VIS
Credit Rating Company Limited

RATING REPORT

AGRIAUTO STAMPING COMPANY (PVT) LIMITED

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RATING DETAILS

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	August 31, 2026		June 23, 2025	

Shareholding (5% or More)	Other Information
Agriauto Industries Limited – 100%	Incorporated in 2012
	Private Limited Company
	Chief Executive: Mr. Fahim Kapadia
	External Auditor: A.F. Ferguson & Co., Chartered Accountants

Applicable Rating Methodology

VIS Entity Rating Criteria Methodology – Corporates Ratings

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

Rating Scale

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

Rating Rationale

The assigned ratings reflect ASC's strong sponsor profile, being a wholly owned subsidiary of Agriauto Industries Limited (AGIL), part of the House of Habib (HoH) Group, which has an established presence in Pakistan's automotive industry. Ratings also benefit from the Company's long-standing technical partnership with M/s. Ogihara (Thailand) Company Limited (OTC) for engineering support in high-quality automotive sheet metal and die manufacturing.

The business risk profile is considered medium to high, reflecting sector's cyclical nature, volatile consumer demand, auto financing availability, exchange rate movements, and regulatory developments. While the sector has witnessed a notable recovery since FY25, production volumes remain below historical peak levels. In line with the sector's recovery, the Company has reported significant improvement in revenue and profitability during the period under review.

The ratings are further supported by ASC's conservative capital structure, healthy liquidity profile, and strong debt servicing capacity. However, the revenue base remains characterized by significant customer concentration, although the associated counterparty risk is mitigated by long-term contractual arrangements.

Company Profile

Agriauto Stamping Company (Pvt) Limited ('ASC' or 'the Company') is a wholly owned subsidiary of Agriauto Industries Limited (AGIL) and 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, and has technical collaboration with M/S. Ogihara (Thailand) Co. Ltd.

The Company's manufacturing facility is situated in Pakistan Steel Down Stream Industrial Area, Port Qasim, Karachi, with the corporate office located at Shahrah-e-Faisal, Karachi.

Management and Governance

CHAIRMAN/CEO PROFILE

Yutaka Arae is the Chairman of ASC. He is a seasoned global automotive expert and has driven transformative growth across Toyota Tsusho Corporation, Indus Motor Co. Ltd., and Agriauto Industries Ltd/ ASC. His decades of industry experience and leadership distinguish him as an influential figure in the automotive sector.

Fahim Kapadia is the Chief Executive Officer (CEO) of the Company. He brings over 39 years of expertise in finance, general management, and business development and has long been associated with the group. He also holds key leadership roles at Thal Limited and Agriauto Industries Ltd., and serves on the boards of multiple companies .

BOARD & SENIOR MANAGEMENT

The Board of Directors comprises four experienced members, including the Chairman, CEO and two nominee Directors

The FY25 accounts of the Company are audited by A.F. Ferguson & Co Chartered Accountants, who appears on category A of SBP list. The auditor has given an unqualified opinion.

Business Risk

INDUSTRY UPDATE

VIS assesses the overall business risk profile of Pakistan's automobile parts sector as medium to high, reflecting its dependence on domestic automobile production, which remains cyclical and sensitive to macroeconomic conditions, consumer purchasing power, availability of auto financing, exchange rate movements, and regulatory developments. The sector comprises a limited number of organized tier-1 vendors supplying OEMs, alongside fragmented base of SMEs primarily serving the replacement market. Key organized players include Thal Engineering, Procon Engineering, Loads Limited, Agriauto Industries, Agriauto Stamping and Omar Jibran Engineering.

