who has extensive experience of over three decades in the industry. He is assisted by his son, Mr. Vaibhav Raheja, Joint Managing Director of the company. Napino also benefits from technological collaborations with global auto majors Vitesco Technologies Group AG (Vitesco) and Continental Automotive Holding Netherlands B.V. (Continental Automotive). Over the years, Napino has expanded its product portfolio (electronics, wiring harnesses, switches, and other components), supported by strong technical capabilities, multiple technical collaborations, and continued investment in design infrastructure and R&D.

**Established relations with reputed clientele** – Over time, Napino has developed a wide customer base of leading domestic and global OEMs, including HMCL, Honda Motorcycle and Scooter India Private Limited, Royal Enfield, Bajaj Auto Limited, Ather Energy, Ola Electric, Simple Energy, TVS Motor Company, and Hero Electric in the domestic 2W industry. The company enjoys a healthy share of business with its principal customer, aided by technological support from Vitesco, in-house developed capabilities and a wide range of product profile. Given the product development initiatives and order bookings from new and existing customers, Napino’s EV share is expected to increase steadily to around 20-25% by the end of FY2026 from 10-15% in the previous fiscal. The company is also focusing on expanding its services in export market and share of export in total revenue will increase in coming years.

**Healthy financial risk profile** – Napino’s financial profile continues to be healthy, driven by low reliance on external debt for working capital requirements or term loans, supported by the company’s robust cash flow generation. Napino raised Rs. 250 crore (through CCDs with a 0.001% coupon rate) from IFC in June 2024 to fund its capital expenditure plans over FY2025-FY2026 and to retire the term debt availed by a group company (fully owned by the promoters) to acquire the stake from outgoing shareholders. The IFC funds helped the company maintain a lower dependence on external debt for its capex and working capital requirements. ICRA expects the company to continue maintaining a comfortable capital structure and strong debt protection metrics, aided by steady accretion to reserves and no material increase in its debt levels.

## Credit challenges

**Exposure to raw material price volatility and competitive pressures; moderate OPM and returns indicators** – Napino's OPM is susceptible to fluctuations in key raw material prices. However, the increased prices are passed on with a minor lag, largely insulating its profitability. Moreover, the company encounters pressures from other global and domestic suppliers due to the competitive nature of the business, especially in the EV segment, in terms of pricing flexibility. Nonetheless, it benefits to an extent from its established operational track record and long-standing relationships with its key customers. Napino has been reporting moderate OPM due to substantial expenditure on R&D, which is expected to generate higher earnings in upcoming years. This, coupled with investments made in joint ventures (JVs) and other strategic initiatives, exerted pressure on the company's return indicators.

**Relatively higher customer concentration risk, however, dependence on HMCL declined steadily in recent past** – Napino has a relatively higher customer concentration risk, with its top customer, HMCL, accounting for a major part of its revenue. The company's business performance is thus vulnerable to the performance and market share of its key client. However, ICRA notes that the dependence on HMCL has declined steadily to around 72% in FY2025 compared to 86% in FY2021, primarily due to the expansion of Napino's customer base. Moreover, Napino's healthy share of business and key supplier status with HMCL, along with HMCL's leading market position in the domestic 2W industry, provide some comfort. While HMCL is expected to significantly drive the company's revenue, the addition of new products and expansion of its EV vertical through planned product launches are expected to widen the customer base and support the company's revenue growth over the medium term.

**Cyclicality inherent in the automotive sector** – Napino derives most of its revenue from the automotive sector, mainly from the 2W segment (~90% of revenues in FY2025), thereby exposing it to the inherent cyclicality and/or demand slowdowns of the auto industry. However, the company enjoys established relations with HMCL and has demonstrated the ability to sustain its steady revenue growth in recent years, with its product profile also catering to alternative vehicle components (EV). Napino is likely to report healthy revenue growth over the medium term.

## Liquidity position: Strong

Napino's liquidity position is strong, supported by steady cash flow from operations and undrawn working capital bank lines of around Rs. 110 crore as of September 2025, on a consolidated basis (Rs. 89 crore on standalone basis) and cash and bank balances along with liquid investments of Rs. 180-190 crore on a consolidated basis. Napino has a planned capex of Rs. 150-200 crore in FY2026-FY2028, on the group level, which is expected to be funded primarily through internal accruals, available free cash/liquid investments and funds raised from IFC.

