

Analysts:

Muhammad Amin Hamdani
amin.hamdani@vis.com.pk

AGRIAUTO STAMPING COMPANY (PVT.) LIMITED

Chairman: Mr. Yutaka Arae
Chief Executive: Mr. Fahim Kapadia

RATING DETAILS

APPLICABLE METHODOLOGY(IES):

VIS Entity Rating Criteria
Methodology – Industrial
Corporates

<https://docs.vis.com.pk/docs/CorporateMethodology.pdf>

Rating Scale:

<https://docs.vis.com.pk/docs/VISRatingScales.pdf>

RATINGS CATEGORY	LATEST RATING		PREVIOUS RATING	
	Long-term	Short-term	Long-term	Short-term
ENTITY	A-	A2	A-	A2
RATING OUTLOOK/ WATCH	Stable		Stable	
RATING ACTION	Reaffirmed		Reaffirmed	
RATING DATE	June 23, 2025		April 01, 2024	

RATING RATIONALE

Ratings incorporate the strong sponsor profile of House of Habib (HoH) and ASC being a subsidiary of Agriauto Industries Limited (AGIL) which has more than 4 decades of experience. Also, ASC is a prominent manufacturer of Sheet Metal Stamping parts and Catalytic Converters in the auto parts industry. ASC has long-term technological collaborations in place with international die maker M/s. Ogihara Thailand Company (OTC) through a technical assistance agreement. This collaboration translates in technological advantage and competitive edge for the Company.

Business risk profile reflects continued sensitivity given the higher dependence of the Company's business on automobile sales volume and notable dependence on imported raw material due to which the gross margins remain volatile. Profitability indicators weakened in FY24, however, registered notable recovery in 9MFY25 amid rebound in automobile sales and decrease in raw material prices. Moreover, the Company made its first-ever export sales of Rs. 13m during 3QFY25 as part of its business diversification strategy. The Company's revenue base does depict counterparty concentration, albeit the same is largely addressed by the presence of long-term binding contracts.

ASC's financial risk profile incorporates conservative capitalization indicators along with healthy liquidity and coverage profiles. The assigned rating remains dependent on maintaining business and financial risk profile in line with benchmark for the assigned rating.

RS. MILLION	FY23	FY24	9MFY25
Net Sales	3,019	2,640	2,617
PBT	135	(48)	288
PAT	99	(72)	213
Paid up call	1,144	1,144	1,144
Equity (incl. surplus on PPE)	2,828	2,756	2,625
Total Debt	495	340	502
Debt Leverage	0.43	0.27	0.42
Gearing	0.17	0.12	0.19
FFO (Annualized)	232.4	179.8	536.2
FFO/Total Debt (x)*	47.0%	52.9%	106.9%
NP Margin	3.3%	-2.7%	8.1%

COMPANY PROFILE

Agriauto Stamping Company (Pvt) Limited (ASC or 'the company') was established in 2012, as a wholly owned subsidiary of Agriauto Industries Limited (AGIL). The Company commenced its operations in 2014. ASC is engaged in the manufacture and sale of sheet metal stamping parts, sub-assembly operations, dies/checking fixtures/jigs and catalytic converters. ASC specializes in high tensile parts for automobiles, with technical collaboration with M/S. Ogihara (Thailand) Co. Ltd. The plant is situated in Pakistan Steel Down Stream Industrial Area, Port Qasim, Karachi, with the corporate office located in Shahrah-e-Faisal, Karachi.

INDUSTRY PROFILE & BUSINESS RISK

The automobile parts manufacturing industry in Pakistan faces a moderate to high level of business risk, shaped by its strong dependence on domestic automobile production volumes, which have remained volatile due to macroeconomic instability. The players include key established OEM suppliers including Thal Engineering, Loads Limited, Agriauto Industries, Agriauto Stamping and Procon engineering alongside a large number of SMEs catering to aftermarket and Tier-2 demand.

