

September 30, 2025

Naxnova Technologies Private Limited (erstwhile known as Classic Stripes Private Limited): Ratings downgraded to [ICRA]BBB+ (Stable) /[ICRA]A2

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – fund-based/ term loans	443.00	362.10	[ICRA]BBB+ (Stable); Downgraded from [ICRA]A (Stable)
Long-term/ Short-term – fund-based/ non-fund-based – working capital facilities	93.00	94.00	[ICRA]BBB+ (Stable) / [ICRA]A2; Downgraded from [ICRA]A (Stable)/ [ICRA]A2+
Long-term/ Short-term – unallocated	0.00	79.90	[ICRA]BBB+ (Stable) / [ICRA]A2; Downgraded from [ICRA]A (Stable)/ [ICRA]A2+
Total	536.00	536.00	

*Instrument details are provided in Annexure I

Rationale

The downgrade in NTPL's ratings takes into account ICRA's expectation of the significant weakening in the credit profile of the company following loss of business from Hero Motocorp Limited (HMCL). HMCL contributed about 46% to NTPL's revenues in FY2025 and suspension of sales to HMCL resulted in a 39.1% YoY decline in its standalone revenues in 5M FY2026 and a contraction in its standalone operating profit margin (OPM) by 1,230 bps during the same period. Overall, the suspension of sales to HMCL is expected to result in a significant impact of the company's revenues in FY2026. With the ongoing effort of management to recoup the lost sales, NTPL has made progress in expanding its customer base, with incremental orders from new clients. ICRA notes that the ability of NTPL to ramp up sales from new clients, successful integration of acquisitions and movement in debt metrics amid the recent contraction in margins will be key monitorables, going forward.

The ratings also factor in NTPL's weakened financial profile following the debt-funded acquisition of three European entities. The Rs. 400-crore term loan taken for the acquisition has resulted in a consolidated debt of around Rs. 450 crore as on March 31, 2025 from Rs. 106.7 crore as on March 31, 2024, leading to a deterioration in leverage and coverage metrics. Total Debt/OPBITDA increased to 2.4 times as on March 31, 2025 from 0.6 times as on March 31, 2024, and DSCR contracted to 1.16 times from 2.10 times during the same period. ICRA expects the DSCR to remain impacted by sizeable repayment obligations in near term. The integration of these entities also brings execution risks, given the differences in geography, customer base and employee retention. Moreover, as the acquired businesses operate at lower margins, the full-year integration of the European entities is expected to moderate margins at the consolidated level, going forward.

The ratings continue to factor in NTPL's established position in the domestic two-wheeler decal and metcal segments, with an established presence and healthy relationships with Bajaj Auto, TVS Motor, Royal Enfield, etc. The company has also onboarded new 4W Original Equipment Manufacturers (OEMs) and is in talks with some other 4W OEMs in line with its aim to reduce 2W OEM concentration and diversify product profile and customer concentration. Further, the European acquisitions have enhanced NTPL's technological capabilities and global reach, giving access to marquee customers like BMW, Rolls Royce, Tesla, and Lucid, along with over 100 patents. The company has set up a printed electronics R&D facility in Pune (Maharashtra) and is actively showcasing its offerings to 4W OEMs.

The ratings also factor in the investments made by NTPL in its Group companies and startups, who operate in unrelated businesses, and in other non-Group ventures. While NTPL has demerged its investments in real estate to a separate entity, as it is a non-core segment of its business, ICRA notes that NTPL's optional future payouts for acquiring remaining stakes in

European subsidiaries could exert pressure on its liquidity. ICRA would continue to monitor developments concerning any further financial support, stake sale or investments from NTPL in Group companies/ non-Group ventures.

The Stable outlook for NTPL's long-term rating reflects ICRA's expectations that NTPL will continue to onboard new clients to recoup its lost business leading to gradual improvement in its operating revenues and margins, leading to improvement in its debt metrics.

Key rating drivers and their description

Credit strengths

Established track record and proven expertise in automotive decal manufacturing – With its operational track record spanning over three decades, NTPL demonstrates a proven expertise in automotive decal manufacturing. Its established brand presence has ensured a reputed clientele and helped in acquiring new customers. Its ability to serve leading 2W OEMs like HMCL, Bajaj, TVS, and Royal Enfield over the years underscores its strong execution capabilities and product quality. Continuous R&D efforts have also enabled NTPL to reduce production costs significantly, enhancing its competitiveness in the market.

