

July 07, 2025

NDR Auto Components Limited: [ICRA]A+(Stable)/ [ICRA]A1+ assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Long-term-fund based- Dropline overdraft	20.00	[ICRA]A+ (Stable); assigned
Long term/short-term- Fund based/ non fund based – working capital	15.00	[ICRA]A+ (Stable)/ [ICRA]A1+; assigned
Long term/Short term–Unallocated	65.00	[ICRA]A+ (Stable)/ [ICRA]A1+; assigned
Total	100.00	

*Instrument details are provided in Annexure I

Rationale

The assigned ratings factor in the established presence of NDR Auto Components Limited (NDR Auto) in the automotive seating frame and trims manufacturing industry, as well as the established experience of its promoter, Mr. Rohit Relan, in the seating business. The entity has a healthy share of business (SOB) with leading automotive seating manufacturers. NDR Auto primarily caters to Tier-I auto components suppliers such as Bharat Seats Limited (BSL, ICRA A (Stable)/A1), Toyota Boshoku Automotive India Pvt Ltd (TBI), which then supply assembled seating to leading original equipment manufacturers (OEMs), Maruti Suzuki India Limited (MSIL) and Toyota Kirloskar (Toyota), respectively. Even though the company has a limited track record of operations as it was set up in FY2020, its revenues have grown significantly at a CAGR of 58% over FY2021 to FY2025, aided by healthy demand in the passenger vehicle industry and regular orders received from its customers. The company's operating profitability has also been improving consistently on a YoY basis and stood at 10.3% in FY2025 (up from 9.3% in FY2024). ICRA expects the profitability to remain healthy over the near to medium term, supported by its strong operating performance and raw material pass-on clause maintained with its customers, which is likely to help the company generate strong cash accruals and maintain healthy credit metrics.

The ratings assigned favourably factor in the company's strong financial risk profile, characterised by steady accruals, low leverage, and strong coverage metrics, as evident by TD/OPBITDA of 0.4 times as on March 31, 2025. The company also had a strong liquidity profile, with cash and liquid investments of Rs. 60–65 crore as on March 31, 2025. To expand its business profile and product portfolio, it set up a wholly owned subsidiary in May 2025 to manufacture seat insert fabric and allied products, with an investment requirement of Rs. 22 crore (to be incurred largely in FY2026); revenues from the subsidiary are expected to commence from FY2027. NDR Auto has also entered into a 50:50 joint venture (JV) agreement with Hayashi Telempu, Japan, to manufacture a wide range of products such as dash mirrors, ambient lighting, NVH floor carpets, rear shades, etc. Both JV partners plan to invest Rs. 33.3 crore each (equity component), with an overall investment requirement of Rs. 82 crore for the project over FY2026–FY2028; revenues from the JV are expected to support growth in scale over the medium term. Despite the aforementioned capex/investment plans, ICRA expects NDR to continue maintaining a negative net debt position.

The ratings remain constrained by the company's high dependence on the domestic market and MSIL, given that a significant share of its revenues is linked to the OEM's performance. This is mitigated to an extent by BSL's healthy SOB with MSIL, along with MSIL's leadership position in the passenger vehicle (PV) segment. The company also remains exposed to the inherent cyclical nature associated with the automotive industry, with operations limited to the domestic market.

The Stable outlook reflects ICRA's opinion that the entity's credit metrics are expected to remain healthy over the near to medium term, aided by steady share of business with key customers.

Key rating drivers and their description

Credit strengths

Established relationships with customers provide revenue visibility – NDR Auto has an established presence and acts as a Tier II component supplier of seat frames and trims to MSIL and Toyota. It caters to these OEMs through BSL and TBI, respectively. It caters to various models of MSIL and caters to 30–35% of MSIL’s frame and trim requirements. It has also secured business for new electric models of the OEM – e-Vitara (launched in May 2025) and another sport utility vehicle (SUV), with SOP likely in September 2026. For Toyota, NDR mainly caters to two models – Urban Cruiser and Hyryder. Besides these, it also supplies frames/trimms to Suzuki Motorcycle India Pvt. Ltd. (SMIPL) in the two-wheeler segment, though it only forms a small share of revenues at present (5.5% in FY2025). The company is expected to continue maintaining a healthy SOB with these OEMs, thereby providing steady revenue visibility over the medium term.

Strong financial risk profile – The company’s capital structure remains comfortable, aided by negligible reliance on external debt, as reflected in gearing of 0.1 times and a total outside liabilities-to-net worth ratio of 0.6 times as on March 31, 2025. Interest coverage and TD/OPBITDA ratios remained robust at 22.7 times and 0.4 times, respectively, for FY2025 and are expected to stay at healthy levels over the medium term. While the company has some capex/investment plans in the near to medium term, the debt protection metrics are likely to remain supported by healthy profitability and low leverage.

Credit challenges

End customer concentration risk with high dependence on MSIL – The company’s revenues are significantly dependent on MSIL, as it derives around 70% of its topline from the OEM (catered through Tier I suppliers – BSL and TBI). Furthermore, its top two end customers, MSIL and Toyota, together account for 85–90% of its revenues. This exposes the company to customer and segment concentration risk. However, the risk is mitigated by MSIL’s market leadership in the PV industry and the company’s healthy SOB with the OEM. Besides, NDR is in discussions with prospective customers and onboarded Hyundai Transys (a Tier I supplier to KIA) in December 2024. Going forward, the company’s ability to secure regular orders from existing OEMs, along with onboarding new customers, remains crucial for deriving diversification benefits.