Amid economic slowdown during FY23 and FY24, automobiles sales have witnessed a sharp decline, wherein sales of passenger cars (PCs) and Jeeps & Pickups have particularly witnessed significant decline of 15.7% and 26.0% respectively in FY24 compared to the previous year. However, during 9MFY25, with the rebound in the economic indicators amid decline in interest rates combined with introduction of new models, PCs sales boosted by 39.2% whereas off-take in Jeeps & Pickups segment improved by 69.9% in comparison with 9MFY24. The following table shows sales volumes of selected automobile segments:

Automobile sales (units)*	FY23	FY24	9MFY24	9MFY25
Passenger Cars	96,811	81,579	54,091	75,265
Jeeps & Pickups	30,067	22,250	14,990	25,471
Major ASC clients:				
Indus Motor Company	31,104	20,772	13,703	21,618
Honda Atlas Cars	16,879	13,214	9,929	12,776
Pak Suzuki Motors	65,362	54,428	35,533	49,946
Atlas Honda (two-wheelers)	1,005,408	1,003,253	724,683	917,598

*Source: PAMA

ASC faces elevated business risk owing to major reliance on imported components, an intensely competitive environment catering to a limited client base of local automobile manufacturers, and substantial dependence on the offtake of automobiles. While a recovery in auto sector is underway in the ongoing year, the same remains a critical factor influencing business risk.

Product Profile & Capacity

ASC has a factory situated at Port Qasim, Karachi. The Company's manufacturing facilities details are provided in the table below:

Facility	Details
Tandem Press Lines	2 Tandem lines with 4 presses each
Welding Gantry	Portable Spot Welder= 70 Stationary Spot Welder= 3 Portable Strut Welder= 1
Catalytic Converter	Complete Catalytic Converter & Sub Muffler Manufacturing Plant

FINANCIAL RISK

Capital Structure

The Company's equity declined slightly by end-FY24 due to a net loss, however, ASC has announced a dividend of Rs. 114.4m. With improved sales and profitability in FY25, an interim dividend of Rs. 228.8m was declared at end-1HFY25. As a result of these payouts, equity fell by 5% by end-9MFY25 compared to end-FY24.

On debt front, LT borrowing continued to decline with scheduled payments, however, ST borrowings after registering a dip at end-FY24, witnessed an uptick at end-9MFY25, as the Company has utilized running finance facility and invoice financing amid increasing working capital needs. Resultantly, by end-9MFY25 gearing and leverage indicators closed in the same range at end-FY23 albeit registered a drop at end-FY24. Overall, capitalization profile of the Company considered conservative from a ratings perspective.

Profitability

Aligned with the offtakes of automobile industry, ASC's sales fell 13% Y/Y in FY24 but recovered in 9MFY25 with 48% Y/Y growth. Stamping remained the core segment, contributing around two-thirds (65%) of sales, followed by catalytic converters at over one-fourth (30%).

In FY24, gross margin declined due to lower sales and increased production costs, particularly in fuel & power, and labor. Additionally, elevated operating expenses amid high inflation, along with higher financial charges from increased borrowings and interest rates, led to a net loss for the year.

In 9MFY25, performance improved significantly, with gross margin rebounding on the back of higher sales and a drop in raw material prices. Operating efficiency and reduced finance costs further supported profitability, resulting in a net margin of 8.1%

Debt Coverage & Liquidity

Overall liquidity profile remained sound with current ratio stood at healthy levels while cash conversion cycle remained in-line with the historical ranges. Trade debts and stocks in trade are more than sufficient to cover short term borrowings. Debt servicing ability and other cashflow coverages also remained within satisfactory levels.