Industry Sales	2022	2023	2024	2025	2026
Passenger Cars & Jeeps					
Honda	39,452	16,879	13,214	18,296	28,015
Suzuki	150,279	65,362	54,428	72,685	97,117
Toyota	74,533	31,104	20,772	33,393	44,646
Hyundai	13,132	9,688	9,160	10,954	12,937
Sazgar (Haval)	-	1,657	5,319	10,783	19,179
Others	1,871	2,188	936	1,912	4551
Total Sold	**279,267**	**126,878**	**103,829**	**148,023**	**206,445**
2/3 Wheelers					
Honda	1,292,096	1,360,403	1,005,408	1,278,424	1,689,472
United Auto	375,296	268,833	93,055	147,182	192,240
Sazgar	15,665	15,683	9,381	25,786	26,845
Road prince	151,346	98,261	29,367	24,495	12,252

Suzuki	24,851	37,846	29,274	26,076	36,336
Yamaha	19,924	23,289	13,217	5,709	1,333
Others	24,754	17,570	7,267	11,080	13,599
Total Sold	**1,903,932**	**1,821,885**	**1,186,969**	**1,518,752**	**1,972,077**

Following a slowdown during FY23 and FY24, the sector witnessed a notable recovery in FY25, supported by easing interest rates, improving macroeconomic conditions and gradual recovery in consumer demand. According to PAMA (Pakistan Automotive Manufacturers Association) data, passenger car sales increased to 112,203 units during FY25 from 81,579 units in FY24, while sales of jeeps and pickups also recorded healthy growth to 35,820 units, supporting demand for automotive components across multiple product categories. Despite the improvement, industry production remains below historical peak levels and installed capacity, indicating that capacity utilization and fixed-cost absorption have yet to fully normalize.

The sector continues to face structural challenges. Operating margins remain exposed to fluctuations in raw material prices and exchange rates due to continued reliance on specialized components and CKD inputs. In addition, the supplier base remains dependent on limited number of domestic OEM assemblers, resulting in customer concentration risk.

The regulatory environment remains a key determinant of the sector's long-term outlook. Implementation of the National Tariff Policy and the proposed AIDEP 2026-31 (Auto Industry Development and Export Policy) is expected to gradually rationalize import tariffs and reduce the level of protection historically afforded to domestic assemblers and auto parts manufacturers. While a more competitive operating environment may improve consumer choice and support long-term market efficiency, it is also expected to increase competitive pressures on local vendors, necessitating continued improvements in productivity, localization, quality standards and operational efficiency to maintain profitability.

Over the medium term, adoption of hybrid and electric vehicles is altering the domestic component mix and require investment in new technologies and manufacturing capabilities. However, the pace of this transition is expected to remain gradual given affordability constraints, limited charging infrastructure and the nascent stage of Pakistan's EV ecosystem.

Going forward, the sector's performance will remain contingent upon the sustainability of domestic automobile demand, interest rate and exchange rate stability, the pace of localization, and manufacturers' ability to adapt to a progressively liberalized regulatory framework.

Operational Performance

Located at Port Qasim, Karachi, the Company have following manufacturing facilities:

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

PROFITABILITY

During FY25, ASC's topline grew by 57% YoY to PKR 4.1bn (FY24: PKR 2.6bn), supported by the continued recovery in the automotive sector. Revenue remained concentrated in the Stamping (65%) and Catalytic Converters (30%) segments, consistent with historical trends. Export sales were recorded for the first time in FY25 at a nominal level of PKR 13mn, though the management does not expect any significant expansion in exports. Customer concentration also remained high, with related party Indus Motor Company Limited contributing approximately 85% of total sales.

Improved capacity utilization and fixed cost absorption resulted in a significant expansion in gross margin to 21.0% (FY24: 6.8%). Lower finance costs, owing to reduced borrowings and declining interest rates, further supported profitability, while operating expenses increased due to higher statutory workers' welfare charges. Consequently, net margin improved to 11.6% (FY24: -2.7%).

The positive momentum continued during 9MFY26, with revenue reaching PKR 4.8bn. Gross and net margins further strengthened to 26.2% and 13.3%, respectively, while full year FY26 revenue is estimated at PKR 6.5bn, with margins expected to remain broadly stable. Going forward, management has budgeted revenue of PKR 7.1bn, with gross margin expected to moderate to around 21% for FY27.

Financial Risk

CAPITAL STRUCTURE

ASC continues to maintain a conservative capitalization profile. Total borrowings declined by approximately 50% YoY to PKR 171mn (FY24: PKR 337mn), primarily due to lower short-term borrowing requirements amid improved cash generation and working capital management. Accordingly, gearing further improved to 0.06x (FY24: 0.12x), while leverage stood at 0.31x (FY24: 0.27x) at end-FY25. Capitalization remained broadly stable at end-9MFY26, with gearing and leverage recorded at 0.06x and 0.36x, respectively. Going forward, no significant capex is planned, with any additional investment expected to remain contingent upon securing material projects or fresh orders.