Exposed to inherent cyclicity in auto industry – NDR caters to the automotive industry, which is highly sensitive to economic cycles. Automotive OEMs were adversely affected in FY2020 owing to a decline in consumer spending, in FY2021 due to Covid-19-related disruptions, and again in FY2022 owing to a semiconductor chip shortage, which impacted the performance of auto ancillaries. Hence, the performance of the company remains vulnerable to the performance of the PV industry and economic downturns.

Environment and Social Risks

Environmental considerations: Though NDR is not directly exposed to climate transition risks stemming from stricter emission control requirements, its automotive manufacturing customers are significantly exposed to such risks. Accordingly, NDR’s prospects are linked to the ability of its end-customers (MSIL, Toyota, SMIPL) to meet tightening emission requirements. The company has also taken steps to reduce its carbon footprint by increasing reliance on renewable energy and implementing various energy-saving measures.

Social considerations: NDR, like most automotive-component suppliers, has a high dependence on human capital; and retaining human capital, maintaining strong employee relations, and supporting a robust supplier ecosystem remain essential for its disruption-free operations. Another social risk that NDR faces pertains to product safety and quality, where product recalls or high warranty costs may not only cause financial setbacks but also harm reputation and result in lasting adverse effects. In this regard, NDR’s strong track record in catering to leading automotive OEMs underscores its ability to mitigate these risks to an extent.

Liquidity position: Strong

The company's liquidity position remains strong, characterised by expectations of healthy cash accruals in FY2026 and adequate buffer in working capital lines (sanctioned limit of Rs. 29.5 crore as on March 31, 2025). Further, the company had cash and bank balances of Rs. 60–65 crore as of March 2025 and no debt on its books. The company has capex plans of ~Rs. 40 crore in FY2026, expected to be funded through internal accruals. Moreover, the company continues to enjoy healthy financial flexibility as a part of the NDR Auto Group.

Rating sensitivities

Positive factors – The company's ability to diversify its customer profile and record a sustained improvement in its scale of operations and cash accruals, while maintaining a strong credit profile would be favourably considered for a rating upgrade.

Negative factors – Pressure on the ratings could arise from a sustained weakening of performance and deterioration in liquidity or coverage metrics. Specific credit metric for a downgrade includes total debt/OPBIDTA above 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 rating is based on the consolidated financial profile of the company. As on March 31, 2025, the company had two JVs and one associate company, details of which are enlisted in Annexure-II.

About the company

NDR Auto Components Limited (NACL) is a part of the NDR Auto Group, which traces its origins to the 1930s when its founder, Late Shri N.D. Relan, began as a stockbroker in the financial services sector. In the 1980s, the Group diversified into auto component manufacturing under the names Bharat Seats Limited (BSL) and Sharda Motor Industries Limited (SMIL). NDR Auto Components Limited was incorporated in March 2019 as the flagship company of the NDR Auto Group with a view to demerge the automobile seating business of SMIL.

NDR acts as a Tier II supplier and manufactures frames and trims for the seating system for PVs and 2W OEMs. The company has four plants at Gurgaon and Pathredi (Haryana), Bangalore (Karnataka) and Surendra Nagar (Gujarat). It derives around 70% of its top line from its end customer, MSIL. It caters to various Tier I suppliers, including BSL, TBI, Hyundai Transys India Pvt. Ltd., Bellsonica Auto Components Pvt. Ltd., etc. The company's shares are listed on the NSE and BSE.

Key financial indicators

NDR Auto (Consolidated)	FY2024	FY2025
Operating income	601.6	712.8
PAT*	31.4	43.6
OPBDIT/OI	9.3%	10.3%
PAT/OI*	5.2%	6.1%
Total outside liabilities/Tangible net worth (times)	0.6	0.6
Total debt/OPBDIT (times)	0.6	0.4
Interest coverage (times)	19.7	22.7

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore

PAT: Profit after tax; *PAT before inclusion of share of profit/(loss) of associate/joint ventures; OPBDITA: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current (FY2026)		Chronology of rating history for the past 3 years					
		Amount rated (Rs. crore)	July 07, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Long-term-fund based- Dropline overdraft	Long term	20.00	[ICRA]A+(Stable)	-	-	-	-	-	-
Long term/short-term-Fund based/ non fund based – working capital	Long term/ short-term	15.00	[ICRA]A+(Stable)/ [ICRA]A1+						
Long Term/Short Term–Unallocated	Long term/ short-term	65.00	[ICRA]A+(Stable)/ [ICRA]A1+						

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term-fund based- Dropline overdraft	Simple
Long term/short-term- Fund based/non fund based – working capital	Simple
Long Term/Short Term–Unallocated	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	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Long-term-fund based-Dropline overdraft	NA	NA	NA	20.00	[ICRA]A+(Stable)
NA	Long term/short-term-Fund based/ non fund based – working capital	NA	NA	NA	15.00	[ICRA]A+(Stable)/ [ICRA]A1+
NA	Long Term/Short Term–Unallocated	NA	NA	NA	65.00	[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	NDR Auto Ownership	Consolidation Approach
NDR Auto Components Limited	100.00% (rated entity)	Full Consolidation
Bharat Seats Limited	28.66%	Equity method
Toyota Boshoku Relan India Private Limited	50.00%	Equity method
Toyo Sharda India Private Limited	50.00%	Equity method

Source: Company

Note: ICRA has factored in consolidated financials of NDR Auto while assigning the ratings.

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