Increasing share of business with other customers in the domestic automotive decal market; moderate geographic diversification with presence in overseas markets – While NTPL historically derived a significant portion of its revenue from HMCL, the company has gradually increased its business share with other domestic OEMs such as TVS, Bajaj, and Royal Enfield in the recent past. This has helped moderate its customer concentration risk to some extent. Additionally, NTPL has established a presence in overseas markets, particularly in the Middle East, through exports of decals and metcals. The company has also set up a wholly-owned subsidiary in the UAE to support its export operations, which generated around 12% of its revenues in FY2025 and provided moderate geographic diversification. Additionally, the three European acquisitions are expected to enhance NTPL's geographical diversification by allowing access to their products portfolio and overseas clientele.

Plans to expand into printed electronics segment and onboard 4W OEMs to support business diversification – NTPL is actively pursuing diversification into the 4W segment through printed electronics products, leveraging the capabilities of its recently acquired European subsidiaries. These entities—HS Products Engineering, Advanced Thermal Technologies, and Quad Industries—collectively bring proven technology and established relationships with luxury OEMs such as BMW, Rolls Royce, Tesla, etc. NTPL has already secured orders from some global OEMs and is in advanced discussions with other 4W OEMs. The company aims to increase the 4W segment's contribution in the medium term, thereby reducing its historical dependence on the 2W segment.

Credit challenges

Profitability impacted by loss of sales to top customer in 5M FY2026; moderate customer concentration risk – NTPL's profitability has been impacted by the suspension of sales to its largest customer, HMCL. The standalone operating margins declined by 1,230 bps YoY during 5M FY2026. This disruption, stemming from suspension of sales to HMCL, resulted in YoY decline in revenues by 39.1% during 5M FY2026. Further, HMCL diversified its supplier base by onboarding other suppliers, eliminating NTPL's sole supplier advantage. While NTPL has increased business with other OEMs, a significant share of its revenue (nearly 46% in FY2025) was dependent on HMCL. With sales to HMCL being halted, the customer concentration has moderated in YTD FY2026; however, the scale and operating performance of NTPL has also been affected. This ongoing customer concentration risk, coupled with uncertainty around the resumption of its HMCL business, continues to remain a key monitorable in the near term.

Debt funded acquisitions resulted in moderation of debt indicators; sizeable repayment obligations in medium term – The acquisition of three European entities in FY2025 was largely funded by Rs. 400 crore of debt, leading to a deterioration in NTPL's leverage and coverage metrics. The company's TD/TNW increased to 0.9x and TD/OPBITDA to 2.4x as of March 31, 2025, compared to 0.3x and 0.6x, respectively, in the previous year. Further, with NTPL's sizeable annual debt repayments of

Rs. 74 crore in FY2026, Rs. 87 crore in FY2027 and relatively modest cash accruals, its debt repayments will remain a key monitorable.

Exposure to cyclical 2W automotive segment – NTPL’s standalone business remains heavily reliant on the 2W-wheeler automotive segment, which is inherently cyclical and sensitive to macroeconomic conditions, fuel prices, and rural demand. Although the company is making efforts to diversify into 4Ws through printed electronics segments, the 2W segment still contributes 80-85% to its revenue. This exposes NTPL to demand volatility and competitive pressures, especially in the event of a slowdown in the domestic 2W market.

Sizeable investments in Group companies and other ventures – NTPL has extended sizeable financial support to Group companies and subsidiaries engaged in unrelated businesses, with an overall funding of around Rs. 61 crore as on March 31, 2025. However, the company is taking steps to reduce its exposure to such unrelated businesses as it has completed the demerger of its investments in the real estate sector to a separate entity, to focus on its core business. Nevertheless, ICRA notes that the company has also made other investments in non-Group entities in the past, commensurate returns from which remain a key monitorable, going forward.

Liquidity position: Adequate

The company’s liquidity profile is adequate, supported by unencumbered cash and liquid investments of Rs. 11.3 crore as on March 31, 2025 and unutilised bank lines of around Rs. 48 crore as on August 31, 2025. Further, NTPL’s cash flow from operations are expected to be in the range of Rs. 70-80 crore per annum, going forward. ICRA notes that the company has sizeable debt repayment obligations (Rs. 74.4 crore in FY2026 and Rs. 87 crore in FY2027) as well as routine consolidated capital expenditure (capex) requirements (Rs. 25-30 crore annually) over the near-to-medium term. The capex is likely to be met through internal accruals.