DEBT COVERAGE & LIQUIDITY

Company's liquidity profile remains healthy with a current ratio of over 2.0x and working capital cycle range bound between 80-90 days during FY25 and 9MFY26. FFO also improved in line with higher profitability. Coverages have remained strong in absence of significant borrowings.

FINANCIAL SUMMARY *(amounts in PKR millions)* — *Appendix I*

BALANCE SHEET	FY22 A	FY23 A	FY24 A	FY25 A	9MY26 M
Property, plant and equipment	1,600	2,418	2,229	1,949	1,851
Stock in trade	1,563	903	639	1,106	1,483
Trade debts	441	226	345	394	431
Cash and bank balance	103	73	40	138	159
Stores and spares	22	24	39	30	35
Short term Investments	39	37	38	37	38
Total Assets	4,106	4,043	3,497	3,794	4,179
Trade and other payables	559	595	309	689	723
Long-term Debt (incl. current portion & lease)	45	296	215	166	124
Short-Term Borrowings	364	195	123	5	76
Total Debt	409	491	337	171	199
Total Liabilities	1,148	1,214	741	899	1,101
Paid up Capital	1,144	1,144	1,144	1,144	1,144
Revenue Reserves	1,814	1,684	1,612	1,751	1,934
Total Equity	**2,958**	**2,828**	**2,756**	**2,895**	**3,078**

INCOME STATEMENT	FY22 A	FY23 A	FY24 A	FY25 A	9MY26 M
Net Sales	6,528	3,019	2,640	4,150	4,818
Gross Profit	913	323	181	871	1,261
Operating Profit	816	209	41	701	1,110
Finance Costs	48	43	94	56	22
Profit Before Tax	646	135	(48)	600	1,020
Profit After Tax	433	99	(72)	482	641

RATIO ANALYSIS	FY22 A	FY23 A	FY24 A	FY25 A	9MY26 M
Gross Margin	14.0%	10.7%	6.8%	21.0%	26.2%
Operating Margin	12.5%	6.9%	1.6%	16.9%	23.0%
Net Margin	6.6%	3.3%	-2.7%	11.6%	13.3%
Funds from Operation (FFO)*	553	232	246	763	1,378
FFO to Total Debt* (x)	1.35	0.47	0.73	4.46	6.91
FFO to Long Term Debt* (x)	12.26	0.79	1.14	4.58	11.13
Gearing (x)	0.14	0.17	0.12	0.06	0.06
Leverage (x)	0.39	0.43	0.27	0.31	0.36
Debt Servicing Coverage Ratio* (x)	10.66	3.68	3.24	7.34	17.37
Current Ratio (x)	2.45	1.87	2.75	2.44	2.34
(Stock in trade + trade debts) / STD (x)	5.51	5.79	8.02	317.92	25.33
Return on Average Assets*	12.2%	2.4%	-1.9%	12.7%	21.4%
Return on Average Equity*	15.8%	3.4%	-2.6%	34.1%	28.5%
Cash Conversion Cycle (days)*	90	69	97	81	83

**Annualized, if required*

A - Actual Accounts

M - Management Accounts

REGULATORY DISCLOSURES	**Appendix II**
Name of Rated Entity	Agriauto Stamping Company (Pvt) Limited
Sector	Auto Parts
Type of Relationship	Solicited
Purpose of Rating	Entity Ratings

Rating History

Rating Date	Medium to Long Term	Short Term	Outlook / Rating Watch	Rating Action
RATING TYPE: ENTITY				
31-Aug-2026	A-	A2	Stable	Reaffirmed
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.
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Due Diligence Meetings Conducted

S.No.	Name	Designation	Date
1.	Mr. Fahim Kapadia	CEO	06-August-26
2.	Mr. Fahad Tariq	CFO	
3.	Mr. Imran Saleem	Manager Treasury	