## Rating sensitivities

**Positive factors** – ICRA could upgrade Napino's ratings if the company reports strong revenue growth and earnings, leading to improvement in its return indicators while maintaining strong debt protection metrics and liquidity profile on a sustained basis. Besides, increased customer and product diversification, further strengthening the business profile would also be key for ratings upgrade.

**Negative factors** – Pressure on Napino's ratings could arise in case of a considerable decline in revenue and earnings, significant debt-funded capex and/or deterioration in working capital cycle, resulting in the weakening of its credit metrics and liquidity position. Specific credit metrics that could result in a ratings downgrade include a DSCR of less than 2.3 times on a sustained basis.

## Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Auto Components</a>
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financial statements of Napino, including its subsidiaries, associates and joint ventures, as per details given in Annexure II

## About the company

Incorporated in 1991, Napino manufactures electrical and electronic components for the automotive industry, including printed circuit boards (PCBs), electronic control units (ECUs), regulators/rectifiers, wiring harnesses, switches, assembly wipers, capacitor discharge ignitors, mechatronics, e-mobility products, engine management systems, and resistor assemblies. Napino is promoted by Mr. Vipin Raheja and his family. The Napino Group is a key vendor for HMCL and supplies electronic components for 2Ws, including electric vehicles (2Ws-EV). Napino has a 70% subsidiary, NCS, which manufactures electronic fuel injectors (EFIs) with technology support from Vitesco for HMCL. NDS, a 100% subsidiary of Napino, manufactures and provides services related to the Internet of Things (IoT), which got merged into Napino as per the latest restructuring scheme. Napino also has another 100% subsidiary, NDM, which has no operations as of date. Napino Continental Vehicle Electronics Private Limited (NCVE), a 50% joint venture (JV) with Continental Automotive, manufactures electronic instrument clusters (EICs) for commercial vehicles and 2Ws.

### Key financial indicators (audited)

Napino - Consolidated	FY2024	FY2025*
Operating income	1,545.5	1,465.8
PAT	65.4	49.9
OPBDIT/OI	9.2%	8.1%
PAT/OI	4.2%	3.4%
Total outside liabilities/Tangible net worth (times)	1.1	1.3
Total debt/OPBDIT (times)	2.2	4.3
Interest coverage (times)	5.5	5.0

Source: Company, ICRA Research; \* Provisional numbers; All ratios 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

Current (FY2026)			Chronology of rating history for the past 3 years						
			FY2025		FY2024		FY2023		
Instrument	Type	Amount Rated (Rs. crore)	Oct 29 2025	Date	Rating	Date	Rating	Date	Rating
Cash Credit*	Long Term/ Short Term	220.00	[ICRA]A+ (Stable)/ [ICRA]A1+	Jul 29, 2024	[ICRA]A+ (Stable)/ [ICRA]A1	-	-	-	-
Term Loan	Long Term	25.00	[ICRA]A+ (Stable)	Jul 29, 2024	[ICRA]A+ (Stable)	-	-	-	-
Non-fund based**	Long Term/ Short Term	5.00	[ICRA]A+ (Stable)/ [ICRA]A1+	Jul 29, 2024	[ICRA]A+ (Stable)/ [ICRA]A1	-	-	-	-

## Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term/Short term – Fund Based – Cash Credit	Simple
Long-term – Fund Based – Term Loan	Simple
Long-term/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	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Cash Credit*	NA	NA	NA	220.00	[ICRA]A+ (Stable)/ [ICRA]A1+
NA	Term Loan#	NA	NA	NA	25.00	[ICRA]A+ (Stable)
NA	Non-fund based**	NA	NA	NA	5.00	[ICRA]A+ (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**

Company Name	Ownership*	Consolidation Approach
<b>Napino Auto and Electronics Limited</b>	NA**	Full consolidation
<b>Subsidiaries</b>		
<b>Napino Control Systems Private Limited</b>	70.00%	Full consolidation
<b>Napino Domino Mechatronics Private Limited</b>	100.00%	Full consolidation
<b>Joint Ventures</b>		
<b>Napino Continental Vehicle Electronics Private Limited</b>	50.00%	Equity method

Source: Company, \*as of March 31, 2025, \*\*parent company

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### Branches



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