Rating sensitivities

Positive factors – ICRA could upgrade the ratings if NTPL is able to demonstrate a sustained improvement in its earnings and credit metrics, while maintaining an adequate liquidity profile.

Negative factors – NTPL’s ratings may face downward pressure if it is unable to improve its earnings profile, thereby affecting its debt servicing capability. A deterioration in demand from key end-user industries or further debt-funded acquisitions that weaken its profitability, leverage, and liquidity could also trigger a downgrade. Furthermore, failure to scale up existing as well as new businesses and derive the anticipated business synergies from acquired entities may also result in a ratings downgrade.

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 NTPL. Refer to the Annexure II for the list of entities considered for consolidation.

Note: NTPL shared provisional financials of its European subsidiaries and, hence, the same has been considered for consolidation purposes.

About the company

NTPL, erstwhile known as Classic Stripes Private Limited, established in 1987, is one of the leading manufacturers of automotive decals in India. The company offers end-to-end solutions ranging from design and product development to printing, fabrication, installation and application. It has an installed manufacturing capacity of around 350 million units of decals per annum. It caters to the decal requirements of primarily two-wheelers, followed by four-wheelers, commercial vehicles, construction equipment, tractors, recreational vehicles, lawn mowers and power-sport vehicles, among others. Automotive decals, domed decals, 3D badging and printed electronic products are some of the major products offered by NTPL. At present, the company operates three manufacturing plants in Pelhar (Maharashtra), Sanand (Gujarat), and Haridwar (Uttarakhand). It is the flagship company of the Astarc Group, which is present across multiple businesses such as real estate, power, and venture funding, among others.

Key financial indicators (audited)

Naxnova Technologies Pvt Ltd (Consolidated)	FY2024	FY2025*
Operating income	473.2	681.4
PAT	113.6	94.0
OPBDIT/OI	35.8%	27.7%
PAT/OI	24.0%	13.8%
Total outside liabilities/Tangible net worth (times)	0.4	1.2
Total debt/OPBDIT (times)	0.6	2.4
Interest coverage (times)	12.5	4.7

Source: Company, ICRA Research; * Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore
 PAT: Profit after tax; OPBDIT: 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	Amount rated (Rs. crore)	Chronology of rating history for the past 3 years							
			Current rating (FY2026)		FY2025		FY2024		FY2023	
			Sep 30, 2025	Date	Rating	Date	Rating	Date	Rating	
Long-term – fund-based/ term loans	Long-term	362.10	[ICRA]BBB+ (Stable)	Jul 30, 2024	[ICRA]A(Stable)	Apr 6, 2023	[ICRA]A(Stable)	-	-	
Long-term/ Short-term – fund-based/ non-fund-based – working capital facilities	Long-term / Short-term	94.00	[ICRA]BBB+ (Stable) / [ICRA]A2	Jul 30, 2024	[ICRA]A(Stable)/ [ICRA]A2+	Apr 6, 2023	[ICRA]A(Stable)/ [ICRA]A2+	-	-	
Long-term/ Short-term – unallocated	Long-term / Short-term	79.90	[ICRA]BBB+ (Stable) / [ICRA]A2	-	-	Apr 6, 2023	[ICRA]A(Stable)/ [ICRA]A2+	-	-	

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – fund-based/ term loans	Simple
Long-term/ Short-term – fund-based/ non-fund-based – working capital facilities	Simple
Long-term/ Short-term – unallocated	Not Applicable

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	Term Loan	FY2023 FY2024, & FY2025	NA	FY2029-FY2030	362.10	[ICRA]BBB+ (Stable)
NA	Fund-based / Non Fund-based Working Capital Facilities	NA	NA	NA	94.00	[ICRA]BBB+ (Stable) / [ICRA]A2
NA	Unallocated Limits	NA	NA	NA	79.90	[ICRA]BBB+ (Stable) / [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
Quad Industries	74.00%	Full Consolidation
Advanced Thermal Technologies	64.00%	Full Consolidation
HS Product Engineering GmbH	70.35%	Full Consolidation

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