Financial Summary (PKR in Mn)			Appendix I		
Balance Sheet	FY21	FY22	FY23	FY24	9MFY25
Operating fixed assets	1,318	1,600	2,418	2,229	2,010
Stock in trade	669	1,562.9	903.0	638.9	957.6
Trade debts	382	440.6	226.1	345.1	436.9
Cash and bank balances	60	103	73	40	3
Total assets	2,963	4,106	4,043	3,497	3,736
Long-term borrowing (inc current portion)	-	45.1	299.7	217.3	181.2
Short-term borrowing	-	363.6	194.9	122.7	320.4
Total borrowings	-	409	495	340	502
Trade payables	259	559.1	595.4	309.0	498.6
Total liabilities	438	1,148	1,214	741	1,110
Paid up capital	1,144	1,144	1,144	1,144	1,144
Total equity	2,525	2,958	2,828	2,756	2,625
Income Statement	FY21	FY22	FY23	FY24	9MFY25
Net sales	3,600	6,528	3,019	2,640	2,617
Gross profit	676	913	323	181	464
Operating Profit	615	816	209	41	347
Finance Costs	1	48	43	94	42
Profit before tax	598	646	135	(48)	288
Profit after tax	407	433	99	(72)	213
Ratio Analysis	FY21	FY22	FY23	FY24	9MFY25
Gross margin (%)	18.8%	14.0%	10.7%	6.8%	17.7%
Net margin (%)	11.3%	6.6%	3.3%	-2.7%	8.1%
Trade debts/net sales (%) *	10.6%	6.7%	7.5%	13.1%	16.7%
ROAA (%) *	14.4%	12.2%	2.4%	-1.9%	7.8%
ROAE (%) *	16.7%	15.8%	3.4%	-2.6%	10.5%
Current ratio (x)	4.68	2.45	1.87	2.75	1.98
ST Coverage (x)	NA	5.51	5.79	8.02	4.35
FFO*	792	553.4	232.4	179.8	536.2
FFO to long-term debt (%) *	NA	1226.1%	77.5%	82.7%	295.9%
FFO to total debt (%) *	NA	135.4%	47.0%	52.9%	106.9%
DSCR (x)*	796.47	10.66	3.68	2.58	7.02
Cash conversion cycle (days)*	90	90	69	97	104
Gearing (x)	-	0.14	0.17	0.12	0.19
Leverage (x)	0.17	0.39	0.43	0.27	0.42
* Annualized					

REGULATORY DISCLOSURES					Appendix II
Name of Rated Entity	Agriauto Stamping Company (Pvt.) Limited				
Sector	Auto Parts				
Type of Relationship	Solicited				
Purpose of Rating	Entity Rating				
Rating History	Rating Type: Entity				
	Rating Date	Medium to Long Term	Short Term	Outlook/Rating Watch	Rating Action
	23-June-2025	A-	A2	Stable	Reaffirmed
	01-Apr-2024	A-	A2	Stable	Reaffirmed
	29-Mar-2023	A-	A2	Stable	Initial
Statement by the Rating Team	VIS, the analysts involved in the rating process and members of its rating committee do not have any conflict of interest relating to the credit rating(s) mentioned herein. This rating is an opinion on credit quality only and is not a recommendation to buy or sell any securities.				
Probability of Default	VIS' ratings opinions express ordinal ranking of risk, from strongest to weakest, within a universe of credit risk. Ratings are not intended as guarantees of credit quality or as exact measures of the probability that a particular issuer or particular debt issue will default.				
Disclaimer	Information herein was obtained from sources believed to be accurate and reliable; however, VIS does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. For conducting this assignment, analyst did not deem necessary to contact external auditors or creditors given the unqualified nature of audited accounts and diversified creditor profile. Copyright 2025 VIS Credit Rating Company Limited. All rights reserved. Contents may be used by news media with credit to VIS.				
Due Diligence Meetings Conducted	S.No.	Name	Designation	Date	
	1.	Mr. Fahim Kapadia	CEO	15-May-2025	
	2.	Mr. Fahad Tariq Rafi	CFO		